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*EDITORIAL*

## As We See It

Immediately before eliminating himself last week as a candidate for reelection to the Presidency this year, the President in effect laid out the platform which any member of his party would have to accept if he is to be a candidate on that party's ticket next November. His words were political, of course, and doubtless were intended to be, but they carried a certain profound truth. That truth is that any candidate of the Democratic party this year must go before the people upon the record of the party over the past two decades, and particularly upon that record during the Truman Administration.

Here in very brief is the way the President sees this record:

"We are working for the welfare of the farmer. * * *

"The Democratic party is working for the success of our free enterprise system. * * *

"The Democratic party is working for the welfare of labor. * * *

"The Democratic party is dedicated to the ideal that every family is entitled to fair opportunities for decent living conditions, to a chance to educate their children, to have good medical services and reasonable provision for retirement. * * *

"Above all, the Democratic party is working for peace on earth. * * *"

Having labeled this a "proud record," the President adds that "whoever the Democratic nominee for President may be this year, he will have this record to run on."

### Now for the Facts

Now what are the facts about all this? Of course the titular head of his party cannot be

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## Worldwide Inflation And Monetary Disorder

By PHILIP CORTNEY*
President, Coty Incorporated

**Economist maintains Western world's monetary disease fundamentally results from inflation and economic nationalism. Terming foolish and crazy, our own cheap money, warns they may result in completely regimented economy. For restoration of international order, cites following policies: (1) avoidance of monetization of public debt; (2) cessation of bank-credit inflation; (3) removal of all impediments to trade; (4) U. S. reduction of tariffs; and (5) an international gold standard.**

The London "Times," commenting on the most recent crises in foreign payments makes the following statement: "In each country national policies, or the lack of policies, have made a significant contribution to the troubles, but the recurrent crises in foreign payments are too frequent and range too widely to reflect anything less than an international disorder."

Philip Cortney

What is the nature of this international disorder and what are its causes? It is vital to get a clear understanding of these questions because the Western world is drifting into chaos which will engulf our civilization and individual freedom.

The disease of which the Western world is suffering is due fundamentally to inflation and the ancillary phenomenon of economic and monetary nationalism. We are constantly paying homage to the virtues of international cooperation, and for our part we try to compensate wrong policies by aid and gifts to foreign countries. The truth, however, is that

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*An address by Mr. Cortney before the Chamber of Commerce, New Orleans, La., March 27, 1952.

## Thrust and Parry!

**Public hearings resumed on SEC Proposal to implement Title V of Independent Offices Appropriation Act. Account and discussion. Intermediate relief looked for as a result of weight of public opinion. Proposal endangers NASD existence, Association official holds.**

On March 31, 1952 at Washington, D. C., from 2 p. m. to a little after 6 p. m. a "further" public hearing was held before the Securities and Exchange Commission on its proposal to implement Title V of the Independent Offices Appropriation Act of 1952.

Heard were the Utility Industry: by representatives of the Edison Electric Institute, General Public Utilities and West Penn Electric; the Investment Companies: by representatives of the National Association of Investment Companies, the Keystone Custodian Fund and the Newmont Mining Corporation.

The following associations were also represented and presented their arguments: National Security Traders Association, New York Security Dealers Association, the Association of Stock Exchange Firms, the National Association of Investors' Brokers, Investment Bankers Association of America, and the National Association of Securities Dealers.

Chairman Cook opened the continued hearing by virtually repeating, almost verbatim, the statement he made on the occasion of the first hearing.

Again he shied away from the constitutionality of Title V, decreed that it be not discussed but that the proper forum for its discussion was the Congress.

Using this as a defense and the fact that the assessments were required to be deposited in the Federal Treasury, Mr. Cook said of Title V and

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**SECURITIES NOW IN REGISTRATION—Underwriters, dealers and investors in corporate securities are afforded a complete picture of issues now registered with the SEC and potential undertakings in our "Securities in Registration" Section, starting on page 41.**

# The Security I Like Best

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

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

### This Week's Forum Participants and Their Selections



HUBERT F. ATWATER
Gammack & Co., New York City

**Cooper Bessemer Corp.**

Way back when the total national debt was less than one-half the amount now required for the payment of annual interest, it was customary for banking houses to distribute a booklet entitled "How Money Grows."


Hubert F. Atwater

The illustration of the growth brought about by a rate of 6% compounded semi-annually is probably the reason why I have been so attracted by the dividend policy of the Cooper Bessemer Corp.

This company has just published its 118th Annual Report and again we find evidence of the continued growth which has been most marked in the last five years. New products developed since 1946, account for a large part of sales and earnings and now that every important gas and oil company is extending its field of operations and the financing of additional pipe lines has become a major industry, the demand for Cooper Bessemer products should continue at a high level. Unfilled orders as of Feb. 1, 1952, were reported at $41.3 million up from $27.5 million total 13 months earlier.

Since 1949, when the annual cash dividend was increased to $2.00, Cooper Bessemer has paid one stock dividend of 50% and two stock dividends of 10% each, so that the purchaser of 100 shares of stock who might have paid as much as 33 in 1949 ($3,300.00) would now have 181 shares paying $2.00 and selling at 29 or a value of $5,249.00. At present market the yield from the cash dividend alone is approximately 7% and to this is added the growth factor of a stock dividend which need not be included in reported income.

Many statistical tables of growing companies are adjusted to show dividend payments in terms of the present capitalization but a better understanding will be obtained from the accompanying tabulation, which shows the dividends in cash or stock paid each year and the number of shares then outstanding.

With a satisfactory record of earnings and an estimated E.P.T. exemption in excess of $4.40, I believe that the current distribution of $2.00 in cash and 10% in stock could continue and that Cooper Bessemer offers an excellent opportunity for growth.

COOPER BESSEMER

| | Sales | Equity of Common | Shares Outstdg. | Earned Per Share | Dividend Cash | Dividend Stock |
|---|---|---|---|---|---|---|
| 1947 | $28,101,527 | $10,813,117 | 263,437 | $7.55 | $0.50 | -- |
| 1948 | 35,392,213 | 13,174,561 | 263,437 | 11.07 | 1.50 | -- |
| 1949 | 33,383,671 | 14,897,047 | 395,154 | 6.91 | 2.00 | 50% |
| 1950 | 35,362,896 | 16,074,841 | 434,056 | 5.85 | 2.00 | 10% |
| 1951 | 52,310,978 | 17,575,698 | 476,578 | 5.63 | 2.00 | 10% |

J. WALTER LEASON
Shields & Company, New York City
Members, New York Stock Exchange

**Armour & Co.**

Normally, there would be few reasons to become enthusiastic about prospects for meat packing companies. Their earnings have been erratic, and they suffer from such adverse speculative influences as extremely low profit margins coupled with keen competition, danger of heavy inventory losses, and price control difficulties. What is interesting about Armour is the degree to which the present management has recognized these problems and the steps it has taken to solve them.


J. Walter Leason

In the fiscal year ended Oct. 31, 1951, approximately 78% of Armour's earnings were derived from non-food operations. Although heavy beef losses were responsible for this high proportion, about 59% of 1950 profits (when there were no price controls) were outside the Armour food lines. This indicates that the present Armour management has succeeded in doing far more than establishing profitable side-lines, and it may become an authentic business illustration of the tail that wagged the body.

The reason is not hard to find. Armour is today a diversified family of businesses producing more than 2,000 products for use by homes, farms, and industry. Among them are chemicals, pharmaceuticals, soaps, abrasives, curled hair, adhesives, fertilizers, leather, and wool. A mere recital of the fields does not do justice to Armour's position in each of them.

For example, its fertilizer business is one of the largest in the country, operating 27 factories throughout the entire South and Southwest, Middle West, New England, and in Cuba and Puerto Rico. Most of the Armour divisions depend on slaughter-house materials, but the fertilizer division uses ingredients far removed from the meat packing business, such as sulphate of ammonia and nitrate of soda, both rich in nitrogen needed by the soil. Armour's tanneries located in eight cities, continue as one of the country's largest volume producers of sole and upper leather for shoes, and its Winslow Bros. & Smith subsidiary is an important factor in the wool business.

Armour's chemical research into the nature of fats and oils has made available more than 200 new chemicals, most of them never before made in commercial quantities. They are already employed in solvents, lubricants, germicides, rubber processing, bonding asphalt in highway construction, preventing costly corrosion in industrial installations, recovery of oil from worked-out wells, making water repellent textile finishes, plastics, polishes, cutting and core oils, synthetic detergents, and many other products. Their uses are constantly expanding. Since 1950, these products are now all centrally produced at the McCook, Illinois plant which has an annual capacity of 100,000,000 pounds of such products.

The most fascinating of the Armour research developments have probably occurred in the pharmaceutical division which began manufacturing pepsin in 1886 and today ranks as one of the nation's important producers of pharmaceuticals. In 1949, Armour created a milestone in medical history by the successful production of ACTH, a hormone which has successfully reversed the course of such serious diseases as rheumatoid arthritis, rheumatic fever, gout, and asthma. The discovery of **Tryptar**, an enzyme which has the faculty of dissolving dead tissues that normally attract bacteria, was another brilliant development. This new drug has tremendous potentialities in the treatment of gangrene, skin ulcers, advanced tuberculosis, abscesses, and other ailments. In addition to these pharmaceuticals, hundreds of others are available —including thyroid, insulin, and liver preparations. To consolidate pharmaceutical production, a $12,000,000 plant to be completed in the Fall of 1953 is being constructed with mortgage money from insurance companies and aided by a five-year certificate from the Federal Government permitting amortization of 55% of cost for tax purposes.

Most of these developments have been accomplished by continually plowing back earnings. Since Oct. 31, 1941, book value has increased by $24.58 a share (to Oct. 31, 1951) — more than twice the present price of the stock. At Oct. 31, 1951, the common stockholders' equity was $42.09 a share or 3¾ times the recent price of $11.25.

Working capital has increased $56,000,000 since 1941 and by $14,800,000 from retained earnings in just the last two years. Nonetheless, the advance in prices has increased the Company's volume to over $2.2 billion, and although working capital is about $168,000,000 it is no more than adequate. One of Armour's problems is to increase working capital to a more comfortable position.

There is room for belief that Armour's financial problems will be solved and that both the common and preferred stock (convertible into six common shares) can be recommended for capital appreciation. Dividend arrears on the preferred stock will be $9 a share on April 1, 1952, but this is not too significant considering the dollar amount, $4,500,000,

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# Prospects For Growth In the American Economy

By SUMNER H. SLICHTER*
Lamont University Professor, Harvard University

**After tracing influences in growth of our national economy, Professor Slichter asserts it is reasonable to expect further 40% increase in net national product during next decade. Foresees no large drop in employment when defense program ends, and discounts view capitalism, unaided, cannot provide sufficient employment so that government must come to the rescue. Stresses resourcefulness, adaptability and flexibility of United States economy.**

I

"The peculiarity of American institutions," said Frederick Jackson Turner in his famous paper on "The Significance of the Frontier in American History," "is the fact that they have been compelled to adapt themselves to the changes of an expanding people—to the changes involved in crossing a continent, in winning a wilderness, and in developing at each area of this progress out of the primitive economic and political conditions of the frontier into the complexity of city life."

Prof. S. H. Slichter

Change and expansion have alway been the keynotes of life in the United States, but the passing of the geographical frontier and the fact that population is no longer increasing as rapidly as it once did has led many people to accept the view that the economy is less dynamic than it used to be. This is a mistake. The dynamic influences that mold the economy change their form, but they remain powerful. Hence there is not yet any satisfactory basis for believing that the economy is becoming less dynamic.

Even population has been growing faster in recent years than the experts had anticipated. In September, 1946, the Bureau of the Census released some "forecasts of the population" which estimated that population with medium fertility, medium mortality, and no immigration would rise from 139.6 million in 1945 to 153.4 million in 1960, 159.8 million in 1970, would level off at a little below 165 million at around 1990, and thereafter would slowly decline. But the growth in population has turned out to be far greater than the Census estimated. On Jan. 1, 1952, the country was 13 years ahead of schedule — it had more people than the Census estimated it would have at the beginning of 1965.

The unexpected spurt in population caused the Census to raise its estimates. The Census has dropped the word "forecasts" and uses "projections" instead. Its low projection (based on low-fertility, high-mortality, low-immigration) gives a population of 161.7 million for 1960, its medium projection (based on medium-fertility, medium-mortality and medium-immigration) a population of 169.4 million, and its high projection (based on high-fertility, low mortality, high-immigration) a population of 180.3 million. Thus far the actual growth of population has been between 2.5 million and 2.7 million a year—about half way between the medium and high projections.

If population continues to increase between the medium and high projection rates, the country in 1960 will have about 175 million people—an increase of 23 million in 10 years, or the largest absolute increase in the history of the country. It compares with a rise of 19.5 million in the forties, of 9.2 million in the thirties, and of 17.0 million in the twenties. The rate of increase, which would be about 15%, would be slightly below the rate in the twenties and less than half the rate of increase for the decades in the first half of the nineteenth century.

II

Although population increase has turned out to be a more dynamic influence than the experts had expected, it is only one of a number of powerful dynamic influences. Six of these influences seem to me to be of particular importance: (1) the growth of education; (2) the growing employment of women; (3) the slow but steady growth in the intensity of competition; (4) the improvement in the art of management; (5) the increase in the number and strength of trade unions; (6) the growing use of science and technology. Let us look briefly at each of these influences.

(1) **The growth of education:** High school enrollment is about two and a half times as large as 30 years ago and college and university enrollment about three times as large. Population in the same period increased 45%. The United States is becoming a nation of people who have graduated from high school. This is bound to affect selling methods. In particular, it is bound to make people somewhat more receptive to new ideas and to new appeals. It affects personnel methods, too, because high school graduates expect more from supervisors than do less educated persons.

(2) **The growing employment of**

*Continued on page 30*

*A talk by Dr. Slichter at the Ninth Executives' Conference of the National Dairy Products Corporation, Hot Springs, Va., March 24, 1952.

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*Mr. May is in Moscow covering the International Economic Conference.

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# Selecting Growth Industries

By ROGER W. BRIDWELL
Investors Research Company, Santa Barbara, Calif.

**In pointing out methods of determining growth industries with view to investment in them, West Coast security analyst finds logical approach to problem is to determine which industries in recent years have experienced steepest and steadiest growth, and then to limit final selections to individual companies contributing to this growth. Compares growth of 23 key industry groups in last decade, and says Air Transport and Radio-TV have led "growth" parade. Warns uncertain future developments make it extremely difficult to forecast accurately whether rate of growth of any particular industry will continue.**

Today, more than ever before, successful investment management depends on realizing consistent long-term capital gains rather than liberal dividend income. Two things — ever mounting income taxes and a steadily depreciating dollar — have combined to produce this comparatively recent change in emphasis. To accomplish this desirable objective investors realize the need to concentrate their funds in the stocks of companies that are enjoying a steeper-than-average growth trend.


R. W. Bridwell

One logical approach to the problem is to, (1) determine which industries have experienced the steepest and steadiest rate of growth in the recent past, and (2) limit final selections to the individual companies that are contributing most to the growth of those industries. The ideal procedure is simple to state but difficult to carry out.

For example, the investing public would no doubt agree by mutual consent that certain industries such as Chemicals, Air Transport, and Radio-Television qualify as authentic growth candidates. Unfortunately these general opinions are seldom verified in a logical, usable manner. It is difficult to determine just how much more one industry is progressing than another or than the average for industry as whole. The present study takes a step in the right direction by comparing the growth of 23 key industry groups between 1941 and 1950 in an effort to pin down the comparative rate of growth of each. (See table below.)

Company progress can be approximated with reasonable accuracy by comparing the increase in total assets, gross sales and net income over any representative interval. As base years 1941 and 1950 were chosen for several reasons. Both were years of transition from a peace to a war economy. During both years a high level of industrial activity and historically lush corporate earnings and dividends prevailed.

In 1941 business activity was booming along at a rate 40% above the previous peak levels of 1929 and 1937 and only about 20% below the average 1950 rate. In both years corporate prosperity was fairly equitably distributed among the various industries, which is important from a comparative standpoint. Another point to consider: the full impact on industry of an all-out war effort was yet to be felt in 1941; while by 1950 the wartime dislocations, favorable to some industries, unfavorable to others, were fairly well ironed out.

Only the handful of leading companies in each industry were considered. For instance, the Steel group includes U. S. Steel, Bethlehem, Republic, Jones & Laughlin and Youngstown Sheet & Tube; the Tobacco group—American Tobacco, Liggett & Myers, Philip Morris, Reynolds and Lorillard. No effort was made to limit selections to those companies displaying the most dynamic individual growth trends. Rather, by arbitrarily choosing only the largest companies, that part of growth due exclusively to the overall industry trend was more easily measured.

### Air Transport and TV

As might be expected the number one and number two industries in rate of growth were Air Transport and Radio TV. More surprising is the number three position achieved by the Liquor Industry. That these three industries earned their pre-eminent positions by a wide margin can be confirmed by totaling for each the percentage increases in assets, sales and income as shown in the accompanying table.

Also surprising is the relatively poor showing the highly popular Chemical Industry managed to make. In 11th position, it just about duplicated the growth of the economy as a whole. Included in the Chemical tabulation were such outstanding growth situations as Dow Chemical, Monsanto and American Cyanamid, as well as the larger and more mature segments of the industry such as, du Pont, Allied Chemical and Union Carbide & Carbon.

The position of the Drug and Oil Industries in 4th and 5th place respectively probably tallies well with the ideas of a majority of investors. However, to find Automobiles and Textiles in 6th and 7th positions is a distinct surprise which can only be partially accounted for by the unusually prosperous year experienced by the Auto Industry in 1950 and the depressed prewar status of Textile companies.

Far down the list, in 15th and 19th positions respectively, come Utilities and Natural Gas; both of which are frequently cited as possessing above average growth characteristics. Such an assumption seems warranted only if considerable allowance is made for the more stable earnings and dividends of these industries compared with others enjoying a more dynamic growth curve. In other words, the operating history of a regulated Utility company is not directly comparable to that of the average processing industry. Current popularity of Utility shares can probably be accounted for by the relatively sharp improvement in overall net income between 1941 and 1950, which compares favorably with that of the highest ranking industries.

Scraping along at the bottom of the list in point of growth are four boom-bust industries: Aircraft Manufacturing, Railroads, Mining and Steel. Strangely enough the last three are essential to the proper functioning of the economy, yet appear to be participating at a less than the average rate in the secular growth of the nations' industrial capacity.

In spite of sharply increased consumption of its products, the Tobacco group ranked a poor 18th. The Chief reason: the subnormal increase of only 78% in net income. Partially offsetting this poor showing (which may account for the recent bear market in Tobacco shares) are increases of 131% and 128% in total assets and sales. Under the circumstances it would appear logical for the earnings of Tobacco companies to trend upward in the future until more in line with the increased sales of the industry.

### Income Trends

In view of the astronomical increase in corporate income taxes between 1941 and 1950, it is especially interesting to note that by and large, net income after taxes actually registered a greater percentage improvement than gross sales. Exceptions to the higher income trend are afforded by the Railroads which not only feel the effects of higher taxes, but also suffer from inflexible government regulations; and the Aircraft Industry which depends on government orders for the lion's share of its revenues. This showing becomes especially significant in view of the fact that 1941 corporate net income represented a 12-year high.

In conclusion, it should be pointed out that numerous factors in addition to the three yardsticks studied may contribute to industry growth. All should be given their proper weight to completely define the comparative rate of growth of any industry. Unfortunately, among these are intangibles such as the future impact of current research projects which are extremely difficult to assess with any degree of accuracy. This particular intangible probably accounts for the relatively poor statistical record of the Chemical industry compared with the much more optimistic appraisal placed on the industry's prospects as reflected in quoted share values.

Before drawing conclusions from the present study, a word of warning is in order. It is by no means certain that a record of superior growth in the past ten years will be maintained at the same rate in the years to come. Nevertheless, history does indicate that growth trends, like other economic trends, tend to continue for much longer intervals than the one covered by this investigation before reversing.

**COMPARATIVE GROWTH OF MAJOR INDUSTRIES**
Percentage Increase, 1941-1950

| | Total Assets | Gross Sales | Net Income | *Rank in Order of Growth |
|---|---|---|---|---|
| Aircraft Manufacturing | —23% | 7% | —26% | 23 |
| Air Transport | 287 | 415 | 320 | 1 |
| Automobiles | 101 | 195 | 306 | 6 |
| Building Materials | 112 | 148 | 225 | 10 |
| Chemicals | 101 | 152 | 222 | 11 |
| Department Stores | 102 | 154 | 172 | 14 |
| Drugs | 189 | 264 | 210 | 4 |
| Electrical Equipment | 145 | 145 | 224 | 9 |
| Farm Equipment | 86 | 177 | 175 | 12 |
| Food Producers | 86 | 152 | 117 | 17 |
| Food Chains | 101 | 144 | 120 | 16 |
| Liquor | 235 | 323 | 321 | 3 |
| Mining and Smelting | 27 | 51 | 63 | 21 |
| Natural Gas | 79 | 115 | 75 | 19 |
| Oil | 97 | 212 | 307 | 5 |
| Paper | 107 | 179 | 277 | 8 |
| Radio-Television | 183 | 345 | 470 | 2 |
| Railroads | 8 | 65 | 50 | 22 |
| Rubber | 93 | 150 | 184 | 13 |
| Steel and Iron | 40 | 74 | 134 | 20 |
| Textiles | 168 | 150 | 257 | 7 |
| Tobacco | 131 | 128 | 78 | 18 |
| Utility | 48 | 69 | 271 | 15 |

*In order of magnitude first three column totals.

## The State of Trade and Industry

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

There was a slight upward trend in industrial production for the nation as a whole the past week and it continued to hold about even with the level of a year ago. However, over-all output remained about 10% short of the all-time peak attained during World War II.

Falling for the eighth consecutive week, total claims for unemployment insurance benefits were 2% below the preceding week, but 31% above a year ago.

Unemployment in March dropped to the lowest level for the month since World War II with only 1,804,000 persons looking for work, according to the United States Census Bureau. This was a decline of 282,000 from February. Employment also dipped slightly as the number of factory workers decreased and farm hiring fell off from February because of bad weather. The total of job holders was 59,714,000, down 38,000 from the preceding month, states the Bureau.

Postponement of the steel strike until April 8 permitted steel production to roll ahead at above-capacity levels. Steel's national ingot output rate in the week ended March 29 held steady at 102.6% of capacity. This rate is equal to a weekly production of 2,131,000 net tons and was the fourth successive week wherein steel output registered a new all-time high record. This week the mills are scheduled to show a decline of one-half of a point in output.

The steel industry on the verge of a knock down drag-out steel strike has only about one chance in four to avert it, according to "The Iron Age," national metalworking weekly.

Charles E. Wilson's resignation as Defense Mobilizer means that the steel industry has lost its one friend at court who knows the industry's problems. Those left to counsel President Truman are dead set against giving the industry anywhere near the price raise that would compensate for the Wage Stabilization Board's wage recommendations of about 30¢ an hour. Mr. Truman's complete acceptance of the Board's recommendations, while at the same time indicating that the steel industry's profits were enough to absorb such a raise was a fatal blow to steel industry optimism, this trade journal declares.

The 1946 strike was settled when Mr. Truman finally okayed an 18½¢ an hour wage raise and a $5 a ton steel price boost. There is little reason to believe that this latest fracas will be any different, "The Iron Age" states.

Mr. Murray feels this may be the last Democratic administration for a while and that what the Board recommended, the union is entitled to. Mr. Fairless is not inclined to give in to a big wage hike unless Mr. Truman allows a price increase to match it, declares this trade journal. That price increase will be on the basis of $6 a ton for a 20¢ an hour wage increase or $9 a ton for a 30¢ an hour wage increase.

Hidden in the cross talk has been the union demand for a union shop. Steel firms will take a strike before they agree to a union shop—even if the wage and price fracas is settled, this trade authority notes.

If the steel industry closes down on April 8 it will mean a loss of steel at the rate of 2.1 million tons a week. If a strike lasted a month it would mean a loss of 9 million tons of steel, according to this trade paper.

If a steel wage increase and price hike come through eventually—as they must—it will be a signal for wage and price changes

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# Government Controls In Foreign Trade

By A. M. STRONG*

Vice-President, American National Bank and Trust Co., Chicago, Ill.

**Foreign trade specialist scores detrimental effect of foreign trade and exchange controls. Says international commerce has been stifled and this affects adversely defense program of democratic countries.**

International trade controls were inaugurated in this country as a war expedient to regulate the flow of strategic materials and to prevent trading with the enemy. The controls were to terminate at the end of the war. However, the restrictions have not been removed.

A. M. Strong

The detrimental effects of foreign trade controls are recognized by statesmen and businessmen of all nations. The International Business Conference of 51 nations which was held in the United States in 1944 proclaimed as one of its objectives the elimination of foreign trade controls. The Conference stated that controls which are adopted as emergency measures cannot be allowed to be exercised longer than the emergency itself, without serious damage to economic health.

Our State Department repeatedly emphasized that trade restrictions imposed by governments cut down the total of world trade and that the objective of international action should be to reduce all controls. President Truman, in a speech in March, 1947, said that if this country does not take the lead in reducing international trade barriers, the world will plunge into economic war which will pave the way for future armed conflicts.

The 50 nations, members of the International Monetary Fund, agreed to gradually reduce monetary restrictions and to terminate them by March of this year. This agreement, to which our country is a signatory, as well as the promises of our government and of other governments, have not been carried out. New reasons are constantly advanced for maintaining the restrictions and new schemes are invented which call for more controls.

One of the reasons advanced by our government for the continuation of export controls, is to prevent the shipment of strategic materials to Russia and its satellites. The method used by our government is the so-called "end-use certificate," a statement by the buyer in the foreign country that he will not transship the goods. These certificates are ineffective in stopping this traffic. Most foreign buyers pay little attention to this undertaking which they sign upon the insistence of the American exporter. There is nothing of course to stop the agents of the communistic countries from buying American strategic goods presumably for their own use and shipping the materials to countries behind the Iron Curtain. The transshipment of American goods can be effectively stopped in the importing countries by refusing re-export licenses.

After operating this futile scheme for over a year, our government finally made arrangements with 10 European countries to stop the transshipment of strategic goods to any unauthorized destination. The "end-use certificate" arrangement is, however, continued with all other countries.

We are using every device to stop the exportation of our goods directly or indirectly to communistic countries; however, our allies, the nations we have been supporting with billions of foreign aid dollars, are continuing to trade with Russia and its satellites.

Monetary controls which are being imposed to maintain stable currencies have failed to accomplish this purpose. The controls have not created balanced budgets or monetary stability. Most foreign moneys have substantially declined in value.

While monetary stability has not been attained through controls, the recent removal of foreign exchange controls by Canada has strengthened the Canadian dollar. When the restrictions were removed in December, 1951, the Canadian dollar was selling for approximately 97 U. S. cents. Today, after a period of three months of free trading, the Canadian dollar is worth a ½% more than the American dollar.

The Mexican government, which has not restricted the movement and the conversion of the Mexican peso, experienced no difficulty in maintaining a stable rate and there is no black market for Mexican pesos. On the other hand, currencies of other countries which cannot be freely converted into dollars are selling at black market rates substantially below the official rates.

The monetary restrictions and bilateral arrangements have resulted in a new type of international business—foreign trade arbitrage—which is the use of a third country currency to buy or sell goods in foreign countries. The net result of such deals, which always must have the sanction of the respective governments, is a substantial saving in the price of imported goods and prompt payment for exports in countries which are short of dollars.

Foreign trade and exchange controls have created serious problems for exporters and importers all over the world. They have stifled international commerce and impaired the interchange of goods between nations. The present controls and restrictions are adversely affecting the defense program of the democratic countries.

There is one group of people who greatly benefit by controls. They are the multitude of government officials of every rank all over the world who have the power to grant or reject licenses, to approve or disapprove transactions, to enable some to make substantial profits and ruin others.

It is futile to expect that those now in power will voluntarily relinquish any of their prerogatives. Businessmen of this country and of other democratic nations must raise their voices in the defense of free enterprise and must compel their governments through their legislatures to abolish wartime controls and to stop interfering with foreign trade.

*A talk by Mr. Strong at the International Trade Forum of the Illinois Manufacturers' Association, Chicago, Illinois, March 26, 1952.

## "OBSERVATIONS"

Is omitted this week.

A. Wilfred May is in Moscow covering the International Economic Conference.

# Stock Market Outlook—Uncertain But Not Unsound!

By V. LEWIS BASSIE*
Director, Bureau of Economic and Business Research, University of Illinois

**Ascribing business let-down in last nine months to inventory liquidation, Professor Bassie holds this factor, though reflected in stock market, does not indicate that business will not hold its high level or that stocks are unsound. Says broad view of market should give little basis for pessimistic predictions of professional bears, and contends yields on stocks should continue to hold substantially above those available on bonds until prices again push ahead.**

Underlying the ups and downs of the postwar economy is uncertainty about the possibility of World War III. This is in a real sense the only important uncertainty in the present situation, because the war program that has been established practically rules out the possibility of economic collapse.


V. Lewis Bassie

Judgments about the international situation vary greatly. Some people consider war highly probable; others, highly improbable. Whatever the likelihood may actually be, a course of action looking toward both alternatives is required. If war is coming, certain things ought to be done; if peace is to prevail, others would be more advantageous. Since we can't know which, action should logically represent some kind of compromise. Yet, many people would apparently rather go all one way, or all the other, than pursue a consistent line of mixed action.

### Inventory Reversal Depresses Profits

The way this uncertainty affects business operations is strikingly reflected in inventory policy. The question it poses is: How large should inventories be? If we face a period of war—probably a much more destructive war than either of the last two—it would be desirable to hold greatly enlarged inventories of many goods for use in the period of war shortages. If, on the other hand, there will be no war but rather, over a period of time, a curtailment of war programs, then even present inventories may be excessive.

Assuming that the suitable level of holdings in each case can be worked out to at least an approximation, then the desired goal for present holdings could be calculated in terms of the chances favoring each contingency. Determining the goal in this way would produce a relatively stable figure, one that business operations could be adjusted to achieving and maintaining.

In contrast, changing sentiment is reflected in the rapid building up of inventories at this time last year and in the rapid liquidation of inventories in many civilian industries in recent months. This reversal of inventory policy on the part of both business and the public is the key to the letdown of the last nine months. Like other setbacks of this kind, it is bound to be temporary in character, and the turning point already appears to be near at hand.

The decline in profits can, of course, be pointed to as justification for fears of excessive inventories. But how serious is the decline in corporate earnings? The latest Department of Commerce data show that the shift in inventory revaluation and increased taxes account for the entire decline. Profits before taxes dropped at an annual rate of $9 billion from the fourth quarter of 1950 to the fourth quarter of 1951. But inventory revaluation alone produced a decline of almost $11 billion—swinging from an annual rate of increase of over $8 billion to a rate of decrease of $2½ billion.

Aside from this, higher tax rates explain the decline. Corporate income taxes were higher on the reduced earnings of the fourth quarter of 1951 than they were on the inflated profits of the year before. As a result, profits after taxes were driven down from a rate of $28 billion to $17 billion, a decline of about 40%.

Now, however, the threat of further declines from inventory revaluation has largely disappeared, and taxes have become as much a protection as a threat to future earnings. Any future decline in earnings will be cushioned by tax reductions; if losses are incurred, they will be largely recouped from the carryover of tax credits. Having already undergone all the contraction in prospect, the outlook for profits is favorable.

### Crosscurrents in the Stock Market

Business fears and uncertainty inevitably carry over into the stock market, where changes in sentiment are quickly reflected in price action. As the historical record shows, a war scare is likely to result in rapid fluctuations—first to knock the market down briefly, and then to sort out the stocks whose positions will be improved and build them up at the expense of those whose prospects are unfavorably affected.

In the first upsurge after the Korean outbreak, that was the primary pattern of market behavior. Much attention was given to evaluating prospects in terms of what war—and all that goes along with it in the way of controls, rising costs, and taxes—would mean to each company's position. The result was rather extreme emphasis on certain favored issues, particularly industries producing basic materials whose markets were greatly expanded. At the other extreme, the stocks of some civilian industries, such as finance companies, were forced well below their usual market appraisal.

Although the logic of this approach was unassailable, there are spots where it was undoubtedly carried too far, so that price differentials between the favored few and other well-situated issues became too wide. Here again, what the situation required was a kind of compromise between the values of a wartime situation and those of a nervous "cold-war peace," weighting the results in proportion to the relative chances of each contingency. In the last nine months, however, important crosscurrents in the market have arisen out of the inventory recession. Stocks in some industries—such as textiles, apparel, and retail stores—have been depressed by this temporary business letdown to a point beyond any reasonable appraisal of prospects for the years immediately ahead.

Looking at the market as a whole, there seems little basis for the pessimistic predictions of the professional bears. There is a basic lack of certainty about the present situation, but depression is not the alternative that gives rise to it. With business conditions firm, yields on stocks should continue well above those available on bonds until prices have again pushed ahead. Month by month, the market gains support: Institutional investors, including the pension funds of the large labor unions, are either putting new funds into the market or stand ready to do so if the prices decline moderately. Participation by the public is also increasing, and although this movement is more speculative in character, it has not yet reached the danger point of unrestrained bidding for stocks priced beyond their real worth. The "bogey of historical highs" cannot undermine a position basically so sound.

The forces determining business activity and market values still point upward. Making such adjustments as we can for the possibility of all-out war, there is every reason to follow a consistent policy with confidence.

*Reprinted by permission from the "Illinois Business Review," published by the Bureau of Economic and Business Research, University of Illinois.

## COMING EVENTS
In Investment Field

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

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

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

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

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

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

**June 6, 1952 (Chicago, Ill.)**
Bond Club of Chicago field day at the Knollwood Country Club in Lake Forest.

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

**June 10-13, 1952 (Canada)**
Investment Dealers' Association of Canada annual convention at the Algonquin Hotel, St. Andrews-by-the-Sea, New Brunswick.

**June 13, 1952 (New York City)**
Municipal Bond Club of New York annual outing at the Westchester Country Club and Beach Club, Rye, N. Y.

**June 13, 1952 (Philadelphia, Pa.)**
Investment Traders Association of Philadelphia summer outing at the Whitemarsh 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 20-22, 1952 (Minneapolis, Minn.)**
Twin City Security Traders Association annual summer outing "Operation Fishbite" at Grandview Lodge on Gull Lake.

**June 27-29, 1952 (Coronado, Cal.)**
Security Traders Association of Los Angeles annual spring outing at the Hotel del Coronado.

**June 28, 1952 (Chicago, Ill.)**
Bond Traders Club of Chicago summer party at the Langford Links.

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

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

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

## Walston, Hoffman Appoints Managers

Walston, Hoffman & Goodwin, members of the New York Stock Exchange, announced that Eugene Rosenfeld has been appointed resident manager of that firm's branch office at 1370 Broadway, New York City, and that Sidney A. Siegel has been appointed resident manager of the company's Brooklyn office at 884 Flatbush Avenue.

## Detroit Exch. Member

DETROIT, Mich. — Peter M. Macpherson of the stock brokerage firm of Charles A. Parcells & Co. has become a member of the Detroit Stock Exchange according to an announcement just made by the Exchange's Committee on Admissions.

Macpherson has served the Parcells company in various capacities since joining them in 1947 following his discharge from the Royal Canadian Air Force. He has recently been connected with the trading department and is now one of the operators of the Parcells' Odd Lot Post on the floor of the Exchange.

## Three With Hooker & Fay

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif. — Frank Pera, Anthony J. Richman, and John P. Steele have become associated with Hooker & Fay, 340 Pine Street, members of the New York and San Francisco Stock Exchanges. All were previously with Davies & Co.

## Nominated for Director

CHICAGO, Ill.—Owen V. Van Camp, Vice-President of the First Securities Company of Chicago, has been nominated for election to the board of directors of the North American Car Corporation. The annual meeting will be held on April 8.

# Alpine Stocks

By IRA U. COBLEIGH

*Author of "Expanding Your Income"*

**Containing brief profiles of certain plutocratic and plushy equities selling in rarefied market atmosphere.**

Everywhere we hear today of the desirability of wider share ownership as a practical way of selling our enterprise capitalism to all our citizens; and this is indeed a worthy objective. To that end, we see stocks by the dozens, split so that they can vibrate in a popular price range; we see, in increasing numbers, picture-book annual reports that at last make a little sense to Joe Stockholder, and we see a burgeoning sale and distribution of mutual fund shares which, in thousands of cases, represent the port of entry of individuals into the security market.

Ira U. Cobleigh

All this is to the good, but today's topic does not swim in this main stream of popularizing stocks. It is, on the contrary, rather crinoline and atavistic, since it will treat with certain lordly issues, standing like monoliths above the meek and lowly price terrain of ordinary stocks. Up where the oxygen (and the markets) get thin, up above $500 a share, are some of the most elegant equities in America. They are not tipped from ear to ear in the board rooms of our cities, they weigh not heavily upon the minds of Dow theorists, and they are scarcely vehicles for scalpers, or in-and-out traders. But on a quality basis, they're pretty wonderful — the Ermines, the Rolls Royces, the DaVincis of the share markets.

Our first showpiece in today's salon is Northern Trust Co. of Chicago, where ownership is represented merely by 30,000 shares of $100 par value. But each one of these shares sells for $650, and it would be difficult to prove they aren't worth it.

In the first place, book value, at the 1951 year end, stood at $764.17 ($114 over current market price). Secondly, this book value, arrived at by most conservative accounting technique, has increased, on the average, $20 per share for each of the past nine years. Thirdly, dividends have been paid, without a miss, for 51 years, and the current annual rate ($18 a share) has prevailed without variation since 1931, a year when, you may recall, many lesser havens for depositors were very busy shopping for padlocks! As a matter of fact, Northern Trust Co. stock is still subject to double liability, but that fact has never seemed to frighten investors away from this fortress of finance.

Northern Trust has never needed to turn octopus in order to grow. Without merger or consolidation it has expanded impressively, looking mighty solid in the period from December 1929 to December 1933, during which dismal era its deposits leapt from $56,467,000 to over $200 million.

Northern Trust, a $700 million institution today, does a general banking and trust business. Relative to banks comparable in size, Northern does not lend as much money, loans and discounts amounting to only 21.8% of assets on 12/31/51. A large trust business, and a well managed bond department have rounded out earning power. Earnings have ranged from $34 to $40 a share in the last five years, giving plenty of cushion for the $18 dividend. Nobody is likely to buy Northern Trust as a speculation; however, as an investment in a well run bank, it's solid—a veritable citadel of solvency.

Another financial institution that gets stronger and more impressive with each passing year is Travelers Insurance Co. In 1951, this organization, the largest multiple life insurance in the country, passed the two billion mark in total assets, winding up the year with $2,100,500,000. The ownership and equity in all these assets rests in 400,000 shares of capital stock, with a unit book value at the year end of $599.79.

If there are any persons left who still regard common stocks as unreliable income producers they ought to cast their eyes on Travelers' historic generosity to stockholders. Without a break, dividends have been paid since 1866; and since 1868 the lowest cash dividends in any year has been $10—the highest $116 in 1913. Meanwhile, valuable rights to buy more stock at a heavy discount from market price, have been offered in six different years; and in 1949, $22 was dished out in money, plus 100% in stock. Altogether, 86 years of shareholder contentment.

Whereas Travelers is thought of as primarily a life insurance company, actually earnings from this division are third in importance, being exceeded in net revenue by the Accident, and the Indemnity divisions. Fire insurance earnings round out the picture and create net, covering the $14 dividend well over four times.

About outlook, life business is improving due to longer life spans and the big new surge into group pension and life insurance. Automobile bodily injury and property damage, and workmen's compensation claims were up for 1951, but unsatisfactory underwriting results in this division should, this year, be offset by higher rate schedules.

About the investment portfolio, it's conservative but magnificent. Cash and governments make up 41.5%, mortgages 22%, general market bonds 28.5%, and stocks 4.7%, in a massive fund, supervised by a top team of investment experts. You'll travel a long way to find a higher quality equity than Travelers. And the price? A mere 640!

Switching from financial companies to industrials let's pause a moment, for the pause that refreshes—Coca Cola International Corp. This is an interesting outfit since its principal asset consists of 1,309,032 shares of Coca Cola common carried on the books at only $3,272,580 but actually worth $135 million. With such a lucrative security in the vaults, Coca Cola International has had no difficulty whatever about dividend payments to shareholders. These began with $5.50 in 1923, and were $37 a share in 1951. There is also here an unusual gimmick since each share of International may be exchanged for eight shares of Coca Cola at any time. This is, I believe, just about the plushiest conversion privilege in existence.

It would be futile here to try to set down all the things that have made Coca Cola one of the most distinguished and successful corporations in the world—such as elite management, advertising unexcelled, a uniform product demanded and liked throughout the world, virtually impervious to competition. Coca Cola has been a refreshing blue chip for years and Coca Cola International's 163,629 outstanding shares are just eight times as good—at roughly $850 apiece.

My last candidate for the altitude club is Superior Oil of California, much neglected of late what with all the splash about Amerada and Northern Pacific. Superior Oil sells today just about where it sold six months ago, at around 550. Well, it was probably underpriced then, and more so today. Producing now at the rate of 21 million barrels a year of crude, it's an expanding company with proven leaseholds in California, Louisiana, Illinois, Texas and Oklahoma and lesser producing fields in Indiana, Arkansas, New Mexico and Wyoming.

In its 1950-51 fiscal year, Superior drilled 221 wells, with 150 gurgling in as producers, and 29% in dry holes. Through the years, SOC has had a sort of genius in finding oil, and it is now bringing its bird-dogging talents to bear in Canada through its 51.7% interest in Canadian Superior Oil of California, Ltd.

Earnings here are probably heavily understated by the company's charging all intangible development and drilling costs directly to earnings (instead of capitalizing them). Even so, last year SOC showed $31.43 out of which it accorded shareholders a lowly $4. Frankly, the plowback here is really impressive; and the 423,014 shares of SOC common may, if production growth continues at the current rate, have a market horizon difficult to compress into three figures.

Of course, this is no complete tabulation of top priced stocks. For your further research, may I suggest First National Bank of New York, Kings County Trust Co., New York & Harlem Railroad, Mahoning Coal R.R., Christiana Securities and for dessert, Los Angeles Turf Club stock which sells, I believe, at $45,000 a share. For solid value and economic elegance, however, I like the Alpine stocks I've listed: Northern Trust, Travelers Insurance, Superior and Coca Cola International. And all but the last might be split up. They're priced right for fission bait!

## With Waldron & Co.

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Isidor Horjelsky is now with Waldron and Company, Russ Building.

# Business Man's Bookshelf

**Director of Mutual Savings Banks of the United States** — National Association of Mutual Savings Banks, 60 East 42nd Street, New York 17, N. Y. — paper—$1.00.

**Progressive Mine Workers of America: A Study in Rival Unionism**—Harriet D. Hudson—Bureau of Economic and Business Research, University of Illinois, Urbana, Ill. — paper — single copies free on request—special rates on quantity orders.

**They Want to Know:** Answers from Business to Questions All the American People are Asking —Earl Bunting and Edward Maher —Farrar, Straus & Young, Inc., 101 Fifth Avenue, New York 3, N. Y.—cloth—$1.75.

**Year-Book and Guide to East Africa with Atlas**—1952 Edition—H. W. Wilson Company, 950-72 University Avenue, New York 52, N. Y.—cloth—$3.00.

**Year-Book and Guide to Southern Africa with Atlas**—1952 Edition—The H. W. Wilson Company, 950-72 University Avenue, New York 52, N. Y.—cloth—$3.00.

## Whitney, Goadby Admit Courtlandt Barnes, Jr.

H. N. Whitney, Goadby & Co., 49 Wall Street, New York City, members of the New York Stock Exchange, announce that on April 1 Courtlandt D. Barnes, Jr., was admitted to partnership in their firm.

## Henry Young Adds

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif. — Howard C. White is with Henry A. Young & Co., 235 Montgomery Street.

## Joins Freeman & Co.

Freeman & Company, 61 Broadway, New York City, announce that J. Brewster Kimball has joined the organization.

# Dealer-Broker Investment Recommendations & Literature

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

**Air Conditioning**—Analysis in "Market Pointers"—Francis I. du Pont & Co., 1 Wall Street, New York 5, N. Y. Also in "Market Pointers" is a discussion of **Tri-Continental Common** and two suggested portfolios for long-term. In the current issue of "Gleanings," is a suggested portfolio of "double duty" securities.

**Aircraft Manufacturing Industry**—Review—H. Hentz & Co., 60 Beaver Street, New York 4, N. Y.

**Atomic Energy and Private Investment—Review**—Hirsch & Co., 25 Broad Street, New York 4, N. Y.

**Bank Stocks** — Comparison and analysis of 12 leading bank stocks outside New York City — Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

**Can the Bull Market Die of Old Age?**—Article in current issue of "Investors' Almanac"—Estabrook & Co., P. O. Box, Boston, Mass.

**Chemical Companies**—Comment on 1951 earnings and prospects —Eastman, Dillon & Co., 15 Broad Street, New York 5, N. Y. Also available is a list of stocks yielding 5% or more.

**Commercial Bank Stocks**—Third edition of analytical brochure on out-of-state commercial bank stocks of interest to the savings banks of Massachusetts.—First Boston Corporation, 100 Broadway, New York 5, N. Y.

**Fire and Casualty Companies**—Study of 32 important groups showing earnings, liquidating values, etc. as of the end of 1951—A. M. Kidder & Co., 1 Wall Street, New York 5, N. Y.

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

**Gold**—Field trip and analysis of **Homestake**, field trip and analysis of Canadian Gold Mines, investment selections, copy of "Investing is Adventure" and subscription to the Griffith Letter for one year—$100—B. Barret Griffith & Company, Inc., Colorado Springs, Colo.

**Over-the-Counter Index**—Booklet showing an up-to-date comparison between the listed industrial stocks used in the Dow-Jones Averages and the 35 over-the-counter industrial stocks used in the National Quotation Bureau Averages, both as to yield and market performance over a 13-year period—National Quotation Bureau, Inc., 46 Front Street, New York 4, New York.

**Railroad Dividend Prospects** — Bulletin (No. 85) — Smith, Barney & Co., 14 Wall Street, New York 5, N. Y. Also available is a discussion of the increased freight rates.

**Tokyo Stock Quotations**—Quotation of major stocks—Nomura Securities Co., Ltd., 1-1 Kabuto-cho, Nihonbashi, Chuo-ku, Tokyo, Japan.

**Value Line Investment Survey**—Special introductory offer to new subscribers—five dollars for one month—The Value Line Investment Survey, 5 East 44th Street, New York 17, N. Y.

**Value Selections for April**—Newburger & Co., 1342 Walnut Street, Philadelphia 7, Pa.

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**Aluminum Limited** — Annual report — Aluminum Limited, Montreal, Que., Canada.

**American Hospital Supply Corp.** — Memorandum — Rogers & Tracy, 120 South La Salle Street, Chicago 3, Ill.

**American Power & Light Company**—Analysis—Kidder, Peabody & Co., 17 Wall Street, New York 5, N. Y. Also in the same brochure is an analysis of the **Washington Water Power Co.**

**Armco Steel Corporation** — Complete 1951 annual report — Armco Steel Corporation, Middletown, Ohio.

**Bell & Gossett Company**—Bulletin—O. B. Motter & Associates, 500 Fifth Avenue, New York 36, N. Y.

**Brooklyn Union Gas Co.**—Annual report—Secretary's Office, Brooklyn Union Gas Company, 176 Remsen Street, Brooklyn 2, N. Y.

**Buda Company**—Bulletin—Ames, Emerich & Co., 105 South La Salle Street, Chicago 3, Ill. Also available is a memorandum on **Pickering Lumber Corp.**

**Chesapeake and Ohio Railway**—Annual report—Chesapeake and Ohio Railway, 413 Terminal Tower, Cleveland 1, Ohio.

**Chicago Corporation** — Analysis — Dempsey & Company, 135 South La Salle Street, Chicago 3, Ill.

**Continental Oil Company**—Annual report—Continental Oil Company, 30 Rockefeller Plaza, New York 20, N. Y.

**Dresser Industries, Inc.**—Analysis—Faroll & Company, 209 South La Salle Street, Chicago 4, Ill. Also available is an analysis of **E. R. Squibb & Sons.**

**Erie Railroad**—Analysis—Zuckerman, Smith & Co., 61 Broadway, New York 6, N. Y.

**Lone Star Steel Company** — Analysis — Republic Investment Company, Inc., 231 South La Salle Street, Chicago 4, Ill.

**Magma King Maganese Mining Co.** — New report — Weber-Millican Co., 50 Broadway, New York 4, N. Y.

**Maine Central Railroad**—Information—Raymond & Co., 148 State Street, Boston 9, Moss.

**Maryland Drydock Company**—Analysis—Cohu & Co., 1 Wall Street, New York 5, N. Y.

**Missouri-Kansas-Texas—Bulletin**—Ira Haupt & Co., 111 Broadway, New York 6, N. Y. Also available is a memorandum on **Florida East Coast Railway.**

**New England Lime Company**—Circular—Dayton Haigney & Co. Inc., 75 Federal Street, Boston 10, Mass.

**Northwest-Capital Airlines Inc.**—Analysis of proposed merger —John H. Lewis & Co., 63 Wall Street, New York 5, N. Y.

**Placer Development, Ltd.**—Analysis—John R. Lewis, Inc., 1006 Second Avenue, Seattle 4, Wash.

**Puget Sound Power & Light Co.**—Analysis—Ira Haupt & Co., 111 Broadway, New York 6, N. Y.

**RCA and the TV Industry**—Review—Dean Witter & Co., 14 Wall Street, New York 5, N. Y.

**Radio Corporation of America** — Memorandum — Auchincloss, Parker & Redpath, 52 Wall Street, New York 5, N. Y.

**Riverside Cement Co.**—Analysis and review of the Cement Industry—Lerner & Co., 10 Post Office Square, Boston, 9, Mass.

**Russell Reinforced Plastics Corporation**—Analysis—Aetna Securities Corporation, 111 Broadway, New York 6, N. Y.

**Safeway Steel Products, Inc.**—Analysis—Loewi & Co., 225 East Mason Street, Milwaukee 2, Wis. Also available is an analysis of **Lakeside Laboratories, Inc.**

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

**Standard Gas & Electric Company**—Review—Sutro Bros. & Co., 120 Broadway, New York 5, N. Y.

**Tennessee Central Railway Co.**—Bulletin—Reynolds & Co., 1528 Walnut Street, Philadelphia 2, Pa.

**Texas Calgary Company**—Information—Troster, Singer & Co., 74 Trinity Place, New York 6, N. Y. Also available is a brief report on **Eastern Racing Association** and **Monmouth Park Jockey Club.**

**Transamerica Corporation**—Progress report—Walston, Hoffman & Goodwin, 265 Montgomery Street, San Francisco 4, Calif.

**Warner-Hudnut, Inc.**—Bulletin—Friedman, Brokaw & Co., 711 St. Charles Street, St. Louis 1, Mo.

**J. C. Warren Corporation**—Report—Talmage & Co., 115 Broadway, New York 6, N. Y.

**S. S. White Dental Manufacturing Co.**—Comment—Paul H. Davis & Co., 10 South La Salle Street, Chicago 3, Ill. Also available are brief comments on the **Trane Company, National Supply Co., Babcock & Wilcox, Nesco, Inc., General Cable Corporation, Mack Trucks Inc., Raybestos-Manhattan, Inc.** and **Beneficial Loan Corp.**

## Joins Waddell & Reed

(Special to THE FINANCIAL CHRONICLE)

NORTH SPRINGFIELD, Pa. — William S. Holliday is with Waddell & Reed, Inc.

## With Garrett-Bromfield

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Kenneth A. Bartelli is with Garrett-Bromfield & Co., 650 Seventeenth Street.

## Abrams With Cruttenden

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — Arnold J. Abrams, Jr. has become associated with Cruttenden & Co., 209 South La Salle Street, members of the New York and Midwest Stock Exchanges. Mr. Abrams was formerly Cashier for Wm. H. Tegtmeyer & Co.

## Sutro Bros. Open New Branch in N. Y. C.

Sutro Bros. & Co. members of the New York Stock Exchange, have opened a new branch office at 150 West 28th Street under the management of Benjamin M. Lewis. Mr. Lewis was formerly uptown manager for Cohen, Simonson & Co.

# Our Economic Growth Can Fend Off War

By CHESTER H. LANG*
Vice-President, General Electric Company

**Maintaining economic growth and increased power facilities are bulwarks against war, General Electric executive reviews rise of electric power production, as well as expansion of other basic industries. Stresses importance of improved technology, and says, though our industrial future seems promising, we are nevertheless bogged down in pessimism, conflict, doubt, and frustration. Predicts, by 1955, U. S. should have 10 k.w. of electric power per manhour, compared with present 7 k.w. Expresses optimism regarding industrial application of atomic energy.**

What I want to sell today is not something new, but perhaps a new look at something that is old and familiar, because it has been going on for a long time. I am certain that it will add up to more power—and more glory, too—for the American economy and the American productive machine, even if we must leave the judgment on the latter to posterity. I want to talk to you briefly about the way we use our power on the road to glory, in hope that we can draw from that understanding some satisfaction and encouragement for the troubled age in which we live and work. This could be addressed to any group of American businessmen and it would be proper, but certainly it is most appropriate to address this group which, by the nature of the commodity in which it deals, is at the very hub of the job.


C. H. Lang

We can begin by looking at the actual and potential figures relating to the output of electric power in the United States. Last year power sales amounted to 318 billion kilowatt hours, a figure which wraps up within itself an amazing and exciting story of scientific research, engineering achievement, and good business judgment. As much as a couple of years ago I ventured the prediction that electrical output would rise from its then 300 billion kilowatt hours per year to a trillion kilowatt hours by 1970, and this looked to be a wild guess. The only thing that nailed it down, perhaps, in the minds of my listeners, was the use of the trillion figure, because this was the first time in an era of extravagant mathematics that a mere businessman had ever been able to outdo one of the Washington economic geniuses by breaking into 13 digits. So far as I know, this is the only box-car figure of the last two decades that carried along with its pronouncement a connotation of increased national wealth and well-being instead of higher taxes or aid to a foreign country. I appreciate that this is taking a sort of sly synthetic advantage, because I was projecting my beliefs and my figures some 20 years into the future, a practice that would not necessarily lend itself to the best interests of either the Treasury or the State Department. They might be able to do as well if no holds were barred. Also, it should be pointed out that dollar figures are subject to the vagaries of inflation, while the kilowatt hour remains fairly standard in its value content.

Nevertheless, as is now fairly well known, my trillion was greeted with a few qualms, even by the members of my own team. But whatever distinction accrued to me was destined to be short-lived. It is now a practical certainty that by 1960 the 1950 figure will be almost doubled—to 540 billion kilowatt hours — and that perhaps we will not even have to wait another 10 years to attain the trillion—that it may come by 1965, examined in the light of the known investment program of the utilities, of the most modern trends of industrial electrification, and of the newest population figures. Not so long ago Elmer Lindseth, in what I can only regard as a belated attempt to get into the act, suggested that the output by 1981 would probably hit two trillion kilowatt hours. Such a calculated leapfrogging is significant only because it comes from an outstanding member of that industry which alone can make it possible, and that is extremely important. On such a basis I am willing to make it five trillion by the year 2000, with the help of atomic and solar energy, just to keep my franchise. After all, this is merely doubling the increase every decade, with a little added for faith, and we have been doing that since 1900.

So much for the boxcar figures. Not all of us will be here, of course, for the power conference of the year 2000, but it is a highly significant fact to me that there is probably no one in this room but who expects that there will be such a conference. As countries go, as history goes in most respects, 50 years is not such a very long time. But to those of us who have grown up in the electrical industry, 50 years can encompass miracles of increased efficiency, of invention and development, of radical new services and lowered costs. And yet they are not really miracles to us because we have seen them happen before our eyes, and we would only be amazed if the process did not continue to repeat itself.

Who would have dreamed only 10 years ago, that two of the most spectacular and important technical developments of modern times—atomic energy and the jet engine — were about to break rather violently upon us. We were busily forecasting the changes that would be wrought by electronics, plastics, and air conditioning, but actually we had not yet turned the pages of the book. Ultimately the remarkable development has not been just in the initial achievement, but in the rapid multiplication and realization of those achievements into industries of unbelievable size. Atomic plants in existence today have values in billions of dollars. And just last week we began to celebrate the 10th anniversary of America's first jet engine. We are calling it "the fastest 10 years in history"! Today we have practical gas turbine installations in central stations, pipeline pumping, and locomotives. You will remember that it required almost a century to utilize similarly the steam engine. Our pace now is faster. We have good reason to be optimistic in the material sense.

### Expected Growth of Electric Power Production

It has not actually been very difficult for any of us to predict the growth of electric power production and sales for the years ahead, although the rate of that growth may still be influenced by the changing patterns of the defense mobilization program. Availablity of materials will be one factor, despite the fact that utilities have committed themselves for heavy equipment orders through 1954 or further. But power is not really our problem. We know how to solve that. Substantial as our material progress seems to be, and promising as our industrial future seems to be, we are nevertheless bogged down from day to day in pessimism, conflict, doubt, and frustration. Some of it is sharpened by the jockeyings attendant upon a Presidential election. Some of the conflict is deepened by the disappointments and tragedies of the floundering Korean adventure. Ever-increasing tax loads, and the almost daily reexamination of the devices by which the loyalty and effectiveness of public servants are tested and maintained, are equally disturbing to any sense of wellbeing.

The only thing which seems to match the increasing public debt is the increasingly precarious situation of our global economics, and that is an equilibrium we could well do without. We may well ask ourselves where, in the pattern of our daily affairs, may we seek inspiration and confidence? I believe, as strongly as I believe anything, that we may find such assistance in the closer examination and evaluation of our own affairs. I mean in this industry. And now I mean definitely the concrete, precise business of devising, developing, manufacturing, installing and operating those intricate and amazing mechanism by which talented men draw power out of the earth and apply it efficiently to the solution of our daily problems.

Almost from its very beginnings, electric power particularly has provided a blueprint for American industrial and economic achievement. This is so self-evident that we are inclined to forget it. Just as continuing research and technological improvement have heightened the performance and increased the efficiency and economy of electrical generating and distributing equipment, your after exciting year, so has the greater availability and resourcefulness of electric power lengthened the arm and heightened the performance of all kinds of industry year after year. Even today, after hundreds of meetings such as this, after thousands of clarifying examples, we are still not truly aware of our own strength. We are still reluctant to draw upon our own experience to give us courage to face our problems.

### Electric Power and Manpower

In a time of international trouble such as we are now experiencing we find ourselves always fearfully comparing masses of manpower with an eye on the probable outcome of a possible war. And in any such adding-up of elemental strength, the Western world usually seems to be on the short end of things. We look at Russia and the unknown quantities of Asia and shudder at the weight of sheer manpower that is arrayed against us. But there have been hordes of barbarians before this without civilization being overrun. What we often fail to weigh properly in the scales is *effective* manpower. Let us look at that, for a moment.

Many years ago Dr. Steinmetz, in an offhand comment, estimated that one horsepower equals the muscle work of about 22 men—"big men!" he said. The average American workman is therefore helped by something like 165 manpower in motors alone. We have our workforce of machines to put into the balance in any such geopolitical calculation. American productivity has been estimated as roughly 10 times that of the average person elsewhere in the world, and this productivity is undeniably founded in our greater use of electric power. The American workman has seven times as much electric power available to him as has the Russian worker.

But more important than the present situation by far is the trend as we have been suggesting with our preceding figures on developing electrical output. The United States is today electrifying at an incredible pace. Today in industry we are using almost seven kilowatts per manhour, and by 1955 it should be as much as 10 kilowatts. With industry electrifying at such a rate, and with a similar thing happening in residential, commercial, and farm electrification, the figure of a trillion kilowatt hours by 1970, or even earlier, hardly seems unreal. And when we measure this progress alone in terms of electrical units, we are describing only that portion of the program which lies within our own industry boundaries, and which is only a mighty token of the total development in all industry, with its tremendous collateral expansion of manufacturing and service facilities.

### Economic Growth Bulwark Against War

We are now engaged in a defense mobilization program that is unique in world history, so far as I know. Perhaps we are all of us so close to it in terms of

*Continued on page 18*

*An address by Mr. Lang before the American Power Conference, Chicago, Ill., March 26, 1952.

# Our Modern Benzedrene Economics

By H. E. LUEDICKE*
Executive Editor, New York "Journal of Commerce"

**Asserting, during past decade, we have lived on over-stimulation, Dr. Luedicke lays recent business slow-up to fact that, because of higher taxes, people have less money to spend, while government has not been able to spend as fast as was intended. Sees full-fledged recession in non-durable industries. Says problem today is to keep inflationary and deflationary forces balanced, and predicts no sharp business decline in near future. Points out savings boom is a "statistical illusion," since consumer and commercial debts have also increased. Warns against further stimulation to stabilize economy.**

Unfortunately, the economic outlook at present defies the customary crystal ball approach. The truth of the matter is that the old crystal ball models are outmoded, hopelessly so.

Dr. H. E. Luedicke

We thought we knew a great deal about business cycles, about seasonal patterns, about the more sensitive business barometers. Our dealings with the old man supply-and-demand were based on this knowledge. Now something new has been added that makes the old yardsticks unreliable. That is the influence of government in business. The new lineup goes back about 20 years. But it was not until World War II that it really came into its own. That's when we got really started on what can best be called our modern benzedrene economics.

For the past ten years we have lived on over-stimulation. We have constantly borrowed from the future. There was nothing much we could do about it during the war when our survival was at stake. After the war, we started to rely more and more on private borrowing. Private debts rose at an annual rate of $20 billion for nearly five years, a rate of increase far greater than that experienced back in the mid- and late '20s.

But eventually, even this medicine started to wear off. We had a warning in 1948-1949. And by mid-1950 things once more started to look a bit shaky. As fate had it, it was then that the Korean war broke out and the emphasis switched from private debt expansion to increases in public expenditures—in the form of the defense program.

But this time, the story was not quite the same as in World War II. Forget for a moment the initial impact of the Korean war, which, of course, was highly inflationary because of panic buying on all levels of the economy. While that was true, the inflationary poison, or the inflationary sting, was soon removed from the planned increase in public expenditures by some very drastic tax increases—which took the place of World War II deficit financing.

This being March 17—and income tax deadline—this is not the happiest day to talk about taxes. But the fact is that the series of tax boosts we have had since Korea have a lot to do with our current business problems and, most likely, will have an even deeper bearing on some of the things to come.

*Fact one:* people haven't nearly as much money to spend today as we thought they would have by now.

*Fact two:* the Federal Government, which has enough money to spend, hasn't been able to spend it as fast as it meant to.

Add these two facts together and you have the explanation for what is wrong with business today.

There is nothing wrong with business that a burst of spending could not cure. But when is that spending coming and where is it to come from?

### A Full-Fledged Recession in Non-Durables

Obviously, what once charitably was referred to as the "inflationary lull," has become a full-fledged recession in the non-durable industries. There have been plenty of cutbacks in these industries and there is a strong suspicion that the durable consumer goods industries have escaped from a similar fate only because they were forced to cut back their operations because of materials shortages. The result was the same as in the case of the non-durables, but it sounded better.

There is no doubt that the first quarter of 1952 has been quite a disappointment to a lot of businessmen. March has shown a few hints of improvement—but these tender plants don't seem strong enough as yet to withstand any late spell of cold weather. This disappointment is at the bottom of the extreme jitters currently felt in business circles.

Any yet this is exactly the kind of situation that can easily be misinterpreted. In my weekly "Business Outlook" column in this morning's "Journal of Commerce"—I had to get the commercial in somehow—I summed up the business outlook as follows:

(1) Indications of a modest improvement in March should not be counted upon as proving that business once again is squared away on a sustained upturn; but (2) At the same time, failure of this modest improvement to take immediate hold should not be taken as "proof" that things are going to pot.

It may be true that things are tough all over—but they are not all over, period.

Much of our current confusion is due to the fact that it doesn't make any sense to have inflation and deflation at the same time.

It happens often enough that not all sectors of the economy move in the same direction. Such deviations may offset each other at times. But seldom for long—and seldom when the deviations are as pronounced as they are currently.

The problem today is whether this mysterious balance will be broken on the inflationary or on the deflationary side. But today this question actually consists of two questions—how will the balance be broken for the immediate future—up or down? And what about the long-range prospect for the time after the defense buildup is past its peak?

Just to make things a bit more complicated: nobody can be sure as yet where or when, in this concept, the immediate future ends and the long-range outlook starts. The dividing line may fall into 1952 or into 1954—but most likely it will be encountered somewhere in 1953.

The Administration wants us to believe that the danger of a revival of inflationary pressures is as great, or even greater, than ever.

That "greater than ever" is hard to swallow.

There have been some serious miscalculations on the part of the Administration planners both as to the speed of the defense buildup, and as to the materials shortages for the civilian economy. These miscalculations go beyond the scope of the present defense stretch-out. Their basic reason is the constant underestimation of our productive facilities, which actually are so fantastic that they constantly amaze us.

There is danger now, however, of exaggerating these miscalculations.

It still is premature to consider the metals supply problem as licked. And while, at the moment, claims that the "worst is yet to come" seem rather out of place, chances still are that, starting with the second half of 1952 and well into 1953, business will show improvement rather than deterioration.

### Expect Rise in Defense Spending

Defense expenditures will keep rising—and soon the rise won't be completely offset by higher taxes. Starting in the second half of this year, there will be a revival of deficit financing—though not to the extent indicated by the Administration. Washington has constantly—and probably quite deliberately—overestimated its budgetary deficit.

But there seems to be no longer any serious difference of opinion with respect to further increases in taxes. Taxes are just about as high as they can be permitted to go—and probably past that point already.

The return of deficit-financing to cover the further rise in defense expenditures, coupled with wage and price pressures in a number of key industries, plus the gradual liquidation of excessive inventories in the non-durable industries and the return to a replacement basis, are adding up to some business improvement by the second half of the year.

And yet, if you want me to be completely frank, the only thing I can feel really strong about, at this time, is that there won't be any sharp business decline in the near future. Any prediction of a moderate change from the present level of business—and, after all, we are on a rather satisfactory overall level despite all the complaints—is extremely risky, and perhaps not even too important.

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*An address by Dr. Luedicke at the 39th Annual Convention of the National Association of Waste Material Dealers, Inc., New York City, March 17, 1952.

# A Critcal Look at The Consumer Market

By EARL L. BUTZ*

Head of Department of Agricultural Economics, Purdue University, Lafayette, Ind.

**Professor Butz, in analyzing consumer market, calls attention to unprecedented high rate of personal savings as an "amazing economic phenomena." Predicts, however, rate will decline in latter part of 1952 and continue downward in 1953. Gives as causes of greater savings and less consumer spending: (1) market saturation following wane of "scare buying"; (2) general levelling off of prices, and (3) reduced demand for durable goods due to higher prices. Looks for rise in consumer spending later in year and a firmer general price structure along with moderate inflationary pressures.**

A firmer general price structure, with modest inflationary pressures under it, is in prospect for the United States during the last half of 1952, and likely for the year or two following 1952. These price increases will be spotty geographically and will not be shared by all lines of business activity. The general price level may advance as much as 3 to 5% a year in the next couple of years, starting sometime the latter part of 1952. It has declined about 5% from the all-time high it reached in March, 1951. Anticipated price rises will result from the rising tempo of our defense expenditures (money actually paid out), an unbalanced Federal budget in fiscal 1953, and an increased rate of consumer spending in the year ahead. These factors will cause a high level of business activity, approximately full employment, a continued high demand for food products, and an increased demand for consumer goods generally.

Earl L. Butz

The rate of consumer saving will probably decline in the last half of 1952 and 1953. This, coupled with some modest increase in total disposable personal income, indicates an increase in the rate of consumer expenditures. Increased consumer spending will have its impact upon the market for durable goods, nondurable goods, and services, with the latter two categories likely feeling a greater increase in demand than the first.

One of the most amazing economic phenomena of the post-Korean period has been the unprecedentedly high rate of personal savings during the past year. This situation has baffled economists, scared merchants and businessmen, and amused those who like to see forecasters squirm in their own errors.

Total disposable personal income (amount left for spending or saving after taxes) in the United States has increased steadily since Korea except for a short period at the beginning of 1951. It has increased by some $13 billion in the last year. However, the personal net savings of individuals is currently running at the highest level since the close of World War II. In the fourth quarter of 1951, individuals were saving at the annual rate of $23 billion, or over 10% of their total disposable personal income. In the third quarter of 1951, they saved 9.9% of income; and in the second quarter, 9.1%. However, the first quarter of 1951 savings were at the annual rate of $8.5 billion, or 3.9% of total disposable income. In the third quarter of 1950, immediately following Korea, the annual rate of saving was only $4.6 billion, or 2.2% of disposable personal income. The rate of saving during the past year has been abnormally high for peacetime conditions. During the war years, when consumers could not spend money for automobiles, gasoline, clothing, housing, and a host of other items, the annual rate of saving got as high as $35 billion in 1944, representing 24% of disposable income. In those days, saving was forced because goods were not available for purchase. The situation is different now. During the past year, many consumers' goods, including household appliances, new and used automobiles, clothing, and a host of goods, have been begging for purchasers. The market was free. In spite of that, consumers saved at an unprecedented rate. This exerted a very restraining influence upon the upward pressure of prices.

### Cause of Decline in Consumer Buying

Why did consumer buying decline in 1951? The answer is not easy. Production figures indicate that the decline was not due to any decrease in production of goods or availability of services. Nor was it due to any decrease in consumer purchasing power. The gross national product rose to an annual rate of $333 billion in the fourth quarter of 1951, up $30 billion from the fourth quarter of 1950; the index of industrial production held nearly steady during the year, being 218 in both December, 1951 and January, 1952, compared with 218 in December, 1950. The highest it got was 223 in April, 1951, and with the exception of the normally slow month of July was never lower than 217; expenditures for new plant and equipment (domestic capital investment) the first quarter of 1952 were almost $23 billion, down slightly from the fourth quarter of 1951, but substantially above the first quarter of 1951 and above any previous peacetime quarter; total business sales at the end of 1951 were down slightly from the first quarter of 1951, but were equal to or above any previous time in recent years.

There are four principal reasons why savings continued at a high rate during the past year and consumer spending lagged somewhat:

(1) A certain degree of market saturation occurred as a result of the two short but rather violent waves of scare buying and inventory accumulation which followed the Korean incident. The first of these came in July and August, 1950, immediately following our entry into the Korean Peninsula. Every one recalled that consumers' goods became scarce following Pearl Harbor, and most of us resolved "not to get caught this time." As a consequence, wholesale prices, farm prices, and the consumers' price index were pushed up substantially without any genuine increase in the real inflationary forces under the economy. When this initial wave of buying subsided, and consumers' goods became generally available again, prices leveled off. With the entry of the Chinese Communists into the war in December, 1950, another wave of scare buying and inventory accumulation ensued. Prices rose again, reaching a high about February, 1951. However, there had still been very little increase in the genuine inflationary forces under the economy. Once again the tremendous productive capacity of our country filled our shelves and warehouses with ample goods of nearly all kinds, and the wave of buying subsided.

Thus it is apparent that twice in the last 20 months consumers have been prematurely stampeded into an unnecessary buying spree. This came on top of a relatively long period of high level consumer buying in the years since 1946. During the intervening period, in the main, we had full employment with high consumer income, combined with the cashing in of high consumer savings accumulated during the war years, on top of which we superimposed an easy credit policy in order to prevent or postpone the long-heralded "postwar depression." All of this added up to relative saturation of the consumers' market in many lines. Many people bought an extra suit of clothes, pair of shoes, suite of furniture, or set of tires a year ago.

(2) The general leveling off of prices which has occurred in the last 10 months has changed the "buy now" psychology of many people to an attitude of "let's wait awhile — it might be cheaper." Hence, increased saving and decreased spending.

(3) The higher prices of some hard goods, such as automobiles, new homes, and the like have discouraged some potential buyers.

(4) The credit restrictions imposed by the government and the Voluntary Credit Restraint Program of the banking fraternity have also had their influence upon consumer spending and saving.

### Consumer Spending in 1952

A rise in consumer expenditures appears likely beginning the latter part of 1952 and continuing through 1953. This will occur because of (a) a probable increase in total consumers' disposable income; and (b) a probable decrease in the rate of personal saving.

Let us examine first the probable level of total consumers' disposable income in the period ahead. As pointed out above, total personal income in the United States has increased almost steadily since Korea, with the excep-

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*An address by Professor Butz at the ABA National Instalment Credit Conference, Chicago, Ill., March 26, 1952.

# Consumer Credit No Inflation Cause

By THOMAS W. ROGERS*
Executive Vice-President,
American Finance Conference, Inc., Chicago, Ill.

**Mr. Rogers, in disputing argument that consumer credit by increasing purchasing power is inflationary, contends: (1) consumer credit is result and not cause of production of durable goods, and varies in proportion to it; and (2) the volume of consumer credit, in its effect on central bank created funds, is so small that it adds very little to total of purchasing power. Points out also other considerations leading to ineffectiveness of consumer credit controls.**

The advocates of consumer credit control usually base their arguments upon the general assumption that consumer credit adds to the aggregate volume of consumer purchasing power, and thus feeds the fires of inflation, when the volume of durable goods and services is not correspondingly increased. Therefore, they say, the volume of such credit should be controlled during periods of change in the relations between money supply and production, by controlling the terms upon which such credit is extended.

Thomas W. Rogers

I question the validity of this "purchasing power" theory and disagree with the emphasis which has been given to it. My reasons for this disagreement are these:

(1) There is much evidence to support the conclusion that the volume of consumer instalment credit tends to respond to the production of durable goods, rather than the volume of production of such goods being the result of a derived demand due to the extension of instalment credit, as is assumed in the "purchasing power" theory. The facts show historically, that there is a high degree of correlation between the amount of consumer instalment sale credit outstanding at any particular period of time, and the physical volume of production of consumer durable goods over a related period of time, and that such outstandings *follow* the movement of production rather than lead it. Witness what happened to instalment credit during the war period when the durable goods ordinarily sold on instalments were not manufactured. Also, witness the production and credit figures for 1949, 1950 and 1951.

(2) Even if we start from the "purchasing power" assumption, the evidence shows that such power flows from a number of sources, and that the relative net contribution of central bank created funds reaching consumer credit channels is so small as to be negligible, as an addition to the aggregate consumer purchasing power. In short, consumer credit does not add to the *total* of the purchasing power already existing at a given time. It merely provides a method whereby this power may be transferred from one segment of the population to another segment through the use of the savings of one group by another group, for a definite period of time in order that those who want to acquire durable goods may use them while paying for them. The facts show that the funds now being used for financing instalment sale credit come ultimately almost wholly from:

(a) Savings from current or previous periods, either by individuals or corporate groups, such savings being accumulated through bank deposits, insurance funds, and the equity funds of stockholders.

(b) Banking funds made possible by and traceable to previous deficit financing by government.

Consequently, we are confident that the financing of consumer durable goods sales in the United States through instalments, both by banking and non-banking institutions, is accomplished almost wholly through the transfer of purchasing power from one economic group in our society to another economic group which uses this credit, with very little, if any *net increase* in the overall purchasing power of the country, in the process. One group gives up, temporarily, what the other uses.

Any *net increase* in purchasing power seems traceable ultimately to deficit financing and the fiscal policy of government. It would be more appropriate, it seems to me, for government to give emphasis to some of the more fundamental considerations inherent in this fiscal policy, rather than to attempt to stop the flow of credit to consumers by trying to close the small spigot of consumer credit. Such a policy would have a far greater significance in relation to the overall consumer purchasing power than an attempt to block the immediate extension of credit to consumers by institutions sought to be regulated under existing consumer credit controls.

### Some Other Considerations

However, if despite these objections, consumer credit controls are to be imposed, it appears imperative that more consideration should be given to (1) the social and economic costs which arise as a byproduct of these controls, especially where such control is imposed through a single ceiling on terms and down payments, as presently under Regulation W, and (2) a limitation upon the authority of the Federal Reserve Board to impose restrictions at its will, without limitation.

Over the years, the competitive forces of a free market in the automobile sales credit industry have established definite price and value relationships between new and used cars, and between different age groups of used cars. Down payment requirements and monthly payment schedules have likewise varied for these groups.

Established industry groupings and practices, and a number of State Laws, have long recognized at least three such groups of terms — sometimes more — based upon different age groups and price classes of motor vehicles, namely: new and recent model

*Continued on page 19*

*Part of an address by Mr. Rogers before the National Instalment Credit Conference sponsored by the American Bankers Association, Chicago, Illinois, March 25, 1952.



# Railroad Securities

## Chesapeake & Ohio

In a talk before a combined meeting of the New York Society of Security Analysts and the Association of Customers Brokers a short time ago, Mr. Walter J. Tuohy, President of the Chesapeake & Ohio Railroad, painted a quite rosy picture of the company's improved status and future prospects. One of the important points brought out in the talk (incidentally it is a point that has been brought out in this column on previous occasions) was the money that has been spent in recent years on additions and betterments to road property and equipment, and the greater operating efficiency that has resulted therefrom.

Walter J. Tuohy

Since the end of World War II the company has spent some $328 million on capital improvements, a third of which was for way and structures and the balance for new equipment. The roadway improvements, which included modernization of yards—extension of lines into new coal fields — a large new tidewater coal pier—etc., were tackled first. Then the company turned to its motive power and rolling stock. The freight car fleet was expanded materially and a comprehensive car repair program was inaugurated. As a result of the latter, bad order cars have now been reduced to less than 3%, and this may probably be considered as a practical minimum under ordinary working conditions.

The car program was naturally highly important in putting the company in a position to handle the expanding volume of traffic efficiency and expeditiously. Also, the traffic potential is being expanded materially by the modernization of existing carferries and purchase of two new carferries (scheduled for delivery this year) for the companies important freight service across Lake Michigan. Important as these steps were, and are, there appears to be little question but that the most important part of the equipment program, from an efficiency and earnings viewpoint, has been the dieselization of a substantial portion of the road freight service.

Presumably because of its heavy stake in the transportation of bituminous coal the road was rather late in turning to diesel power for road freight service. In the last couple of years, however, it has been making rapid progress. The Canadian and Pere Marquette Divisions were completely dieselized last year, and since the beginning of the year dieselization of the Chicago Division has been completed. By this summer, when additional units now on order are delivered, all operations north of the Ohio River will be dieselized and it is estimated that 90% of passenger service, 76% of yard switching service, and 48% of road freight service will be performed by this new power.

The money spent on the properties and equipment in recent years has borne fruit in a notable control over operating costs. The performance has also been aided by a sharp cut in passenger service losses, accomplished largely by discontinuing unprofitable branch line service and secondary main line trains. Through such means the direct out-of-pocket passenger loss was reduced from $9.2 million in 1948 to $4.3 million last year. The overall effect of these various programs was seen in the 71% operating ratio in 1951, considerably below the total Class I showing of 77.4%. Moreover, this performance should be further improved upon in the current year, with the additional diesels and with the property and equipment programs now past their peaks.

As Mr. Tuohy so well said in his talk, operating efficiency by itself is of little avail unless traffic is there. On this score, also, the management is quite optimistic. C. & O. has long been identified with the bituminous coal industry. Bituminous coal has, as everyone must know by now, run into considerable competition from oil and natural gas. Nevertheless, coal still remains as the principal source of energy in this country. Presumably it will continue as such for many years to come. Thus, with prospects for a further extension of the period of high industrial activity and continuing expansion in electric generating capacity the outlook for domestic coal movement over the visible future is bright. Exports, which proved a particular boon last year, will presumably not match the 1951 tonnage (they have held up very well so far) but by any other standard will certainly be very high.

While the coal picture remains favorable for some time to come at least, it is important to note that C. & O. is not nearly so heavily dependent on this one commodity as it was in the old days. Carloads of merchandise traffic last year practically equaled the carloads of coal handled and revenues from this traffic hit an all-time record of $144 million. This has in part been due to industrial expansion in the territory served by the old C. & O., but presumably a far more important consideration has been the merger with Pere Marquette in 1947. This road holds a dominant position in the industrial heart of Michigan. Bridge business between the east and northwest, avoiding the congested Chicago area via the company's Lake Michigan carferries, has also contributed to this growth and should expand even further when the new floating equipment mentioned above is delivered this year.

C. & O. was one of the minority of roads that reported large earnings last year than in 1950—$4.80 vs. $4.25. With the traffic outlook favorable and indications of a further improvement in the operating ratio the road should be able to do even better this year. With the major part of the property betterment program now completed and finances still strong, there appears to be every reason for confidence that the newly established $3.00 dividend rate may be considered well secured. Such a dividend would afford a return of 8.6% at recent market levels.

## Orvis Bros. Adds

Orvis Brothers & Co., 14 Wall Street, New York City, members of the New York Stock Exchange, have announced that John E. Schramm has become associated with that firm as a customers' broker.

# A Defense of Consumer Credit Controls

By RAY M. GIDNEY*
President, Federal Reserve Bank of Cleveland

**Though upholding consumer credit, Federal Reserve Bank executive defends policy of its regulation as a weapon against inflation. Describes workings of Regulation W, and cites evasive and unworthy methods to avoid its restrictions. Gives testimony of Federal Reserve Governor and the 12 Federal Reserve Bank Presidents indicating keeping instalment and consumer credit within safe and sensible bounds makes for sound credit. Concludes, however, effective general credit control is superior to selected controls, where relatively small sectors of economy are covered.**

We have no greater problem today than the protection of the value of the American dollar against erosion by inflationary trends — the "fight against inflation." This is a mutual problem with which you and all citizens are vitally concerned. It is a mutual problem, and a national problem. It is a problem that pervades every part of our economic life. It has given rise to endless discussion, and volumes have been and are being written about it. It has many sectors, but the one in which this group here today is most directly and especially interested is the instalment credit sector.


Ray M. Gidney

The field of instalment credit has of late years become of particular interest to the Federal Reserve System because of its relationship to the general problem of maintaining a sound dollar by keeping credit expansion within bounds reasonable in relation to the existing situation.

For myself, I should like to say that I am a strong believer in the value of the instalment credit machinery which has developed so remarkably in this country. My memory goes back to rather early beginnings. In my earliest recollections, there was some selling of such a household article as a piano on a long-term instalment basis with small monthly payments. Stores sold some items on what was called the "excitement plan" or "a dollar down and a dollar a week." Banks were not very much interested in this kind of activity although I can remember that occasionally we would have a note which we had to salvage by getting say $10 a month from a debtor who had laid down on his obligations but who could be persuaded to work it out if the payments were small enough. I remember how, as we passed into the early stages of financing automobile sales on instalment plan, there was widespread criticism of a practice called "mortgaging the future"; and I can remember well that the banks had to be shown by finance companies that this business was healthy, profitable, and desirable.

Certainly, from the point of view of profitable lending, consumer credit has abundantly proved itself. I think that it may also be said that in general it has been healthy in the economic sense and that it has been important in facilitating the distribution of so-called consumer durable goods and the development of large scale production operations which characterize our present-day economic system. To me, it seems clear that we could not have had the rise in standard of living and general physical well-being which we have known in our respective lifetimes without the instalment credit facilities with which we are familiar. So I can honestly say that I believe fully in instalment and consumer credit as an instrument of progress in modern economic society.

At this point I should like to interpolate part of a radio statement made by one of my associates at the Federal Reserve Bank of Cleveland, Merle Hostetler, in his broadcast on March 22, as I believe it may contain a hint of things to come as they affect the opportunities of your group to extend consumer credit:

"During the past 13 years, the population equivalent of three modern 'Ohios' has been added to this nation, and it is reasonably probable that in the next 13 years three more Ohios will come into the Union (official estimates range from one to five) for a total of six major 'states' within one generation.

"The 1939-65 accretion differs from earlier geographical annexations in another important respect. The 50,000,000 new citizens will not be satisfied with a colonial standard of living. They will not be content to live in log cabins, to read by candlelight, to wear homespun clothes, nor to be restricted in travel to a day's ride on horseback. Nor will the millions of new families be satisfied to start out with a spinning wheel, an ax, and a worn copy of Pilgrim's Progress. To the contrary, the six new Ohios will expect to share at least as high a standard of living as that enjoyed by the other 48 states, and probably are aspiring toward something still better. Moreover, the educational and cultural facilities which were in existence in the traditional states back in 1939 will be far from adequate for the 54 states of 1965.

"In order to become self-supporting, the millions of new citizens must be provided with the newest and most efficient modern tools—tools and equipment which are very expensive to produce, but without which life would be much less abundant. Furthermore, in order to multiply their economic effectiveness, and to lighten household chores, the new citizens will want something more efficient than water wheels and windmills. They will demand—and get—their share of electrical energy as a means of increasing their productiveness a thousand-fold.

"The prospective enlargement of the United States by the equivalent of six more Ohios by 1965 also has some implications with respect to financial developments. The present Federal debt may eventually become considerably smaller in relation to the overall financial structure. It does not follow, however, that the annual tax burden would be automatically lightened. Sparsely settled areas seem to be able in general to get along with fewer and less costly public services than do the densely-populated cities."

Assuming that my belief, as above expressed, is well founded, we may still ask ourselves the question as to whether instalment and consumer credit granting should be pushed at all times and in all circumstances at full speed and forced draft. The answer, I think, should be the same as would be the answer to the same question if applied to credit in general. Obviously, "no." While we admire the zeal and effective vigor which characterize your group and other lenders in the handling of instalment and consumer credit, I think we should agree that there are times when it would be well for the extension of such credit to be restrained mildly or otherwise as the circumstances might warrant, and times when it should be stimulated. Here again, I think we have a problem in which our interests are mutual since it is desirable that the emphasis to be placed on expanding or restricting such credit be based on general grounds and the general interest.

### Voluntary Credit Restraint Program

I am sure that you have all been greatly impressed, as I have, by the effectiveness and generally good results which have come from the Voluntary Credit Restraint Program in which the American Bankers Association has taken a big part and given effective and wholehearted cooperation. To me that has been a very bright chapter in cooperation between bankers and Federal Reserve, and between bankers and other lending groups. I have been very happy to see the great contribution made to this effort by Oliver Powell, member of the Board of Governors of the Federal Reserve System. The Federal Reserve System and bankers alike have reason to be proud of him. So also there is ground for gratitude and praise for the commercial bankers and others who have served on the Voluntary Credit Restraint National Committee and Regional Committees. You have two members of the National Committee on your program at this meeting who have given wonderful service—Kenton R. Cravens, Vice-President, Mercantile Trust Company, St. Louis, who will speak to you tomorrow; and Everett D. Reese, Chairman of this session of the Conference, who is President, Park National Bank, Newark, Ohio.

To my mind there can be no question, and I think it is generally recognized, that the operations of the Voluntary Credit Restraint Committees have been productive of a desirable restraint in the granting of credit at a time when lack of restraint would have made very much more severe the inflationary pressures of which there are all too many.

The National Committee has well said that the course it advocates is just good common sense. That is what you would expect from this excellent committee.

I believe that practice of voluntary credit control may be just as desirable in the field of instalment and consumer credit as in the general field of credit, and I believe also that we have had from your group here assembled a very considerable measure of voluntary credit restraint operating at the same time as the legal limitations of Regulation W. Such a combination is very desirable because legal limitations will be more effective and work better if there is acceptance of the principles underlying such limitations which leads to a desire to cooperate voluntarily and wholeheartedly in making them work well.

### Regulation W

The regulation of consumer instalment credit by legal limitation is a fairly new concept. First applied under an Executive Order of the President dated Aug. 9, 1941, it continued until terminated by an Act of Congress approved Aug. 8, 1947. Experience of this period was not conclusive as to the value of this type of regulation for the reason that during its continuance there was a large amount of cash purchasing power in the hands of the public and a much shortened supply of consumer durable goods so that occasion for the full use of instalment and consumer credit was lacking. Inflationary threats obviously present in 1948 led to an Act of Congress approved Aug. 11, 1948, renewing the authority of the Board of Governors to place limitations upon instalment and consumer credit. The Board acted promptly under this authority and reestablished Regulation W. In my opinion, the restrictions were a fairly important factor in mitigating inflationary tendencies under the conditions of that period. Congress did not extend the authority when it expired June 30, 1949. The most complete test of the use of this type of regulation has come under the Defense Production Act which became effective Sept. 18, 1950, and was designed to combat the important and well recognized inflationary tendencies which followed the outbreak of the Korean War. Public irritation relative to strictness of terms led to a Congressional enactment in 1951 which relaxed some of the provisions of Regulation W. Bills have been introduced to Congress to extend this authority beyond its present expiration date of June 30, 1952, and to restore the authorities withdrawn by the 1951 enactment.

There has been a full measure of cooperation on the part of the banks in the application of Regulation W in this most recent period, and we in the Federal Reserve Banks are most appreciative of the banks' helpful attitude. The replies of bankers to the questions on this subject asked by the Subcommittee of the Joint Committee on the Economic Report are published in "Monetary Policy and the Management of the Public Debt" on pages 1199 to 1205 of Part 2. The bankers quoted are quite generous in their comments on the administration of the regulation, thus reflecting the cooperative attitude they have generally taken.

In some groups of lenders or vendors there have been a disappointingly large number of cases in which parties subject to the regulation have adopted evasive and unworthy methods so that administration of the regulation has not all been sweetness and light. From Sept. 18, 1950, to Dec. 31, 1951, a total of 75 cases had been referred by the 12 Federal Reserve Banks to the Board of Governors for disciplinary action. There were many other cases which were worked out in the respective Federal Reserve districts or which are under investigation.

I might give you one or two illustrations of what seemed to the officers of our bank direct departures from proper practice but which fortunately have been brought into line. It is and has been our desire to obtain compliance with the regulation rather than to punish some one for not complying. So when we learned that an office of a loan company in a particular month had accepted statements from 40% of its borrowers during that month

Continued on page 26

*An address by Mr. Gidney before the National Instalment Credit Conference sponsored by the American Bankers Association, Chicago, Ill., March 25, 1952.

# Industrial Activity Stagnant

**A composite opinion of purchasing agents, who comprise the National Association of Purchasing Agents Business Survey, finds production increases are balanced by new declines.**

The March survey of the Business Survey Committee of the National Association of Purchasing Agents, whose Chairman is Robert C. Swanton, Director of Purchases of Winchester Repeating Arms Co., New Haven, Conn., finds no material improvement in overall industrial activity, as production increases are about balanced out by declines. Scheduled backlogs of orders continue to slip, but at a slightly slower pace than in the past three months. Usually, these surveys show a sharp seasonal pickup in production and orders in March. This year, the trends indicate more of a leveling off than a lift. One bright spot is the tendency to close the gap between declining back orders and the rate of production, to bring supplies more in line with demand; the first such movement noticeable since the wide spread developed in December.

Robert C. Swanton

Prices are definitely on the down trend, particularly in soft goods, according to the survey. Competition is keen for the volume business which is necessary to meet high break-even points. Inventories are continuing down, for purchased materials. Employment is off, when, seasonally, it should increase. The predominant buying policy is in the mid-range between 30 to 90 days. Available supplies and production are catching up with demand in most materials.

Industrial purchasing executives, asked to make a comparison of present defense production with that at the peak of World War II, reported: 59% have less than 5% of their World War peak; 25% have 5% to 20%; and 13% are currently doing from 20% up—which probably creates the current conflict of opinion on, "Why so much controlling to insure so little?"

**Commodity Prices**

Industrial materials price structures in March show many more soft spots, with others developing. Concessions from many ceiling prices are freely offered. Holders of large supply stocks, secured in anticipation of increased defense production, are endeavoring to liquidate, particularly in nondurable lines. Fabricators are hard hit by the reduction of back orders, the stretch-out of demands for defense production and cancellations, making them keenly competitive for volume business to support their high break-even points. Purchasing Agents are naturally taking a very cautious position, in view of these conditions.

**Inventories**

With no incentive to stock being created by the price trends, production cutbacks and much easier availability of many materials, industrial inventories have taken another sharp drop in March, the fourth consecutive month to report this condition. Freer offerings of previously hard-to-get items, such as strip steel, are not finding ready acceptance beyond immediate needs. The threat of a steel strike or price increase does not seem to be affecting the prevailing conservative inventory policy.

**Employment**

Labor supply appears to be easing in most areas, except for the highly skilled people—engineers, designers and toolmakers. Layoffs and separations again exceed the additions to payrolls. Lower production schedules and the discontinuance of securing employees in anticipation of defense production orders are principal causes given. More short time and discontinuance of second shifts are reported this month.

**Buying Policy**

The middle of the range from hand-to-mouth to 90 days is still the predominant policy of industrial buyers. Even the release of substantial quantities of CMP materials for the third quarter has not changed the trend to close buying. Price weakness and the tendency to adjust from a sellers' to a buyers' market are controlling influences.

# Templeton Partner in Stein, Roe, Farnham

R. H. Templeton, Jr.

CHICAGO, Ill.—Stein, Roe & Farnham, investment counsel, of 135 South La Salle Street, announce that Richard H. Templeton, Jr., has been admitted to partnership in their firm.

# Merrill Lynch Plans Toronto Office

Merrill Lynch, Pierce, Fenner & Beane, members of the New York Stock Exchange and other leading exchanges, will extend its operations into Canada, it was revealed by Winthrop H. Smith, managing partner, who announced that the firm will open its first Canadian office in Toronto within the next 60 days.

"Opening of an office in Toronto will be the first step Merrill Lynch plans to take in a tentative program that will see us expanding elsewhere in Canada," Mr. Smith said. "The move into Canada was made after careful consideration and extensive study."

## T. J. Rennemo Is With Van Alstyne, Noel Co.

Thomas J. Rennemo has become associated with Van Alstyne, Noel & Co. 52 Wall Street, New York City, members of the New York Stock Exchange, in the firm's institutional department. Mr. Rennemo formerly was associated with the Philadelphia office of Stone & Webster Securities Corp.

## Elected Directors

CHICAGO, Ill.—John F. Bolger, President of Shillinglaw, Bolger & Co., Chicago, and Charles E. Krause, Vice-President and Secretary of the Massey-Harris Co., have been elected directors of the Jacobsen Manufacturing Company, Racine, Wis., Oscar T. Jacobsen, President, announced.

# *From Washington Ahead of the News*

By CARLISLE BARGERON

President Truman may, as he said, take to the hustings with enthusiasm in behalf of the Democratic Presidential nominee whomever he may be, but as of today he is a badly hurt man. My long conviction that he intended to run again has not changed, and some support is given to it by daughter Margaret who said a few days ago in Canada that it was not true she or her mother didn't like the White House and had urged the father to retire.

Carlisle Bargeron

Truman did want to run again, I am convinced, but I have pointed out several times the remarkable situation in his party whereby even the patronage holders, those most dependent upon his continuation in office, although agreeing he could again have the nomination if he wanted it, showed no enthusiasm for him. Such a situation has not existed even so far back as the Coolidge days when the two-term tradition had not been broken. Coolidge had a lot of trumpeters running up and down the land sounding off that he had not had two full terms and had to run again. There was no such urging of Mr. Truman. It was simply an attitude that he could have the nomination if he wanted it.

In his case, there was, instead, an unseemly pressure from even his closest political friends that he make his intentions known. Foremost among them was his own national Chairman, Frank McHale's man McKinney. No such pressure was applied to Roosevelt the Great. Rather, the inner circle went along with Roosevelt's game of knocking off, in one way or another, every aspirant that stuck up his head. For one reason or another they would decide this fellow just didn't measure up. In the case of Paul McNutt, who got to going great guns, more drastic tactics had to be resorted to. A member of F. D. R.'s "inner circle" simply dropped the information slyly that Internal Revenue was looking into McNutt's income tax returns to see if he had paid taxes on his poker winnings. That was the end of his candidacy. It was not until several months after the 1940 elections that the Treasury announced McNutt's returns were in good and proper order. By the process of elimination Roosevelt was the only man left.

Truman's "friends" wouldn't aid him in any such game. They were determined to smoke him out. It isn't the fair way to treat a man, even if he sincerely does not intend to run again, to make him announce his retirement this far in advance of the conventions. He immediately loses his influence over the legislative branch, although in Truman's case he had very little anyway.

So he's not going to run again and that's that. The smuggest of the welter of comment I have heard was that attributed to a high brass close associate of General Eisenhower. This high brass was represented as saying that Truman was undoubtedly motivated by a desire not to run against "one of his three favorite Generals." Such thinking, indicative of the high brass mind, wholly ignores the ingratitude of Eisenhower running against his benefactor. It is that Truman didn't want to run against him.

One can't definitely tell in the rapidly changing picture that is now being wrought, but this associate of the General's, and the General himself, may now be in for a rude awakening. I doubt seriously that Truman's withdrawal helps the General's candidacy. More likely it hurts it.

Some "internationalist" and "liberal" editors are saying that Eisenhower's now getting the Republican nomination is imperative because, although Taft might have been able to defeat Truman, he couldn't possibly defeat the new combination and united party which the Democrats are likely to come up with. If they come up with the right combination there is a strong likelihood that neither can Ike defeat them.

Indeed, I can see a possible weakening of the General's candidacy. Much of his support for the Republican nomination has been coming from the Americans for Democratic Action stripe, New Dealers and Fair Dealers all, who considered the jig up with Truman and were moving over to take control of the Republican Party.

If they can now get Adlai Stevenson the set-up will be perfect for them to move right back to their moorings and leave as the bulk of the General's support only those "Internationalist" Republicans who, while preferring a Republican administration, would rather the Democrats continue in office than take a chance on the "foreign policy" being tampered with.

Stevenson has a strike on him in that he gave a deposition in behalf of Alger Hiss' honesty, character and loyalty. As to how much affect this would have in the election in the event he is the Democratic nominee, I don't know. Even such a conservative paper as the Chicago "Tribune" doesn't seem to consider this a mark against the Illinois governor. And it is a lead pipe cinch it won't affect the Americans for Democratic Action or the "liberals" and the like.

Kefauver would be almost as acceptable to these people as Stevenson but it is doubtful if he could hold the South in line any more than Truman. Barring him, however, the South isn't likely to work up the hatred it had for Truman for anybody else in so short a time.

A Stevenson-Russell ticket, without a too blatant racial plank in the party platform, would give the Republicans something to think about. I am not so sure that General Eisenhower hasn't chosen the wrong party after all.

# Consumer Buying

By ROGER W. BABSON

**Mr. Babson, laying inflation of 1951 to excess buying urged on by manufacturers, says sales resistance, due to change in "buyer psychology," has resulted in reduced public consumption of goods. Holds the urge to save in 1952 will increase while urge to buy will decline.**

All through 1950-51, I hammered away at inflation, urging readers against panic buying which was one of the immediate causes of inflation. If any medals are to be awarded to the men of the year who helped curb inflation, they don't go to Truman or DiSalle.

Roger W. Babson

During 1951, manufacturers were urging the public to buy or else be sorry! Television was an especially good example. What happened? Many manufacturers, unable to find dynamic leadership in Washington with an intelligent plan for Korea, planned for the worst — a long war and critical shortages. They made so much at such a pace and at such high prices that shelves and warehouses became loaded.

At first, the gullible were panicked into buying. Again, televisions are a good example. The more thoughtful waited. Shortages failed to materialize. Buyer psychology changed. Consumers stopped listening to advertisements and stopped buying. Consumers did what the President and DiSalle and all the rest of the governmental hierarchy couldn't do—halted the price rise and the inflationary spiral!

### Consumption Rates

One of the greatest periods in our production history was 1950-51. We made annually over $300 billion worth of goods and services. Even when taking into account inflated prices, this figure represents the greatest physical volume ever produced by our country, topping even the war years of 1942-43. But people failed to buy these goods, although they were financially able to do so. Sales resistance developed sharply in textiles and most consumer durables, in radio and television, major appliances, furniture, carpets, household goods, and automobiles.

Because of this sales resistance, for example, 50% fewer radio and television sets were produced in the last half of '51 as in the same period in '50; less than 40% as many major appliances; 20% less furniture; and 50% fewer carpets, even although the carpet industry is not primarily affected by limitations of material. Here, then, is a simple lesson of action and reaction which I have been preaching for years.

### Buying for 1952

A review of the 1951 price trends will help to make clear the trends for 1952. The Bureau of Labor Statistics "Composite Wholesale Index" at the end of 1951 was but a fraction higher than at the end of 1950. The first quarter of 1951 saw an advance in prices of 4.1% to an all-time high in March. This was followed by a 3.9% decline. This pattern has thus far continued through 1952.

No doubt the Korean truce talks have encouraged conservative buying. The Administration must, however, because of the coming elections, continue to stimulate business—even if artificially. The Democrats cannot afford any letdown in the demands for materials, merchandise, or labor; so don't be frightened by any nonsense out of Washington. I look for no more panicky buying ahead. The urge to save will increase and the urge to buy will decrease. This should help make your 53-cent dollar go a little further. When shopping in 1952, shop for value. In areas of oversupply, bargain!

The stability of the past few months is undoubtedly due to many causes, primarily to the fact that the people have at last developed intelligent buying habits. Don't let anybody panic you into buying because they say the article they sell will soon come into short supply. The chances are this will not be so. Buy from reputable local merchants whom you know and trust. Any sales organization which resorts to scare selling is encouraging inflation, and inflation may become a more deadly enemy than Soviet Russia. Also, remember that wholesale prices have declined considerably the past few weeks and this should ultimately help consumers.

# The Guaranteed Annual Wage Controversy

**Guaranty Trust Company of New York foresees difficulties in applying guaranteed annual wage in industries subject to severe cyclical swings. Points out there is reason to believe employers in these industries are already paying wage differentials economically equivalent to guaranteed wage.**

The April issue of "The Guaranty Survey," published by the Guaranty Trust Co. of New York, discusses in an editorial article the guaranteed annual wage, in the light of the demand of the steelworkers' union in the recent wage negotiations.

After revealing the experience with the guaranteed annual wage by a number of industrial concerns, the article concludes:

"Where variations in employment are primarily seasonal rather than cyclical, the guaranteed wage apparently finds its chief field of usefulness. Seasonal swings are predictable and in many cases are amenable to correction. Some companies with guaranteed-wage plans have gone far in smoothing out the seasonal variations that formerly occurred in their rates of operation.

"The feasibility of guaranteed-wage plans in industries subject to wide cyclical fluctuations in employment is quite another matter. The timing, severity, and duration of cyclical swings cannot be accurately foreseen. The employment hazards that arise from them are unknown and potentially unlimited. These hazards are due to conditions that are nation-wide or world-wide, and beyond the control of the individual employer or industry. A company that assumes liability for such hazards signs a blank check.

"In the final analysis, the employee's natural desire for stability of annual wage income can be satisfied only by stability of employment. No company, however strong financially, can long afford to pay for work that is not performed. Nor could the economy as a whole maintain the worker's standard of living unimpaired at a time when the aggregate output of goods and services was subnormal. Trying to do so by giving the worker full-time pay for not working would create a situation similar to that which arises in wartime, when wage payments are large but the supply of consumers' goods and services is reduced. The effect would be inflationary. Either immediately or later, the downward pressure of reduced output on the standard of living would tend to exert itself through higher living costs instead of lower money income.

"One of the standard arguments for the guaranteed wage is that it would stabilize wage-earners' purchasing power, thus sustaining demand and providing employment. This argument is not wholly without merit, but it considers only one side of a many-sided problem. In the first place, it overlooks the fact that wage-earners' purchasing power is only one of the numerous elements in the sum total of purchasing power. Not only are there many individual consumers other than wage-earners and their dependents, but a large share of aggregate demand arises from business investment and governmental expenditures, which are not directly affected by consumer spending.

"In the second place, the purchasing-power argument fails to recognize that wage-earners' expenditures, especially for durable goods, are subject to broad variations even in times of well-sustained income—a truth which has been clearly illustrated in recent months. The argument assumes not only that wage-earners' income would be fully and continuously translated into effective demand (whereas other forms of income would not), but also that the demand would create precisely the additional jobs that were need to prevent unemployment. In short, the purchasing-power argument rests upon a set of simplifying assumptions that differ widely from the facts. The very uncertain and probably very limited stabilizing effect of the guaranteed wage might well be more than offset by the fact that the guarantee would deprive unemployed workers of incentive to seek new jobs during the term of the contract.

"Labor spokesmen maintain that, when workers are forced to be idle through no fault of their own, it is unfair that they and their families should bear the entire burden. Employers can point out with equal justification that they are no more responsible for cyclical unemployment than are their employees. The underlying causes of cyclical unemployment are very imperfectly understood; but, whatever they may be, they are weaknesses of the economy as a whole. Both as a matter of right and as a matter of practical necessity, the economy as a whole must bear the cost. This means that both employers and employees must bear their share."

## With Edward D. Jones

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo.—Paul Ikemeyer has become associated with Edward D. Jones & Co., 300 North Fourth Street, members of the New York and Midwest Stock Exchanges. He was previously with A. G. Edwards & Sons.

## Merrill Lynch Adds

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—Alan L. Ferestien is now associated with Merrill Lynch, Pierce, Fenner & Beane, 10 Post Office Square.

# Truman Removes Curbs on Municipal Financing

**Borrowing proposals of States and local governments no longer subject to "screening" by Credit Restraint Committees.**

Following President Truman's request to Defense Mobilizer Charles E. Wilson, the policy of subjecting bond issue proposals by States and local governments to clearance by the regional Voluntary Credit Restraint Committees was terminated effective March 31. In his letter to Mr. Wilson, who subsequently resigned his government post, Mr. Truman expressed the view that any restrictions on the actions of States and communities conflicted with "our scheme of government."

President Truman

Under the control program, bond issues, such as those for payment of bonuses to veterans, construction of libraries and swimming pools, etc., were usually frowned upon by the various Regional Committees. Failure to get the "green light" was virtually tantamount to killing the proposal, as investment bankers and dealers in general usually refrained from bidding for the loans in question. The most publicized of the issues which proved "objectionable" and, hence, nonsalable in the usual manner, were the bonus issues contemplated by the States of West Virginia, Oregon and Montana. More recently, it was indicated that large-scale borrowing by Washington Public Utility Districts to effect purchase of facilities of the Washington Power & Light Co. would be considered as being contrary to the standards established under the Voluntary Credit Restraint program.

Commenting on the elimination of municipal loans from the scope of the Voluntary credit restraint program, Allan Sproul, President of the Federal Reserve Bank of New York, said that it remains to be seen if the States and local governments will exercise the self-restraint urged by the President or whether "there will be a rush" to issue securities "for purposes deemed unnecessary and contrary to the anti-inflation objectives" which underlied the purpose of the program. Failure of public bodies to exercise restraint, it was said, "would seriously affect the morale essential to the success of the program in private financing channels." Regional committees, according to Mr. Sproul, have been urged to "continue to operate as heretofore in the field of private finance pending determination of the overall effect of these new developments or until such time as the responsible monetary authorities determine that the inflationary dangers are abated. Financing institutions were urged to continue their record of excellent cooperation and compliance with the program."

# NEWS ABOUT BANKS AND BANKERS

CONSOLIDATIONS
NEW BRANCHES
NEW OFFICERS, ETC.
REVISED CAPITALIZATIONS

Whitney Stevens of the firm of J. P. Stevens & Co., Inc. has been elected to the Advisory Board of **Chemical Bank & Trust Company's Broadway at 38th Street Office, New York** it was announced on March 28 by N. Baxter Jackson, Chairman.

CHEMICAL BANK & TRUST CO., NEW YORK

| | Mar. 31,'52 | Dec. 31,'51 |
|---|---|---|
| | $ | $ |
| Total resources | 1,857,270,375 | 1,941,862,089 |
| Deposits | 1,690,155,971 | 1,775,158,558 |
| Cash and due from banks | 519,835,433 | 559,059,728 |
| U. S. Govt. security holdings | 429,623,550 | 506,613,463 |
| Loans & discts. | 736,179,246 | 715,348,531 |
| Undivided profits | 20,922,768 | 19,765,514 |

* * *

**Irving Trust Company of New York** announces the appointment of two new officers of the Company. John G. Haas, III, has been appointed Assistant Secretary in the Personal Trust Division; E. Anthony Heard has been named Assistant Secretary in the Bank Investment Department. Mr. Haas joined the Legal Division of the Company in 1933, while Mr. Heard entered the Company as a member of the Investment Division in 1947.

IRVING TRUST CO., NEW YORK

| | Mar. 31,'52 | Dec. 31,'51 |
|---|---|---|
| | $ | $ |
| Total resources | 1,348,035,845 | 1,389,952,025 |
| Deposits | 1,200,907,639 | 1,241,432,770 |
| Cash and due from banks | 353,777,886 | 393,266,491 |
| U. S. Govt. security holdings | 328,641,872 | 328,382,046 |
| Loans & discts. | 573,621,119 | 588,865,241 |
| Undivided profits | 15,079,913 | 14,579,208 |

At the regular meeting of the Board of Directors of **The National City Bank of New York** held on April 1, Gordon Wilson Aitken was appointed Assistant Vice-President. He has been a member of the National City organization since October, 1920 and was formerly assistant to the Senior Vice-President and supervisor of overseas branches. More recently Mr. Aitken had been branch manager of the International Banking corporation.

THE NATIONAL CITY BANK OF NEW YORK

| | Mar. 31,'52 | Dec. 31,'51 |
|---|---|---|
| | $ | $ |
| Total resources | 5,883,765,872 | 5,909,863,665 |
| Deposits | 5,406,887,533 | 5,442,946,549 |
| Cash and due from banks | 1,573,995,277 | 1,461,560,755 |
| U. S. Govt. security holdings | 1,500,631,261 | 1,585,733,526 |
| Loans and bills discounted | 2,044,908,441 | 2,088,757,343 |
| Undivided profits | 67,466,631 | 64,945,973 |

* * *

CITY BANK FARMERS TRUST CO., NEW YORK

| | Mar. 31,'52 | Dec. 31,'51 |
|---|---|---|
| | $ | $ |
| Total resources | 140,457,307 | 141,509,745 |
| Deposits | 105,130,541 | 106,093,558 |
| Cash and due from banks | 29,729,114 | 39,812,620 |
| U. S. Govt. security holdings | 77,969,341 | 73,180,306 |
| Loans and bills discounted | 4,390,416 | 1,019,366 |
| Undivided profits | 11,078,117 | 11,009,629 |

* * *

Announcement has been made by the New York State Banking Department of the issuance on March 13 of an authorization certificate for the Royal Safe Deposit Company, at 326 East 149th Street, New York City, with a capital of $100,000 and surplus of $25,000.

* * *

J. P. MORGAN & CO. INCORPORATED, NEW YORK

| | Mar. 31,'52 | Dec. 31,'51 |
|---|---|---|
| | $ | $ |
| Total resources | 807,747,807 | 714,405,583 |
| Deposits | 714,937,905 | 622,159,042 |
| Cash and due from banks | 244,537,407 | 164,022,802 |
| U. S. Govt. security holdings | 161,457,727 | 172,373,748 |
| Loans and bills discounted | 296,235,449 | 268,604,248 |
| Undivided profits | 9,833,746 | 9,241,685 |

* * *

GUARANTY TRUST CO. OF NEW YORK

| | Mar. 31,'52 | Dec. 31,'51 |
|---|---|---|
| | $ | $ |
| Total resources | 3,085,389,645 | 3,136,474,524 |
| Deposits | 2,652,640,154 | 2,699,811,617 |
| Cash and due from banks | 798,640,249 | 862,777,767 |
| U. S. Govt. security holdings | 746,245,313 | 696,004,299 |
| Loans & discts. | 1,344,024,899 | 1,384,002,465 |
| Undivided profits | 80,464,256 | 77,965,141 |

* * *

MANUFACTURERS TRUST CO., NEW YORK

| | Mar. 31,'52 | Dec. 31,'51 |
|---|---|---|
| | $ | $ |
| Total resources | 2,675,901,010 | 2,766,392,897 |
| Deposits | 2,475,853,596 | 2,569,980,634 |
| Cash and due from banks | 782,840,721 | 874,335,582 |
| U. S. Govt Security holdings | 828,986,707 | 851,914,255 |
| Loans & discts. | 805,451,689 | 818,946,337 |
| Undivided profits | 45,415,458 | 41,214,678 |

* * *

THE HANOVER BANK, NEW YORK

| | Mar. 31,'52 | Dec. 31,'51 |
|---|---|---|
| | $ | $ |
| Total resources | 1,694,022,625 | 1,830,743,585 |
| Deposits | 1,525,914,288 | 1,663,228,384 |
| Cash and due from banks | 478,593,528 | 538,628,799 |
| U. S. Govt. security holdings | 543,325,386 | 606,459,168 |
| Loans and bills discounted | 567,201,235 | 591,283,410 |
| Surplus and undivided profits | 115,011,839 | 114,530,785 |

* * *

Stockholders of **The County Trust Company of White Plains, N. Y.** have voted to approve the merger of **The Mount Vernon Trust Company of Mt. Vernon, N. Y.** with the County Trust. The Mount Vernon Trust Company stockholders have also voted their approval. The merger became effective on April 1. Fred E. Goldmann, President of The Mount Vernon Trust Company, has become Senior Vice-President of the merged institutions and will direct the operation of the East First Street office in Mount Vernon, as a result of the consolidation, the resources of The County Trust Company exceed $200,000,000. An item bearing on the merger appeared in our issue of February 14, page 690.

A regular quarterly dividend of 50c a share has been declared by the County Trust Co. and will be paid on April 15. This will be the 161st consecutive dividend and will be sent to all stockholders, including those who will acquire County Trust Company shares as a result of the merger.

* * *

CORN EXCHANGE BANK TRUST CO. OF NEW YORK

| | Mar. 31,'52 | Dec. 31,'51 |
|---|---|---|
| | $ | $ |
| Total resources | 789,021,773 | 840,738,753 |
| Deposits | 736,321,616 | 788,650,638 |
| Cash and due from banks | 230,494,935 | 262,042,371 |
| U. S. Govt. security holdings | 383,721,990 | 394,123,142 |
| Loans and bills discounted | 126,189,322 | 143,034,600 |
| Undivided profits | 9,237,570 | 8,910,070 |

* * *

NEW YORK TRUST CO., NEW YORK, N. Y.

| | Mar. 31,'52 | Dec. 31,'51 |
|---|---|---|
| | $ | $ |
| Total revenues | 777,830,844 | 786,376,892 |
| Deposits | 694,584,024 | 704,865,081 |
| Cash and due from banks | 205,376,337 | 221,190,770 |
| U. S. Govt. security holdings | 214,482,561 | 229,826,385 |
| Loans and discts. | 326,661,403 | 309,871,498 |
| Undivided profits | 10,845,625 | 10,178,735 |

* * *

THE PUBLIC NATIONAL BANK AND TRUST CO. OF NEW YORK

| | Mar. 31,'52 | Dec. 31,'51 |
|---|---|---|
| | $ | $ |
| Total resources | 517,949,124 | 539,250,054 |
| Deposits | 465,853,639 | 489,003,577 |
| Cash and due from banks | 127,252,302 | 140,289,419 |
| U. S. Govt. security holdings | 102,042,733 | 129,533,671 |
| Loans and bills discounted | 234,625,327 | 224,516,444 |
| Undivided profits | 10,320,044 | 10,029,590 |

* * *

THE MARINE MIDLAND TRUST CO., NEW YORK

| | Mar. 31,'52 | Dec. 31,'51 |
|---|---|---|
| | $ | $ |
| Total resources | 452,505,467 | 545,620,115 |
| Deposits | 416,912,533 | 511,083,849 |
| Cash and due from banks | 129,997,542 | 222,431,912 |
| U. S. Govt. security holdings | 143,636,151 | 143,468,039 |
| Loans and bills discounted | 164,784,489 | 169,940,333 |
| Undivided profits | 4,495,712 | 4,261,046 |

* * *

GRACE NATIONAL BANK OF NEW YORK

| | Mar. 31,'52 | Dec. 31,'51 |
|---|---|---|
| | $ | $ |
| Total resources | 132,254,943 | 143,310,712 |
| Deposits | 112,387,601 | 120,389,535 |
| Cash and due from banks | 35,841,131 | 44,731,915 |
| U. S. Govt. security holdings | 47,310,284 | 52,240,865 |
| Loans & discts. | 37,082,501 | 34,354,232 |
| Undivided profits | 1,185,604 | 1,067,272 |

* * *

J. HENRY SCHRODER BANKING CORP., NEW YORK

| | Mar. 31,'52 | Dec. 31,'51 |
|---|---|---|
| Total resources | $89,184,040 | $93,966,885 |
| Deposits | 62,569,123 | 65,656,839 |
| Cash and due from banks | 10,151,598 | 12,913,259 |
| U. S. Govt. security holdings | 37,297,724 | 38,436,995 |
| Loans and bills discounted | 16,618,081 | 17,092,715 |
| Surplus and undivided profits | 4,026,012 | 4,021,786 |

* * *

SCHRODER TRUST CO., NEW YORK

| | Mar. 31,'52 | Dec. 31,'51 |
|---|---|---|
| Total resources | $42,048,442 | $45,328,053 |
| Deposits | 36,366,302 | 39,580,323 |
| Cash and due from banks | 11,486,171 | 14,170,925 |
| U. S. Govt. security holdings | 21,604,294 | 21,749,715 |
| Loans and bills discounted | 7,756,900 | 8,261,512 |
| Surplus and undivided profits | 3,027,312 | 3,020,727 |

* * *

CLINTON TRUST CO., NEW YORK

| | Mar. 31,'52 | Dec. 31,'51 |
|---|---|---|
| Total revenues | $30,504,330 | $29,745,991 |
| Deposits | 28,180,602 | 27,467,229 |
| Cash and due from banks | 8,011,149 | 7,473,406 |
| U. S. Govt. security holdings | 11,894,060 | 11,557,082 |
| Loans and bills discounted | 8,179,307 | 8,292,637 |
| Surplus and undivided profits | 1,014,047 | 981,306 |

An addition of $100,000 to the capital of the **Bayside National Bank of Bayside, New York,** effective March 14, has enlarged the capital from $700,000 to $800,000.

* * *

The issuance and sale of $500,000 of new stock by the **Hartford National Bank & Trust Co. of Hartford, Conn.** has served to increase the capital of the company as of March 5 from $5,500,000 to $6,000,000.

* * *

THE PHILADELPHIA NATIONAL BANK, PHILADELPHIA, PA.

| | Mar. 31,'52 | Dec. 31,'51 |
|---|---|---|
| | $ | $ |
| Total resources | 860,217,655 | 888,548,412 |
| Deposits | 782,608,559 | 813,218,369 |
| Cash and due from banks | 275,117,489 | 279,795,477 |
| U. S. Govt. security holdings | 184,503,099 | 211,803,417 |
| Loans & discounts | 303,903,119 | 297,363,020 |
| Undivided profits | 12,551,572 | 12,044,850 |

* * *

According to the Philadelphia "Inquirer" of March 24, Henry R. Hallowell, Jr., of Gray & Rogers, was elected a director of **Real Estate Trust Co. of Philadelphia,** J. Joseph Brady and Joel G. Clemmer were appointed Assistant Treasurers and G. Alan Osmond, Assistant Secretary.

* * *

The Board of Governors of the Federal Reserve System reports that on March 17 the **Montgomery Trust Co. of Norristown, Pa.,** a State member, and **The North Wales National Bank, of North Wales, Pa.,** merged under the charter and title of Montgomery Trust Co. A branch was established in the former location of The North Wales National Bank.

* * *

As a result of the sale of $200,000 of new stock, the **Drovers & Mechanics National Bank of York, Pa.,** has increased its capital from $300,000 to $500,000. The enlarged capital became effective March 3.

* * *

Six promotions at the **City Bank and Trust Company of Reading, at Reading, Pa.,** were announced on March 25 by John D. Heckman, President, following approval by the directors. Leonard R. Yoder was elected to fill a newly created Vice-Presidency. He has been with City Bank since 1938. He is a member of the board of directors of the Chamber of Commerce of Reading and Berks County; Paul R. Baer, formerly Assistant Treasurer, becomes Treasurer. He started his banking career with the predecessor bank, The Pennsylvania Trust Co., in 1923. Edwin M. Fox was promoted from Assistant Secretary to Secretary; Maurice R. Stauffer was named Assistant Treasurer. He was formerly with Parrish & Co., investment brokers; Gail L. Hook was named Assistant Secretary. He began his banking career with the Berks County Trust Co., Reading, and later transferred to the Pennsylvania Trust Co.; Spencer T. Dunkel was named real estate officer. He started with the Pennsylvania Trust Co. in 1919, and worked with the liquidating trustees of the Pennsylvania Trust Co. from 1933 to 1936. He has been with City Bank since 1936. Other officers of the bank besides President Heckman are: Joseph W. Essick, Vice-President, and Arthur S. Howell, Vice-President and Trust Officer.

* * *

A stock dividend of $60,000, and the sale of $40,000 of new stock, by the **National Bank of Tremont, at Tremont, Ohio,** have increased the bank's capital stock from $100,000 to $200,000, effective March 10.

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As of March 6, the **Depositors National Bank of Durham, N. C.,** reported a capital of $300,000, increased from $250,000 by the sale of $50,000 of new stock.

# Is End of Sterling Area Approaching?

By PAUL EINZIG

**Dr. Einzig, in calling attention to Australian Government's decision to cut British imports by 50%, says this action has given rise to fears that it might mean end of the Sterling Area. Calls move by Australian authorities unnecessary and brutal.**

LONDON, Eng.—The Australian Government's decision to cut imports from the United Kingdom by 50% came as a great shock to British opinion, all the more so since in the past Australia has always been very generous in her attitude towards Britain. The decision, involving as it does the cancellation of contracts which are actually in the course of execution, is bound to inflict grave losses on many British firms and to create local unemployment. Beyond doubt it was a crude and brutal device, directed against the symptom rather than against the fundamental cause. Having neglected to check inflation, the Australian Government now seeks to limit its effect on the balance of payments. Its action is based on the fundamental fallacy which finds many supporters even among many British Left-wing economists who ought to know better—that there is no connection between internal inflation and the adverse balance of payment, and the latter should be corrected by means of drastic import cuts and artificial export drives instead of disinflationary devices at home. This method was applied by the Socialist Government in Britain in 1947 and 1949. Even the Conservative Government resorted to it in 1951, although it combined the import cuts and export drive with anti-inflationary monetary policy.

Dr. Paul Einzig

In reality the correct remedy that should have been applied both in Britain and in Australia would have been a strong anti-inflationary drive by which to curtail purchasing power and thereby to reduce demand for both home produced and imported goods. As a result less would have been imported and more goods would have been available at lower prices for exports. But such measures would inevitably have been more unpopular than import cuts. Moreover it would have taken some time before they could have produced their effect. And since the reserves of both Britain and Australia were running out rapidly it was inevitable to take action which would produce immediate effect. The blame for the disadvantages arising from the import cuts rests with the perennial inflationary policy that prevailed in both countries.

The shock caused by the Australian import cuts gave rise to fears that it might mean the end of the Sterling Area. It was felt that the import cuts between countries belonging to the same currency area made the usefulness of the whole system rather problematic. The great advantage of the Sterling Area has been precisely that exporters of all member countries were in a position to depend on the markets of the whole Area, and that there appeared to be no need for them to fear any exchange restrictions or import restrictions. Now that import restrictions have been applied it is regarded in many quarters as the end of the Sterling Area arrangement. While it will survive in form it has virtually ceased in substance.

There is, however, another side to the problem. According to one theory, which is widely held in British official circles, the perennial deficit of the Sterling Area in relation to the Dollar Area is due precisely to the fact that it has been too easy for Sterling Area countries to trade with each other. The British exporter found it too easy to sell in Australia, and did not consider it necessary to exert himself to sell in the United States or Canada. Even if his goods were more expensive than those of his rivals outside the Sterling Area, he was able to sell in Australia, because of the ease with which Australian buyers were able to pay in sterling and because of their difficulty in obtaining dollars. Conversely the Australian food and raw material exporters did not have to exert themselves to sell their goods in hard currency areas. They could always depend on the United Kingdom and other Sterling Area countries.

The rise in the price of wool created an inflation in Australia as a result of which the demand for British motor cars and textiles increased. Both industries devoted an unduly large proportion of their capacity to meeting Australian demand. In the case of the textile industry this was an unqualified advantage, owing to the decline of demand in other overseas markets and also in the domestic markets. In the case of the motor industry, however, the excessive exports to Australia have undoubtedly diverted exports from hard currency countries and have contributed, therefore, to the decline of the British gold reserve. It would have been politically difficult, if not impossible, for the British Government to place a ban on exports to Australia. This was done by the Australian Government through placing a ban on imports. From this point of view of the British Government the Australian decision was not therefore nearly as inconvenient as it appeared from the wave of protests it aroused.

What was inconvenient and unforgivable was the unnecessarily brutal way in which Australia proceeded with the matter. It is true the Australian sterling reserve was declining at an alarming pace. But it must be borne in mind that in 1951 that reserve reached an abnormally high level, so that Australia could well afford to lose the greater part of her accumulated sterling balances. Indeed even if that reserve had become depleted altogether it would not have been a major disaster comparable with that of a depletion of the British gold reserve. Australia's imports from Britain consist entirely of manufactures. Even if, as a result of the continued drain on her sterling reserve, she were to be compelled to stop buying in Britain for lack of sterling, this would not deprive her of any vital necessities. Moreover there would be no difficulty for Australia to raise sterling credits to import essential British goods after the exhaustion of her sterling reserve. For this reason the panic-measures resorted to by the Australian Government at a time when it still controlled hundreds of millions of sterling in London was entirely uncalled for.

The position of the British Government in face of the gold drain was different. An exhaustion of that reserve would mean a drastic curtailment of food supplies and large-scale unemployment through lack of imported raw materials. Nor could Britain depend on being able to replenish her depleted dollar reserve by means of credits in the United States, to anything like the extent Australia could depend on being able to raise credits in London. For this reason the British Government was fully justified in resorting to drastic import cuts pending the effect of its anti-inflationary monetary measures on the balance of payments.

The Australian Government, on the other hand, could have afforded to proceed with more consideration for Britain's difficulties. There was no justification for cancelling existing contracts. It would have been sufficient to place an embargo on future purchases. Its ruthless action has gravely damaged the Sterling Area system and has created a feeling of uncertainty among British firms which now feel that it is not safe to rely on overseas markets.

## J. Kirk Milnor With Mabon & Co.

J. Kirk Milnor has become associated with Mabon & Co., 115 Broadway, New York City, members of the New York Stock Exchange. Mr. Milnor has recently been in business for himself in New York City. Prior thereto he was in the municipal bond department of the New York office of Mellon Securities Corp.

## Waddell & Reed Add

(Special to THE FINANCIAL CHRONICLE)

CLAYTON, Mo. — Leonard H. Cramblet is now associated with Waddell & Reed, Inc., 7 North Brentwood Boulevard. He was formerly with Edward D. Dail & Co. and G. H. Walker & Co.

*Continued from page 9*

# Our Economic Growth Can Fend Off War

personal and company contributions, in demands upon our resources and frustrating limitations upon our activities, that we have not seen it in its true light. If this program continues in its broad outlines to represent the thinking of the Director of Defense Mobilization, Mr. Charles E. Wilson, it will be the first deliberate and calculated attempt in world history to establish economic growth as a bulwark against war itself. The theory on which it is based is that we will now build enough combat material to train and equip a force for the first year of a possible war, and simultaneously build up our productive capacity for an expanding peacetime economy. Billions of dollars have been requested for the expansion of war plants and basic industries, but by far the largest share of this amount is to be spent by private industry in plant expansion and improvement. Some 90% of the job is to be done by private industry. We have seen enough of this program to appreciate its difficulties and its dangers. It is not easy. It may not even be possible. But despite the current debate on applying or withholding of controls, it is an heroic concept—to avoid war by deliberate economic growth—and a concept that might fairly be expected to emerge from the planning of a man who spent his entire business life in the electrical industry. It is the first international political policy, you may say, to grow out of economic experience rather than out of diplomatic adventuring. The very fact that this program has recently been rescheduled to take more time than originally planned, in order to avoid some of the dangers of too violent mobilization of resources, is inherent in the underlying premises of the plan.

Here is just one example that came across my desk this month of the kind of horizons toward which the electrical industry is reaching; and in its reaching, it necessarily multiplies the complementary efforts of all industry. Call this a commercial, if you will, but it makes my point. My own company is building for the new Fairless Works of the United States Steel Corporation the fastest cold strip steel mill drive ever conceived, designed to operate a five-stand tandem mill at a top speed of 79½ miles per hour. This is a 21,650-horsepower drive, and will constitute the largest single order ever placed for steel mill electric apparatus. But that is not just a new milestone for electrical manufacturing—that is only the beginning. The Fairless Works, with a capacity of 1,800,000 ingot tons of steel a year, will be the largest integrated steel-making installation to be built in less than two years' time, and will be in partial operation early this year. It will provide the world's fastest annealing lines, and the furnace will be three stories high and 100 feet long, with a record-smashing capacity of 30 tons an hour. This is an example of what Charley Wilson means by calling for increased productive capacity as the most powerful weapon that can be built to avoid war. And this is also an example of what I mean here when I repeat that we must continue to put our faith in a strong industrial machine, backed by—no, preceded by—a network of electric power. Certainly we must continue to build our military strength to match our commitments and responsibilities in the free world, but let us not be afraid to continually reexamine those commitments, and make certain that we are building the real strength which productive capacity provides, rather than the sham strength which weapons themselves, with their high rate of obsolescence, only seem to provide. It is the ability to reexamine and reappraise, and the freedom to do so, which sets apart the economic system of which we are proud to be a part.

In the end, I suppose, what we are really after is salvation—the saving of ourselves and the economic and cultural structure of which we are justly proud, from destruction and desolation. That is what we were after in World War II, and in the war before that, and in fact in all of the other conflicts with which men have successfully but painfully wrestled since the beginning of history. Salvation seems to be a very specific thing in point of time, but it is actually never permanent at all. Neither is power, that measurable, static commodity or quality which we faced up to in the beginning. We think we are straining and striving for salvation today—but so did the Continental Army, and a lot of other armies back through the centuries.

Salvation for the human race seems actually to be a continuing process of applying human ingenuity and courage in a tireless and intricate pattern. This is done for the most part not in wars at all, except incidentally, but in the days and weeks of peace. Yesterday's crisis, on which the fate of the world seemed to turn, was what? Genghis Khan and the hordes of Tartars? Gunpowder? The English longbow? The pestilence of the great plagues? Aerial warfare? Poison gas? And on what page of this chronicle did we turn to that new symbol of race suicide, the atom bomb? It deserves to be no more frightening to the human race, I am sure, than those other climactic weapons. One world crisis gives way to another, almost unnoticed. Did you ever stop to consider that the Great Kahn, to take just one example, actually had the manpower, the brute force, the weapons, and the declared intent of sweeping across Europe and demolishing what we know as Western civilization? There was nothing in the material sense, such as adequate weapons or armies, to stop him, according to history. But it just didn't happen. Perhaps, as some say, it was the hand of God that intervened, but we could not in this enlightened age satisfy ourselves with any such explanation except that we know that the hand of God, the intervention of Divine Providence, somehow always finds expression in the actions and courage of those mere human beings who find their weapons and their sufficient armor in faith. I mean mere men like yourselves.

### Atomic Power

The atom bomb is not the first "ultimate weapon" for the destruction of mankind, and it will probably not be the last, either. In view of what we know and can do today, it just appears to be the ultimate weapon. Just as it was possible for the barbarian hordes to destroy civilization in another day, so is it possible for the atom bomb to destroy civilization today. But it didn't happen then, and there is every reason to believe that it will not happen now. And the true answer—Divine Intervention in the finest sense of all—is not so likely to be found in any climactic day of battle as in the multitude of peaceful days during which human beings labor in their respective vineyards to achieve peaceful objectives. You can see the answer shaping up before your eyes already. Today we speak of atomic energy as a new way in which to move the mountains that have to be moved, to save lives and eliminate drudgery. Its importance as a weapon is receding steadily, so strong is the human instinct for self-preservation and self-improvement. And what better representation of Divine Intervention in our affairs could be asked than this, even by the Creator himself?

### A Declared National Policy

There is something of the same, I am confident, in this business of fending off eventual war by increasing our productive strength, which is our declared national policy today. Personally, I am content with a policy which sets up the defense of the United States and its allies of the free world in terms of steadily increasing productive capacity, of more electric power, more steel, more aluminum and rubber, greater capacity for the production of food and clothing and shelter, and better transportation. These goals surely mean weapons for any conflict in which we may become involved. But most of all they mean potential capacity for more of the desirable things in life. And given the strong urge which human nature has to preserve rather than to destroy itself, I believe our chances are just as good for turning back the barbarians today, or tomorrow, or next year, as they were in the time of Genghis Khan. Perhaps we are even stumbling through to a solution of war itself, a solution which has defied man since the beginning of time.

Dr. Vannevar Bush once pointed out that the world has always been split into two camps: those who believe in the freedom and dignity of men, and the fatalists, those who believe in a supreme conquering state to which all men would be slaves. This sharp division is now crystallized because the scientific and technological approach to life has entered into the common thinking of men and has produced distortions. Members of the materialistic group, the dominators, have a new religion made up of a complete lack of any religion — strict reasoning based on physical experience, no moral codes, no virtue, no honor—only the will to survive and to dominate.

### The Technology Factor

Fatalism is not new, but technology has entered in two ways. It has altered war, and also molded the thinking of men. Fatalism is no longer merely a negation, as it always used to be; it becomes now an active philosophy based on this interpretation of science as utter materialism. Yet this whole thinking is a ghastly fallacy, and science has been misread. Science does not exclude faith, as faith alone can meet this threat. Men must bring faith to scientific progress—this is the great moral aspect above all else —faith that life has meaning. We will follow science where it applies, but reach beyond it in aspiration.

I believe that salvation — the salvation we seek—really consists of a lot of individual actions day after day after day. These are actions that must be organized and led, just as manpower must be organized and led through such instruments as electric power. I believe that it is the destiny of the electrical industry — of the men of power and technical achievement—to multiply the effects and the force of these multitudes of human actions. This is not a delusion of grandeur for us, nor is it a form of intoxication with the sound of our own generating systems. We are speaking here of very practical things, very homely things, things which we understand as engineers and salesmen and joyful laborers in the vineyard of our choice. If we are right, and I am so certain that we *must* be right, about the mission and the challenge of electric power in the modern world, then we can take our chance with the glory. There will be enough for all.

Almost a century ago Thomas Hardy bemoaned the "chronic melancholy which is taking hold of the civilized races with the decline of belief in a beneficent power." It now may well be our fortune or fate to help roll back that disbelief through the humble offices of the industry with which we are associated — an industry founded in power and honored by its honest aspirations toward glory in our time.



## Hall, Haneman V.-Ps. of Albert Frank

Frank W. Hall

J. T. Haneman, Jr.

Frank W. Hall and John T. Haneman, Jr., have been elected Vice-Presidents of Albert Frank-Guenther Law, Inc., it has been announced. Mr. Hall has been with the agency since January 1946 and Mr. Haneman started a year later.

## Five With Cons. Invs.

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Andrew P. Hill, W. Harry Johns, F. W. Maisel, Carl A. Mattison and George H. Pittman have become associated with Consolidated Investments, Inc. Mr. Hill, Mr. Mattison and Mr. Pittman were previously with Highland Securities Co.

*Continued from page 12*

# Consumer Credit No Inflation Cause

used cars, not over two years old; late model used cars from two to four years old; and other older model used cars over four years old.

Regulation in its present form ignores these classes and this historic pattern, and imposes a single ceiling on terms and a single floor on down payments with the result that Regulation W has affected in *some fashion*, according to the Federal Reserve Board Staff, 60% of the new car instalment buyers and 40% of the used car instalment buyers (the 15-month ceiling on terms affected an ever larger percentage of both new and used car buyers).

This may seem like success to the advocates of consumer credit control, but such results do not show some of the secondary by-products of this method of approach. Here are some not apparent in an analysis of volume figures:

(1) For a period of time after Regulation W was imposed, and as long as automobiles were made in substantial quantity, the increase in commercial financing necessary to carry inventories of new cars in dealers' hands, was greater than the reduction in consumer debt for automobile purchases occasioned by Regulation W. In other words, the immediate result of the Regulation was simply to cause a substitution of commercial credit for consumer credit.

(2) Purchasers who usually bought new cars or late model used cars, when 24-month terms were available, had to buy older model cars, thus reducing the quality of their transportation and increasing their per mile cost. Also, as a result of this changed market demand, the older model cars, which were in shortest supply because of no production during the war period, and limited production shortly thereafter, increased in price, and the better quality cars came into the hands of the cash buyers and the higher income groups.

These results call to mind a study made recently by the Brookings Institution for the Defense Transportation Administration, in which the role of the automobile in our economy is reviewed. I would like to digress for a moment to read you what DTA had to say in its concluding summary of this study about the importance of the automobile:

"The principle that essential automobile transportation must be maintained during wartime without new-car production leads to the corollary that every effort should be made during the present period of *defense* build-up to assure maximum quality in the peacetime fleet of automobiles. Cars in operation are in effect a reservoir of unused transportation which should be maintained at the highest possible level. The large volume of unused mileage in the cars operating in 1941 was a major factor in the successful maintenance of automobile transportation during four years of no production and the ensuing period of continued automobile scarcity. Today the presence of millions of over-age cars in the automobile fleet represents an inventory weakness which should be corrected to the extent possible."

What has been said about the importance of motor vehicles might also be said about other consumer durable goods. An adequate inventory of durable goods in the hands of consumers is important to morale and efficiency during any period of national crisis.

These results, just mentioned, when taken in conjunction with other undesirable by-products of consumer credit control, point up the necessity for a proper balance in the application of controls to automobile sales and other durable goods. They also suggest the importance of prompt and proper timing in the administration of regulation.

**Limitation Upon FRB Authority**

Recently it has been asserted by some that the restrictions imposed last summer upon the discretion of the Federal Reserve Board to regulate the terms of consumer credit, should be repealed, and that discretion as to this area of control should become an administrative function. In this connection may we say that under our theory of government, basically, any element of control imposed upon citizens of the United States must flow from the Legislative Branch of the Government. There is also inherent in our constitutional theory, the assumption that Congress cannot delegate this Legislative function to an administrative body without circumscribing the authority so delegated.

Therefore, Congress last summer, did nothing more than to change a previously unconstitutional delegation of power, to a constitutional one, and they should be commended for taking this step.

Furthermore, it might be suggested that there is no difference between Congress imposing upon the Federal Reserve Board, restrictions with respect to the reserve requirements which the Board may require of commercial banks, and imposing upon the Board restrictions as to the authority it may exercise in controlling consumer credit terms.

Previous to the limiting amendment passed by Congress last summer, the authority of the Board to impose restrictions was unlimited, and might be exercised entirely within the judgment and discretion of the Board; no industry or industries—be they bank or sales finance company — affected by the exercise of this authority—had any assurance in Law that the Board would not impose upon these industries and the consuming public, terms and conditions which would destroy instalment financing, thereby resulting in irreparable damage both to industry and to the public. There was nothing in the law then existing which would assure industry against any arbitrary or capricious action on the part of the Board.

These statements are not to say that the members of the Federal Reserve Board would have any desire to injure the public or to put any particular industry out of business, or to act in a capricious manner, but rather to say that if we are to have a government of law, rather than a government of men, there must be some limitation upon the authority of an administrative body to impose its will upon a particular segment of our society. This is particularly true when the Law deals with a highly theoretical and complicated subject, or has to do with vital economic affairs.

It was the strong feeling with reference to this principle of law and administration, plus what was considered to be the previously unjustified action on the part of the Board in reducing terms from 21 to 15 months, with a further threat of reduction to 12 months, which led industry representatives of the instalment financing industry to make such strong representations to Congress last year, when the present Defense Production Act was up for consideration.

After listening to these representatives from practically all segments of the instalment credit industry, as well as to representations made by the Federal Reserve Board, including its chairman, Congress decided that there should be restrictions placed upon the authority of the Board and consequently wrote these restrictions into the present Law. They should be retained.

It seems to us that if there are honest and serious differences of opinion between a governmental administrative body and a group of citizens, with reference to their judgment as to what should be done in connection with a given economic situation controlled by government, that Congress is the proper forum in which to discuss such differences of opinion, and to secure therefrom, a final judgment on the matter. This is exactly what was done last year. The action which was taken by Congress was simply to say to the Board that it still had an area of discretion within which it might act in regulating consumer credit, but that it could not go beyond the particular limits which Congress laid down. This seems to us to be a sound philosophy of government, the proper exercise of the Legislative function, and in accordance with the tradition of our democratic way of life. When we destroy this principle of approach to problems in our democracy we are likely to destroy democracy itself.

## Joins McDonald Staff

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio—James M. Haas is affiliated with McDonald & Company, Union Commerce Building, members of the New York and Midwest Stock Exchanges.

## Jaquith, Morris With Model, Roland, Stone

Model, Roland & Stone, member of the New York Stock Exchange announce that Stephen M. Jaquith has become associated with them as manager of the Investment Advisory Department, and Walter S. Morris has joined the firm as Director of Research.

Mr. Jaquith, who currently is conducting a course in investment management at the New York Institute of Finance, was formerly President of Investors Counsel, Inc.

Mr. Morris was formerly President of Fund Management, Inc., an investment counsel firm, and prior to that was on the staff of Argus Research Corporation.

Model, Roland & Stone have also announced the removal of their office to 120 Broadway, New York.

# CANADIAN PACIFIC RAILWAY COMPANY

**Seventy-first Annual Report of the Directors to the Shareholders** (Abridged)

## HIGHLIGHTS

| YEAR'S RESULTS: | 1951 | 1950 | Increase or *Decrease* |
|---|---|---|---|
| Gross Earnings | $ 428,911,639 | $ 378,576,688 | $50,334,951 |
| Working Expenses | 402,098,807 | 340,556,331 | 61,542,476 |
| Net Earnings | 26,812,832 | 38,020,357 | *11,207,525* |
| Ratio, Net to Gross Earnings | 6.3% | 10.0% | *3.7%* |
| Other Income | $ 29,343,635 | $ 23,236,264 | $ 6,107,371 |
| Interest and Rental Charges | 12,848,997 | 13,389,610 | *540,613* |
| Dividends—Preference Stock | 3,328,010 | 3,388,648 | *60,638* |
| —Ordinary Stock | 20,100,000 | 20,100,000 | ------ |
| Balance for Modernization and Other Corporate Purposes | 19,879,460 | 24,378,363 | *4,498,903* |
| **YEAR-END POSITION:** | | | |
| Property Investment | $1,487,838,973 | $1,424,197,017 | $63,641,956 |
| Other Investments | 181,326,551 | 190,172,027 | *8,845,476* |
| Funded Debt | 99,045,000 | 85,709,000 | 13,336,000 |
| Reserves | 538,407,062 | 518,842,273 | 19,564,789 |
| Working Capital | 103,859,161 | 89,556,389 | 14,302,772 |
| **TRAFFIC STATISTICS:** | | | |
| Tons of Revenue Freight Carried | 60,650,472 | 53,915,746 | 6,734,726 |
| Revenue Passengers Carried | 10,460,532 | 10,541,492 | *80,960* |
| Revenue per Ton Mile of Freight | 1.31c | 1.33c | *0.02c* |
| Revenue per Passenger Mile | 2.82c | 2.81c | 0.01c |

The quickening development of natural resources and the national defence programme were reflected in an active demand for the services provided by the various enterprises of your Company.

For your railway enterprise, 1951 was a record year in tonnage carried, and gross earnings were at an all-time high. However, working expenses were also at a new high. In consequence of higher prices, wages and tax rates, working expenses increased at a greater rate than revenues and absorbed 94 cents of each dollar of earnings as compared with 90 cents in 1950. As a result, net earnings from railway operations were far below the level necessary to provide a sufficient contribution to dividends and a reasonable amount for reinvestment in railway property. The rate of return earned on investment fell to 2.4% from 3.5% in 1950.

Notwithstanding unsatisfactory railway earnings, an aggregate sum of $72 million was spent on improvements and additions to your railway properties. These capital expenditures were part of a five year programme designed to lower the costs of operation, replace worn-out facilities and to enable your Company to meet the needs of an expanding economy for efficient and modern transportation. Capital outlays of $119 million have been made during the past two years to implement this programme, and further substantial expenditures will be required to complete it. Adequate rail earnings will be necessary to enable your Company to finance these expenditures.

Railway net earnings were again adversely affected by the time consumed in obtaining authority to increase rates in the face of rising costs. An application was made in December 1950 to the Board of Transport Commissioners for authority to make an immediate increase of 5% in freight rates. In April 1951 an amending application was filed for authority to make an additional increase of 14%. A judgment was issued in July authorizing an increase of 12% on an interim basis. It was not until after the close of the year that a final decision was rendered granting an increase of 17% in lieu of the interim increase of 12%. The total increase applied for, including an additional increase asked for by a second amending application in October 1951 in order to provide for the Defence Surtax, was approximately 23%.

These increases in freight rates, like all other post-war rate increases, were not applicable to grain and grain products moving within Western Canada. These commodities accounted for the greatest single item of tonnage on your Western lines and moved for the most part at statutory rates (or at rates related thereto) which are still at a level established in 1899. In 1951 grain and grain products accounted for more than 40% of the traffic in Western Canada but, because of the low rates at which they moved, provided only 20% of the freight revenues of Western lines. The maintenance of such rates has resulted and must continue to result in the imposition on other commodities of higher freight rates than would otherwise be the case.

There was an increase of $6.1 million in Other Income which, at $29.3 million, was at the highest level in the history of your Company.

The Income and Profit and Loss Accounts of your Company show the following results for the year ended December 31, 1951:

### Income Account

| | | | |
|---|---|---|---|
| Gross Earnings | | | $428,911,639 |
| Working Expenses | | | 402,098,807 |
| Net Earnings | | | $ 26,812,832 |
| Other Income | | | 29,343,635 |
| | | | $ 56,156,467 |
| Fixed Charges | | | 12,848,997 |
| Net Income | | | $ 43,307,470 |
| Dividends— | | | |
| Preference Stock: | | | |
| 2% paid August 1, 1951 | $ 1,680,927 | | |
| 2% payable February 1, 1952 | 1,647,083 | | |
| | | $ 3,328,010 | |
| Dividends— | | | |
| Ordinary Stock: | | | |
| 3% paid August 1, 1951 | $ 10,050,000 | | |
| 3% payable February 29, 1952 | 10,050,000 | | |
| | | 20,100,000 | |
| | | | 23,428,010 |
| Balance transferred to Profit and Loss Account | | | $ 19,879,460 |

### Profit and Loss Account

| | | | |
|---|---|---|---|
| Profit and Loss Balance December 31, 1950 | | | $224,636,260 |
| Balance of Income Account for the year ended December 31, 1951 | | $ 19,879,460 | |
| Portion of steamship insurance recoveries representing compensation for increased cost of tonnage replacement | | 210,357 | |
| Gain on redemption of £591,890 Perpetual 4% Consolidated Debenture Stock | | 897,182 | |
| Excess of considerations received for sales of properties over book values | | 10,078,888 | |
| Miscellaneous—Net Credit | | 338,377 | |
| | | | 31,404,264 |
| | | | $256,040,524 |
| Transfer from Premium on Capital and Debenture Stock of amount of interest paid on subscriptions to Ordinary Stock 1928-1930 | $ 2,292,477 | | |
| Loss on sale of £658,853 War Loan Stock | 800,715 | | |
| | | | 3,093,192 |
| Profit and Loss Balance December 31, 1951, as per Balance Sheet | | | $252,947,332 |

### Railway Operations

Gross earnings, at $429 million, were the highest on record and were $50 million, or 13%, greater than in 1950.

Freight earnings provided 82% of gross earnings, a larger proportion than in any previous year. There was an increase of $45 million over 1950, of which more than half was the result of increased traffic volume. Greater revenues were reported for all commodity groups except coal, coke, petroleum, livestock, and fruits and vegetables. Revenues from grain and grain products and from lumber increased by $17.5 million and $9 million respectively.

Traffic volume in terms of tons carried was at an all-time high, and was 12.5% greater than in 1950. Ton miles increased by 16.9%, and were at a level exceeded only in 1944 and 1945. The high level of freight traffic is indicated by the following table:

| | Earnings (Thousands) | Tons Carried (Thousands) | Ton Miles (Millions) |
|---|---|---|---|
| 1939 | $120,338 | 33,030 | 14,037 |
| 1944 | 233,118 | 55,679 | 27,376 |
| 1945 | 227,707 | 54,822 | 27,252 |
| 1949 | 293,249 | 56,446 | 24,261 |
| 1950 | 307,158 | 53,916 | 22,941 |
| 1951 | 352,612 | 60,650 | 26,827 |

The movement of grain and grain products in terms of ton miles increased by 44% owing mainly to the unusually late harvest in 1950 and the near-record wheat crop in 1951. As a result of the increase in the volume of this low-rated traffic, and despite increases in freight rates on other commodities, the average revenue per ton mile decreased from 1.33c to 1.31c.

Passenger earnings increased by $3 million. While there was a slight decrease in the number of passengers carried, passenger miles increased 8% largely as a result of increased movements of the armed forces and immigrants.

Working expenses at $402 million were higher than ever before. The increase of $62 million was brought about by greater volume of traffic and by higher rates of wages, prices of materials, and taxes. The higher wage rates, including the effect of the forty-hour week, were responsible for approximately $20 million of the increase. Prices of railway materials and supplies were on the average 7% above the previous year, including an increase of 8% in the price of rails, 14% in other rolled steel products, and 29% in lumber and timber.

Maintenance expenses increased by $31 million—$18 million for way and structures and $13 million for equipment. Maintenance expenditures were relieved to the extent of $2.6 million by withdrawals from the Maintenance Fund for the cost of deferred work overtaken during the year. The greater use of roadway machines and reorganization of track maintenance methods offset to some extent the cost of increased wage rates. There was an increase in the number of units of rolling stock repaired.

Transportation expenses increased $24 million, or 16%. The greater part of the increase was due to heavier traffic volume. Increases in wage rates and prices of materials were partially offset by economies in operation resulting from the use of more diesel power. The following table is indicative of improvements in operating efficiency:

| | 1951 | 1950 |
|---|---|---|
| Gross Ton Miles per Freight Train Hour | 28,271 | 27,040 |
| Average Daily Mileage of Serviceable Freight Cars | 47.4 | 44.3 |
| Average Freight Car Load—tons | 31.8 | 29.6 |
| Fuel and Crew Costs—cents per 1,000 freight ton miles | 195 | 198 |



Per diem payments for the use of foreign line cars on your lines and the use of your cars on foreign lines were approximately in balance, whereas in 1950 receipts exceeded payments by $1.6 million.

Railway tax accruals increased by 13% to $19.5 million. Income taxes amounted to $12 million, of which $2.7 million was due to increases in tax rates, chief among which was the 20% Defence Surtax. Legislation as originally introduced provided that this surtax would not operate to reduce the income of a corporation, after payment of normal tax, to less than a return of 5% on capital employed. However, this provision was later withdrawn.

Net earnings from railway operations, at $26.8 million, were $11.2 million less than in 1950.

### Other Income

Other Income at $29.3 million was the highest in the history of your Company. It was $6.1 million greater than in 1950 and $4.5 million greater than the previous high in 1948.

Net earnings from ocean and coastal steamship operations increased $4.5 million, mainly as a result of higher ocean freight rates.

Net earnings from hotels decreased $114,000. Hotel revenues increased, but not sufficiently to offset the increase in operating expenses.

Net earnings from communication services increased $582,000, due in part to higher rates on ticker services and message traffic, and in part to increased business, especially through the lease of teletype circuits and radio programme transmission networks.

Dividend income increased $2.4 million as a result of an increase of $1.50 per share in dividends declared by The Consolidated Mining and Smelting Company of Canada, Limited. Dividends were declared in 1951 on the stock of that Company at the rate of $11 per share.

Net income from interest, separately operated properties and miscellaneous sources increased $2 million. The greater part of this increase was due to income of $163,000 from Canadian Australasian Line as compared with a deficit of $684,000 in 1950, and an increase of $880,000 in the net profit from your Air Lines.

### Fixed Charges

Fixed charges, at $12.8 million, were $541,000 less than in 1950, and were lower than in any year since 1921. They have been reduced by $14 million from the high point in 1938, mainly as a result of retirements of debt, refundings at lower rates of interest, and appreciation during the post-war years in the value of the Canadian dollar in terms of sterling.

### Net Income and Dividends

Net income, after fixed charges, amounted to $43.3 million, a decrease of $4.6 million. After provision for dividends of 4% on Preference Stock, earnings available for dividends on Ordinary Stock and for reinvestment amounted to $40.0 million, or $2.98 per share of Ordinary Stock, as compared with $3.32 in 1950 and $1.93 in 1949. Dividends of $1.50 per share, aggregating $20.1 million, were declared on the Ordinary Stock.

As your Directors have pointed out, one-third of the total dividend on Ordinary Stock was declared from railway earnings and two-thirds out of income from other sources.

### Balance Sheet

Total assets at the end of the year amounted to $1,860 million, an increase of $79 million.

The increase in property investment was $63.6 million.



The largest item of capital expenditure was $49.6 million for rolling stock, of which $39.1 million was for freight train cars and $8.3 million for diesel-electric units.

The Steamship Replacement Fund decreased by $1.6 million. Withdrawals included $1.3 million in respect of the completion of the "Princess of Nanaimo", which was launched in September 1950. The balance remaining in the Fund, including interest to December 31, 1948, amounted to $21.9 million. In addition there remains a balance of $2.8 million at the credit of your Company in the United Kingdom Government Tonnage Replacement Account. While under the terms of the United Kingdom Liner Requisition Scheme such credits would expire September 1952, the Government has under consideration extending the period during which credits will be available with respect to new tonnage laid down. At the end of 1951 your Company had replaced 153,858 of the 242,603 gross tons of shipping which were lost during World War II.

Working capital amounted to $103.9 million, an increase of $14.3 million. There were current assets of $2.28 per dollar of current liabilities.

Premium on Capital and Debenture Stock increased $2.5 million, of which $2.3 million was an adjustment transferring to Profit and Loss Account the interest paid in the years 1928 to 1930 on instalment subscriptions to Ordinary Stock.

### Finance

The amount of serial equipment obligations discharged during the year was $12.0 million.

On February 15, $4.7 million 3½% Convertible Collateral Trust Bonds matured, and funds for their redemption were deposited with the Trustee.

Convertible Fifteen Year 3½% Collateral Trust Bonds, dated October 1, 1951, were issued and sold in the principal amount of $30 million, secured by pledge of $36 million principal amount of Consolidated Debenture Stock. These bonds are callable on or after October 1, 1952, up to and including October 1, 1954, at 103%; thereafter up to and including October 1, 1964, at percentages reducing by one-half of one per cent each two years; and thereafter at 100%; plus accrued interest in each case. The holders have the right at any time commencing April 1, 1952, and up to and including April 1, 1959, to convert their bonds into shares of Ordinary Capital Stock in the ratio of 29 shares of the par value of $25 each to each $1,000 principal amount of the bonds.

During the year £591,890 of Consolidated Debenture Stock was purchased and retired.

These transactions resulted in a net increase of $13.3 million in funded debt, an increase of $29.9 million in the amount of Consolidated Debenture Stock pledged as collateral, and a decrease of $2.9 million in the amount of Consolidated Debenture Stock outstanding in the hands of the public.

### Air Lines

The gross revenues of your Air Lines increased 52%. Operations in Canada and over the Pacific both showed improvement. The net profit amounted to $1.1 million, an increase of $880,000.

Gross revenues from operations in Canada increased chiefly as a result of greater traffic volume. Those from Pacific operations were greater because the more frequent service to Tokyo was in effect for a full twelve months.

Additional licences have been obtained to permit the extension of operations to the Kitimat aluminum project in British Columbia, and to the uranium exploration

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entre at Goldfields in Northern Saskatchewan. Service o the Red Lake area was discontinued in June upon elinquishment of the licence. At the close of the year he South Pacific service was extended to include Auckland, New Zealand.

Delivery of two De Havilland "Comet" jet-propelled ircraft is expected in 1952, and six Douglas DC-6's have een ordered for delivery in 1952 and 1953. Three Canalair Four's were sold, and were temporarily replaced y Douglas DC-4's.

### United States Subsidiaries

A dividend amounting to $379,000 was received by our Company from the Soo Line, out of earnings of that Company for 1950. The net income of the Soo Line in 951, after provision for fixed and contingent charges, mounted to $1.9 million, an increase of $323,000.

Interest amounting to $178,000 for 1950 was received n respect of your holding of First Mortgage Income Bonds of The Duluth, South Shore and Atlantic Railroad Company. The net income of the South Shore in 1951, fter fixed and contingent charges, amounted to $382,000, decrease of $306,000.

### Rates

On July 4, the Board of Transport Commissioners, cting on an application dated December 21, 1950, auhorized Canadian railways to make an interim increase f 12% in class and commodity rates within Canada vith graduated increases in cents per ton on coal and oke. With the coming into force of this interim increase n July 26, the average effective rate on all intraCanadian traffic, including grain in Western Canada which has not been subject to any of the post-war inreases, was 42.3% above pre-war level.

On January 25, 1952, the Board authorized a final ncrease of 17%, in lieu of the interim increase of 12%. Exceptions from the percentage increase were made in he case of potatoes and coal and coke for which no ncrease additional to that allowed by the interim order vas authorized, and in the case of fuel-wood, sand and gravel and crushed stone for which increases in cents er ton were authorized. Following complaints from hippers, the Board later issued an amending order ubstituting the 17% increase for the cents-per-ton inreases previously authorized on sand and gravel and rushed stone. Tariffs giving effect to the order went nto effect on February 11, 1952. Authority to maintain hese rates extends only until August 31, 1953, unless ooner changed, cancelled or amended by the Board.

An application to increase the rates on grain and grain roducts moving between points within Western Canada, which was originally included in the application of December 21, 1950, remains before the Board for separate hearing. That portion of the application of December 21, 1950, which requested that the Board of Transport Commissioners should establish for your Company a rate base and should fix a fair rate of return on uch rate base, is, by direction of the Board, to be set own for hearing as a separate application.

Rates on international, overhead and certain import nd export traffic were increased on April 4 as a result f an interim increase, averaging 2.4%, granted United States railroads and made applicable in Canada by uthority of the Board of Transport Commissioners. This interim increase was superseded August 28 by a inal increase averaging 6.3%.

Increases were also made during the year in transontinental and certain other competitive rates, including a number of the "pick-up and delivery" and other truck competitive rates. An agreed charge contract pplicable to petroleum and petroleum products from Moose Jaw, Saskatchewan, to points in Manitoba was pproved by the Board, and was made effective December 1.

Minimum fares for sleeping and parlor car accommodation were increased in July, and negotiations were initiated with the Department of National Defence for n increase in fares for the transportation of the armed orces. An interim increase in mail rates of 12%, effective from August 1, was authorized by the Post Office epartment.

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### The Royal Tour

Your Company had the privilege of rendering important services in connection with the historic tour of Canada made during October and November by Her Majesty the Queen and His Royal Highness the Duke of Edinburgh. The Royal Train, provided by your Company and the Canadian National, travelled more than 3,000 miles over your lines, and official banquets were held at five of your hotels. Your communication facilities were continuously at the service of press correspondents reporting the tour. The Royal Party returned to England aboard the "Empress of Scotland", flagship of your fleet.

For the Directors,

W. A. MATHER,
President.

Montreal, March 10, 1952.

## CANADIAN PACIFIC RAILWAY COMPANY

### General Balance Sheet, December 31, 1951

#### ASSETS

| | | |
|---|---|---|
| **PROPERTY INVESTMENT:** | | |
| Railway, Rolling Stock and Inland Steamships | $1,058,439,155 | |
| Improvements on Leased Property | 124,216,933 | |
| Stocks and Bonds—Leased Railway Companies | 134,980,235 | |
| Ocean and Coastal Steamships | 67,038,254 | |
| Hotel, Communication and Miscellaneous Properties | 103,164,396 | |
| | | $1,487,838,973 |
| **OTHER INVESTMENTS:** | | |
| Stocks and Bonds — Controlled Companies | $ 72,482,111 | |
| Miscellaneous Investments | 46,047,840 | |
| Advances to Controlled and Other Companies | 5,996,268 | |
| Mortgages Collectible and Advances to Settlers | 1,062,933 | |
| Deferred Payments on Lands and Townsites | 6,684,038 | |
| Unsold Lands and Other Properties | 8,971,416 | |
| Maintenance Fund | 5,000,000 | |
| Insurance Fund | 13,188,540 | |
| Steamship Replacement Fund | 21,893,405 | |
| | | 181,326,551 |
| **CURRENT ASSETS:** | | |
| Material and Supplies | $ 47,658,333 | |
| Agents' and Conductors' Balances | 19,242,096 | |
| Miscellaneous Accounts Receivable | 26,622,357 | |
| Government of Canada Securities | 47,606,150 | |
| Cash | 43,785,391 | |
| | | 184,914,327 |
| **UNADJUSTED DEBITS:** | | |
| Insurance Prepaid | $ 472,396 | |
| Unamortized Discount on Bonds | 3,300,229 | |
| Other Unadjusted Debits | 2,185,124 | |
| | | 5,957,749 |
| | | $1,860,037,600 |

#### LIABILITIES

| | | |
|---|---|---|
| **CAPITAL STOCK:** | | |
| Ordinary Stock | $ 335,000,000 | |
| Preference Stock—4% Non-cumulative | 137,256,921 | |
| | | $ 472,256,921 |
| **PERPETUAL 4% CONSOLIDATED DEBENTURE STOCK** | $ 360,529,197 | |
| *Less:* Pledged as collateral to bonds and equipment obligations | 67,971,500 | |
| | | 292,557,697 |
| **FUNDED DEBT** | | 99,045,000 |
| **CURRENT LIABILITIES:** | | |
| Pay Rolls | $ 9,799,072 | |
| Audited Vouchers | 17,651,097 | |
| Net Traffic Balances | 3,949,884 | |
| Miscellaneous Accounts Payable | 10,805,995 | |
| Accrued Fixed Charges | 878,399 | |
| Unmatured Dividends Declared | 11,697,083 | |
| Other Current Liabilities | 26,273,636 | |
| | | 81,055,166 |
| **DEFERRED LIABILITIES** | | 3,241,792 |
| **RESERVES AND UNADJUSTED CREDITS:** | | |
| Maintenance Reserves | $ 5,000,000 | |
| Depreciation Reserves | 513,159,220 | |
| Investment Reserves | 2,940,483 | |
| Insurance Reserve | 13,188,540 | |
| Contingent Reserves | 4,118,819 | |
| Unadjusted Credits | 9,835,347 | |
| | | 548,242,409 |
| **PREMIUM ON CAPITAL AND DEBENTURE STOCK** | | 36,960,154 |
| **LAND SURPLUS** | | 73,731,129 |
| **PROFIT AND LOSS BALANCE** | | 252,947,332 |
| | | $1,860,037,600 |

ERIC A. LESLIE, *Vice-President and Comptroller*

TO THE SHAREHOLDERS,
CANADIAN PACIFIC RAILWAY COMPANY:

We have examined the above General Balance Sheet of the Canadian Pacific Railway Company as at December 31, 1951, the Income and Profit and Loss Accounts for the year ending on that date and other related schedules, and have compared them with the books and records of the Company.

The records of the securities owned by the Company at December 31, 1951, were verified by an examination of those securities which were in the custody of its Treasurer and by certificates received from such depositaries as were holding securities in safe custody for the Company.

In our opinion the General Balance Sheet, Income and Profit and Loss Accounts and the other related schedules are properly drawn up so as to present fairly the financial position of the Company at December 31, 1951, and the results of its operations for the year then ended, according to the best of our information and the explanations given to us and as shown by the books of the Company.

Montreal, March 7, 1952.

PRICE WATERHOUSE & CO.,
Chartered Accountants

## Morgan, Purcell Are Reelected by Los Angeles Exch.

LOS ANGELES, Calif.—Emerson B. Morgan, Morgan & Co., was re-elected by the Los Angeles Stock Exchange governing board to a second term as Public Relations Chairman for the institution.

Emerson B. Morgan

Named also to a second term as Vice-Chairman of the Public Relations Committee was Carl M. Purcell, Neary, Purcell & Co.

Named to sub-committees were Henri de LaChapelle, Paine, Webber, Jackson & Curtis, investment courses; Frank F. Hargear, Sutro & Co., schools and universities; J. Earle Jardine, Jr., William R. Staats & Co., special events; F. Stuart Roussel, First California Co., speakers bureau; Murray Ward, Hill Richards & Co., tours; Lewis J. Whitney, Jr., Dempsey-Tegeler & Co., industries; McClarty Harbison, Harbison & Henderson, Stock Exchange Chairman, Invest in America Week; and George E. Jones, Mitchum, Tully & Co., stockholder relations.

## Federal Land Banks to Offer New Bonds

It was announced on April 1 by J. R. Isleib, Land Bank Commissioner, that 12 Federal land banks are making arrangements for a public offering of consolidated Federal farm loan bonds primarily for the purpose of providing funds for the redemption at maturity, May 1, 1952, of approximately $200,000,000 oustanding consolidated Federal farm loan 1¼% bonds of May 1, 1950-52.

The Commissioner stated also that this will be a cash offering; that no preference will be given to holders of the maturing bonds in making allotments of the new bonds; and that further details of the offering will be announced at a later date.

## Union Securities Group Offers Colorado Interstate Gas Shares

A nation-wide group of more than 150 investment houses headed by Union Securities Corp. on April 2 offered to the public 966,000 shares of common stock of Colorado Interstate Gas Co. at $26.75 per share.

Sale of the shares does not represent new financing by Colorado Interstate Gas Co. but is for the account of present stockholders of the company. Of the 966,000 shares offered, 371,172.86 shares were purchased by the group from Sinclair Oil Corp. and 594,827.14 shares are being sold by four investment houses which acquired the shares in 1947 from Standard Oil Co. (New Jersey).

Colorado Interstate Gas Co., organized in 1927, owns and operates an integrated natural gas pipeline system with a normal daily capacity of approximately 405,000,000 cubic feet. It also operates producing wells and owns large reserves of natural gas in the Texas Panhandle Field, transmitting the gas through its pipeline for use in Denver and other communities in Eastern Colorado. It also is a source of natural gas for Amarillo, Texas, and sells substantial quantities of gas to Natural Gas Pipeline Co. of America which is an important source of natural gas for Chicago and adjacent areas.

Operating revenues in 1951 totaled $18,168,000 compared with $15,718,000 in 1950, according to the pro-forma statement of income, while net income for 1951 amounted to $3,330,000 compared with $2,982,000 in the preceding year. Net income for 1951 was equal, after preferred dividends, to $1.88 a share on the 1,711,016.60 outstanding shares of common stock, against $1.67 per share in 1950.

An increased dividend of 31¼c per common share was paid March 20, 1952. For the full year 1951 dividends aggregating $1 a share were paid on the common stock compared with 91c and 78c per share in 1950 and 1949, respectively.

Capitalization consists of $30,400,000 notes; 20,000 shares of 6% cumulative preferred stock with a par value of $100 a share; and 1,711,016.60 shares of common stock. The company has notified the Securities and Exchange Commission that the preferred shares will be redeemed at the call price of $105 a share on or before Dec. 31, 1952.

### Douglass Co. Adds

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif.—William D. Bell has been added to the staff of Douglass & Co., 464 North Bedford Drive. He was previously with Waddell & Reed, Inc.

## Zahner & Co. and Soden Investm't Co. Formed in Kan. City

KANSAS CITY, Mo. — Announcement has been made of the withdrawal of Soden-Zahner Company from active business and the formation of Soden Investment Company and Zahner and Company.

Officers of Zahner and Company, which will be located in the Dwight Building, are Victor H. Zahner, President; John F. Fogarty, Jr., Vice-President; Kenneth E. Smith, Assistant Vice-President; and John J. Bondank, Secretary - Treasurer. The firm will maintain a branch in Wichita under the direction of Kenneth E. Smith, formerly resident manager for Soden-Zahner Company.

## Frank J. Ronan Joins Bonner & Gregory

Frank J. Ronan has become associated with Bonner & Gregory, 30 Pine Street, New York City, members of the New York Stock Exchange. He will act as outside contact man on unlisted stocks. Mr. Ronan was recently with J. F. Reilly & Co. and prior thereto was with Asiel & Co. for eighteen years.

# Wilson Resigns as Chief Economic Mobilizer

**Former General Electric executive writes President because latter shifted his position when he refused to propose a compromise in steel wage dispute, his position as stabilizing leader became untenable. Says President's attitude not only threatens whole stabilization program, but also "violates my sense of justice." Declares inflation is threat "almost as grave as Communist aggression."**

On March 28, Charles E. Wilson, Director of Defense Mobilization, in a lenghty letter, submitted his resignation to the President. The action came after Mr. Wilson had visited President Truman at Key West, Fla., where he conferred on the dangers to the stabilization program which would result from the implementation of the report of the Wage Stabilization Board, recommending a wage rise for steel workers of 12½c per hour, along with a union shop and other benefits. Mr. Wilson proposed to the President a new compromise formula to be offered to settle the wage dispute, to which, he states in his letter, he assumed the latter agreed. The President, however, in his letter of acceptance of Mr. Wilson's resignation, stated that, "As far as steel wages are concerned, our discussion last weekend at Key West covered among other things what you described to me as the very unstabilizing effects of the wage settlement recommended to the parties by the Wage Stabilization Board. Since that time, I have had a chance to go into the matter more thoroughly, and I find that the proposed changes in wages and working conditions are by no means unreasonable and do not, in fact, constitute any real breach in our wage stabilization policies.

Charles E. Wilson

"As far as steel prices are concerned, it is true that I agreed as to a 'possible necessity' of allowing some price increase. However, I understood the necessity for doing this was to be thoroughly explored in your talks with the steel companies and otherwise, before a final decision was reached on the matter.

"The price control law requires that price ceilings be fair and equitable. I expect to see that that law, like every other one, is faithfully executed. If the eventual settlement of the wage negotiations is such that a price ceiling increase is required on grounds of fairness and equity or otherwise in the interest of the defense effort, it will be granted; otherwise, it will not. Such a determination should obviously be made only after a thorough examination of the facts."

Elaborating on the inconsistency of the President's attitude and the general stabilization program, Mr. Wilson told the President in his letter of resignation:

"I have been before the American people many times since January 1951, defending controls in this national emergency regardless of my personal repugnance to controls. My defense of them was based on the seriousness of the emergency, the dangers that beset us, and the need to maintain a sound economy in spite of the inflationary dangers inherent in a period of tremendous government spending. Inherent also in my effort to sell my fellow Americans these controls for the emergency's duration was my assurance to them that both wage and price controls would be administered fairly and without regard to the special demands of pressure groups.

"In the present steel case I simply do not believe the W. S. B.'s recommendations and the government's suggested plan of action meet the foregoing criteria. This violates my senses of justice and disregards the principles of equity on which I understood our whole control program was based. Further, it still amounts to a serious threat to the stabilization of our nation's economy, which involves every American, and to the maintenance of defense production."

# R. K. Rowley Joins Union Securities Co.

Russell K. Rowley

CLEVELAND, Ohio—Union Securities Corp. of New York announced that Russell K. Rowley has been appointed Manager of their Cleveland Office, Union Commerce Building. Prior to his association with Union Securities Corp. Mr. Rowley was Cleveland representative of Geyer & Co.

# J. L. Osborne Partner In Wm. R. Staats Co.

SAN FRANCISCO, Calif.—William R. Staats & Co., 111 Sutter Street, members of the New York Stock Exchange, on April 15 will admit James L. Osborne to partnership. Mr. Osborne has been San Francisco resident manager for the firm.

## May, Borg Admit

Arthur Marx, Jr. on April 1 was admitted to partnership in May, Borg & Co., 61 Broadway, New York City, members of the New York Curb Exchange. On March 31 Norman M. Leff retired from the firm.

# Why?

"The American public spends approximately $12,000,000,000 a year in public eating places for food and beverages. This major industry serves more than 70,000,000 meals a day. Up to now, the public has had no easy way of knowing what the ceilings were for these meals.

"Through the use of posters, the millions of people who eat in restaurants will be able to see what the ceilings are. These posters also will be protection for restaurants against possible unfair accusations and will benefit not only the public but the restaurant operators themselves." — Ellis Arnall, Director of the Office of Price Stabilization, in announcing an order to the nation's eating and drinking places to display ceiling price posters.

**A public which has been hearing more about a possible recession, possible decontrols and declining prices, rather than a revival of the boom of early Korean months may well find this order strange at this time—that is if the fact that this is an election year is lost to sight.**

# NSTA Notes

### SECURITY TRADERS ASSOCIATION OF NEW YORK

Security Traders Association of New York (STANY) Bowling League standing as of March 27, 1952 are as follows:

| TEAM | Points |
|---|---|
| Kumm (Capt.), Ghegan, R. Montanye, Krassowich, Manson | 81 |
| Bean (Capt.), Lax, H. Frankel, Werkmeister, Reid | 79 |
| Goodman (Capt.), Weissman, Farrell, Valentine, Smith | 78 |
| Mewing (Capt.), G. Montanye, M. Meyer, LaPato, Klein | 75 |
| Serlen (Capt.), Gold, Krumholz, Young, Gersten | 72 |
| Donadio (Capt.), Rappa, O'Connor, Whiting, DeMaye | 71½ |
| Hunter (Capt.), Craig, Fredericks, Weseman, Lytle | 63 |
| Krisam (Capt.), Gavin, Gannon, Jacobs, Murphy | 63 |
| Leone (Capt.), Tisch, O'Marra, Nieman, Bradley | 63 |
| Greenberg (Capt.), Siegel, Cohen, Strauss, Voccoli | 57 |
| Burian (Capt.), Siepser, Hunt, Growney, Kaiser | 56½ |
| H. Meyer (Capt.), Swenson, A. Frankel, Wechsler, Murphy | 54 |

| 200 Club | | 5 Point Club |
|---|---|---|
| W. Bradley | 233 | H. Serlen |
| C. Murphy | 207 | W. Mewing |
| A. Burian | 233 | |

Our next bowling night is April 3, 1952 our next schedule is:

| | |
|---|---|
| Serlen vs. Leone | Bean vs. Burian |
| Mewing vs. Goodman | Donadio vs. Kumm |
| Meyer vs. Hunter | Greenberg vs. Krisam |

### SECURITY TRADERS ASSOCIATION OF LOS ANGELES

Thomas J. Euper

The annual spring outing of the Security Traders Association of Los Angeles will be held June 27-29 at the Hotel Del Coronado, Coronado, Calif.

Thomas J. Euper, Dempsey-Tegeler & Co., is chairman of the committee in charge of the outing. Other members are Scott Stout, Shearson, Hammill & Co.; A. S. McOmber, Revel Miller & Co. and Richard Manwaring, First California Company.

### BOND TRADERS CLUB OF CHICAGO

The Bond Traders Club of Chicago, Inc. announce the following have been appointed to serve as directors for the year ending Feb. 28, 1953: William A. Grigsby, John Nuveen & Co., Lester J. Thorsen, Glore, Forgan & Co., George R. Wahlquist, Weeden & Co. and Richard A. Wernecke, Paul H. Davis & Co.

It is also announced the following officers and directors will serve as chairmen of the following committees:

Publicity: William A. Grigsby; Program: Milton J. Isaacs, Straus, Blosser & McDowell; Finance: Lester J. Thorsen, Glore, Forgan & Co.; Membership: George R. Wahlquist; Bowling: Richard A. Wernecke.

The Club reports that because of "operational difficulties" the summer party this year will be held at the former Twin Orchard Country Club, Wolf Road and Bryn Mawr Avenue, now known as the Langford Links. The date is June 28.

# Pennsylvania Brevities

Stockholders of **Peoples First National Bank & Trust Co. of Pittsburgh** will vote April 7 on a proposal to increase capital stock in the amount of 200,000 shares. If authorized, the new stock will be offered to existing holders on the basis of one-for-three through a group headed by First Boston Corp., Merrill Lynch, Pierce, Fenner & Beane, and Paine, Webber, Jackson & Curtis.

* * *

The **Atlantic Refining Co.** will spend about $83,000,000 for plant expansion and equipment during the current year as compared with $71,300,000 in 1951, according to President Robert H. Colley. Net income in 1951 was $45,067,298, or $12.20 a common share, as contrasted with $40,841,508, or $13.09 on the smaller number of shares which were outstanding in the earlier year. Mr. Colley expressed doubt whether new income in 1952 will be much, if any, higher than last year "particularly if the upward trend of payrolls and taxes continues."

* * *

The **Elliott Company, of Jeannette, Pa.,** earned $5.40 per common share in 1951 as contrasted with $4.46 in 1950. Net earnings for the respective periods amounted to $2,637,652 and $2,077,438. Net shipments last year soared to a new peak of $40,332,939, the comparable figure for 1950 being $27,324,638.

* * *

The Philadelphia metals distributor firm of **Williams & Co., Inc.,** whose stock was available to the public for the first time in 1951, reported common share earnings in the latter period in the amount of $2.75 per unit, as against $2.65 in 1950. Chairman H. E. Williams told stockholders that sales in 1951 amounted to $36,410,413, compared with $27,856,981 in the earlier period.

* * *

Net earnings of **Pittsburgh Steel Company** in 1951 totaled $7,331,599, or $5.99 per common share, as contrasted with $6,350,410 or $6.13 in the earlier year. The latter figure was achieved, however, on the basis of a much smaller volume of shares outstanding that was true in 1951. In the annual report for 1951, Chairman J. H. Carter and President Avery C. Adams disclosed that 1951 marked the second successive year that the company achieved new records in sales, production and earnings. Net sales at $149,255,271 reflected an increase of 26% above the 1950 aggregate of $118,008,686, while shipments of 1,140,539 net tons constituted a 14% increment over the earlier year's total of 1,001,297. Unshipped orders at the start of 1952 were at an all-time record high.

* * *

W. T. Nightingdale, President, revealed that **Mountain Fuel Supply Company** had net income of $2,294,033 last year, or $1.15 a share, compared with $1,967,960, or 99 cents per unit, in 1950. Gas sales rose from 32,486 million cubic feet in 1950 to 35,766,000 last year.

* * *

A syndicate headed by the First Boston Corp. is making public offering of $40,000,000 **Pittsburgh Plate Gas Co.** sinking fund debentures at a price of 100%. The debentures mature in 1967 and the company will use the proceeds for expansion purposes, including diversification of products. The company and its subsidiaries have spent about $138,000,000 for modernization and expansion in the last five years.

* * *

Although the **Pennsylvania Railroad's** operating revenue in 1951 of $1,044,387,274 was the largest for any single carrier in history, the results for the year were "far from satisfactory," President Walter S. Franklin declared in the annual report to shareholders. Net income of $26,697,717, or $2.03 a share, was achieved in the face of a deficiency of $44,000,000 between higher costs and inadequate rate increases, and a $10,000,000 loss incurred through work stoppages in the first two months of 1951. Mr. Franklin observed that the 1950 net income of $38,420,677 included a tax reserve adjustment-credit applicable to prior years in the amount of $17,500,000 and back mail pay of $14,000,000.

* * *

The **Molybdenum Corp. of America** earned $1.67 per share in 1951 as contrasted with $1.61 in the preceding year, according to President Marx Hirsch, who also disclosed in the annual report that the company is considering two areas, one in the United States and the other in Canada, on which exploratory work may be done in the search for new sources of metal. He further noted that the company is erecting a chemical plant at Mt. Pass, Calif., to produce rare earth oxides for the metallurgical industries.

* * *

Despite an increase in sales and other revenues to $539,615,017 in 1951 from the 1950 aggregate of $481,167,056, earnings per common share of **Aluminum Corp. of America** last year declined to $7.53 as compared with $9.07 in the earlier period. The decline in per share earnings was occasioned by the marked increase in the tax burden, the 1951 total, excepting for social security, having amounted to $84,660,962 as compared with $50,818,024 in the earlier year. In a letter to shareholders, Arthur V. Davis, Chairman, and I. W. Wilson, President, expressed optimism" over the outlook for aluminum's long range future," stating that new markets are in prospect and present users of aluminum "are expected to require much greater amounts in the future than were used heretofore."

* * *

The **Scott Paper Co.** reported net sales in 1951 of $123,523,769, which was an all-time high and represented a 26% increase over the 1950 aggregate. Income before taxes advanced from $23,643,397 to $27,622,311 but, as a consequence of greatly increased taxes, net income in 1951 was $10,886,311, or $3.50 a common share, as compared with $12,493,397, or $4.08 a share in 1950. The figures also include operations of the Soundview Pulp Co. which was absorbed by Scott Paper in November, 1951.

In his report to shareholders, President Thomas B. McCabe, former Chairman of the Board of Governors of the Federal Reserve System, asserted that the excess profits tax and wage and price controls "are very disturbing factors in the orderly planning" of the company's business. Continuance of controls, he said, will inflict substantial harm on the nation's economy and lead to the postponement of "more definite and positive action" in the control of inflation. Increased production, he added, along with adequate monetary, credit and fiscal policies are the best weapons to contain inflation "if we are to continue in a guns and butter economy."

* * *

In his report to shareholders, President R. A. Shipley of **National Fireproofing Corp.** of Pittsburgh reported net profit for 1951 of $846,740, or $1.73 per share, as contrasted with $583,079, or $1.19 a share in the earlier year. The company, he said, began the new year with a smaller backlog of orders than in 1951 but greater than the average for the past five years.

* * *

At the annual meeting on April 23, stockholders of **Pennsylvania Salt Mfg. Co.** will vote on a propohed increase in authorized indebtedness to $25,000,000 from the present $10,000,000 limit. The company, it was said, does not contemplate any borrowing in the near future but seeks to be in a position to meet future requirements as conditions dictate.

* * *

At the annual meeting on May 1, stockholders of **Baldwin Securities Corp.** will vote on a proposal to reduce par value of the common stock from 75 cents to 1 cent a share, thereby reducing the stated capital applicable to the outstanding 2,375,298 shares from $1,781,473 to $23,753. The difference of $1,757,720 will be added to the paid-in surplus. Purpose of the amendment, according to the proxy statement, is to permit distribution to shareholders of proceeds from future sales of the Midvale Co., General Steel Castings Corp. and other securities.

The Midvale Co., whose stock is 63.2% owned by **Baldwin Securities Corp.,** had an extremely successful year in 1951, earnings have amounted to $1,619,925 as compared with no more than $51,143 in 1950. According to President R. T. Nalle, $1,166,000 was spent for expansion purposes in the recent year and further outlays are necessary to "meet current and future demands." The backlog of orders, coupled with continuing demand for its products, Mr. Nalle added, indicates that "the present or higher level of operations should be maintained in 1952."

* * *

According to President W. S. Hallahan, the **Plymouth Oil Co.** had its greatest production and profit year in 1951, earnings having risen to $4.24 a share from $3.51 a share in the earlier year. The company has acquired about 150,000 acres in the fabulous Williston Basin area.

* * *

The **Dravo Corp.** had net income of $3,720,560 in 1951, equal to $7.50 a common share, compared with $4,017,592, or $7.91 in the previous years, the figures in each instance being after provision for preferred dividends. Backlogs of orders at the year-end totaled $83,537,000, contrasted with $40,302,000 at the close of 1950.

* * *

Sales of the **H. K. Porter Co., Inc.,** in 1951 were almost twice the total for the preceding period, the comparable figures being $48,448,635 and $24,531,769, respectively. Net earnings last year, after payments on the preferred, equalled $6.39 per common share, whereas the figure for 1950 was $3.57.

## Household Finance Debs. Sold Privately

Favorable debt refunding by Household Finance Corp. has just been completed with the announcement on April 2 of the private sale through Lee Higginson Corp. of $25,000,000 of the loan company's serial debentures. The securities were sold to a small group of pension funds, insurance companies and others. Bearing 3⅝% interest rate, the debentures mature in $5,000,000 amounts each on April 1, 1963, 1965, 1967, 1969 and 1972.

Purpose of the current refinancing is to replace a similar amount of U. S. bank loans presently outstanding in aggregate of $90,200,000. Total funded and current debt of the company remains unchanged at approximately $200,000,000.

Household Finance operates 572 branches located in 386 cities of 29 states and 10 Canadian Provinces. For the year ended Dec. 31, 1951, the company made 1,871,915 loans totalling $526,927,285 and reported gross income from operations of $62,421,836 and net income after taxes of $12,538,986.

## R. W. Clarke Co to Admit J. Buckingham

Richard W. Clarke & Co., 527 Fifth Avenue, members of the New York Stock Exchange, on April 15 will admit John deF. Buckingham to partnership in the firm. Mr. Buckingham has recently been with the New York office of R. L. Day & Co. Prior thereto he was with F. S. Moseley & Co. and G. H. Walker & Co.

## William Harrell Joins Reynolds Co., Chicago

William R. Harrell

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — William R. Harrell has become associated with Reynolds & Co., 208 South La Salle Street. Mr. Harrell was formerly an officer of E. W. Thomas & Company.

## Halsey, Stuart Offers Erie Equip. Tr. Ctfs.

Halsey, Stuart & Co. Inc. and associates yesterday (April 2) offered, subject to approval of the Interstate Commerce Commission, $1,800,000 Erie RR. 2⅝% serial equipment trust certificates (second equipment trust of 1952) maturing semi-annually Oct. 15, 1952 to April 15, 1962. The certificates, issued under the Philadelphia Plan, are priced to yield from 2.00% to 2.90%, according to maturity.

These certificates will be secured by new standard-gauge railroad equipment estimated to cost $2,265,000.

Other members of the offering group include R. W. Pressprich & Co.; Freeman & Co.; and McMaster Hutchinson & Co.

## Fred Schulz Is With Shearson, Hammill Co.

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Fred W. Schulz has become associated with Shearson, Hammill & Co., 208 South La Salle Street. Mr. Schulz was formerly with McDougal & Co., specializing in state and municipal bonds. Prior thereto he was manager of the municipal department of the Chicago office of E.



## *Our Reporter on Governments*

By JOHN T. CHIPPENDALE, JR.

The Government market continues to display a strong and confident tone, with the long-term and short-term obligations both under accumulation because investors appear to be putting slightly larger amounts of funds into these securities. To be sure, this investing is not nearly approaching the volume that would be expected under more normal conditions, but it is sufficient nevertheless to make a very thin market sit up and take notice of it. The favorable action in Governments also helped to clean up slow new issues of corporates. Sellers are still on the reluctant side as far as liquidation of Treasuries is concerned, but this will not prevail too long because there is always a price at which securities will come into the market. Also, it should be remembered that there still are many uncertainties facing the market which will not be resolved for a while.

There is apparently no let-up in the demand for the short-term liquid obligations, despite the tendency to move out into the higher income issues. The near-eligible tap bonds, along with the eligible 2⅜s, the longer partials, and the longest bank 2½s, have been the pacemakers.

### Buying of Long-Terms Continues

A consistent, even though not too sizable demand at any one time, is resulting in fairly important amounts of long-term Treasury bonds being taken out of the market. The steady buying by private pension funds, private trust accounts and state funds of the higher income Government obligations has imparted a more favorable tone price-wise to these obligations.

Although the rise which has taken place in many of these securities is not too substantial yet, it is not expected it is going to continue upward indefinitely without interruptions because prices are approaching levels where bonds will probably be available for sales shortly in some volume. Whether the improved technical position of the market can be attributed to more buyers or less sellers is something that could turn out to be very important, when it comes to considering the future trend of the long market. There is no denying the fact that the long bonds have been and still are going into strong bonds. This is being done by the dollar averaging method in some cases, whereas in other instances it is the result of switches that are being made from short-terms into the higher income obligations. Income is a factor in some of these purchases, while price appreciation is given greater consideration in others. This has resulted in a more rounded demand which has also been helped because there are many institutions that appear to be giving greater attention now to maturity distributions than previously, but this time the maturity scheduling is more concerned with the longer-end of the list. In other words, a lengthening of maturities appears to be under way in moderate amounts.

There has not been any turn-about or change in money market factors to explain the better market feeling towards the higher income issues. Also there is not likely to be very much of a tangible nature that can be used as a real measure of the future action of the money markets, until the size of the Government deficit is known and how it will be financed. Congress will have to work out the answer to that one.

### Why the Demand for Distant Issues?

Accordingly, what reason can be ascribed for the expanding, although still limited buying in the higher income Treasury obligations? It is evident that the pressure of funds seeking investment is the explanation of the steady demand which is around for the higher income Government securities. To be sure only a small amount of the funds available for purchase of securities is being put into the longer-term obligations in most instances. Nevertheless, this is more than it has been and when coupled with the very limited supply of bonds available for sale, it has brought about higher quotations for the outstanding marketable issues. This buying is quite likely to continue even though there are still more than a few uncertainties overhanging the market.

It is evident that the 2½s due 12/15/67-72, is the most popular obligation and the bond in which the greater part of the volume and activity is taking place. Report from dealers and other operators in the Government market indicate that more of December 1967/72s change hands than nearly all of the other top issues put together. This is purely from the standpoint of volume and activity with no consideration being given to the market quotation trend. The June 1959/62s, it seems, have taken the lead away from the 2½s of 1962/67, which has been the bellwether issue of the near-eligible restricted group. It is, however, still a neck and neck situation with these two bonds.

### Bank Eligibles Have Following

The bank eligible issues, despite the trend of loans, continue to attract more attention, with reports showing that the 2⅜s due 1957/59 are coming in for very important even though it may be belated recognition. Most of this buying, it seems, is coming from the small bank areas where loans have not been moving ahead. The last four partials continue to be on the attractive list with the play here coming from New York, Chicago and San Francisco mainly. It was reported that a fairly good sized block of the bank 2½s of 1967/72 found a new home recently. They supposedly came from an insurance company portfolio.

*Continued from page 13*

## A Defense of Consumer Credit Controls

that their loans were for medical purposes and, therefore, exempt from application of the regulation, and when we found that local competitive companies showed almost no cases of this type of exemption, we felt obligated to make some investigations. The results raised considerable doubt on whether the statements had been accepted in good faith. Happily, the company was willing to correct the practice, and subsequent check-ups disclosed no further doubtful cases.

In another case, a company had many loans on which monthly payments were accepted in much smaller amounts than called for by the written terms of the loans. This practice was also voluntarily corrected.

In one community, we found that there had come to be a very general practice of marking up the trade-in allowance for a used car trade-in and, at the same time, raising the sale price of the car being sold so that the trade-in car would represent a one-third down-payment. One of our officers had a meeting with the automobile dealers of the city and a satisfactory response from them, although some newspapers writers were outspokenly critical of our tactics.

There have been some cases which we have been obliged to take into Federal courts and in which injunctions have been obtained against violators. In one of these cases, the registrant continued to violate; and the U. S. Attorney in the community has been instructed by the Department of Justice to institute criminal contempt of court proceedings. Many of the violations are on the part of individuals or companies which are in a marginal group and apparently trying to stay in business by going after business on an unsound basis. These concerns may seek credit from banks or other credit-granting organizations which themselves conduct operations in full compliance with the regulation; and, in some cases, they pass on paper which has undisclosed irregularities which could cause embarrassment. The banks might be helpful in persuading any of their borrowers who come within this group to operate on a sound and legal basis.

While it is not a primary purpose of Regulation W, I have always rather liked the fact that its provisions tend to keep the granting of instalment and consumer credit within safe and sensible bounds and thus make for sound credit. This has not been one of the avowed purposes of the regulation, and I do not believe that I would advocate that the regulation be established or continued for this purpose alone, but it is at least a valuable by-product.

### Consumer Credit Under Scrutiny

What I have been saying expresses my personal views. Fortunately, we have authoritative expressions from others in the replies to the questions asked by the Subcommittee of the Joint Committee on the Economic Report, which included one on regulation of consumer credit. This question has been answered by the chairman of the Board of Governors of the Federal Reserve System and by the Federal Reserve bank presidents. A related question on the appropriate roles of direct controls (e.g., price and wage), selective credit controls, and a general tightening of credit as means of restraining inflation has produced most interesting and clear discussions by a representative group of economists and others. To make this material conveniently available for you, reprints have been made of these portions of the Subcommittee publication.

The discussion contained in these replies is most worthwhile, and I hope you will read it. I think the reply by the chairman of the Board of Governors is praiseworthy as a clear and objective discussion of the question. It should be read in full, but time permits me to make only limited quotations today. Note this comment on the important role of consumer credit:

**"Relation of Consumer Credit to Economic Stability:** The orderly, long range expansion of consumer credit has been, and is, a necessary and desirable means of promoting a higher standard of living, especially because of its association in this country with the mass production and distribution of consumer durable goods. The consumer credit area has become a strategic one both because of its size and volatility and because of the point at which it provides purchasing power.

"Insight into the part played by consumer credit expansion during the 1949-50 bank credit expansion may be found by comparing changes in consumer credit with changes in other types of credit. In the 12 months ending June 30, 1950—roughly the year preceding the outbreak of hostilities in Korea—data for all insured commercial banks show that commercial loans expanded $522 million; agricultural loans, $85 million; real estate loans, $1,383 million; and consumer loans, $1,592 million. The consumer loan total shown here does not reflect the indirect support given by banks to this area in the form of commercial loans to sales finance companies and other nonbank consumer lending institutions.

". . . the consumer credit area is of substantial importance in the economy. The restraint of this area in times of severe inflationary pressures can be a salutary stabilizing influence. On the other hand, in a period when deflationary factors are at work, stimulation of this type of credit can expand immediate purchasing power in the hands of consumers and contribute to economic recovery.

**"Role of Consumer Credit Regulation as an Anti-inflationary Restraint:** Consumer credit functions at a point in the economy and in a manner that tends to make it relatively unresponsive to the effects of general credit instruments. For this reason, selection of this credit area for regulation provides a helpful supplement to the general measures."

Note that the chairman of the Board speaks of selection of this credit area for regulation as a helpful supplement to general credit measures. The point that regulation of consumer credit should be regarded as a supplement to general credit measures is made in the joint reply of the Federal Reserve Bank presidents. They say:

"Although it is never possible to single out one instrument of credit control from many others and measure its effectiveness without regard to the possible effects of other credit controls in operation, it would appear to be more than mere coincidence that the increase in the volume of consumer credit outstanding began to level off with the application of Regulation W and actually declined during the first seven months of 1951. This same pattern

prevailed with respect to installment credit and would seem to indicate that Regulation W has played a valuable part in the effort to control the total volume of credit and, particularly, to limit excesses in the consumer credit sector of the economy. In addition, the majority of reports received from those who have been affected by the regulation appears to indicate that the application of this form of credit control has had a notable restraining influence upon demand in this particular consumer goods sector of the economy."

I think it is important that both in the comment of the Board of Governors and the joint reply of the Federal Reserve bank presidents, the view is expressed that selective credit regulations are a supplementary type of control instrument which should be used as needed as an adjunct to general credit and monetary measures.

**Views of Economists**

The views of the economists varied considerably. Some expressed disbelief in any use of a selective control such as that of consumer credit; some recognized its usefulness as a supplementary method; and a few were clearly in favor of using this control together with direct controls.

It is my view that a better job can be done by general measures of control than is possible where relatively small sectors of the general economic field are covered. To this I add the belief that if the general controls are well executed, the usefulness of control by sectors is reduced. A point can be reached where disadvantages such as difficulties of administration, public resistance, derangements of normal trade patterns, with individual hardship or injustice, come to outweigh advantages to be expected from the application of the specific controls.

Moreover, the general controls are sometimes sufficiently effective to blanket the specific control. I believe this has proved to be the case with Regulation X where a moderate stiffening in interest rates so reduced the availability of mortgage money at rates borrowers were willing to pay or could pay under rules applicable to the particular method of borrowing, as to put a considerable check on the construction of residences when that was the end sought by the real estate credit control. In other words, the general control did the job, and the specific control has had only an inconclusive trial. Therefore, I suggest that it is important that the machinery for exercising well conceived and effective credit controls along orthodox lines is most important. I suggest also that the maintenance of such controls is a subject in which every bank, every financial business enterprise, and every citizen has a great interest.

## Blyth Group Offers Portland Gen. El. Stk.

A syndicate headed by Blyth & Co., Inc. on April 1 made a public offering of 250,000 shares of common stock of Portland General Electric Co. at $27.75 per share.

Proceeds from the sale will be applied as a partial payment on the 2⅜ and 2¾% notes payable to banks, amounting to $8,000,000 as of Dec. 31, 1951 and maturing May, 1952. These notes were issued to provide funds to carry on the company's extensive construction program. The company expects to pay off the balance of the notes by May 1, 1952, from funds to be derived from the proposed sale of an issue of first mortgage bonds, unless extended, and if extended will be paid from the proceeds of such bonds prior to 1953. The company's construction program in 1952 is expected to total $15,275,000 of which about $6,775,000 will be applicable to the Pelton Project on the Deschutes River. The remainder will be used for improvements and additions to the company's transmission and distribution system and for other purposes.

Portland General Electric is an operating public utility furnishing electric service to most of the fertile lower Willamette Valley. The area served covers approximately 2,300 square miles. The company serves the cities of Portland, Salem, Oregon City, St. Helens and 40 other incorporated cities and towns and more than 90% of all suburban and farm homes within its operating territory.

The company reported net income of $3,322,861 for the year ended Dec. 31, 1951, equal to $2.66 per share. This compares with net income of $3,357,875, equal to $2.77 per share in 1950. Dividends paid in 1951 amounted to $1.80 per share.

## E. Bates McKee to Be Bache Partner

Bache & Co., 36 Wall Street, New York City, members of the New York Stock Exchange, will admit E. Bates McKee to partnership on April 15. Mr. McKee is a partner in Richard W. Clarke & Co. and an officer of the Richard W. Clarke Corporation.

## Villard Foreign Mgr. For Goldman, Sachs

Goldman, Sachs & Co., 30 Pine Street, New York City, members of the New York Stock Exchange, announce that Paul R. Villard has joined the firm as manager of its foreign department. Mr. Villard formerly served in a similar capacity with Hirsch & Co.

# Canadian Securities

By WILLIAM J. McKAY

Considerable comment has arisen because of the recent advance of the Canadian dollar to a premium higher than has been quoted in many years. On March 30, the Canadian dollar is reported to have reached a high of 1.0163 in U. S. currency. This premium puts the Canadian banks in an adverse exchange position, and they are seeking to avoid paying the premium. Calls have been made that the Bank of Canada, the central bank organization, buy a sizable block of gold from the Federal Reserve at the fixed price of $35 per ounce.

When it is remembered that only a few months ago, the Canadian dollar was at a substantial discount, and the Canadian Government was following a policy of import and exchange restrictions to ease the gap in the nation's balance of payments, the present premium position of the Canadian dollar highlights the phenomenal success achieved by the Dominion in placing her economy on a sound basis. One must go back as far as 1934 to find a similar situation, when Canadian exchange had been as high as at present. If it continues and becomes more intensified it will mean a cheapening of Canadian imports and increases in prices of Canadian exports. A corrective then will be forthcoming, and, indeed, may be soon expected.

Undoubtedly, the recent demand for Canadian dollars in the U. S. has been created by heavy investments by Americans in Canadian projects. As noticed in this column previously, Canadian investments have become increasingly popular in recent years, and prices of shares in Canadian corporations have been rising. There seems to be more confidence in Canada by American businessmen than in any other foreign area.

This was noted in a recent address in San Francisco by Henry W. Drath, Vice-President of the International Banking Department of the bank of America. Mr. Drath estimated the increase during the last decade in U. S. investments in Canada at $8 billion, and he ascribed the placing of this sum to higher profits of Canadian business firms, as well as a sound political and tax situation, and the minimum of red tape surrounding business operations.

"The fiscal policies of Canada inspire particular confidence," Mr. Drath said. "The voluntary measures taken by Canadian institutions to counter inflation have been notably effective and add to already impressive prospects for Canada's future."

"The outlook for the remainder of 1952 is bright indeed," he added, "with a development program of $5,000,000,000 offering opportunity to U. S. investors and businessmen alike."

It is noted by the Bank of Nova Scotia in its current "Monthly Review," that Canada's struggle against inflation has been accomplished by an expansion in the money supply and an era of cheap money rates.

The Bank of Nova Scotia notes that currency and bank deposits in the hands of the public in Canada has been increasing for 19 consecutive years. At the end of 1951 it was more than four times as large as in 1932, nearly 3½ times as great as just before the war, and half again as large as at the end of the war.

This expansion in Canadian money supply is a universal postwar phenomenon. However, as the "Review" points out, the Canadian increase is in fact one of the most moderate advances in the Western World. Among the more important countries only Switzerland, Denmark, Britain, Holland and Sweden show smaller increases, and the rise in the United States has been just about the same as in Canada.

Actually, the record in Canada is better than these comparisons suggest. By itself, the increase in the money supply does not give an accurate impression of the degree of inflation or deterioration in the value of money. It must be correlated to the production on which money can be spent. And, as is well known, the quantity of Canada's production has approximately doubled since 1939—a record which is approached only by the United States.

Thus, when reviewed in the light of enlarged production, the increase in Canada's money supply has been relatively less than in most other countries of similar type or economic status.



## Wilbur Kolburg With Crowell, Weedon Co.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Wilbur R. Kolburg has become associated with Crowell, Weedon & Co., 650 South Spring Street, members of the Los Angeles Stock Exchange. Mr. Kolburg was formerly for many years trader for Harbison & Henderson.

## S. F. Hutchison Is With Frederic Adams

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—Samuel F. Hutchison has become associated with Frederic A. Adams, U. S. National Bank Building. Mr. Hutchison in the past was assistant vice-president of the United States National Bank of Denver and was for many years cashier for Peters, Writer & Christensen, Inc.

## Joins Hamilton Managem't

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Mrs. Belle O'Heron is with Hamilton Management Corporation, 445 Grant Street.

## With Inv. Service Corp.

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — James R. Maxwell is with Investment Service Corporation, 444 Sherman Street.

*Continued from first page*

# Worldwide Inflation And Monetary Disorder

no sound international cooperation is possible without monetary solidarity, and no monetary solidarity is realizable as long as we indulge in inflation. Order in the world will not be restored unless we decide to stop inflation, and we shall not know how to reconstruct our monetary system durably unless we first relearn what money means. The Western world is drifting into chaos as much because of ignorance as because of bad politics or the wickedness of human nature. The U. S. Council of the International Chamber of Commerce deserves great credit for constantly stressing the importance of sound money if we are to have international cooperation and unrestricted, multilateral international trade.

Before I analyze the causes of international disorder and indicate the possible remedies thereof, I wish to answer a basic question.

The question, or rather the riddle, is this: While many people, including myself, constantly warn us against inflation, there are many others, including myself, who forecast a trend toward lower prices, or what some call deflation. How do we reconcile the fear of inflation with the forecast of lower prices?

### The Main Problem

The fact is that our problem is to avoid both inflation and the kind of deflation which we are bound to get once we stop the huge paper-money inflation concomitant with great wars and the great bank-credit expansion which characterized the aftermaths of both recent World Wars. The classic and neo-classic school of economics, confirmed by experiences of the past, does not believe that we can inflate paper-money indefinitely with impunity (whether disguised or not as monetized debt); neither does it believe that there is no limit to credit expansion by banks. Furthermore, theory and experience teach us that when monetary and credit expansion are stopped, a readjustment in our economy becomes inevitable, if we are to maintain a free society.

There is, however, a new school of thought which, forgetful of the lessons of the past, thinks that we now know how to stabilize prices or incomes, or even prices and incomes, by monetary and fiscal management. This chief remedy to monetary inflation and its consequences is more monetary inflation. Some of you may have met or heard of quack doctors, who treat their patients with so many drugs that one is not able to realize any more whether it is the disease or the treatment which is killing the patient.

Typical of this way of thinking is the chief economic advisor to our President, Mr. Leon Keyserling, or Professor Seymour Harris of Harvard, who on the 19th of March told a House Committee that he could not agree "with what seems to be an underlying assumption that monetary expansion and monetization of the debt is sinful." He further stated, as quoted by the New York "Times":

"In the absence of all-out war, this country may well experience a rise of real national income in the next 20 to 30 year of 100%. In view of the growth of institutional pressures of an inflationary type, a rise of prices of 50% in the next 25 years is a conservative projection. On these assumptions the country would need to increase total currency and deposits from $180 to $540 billion. Where is the money to come from," asks Professor Harris, "if not from the monetization of debt"?

Professor Harris belongs to the school of thought which thinks the government can insure "perpetual boom" by a combination of deficit financing and easy credit policies. The government, to maintain constantly a state of "full-employment" will tax and tax and what it cannot get by taxation, it will obtain from the Federal Reserve Banks in the form of cheap and depreciating money. It is therefore extremely important to stress constantly the dangers of inflation. Inflation is only a hidden, and most unjust tool of taxation and confiscation. Inflation is nothing else than robbery and culminates in a complete demoralization and destruction of the free society.

### The Only Solution

The only way to stop inflation is to stop inflating our money supply. The greater the monetary and credit mischief the more serious is bound to be the readjustment in our economy, when the monetary inflation and credit expansion have to be stopped. With right economic, monetary and fiscal policies we can avoid the necessary readjustment degenerating into a long and deep depression. I do not consider widespread, prolonged unemployment inevitable in a free society even after upheavals like those created by a war and its aftermath, provided we behave like sober human beings capable of self-restraint. This presupposes, however, that we do not perpetrate monetary and credit mischief to a point where we cannot summon the courage to stop it for fear of the consequences. It presupposes that we have flexibility of wages and prices. Our policy of cheap money in a time of boom is absurd. It doesn't make sense to support farm prices when they reach such high levels as they have since World War II. It does not make sense to me to expand bank credit abnormally for the expansion of our economy, whose manufacturing capacity is already twice as large as it was in 1939.

It is absurd, if not criminal, to expand consumer credit in times of boom. But apparently our government, businessmen, workers and farmers seem to condone these foolish and crazy policies. The price we may have to pay for all this mischief is a completely controlled and regimented economy, because on one side our nation will want to avoid disorderly monetary inflation, and on the other side it will not tolerate large-scale, widespread unemployment. The sooner we stop inflation the greater is our chance of escaping the above-mentioned dilemma and the greater is our chance to save our free society. It may not be too late, but it is certainly late.

### The International Disorder

Let us revert to the causes of international disorder. A great deal of it finds its roots, of course, in the World War II and in the Communist cold-warm war. But the greatest part is of our own doing.

(1) In the first place I would put our intellectual bewilderment, due mainly to the teachings of the late Lord Keynes, and even more so to that of his disciples. If we should lose our individual freedom, it is my belief that history will ascribe it more to Keynes than to Karl Marx. An example of the consequences of his teachings is the aforementioned statement by Professor Harris of Harvard. Keynes' remedies to our economic ills were in the nature of expedients. He is the author of the maxim that "in the long run we are all dead." The keenest insight in Keynes' psychology was given to me by a British economist. She (the economist is a distinguished woman) remarked that Keynes would never have coined the mentioned maxim if he had had children.

As a consequence of the sophisticated fallacies with which we have been nurtured in the last two decades, our mental confusion is such that while some first-class British economists express fear of a new devaluation of the pound, others argue for an up-valuation as a remedy to the newest British crisis in foreign payments.

(2) A second cause of the international disorder are the inflationary, domestic policies of practically all countries, including our own. Most countries have been living beyond their means and have camouflaged their international insolvency by exchange controls and other impediments to international trade. The so-called "dollar shortage" is nothing but the result of inflationary policies and of inconvertibility of currencies.

(3) A third cause is that we Americans have not yet accepted the logical and necessary consequences of being a rich creditor-nation. We have tariff and immigration policies which are incompatible. Besides our tariffs are so high and our custom procedure so cumbersome and obnoxious that they prevent the expansion of imports of manufactured goods into the United States. We cannot constantly sermon the foreign countries on the virtues of competition and productivity and at the same time close our doors to foreign manufactured products for fear that they will invade our market. As an offset to our inconsistent policies and because we have a bad conscience, we are making gifts to foreign countries with consequences which are not good or healthy.

(4) The domestic and international policies of most countries (plus some institutional arrangements agreed upon during and after the war) are incompatible.

### Autonomy Inconsistent With Convertibility

We cannot have free convertibility of currencies, fixed exchange rates and unrestricted multilateral trade, while each country is pursuing autonomous nationalistic monetary policies. This explains why all our help to Europe has been of no avail and why in matters of international trade we are farther away than ever from our professed goal of non-restrictionism and multilateralism. We should have attached stringent conditions as to internal fiscal and monetary management to the aid we gave the participating nations in the Marshall Plan. I was and I am in favor of aiding Europe provided it is done in ways which will restore the economic health and independence of the European countries. It looks as if the so-called defense-aid under the Mutual Security appropriation is nothing else than the continuation of a camouflaged Marshall Plan. The economic aid, now called defense aid, will make possible the continuation of domestic inflationary policies. As a result, they have too much money and too little incentive. With this kind of a policy I am afraid that when our economic aid will come to an end, as it surely will, the European countries, which we have presumably helped, will be worse off than ever and ready victims to socialism or communism.

(5) At this point an important question arises: Why do many European countries have per-

sistent or chronic balance-of-payments deficits despite the great financial aid from the United States? The answer lies mainly in the fact that the monetary mechanisms which used to establish equilibrium have been discarded. What were these monetary mechanisms? Under the gold standard it was the movement of gold. When the gold standard was abandoned it was the free movement of exchange rates.

In any good book on international trade or foreign exchange you will find explained how the just-mentioned monetary mechanisms were maintaining equilibrium in foreign payments. The point I wish to stress is that in the days when we had the gold standard, any concern with the balance of payments was regarded as superfluous. The explanation for this fact is that governments were pursuing domestic policies which were non-inflationary and which maintained the money sound (in particular public expenditure was financed without inflation). We can also have an automatic equilibrium of our foreign payments even when countries have autonomous monetary policies, provided the exchange rates are allowed to move freely. What we cannot have at the same time is autonomous monetary policies, fixed exchange rates, convertible currencies and unrestricted multilateral trade. In other words, our policies and our aims were incompatible.

**Our Own Policy**

(6) One of the main causes of the international disorder is our own nationalistic monetary policy. We must understand that when we are prosperous our influence on world prices is such that for all practical purposes the dollar prices are world prices. It must be said that since Korea our purchases on world markets for stockpiling and our huge expansion of bank credit have inflicted great harm to whatever degree of economic stability the European countries had reached, domestically and internationally.

We must understand that our domestic inflationary policy makes the monetary reconstruction of Europe difficult if not impossible. Ideas like those of the Chief Economic Advisor to the President are incompatible with international cooperation, because this implies monetary solidarity, which is made impossible by inflation. The reading of the two volumes on "Monetary Policy and Management of the Public Debt," just published by Congress, is shocking because the opinions expressed therein disregard completely the international responsibility of the United States. We are in the habit of discussing our monetary policies as if we were alone in the world. Besides, we disregard completely the lessons of our own economic history, which prove that the economic conditions in our country and the movement of prices are tied up with the rest of the free world.

**Restoring International Order**

In conclusion, let me outline in a sketchy way what has to be done to restore international order and to avoid drifting into chaos.

(1) We must learn that money is money only when its owner can buy with it what he wants, where he wants and when he wants. The first condition of sound and honest money is that public expenditure should be financed without inflation, which means we should make impossible the monetization of public debt.

(2) We should stop bank credit inflationary policies in the United States and in the European countries. The Central Banks of the various countries may have to coordinate their monetary and credit policies.

(3) The European countries should remove all impediments to international trade and should make, in a first step, the European currencies including the pound inter-exchangeable. In a second step, the European currencies should be made inter-exchangeable with the dollar.

Many economists argue that the free-exchangeability of currencies should wait for the restoration of reasonable balances of trade and services. We used to hear the same kind of argument in the 1920's. The equilibrium in the balances of payments will be facilitated and made possible by the free inter-exchangeability of currencies and by the unrestricted movement of goods. As I said before, even the so-called dollar shortage is only a result of domestic inflation and of non-convertibility of currencies.

(4) The United States should reduce its tariffs. Besides, it should destroy the monopolistic power of the labor unions and it should also stop supporting farm prices.

(5) When all this is done we should return to the gold standard internationally. This can be done only with the understanding cooperation of the United States. The restoration of the gold standard internationally will require great technical skill, and the price of gold will have to be examined and determined realistically if we are to avoid a deflationary bias due to a too-low price of gold.

At a time to be determined, people should be allowed to sell or buy, to import or export gold, which should be treated as any other merchandise.

As you realize, it is certainly easier to create disorder than to restore order. The greatest gift we can make to the free world is a sound dollar. The choice is clear. We shall either restore monetary order or we shall drift into a controlled regimented society.

## John P. Lavin Joins Mason, Moran & Co.

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—John P. Lavin has become associated with Mason, Moran & Co., 135 South La Salle Street, members of the Midwest Stock Exchange. He was formerly with F. S. Yantis & Co., Inc., and Bear, Stearns & Co. In the past he conducted his own investment business in Chicago.

## With Waddell & Reed

(Special to THE FINANCIAL CHRONICLE)

WINTERHAVEN, Fla. — Jack Caldwell has become affiliated with Waddell & Reed, Inc.

*Continued from page 3*

# Prospects for Growth In the American Economy

**women:** The proportion of women 14 years of age or over in the labor force has increased from 24.3% in 1930 to 33% in 1950. In particular, there has been a rapid rise in the proportion of the women workers who are married and in the proportion of older women who are in the labor force. The proportion of women in the labor force who are married has increased from 30.3% in 1930 to 48% in 1950. The proportion of women of 45 to 54 years of age in the labor force has increased from less than 20% in 1930 to 37% in 1950; of women of 55 to 64 years of age, from 15.3% in 1930 to 27.6% in 1950. The rapid increase in the employment of women means that one out of four families has two or more sources of labor income. One result is an increase in both the output of goods and the demand for goods; another result is an improvement in the stability of the economy.

(3) **The growth of competition:** In the pioneer communities of a hundred years or more ago, there was often only one general store, one bank, one grain elevator, one cattle buyer, one lumber yard in the community. The rise of the mail order business in the last quarter of the nineteenth century and of chain stores in the last 50 years have greatly increased the competitiveness of retailing. Competition has been stimulated, too, by the progress of technology which increases the number of materials, processes, and articles that compete with one another and by the growing importance of the replacement market. As the replacement demand grows in importance, manufacturers find that their stiffest competition is from their own output of five, ten, or fifteen years ago.

(4) **The improvement in the management of industry:** This is attributable to the increase in professionally trained managers and to the development of a body of knowledge about the art of management. During the last half century research on methods of management has virtually revolutionized the art of administration. The transformation in the art of management is reflected in the rapid rise of staff departments, in the development of methods of selecting and training employees, setting standards, and of cost control; in the establishment of policy committees to which are assigned the responsibility for making studies and recommendations in selected areas of policy; and, most recently, by the development of better methods of communication with employees.

(5) **The increase in the number and strength of trade unions:** The rapid rise of trade unions has brought important improvements in management because it has led to regular arrangements for hearing complaints of employees and because it has stimulated enterprises to establish definite and well-considered policies to guide their operations. Perhaps the greatest influence of trade unions has been their pressure for higher wages. This pressure has brought about improvements in methods of production because it has forced managements to struggle harder than ever to hold down labor costs.

(6) **The growing use of science and technology:** The rapid increase in the use of science and technology by industry is probably the most important dynamic influence in the economy. The number of scientists, technicians, and engineers in industrial and governmental research laboratories was nearly four times as large in 1947 as in 1930, and total expenditures on private and governmental research (not counting the large outlays on atomic energy) were seven times as large. The growing use of science and technology has increased both the supply of goods and the demand for goods. It has increased the supply of goods by raising output per manhour. In recent years output per manhour increased from 2.5% to 3% per year. The growing use of science and technology has increased the demand for goods partly by increasing the volume of attractive investment opportunities in which individuals and enterprises are willing to spend money and partly by helping industry offer customers new or better goods which has led the customers to increase their spending.

### III

In this highly dynamic economy what is the outlook for production? How rapidly will the growth of the labor force and the increase in output per manhour permit the net national product to increase? In 1951, the net national product was slightly more than $304 billion. The increase that occurs in the net national product by 1960 will depend upon the increase in the size of the labor force, the increase in output per manhour, and the change in the length of the work week. If there is no change in the proportion of population of 14 years of age or more in the labor force, the labor force in 1960 will be 71.4 million—a rise of about 6.8 million above 1950. There is a good chance that the participation in the labor force of women and of men above 65 years of age can be increased. A fairly conservative estimate is that the labor force in 1960 will be about 73 million. Let us use these two estimates.

Let us assume a labor force of 71.4 million in 1960, an unemployment rate of 5%, a continued slow drop in the length of the work week, and an increase in output per manhour of only 2% a year. This combination of conditions would cause the net national product to rise from $304 billion, the rate of 1951, to $376.5 billion in 1960. If the increase in output per manhour were to rise to 3% a year, the net national product would rise to $410.9 billion. If the labor force were 73 million instead of 71.4 million and the other conditions were the same, a rise of 2% in output per manhour per year would produce a net national product of $385.0 billion, and a 3% rise a net product of $420.1 billion. If the rise were 2.5% a year, the net national product would be $402.3 billion.

It is reasonably conservative, I think, to estimate the net national product in 1960, in terms of 1951 dollars, at around $400 billion to $420 billion. This is a rise of around $100 billion to $120 billion in 10 years.

### IV

What will happen to the demand for food products as output and incomes rise? It has usually been assumed that expenditures for food do not rise as rapidly as per capita income. There is a wide range in the results of different studies of the relationship between increases in per capita income and increases in consumer expenditures for food. Some of the studies show that for a 1% rise in income there is less than half of a percent rise in the expenditure for food. Other studies show that the rise of 1% in income is accompanied by as high as .8 or .9 of a percent rise in expenditures for food. The percentage rise in expenditures for food that accompanies a percentage increase in income seems to be greater the lower the per capita income. This is as one would expect.

During the last 20 odd years, consumers in the United States have behaved in an unusual way. Their expenditures on food have increased in about the same proportion as their income after taxes. In 1929, expenditures for food (exclusive of spending in restaurants and in the armed forces) were 19.5% of personal income after taxes; in 1939, 21.5%; in 1946, 23.4%; and in 1950, 23%.

This is an extraordinary record, and one should not necessarily expect it to continue. Nevertheless, it has happened during the last 20 years. Part of the explanation seems to be that taste in food has radically changed and, as incomes have gone up, people have bought more of some kinds of expensive foods. It suggests that if new or improved food products are offered to consumers, the proportion of personal incomes after taxes spent on food products may continue to remain more or less constant. If this were to happen, the total expenditures on food products (in terms of 1952 dollars) would rise by about one-third between now and 1960.

The overall figures on expenditures for food and consumption of food conceal, of course, important divergent trends. As everyone knows, the consumption of some kinds of food has been dropping rapidly and the consumption of other kinds has been rising. For example, between 1910 and 1950 per capita consumption of wheat flour has dropped over 40%; of potatoes, about 45%; of butter, about 43%. In the same period the per capita consumption of meat changed little (though it dropped during the depression), but the per capita consumption of cheese has increased over 60%; of eggs, 27%; of margarine, 280%; of fresh vegetables, nearly 33%; of canned juice, over 300%; of ice cream, about 800%.

The potential demand for food must be analyzed in terms of possible changes in per capita incomes. There are many varieties of food of which the per capita consumption varies widely with per capita income. Hence, a rise in per capita income of persons now in the low income brackets or even a rise above the present average for all incomes may bring about substantial increases in the demand for certain types of food products. Dairy products are among those which vary greatly in consumption with the size of incomes. In 1950 there were 6.8 million spending units in the United States with incomes of less than $1,000 a year. These spending units on the average spend about 40% less per capita on dairy products than spending units with incomes of $2,000 to $2,999. Furthermore, spending units with incomes of $5,000 or more spend about 25% more per capita on dairy products than spending units with incomes of $2,000 to $2,999. The figures on the consumption of particular items is of interest. Spending units with incomes of $500 to $999 consume 33% less fluid milk and cream per capita than spending units with incomes of $2,000 to $2,999; 47% less cheese; 28% less condensed and evaporated milk; 65% less ice cream, and 27% fewer eggs. On the other hand, spending units with incomes of $5,000 and over consume 22% more fluid milk and cream per capita than spending units with incomes of $2,000 to $2,999; 16% more cheese, 48% more ice cream, but only 5% more eggs, and 32% less condensed and evaporated milk.

### V

A look at the growth potentialities of the economy should include an examination of the possibility that the growth will be rudely and seriously interrupted by the transition from increasing armaments to maintaining armaments. There is a widespread view that the country must expect a more or less severe recession when the transition occurs. The danger of a recession is real and it would be folly not to take steps to prevent it or to keep it mild. I believe, however, that the danger of a large drop in employment has been overestimated. One reason for this conclusion is that the peak in defense spending will occur later and that the ultimate drop in defense spending will be smaller than has generally been anticipated. Another reason is that the ultimate demand for goods will be greater than most people assume.

There are two reasons why the peak in defense expenditures will come later and the drop will be smaller than has been generally expected — China is gaining strength as a military power and the technology of war is developing rapidly. The significance of China's rise in military strength has received little attention from the American public. Indeed, the public seems to assume that the present regime in China is temporary and in the near future will be pushed out. There are no good reasons for accepting this wishful thinking. China's growth in military strength will require that the United States contribute on a substantial scale to an alliance of Pacific countries.

The rapid development of the technology of war will also have the two-fold result of limiting the peak in war expenditures and also limiting the drop. It will limit the peak both by compelling postponement of war contracts while the design of goods is being improved and by causing equipment of the immediately available type to be purchased in limited quantities only. The same conditions which cause the peak in defense expenditures to come later and to be lower will also limit the ultimate drop in defense expenditures. Each year there will be much new and expensive equipment that the armed services must have in order to be up to date. My guess is that the peak in defense expenditures will be somewhere between $60 billion and $65 billion a year and that the maintenance level will be around $50 billion a year. This is very different from recent assumptions that the peak will be about $70 billion and the maintenance level about $40 billion. I am sorry to suggest that the maintenance level of defense expenditures will be as high as $50 billion a year. Perhaps ways can be worked out of reducing the ultimate level of defense outlays. It will be desirable to keep defense expenditures well below $50 billion a year if that can possibly be done.

When the drop in defense spending occurs, the demand for goods will be greater than is generally supposed. Investment in industrial plant and equipment will undoubtedly be large. Although the defense program has interrupted the training of many young scientists and engineers, it has stimulated the development of technology in many ways. It makes insistent demands for metals that can withstand intense heat; it requires that parts be made to new standards of accuracy; it demands the production of more minute parts than industry has ever made; it accelerates the substitution of electronic controls for mechanical controls; and it brings about the making of more reliable electronic equipment than has ever before been produced. The advances that are now occurring in technological "know-how" mean changes in methods of production, changes in the design of goods, and the development of new kinds of goods. All of these developments will provide demand for industrial plant and equipment, especially industrial equipment.

The drop in defense expenditures will see some rise in outlays of state and local governments because states and cities have been accumulating a large backlog of needs. The large increase in the number of children of school age will require many additional schools. More than half of the country's major highways are over 15 years old and are not adapted to modern traffic conditions. The inadequacy of present highways has been greatly aggravated by the enormous increase in the number of cars—passenger cars have increased from 27.4 million in 1940 to 40.2 million in 1950 and trucks from 4.6 million to 8.3 million. Large expenditures on roads, bypasses, bridges, grade separations are inevitable.

Most cities have neglected to expand their water supplies to keep pace with the growing demand for water. The consumption of water has been growing, partly because of the rise in the use by industry as the output of goods has expanded, and partly because greater domestic use has been encouraged by the great increase in the number of water heaters and in the number of cars to be washed, and by the growing vogue of gardening. The country is also becoming aware that it has been polluting its streams and that its sewerage systems are either inadequate or out-of-date.

The principal reason for believing that the drop in defense spending will not produce a severe recession is that individuals today are not spending a normal part of their incomes on consumer goods. Perhaps we do not know what ratio of expenditures for consumer goods to personal income after taxes is "normal," but the present ratio is low by past standards. The more that consumers save now the more they will be able and willing to spend later on. Consequently, the present high rate of saving makes for future stability of the economy. When individuals return to their more or less normal habits of spending, the demand for consumer goods will rise by about $10 billion a year.

### VI

Although I have suggested that the net national product may be expected to rise to $400 billion or more a year by 1960, there is much pessimism in the community about the prospects of the economy. Several years ago one of my colleagues at Harvard edited a book of essays by various people entitled, "Saving American Capitalism." The general theme of the book was that the economy was in a bad way unless the government took bold and drastic steps to maintain the volume of demand. The point of view of this book was typical of the left-of-center view—namely that capitalism unaided cannot provide sufficient employment and that the government must come to the rescue.

The radicals are not the only ones who are pessimistic about capitalism. There is much skepticism also among the conservatives. Many of them believe that capitalism is being ruined, or at least threatened, by bad public policies.

I hope that you will not regard me as a Pollyanna when I reject the pessimism of both radicals and conservatives. The economy does not do a perfect job of solving the many tough problems that it encounters. Nevertheless, it is amazingly resourceful, adaptable, and flexible. As a consequence, it is able to thrive even in the face of a tough and unfavorable environ-

ment—just as some hardy plants do quite well even in poor soil or in the face of bad weather. As a matter of fact, I do not think that the environment for private enterprise in the United States on the whole has been unfavorable. Some public policies have been bad, but, on the whole, government policies have strengthened the economy in more ways than they have weakened it. Even in the field of taxation, where there are many reforms that would do considerable good, the consequences of tax policy have been less harmful than the public generally supposes.

There are two underlying reasons why the economy has been so resourceful, adaptable, and flexible. One of the reasons is that it is an economy in which there is considerable decentralization of decision-making. There are, for example, about 4 million business enterprises outside of agriculture. There are some parts of the economy where it would be desirable to have more enterprises, but in nearly every industry there are a considerable number of concerns. The large number of enterprises is important because whenever a new problem arises, perhaps from a shortage of raw materials or from a shift in markets, a considerable number of managements try their ingenuity at working out solutions. Some managements are more successful than others. The best solutions get imitated. If there were only one or two enterprises to make experiments, the chance of finding a good solution would be much smaller.

The second underlying reason for the resourcefulness and adaptability of the economy is its growing use of industrial research. By the use of research it is able to make informed and systematic attacks upon problems of all sorts.

There does not seem to me to be any immediate danger that the economy will lose these two characteristics that make it so resourceful and adaptable. The number of business enterprises has been growing at about the same rate as the increase in population. There are about 900,000 more non-agricultural concerns today than there were in 1929. Certainly there is a good reason to expect that the rapid expansion of industrial research will continue. There are several reasons for this prospect. One is that the military demand for research will be large and compelling. Another is that industrial research is contagious and tends to spread itself because each concern that engages in it compels its competitors to engage in it also. Still another reason is that part of the gain in knowledge consists of improvements in methods of investigation which make new knowledge easier to acquire. Finally, research will be stimulated by the enormous stake that business now has in increasing replacement demand. With over 35 million passenger automobiles in service, for example, the automobile industry can obviously afford to spend large amounts to make these old cars obsolete!

These are the underlying reasons why it seems to me that it is not unrealistic to expect substantial economic progress in the United States during the next 10 years. There are some other reasons also. For example, the art of management may be expected to continue to improve. Furthermore, the accomplishments and policies of business will be subjected to scrutiny and criticism on the part of the community — particularly from trade unions and public officials. These criticisms are frequently poorly informed and are not always fair. All of us, however, need the spur to self-examination that comes from criticism. Hence, it is a strength to our economic institutions that sources of searching criticism exist. Consequently, I look forward confidently to a rise of one-third or more in the total output of the country during the next 10 years.

We shall not achieve a utopia and we shall still have plenty of unsolved problems. But, in addition to having more material things, men will be better educated, they will have better medical care, more leisure, more security, and more opportunity. Men's lives will be a little fuller and a little more satisfying than they are today. The country is not threatened with decay and it is not threatened with stagnation. This generation is doing better than most previous generations in building a more productive and more humane economy. We should look toward the future with quiet confidence in our ability to surmount difficulties and to solve problems and to give our children a little better world than the one into which we were born.

## S. F. Exchange Plans Honolulu Trip

SAN FRANCISCO, Calif.—The San Francisco Stock Exchange has received an invitation from Richard W. Kellett, President of the Honolulu Stock Exchange and Chairman of a Special Committee representing fifteen or more Island interests, to visit the Hawaiian Islands in September of this year. While a complete itinerary has not as yet been worked out, it is the Island Committee's intention to arrange a full week of activity for the group, excluding Saturday and Sunday.

Present plans include: On the Island of Oahu: Visits to a sugar plantation and mill, Hawaiian Pineapple Company, the telephone company, the Hawaiian Electric plant, Pacific Refiners, and the gas company; on the Island of Lanai: Visit to the pineapple operation; possible visit to the Island of Maui.

Leaving San Francisco on the Lurline on Saturday, Sept. 6, the San Francisco Group arrive in Honolulu on Thursday, Sept. 11. Friday, Sept. 12, will be devoted to a review of economic conditions in the Islands. The actual tours will commence on Monday, Sept. 15.

The Lurline will leave Honolulu for the return trip on Monday, Sept. 22.

It is our hope that all participants will arrange to go on the Lurline, so that we may arrive as a group. Those who cannot spare the time, however, will be free to go by boat one way and by air the other, or to fly both ways.

In order that all reservations may be coordinated, the Exchange has arranged for the Andrew W. Lerios, Inc. Travel Agency to handle the details of transportation and hotel accommodations. Reservation cards should be returned to the Exchange. It is important that reservations be made at the earliest possible moment as both the Lurline and the airlines are well booked for the entire year.

*Continued from page 10*

# Our Modern Benzedrene Economics

A few points either way actually wouldn't make much difference—generally speaking.

**Is There a High Rate of Consumer Savings?**

Right now there is a great deal of talk about how the economy is being strengthened by the extremely high rate of consumer savings that developed last year.

This is important because it brings us to one of the most significant aspects of the long-range outlook for the economy.

We are rather smug about the whole thing. We are telling ourselves that the increased rate of savings reflects patriotic buying restraint on the part of the public, or that it is proof of the public's restored confidence in the purchasing power of the dollar, or that it is the logical sequence of the initial post-Korean scare-buying waves.

Yet these three factors provide only part of the explanation for what we have sold ourselves as a miraculous and gratifying increase in the rate of savings. This savings boom actually is a statistical illusion, at least to a large extent. Because included in this amount of savings is a large amount of debt repayment. Payments on mortgage credits, payments on instalment credit, and repayments of other personal debts.

This leads me to believe that, far from being a "voluntary" reaction on the part of the consumer, this saving represents the rather painful process of paying up—after having been on a buying spree. It has all the earmarks of the Katzenjammer after the binge rather than something to be proud of. And that conclusion offers food for thought . . . a lot of thought about the post-defense buildup economy.

The "lull" in the civilian sector of the economy—looking at it from the nation's point of view—is our first instalment payment on the heavy "borrowing from the future" that has been going on during the past ten years in our feverishly stimulated economy. No period of prosperity in our economy has been so long—or has been so disturbing. What we have witnessed since last Spring is not just a "buyers' strike"—it goes much deeper.

The public is worrying about paying back the debts incurred before and after Korea. It borrowed too heavily from the future. But consumers were not the only ones who borrowed heavily from the future. Industry did the some thing in building up its productive capacity. For industry generally this process still is going on—in the expansion of defense and defense-supporting plants.

But as far as consumer goods industries are concerned—particularly among the makers of nondurables—there is now a growing realization that the expansion of the past ten years has temporarily outstripped the increase in demand.

One big paper company in the West just relinquished a certificate of necessity for a new pulp plant because it doubts that there'll be demand for its products after it is built. A leading manufacturer of synthetic yarns has just suspended construction of a new yarn mill "in midstream."

Most businessmen these days have nightmares thinking about where business would be today if the defense effort had not come along when it did. This does not mean that the Administration used the defense effort for political purposes—initially. Any such intimation would be a blow below the belt. But the fact remains that as time goes on the defense effort takes on more and more the appearance of a general economic stabilizer.

The only thing wrong with this picture is that it seems rather futile to attempt stabilizing the economy by the application of even greater stimulation.

**Root of Postwar Problem**

And here we are coming to the root of the postwar problem.

Assuming that there has been a great deal of borrowing from the future on the part of producers' as well as consumers' goods industries—and I don't see how this can be disputed by anyone—the question arises of whether the defense effort can be used as sort of an umbrella over the economy which will protect us while we are paying off our accumulated debts and the costs of our overexpanded capacity until we are once again in shape to go ahead with the next round of expansion.

The answer to this question is the answer to the question of whether we had better get set for a serious post-defense buildup recession or whether there is prospect for a reasonably smooth post-defense transition.

What makes the answer to this question extremely difficult at this time is that it is here where politics enters economics.

The post-defense buildup adjustment problem will have to be dealt with by the next Administration. That makes the outcome of this year's elections tremendously important . . . and explains why, on top of everything else, business is uneasy because of the coming elections.

Election years often have been accompanied by hesitant and lower business. But in most cases, where changes in administration occurred, it was not the forthcoming election which affected business, but rather bad business that affected the election.

Nobody seems to have the slightest doubt that the present Administration is all set to continue its expansionist policies based on the belief of its economic advisers that this country, if properly managed, can not only continue to grow—that we admit—but that it can do so on a straight line up, without any interruptions. That we do not believe. But there can be little doubt as to what a Democratic Administration, fashioned after the present one, would do as soon as signs of a post-defense recession appear. It would be a case of more of the same medicine and would have to come on top of the contemplated post-defense buildup military "maintenance" program. This program is estimated at $40 to $50 billion annually, but will never be fully accomplished because we simply cannot believe that that much money—in present-day dollars—can be spent on military "maintenance"—regardless of how much you stretch that term.

To be perfectly frank, however, I find it extremely difficult to look for comfort from such a policy. I am very much afraid that the sort of stimulation necessary to offset a serious post-defense recession would cost us much of what remains of our free competitive enterprise system. Such action would not only require continued huge public expenditures, but at the same time would require a determined policy to boost consumer expenditures by giving workers all benefits of productivity gains in the form of higher wages. Since such a policy, coupled with continued high taxes, would kill off all capital incentives, it would finally lead into the necessity of letting the government take over our industrial expansion as well.

That (you'll have to admit) is a rather frightening picture. Maybe it is overdrawn. But perhaps we need such exaggeration to make us conscious of what is at stake.

Obviously, there is an alternative to such a course. It is an economic alternative and is based on the recognition that we can't travel at supersonic speed all the time.

Whether or not this economic alternative is politically feasible, is something else again.

There is a widespread belief around the country that a change to a Republican Administration would have some deflationary repercussions. We shall know more about this once a new Republican platform has been adopted. Meanwhile, it seems safe to predict, however, that—just as it isn't possible to cure a dope addict overnight by taking the stuff away from him—our economic policies can't be overthrown overnight. Such a cure would be worse than the disease and might kill the patient.

It troubles me deeply that, perhaps, we already have reached the point of no return as far as our basic economic policies are concerned. Even if some of us would be willing to take the cure, the majority may not let us, and the majority has the final word.

All this, admittedly, is rather on the vague side. It can't be otherwise.

But, I believe, there is a practical side to it, nevertheless. It suggests a rather definite course of action for business from here on in. There is no reason to take a dim view of the immediate future. But it is also advisable not to lose sight of the fact that, sometime, during the next few years, we probably will encounter rather serious adjustment problems—regardless of who sits in the White House. To one case this may come a little sooner, in the other a little later. But we simply cannot maintain the pace or our last ten years forever.

# *Public Utility Securities*

By OWEN ELY

## Kansas Power & Light Co.

Kansas Power & Light Co. serves a population of some 615,000 in areas covering about half the State of Kansas (in the eastern, northern and central sections). Electricity is served at retail to 260 municipalities and natural gas to 62, while 48 receive both services; in addition electricity is provided at wholesale for 22 municipalities, 18 rural co-ops, etc. Revenues are about 68% electric, 31% gas and 1% miscellaneous.

Kansas is the second state in the Union in its acreage of farm land, provides about one-fifth of the national wheat crop, and produces $1 billion worth of live-stock annually. It is also rich in natural resources, possessing oil, gas and some 30 minerals, including coal reserves; it ranks 8th among the states in mineral production. While not an important industrial state, manufacturing activities are well diversified and have been gaining at a faster rate than for the country as a whole. It now has over 3,000 industries in 17 of the 20 major industrial classifications; 45 new industries were introduced last year, and 75 expanded their operations. Some industries served by the company are flour mills and packing plants, oil pipeline pumping stations, and plants producing tires, cement, locomotive parts, chemicals, wallboard, clothing, aircraft, etc. There are a number of colleges and important army posts in the state.

Capitalization of Kansas Power & Light at the end of 1951 was approximately as follows:

| | | |
|---|---|---|
| Long-Term Debt | $53,000,000 | 52% |
| Preferred Stock | 20,000,000 | 20 |
| Common Stock Equity | 28,000,000 | 28 |
| | $101,000,000 | 100% |

The company's common stock was formerly held by North American Company, which distributed it to its own stockholders in 1949. The common stock record has been as follows:

| Year | Earnings | Dividends | Price Range |
|---|---|---|---|
| 1951 | *$1.27 | $1.12 | 17½–15¾ |
| 1950 | 1.67 | 1.06 | 19 –14¾ |
| 1949 | 1.48 | 0.55 | 17¼–14¼ |
| 1948 | 1.45 | 0.57 | --------- |
| 1947 | 1.36 | 1.75 | --------- |
| 1946 | 1.40 | 1.75 | --------- |
| 1945 | 0.66 | 0.80 | --------- |
| 1944 | 0.61 | 0.80 | --------- |
| 1943 | 0.52 | 0.80 | --------- |

*The 1951 earnings were depressed about 20 cents by the severe floods in the Kansas area, which destroyed part of the transmission system but did not hurt the power plants.

Several years ago the company obtained a temporary 10% rate increase, which expired at the end of 1951. Late in 1951 the company substituted eight new rate schedules for the 150 old schedules, many of which were obsolete. The new rates were designed to maintain the previous level of revenues (based on 1951 kwh. sales) and also provided for about $600,000 increase, equivalent to some 13 cents a share. The new rates were approved by the State Utility Commission. The company has also applied for a readjustment in gas rates which, if approved, will yield about an equal amount; it is designed to offset the rising cost of natural gas from the Huguton field. Despite higher prices, gas retains its substantial advantage over oil on a competitive fuel basis.

The company will spend about $14-$15 million for construction this year, about $9-$10 million in 1953 and probably some $15 million in 1954. No financing is contemplated in 1952 although bank loans may be incurred in the second half of the year.

The stock is currently selling on the New York Stock Exchange around 17¾ and pays $1.12 to yield 6.3%.

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# A Critical Look at The Consumer Market

tion of a brief period in early 1951. Even after allowing for increased taxes, total disposable personal income has also increased, although at a slower rate. The outlook for total personal income is tied closely to the outlook for general employment and changes in the general price level. At the present time, general business activity and capital investment, stimulated by a huge defense program, are being maintained at a very high level. Although significant price weakness has occurred in certain commodities during the past six months, the general price level has declined so little that it may be said we have been experiencing relative price stability. As a matter of fact, a great deal of rigidity against price declines is frozen into the economic structure through a combination of cost-of-living wage payments, unemployment insurance, farm price supports, and a more or less permanent high money supply.

Defense expenditures have been lagging the rate originally announced. They are currently at the approximate annual rate of $45 billion. They may not reach the annual rate of $60 billion until late in 1952. The military will end this fiscal year with some $30 to $40 billion appropriated but unspent. On top of this may be added the new appropriation which will come from the current Congress. It is doubtful if any substantial amount of new taxes will be added in 1952, both because it is an election year and because the Federal budget will be approximately balanced in fiscal 1952. However, indications are that fiscal 1953 will show a Federal deficit of $10 to $15 billion. This will be mildly inflationary, and the high level of governmental spending for the military means a continued high level of business activity with nearly full employment.

Unless the international situation grows materially worse, an election-minded Congress will force relaxation of certain controls now operative. As a result, some currently scarce materials may become available for civilians as requirements for defense stockpiling decrease, unemployment incidental to conversion to military production will be lessened, and certain credit restrictions may be eased. All this points in late 1952 and 1953 to a general price structure with upward tendencies of modest proportion. Our economy has pretty well grown up to the increased money supply, and we are learning rather well how to live with a high military production without serious inflationary consequences.

We shall probably combine a slight increase in the rate of consumer expenditures with the increased total personal income anticipated in the latter part of 1952. We shall do this because: (a) Consumers' goods on which we were overstocked a year ago are constantly wearing out and must be replaced some of these days. The extra suit of clothes or pair of shoes won't last forever, and that extra set of tires your neighbor stored in the back of his garage a year ago has been on the automobile for the past six months and is being worn out. (b) When consumers become convinced that a substantial price decline does not lie ahead and that there will be no financial advantage in further waiting to make their purchases, they will come back into the market again with a more normal pattern of spending than has prevailed during the past year. The rate of personal savings may be nearer to the normal 6 to 8% of total disposable personal

income than was true last year.

The impact of this increased consumer spending will probably be felt more on consumers' goods and on services than on hard goods. Short of full-scale war, it is difficult to see how there can be a spending spree for hard goods. Although inventories in this area are down from last summer, there probably are still enough supplies to tide consumers over until the latter part of this year. Even then the likely discrepancy between demand and supply will not be very great. Shortages will be spotty.

It should be noted that the heavy accumulation of savings in the hands of consumers during the past year is potentially an inflationary factor. If anything should happen suddenly to release this buying power, its impact would be substantial. However, the average American is pretty well psychologically adjusted to living in a semi-war economy. Twice in the last 20 months he has been prematurely stampeded into an unnecessary buying spree. It is doubtful if anything short of a total declaration of war will do this to him again. He will probably continue into the foreseeable future with a higher rate of personal savings than formerly.

One of the most hopeful factors as we face the future is the tremendous productive capacity in America. We have roughly one-third of the world's productive capacity within our borders, and we are increasing it rapidly. The index of industrial production has held around 218-222 (1935-1939=100) for the past year, compared with a 1950 monthly average of 200, and only slightly under the World War II peak which we obtained by eliminating or reducing many service-connected industries. Moreover, we have held this index at this level during the past year with practically no cutback in the amount of manpower devoted to our service trades and nonindustrial pursuits. Thus it has been possible to absorb a substantial share of our military production out of increased total output of the economy. In 1950 we were spending about $18 billion annually for the military, which represented approximately 7% of a gross national production of $250 billion. At the present time, we are spending for the military at the approximate rate of $45 billion annually, which represents approximately 14% of a gross national product of $330 billion. If we assume an actual expenditure for the military of $60 billion by the end of this year, that will represent approximately 17% of an estimated gross national product of $350 billion. That will mean an increase of only 3% over the present amount of the national product devoted to the military. This amount of increased production is easily within the realm of probability of attainment in our economy, just through the natural increase in the size of the working force, continued application of technology, and perhaps a little additional overtime work here and there if conditions warrant. In the past year, we increased our gross output of goods and services by some 8%, which is almost twice the normal rate of increase. It seems logical to conclude that, in the aggregate, we should be about able to absorb the increased military production and take it in our stride. By 1953, when military production hits its contemplated stride and begins to level off, we should be able to live without inflationary pressures from this source while still diverting some $50 billion annually to the military, if it should be necessary to do so longer.

What about the consumer market after military production hits its stride and we level off? No one knows with certainty. However, the amazing upsurge in population which we continue to experience will provide a continuing consumers' market of considerable magnitude for nearly everything we can produce. We are adding to our population in America each year a city the size of Detroit, Michigan. As each of these new consumers grows up, he will have demands for things that you and I never dreamed of, just as we have demanded things our fathers never enjoyed. We are developing right at our own back door a tremendous potential market for the products of our equally amazing production plant. We need not fear general overproduction in our country in the decade ahead if we can chart our course so as to keep the doors of opportunity open, place a reward upon efficient production and distribution, and retain in our free competitive price system the incentives for increased personal production and service which have made America the strong and prosperous nation it is.

*Continued from page 2*

## The Security I Like Best

relative to the 1951 fiscal year net income of $16,029,000 and sales of over $2 billion.

With a larger number of cattle on the farms, a substantial increase in cattle marketing seems indicated and gives 1952 an improved outlook for meat packing companies despite the poor first quarter which suffers from comparison with the 1951 period when no price controls were in effect. It is also possible that more realistic beef price controls or their complete elimination may yet be achieved, for the present system has been completely unsatisfactory. Basically, the successful diversification of business and growing earning power of Armour's non-food lines will continue to prove a dynamic factor in the overall picture. The common stock is now selling at only 3.5 times 1951 earnings of $3.20 a share, and most of this earning power comes from industries which are usually appraised on a much higher basis than indicated by the Armour quotations. In time, the Company's fundamentally large earning power should be reflected in substantially higher prices for its common and preferred stocks.

## Snow Corporation Is Formed in No. Carolina

(Special to THE FINANCIAL CHRONICLE)

HIGH POINT, N. C.—The Snow Corporation has been formed with offices in the Sheraton Hotel to act as dealers in stocks and bonds. Officers are Edgar N. Snow, President; Earl N. Phillips, Vice-President; W. Stanley Davis, Secretary; and Jack Burris, Sr., Treasurer. Mr. Snow was formerly Assistant Vice-President of R. S. Dickson & Co. with headquarters in High Point.

## Drake & Company Is Formed in New York

Drake & Company has been formed with offices at 111 Broadway, New York City, to conduct a general brokerage service in state and municipal bonds for dealers and dealer banks. Partners are Clifford Drake, Kenneth H. Petroski, and Charles W. Murray. Associated with the firm are Charles L. Davis, John W. Sweeney, and William B. Kondratuk.

Mr. Drake was formerly manager of the municipal bond department for Mabon & Co. with which Mr. Davis was also associated in the past. Mr. Sweeny was previously manager of the municipal bond department of the American Trust Company. Mr. Petroski in the past was a partner in Woolley & Petroski.

## Shearson, Hammill Adds

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif.—Jerome H. Goldberg has joined the staff of Shearson, Hammill & Co., 9608 Santa Monica Boulevard.









# Mutual Funds

By ROBERT R. RICH

## Fund Leaders Deny Charges That Industry Won't Cooperate

Leading mutual fund chiefs took strong exception today to publicly-made comments that the industry is so divided that it cannot cooperate effectively for its own good. These men, in statements to "The Chronicle," stressed the substantial cooperation that exists in the industry now and the likelihood of even greater and more formal cooperation in the future when basic legal problems are solved.

Hugh W. Long, President of Diversified Funds, Manhattan Bond Fund and director of Fundamental Investors, said: "While it is true that there is no official single public relations spokesman for the mutual funds business, a substantial cooperative effort is being carried on by Mutual Funds through informal groups working on particular regulatory problems and other projects and, for other objectives, through the formal committees of the National Association of Investment Companies and the National Association of Securities Dealers.

"The industry leaders in this business, as in any other," Mr. Long continued, "recognize that there are two ways in which any unit can grow—(1) in competition with its rivals, and (2) as a result of growth of the whole industry.

"It would be absurd," he said, "to think that the leaders of the Mutual Fund business do not recognize that their industry has barely scratched the surface for its needed service to the community of prospective investors."

Harry I. Prankard, 2nd, President of Affiliated Fund, American Business Shares and Union Trusteed Funds, remarked that from his point of view, "Everybody in this business is doing the best they can to promote the concept of Mutual Funds and to help others in developing this objective. A formal association may come along as a natural development, but under the present circumstances, whether it does or not now seems relatively unimportant."

Stressing the serious obstacles to further cooperation at the present time, Henry Vance, of Vance, Sanders & Company, said: "To the best of my knowledge, there is no controversy in the industry today on common problems of promotion and the like.

"People must recognize that there exists now a basic legal problem that hasn't been straightened out. We underwriters do not now know what national advertising or public relations an underwriter can indulge in, and we won't know what we can do until there is a basic clarification on these problems."

"We, in Boston, of course feel that we should not attempt to do indirectly what our counsel feels we may not do directly," Mr. Vance added.

"As most of us know," he said, "there is a great deal of difference between what underwriters, singly or jointly, can do and what mutual fund retailers can do in the way of promotion and advertising.

"Vance, Sanders, today and in the past, has indicated a willingness to cooperate in any way possible now and in the future.

"However, at present it seems a waste of time to map out a specific program until, under a future agreement by the National Association of Securities Dealers and the Securities & Exchange Commission, we know just what the rules are."

Herbert R. Anderson, President of Group Securities, made specific reference to the many fields in which industry cooperation has been paramount.

He pointed out that the "Prudent Man" Committee, under the aegis of Robert Osgood, has had considerable success in making it possible for fiduciaries in various States to invest in equities.

Mr. Anderson also referred to the informal organization of substantial proportions that carried out the Pennsylvania Personal Property Tax fight.

Mr. Anderson commented, "A clear need for cooperation has been shown, and it has also been shown that where important differences are not a factor, the industry can get together."

### CORRECTION

Many readers have pointed out to us an error in a map published in "The Chronicle" on March 20 showing the status of "Prudent Man" legislation in various states. The state of Pennsylvania was, in error, listed as not having "Prudent Man" legislation. Under the Berger Bill recently passed by the State legislature, Pennsylvania trustees are now permitted to invest in equities meeting certain provisions. Details on the Berger Bill appeared in earlier issues of "The Chronicle."

**THIRD FUND** to be listed on the Amsterdam Exchange is Massachusetts Investors Trust. The other two American open-end investment companies now listed are Television-Electronics Fund and Chemical Fund.

Massachusetts Investors Trust stated that Dutch beneficial interest certificates will be issued for sale in Holland.

**A HEALTHY RESPONSE** to Kidder, Peabody's first Sunday radio program carried over WOR March 30th, is very encouraging, Milton Fox-Martin, Manager of the Mutuals Funds Department, stated.

Mr. Fox-Martin said the costs per inquiry from WOR sales leads were lower than in any other advertising recently done.

Duplicate recordings of these broadcasts are available to dealers in other territories who can use them over local stations with their own commercial inserted.

**ABERDEEN FUND** announced Wednesday the inauguration of an investment plan that provides for systematic accumulation of its shares in combination with a self-reducing non-medical term life insurance policy.

The plan, known as the Dominion Plan, is designed to combine the appeal of a high grade common stock fund and a new approach to the periodic type investment. It does this, according to the announcement, by offering in one package a program of systematic investing, professional management, and optional non-medical life insurance under a group policy.

The unique insurance feature provides that should a subscriber to the plan die within the period of payments, the unpaid balance of his plan would be paid in a lump sum by the insurance company in order to complete the investment program.

Other features include: (1) payments as low as $50 each quarter; (2) a 10-year plan period; (3) insurance coverage to $10,000, and (4) optional automatic dividend re-investment at net asset value.

The insurance is currently issued at a quarterly rate of $3 for each $1,000 of coverage. Agreements call for quarterly payments by subscribers in amounts of $50 or higher multiples of $25. There is no maximum for uninsured plans.

The insurance feature is obtained by filling out an ordinary group insurance questionnaire and upon acceptance, subscribers are included under the group policy issued to the sponsor company.

Each agreement provides that payments be made to the Pennsylvania Company for Banking and Trusts in Philadelphia as custodian, and that such payments, less the authorized deductions, be invested at the offering price in shares of Aberdeen Fund.

While the investment plan is a contractional one, no penalties are involved in the event the subscriber suspends payments.

**DURING THE** two years under E. W. Axe & Co. management the gross assets of Republic Investors Fund have increased from $1,873,023 to $5,986,398, a gain of 219.6%. At the same time the net asset value of the shares, including capital gains distributed, increased 29%. This gain does not include dividends paid from net investment income.

**BOND INVESTMENT** Trust of America, distributed by Colonial Associates, announced this week that a lower sales charge will apply to purchases of the fund's shares aggregating more than $25,000 within 12 months. The buyer need only state his intention to purchase the amount during the year.

### OPEN-END REPORTS

**TOTAL NET** assets of Nation-Wide Securities Company, on Feb. 29, 1952 were $18,689,420 compared with $16,977,919 one year ago. Net asset value on Feb. 29 amounted to $15.25 on 1,225,438 shares, compared with $15.46 on 1,098,077 shares at the corresponding time last year.

In a letter to stockholders accompanying the report, Hugh Bullock, President, discusses the problem of selection. "Each individual issue owned," Mr. Bullock writes, "is constantly reappraised in relation to the many factors which may affect its current outlook or its future prospects. To illustrate, Nation-Wide Securities Company owned 137 different securities as of Feb. 28, 1951. Dur-

### Schedule of Broadcasts On Mutual Funds

**The following programs will originate on Station WOR from 10:15 - 10:30 a.m. on the date indicated:**

**April 6:** William A Parker, President of The Parker Corp., "Risks and Rewards of Investing."

**April 13:** Walter L. Morgan, President of Wellington Corp., "Honest Dollars."

**April 20:** Charles F. Eaton, Jr., President of Eaton & Howard, Inc., "Economic Democracy."

**April 27:** Harry I. Prankard, Partner of Lord, Abbett & Co., "Why Invest in Common Stocks?"

**May 4:** Hugh Bullock, President of Calvin Bullock, "Collective Investing."

### MUTUAL FUND DIVIDEND ANNOUNCEMENTS

*All listings are quarterly payments from net investment income unless otherwise noted.*

| Fund— | Div. Per Share | Approx. Price | When Payable | Holders Of Record |
|---|---|---|---|---|
| Cincinnati Fund | 15c | ---- | 4-30 | 4-24 |
| Plus extra of | 5c | ---- | 4-30 | 4-24 |
| Dodge & Cox Fund | 20c | ---- | 6-20 | 6-14 |
| Also declared now | 20c | ---- | 9-20 | 9-15 |
| Growth Industry Shares | 25c | ---- | 3-31 | 3-25 |
| Hudson Fund | 20c | $25.90 | 4-15 | 4- 4 |
| Incorporated Investors— | | | | |
| New common (initial) | 9c | 12.20 | 4-30 | 3-27 |
| Manhattan Bond Fund | 9c | 8.55 | 4-15 | 4- 5 |
| Investors Mutual | 15½c | ---- | 4-21 | 3-31 |
| National Bond Series | 6c | 7.35 | 4-15 | 3-31 |
| National Low-Bond Series | 7c | 7.55 | 4-15 | 3-31 |
| National Speculative Series | 7c | 4.35 | 4-15 | 3-31 |
| National Low-Priced Common | 6c | 6.17 | 4-15 | 3-31 |
| First Mutual Trust Fund | 4c | 6.32 | 4-15 | 3-31 |

ing the year following, 31 of these issues were eliminated from the holdings, while 36 others were newly purchased."

As of Feb. 29, 1952, holdings of U. S. Government bonds amounted to 15.15% of total net assets; other bonds, 13.89%; preferred stocks, 19.95%; common stocks, 46.53%; and cash, etc., 4.48%.

At Feb. 29, 1952, largest industry group holdings of common stocks were utilities, 9.82%; oil, 5.96%; retail trade, 4.01%; railroads, 3.51%; and automotive and accessory, 2.95%.



## Mutual Fund Notes

THE NATIONAL Association of Investment Companies appeared Monday afternoon before the Securities and Exchange Commission, Washington, D. C., through Dorsey Richardson, Chairman of its Administrative Committee, and Alfred Jaretzki, Jr., of counsel, in opposition to the proposed "registration fees" to be imposed upon investment companies.

These fees are among those which the SEC recently proposed to levy on various financial institutions, and which have raised widespread protests throughout the financial community.

The investment company spokesmen pointed out, as did many others, that in passing the legislation under which the SEC is proposing to levy these fees, Congress intended to permit charges by the various government agencies only for services which would benefit the persons to be charged and that investment companies received no benefit from compulsory registration.

Furthermore, they emphasized that Congress, in exempting investment companies in large measure from Federal taxation, had evidenced a policy against imposing burdens on these companies which for the most part provided an investment medium to the small investor.

COMMON STOCKS newly acquired by Nation-Wide during the three months ended Feb. 29, 1952 included 1,000 Atchison, Topeka & Santa Fe Railway Company; 3,000 Climax Molybdenum Company; and 1,400 Kansas City Southern Railway Company. Added to previous holdings were 1,700 Allied Stores Corporation; 1,500 Bethlehem Steel Corporation; 3,000 Equitable Gas Company; 2,800 H. J. Heinz Company; and 1,000 Wisconsin Electric Power Company. Sales included 1,700 Socony-Vacuum Oil Company. Eliminated from the portfolio were the holdings of common stocks of General Portland Cement Company, Illinois Central Railroad Company, Iowa-Southern Utilities Company, Kansas Power and Light Company, Truax-Traer Coal Company, West Kentucky Coal Company and West Virginia Coal & Coke Corporation.

### NEW PROSPECTI

TECHNICAL FUND on March 10, 1952 released for dealers a new prospectus.

### PERSONAL PROGRESS

STEIN ROE & Farnham, investment counsel with offices in New York and Chicago announces that Richard H. Templeton, Jr. has been made a partner. Mr. Templeton has been an account executive with the firm in Chicago for the past six years and is Secretary of the Stein Roe & Farnham Fund. Previously, he was with the Bureau of the Budget in Washington, D. C.

### SEC REGISTRATIONS

COMPOSITE BOND & Stock Fund on March 21 filed a registration statement with the Securities & Exchange Commission covering 180,000 shares of capital stock.

FUNDAMENTAL Investors on March 19 filed on 1,500,000 shares of capital stock (par $2) to be offered at the market without underwriting.

INVESTMENT COMPANY of America, Los Angeles, on March 26 filed on 1,500,000 shares of common stock to be offered at the market without underwriting.

INVESTORS SYNDICATE of America on March 21 filed on the following securities: Face amount certificates, $12,000,000 series 10, $65,000,000 series 15, and $90,000,000 series 20, and $2,247,000 single payment certificates.

## Closed-End News

TRI-CONTINENTAL Corporation continues to follow a policy of maintaining common stock risks at approximately 80% of investment assets, Francis F. Randolph, Chairman of the Board of Directors, told stockholders at the annual meeting in Baltimore, Md., on Tuesday. The sustained investment demand that has served to bolster stock prices in the past two months or so, despite more poor business news than we have had for some time, seems to justify, a basically constructive attitude toward common stocks, he said.

"Your management continues to believe, however, that some caution in investment policy is warranted by current evidence that the business cycle is well advanced and that business activity lacks the buoyancy of more recent periods." This is especially the case in view of the apparent slowing down in the rate of build up of the nation's rearmament program, Mr. Randolph stated.

"In line with this policy, sales of securities totaling about $3 million were made in January at the 273 level of the Dow-Jones Industrial Average. Proceeds were reinvested in senior securities—bonds and preferred stocks. In making such policy sales, your management has kept in mind the opportunity provided for improving the defensive strength of the portfolio by eliminating securities of less well-situated companies.

"It seems safe to say that your corporation's report for the first quarter of 1952, which will be available shortly, will show a satisfactory gain in investment assets. Asset value per share of common stock, after appropriate provision for possible Federal income tax on unrealized appreciation of investments, is expected to be reported at above the $22.17 at the beginning of the year, even though the stock market as a whole ended the period about unchanged.

"During the first quarter, 10,000 shares of Scott Paper Company common stock were acquired. This was the only new name introduced into the portfolio. Modest additions were made to holdings in the oil industry, which represents your corporation's largest single investment category. Public utilities, which make up the second largest category, were increased by a somewhat larger amount. Holdings in the railroad field were shifted with additions to Northern Pacific, Illinois Central and Seaboard Air Line, reduction in Rock Island and elimination of Great Northern and Southern Railway. Other eliminations from the portfolio included Canada Dry Ginger Ale, Babcock & Wilcox and American Express."

## Two With King Merritt

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Basil B. Mallicoat and Joseph L. Spears are with King Merritt & Co., Inc., Chamber of Commerce Building.

## Shields Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Julian F. Fleg has been added to the staff of Shields & Company, 510 West Sixth Street.

## Low With E. F. Hutton

(Special to THE FINANCIAL CHRONICLE)

SAN DIEGO, Calif.—Raymond P. Low has become associated with E. F. Hutton & Company. He was in the past local manager for William R. Staats Co. and Dean Witter & Co.

## Frank T. McCormick

Frank T. McCormick, partner in Dean Witter & Co., New York City, passed away on March 19th.

## Barclay Inv. Adds

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—George Yonehiro has been added to the staff of Barclay Investment Co., 39 South La Salle Street.

# Bank and Insurance Stocks

By H. E. JOHNSON

## This Week — Bank Stocks

Operating results of New York City banks for the first quarter of the current year, generally show improvement over those reported for the similar period of 1951.

All of the banks have not as yet issued their operating results for the quarter and others, of course, do not issue interim operating statements. Those that have reported, however, show results which compare favorably with those of previous quarters.

The primary reason for this better showing was the sharp expansion in income from loans. Not only was loan volume higher for the period than a year ago, but banks also benefited from the increase in interest rates which took place in 1951. The prime loan rate was raised several times, last year reaching 3% at the end of the year.

The combination of these factors resulted in increasing income from the loan portfolio. The gain was sufficient to provide for the higher taxes currently in effect and for higher operating expenses. In spite of these increased changes against income, which in most cases were substantial, per share operating earnings showed a moderate gain for the period.

Considering the problems which the banks were confronted with during the first quarter and especially the necessity of providing for higher Federal income taxes, the operating results reported so far are considered especially favorable.

Operating earnings reported by the banks so far show the following results for the first quarter compared with those of a year ago.

| | Operating Earnings Per Share First Quarter | |
|---|---|---|
| | 1952 | 1951 |
| Bank of New York & Fifth Avenue | $6.41 | $6.19 |
| Chemical Bank | .96 | .82 |
| Irving Trust | .39 | .37 |
| New York Trust | 2.11 | 1.95 |

The banks which do not report operating earnings on a quarterly basis but have published their quarterly statements of condition show the following indicated earnings. In other words the earnings indicated by changes in the surplus and undivided profit accounts.

| | Indicated Earnings Per Share March Quarter | |
|---|---|---|
| | 1952 | 1951 |
| Corn Exchange | $1.19 | $1.22 |
| First National | 5.53 | 6.08 |
| Hanover Bank | 1.40 | 1.40 |
| Public National | .88 | .90 |

Although it is interesting to note that all but one of the above banks showed lower indicated earnings, the figures may not necessarily reflect lower net operating income. Many of the banks make provisions on charges against earnings which may not be needed later on. For this reason the reported operating figures are believed to reflect a better picture of the current operating conditions.

As to the condition statements published by the different banks at the end of the quarter, most of the figures show improvement.

While loan volume was generally down from the total outstanding at the end of 1951, it was still considerably above that as of March 31, 1951. The decline experienced, so far this year is a reflection of seasonal influences.

Deposits of most of the New York City banks followed a trend similar to that of loans with institutions showing totals lower than at the end of 1951 but higher than a year ago.

Of course, there were exceptions to the general trends and some banks showed better gains than others.

The other New York Banks will be releasing their statements and operating results during the next few days. The figures are expected to be in line with those already published.

## R. H. Brooke & Co. Opens in Richmond

RICHMOND, Va. — Robert H. Brooke has formed R. H. Brooke & Company to engage in the securities business. The new firm will specialize in municipal bonds.

## New York Stock Exch. Weekly Firm Changes

The New York Stock Exchange has announced the following firm changes:

Clara A. Troyanek will retire from partnership in Bennett, Smith & Co., April 4.

Spencer W. Frank, member of the Exchange, withdrew from partnership in Faroll & Company, March 31.

George Tyson withdrew from Townsend, Dabney & Tyson on March 31.

## Blyth Co. Adds

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Peter E. Ponting has been added to the staff of Blyth & Co., Inc., Russ Building.

## With Neuberger, Berman

Neuberger & Berman, 160 Broadway, New York City, members of the New York Stock Exchange, announce that Benjamin K. Landeck is now associated with the firm as a customers' borker.

## Stephenson, Leydecker Add

(Special to THE FINANCIAL CHRONICLE)

OAKLAND, Calif—Solon Busby is now affiliated with Stephenson, Leydecker & Co., 1404 Franklin Street.

# Securities Salesman's Corner

By JOHN DUTTON

## "A New Market for You"

Mr. Herbert Anderson, of Distributors Group, Inc., 63 Wall Street, New York 5, N. Y., recently made a talk on "Selling Employees' Profit-Sharing and Retirement Trusts" in the City of San Francisco. I was privileged to see a transcript of the speech and will try here to give you some of the highlights. Should more detailed information be desired, I suggest that you write to Distributors Group and I am sure they will be pleased to send you a complete analysis of this rapidly developing new phase of the retail securities business.

Herbert R. Anderson

Because of the new type of retirement plan, which is based only upon a percentage of profits earned instead of the usual type of pension plan fostered by the life insurance companies, many businessmen need a bit of educating before you can sell them on the many advantages of these more flexible plans. That is why it takes some time to build up this type of business, and Mr. Anderson points out that it should be developed along with your regular business.

Profit-sharing trusts allow annual contributions from profits in amounts equivalent to not more than 15% of the total payroll of the beneficiaries, under the Internal Revenue Code, Section 165. It is not a fixed charge as is the usual pension plan. If you can visualize the size of your potential market by estimating what 15% of the total payroll in your area would be, you can see the vast potential pool of new investible money which can be channeled into the investment of Mutual Fund shares, or other securities, not just once but annually.

### The Plan's Advantages

In his talk, Mr. Anderson mentioned that if he were calling upon the treasurer or the president of a company that is presently prosperous, with one of his dealer friends, and the prospect knew nothing at all of "Profit-Sharing Trusts," he would say something like this:

"Mr. Jones, regardless of whether or not we may like it, I believe that we both feel that corporate and personal tax rates are not only very high but are likely to remain so for a considerable period. I want to tell you about a plan which will permit your company to set aside, each year, tax free, as a part of its business expense, a very substantial sum of money to be put in trust for you and your associates against your retirement. I want to make it clear at the outset that the plan I will discuss is not based upon any 'loophole' in the tax law—it is available as the result of a special study by Congress and is designed to supplement Social Security.

"Also, I want to make it clear to you that you will not be required to make any commitment at this time and, to clear the final question, that you are not required to buy anything from Mr. Dealer who has introduced us, or from me. If you adopt the plan I will tell you about, that plan will have money to invest. Mr. Dealer here is in the investment business and will be interested in assisting you in the investment of that money, but on the same basis and under the same terms as he would any other account.

"The plan is a very simple one, merely requiring that your company set up a retirement trust, into which it contributes each year a predetermined percentage of profits. You can see that this is quite unlike the usual type of pension plan, where you have a *fixed commitment regardless of earnings*. If you now have a pension plan this need not disturb it —*you can have both*. This plan simply takes this predetermined percentage of earnings—and you can make it any percentage you want — which obviously means that you only contribute to the plan in years when you have profits. It involves no other commitment for the company.

"These contributions that would be made under such formula are a tax-deductible business expense, so you can see that Uncle Sam will be contributing anywhere from about 52% up to as much as 82% in view of present tax rates.

### It Appeals to Executive Officer

"Not only is this contribution a taxable deduction by the company, but *you* and the other participants in the plan, pay no tax upon the amounts paid to you *until your retirement*. Every dollar that the company contributes is therefore available for investment. Furthermore, the trust itself is tax-free so this money can be put to work in trust for you *without any tax* on its income and profits. I know this sounds too good to be true, but it is so.

"I am sure that you can rather quickly apply the benefits of this plan to your situation. Your company is in the same position in contributing to this plan as if it gave increases to you and your associates in a like amount. However, it would make a *great difference to you*, whereas Uncle Sam would collect a substantial part of any increase given to you, and would thereafter participate in any earnings and profits resulting from the investment of that money, You Would Pay No Present Tax On the Money Set Aside for You, and the Earnings and Profits From That Money Would Also Be Tax Free. Only When You Reach Retirement do you, as a participant, incur tax and then, If You Will Take All Your Accumulated Benefit in A Single Payment, You Pay Only the Long-Term Capital Gain Tax Rate (currently not more than 26%) on all of it.

"Furthermore, if at that time you elect to take your benefits in installments over a period of years, you will pay tax at the regular income rates on the annual installment, but since you will then be retired the probabilities are that your income tax rate will be much lower than it is today. Or, as a third alternative, if you wanted to use the money to purchase an annuity, you would incur tax at not more than your then income tax rate on the annual payments made to you on that annuity.

"I have here and will leave with you, a so-called 'Standard Plan' which states the seven specific decisions that you would have to make to set up such a plan. The latitude within which you can make those decisions is discussed. Beyond that point, it becomes a matter for your lawyer, who can draw up a trust agreement and the terms of the plan in such a manner as to secure the approval of the Internal Revenue Department."

Mr. Anderson made a number of other helpful suggestions that could be used in presenting this idea of "Profit-Sharing Plans," but space does not permit their inclusion in this column. However, since his firm has been one of the pioneers in this relatively new field of security merchandising, I am sure that if you will write to him that he will be pleased to give you all the personal assistance you could wish.

## Halsey, Stuart Group Offers Tex. P.&L. Bds.

Public offering was made yesterday (April 2) by Halsey, Stuart & Co. Inc. and associates of $5,000,000 Texas Power & Light Co. 3⅜% sinking fund debentures due 1977 at 101.25% and accrued interest.

Proceeds from the sale of these debentures will be added by the public utility company to the proceeds from the sale of a new issue of first mortgage bonds and $3,000,000 in cash contributed by its parent company, Texas Utilities Co. These combined funds will be used to repay short term loans made by Texas Utilities Co. for construction purposes, and the balance will be used to pay for the cost of extensions, additions and improvements to the properties of Texas Power & Light as well as for other corporate purposes.

The company's construction program as presently contemplated for 1952 and 1953 will require estimated expenditures of $52,700,000.

The new debentures carry general redemption prices ranging from 104.25% to 100% and special redemption prices ranging from 101.12% to 100% plus accrued interest.

Texas Power & Light, which maintains its principal executive office in Dallas, Texas, was incorporated under the laws of Texas on May 27, 1912. It is engaged, wholly within the state of Texas, in the generation, purchase, transmission and distribution of electricity. The territory served comprises 47,200 square miles in the north central part of Texas.

For the 12 months ended Dec. 31, 1951, the company reported net income of $6,104,456 compared with $5,771,483 in the preceding 12-month period.

Also participating in the offering are: Bear, Stearns & Co.; L. F. Rothschild & Co.; Schoellkopf, Hutton & Pomeroy, Inc.; The Milwaukee Co.; Stern Brothers & Co.; Stroud & Co. Inc.; Ball, Burge & Kraus; and Thomas & Co.

## Shearson, Hammill Opens Conn. Offices

Shearson, Hammill & Co., members of all leading securities and commodity exchanges, have announced the opening of its twelfth, thirteenth and fourteenth offices, all three in Connecticut. The new branches are located in Hartford, Middletown and New Britain and were formerly operated by Tifft Brothers, members of the New York Stock Exchange and Boston Stock Exchange. Personnel previously associated with Tifft Brothers will continue with Shearson, Hammill. Additional offices of Shearson, Hammill are located in 10 other cities in this and other countries.

Oliver K. Church and Henry C. Robinson, formerly partners in Tifft Brothers, will be co-managers of the Hartford office, 9 Lewis Street.

## With Denton & Co.

(Special to THE FINANCIAL CHRONICLE)

PASADENA, Calif. — Harmon W. Schuldt is with Denton & Company, 234 East Colorado St.

*Continued from first page*

# Thrust and Parry!

the SEC Proposal to implement it: "We feel obligated to carry it out. If administrative bodies were to commence to reach their own conclusions on the constitutionality of Congressional statutes, we would very soon get into a pretty chaotic situation."

That argument, though sound in itself, is merely a thinly veiled dodge on the part of the Commission to escape its instant ineptitude. Of course, administrative bodies cannot pass upon the constitutionality of Congressional statutes but why, in the name of all common sense, didn't the SEC explore this vital aspect of the proposal at the time that Title V was being considered by Congress? Certainly an administrative body is not precluded from giving its opinion on constitutionality while a bill is still pending, and clearly where that bill affects or may affect its own powers there is a duty to furnish such opinion.

**The SEC had specifically been invited to discuss the bill. But although it is obviously unconstitutional and objectionable on many grounds—as witness the tremendous volume of opinion to that effect by the lawyers for the associations who have appeared in opposition — the bill is one which would enlarge SEC powers. For our part, we are convinced the Commission will not too closely scrutinize any extension of its powers so long as it is, in fact, an extension.**

Neither Chairman Cook nor any other SEC Commissioner has thus far attempted to explain why the Commission failed to oppose Title V when it was still a pending bill and before it became a law.

Such an explanation would be in the public interest, instead of the statement that because the fees would be deposited in the Federal Treasury the SEC would still be subject to Congressional budgetary control. Here again is an argument which appears to be sound and is yet another thinly veiled dodge, for it must be apparent that the fixing of any SEC budget would be largely influenced by the amount of monies that was raised through assessment by the Commission. There certainly would be no tendency to allow less than the fees raised. Therefore, by increasing its charges, the SEC could control its budget until it became a veritable colossus of autocracy.

**Don't discuss constitutionality, indeed! Murray Hanson had something to say on that subject in behalf of the Investment Bankers Association of America. Here it is: "First of all, we thought it (discussion of constitutionality) might be helpful in enabling the Commission to construe the statute, and, secondly, perhaps more important, the Commission is under a continuing mandate, if you will, to go back to Congress with recommendations for changes in legislation which it administers whenever it thinks that is appropriate.**

**"I know from my own recollection that there was one instance where I think the Commission did just that, and on constitutional grounds, although they obviously didn't perhaps put it in exactly those words to Congress."**

As heretofore, so on this day, everyone who appeared before the Commission argued against its Proposal. There was not one voice of approval.

There are between 40 and 50 other Federal Administrative Agencies upon which Title V has the same impact as upon the SEC. None of them, excepting only the Commission felt primed by this enactment to go into "implementation." How does the SEC explain this? Was it a case of fools stepping in where angels fear to tread? Leadership in inequity calls for no praise. The power grab seemed too attractive.

A. N. Schwartz of Washington, D. C., the only investment advisor to appear before the Commission in public hearing had this to say: "If the Commission really wishes to demonstrate its ability to become self-supporting the cost of operation should be reduced by the elimination of certain functions or activities worth little, or worthless to the public. As a matter of fact, it is the wish of the Appropriations Committee, by reducing the funds appropriated for the Securities and Exchange Commission, that they should eliminate certain of their functions or activities and the cost of administrative procedure."

The highlights of the testimony and the statements were those made by the representatives of the Investment Bankers Association of America and the National Association of Securities Dealers.

The latter took the attitude that its very existence was imperilled by the SEC proposal. Clarence Bickel, of

Robert W. Baird & Company, Milwaukee, speaking for the NASD, said in part: "There is no doubt whatever in my mind or in the minds of my colleagues that if these fees are adopted, even if they are kept relatively small, you will have made the task of the NASD enormously more difficult. You will be making an assessment on our members which will total between $500,000 and $700,000 annually for broker-dealer registrations alone.

"You cannot syphon that much money out of this business for government regulation and expect the selfsame people will continue to meet their NASD assessments with any spirit of willingness and cooperation. Enormous impetus will be added to the forces seeking to curtail if not destroy the NASD. Tremendous opposition will be encouraged to any effort on the part of the NASD to add to its activities which may involve budgetary increases.

You will have thrown in our way one of the most discouraging blocks which we have ever faced in our effort, consistent with the spirit of the Maloney Act, to build up a self-reliant, strong, professional business."

**Overall, as we have heretofore emphasized, these particular hearings are worthless. Nothing new was developed that had not already been placed before the Commission. The judges sat in a controversy wherein they are particularly affected, and therefore they are unlikely to give themselves the worst of it.**

We do not mean to suggest that in this instance the SEC will not give the securities industry some intermediate relief. This will come, however, as a result of the sheer weight of the opposition, the dimensions of which, we think, the Commission dare not ignore. It may come either in the form of deferring the Proposal or in the form of withdrawing the Proposal.

Of course, as we have pointed out again and again editorially, the only total relief—and this requires Congressional action—would be an immediate repeal of Title V.

*EDITOR'S NOTE: The "Chronicle" continues to receive comments relative to our editorials regarding the SEC proposal. Communications now in hand follow:*

**HARRISON S. BROTHERS**

**Utah Securities Dealers Association, Salt Lake City, Utah**

*Editor's Note: Mr. Brothers has furnished the "Chronicle" with a copy of a resolution of protest to the SEC which was adopted by the recently formed Utah Securities Dealers Association and signed by 17 local dealers, many of which are not members of the Salt Lake Stock Exchange. The resolution, dated March 3, is reproduced herewith.*

Securities and Exchange Commission,
Washington, D. C.

Gentlemen:

At a group meeting of Dealers and Registered Representatives of Salt Lake City, Utah, held at the Temple Square Hotel, Feb. 14, 1952, it was unanimously voted to go on record as opposing the proposal by the Securities and Exchange Commission to "Adopt and Amend Rules with respect to Fees and Charges by the Commission, and in particular, the provision to levy a $50 annual 'fee' on all brokerage firms, plus $10 per year additional for each officer, partner or employee engaged in selling or buying securities or the supervision thereof."

A "fee" as proposed above is a tax directed at the members of our industry. We feel that the constitutionality of such a tax is in question, and that Congress in its general directive to Government agencies to make themselves as self-sufficient as possible did not intend to relegate the taxing power of Congress to Government Bureaus.

We feel that such a proposed "fee" is in fact a tax and as such is discriminatory.

Further, we feel that the Securities and Exchange Commission as originally conceived was set up to protect the public. That the Commission was set up to regulate our industry and as such renders no service to us as securities dealers, or to our personnel and, hence, has no right or justification to levy such a proposed "fee."

We feel that the delegation of this taxing power to the Securities and Exchange Commission is hazardous in that it will place in their hands the power to determine whether or not we can continue in business and to follow our chosen profession.

We are in sympathy with the efforts of the Budget Bureau to cut down government expenses. We see no reason why the Securities and Exchange Commission should feel it expedient to duplicate the activities of the National Association of Securities Dealers, Inc., or the nationally recognized stock exchanges. These existing organizations are regulatory bodies set up by members of the industry with the necessary powers and authority to regulate the industry. We feel that these organizations have done a good job and see no justification for their activities being duplicated by a Government agency.

We are opposed to a further expansion of government into activities which by their nature are the responsibilities of private business. The basic question involved is this: **Should our industry bear the cost of the regulatory body set over us by the Government when it renders no service to us or our personnel, or should it be borne by the general taxpayer?** Each of us as citizens and taxpayers contribute to the support of this and all Government agencies. We feel that there is no justification, therefore, as members of this Industry to support such an agency by a direct tax, or "head tax" on the dealers and brokers and their employees as proposed.

We, therefore, feel that the proposed "fees" to be levied against our industry are unjust, create an additional financial burden on its dealers and brokers.

We are regulated by our National Association of Securities Dealers, Inc., and the national registered stock exchanges located throughout the country. The fees which are proposed to be levied against us are not for services rendered and as such are not justified and are contrary to our basic rights and freedoms.

UTAH SECURITIES DEALERS ASSOCIATION

**WILLIAM F. SHELLEY**

**Partner, Vance, Sanders & Company, Boston, Mass.**

I have read the "Chronicle" editorial campaign voicing opposition to the SEC proposals with respect to charging dealers and investment companies various kinds of fees for being regulated.

I think you have done an excellent job both in your expressions of vigorous objections to the SEC proposal and in stirring up and spearheading dealer expressions of opposition.

**T. H. OBENCHAIN**

**President, Dallas Union Securities Co., Dallas, Texas**

*Editor's Note: The "Chronicle" has been furnished with a copy of a letter sent by Mr. Obenchain under date of March 25 to Texas Senators Tom Connally and Lyndon B. Johnson and Congressman J. Frank Wilson. The letter is reproduced herewith.*

Hon. Tom Connally
United States Senate
Senate Office Building
Washington, D. C.

Dear Senator Connally:

Re: Public Law 137 — 82nd Congress — Chapter 376 — 1st Session H. R. 3880 — Independent Offices Appropriation Act of 1952, Title V, Approved Aug. 31, 1951.

We wish to register our opposition to the subject legislation and to seek the repeal of same. By virtue thereof, certain fees are being imposed by the Securities and Exchange Commission upon persons engaged in the securities business. Such proposals appear in regulations §270.8a-2, 240.15b-7, and 275.203-4, as published in 17 F.R. 932, 933-934 (Jan. 31, 1952). With certain qualifications, they impose the following and other new fees and charges:

(1) Fee **payable each year** by securities brokers and dealers: $50.00 plus $10.00 for every officer, partner, and employee.

(2) Fee **payable each year** by investment companies ranging from $30.00 to $2,500.00.

(3) Fee for qualifying trust indentures: $100.00 per indenture.

(4) Fee **payable each year** by investment advisers: $50.00.

(5) Fee **payable each year** by public utility holding companies ranging from $500.000 to $25,000.00.

A first glance at Title V suggests that there may have been some good intentions behind it, as in the statement "It is the sense of the Congress that any . . . service provided . . . by any Federal agency . . . shall be self-sustaining to the full extent possible. . . ." This verbiage carries a meritorious connotation of economy and opposition to waste, with almost an implication that agencies that cannot justify their existence should be done away with. To such policies we wholeheartedly subscribe. But, this Act proceeds to "authorize . . . the head of each Federal agency . . . to prescribe . . . such fees . . . as he shall determine . . . to be fair. . . ." So, what was probably conceived to refer to such services as special reports and the sale of documents has been stretched to make of every Federal agency head a tax assessor and collector.

We wish to summarize below some of our principal objections to the specific regulations issued by the Securities and Exchange Commission pursuant to Title V, and we shall gladly elaborate upon any point with respect to which you desire a more detailed expression of opinion:

(a) The charges sought to be imposed involve no service or benefit whatsoever to ourselves nor to any of those others from whom collectible.

(b) The Securities and Exchange Commission was created to serve the interests of the public generally. Therefore, such Commission should be supported out of the general revenues of the Government and not by fees, charges, or taxes on only those of us who have been subjected to its jurisdiction.

(c) These charges are taxation pure and simple, and we cannot conceive that Congress has intended to make the head of each Federal agency a tax assessor.

(d) The principle of granting to each governmental agency the power to levy all and any charges as may be necessary to make it self-sustaining is a terrifying proposition highly repugnant to our Democratic form of government.

(e) Under the terms of the Maloney Act, the National Association of Securities Dealers was established to provide for the orderly regulation of the securities business. Through this Association and through the registered securities exchanges, we in the investment field are already paying very substantial sums for our regulation. For the Commission to impose further charges on our industry for "services" which are not services at all, would be grossly inequitable.

We respectfully ask that your most careful study be given to this legislation and to the far-reaching effects it could bring about. We very strongly urge that you use your full weight and influence to bring about the withdrawl and abandonment of these proposed fees and the repeal of Title V of the Independent Offices Appropriation Act of 1952.

Very truly yours,

Dallas Union Securities Company
By C. H. Obenchain,
President.

## First Boston Group Offers Pittsburgh Plate Glass Debs.

Pittsburgh Plate Glass Co. marks the first public financing in its 68-year history with the offering today (April 3) of $40,000,000 3% sinking fund debentures due 1967. The debentures are priced at 100% to yield 3% to maturity. The First Boston Corp. heads a nationwide group of 102 underwriters which is marketing the issue.

Net proceeds of the sale will help finance the company's anticipated capital expenditures. During the past five years the company and its consolidated subsidiaries have spent $137,300,000 in modernizing and expanding production facilities for existing and projected products, including a substantial increase of foreign activities, primarily in Canada. Of this total, $53,100,000 was spent for expansion of chemical plants and facilities. Of the funds authorized to continue the overall program, $58,100,000 remained unexpended as of Jan. 31, 1952, of which $19,300,000 was for the company and $38,800,000 was for Columbia Southern Chemical Corp., a wholly owned subsidiary. Proceeds from the debenture sale will go to the former; the latter will finance its capital requirements from retained earnings and through borrowing.

The debentures are callable for a sinking fund which will retire $3,000,000 annually from April 1, 1956 through April 1, 1959, and $3,500,000 annually from April 1, 1960 through April 1, 1966. In addition, the company may also retire up to twice the required amount in any year. The optional redemption prices range from 102% during the 12 months beginning April 1, 1952, to par on and after April 1, 1966.

Pittsburgh Plate Glass Co. was founded in 1883 and today with its subsidiaries operates 32 factories and is one of the principal U. S. producers of flat glass and flat glass products; paint, varnish, lacquer and brushes. Through Canadian subsidiaries, the company is one of the principal producers and distributors in Canada of glass products, paint, varnish and lacquer.

Columbia - Southern Chemical Corp., the chemical subsidiary, is the largest merchant producer of chlorine in the United States and one of the leading producers of caustic soda and soda ash—three of the most important basic chemicals for industry.

## Halsey, Stuart Group Offers Utility Bonds

Halsey, Stuart & Co., Inc. and associates are making a public offering of $12,000,000 principal amount of West Penn Power Co. first mtge. bonds, series O, 3¼%, due April 1, 1982, at 101.931% and accrued interest.

Proceeds from the sale of the bonds will be applied, together with the proceeds from the sale of additional common stock and other funds of the company, toward the cost of the presently contemplated construction program of West Penn Power and its subsidiaries. Based on present plans, approximately $41,000,000 is expected to be spent on construction during 1952 and 1953.

The public utility company was incorporated in Pennsylvania on March 1, 1916. It is engaged in the production, distribution and sale of electric energy in 18 counties of western and north central Pennsylvania. Consolidated net income of the company and its subsidiaries for 1951 amounted to $8,397,505, compared with $8,985,421 in 1950, while operating revenues for these periods were $53,881,522, against $49,282,915, respectively.

The new Series O bonds are redeemable at "regular" prices ranging from 104.95% to par and at "special" prices of 101.95% to par, plus accrued interest in each case.

### Two With Estabrook Co.

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Tenne S. Carter and John P. Trenholm have become affiliated with Estabrook & Co., 15 State Street, members of the New York and Boston Stock Exchanges.

### With Hemphill, Noyes

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Sumner W. Ferris is associated with Hemphill, Noyes, Graham, Parsons & Co., 10 Post Office Square.

### Joins Lee Higginson

(Special to THE FINANCIAL CHRONICLE)

BANGOR, Maine — Samuel W. Philbrick is with Lee Higginson Corporation.

### Joins Schwanz Staff

(Special to THE FINANCIAL CHRONICLE)

AURORA, Ill.—James O. Lawrence is with Schwanz & Company, Inc., Merchants National Bank Building.

### Two With Dean Witter

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif. — Robert W. Bailey and George E. Wyatt, Jr. have become affiliated with Dean Witter & Co., 45 Montgomery Street, members of the New York and San Francisco Stock Exchanges.

## Tomorrow's Markets Walter Whyte Says—

By WALTER WHYTE

This would be a wonderful opportunity to sneak in the old bromide, "I told you so." Don't think for a moment I'm not tempted. The only drawback is that I'm afraid another bromide—I think it's out of the Bible, "Pride goeth before a fall," will come along and trip me before I can even start collecting laurels.

* * *

So I'll stop taking bows and quote another sentence — "What have you done lately —or what are you doing for me today?"

* * *

Which brings me back to the stock market and its possible action from here on in. Last week you saw a burst of strength, led by the rails and the oils. Incidentally I'm the one who wrote a couple of weeks ago that oils were about through and profits should be collected. Ho-hum, that shows you how brilliant I am. Also a few months ago I was told of a Canadian stock that was selling for pennies that " - - - you should beg, borrow or steal, but buy it—it had tremendous oil potentials." Being a sharp trader who knows everything there is to know, I told my informant what he could do with his information.

* * *

Uh-huh—you're right. The stock went way up and I'm now trying to avoid the man who told me about it. A shrewd trader, that's me.

* * *

From here on in you'll be assailed with election forecasts and candidates' speeches, not to mention all the pontifical utterences that go with a Presidential election year. Everybody's now saying that the market will be affected by all these goings on. Maybe they're right. From where I sit I can't see anything to get excited about.

* * *

The market proved itself last week by going through certain obstacles. But having done that don't start lulling yourself into a feeling that everything's going to be fine from here on. It is out of such strength that a sudden spill can occur. I might point out again that the paper profits you have are worth only paper until and unless you cash in. Your best chance to cash in is when they're strong. It doesn't mean you have to sell all your longs. But a partial collection on strength, if for no other reason than to nail down your profits, is a plan that should be seriously considered.

* * *

A reader from Miami Beach inquires about the "putting of stops on stocks when they have gone up and how far down is it wise to put stops." There isn't any hard and fast rule about stops. Each stock acts differently. A stop of two points in one stock may not be enough in another stock. It might be to the reader's advantage to look into puts and calls as a form of insurance rather than depend wholly on stops.

*[The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.]*

*Continued from first page*

## As We See It

expected not to make the record appear good—if he can—but the voter would do well to look beneath the surface.

The President does well to say that his party is working for the welfare of the farmer—that is if he means it is taking, and has for long years been taking, immense funds from all the rest of us and turning them over to the farmer. Here is the record: Since the New Deal took over early in 1933, the Federal Government has, according to its own figures, paid some $20 billion or more to the farmers or in the farmers' alleged interest. Most of it was actually paid out directly or indirectly to individual farmers. It is notoriously true that the farmer paid hardly more than a trifling part of the taxes out of which these payments were made—and supplied through purchase of bonds but little more.

It is true enough that the Democratic party has been working for the welfare of the farmer—if we assume that the cost of buying his votes was not in large measure added to the price of things the farmers have to buy, or do buy, and furthermore that this pampering of the farmer was and is really in his interest. The fly in the ointment is the fact that neither of these latter assumptions accords with reality.

"The Democratic party is working for the welfare of labor." Where is the dissenting voice? Of course, again it must be assumed that the cultivation of monopoly among the unions is really good for labor. Of course, it must be stipulated that a continually rising level of wages for less and less real effort on the part of the wage earner is good for what has come to be known as "labor." But however these things may be in the final analysis and in the long run, the fact clearly is that President Truman and his predecessor in office, with their New Deal and Fair Deal, have contrived to push wages up faster than the cost of living. But, of course, this is but for the time being. How the wage earner will fare once we come to the end of these booms—and we shall come to the end of them, of course—is quite another matter, as is the further pertinent question: Who is really paying these subsidies to union labor?

"Every family is entitled to fair opportunities for decent living conditions, etc., etc." This section of the President's address seemed to us to be the purest buncombe of all. If we bear in mind what the President has been repeatedly advocating, we come up with the inevitable conclusion that what he is really saying here is that the taxpayers of the United States are under some sort of obligation to see that every one (quite regardless of his thriftlessness, his indolence, his incompetence, indeed quite without reference to surrounding circumstances or individual behavior) gets most of the essentials of good living. This in our book is simply socialism, or communism —let the academician decide which.

"The Democratic party is working for the success of our free enterprise system." Possibly, but if so it has a strange way of showing it. The fact is that whether it realizes it or not, the party has been doing about everything it could to misrepresent, to damn, and to injure that system. It has been engaged in that occupation ever since President Roosevelt quite consciously and callously disregarded the Democratic platform of 1932, and in proportion to its infidelity to the system of free enterprise have been its protests that it is the system's best friend. We cannot help but wonder whether the American people, now no longer under the spell of a "golden radio voice" or of a "folksy" little man on the back end of a train, will really continue in their hypnotic state as regards all this.

In any general appraisal, we ourselves must not fail to be realistic. It seems to us to be true that any candidate of the Democratic party to be successful at the polls must either accept, endorse and preach the New Deal and the Fair Deal, or else must repudiate his own party at the same time that he is offering himself as the official candidate of that party. Either way it is a tough assignment. But there are other aspects of this situation which must not be overlooked.

### Republicans Have Problems, Too

The Republican candidate, whoever he turns out to be, many not have to carry the burden of his party's record in quite the same way or in the same degree as the candidate of the opposing major party, but he will find it difficult to avoid it altogether, as Republican candidates in recent years have found to their sorrow. Of course, the record of the opposition is not so clear cut and so easily defined as that of the party in power. It is rather clouded by divisions and badly marred by failure to give any real indication of what it would substitute for what has been taking place under Democratic auspices. All too often when any indication was present it strongly suggested that much the same line of policy would be pursued —under different names. This, of course, is a defect which must somehow be remedied.

*Continued from page 5*

## The State of Trade and Industry

in other industries despite anything said in Washington to the contrary, "The Iron Age" concludes.

In the automotive industry more cars were assembled last week than in any week since mid-October.

"Ward's Automotive Reports" estimated about 94,592 cars were built, about 5% more than the revised figure of 90,258 for last week but still 32% behind the 139,858 produced in the like 1951 week.

The agency said the upturn was due to the "recent easing in NPA production controls" and a "month-end drive by the industry for greater volume."

About 365,000 cars were put together during March, according to "Ward's." This would be about 10% more than in February and the best volume since the 412,000 production score for last October.

Ford's improved production was a major reason for the March gain. The company wheeled out 100,000 Ford, Mercury and Lincoln cars—more than its combined output for the previous two months. Ford, as well as General Motors and Chrysler, exceeded "by many thousands of units" the schedules originally planned for March.

"Ward's" figures the industry will start pushing this month for a 1,200,000-car production goal for the second quarter. It made about 982,000 cars in the first three months of the year, less than government-allowed total output.

The steel strike threat, however, throws a shadow over these plans. In 1949, a 42-day steel strike caused auto production to skid. Car makers were able to sustain operations for six weeks by working off inventories but after the strike was settled, the weekly output rate shrank from 120,000 units in October to less than 40,000 in the week ended Nov. 25, this trade authority noted.

Factory sales of passenger cars totaled 333,885 units in February, an increase of 22% over January sales, the Automobile Manufacturers Association reported on Thursday of last week.

Although February factory sales of automobiles were the highest since last November, they fell 171,980 units short of equaling car output during the same month last year, it added.

Factory sales of 101,231 trucks and buses brought the month's total motor vehicle output to 435,116 units, an increase of 16% above the January total, but 30% below the 618,321 units sold in February, 1951.

### Steel Output Scheduled to Drop One-Half Point This Week

Complete decontrol of carbon steel and aluminum will come with the fourth quarter of this year, or certainly no later than the first quarter of 1953—if there's no steelworkers' strike, says "Steel," the weekly magazine of metalworking, the current week. Virtual agreement of such a timetable for decontrol has been

reached by the Defense Production Administration and the National Production Authority.

These two agencies, this magazine states, are devising a system to insure that maximum requirements of the armed services and the Atomic Energy Commission will be met in the decontrol period. Use of priority ratings would be restricted to direct military and AEC requirements; all other users would be on their own, it adds.

Continued improvement in the balance between demand and supply of steel, and other metals too, is reflected also in government allocations of steel, copper products and aluminum for the third quarter of 1952. For the first time since the Controlled Materials Plan was inaugurated last July the materials requirements of many small consumers will be met fully in third quarter allotments, the above trade journal asserts.

To make sure enough CMP materials tickets will be issued to take up all of the steel, copper and aluminum available for the third quarter, the government is increasing its over-allotments. Recent experience shows an increased over-allotment is needed to balance the rate of attrition, the failure to use all of the CMP tickets issued.

Total allotments of controlled materials for the third quarter, according to this trade publication, are: Steel, 25,409,360 tons; copper, 1,511,796 pounds; and aluminum, 803,151 pounds. Second-quarter comparisons are: Steel, 24,710,580 tons; copper, 1,482,030 pounds; and aluminum, 748,773 pounds.

These relaxations in the government attitude toward materials controls should contribute to further easing in the supply stringency, it declares.

All progress toward balance of supply with demand and discarding of government controls would be dashed to bits by a steelworkers' strike that has been a threat the last several weeks. Whether or not there is a strike and a continuation of controls there is strong possibility of higher steel prices, believed by many observers to be the only key to the ultimate settlement of the present wage-price controversy in the steel industry, "Steel" points out.

**The American Iron and Steel Institute announced this week that the operating rate of steel companies having 93% of the steel-making capacity for the entire industry will be 102.1% of capacity for the week beginning March 31, 1952, equivalent to 2,120,000 tons of ingots and steel for castings, or a decline of one-half of a point below last week's production of 2,131,000 tons, or 102.6% of rated capacity.**

**A month ago output stood at 101.3%, or 2,104,000 tons. A year ago production stood at 102.4%, or 2,047,000 tons.**

### Electric Output Extends Its Downward Trend

The amount of electric energy distributed by the electric light and power industry for the week ended March 29, 1952, was estimated at 7,263,009,000 kwh., according to the Edison Electric Institute.

The current total was 90,968,000 kwh. below that of the preceding week. It was 495,665,000 kwh., or 7.3% above the total output for the week ended March 31, 1951, and 1,351,073,000 kwh. in excess of the output reported for the corresponding period two years ago.

### Car Loadings Rise in Latest Week But Close Under a Year Ago

Loadings of revenue freight for the week ended March 22, 1952, totaled 719,921 cars, according to the Association of American Railroads, representing an increase of 11,095 cars, or 1.6% above the preceding week.

The week's total, however, represented a decrease of 28,957 cars, or 3.9% blow the corresponding week a year ago, but an increase of 2,662 cars, or 0.4% above the comparable period two years ago.

### U. S. Auto Output Rises to Highest Point Since Mid-October

Passenger car production in the United States the past week, according to "Ward's Automotive Reports," rose to 94,592 units, compared with the previous week's total of 90,258 (revised) units, and 139,858 units in the like week a year ago.

Passenger car production in the United States advanced last week about 5% above the previous week to a new high for the year. Output of cars last week was, however 32% under the like period a year ago.

Total output for the current week was made up of 94,592 cars and 27,209 trucks built in the United States, against 90,258 cars and 26,254 trucks last week and 139,858 cars and 35,132 trucks in the comparable period a year ago.

Canadian output last week rose to 6,276 cars and 3,114 trucks, against 5,805 cars and 3,030 trucks in the preceding week and 7,079 cars and 2,445 trucks in the similar period of a year ago.

### Business Failures Dip Moderately for Week But Hold Above Like Period of 1951

Commercial and industrial failures declined to 164 in the week ended March 27 from 181 in the preceding week, Dun & Bradstreet, Inc., reports. Despite this drop, they were slightly more numerous than a year ago when 136 occurred. They remained below the 1950 total of 198 for the comparable week, and were down sharply, 47%, from the prewar level of 310 in 1939.

The week's decrease took place among failures involving liabilities of $5,000 or more, which dipped to 132 from 150 last week, but exceeded the 104 of this size in the similar week of 1951.

### Wholesale Food Price Index Touches Lowest Point Since Oct. 17, 1950

Continued easiness in foods led to a further decline in the Dun & Bradstreet wholesale food price index, bringing the March 25 figure to $6.48. This was a drop of 0.9% from last week's $6.54 and represented the lowest since Oct. 17, 1950 when it stood at the same level, and before that since July 18, 1950 when it was $6.41. The current index at $6.48 compares with $7.21 at this time a year ago, or a decrease of 10.1%.

The index represents the sum total of the price per pound of 31 foods in general use and its chief function is to show the general trend of food prices at the wholesale level.

### Wholesale Commodity Price Index Dips Moderately in Latest Week

The general average of wholesale prices trended moderately lower in the past week. The daily wholesale commodity price index, compiled by Dun & Bradstreet, Inc., finished at 301.61 on March 25, comparing with 303.05 a week earlier, and with 325.63 on the corresponding date last year.

Grain markets were irregular and unsettled the past week with prices generally moving lower following the rising trend of the preceding two weeks. The absence of any sizable export business and continued optimistic reports from all sections of the winter wheat belt were deterring influences in that grain. Prospects for the crop appeared good with less winter killing reported than for several years. Corn, on the other hand displayed a comparatively firm undertone aided by a sharp decrease in receipts, unfavorable weather over much of the belt, and the belief that marketings of wet corn are nearly at an end.

**The intentions-to-plant report of the Department of Agriculture showed a smaller Spring wheat acreage in prospect than last year while the indication for corn was for about the same acreage as a year ago.**

Oats and rye prices declined sharply under pressure of increased market receipts. Trading in all grain futures on the Chicago Board of Trade fell slightly to a daily average of 35,000,000 bushels last week, from 36,000,000 the week before, and compared with 25,000,000 in the same week last year.

**Butter prices continued to work sharply lower as expanding production met with restricted trade demand. The current wholesale price for 92 score grade butter at 70⅞ cents a pound, is the lowest since mid-October and compares with a high of 87½ cents less than a month ago.**

Lard and other fats and oils displayed an easier undertone. Livestock markets generally were steady to firmer.

Cotton prices moved irregularly in a fair narrow range. Midweek strength in the market was largely influenced by the February estimate of mill consumption by the United States Bureau of the Census, which indicated an average daily rate of 39,100 bales for the month. This represented a contra-seasonal rise over the January rate of 37,700 bales, and compared with 45,700 per day in February a year ago. Easiness in late dealings resulted from profit-taking and hedge selling following advances earlier in the week. Trading in the ten spot markets increased moderately and totaled 115,500 bales, the largest for several weeks.

### Trade Volume Held to Previous Week's Level Due to Generally Severe Weather Conditions

Although the approach of Easter spurred shopping in some sections, severe weather in many parts was instrumental in holding total retail trade in the period ended on Wednesday of last week at the level of the previous week, states Dun & Bradstreet, Inc. in its current summary of trade. The total dollar volume of retail sales continued below that of a year ago when the Easter shopping season reached its height. Reduced-price promotions were more common than in other recent pre-Easter shopping seasons.

Total retail volume in the period noted above was estimated to be from 5 to 9% below the level of a year ago. Regional estimates varied from the levels of a year ago by the following percentages:

**New England —4 to —8, East —5 to —9, South, Midwest, and Northwest —6 to —10, Southwest —10 to —14 and Pacific Coast —7 to —11.**

Consumer interest in apparel rose sharply in some sections but generally did not vary from that of the prior week. The most notable current rises were in the interest in women's dresses and suits in the budget lines, while men's wear remained in scant demand. Retailers of apparel generally sold less than in the comparable 1951 week.

About as much food was purchased as in the preceding week and slightly more than in the similar week a year earlier. Dairy foods remained in high favor as recent price dips attracted many consumers.

Shoppers spent about as much for household goods as during the preceding week but noticeably less than in the similar 1951 week. Decorating materials, hardware, and incidental furniture continued among the most popular items.

**Following recent price cuts, there was a mild flurry of interest in television sets in some parts.**

There was a slight quickening of activity in many wholesale markets in the week as many buyers prepared for the new selling season. Sustained by the steady flow of defense orders, total wholesale dollar volume did not vary sharply from the level of a year ago. Buyers in most lines were wary of extending their commitments much beyond their immediate needs.

Department store sales on a countrywide basis, as taken from the Federal Reserve Board's index for the week ended March 22, 1952, decreased 10% from the like period of last year. In the preceding week a decrease of 11% was registered below the like period a year ago. For the four weeks ended March 22, 1952, sales declined 13%. For the period Jan. 1 to March 22, 1952, department store sales registered a decline of 12% below the like period of the preceding year.

**Retail trade in New York last week, according to trade estimates, registered a gain of 10% in dollar volume above the similar period in 1951.**

According to Federal Reserve Board's index, department store sales in New York City for the weekly period ended March 22, 1952, decreased 11% below the like period of last year. In the preceding week a decrease of 14% (revised) was recorded below the similar week of 1951, while the four weeks ended March 22, 1952 a dcrease of 15% was registered below the level of a year ago. For the period Jan. 1 to March 22, 1952, volume declined 15% below the like period of the preceding year.

## Pittsburgh & Lake Erie Ctfs. Offered

Halsey, Stuart & Co. Inc. and associates are offering $2,460,000 principal amount of Pittsburgh & Lake Erie RR. 2¾% equipment trust certificates, equipment trust of 1952, maturing annually April 15, 1953 to 1967, inclusive. The certificates are priced to yield from 2% to 3%, according to maturity. (The offering is subject to approval by the Interstate Commerce Commission.)

The certificates will be secured by the following new standard-gauge railroad equipment estimated to cost $3,350,000: two Diesel road passenger locomotives, 12 Diesel road switching locomotives and 10 Diesel switching locomotives.

Associated with Halsey, Stuart & Co. Inc. in the offering are: R. W. Pressprich & Co. and Freeman & Co.

## Aluminium Shs. Placed

A secondary offering of 100,000 shares of Aluminium Ltd. capital stock (without nominal or par value) was offered on March 31 by The First Boston Corp. at $108 per share.

This offering was quickly oversubscribed and the books closed.

### With King Merritt

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo.—Harry A. Siemers is now with King Merritt & Co., Inc. He was formerly with Reinholdt & Gardner.

### Joins Abbott, Proctor

(Special to THE FINANCIAL CHRONICLE)

CHARLOTTE, N. C.—V. R. Core is with Abbott, Proctor & Paine, Johnston Building.

### Courts & Co. Adds

(Special to THE FINANCIAL CHRONICLE)

CHARLOTTE, N. C.—John A. McPhaul is with Courts & Co., Liberty Life Building.

### With First Securities

(Special to THE FINANCIAL CHRONICLE)

GREENSBORO, N. C.—James L. Houston, Jr., is with First Securities Corp.

### Joins Harris, Upham

(Special to THE FINANCIAL CHRONICLE)

DURHAM, N. C.—Dlemith M Eddins has joined the staff o Harris, Upham & Co., Trust Building.

### With Reynolds Co. Staff

(Special to THE FINANCIAL CHRONICLE)

DURHAM, N. C.—Louis A. Carr is now associated with Reynolds & Co., 108 Corcoran Street.

### Hirsch Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

GASTONIA, N. C.—Roger M. Grier has become associated with Hirsch & Co., Commercial Building.

### With Merrill Lynch Co.

(Special to THE FINANCIAL CHRONICLE)

RALEIGH, N. C.—Allen R. Pettigrew has become connected with Merrill Lynch, Pierce, Fenner & Beane, 324 South Salisbury Street.

### Reynolds Adds

(Special to THE FINANCIAL CHRONICLE)

WILLIAMSTON, N. C.—Joseph H. Saunders, Jr., is associated with Reynolds & Co.

### With Selected Investments

(Special to THE FINANCIAL CHRONICLE)

WILMINGTON, N. C.—James M. Goodwin is with Selected Investments, Insurance Building.

# Indications of Current Business Activity

**The following statistical tabulations cover production and other figures for the latest week or month available. Dates shown in first column are either for the week or month ended on that date, or, in cases of quotations, are as of that date:**

| | | Latest Week | Previous Week | Month Ago | Year Ago |
|---|---|---|---|---|---|
| **AMERICAN IRON AND STEEL INSTITUTE:** | | | | | |
| Indicated steel operations (percent of capacity) | Apr. 6 | 102.1 | 102.6 | 101.3 | 102.4 |
| Equivalent to— | | | | | |
| Steel ingots and castings (net tons) | Apr. 6 | 2,120,000 | 2,131,000 | 2,104,000 | 2,047,000 |
| **AMERICAN PETROLEUM INSTITUTE:** | | | | | |
| Crude oil and condensate output—daily average (bbls. of 42 gallons each) | Mar. 22 | 6,422,600 | 6,404,400 | 6,365,800 | 6,037,500 |
| Crude runs to stills—daily average (bbls.) | Mar. 22 | ¶6,542,000 | 6,693,000 | 6,599,000 | 6,380,000 |
| Gasoline output (bbls.) | Mar. 22 | 21,818,000 | 21,756,000 | 21,528,000 | 20,028,000 |
| Kerosene output (bbls.) | Mar. 22 | 2,623,000 | 2,472,000 | 2,630,000 | 2,619,000 |
| Distillate fuel oil output (bbls.) | Mar. 22 | 9,544,000 | 10,219,000 | 10,552,000 | 8,951,000 |
| Residual fuel oil output (bbls.) | Mar. 22 | 8,845,000 | 8,981,000 | 9,024,000 | 9,720,000 |
| Stocks at refineries, bulk terminals, in transit, in pipe lines— | | | | | |
| Finished and unfinished gasoline (bbls.) at | Mar. 22 | 147,596,000 | 146,145,000 | 141,765,000 | 141,239,000 |
| Kerosene (bbls.) at | Mar. 22 | 14,598,000 | 14,941,000 | 17,669,000 | 13,032,000 |
| Distillate fuel oil (bbls.) at | Mar. 22 | 46,188,000 | 47,972,000 | 55,055,000 | 43,626,000 |
| Residual fuel oil (bbls.) at | Mar. 22 | 36,094,000 | 36,054,000 | 37,111,000 | 37,327,000 |
| **ASSOCIATION OF AMERICAN RAILROADS:** | | | | | |
| Revenue freight loaded (number of cars) | Mar. 22 | 719,921 | 708,826 | 683,368 | 748,878 |
| Revenue freight received from connections (no. of cars) | Mar. 22 | 678,687 | 671,713 | 662,201 | 702,548 |
| **CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:** | | | | | |
| Total U. S. construction | Mar. 27 | $271,637,000 | $250,763,000 | $165,676,000 | $414,878,000 |
| Private construction | Mar. 27 | 137,458,000 | 157,204,000 | 75,248,000 | 246,377,000 |
| Public construction | Mar. 27 | 134,179,000 | 93,559,000 | 90,428,000 | 168,501,000 |
| State and municipal | Mar. 27 | 108,865,000 | 71,801,000 | 48,249,000 | 82,285,000 |
| Federal | Mar. 27 | 25,314,000 | 21,758,000 | 42,179,000 | 86,216,000 |
| **COAL OUTPUT (U. S. BUREAU OF MINES):** | | | | | |
| Bituminous coal and lignite (tons) | Mar. 22 | 9,525,000 | 9,765,000 | 10,215,000 | 10,189,000 |
| Pennsylvania anthracite (tons) | Mar. 22 | 680,000 | 685,000 | 807,000 | 516,000 |
| Beehive coke (tons) | Mar. 22 | 132,000 | 139,000 | 139,600 | 138,500 |
| **DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1935-39 AVERAGE = 100** | Mar. 22 | 273 | *260 | 240 | 304 |
| **EDISON ELECTRIC INSTITUTE:** | | | | | |
| Electric output (in 000 kwh.) | Mar. 29 | 7,263,009 | 7,353,977 | 7,415,966 | 6,767,344 |
| **FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.** | Mar. 27 | 164 | 181 | 163 | 136 |
| **IRON AGE COMPOSITE PRICES:** | | | | | |
| Finished steel (per lb.) | Mar. 25 | 4.131c | 4.131c | 4.131c | 4.131c |
| Pig iron (per gross ton) | Mar. 25 | $52.72 | $52.72 | $52.72 | $52.69 |
| Scrap steel (per gross ton) | Mar. 25 | $42.00 | $42.00 | $42.00 | $43.00 |
| **METAL PRICES (E. & M. J. QUOTATIONS):** | | | | | |
| Electrolytic copper— | | | | | |
| Domestic refinery at | Mar. 26 | 24.200c | 24.200c | 24.200c | 24.200c |
| Export refinery at | Mar. 26 | 27.425c | 27.425c | 27.425c | 24.425c |
| Straits tin (New York) at | Mar. 26 | 121.500c | 121.500c | 121.500c | 134.000c |
| Lead (New York) at | Mar. 26 | 19.000c | 19.000c | 19.000c | 17.000c |
| Lead (St. Louis) at | Mar. 26 | 18.800c | 18.800c | 18.800c | 16.800c |
| Zinc (East St. Louis) at | Mar. 26 | 19.500c | 19.500c | 19.500c | 17.500c |
| **MOODY'S BOND PRICES DAILY AVERAGES:** | | | | | |
| U. S. Government Bonds | Apr. 1 | 92.17 | 96.97 | 96.70 | 99.50 |
| Average corporate | Apr. 1 | 109.97 | 109.79 | 109.79 | 112.75 |
| Aaa | Apr. 1 | 114.08 | 113.89 | 114.08 | 116.02 |
| Aa | Apr. 1 | 112.75 | 112.75 | 112.75 | 115.24 |
| A | Apr. 1 | 109.06 | 108.88 | 108.70 | 111.81 |
| Baa | Apr. 1 | 104.14 | 104.14 | 103.80 | 107.98 |
| Railroad Group | Apr. 1 | 106.92 | 106.74 | 106.39 | 109.60 |
| Public Utilities Group | Apr. 1 | 109.42 | 109.42 | 109.24 | 112.56 |
| Industrials Group | Apr. 1 | 113.50 | 113.50 | 113.50 | 115.82 |
| **MOODY'S BOND YIELD DAILY AVERAGES:** | | | | | |
| U. S. Government Bonds | Apr. 1 | 2.70 | 2.71 | 2.72 | 2.53 |
| Average corporate | Apr. 1 | 3.17 | 3.18 | 3.18 | 3.02 |
| Aaa | Apr. 1 | 2.95 | 2.96 | 2.95 | 2.85 |
| Aa | Apr. 1 | 3.02 | 3.02 | 3.02 | 2.89 |
| A | Apr. 1 | 3.22 | 3.23 | 3.24 | 3.07 |
| Baa | Apr. 1 | 3.50 | 3.50 | 3.52 | 3.28 |
| Railroad Group | Apr. 1 | 3.34 | 3.35 | 3.37 | 3.19 |
| Public Utilities Group | Apr. 1 | 3.20 | 3.20 | 3.21 | 3.03 |
| Industrials Group | Apr. 1 | 2.98 | 2.98 | 2.98 | 2.86 |
| **MOODY'S COMMODITY INDEX** | Apr. 1 | 437.5 | 437.9 | 433.0 | 523.5 |
| **NATIONAL PAPERBOARD ASSOCIATION:** | | | | | |
| Orders received (tons) | Mar. 22 | 188,833 | 183,464 | 173,186 | 201,026 |
| Production (tons) | Mar. 22 | 204,237 | 205,407 | 211,365 | 251,715 |
| Percentage of activity | Mar. 22 | 85 | 85 | 87 | 105 |
| Unfilled orders (tons) at end of period | Mar. 22 | 391,531 | 409,339 | 355,934 | 663,339 |
| **OIL, PAINT AND DRUG REPORTER PRICE INDEX—1926-36 AVERANGE = 100** | Mar. 28 | 140.8 | 140.6 | 143.4 | 154.4 |
| **STOCK TRANSACTIONS FOR ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON N. Y. STOCK EXCHANGE—SECURITIES EXCHANGE COMMISSION:** | | | | | |
| Odd-lot sales by dealers (customers' purchases)— | | | | | |
| Number of orders | Mar. 15 | 31,399 | 30,995 | 26,181 | 40,423 |
| Number of shares | Mar. 15 | 868,745 | 863,650 | 736,039 | 1,173,540 |
| Dollar value | Mar. 15 | $42,237,831 | $41,129,188 | $33,312,942 | $50,552,440 |
| Odd-lot purchases by dealers (customers' sales)— | | | | | |
| Number of orders—Customers' total sales | Mar. 15 | 25,355 | 24,617 | 21,955 | 33,794 |
| Customers' short sales | Mar. 15 | 192 | 185 | 132 | 465 |
| Customers' other sales | Mar. 15 | 25,163 | 24,432 | 21,823 | 33,329 |
| Number of shares—Total sales | Mar. 15 | 706,552 | 690,205 | 606,221 | 984,004 |
| Customers' short sales | Mar. 15 | 5,691 | 6,279 | 4,203 | 17,660 |
| Customers' other sales | Mar. 15 | 700,861 | 683,926 | 602,018 | 966,344 |
| Dollar value | Mar. 15 | $30,422,367 | $29,198,097 | $26,147,141 | $40,109,761 |
| Round-lot sales by dealers— | | | | | |
| Number of shares—Total sales | Mar. 15 | 197,910 | 179,850 | 170,330 | 280,410 |
| Short sales | Mar. 15 | ------ | ------ | ------ | ------ |
| Other sales | Mar. 15 | 197,910 | 179,850 | 170,330 | 280,410 |
| Round-lot purchases by dealers— | | | | | |
| Number of shares | Mar. 15 | 358,350 | 401,230 | 276,970 | 424,470 |
| **TOTAL ROUND-LOT STOCK SALES ON THE NEW YORK EXCHANGE AND ROUND-LOT STOCK TRANSACTIONS FOR ACCOUNT OF MEMBERS (SHARES):** | | | | | |
| Total round-lot sales— | | | | | |
| Short sales | Mar. 8 | 400,320 | 271,710 | 286,500 | 391,420 |
| Other sales | Mar. 8 | 7,533,490 | 6,233,920 | 7,914,370 | 9,064,660 |
| Total sales | Mar. 8 | 7,933,810 | 6,505,630 | 8,200,870 | 9,456,080 |
| **ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS** | | | | | |
| Transactions of specialists in stocks in which registered— | | | | | |
| Total purchases | Mar. 8 | 834,260 | 651,690 | 805,090 | 873,800 |
| Short sales | Mar. 8 | 137,370 | 137,560 | 151,860 | 182,880 |
| Other sales | Mar. 8 | 657,210 | 520,140 | 696,110 | 701,770 |
| Total sales | Mar. 8 | 794,580 | 657,700 | 847,970 | 884,650 |
| Other transactions initiated on the floor— | | | | | |
| Total purchases | Mar. 8 | 214,200 | 125,400 | 189,100 | 229,880 |
| Short sales | Mar. 8 | 17,400 | 14,400 | 14,500 | 17,200 |
| Other sales | Mar. 8 | 210,800 | 131,360 | 196,500 | 259,890 |
| Total sales | Mar. 8 | 228,200 | 145,760 | 211,000 | 277,090 |
| Other transactions initiated off the floor— | | | | | |
| Total purchases | Mar. 8 | 324,155 | 301,945 | 321,685 | 304,670 |
| Short sales | Mar. 8 | 151,840 | 35,750 | 42,940 | 84,970 |
| Other sales | Mar. 8 | 473,797 | 327,611 | 288,794 | 543,900 |
| Total sales | Mar. 8 | 625,637 | 363,361 | 331,734 | 628,870 |
| Total round-lot transactions for account of members— | | | | | |
| Total purchases | Mar. 8 | 1,372,615 | 1,079,035 | 1,315,875 | 1,408,350 |
| Short sales | Mar. 8 | 306,610 | 187,710 | 209,300 | 285,050 |
| Other sales | Mar. 8 | 1,341,807 | 979,111 | 1,181,404 | 1,505,560 |
| Total sales | Mar. 8 | 1,648,417 | 1,166,821 | 1,390,704 | 1,790,610 |
| **WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR—(1947-49 = 100):** | | | | | |
| Commodity Group— | | | | | |
| All commodities | Mar. 25 | 111.7 | 111.8 | ------ | ------ |
| Farm products | Mar. 25 | 108.1 | 108.1 | ------ | ------ |
| Processed foods | Mar. 25 | 108.9 | 109.3 | ------ | ------ |
| Meats | Mar. 25 | 112.5 | 112.6 | ------ | ------ |
| All commodities other than farm and foods | Mar. 25 | 113.0 | 113.2 | ------ | ------ |

*Revised. ‡Not available. ¶Includes 476,000 barrels of foreign crude runs.

| | Latest Month | Previous Month | Year Ago |
|---|---|---|---|
| **BANK DEBITS—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM—** | | | |
| Month of January (in thousands) | $123,059,000 | $129,549,000 | $123,224,000 |
| **BUSINESS INCORPORATIONS (NEW) IN THE UNITED STATES—DUN & BRADSTREET, INC.—Month of January** | 8,357 | *6,913 | 8,515 |
| **BUSINESS INVENTORIES DEPT. OF COMMERCE NEW SERIES — Month of Jan. (millions of dollars):** | | | |
| Manufacturing | $42,007 | *$41,999 | $34,120 |
| Wholesale | 9,955 | *10,000 | 9,475 |
| Retail | 18,121 | *18,093 | 18,455 |
| Total | $70,083 | *$70,092 | $62,050 |
| **COAL OUTPUT (BUREAU OF MINES)—Month of February:** | | | |
| Bituminous coal and lignite (net tons) | 43,770,000 | 49,650,000 | 40,121,000 |
| Pennsylvania anthracite (net tons) | 3,185,000 | *3,974,000 | 3,522,000 |
| Beehive coke (net tons) | 590,500 | *636,800 | 609,600 |
| **CONSUMER CREDIT OUTSTANDING—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM — Estimated short-term credit in millions as of Jan. 31:** | | | |
| Total consumer credit | $20,080 | *$20,640 | $19,037 |
| Instalment credit | 13,313 | *13,506 | 13,252 |
| Sale credit | 7,326 | *7,543 | 7,694 |
| Automobile | 3,970 | *4,039 | 4,056 |
| Other | 3,356 | *3,504 | 3,638 |
| Loan credit | 5,987 | *5,963 | 5,558 |
| Noninstalment credit | 6,767 | *7,134 | 6,685 |
| Charge accounts | 4,213 | *4,587 | 4,248 |
| Single payment loans | 1,446 | *1,436 | 1,352 |
| Service credit | 1,108 | *1,111 | 1,085 |
| **DEPARTMENT STORE SALES—SECOND FEDERAL RESERVE DISTRICT, FEDERAL RESERVE BANK OF N. Y. — 1947-1949 AVERAGE = 100—Month of February:** | | | |
| Sales (average monthly), unadjusted | 77 | 82 | 81 |
| Sales (average daily), unadjusted | 82 | 80 | 90 |
| Sales (average daily), seasonally adjusted | 100 | 100 | 110 |
| Stocks, unadjusted | 104 | 101 | 120 |
| Stocks, seasonally adjusted | 107 | 114 | 124 |
| **FABRICATED STRUCTURAL STEEL (AMERICAN INSTITUTE OF STEEL CONSTRUCTION)—Month of February:** | | | |
| Contracts closed (tonnage)—estimated | 202,810 | *215,031 | 256,746 |
| Shipments (tonnage)—estimated | 248,443 | *242,723 | 193,638 |
| **FACTORY EARNINGS AND HOURS—WEEKLY AVERAGE ESTIMATE — U. S. DEPT. OF LABOR—Month of February:** | | | |
| Earnings— | | | |
| All manufacturing | $66.83 | *$67.08 | $63.84 |
| Durable goods | 72.02 | *72.28 | 68.18 |
| Nondurable goods | 60.04 | *60.04 | 58.32 |
| Hours— | | | |
| All manufacturing | 40.8 | *40.9 | 40.9 |
| Durable goods | 41.8 | *41.9 | 41.6 |
| Nondurable goods | 39.5 | *39.5 | 40.0 |
| Hourly earnings— | | | |
| All manufacturing | $1.638 | *$1.640 | $1.561 |
| Durable goods | 1.723 | 1.725 | 1.639 |
| Nondurable goods | 1.520 | *1.520 | 1.458 |
| **HOUSEHOLD VACUUM CLEANERS — STANDARD SIZE (VACUUM CLEANER MANUFACTURERS ASSN.)—Month of February:** | | | |
| Factory sales (number of units) | 235,936 | *230,226 | 261,572 |
| **HOUSEHOLD WASHERS AND IRONERS — STANDARD SIZE — (AMERICAN HOME LAUNDRY MANUFACTURERS' ASSOCIATION)—Month of January:** | | | |
| Factory sales of washers (units) | 213,998 | 218,664 | 321,092 |
| Factory sales of ironers (units) | 15,636 | 16,900 | 24,600 |
| Factory sales of dryers (units) | 45,121 | 46,779 | 31,935 |
| **LIFE INSURANCE—BENEFIT PAYMENTS TO POLICYHOLDERS—INSTITUTE OF LIFE INSURANCE—Month of January:** | | | |
| Death benefits | $167,995,000 | $141,621,000 | $157,309,000 |
| Matured endowments | 46,560,000 | 37,549,000 | 50,856,000 |
| Disability payments | 9,887,000 | 7,988,000 | 9,487,000 |
| Annuity payments | 38,294,000 | 22,249,000 | 27,999,000 |
| Surrender values | 52,774,000 | 53,450,000 | 59,291,000 |
| Policy dividends | 73,992,000 | 101,391,000 | 66,004,000 |
| Total | $389,502,000 | $364,248,000 | $370,946,000 |
| **MANUFACTURERS' INVENTORIES & SALES (DEPT. OF COMMERCE) NEW SERIES—** Month of January (millions of dollars): | | | |
| Inventories: | | | |
| Durable | $22,833 | *$22,675 | $16,877 |
| Nondurable | 19,174 | *19,325 | 17,243 |
| Total | $42,007 | *$41,999 | $34,120 |
| Sales | 22,958 | *21,183 | 22,500 |
| **MONEY IN CIRCULATION—TREASURY DEPT.** —As of Oct. 31 (000's omitted) | $28,587,000 | $29,206,000 | $27,048,000 |
| **MOTOR VEHICLE FACTORY SALES FROM PLANTS IN U. S. (AUTOMOBILE MANUFACTURERS ASSN.)—Month of February:** | | | |
| Total number of vehicles | 435,116 | 375,410 | 618,321 |
| Number of passenger cars | 333,885 | 273,572 | 505,865 |
| Number of motor trucks | 100,606 | 101,060 | 111,935 |
| Number of motor coaches | 625 | 778 | 521 |
| **NEW YORK STOCK EXCHANGE—** As of Feb. 29 (000's omitted): | | | |
| Member firms carrying margin accounts— | | | |
| Total of customers net debt balances | $1,280,294 | $1,289,149 | $1,366,817 |
| Credit extended to customers | 39,526 | 38,747 | 97,397 |
| Cash on hand and in banks in U. S. | 367,248 | 390,224 | 411,646 |
| Total of customers' free credit balances | 789,688 | 808,985 | 952,827 |
| Market value of listed shares | 108,470,574 | 111,580,425 | 100,245,611 |
| Market value of listed bonds | 96,157,797 | 96,268,777 | 115,801,060 |
| Member borrowings on U. S. Govt. issues | 41,511 | 34,998 | 132,425 |
| Member borrowings on other collateral | 672,929 | 656,400 | 629,107 |
| **REAL ESTATE FINANCING IN NONFARM AREAS OF U. S. — FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION** —Month of January (000's omitted): | | | |
| Savings and loan associations | $404,496 | $420,696 | $391,574 |
| Insurance companies | 124,084 | 122,071 | 151,254 |
| Bank and trust companies | 267,049 | 263,110 | 280,323 |
| Mutual savings banks | 79,173 | 90,609 | 78,141 |
| Individuals | 221,107 | 207,167 | 201,511 |
| Miscellaneous lending institutions | 202,345 | 204,498 | 228,280 |
| Total | $1,298,254 | $1,308,151 | $1,331,083 |
| **RAILROAD EARNINGS — CLASS I ROADS (ASSOCIATION OF AMERICAN RRS.)—** Month of January: | | | |
| Total operating revenues | $867,034,111 | ------ | $848,728,726 |
| Total operating expenses | 685,369,358 | ------ | 644,416,929 |
| Operating ratio | 79.05% | ------ | 75.93% |
| Taxes | $100,806,300 | ------ | $109,020,627 |
| Net railway operating income before charges | 66,066,877 | ------ | 78,914,504 |
| Net income after charges (est.) | 42,000,000 | ------ | 57,000,000 |

*Revised figure.

# Securities Now in Registration

★ INDICATES ADDITIONS SINCE PREVIOUS ISSUE
● ITEMS REVISED

**Alabama Power Co. (4/22)**
March 21 filed $12,000,000 first mortgage bonds due 1982. **Proceeds**—For construction program. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; Kuhn, Loeb & Co.; Lehman Brothers; The First Boston Corp.; Blyth & Co., Inc.; Union Securities Corp., Equitable Securities Corp. and Drexel & Co. (jointly); Shields & Co. and Salomon Bros. & Hutzler (jointly); Harriman Ripley & Co., Inc. **Bids**—To be received up to 11 a.m. (EST) on April 22 at office of Southern Services, Inc., 20 Pine Street, New York 5, N. Y.

★ **Allis (Louis) Co., Milwaukee, Wis.**
March 24 (letter of notification) 2,200 shares of common stock (par $10). **Price** — $45 per share. **Proceeds** — To trustees of trust under will of Louis Allis. **Underwriter** —The Milwaukee Co., Milwaukee, Wis.

**American Air Filter Co., Inc., Louisville, Ky.**
Feb. 28 (letter of notification) 3,000 shares of common stock (par $1). **Price**—At market (approximately $16.50 per share). **Proceeds** — To Richard H. Nelson. **Underwriters**—Reynolds & Co., New York, and Almstedt Brothers, Louisville, Ky.

**American Fire & Casualty Co., Orlando, Fla.**
Dec. 19 (letter of notification) 11,100 shares of common stock (par $10). **Price** — $27 per share. **Underwriter** — Guardian Credit Corp., Orlando, Fla. **Proceed** — For purchase of securities. **Office** — American Building, Orlando, Fla.

★ **American Hard Rubber Co. (4/25)**
March 28 filed 96,655 shares of common stock (par $12.50) to be offered for subscription by stockholders about April 25 at rate of one new share for each four shares of preferred stock or two shares of common stock held (with oversubscription privileges); rights to expire about May 12. **Price** — To be supplied by amendment. **Proceeds**—For plant additions and construction. **Underwriter**—Blair, Rollins & Co. Inc., New York.

★ **American Hoist & Derrick Co., St. Paul, Minn.**
March 25 (letter of notification) 20,850 shares of common stock (par $1). **Price**—$13.50 per share. **Proceeds**—For general corporate purposes. **Underwriter**—None.

★ **American Machine & Foundry Co., N. Y.**
March 27 filed 191,600 shares of common stock (no par) to be offered in exchange for International Cigar Machinery Co. capital stock not already owned by American. **Dealer-Manager**—Reynolds & Co., New York.

★ **American-Marietta Co., Chicago, Ill.**
March 25 (letter of notification) 5,800 shares of common stock (par $2). **Price**—$17 per share. **Proceeds**—To G. M. Hermann, the selling stockholder. **Underwriter** — Bioren & Co., Philadelphia, Pa.

★ **Arco Chemical Products Corp.**
March 31 (letter of notification) 58,400 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—To pay mortgage debt of $24,500 and for working capital. **Office**—Long Valley, N. J. **Underwriter**—None.

★ **Automatic Canteen Co. of America, Chicago, Ill.**
March 25 (letter of notification) sufficient common stock (par $5) to raise an aggregate of $300,000. To be offered for subscription by employees under stock purchase plan. **Price**—$13 per share. **Office** — Merchandise Mart, Chicago 54, Ill. **Underwriter**—None.

★ **Babbitt (B. T.), Inc., New York**
March 28 (letter of notification) 9,670 shares of common stock (par $1). **Price**—$8 per share. **Proceeds**—To Elizabeth M. Blatner, the selling stockholder. **Underwriter** —None, but Bache & Co., New York, may act as broker.

**Belle Isle Corp., New York**
March 17 (letter of notification) 4,400 shares of capital stock (par 20 cents). **Price**—At market (estimated at $3.25 per share). **Proceeds**—To Austin Agnew (Sec. and Treas.), who is the selling stockholder. **Office**—52 Wall St., New York 5, N. Y. **Underwriter**—Tucker, Anthony & Co., New York.

**Bingham-Herbrand Corp. (4/8)**
March 19 filed $2,000,000 convertible debentures due April 1, 1964. **Price**—To be supplied by amendment. **Proceeds**—To repay short-term loans, and for other corporate programs. **Underwriters**—Straus, Blosser & McDowell, Chicago, Ill.

★ **Broad Street Investing Corp., N. Y.**
March 31 filed 400,000 shares of capital stock (par $5). **Price**—At market. **Proceeds**—For investment. **Underwriter**—None.

● **Canadian Fund, Inc. (Md.) (4/16)**
March 13 filed 800,000 shares of capital stock (par $1). **Price**—Probably $12.75 per share. **Proceeds**—For investment. **Business** — Closed-end investment company. **Underwriters**—Kidder, Peabody & Co. and Dominick & Dominick, New York.

**Cardiff Fluorite Mines, Ltd., Toronto, Canada**
Feb. 21 filed 675,000 shares of common stock (par $1). **Price**—$1.25 per share. **Proceeds**—For development expenses and general corporate purposes. **Underwriter**—Frank P. Hunt & Co., Inc., Rochester, N. Y.

★ **Carolina Power & Light Co., Raleigh, N. C. (4/16)**
March 31 filed 200,889 shares of common stock (no par). **Price**—To be supplied by amendment. **Proceeds**—From sale of common stock, plus funds from private sale of 50,000 shares of $5 cumulative preferred stock (no par) for $5,250,000, for new construction. **Underwriters**—Merrill Lynch, Pierce, Fenner & Beane and R. S. Dickson & Co., Inc., New York.

**Carpenter (L. E.) & Co., Wharton, N. J.**
March 20 (letter of notification) 5,000 shares of common stock (par $1). **Price**—At the market. **Proceeds**—To Jerome L. Long, the selling stockholder. **Underwriter**—Eisele & King, Libaire, Stout & Co., New York.

★ **Carpenter Paper Co., Omaha, Neb. (4/22)**
April 1 filed 60,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For working capital. **Underwriters**—Kidder, Peabody & Co., New York, and Kirkpatrick-Pettis Co., Omaha, Neb.

★ **Central Airlines, Inc., Fort Worth, Tex.**
March 24 (letter of notification) 27,750 shares of common stock (par $1). **Price**—$5 per share. **Proceeds**—To retire indebtedness and for new equipment. **Office**—Meacham Field, Fort Worth, Texas. **Underwriter**—None.

**Central Oklahoma Oil Corp.**
March 19 (letter of notification) 50,000 shares of common stock (par 10 cents). **Price**—At market (approximately $2 per share). **Proceeds**—To A. M. Metz, the selling stockholder. **Office** — Braniff Bldg., Oklahoma City, Okla. **Underwriter**—Israel & Co., New York.

**Colorado Central Power Co.**
March 7 (letter of notification) 17,306 shares of common stock (par $1) being offered for subscription by common stockholders of record March 5 at rate of one new share for each 11 shares held; rights will expire on April 7. Unsubscribed shares to be offered to employees (up to 1,500 shares). **Price**—$15.75 per share. **Proceeds**—For new construction. **Office**—3470 South Broadway, Englewood, Colo. **Underwriter**—None.

**Columbia Gas System, Inc. (4/15)**
March 19 filed $60,000,000 of debentures, series C, due 1977. **Proceeds**—To repay $20,000,000 of bank loans and for 1952 construction program. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co. **Bids**—To be opened at 11:30 a.m. (EST) on April 15.

**Commercial Finance Co., Inc., Mt. Rainier, Md.**
March 21 (letter of notification) 8,000 shares of common stock (par $1) and 8,000 shares of preferred stock (par $25) to be offered in units of four shares of preferred and four shares of common stock. **Price**—$120 per unit. **Proceeds** — For working capital. **Office** — 3201 Rhode Island Ave., Mt. Rainier, Md. **Underwriter**—None.

**Consolidated Industries, Inc.**
March 17 (letter of notification) 200,000 shares of common stock. **Price**—$1 per share. **Proceeds**—For construction of sulphuric acid, fertilizer and wood sugar plants. **Office**—174 North Main Street, Salt Lake City, Utah. **Underwriter**—None.

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## NEW ISSUE CALENDAR

**April 3, 1952**
Chesapeake & Ohio Ry._____Equip. Trust Ctfs.
(Bids noon CST)

**April 4, 1952**
Wisconsin Power & Light Co._____Pfd. & Common
(Smith, Barney & Co. and Robert W. Baird & Co., Inc.)

**April 7, 1952**
Great Western Petroleum Co._____Common
(Steele & Co.)
Minnesota Mining & Mfg. Co._____Common
(Goldman, Sachs & Co. and others)
Western Air Lines, Inc._____Common
(Blyth & Co., Inc.)

**April 8, 1952**
Bingham-Herbrand Corp._____Debentures
(Straus, Blosser & McDowell)
Illinois Bell Telephone Co._____Bonds
(Bids 11:30 a.m. EST)

**April 9, 1952**
Chicago & North Western Ry._____Equip. Tr. Ctfs.
(Bids noon CST)
Consumers Power Co._____Bonds
(Bids 11 a.m. EST)
Metal Hydrides, Inc._____Common
(D. A. Lomasney & Co.)
Minneapolis-Honeywell Regulator Co._____Debs.
(Union Securities Corp.)
New Brunswick (Province of)_____Debentures
(Halsey, Stuart & Co.)

**April 10, 1952**
Indianapolis Power & Light Co._____Common
(Lehman Brothers, Goldman, Sachs & Co. and The First Boston Corp.)
Merritt-Chapman & Scott Corp._____Common
(Offering to stockholders)

**April 14, 1952**
Wisconsin Power & Light Co._____Bonds
(Bids 1:30 p.m. CST)

**April 15, 1952**
Columbia Gas System, Inc._____Debentures
(Bids 11:30 a.m. EST)
Daitch Crystal Dairies, Inc._____Common
(Hirsch & Co.)
Illinois Central RR._____Equip. Trust Ctfs.
(Bids noon CST)
South Carolina Electric & Gas Co._____Common
(Kidder, Peabody & Co.)
Southern California Edison Co._____Common
(First Boston Corp. and Harris, Hall & Co. Inc.)
Tennessee Production Co._____Common
(Stone & Webster Securities Corp. and White, Weld & Co.)

**April 16, 1952**
Canadian Fund, Inc._____Common
(Kidder, Peabody & Co. and Dominick & Dominick)
Carolina Power & Light Co._____Common
(Merrill Lynch, Pierce, Fenner & Beane and R. S. Dickson & Co., Inc.)
Cornell-Dubilier Electric Corp._____Debentures
(Kidder, Peabody & Co.)
Gustin-Bacon Manufacturing Co._____Common
(Morgan Stanley & Co.)
International Utilities Corp._____Preferred
(Butcher & Sherrerd and Nesbitt, Thomson & Co., Ltd.)
Service Pipe Line Co._____Debentures
(Morgan Stanley & Co.)

**April 17, 1952**
General Gas Corp._____Common
(Kidder, Peabody & Co.)
Hoberg Paper Mills, Inc._____Preferred
(Robert W. Baird & Co., Inc.)
Ralston Purina Co._____Debentures
(Kidder, Peabody & Co. and Goldman, Sachs & Co.)
San Francisco Brewing Corp._____Common
(Blyth & Co., Inc. and Conrad, Bruce & Co.)

**April 21, 1952**
County Gas Co._____Preferred & Com.
(Allen & Co.)

**April 22, 1952**
Alabama Power Co._____Bonds
(Bids 11 a.m. EST)
Carpenter Paper Co._____Common
(Kidder, Peabody & Co. and Kirkpatrick-Pettis & Co.)
Drilling & Exploration Co., Inc._____Common
(Hornblower & Weeks, Harriman Ripley & Co., Inc. and Blair, Rollins & Co., Inc.)
Gulf States Utilities Co._____Common
(Bids 11 a.m. EST)
Husky Oil Co._____Common
(Blyth & Co., Inc.)

**April 23, 1952**
Rochester Telephone Corp._____Preferred
(First Boston Corp.)
Tucson Gas, Electric Light & Power Co._____Common
(Blyth & Co., Inc. and First Boston Corp.)

**April 25, 1952**
American Hard Rubber Co._____Common
(Blair, Rollins & Co. Inc.)

**April 29, 1952**
Southwest Natural Gas Co._____Common
(W. E. Hutton & Co. and Craigmyle, Pinney & Co.)
Union Electric Co. of Missouri_____Bonds
(Bids to be invited)

**April 30, 1952**
First National Bank of Portland_____Common
(Offering to stockholders—not underwritten)

**May 6, 1952**
Texas Electric Service Co._____Bonds & Debs.
(Bids 11:30 a.m. EST)

**May 8, 1952**
New England Electric System_____Common
(Bids to be invited)

**May 15, 1952**
Metals & Chemicals Corp._____Common
(Beer & Co.)

**May 20, 1952**
National Fuel Gas Co._____Debentures
(Bids to be invited)

**June 10, 1952**
Kansas Gas & Electric Co._____Bonds & Stock
(Bids to be invited)

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

**July 8, 1952**
Georgia Power Co._____Bonds
(Bids to be invited)

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**● Consolidated Underwriters Investment Corp.**
Feb. 18 filed 40,000 shares of class A common stock. **Price**—At par ($10 per share, with an underwriter fee of $1.50). **Proceeds**—For investment. **Underwriters**—A. C. Decker, Jr., President and Treasurer of corporation; R. D. Keith, Vice-President; and S. O. Ryan. **Withdrawal**—Request filed March 27 to withdraw statement.

**Consumers Power Co. (4/9)**
March 18 filed $25,000,000 of first mortgage bonds due 1987. **Proceeds**—Together with other available funds, to finance $53,000,000 construction program for 1952. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; Kuhn, Loeb & Co.; The First Boston Corp. and Harriman Ripley & Co., Inc. (jointly); White, Weld & Co. and Shields & Co. (jointly). **Bids**—Expected to be opened at 11 a.m. (EST) on April 9.

**● Continental Royalty Co., Dallas, Tex.**
March 18 (letter of notification) 120,000 shares of common stock (par $1). **Price**—$2.50 per share. **Proceeds**—To purchase royalties and mineral deeds, oil and gas. **Office**—740 Wilson Building, Dallas Texas. **Underwriter** Southwestern Securities Co. and Hudson Stayart & Co., Inc., of Dallas, Texas.

**★ Continental Sulphur & Phosphate Co., Dallas, Tex.**
March 25 (letter of notification) 145,000 shares of common stock (par 10 cents). **Price**—$1.37½ per share. **Proceeds** — To pay indebtedness and for new construction. **Office**—2010 Tower Petroleum Bldg., Dallas, Tex. **Underwriter**—D. F. Bernheimer & Co., Inc., New York.

**● Cornell-Dubilier Electric Corp. (4/16)**
March 26 filed $4,000,000 of 20-year sinking fund debentures due March 1, 1972. **Price** — To be supplied by amendment. **Proceeds** — To retire bank loans and for working capital. **Underwriter**—Kidder, Peabody & Co., New York.

**★ Costa Construction Co., Inc., Albuquerque, N. M.**
March 25 (letter of notification) 200,000 shares of preferred stock and 2,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—For working capital. **Address** — P. O. Box 6127, Albuquerque, N. M. **Underwriter**—None.

**★ County Gas Co., Atlantic Highlands, N. J. (4/21)**
March 31 filed 106,000 shares of 6% cumulative preferred stock (par $20), 212,000 shares of common stock (par $10) and 106,000 common stock purchase warrants (each warrant entitling holder to purchase one share of common stock) to be offered in units of one share of preferred stock, two shares of common stock and one warrant. **Price**—To be supplied by amendment. **Proceeds**—From sale of stock and private placement of $12,500,000 first mortgage bonds will be used to retire bonds and serial notes and for working capital. **Proposed New Name**—New Jersey Natural Gas Co. **Underwriter**—Allen & Co., New York.

**Daitch Crystal Dairies, Inc. (4/15)**
Jan. 31 filed 147,000 shares of common stock (par $1), of which 125,000 shares will be offered by company and 22,000 shares by present stockholders. **Price**—To be supplied by amendment. **Proceeds** — To open additional supermarkets. **Underwriter**—Hirsch & Co., New York. **Offering**—Now expected about the middle of April.

**Dallas Power & Light Co.**
March 19 (letter of ontification) 188 shares of common stock (no par) and subscription warrants to purchase the said shares. **Price**—$100 per share. **Proceeds**—For new construction. **Office**—1506 Commerce Street, Dallas 1, Texas. **Underwriter**—None.

**Dayton Power & Light Co., Dayton, O.**
March 18 filed 50,000 shares of common stock (par $7), to be reserved under the company's employees' stock plan. **Underwriter**—None.

**Deerpark Packing Co., Port Jervis, N. Y.**
March 21 (letter of notification) 235,000 shares of common stock (par 10 cents). **Price**—$1.25 per share. **Proceeds**—To repay RFC loan of $41,050 and for working capital.

**Detroit Steel Corp.**
Feb. 5 filed $25,000,000 of 4⅞% first mortgage bonds due March 1, 1967. **Price** — To be supplied by amendment. **Proceeds**—To retire $13,950,000 of presently outstanding first mortgage bonds and for expansion program. **Underwriters**—Halsey, Stuart & Co. Inc. of Chicago and New York; Van Alstyne, Noel & Co., New York; and Crowell, Weedon & Co., Los Angeles, Calif. **Offering**—Postponed temporarily.

**Detroit Steel Corp.**
Feb. 5 filed 600,000 shares of $1.50 convertible preferred stock (par $25). **Price**—To be filed by amendment. **Proceeds**—For expansion program. **Underwriters**—Van Alstyne, Noel & Co., New York, and Crowell, Weedon & Co., Los Angeles, Calif. **Offering**—Postponed temporarily.

**Diesel Power Corp., Pittsburgh, Pa.**
Jan. 10 filed 475,000 shares of common stock to be offered first to holders of preferential rights for a limited time. **Price** — At par ($1 per share). **Underwriter** — Graham & Co., Pittsburgh, Pa. **Proceeds**—For development costs and working capital.

**★ Dillon-Beck Manufacturing Co.**
March 26 (letter of notification) 1,650 shaers of common stock (no par). **Price** — $60 per share. **Proceeds**—For working capital. **Business** — Plastic toys and novelties. **Office**—1227 Central Ave., Hillside, N. J. **Underwriter**—None.

**★ Dodge & Cox Fund, San Francisco, Calif.**
March 28 filed 30,000 shares of beneficial interest in the Fund. **Price** — At market. **Proceeds** — For investment. **Underwriter**—None.

**● Doman Helicopters, Inc.**
March 24 (amendment to letter of notification) 75,000 shares of common stock (par $1) being first offered for subscription by common stockholders of record March 28 on a prorata basis, rights to expire April 11; unsubscribed shares to be publicly offered on April 14. **Price**—$3.75 per share. **Proceeds**—For working capital. **Underwriter**—Cohu & Co., New York.

**★ Drilling & Exploration Co., Inc., Abilene, Tex. (4/22)**
March 28 filed 400,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To acquire properties of Texla Gas Corp. and purchase other properties. **Business** — Crude oil production. **Underwriters**—Hornblower & Weeks, Harriman Ripley & Co., Inc. and Blair, Rollins & Co. Inc., New York.

**Elkhorn Mining Co., Boulder, Mont.**
March 19 (letter of notification) 50,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For exploration costs. **Office**—Boulder Bank Bldg., Boulder, Mont. **Underwriter**—None.

**★ Empire Machinery Co., Odessa, Tex.**
March 28 (letter of notification) 250,000 shares of common stock. **Price**—$1 per share. **Proceeds**—For working capital. **Address**—P. O. Box 4026, Odessa, Tex. **Underwriter**—None.

**★ Equity Fund, Inc., Seattle, Wash.**
March 27 filed 500,000 shares of capital stock. **Price**—At market. **Proceeds**—For investment. **Underwriter**—Pacific Northwest Co., Seattle, Wash.

**Fenimore Iron Mines, Ltd., Toronto, Canada**
Jan. 25 filed 4,007,584 shares of common stock (par $1) and 2,003,792 common stock purchase warrants of which 2,003,792 shares are to be offered to present common stockholders at 75 cents per share (Canadian funds) on a basis of one new share for each two shares held. Subscribers will receive, for each share subscribed, a warrant to purchase one additional share at $1.25 (Canadian funds) per share until June 1, 1953, or an additional 2,003,792 shares. Unsubscribed shares will be offered by the company at the same price and carrying the same warrants. **Proceeds**—To finance drilling program. **Underwriter**—None. Statement effective March 10.

**Flathead Petroleum Co., Monroe, Wash.**
March 21 filed 600,000 shares of common stock (par 10 cents). **Price** — 50 cents per share. **Proceeds** — For equipment and drilling purposes. **Underwriter**—None.

**Forbes & Wallace, Inc., Springfield, Mass.**
Feb. 5 (letter of notification) 700 shares of class B common stock (no par). **Price**—$20 per share. **Proceeds**—To R. W. Demarest, the selling stockholder. **Underwriters**—Tifft Brothers, Springfield, Mass.; and F. S. Moseley & Co., Inc., Boston, Mass.

**Fox (Peter) Brewing Co., Chicago, Ill.**
March 14 (letter of notification) 2,000 shares of common stock (par $1.25). **Price**—At market (approximately $10 per share). **Proceeds**—To W. J. Fox, the selling stockholder. **Underwriter**—Langill & Co., Chicago, Ill.

**★ Frantzhurst Rainbow Lakes Co.**
March 27 (letter of notification) 170,000 shares of capital stock, of which 30,000 shares are to be issued as part payment for construction and to salesmen. **Price**—$1 per share. **Proceeds**—To build lakes and buildings and stock with fish. **Office**—328 N. Nevada Ave., Colorado Springs, Colo. **Underwriter**—None.

**General Alloys Co., Boston, Mass.**
March 5 (letter of notification) 25,000 shares of common stock (no par), of which 15,025 shares are to be offered for subscription by officers of the company at $3 per share and 9,975 shares by certain key employees at the same price (latter part to be underwritten at $2.78 per share). **Proceeds**—For working capital. **Underwriter**—William S. Prescott & Co., Boston, Mass.

**★ General Gas Corp., Baton Rouge, La. (4/17-18)**
March 28 filed 120,000 shares of common stock (par $5). **Price**—To be supplied by amendment. **Proceeds**—To finance tank sales and for working capital. **Business**—Distributor of LP-gas. **Underwriter** — Kidder, Peabody & Co., New York.

**Golconda Mines Ltd., Montreal, Canada**
April 9 filed 750,000 shares of common stock. **Price**—At par ($1 per share). **Underwriter**—George F. Breen New York. **Proceeds**—For drilling expenses, repayment of advances and working capital. **Offering**—Date not set

**★ Great Southwestern Corp., Reno, Nev.**
March 28 (letter of notification) 500 shares of preferred stock and 5,000 shares of common stock, each purchaser of one share of preferred to be given right to buy 10 shares of common stock. **Price**—Of preferred, $20 per share, and of common, $1 per share. **Proceeds**—For milling and mining expenses. **Office** — 211 First National Bank Bldg., Reno, Nev. **Underwriter**—None.

**Great Western Petroleum Co. (4/7)**
Feb. 25 (letter of notification) 299,900 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—To drill wells. **Office**—328 Empire Bldg., Denver 2, Colo. **Underwriter**—Steele & Co., New York.

**Gulf States Utilities Co., Beaumont, Tex. (4-22)**
March 19 filed 300,000 shares of common stock (no par). **Proceeds**—For new construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Stone & Webster Securities Corp.; Merrill Lynch, Pierce, Fenner & Beane and Lehman Brothers (jointly); Blyth & Co., Inc. **Bids**—Tentatively expected at 11 a.m. (EST) on April 22.

**★ Gustin-Bacon Manufacturing Co., Kansas City, Mo. (4/16)**
March 28 filed 265,000 shares of common stock (par $5), of which 121,300 shares are to be offered by the company for subscription by common stockholders on a one-for-five basis and the balance will be sold by certain stockholders. **Price** — To be supplied by amendment. **Proceeds**—To repay bank loans and for new equipment. **Underwriter**—Morgan Stanley & Co., New York.

**Hammond Bag & Paper Co., Wellsburg, W. Va.**
Feb. 15 (letter of notification) 10,000 shares of common stock to be offered to stockholders. **Price**—At par ($20 per share). **Proceeds**—For working capital. **Underwriter**—None.

**Hecla Mining Co., Wallace, Ida.**
Jan. 17 (letter of notification) 3,000 shares of capital stock (par 25 cents). **Price**—At market (approximately $18 per share). **Proceeds**—To Mrs. M. K. Pollard, the selling stockholder. **Underwriter**—Thomson & McKinnon, New York.

**Hex Foods, Inc., Kansas City, Mo.**
March 14 (letter of notification) 2,500 shares of common stock (no par). **Price**—$20 per share. **Proceeds**—To F. T. Hoeck, the selling stockholder. **Underwriter**—Prugh-Combest & Land, Inc., Kansas City, Mo.

**● Hoberg Paper Mills, Inc., Green Bay, Wis. (4/17)**
March 25 filed 80,000 shares of 5½% convertible preferred stock (par $25). **Price**—To be supplied by amendment. **Proceeds**—For working capital. **Underwriter**—Robert W. Baird & Co., Inc., Milwaukee, Wis.

**★ Home Telephone & Telegraph Co. of Virginia**
March 21 (letter of notification) 40,320 shares of capital stock. **Price**—At par ($5 per share). **Proceeds**—To reduce bank loans. **Office**—Emporia, Va. **Underwriter**—None.

**★ Husky Oil Co., Cody, Wyo. (4/22)**
March 31 filed 300,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—From sale of this stock, plus $1,050,000 from sale of 100,000 additional shares to Northern Natural Gas Co., to be used for exploration and acquisition of properties and to increase investment in Husky Oil & Refining Ltd., a Canadian subsidiary. **Underwriter** — Blyth & Co., Inc., San Francisco and New York.

**● Illinois Bell Telephone Co. (4/8)**
March 7 filed $25,000,000 of first mortgage bonds, series C, due April 1, 1984 (company also plans to offer 682,454 shares of capital stock to stockholders for subscription on or before July 1, 1952, at par, $100 per share). **Proceeds**—To repay advances from American Telephone & Telegraph Co., which owns 99.31% of Illinois Bell outstanding stock. **Underwriters** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co., Inc.; Morgan Stanley & Co.; Glore, Forgan & Co. and Union Securities Corp. (jointly); Kuhn,Loeb & Co.; White, Weld & Co.; First Boston Corp.; Shields & Co. **Bids**—Expected at 11:30 a.m. (EST) on April 8. Statement effective March 26.

**Indianapolis Power & Light Co. (4/10)**
March 19 filed 196,580 shares of common stock (no par), to be offered for subscription by common stockholders of record April 10 at the rate of one share for each seven shares held (with an oversubscription privilege); rights to expire April 24. **Price**—To be supplied by amendment. **Proceeds**—For new construction. **Underwriters**—Lehman Brothers, Goldman, Sachs & Co. and The First Boston Corp., all of New York.

**Inland Oil Co. (Nev.), Newark, N. J.**
Feb. 26 (letter of notification) 599,700 shares of class A common stock (par 25 cents). **Price**—50 cents per share. **Proceeds**—For drilling and equipping well and for working capital. **Office**—11 Commerce St., Newark, N. J. **Underwriter**—Weber-Millican Co., New York.

**★ Insurance Vending Machine Corp., Denver, Colo.**
March 26 (letter of notification) $150,000 of five-year debentures (in denominations of $1,000 each) and 52,500 shares of common stock (par $1), each purchaser of one $1,000 debenture to receive a bonus of 350 shares of stock. **Proceeds** — To purchase patents. **Office** — 720 Ernest and Cranmer Building, Denver 2, Colo. **Underwriter**—None.

**International Technical Aero Services, Inc.**
Feb. 15 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For working capital. **Office**—International Terminal, Washington National Airport, Washington, D. C. **Underwriter**—James T. DeWitt & Co., Washington, D. C.

**★ International Utilities Corp. (4/16)**
March 27 filed 250,000 shares of cumulative convertible preferred stock (par $25). **Price**—To be supplied by amendment. **Proceeds** — For expansion program and working capital. **Underwriters** — Butcher & Sherrerd, Philadelphia, Pa., and Nesbitt, Thomson & Co., Ltd., Montreal, Canada.

**● Interstate Power Co.**
March 3 filed 345,833 shares of common stock (par $3.50) to be offered for subscription by common stockholders of record April 4 on basis of one share for each six shares then held (with an oversubscription privilege). Rights to expire on April 18. **Price** — $8.65 per share. **Proceeds** — For construction program. **Underwriter**—Smith, Barney & Co., who were awarded the issue on April 2 on their bid for a compensation of 14¼ cents per share. Statement effective March 24.

**● Interstate Power Co., Dubuque, Iowa**
March 3 filed $2,000,000 of first mortgage bonds, due 1982. **Proceeds**—For construction program. **Underwriters**

—Salomon Bros. & Hutzler, were awarded the issue on April 2 on their bid of 100.9137 for 3½s. Statement effective March 24.

**Jersey Yukon Mines Ltd., Toronto, Canada**
March 20 filed 200,000 shares of common stock (par $1). **Price**—$1 per share (Canadian funds). **Proceeds**—For capital payments on property account and option agreements, purchase of machinery and operating expenses. **Underwriter**—None.

**Johnston Adding Machine Co., Carson City, Nev.**
March 5 (letter of notification) 150,000 shares of capital stock. **Price**—At par ($1 per share). **Proceeds**—To purchase tools and materials and office equipment. **Underwriter**—None.

**Junction City (Kansas) Telephone Co.**
Feb. 29 (letter of notification) $294,000 of first mortgage 4½% bonds, series A, due Feb. 1, 1977 (in denominations of $1,000 each). **Proceeds**—To retire bank loans. **Underwriter**—Wachob-Bender Corp., Omaha, Neb.

**Kansas-Colorado Utilities, Inc., Lamar, Colo.**
March 14 (letter of notification) 5,866 shares of common stock. **Price**—$12.75 per share. **Proceeds**—To Sullivan-Brooks Co., Inc., the selling stockholder. **Office**—112 West Elm St., Lamar, Colo. **Underwriter** — Sullivan-Brooks Co., Inc., Wichita, Kan.

**Lapaco Chemicals, Inc., Lansing, Mich.**
March 18 (letter of notification) 200,787 convertible notes (each note convertible into $1 par class B stock). **Price**—90 cents each. **Proceeds** — For working capital and investment. **Office**—1800 Glenrose Ave., Lansing 2, Mich. **Underwriter**—None.

**Lindemann (A. J.) & Hoverson Co.**
Nov. 28 filed 112,500 shares of common stock (par $1). **Price**—To be supplied by amendment. **Underwriter**—Sills, Fairman & Harris, Inc., Chicago, Ill. **Proceeds**—To eight selling stockholders. **Offering**—Date indefinite.

**Loch-Lynn Gas Corp. (N. J.)**
March 5 (letter of notification) 1,000 shares of common stock (par $1). **Price**—$100 per share. **Proceeds**—For working capital. **Office**—15 Exchange Place, Jersey City 2, N. J. **Underwriter**—None.

★ **Marquardt Aircraft Co., Van Nuys, Calif.**
March 28 (letter of notification) 20,000 shares of capital stock, of which 18,000 shares are to be offered to public and 2,000 shares to employees. **Price**—$15 per share to public and $14 to employees. **Proceeds** — For working capital and new equipment. **Office**—7801 Hayvenhurst Ave., Van Nuys, Calif. **Underwriter**—C. E. Unterberg & Co., New York.

● **Martin (Glenn L.) Co.**
March 21 filed voting trust certificates for 3,000,000 shares of common stock (par $1) and $6,000,000 of 10-year 4% convertible subordinated notes. There are now outstanding 1,134,229 shares of common stock eligible to be exchanged for the voting trust certificates. The notes (convertible into common stock at rate of $6 per share) will be placed privately. **Financial Adviser**—Smith, Barney & Co., New York.

**Mercantile Acceptance Corp. of California**
March 20 (letter of notification) 2,030 shares of common stock (par $5) and $40,600 of 10-year 5% junior subordinated debentures to be offered to common stockholders of record March 10 at rate of one share of common and $20 face amount of debentures. **Price**—$23.50 per unit. **Proceeds**—For working capital. **Office**—333 Montgomery Street, San Francisco, Calif. **Underwriter**—Guardian Securities Corp., San Francisco, Calif.

**Merritt-Chapman & Scott Corp. (4/10)**
March 13 filed 124,147 shares of common stock (par $12.50), to be offered for subscription by common stockholders of record April 10 on the basis of one share for each four shares held. Of any unsubscribed shares, employees, including officers, may purchase a maximum of 10,000 shares; rights to expire about April 28. **Price**—To be supplied by amendment. **Proceeds**—To reduce bank loans and for working capital and other corporate purposes. **Office**—17 Battery Place, New York 4, N. Y. **Business**—Industrial building, marine and heavy construction. **Underwriter**—None.

● **Metal Hydrides, Inc., Beverly, Mass. (4/9)**
March 21 filed 100,000 shares of common stock (par $5). **Price**—To be supplied by amendment. **Proceeds**—To enlarge research facilities and for new construction. **Underwriter**—D. A. Lomasney & Co., New York.

★ **Michigan Steel Casting Co., Detroit, Mich.**
March 27 (letter of notification) 40,250 shares of common stock (par $1) to be offered for subscription by stockholders of record March 31. **Price**—$5.25 per share. **Proceeds**—For working capital. **Underwriter**—None.

**Minneapolis-Honeywell Regulator Co. (4/9)**
March 20 filed $20,000,000 of 20-year debentures due 1972. **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans and for working capital. **Underwriter**—Union Securities Corp., New York.

**Minnesota Mining & Manufacturing Co. (4/7)**
March 18 filed 300,000 shares of common stock (no par). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Underwriters**—Goldman, Sachs & Co.; Kidder, Peabody & Co. and Piper, Jaffray & Hopwood.

**Mountain States Telephone & Telegraph Co.**
March 7 filed 318,624 shares of capital stock, to be offered for subscription by stockholders of record March 28 in ratio of one share for each four shares held. **Price**—At par ($100 per share). **Proceeds**—To repay advances from American Telephone & Telegraph Co., parent, which owns a majority (over 84.81%) of present outstanding stock. **Underwriter**—None. Statement effective March 26.

★ **National Investors Corp., N. Y.**
March 31 filed 600,000 shares of capital stock (par $1). **Price**—At market. **Proceeds**—For investment. **Underwriter**—None.

★ **National Shirt Shops of Delaware, Inc.**
March 26 (letter of notification) 1,000 shares of common stock (par $1). **Price**—At market (estimated at $12 per share). **Proceeds** — To Sylvan Cole, the selling stockholder. **Underwriter**—Rosenthal & Co., New York.

**New Brunswick (Province of) (4/9)**
March 13 filed $10,000,000 of 20-year sinking fund debentures, due April 1, 1972. **Price**—To be supplied by amendment. **Proceeds** — To redeem $4,000,000 2¼% 5-year debentures of the Province due May 1, 1952, and the remainder to be advanced to The New Brunswick Electric Power Commission in connection with its construction program. **Underwriter**—Halsey, Stuart & Co. Inc., Chicago and New York.

● **New Mexico Jockey Club, Albuquerque, N. M.**
March 17 filed 1,255 shares of common stock (par $1,000). **Price**—At par. **Proceeds**—To construct racing plant and for working capital. **Underwriter**—None, but Dr. Frank Porter Miller of Los Angeles, Calif., will be "engaged to sell the securities to the public."

**Newport Steel Corp., Newport, Ky.**
Feb. 5 (letter of notification) 1,200 shares of common stock (par $1). **Price** — At market (estimated at about $11.84 per share). **Proceeds** — To Bernard A. Mitchell, the selling stockholder. **Underwriter** — Merrill Lynch, Pierce, Fenner & Beane, Louisville, Ky.

**Noranda Oil Corp., San Antonio, Tex.**
Jan. 29 (letter of notification) 10,000 shares of common stock (par $1). **Price** — At market (approximately 75 cents per share). **Proceeds**—To Aristide M. Joncas. **Office**—2101 Transit Tower, San Antonio 5, Tex. **Underwriter**—C. K. Pistell & Co., Inc., New York.

**Official Films, Inc., Ridgefield, N. J.**
March 12 (letter of notification) 188,914 shares of common stock (par 10 cents), being offered first for subscription by common stockholders of record Feb. 29 at rate of one new share for each seven shares held; rights to expire on April 10. **Price**—$1.50 per share. **Proceeds**—For working capital. **Office**—c/o Cleary, Gottlieb, Friendly & Hamilton, 52 Wall St., New York 5, N. Y. **Underwriter**—None.

**Oregon Fibre Products, Inc., Pilot Rock, Ore.**
Feb. 1 filed $2,500,000 5% sinking fund debentures due Jan. 1, 1968 (in denominations of $100 each); 5,000 shares of 6% cumulative preferred stock (par $100) and 60,000 shares of common stock (par $1) to be offered in units of $100 of debentures and two common shares or one share of preferred and two common shares. **Price**—$102 per unit; debentures and preferred stock may also be purchased at face value separately. **Proceeds**—For new construction and equipment. **Business**—Softboard and hardboard plant. **Underwriter**—None. Statement effective March 12.

**Peabody Coal Co.**
March 26 filed 160,000 shares of 5½% prior preferred stock (par $25). **Price** — To be supplied by amendment **Underwriter**—A. C. Allyn & Co., Inc., Chicago, Ill. **Proceeds**—For construction program. **Offering**—Indefinitely postponed.

★ **Peninsular Grinding Wheel Co., Detroit, Mich.**
March 27 (letter of notification) 30,000 shares of common stock (par $1) to be offered for subscription to certain management employees under a stock option plan. **Price**—Estimated at $6.65 per share. **Proceeds**—For general corporate purposes. **Office**—729 Meldrum Ave., Detroit 7, Mich. **Underwriter**—None.

**Petroleum Finance Corp.**
Feb. 5 (letter of notification) 60,000 shares of common stock (par $1) and 30,000 warrants to purchase 30,000 shares of common stock (warrants exercisable at $7.50 per share on or prior to April 1, 1954). Each purchaser of two common shares will receive one warrant. **Price**—$5 per share. **Proceeds**—For working capital. **Office**—Oklahoma City, Okla. **Underwriter**—George F. Breen, New York.

● **Pioneer Air Lines, Inc., Dallas, Tex. (4/7)**
Nov. 29 filed 75,000 shares of common stock (par $1). **Price**—$12 per share. **Underwriter**—Cruttenden & Co., Chicago, Ill. **Proceeds**—To purchase new equipment. **Offering**—Expected April 7.

★ **Pittsburgh Coke & Chemical Co., Pittsburgh, Pa.**
March 28 filed an unspecified number of shares of common stock (no par) to be offered in exchange for shares of Great Lakes Steamship Co., Inc. common stock, of which 61,109 shares are held by Great Lakes and 118,441 by others. **Underwriter**—None.

★ **Pittsburgh Community Stock Theatre, Inc.**
April 1 (letter of notification) 300 shares of 5% noncumulation preferred stock (par $100) and 330 shares of Class B common stock (par 10 cents). **Price**—At par. **Proceeds**—To secure dramatic and musical rights and for operating expenses. **Underwriter**—None.

● **Pittsburgh Plate Glass Co. (4/3)**
March 11 filed $40,000,000 sinking fund debentures due 1967. **Price**—At 100% and accrued dividends. **Proceeds**—For further expansion and diversification. **Underwriter**—The First Boston Corp., New York. **Offering**—Now being made.

**Progressive Fire Insurance Co., Atlanta, Georgia**
March 7 (letter of notification) 10,901 shares of capital stock being offered first to stockholders of record Feb. 11; unsubscribed shares to be offered to public on April 15. **Price**—To stockholders $25 per share, and to public $27.50 per share. **Proceeds**—For working capital to increase volume of business. **Office**—107 Cone Street, Atlanta, Ga. **Underwriter**—None.

★ **Putnam (George) Fund of Boston**
March 26 filed 400,000 shares of beneficial interest in the Fund. **Price**—At market. **Proceeds**—At market. **Underwriter**—Putnam Fund Distributors, Boston, Mass.

● **Radioactive Products, Inc., Detroit, Mich.**
March 14 (letter of notification) 112,500 shares of class A convertible stock (par $1), being offered for subscription by common stockholders at rate of one class A share for each two common shares held, rights to expire on April 21. **Price**—$1.25 per share. **Proceeds** — For equipment and working capital. **Office** — 443 West Congress St., Detroit 26, Mich. **Underwriter**—A. H. Vogel & Co., Detroit, Mich.

★ **Ralston Purina Co., St. Louis, Mo. (4/17)**
March 28 filed $15,000,000 of sinking fund debentures due April 15, 1977. **Price** — To be supplied by amendment. **Proceeds**—To repay indebtedness and for capital expenditures. **Underwriters**—Kidder, Peabody & Co. and Goldman, Sachs & Co., New York.

★ **Resources Development, Inc., Worland, Wyo.**
March 24 (letter of notification) 200,000 shares of class B common stock (no par). **Price**—$1 per share. **Proceeds**—For drilling equipment. **Underwriter**—None.

**Ridley Mines Holding Co., Grafton, N. D.**
Feb. 15 filed 100,000 shares of common stock. **Price**—At par ($5 per share). **Proceeds**—For exploration and other mining purposes. **Business** — Uranium mining. **Underwriter**—None.

**Robinson (J. W.) Co., Los Angeles, Calif.**
Jan. 4 filed 100,000 shares of capital stock to be offered on a pro rata basis to stockholders of record Nov. 23, 1951 (approximately 33 in number) for a 30-day period, with an oversubscription privilege. Unsubscribed shares to be sold privately to individuals selected by company. **Price**—At par ($10 per share). **Underwriter**—None. **Proceeds** — For working capital. **Business** — Department store. Statement effective Jan. 28.

**Rochester Telephone Corp. (4/23)**
March 26 filed 60,000 shares of cumulative preferred stock (par $100). **Price**—To be supplied by amendment. **Proceeds**—To repay $3,200,000 bank loans, to redeem $2,282,600 first cumulative preferred stock and for construction expenses. **Underwriter** — The First Boston Corp., New York.

★ **San Francisco Brewing Corp., San Francisco, Calif. (4/17-18)**
March 27 filed 25,666 shares of capital stock (par $10). **Price**—To be supplied by amendment. **Proceeds**—To six selling stockholders. **Underwriters** — Blyth & Co., Inc. and Conrad, Bruce & Co., both of San Francisco, Calif.

**Sargent & Greenleaf, Inc., Rochester, N. Y.**
Feb. 18 (letter of notification) 5,500 shares of common stock (par $1). **Price**—At market (approximately $6 per share). **Proceeds**—To Howard S. Thomas, Jr., the selling stockholder. **Underwriter**—Franklin & Co., New York.

★ **Seattle Gas Co., Seattle, Wash.**
March 21 (letter of notification) 10,000 shares of common stock (par $10). **Price**—$13.62½ per share. **Proceeds**—For operating expenses. **Underwriter** — Smith, Polian & Co., Omaha, Neb.

★ **Service Pipe Line Co., Tulsa, Okla. (4/16)**
March 27 filed $90,000,000 of 30-year sinking fund debentures due April 1, 1982. **Price** — To be supplied by amendment. **Proceeds**—To retire bank loans. **Business**—Crude oil pipe line system. **Underwriter**—Morgan Stanley & Co., New York.

★ **Sightmaster Corp.**
March 26 (letter of notification) 105,000 shares of common stock (par five cents). **Price**—At market (estimated at 55 cents per share). **Proceeds**—To Michael L. Kaplan (President), who is the selling stockholder. **Office**—111 Cedar St., New Rochelle, N. Y. **Underwriter**—None.

**Signal Mines, Ltd., Toronto, Canada**
March 17 filed 600,000 shares of common stock of which 500,000 shares are for account of company. **Price**—At par ($1 per share). **Proceeds**—For exploration and development costs and working capital. **Underwriter**—Northeastern Securities Ltd.

★ **South Carolina Electric & Gas Co., Columbia, S. C. (4/15)**
March 26 filed 417,719 shares of common stock (par $4.50) to be first offered for subscription by common stockholders at rate of one share for each five shares held about April 15; rights to expire on April 30. **Price**—To be supplied by amendment. **Proceeds** — For new construction. **Underwriter**—Kidder, Peabody & Co., New York.

**Southern California Edison Co. (4/15)**
March 24 filed 800,000 shares of common stock (par $25). **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans and for new construction. **Underwriters**—The First Boston Corp., New York, and Harris, Hall & Co. (Inc.), Chicago, Ill.

★ **Southern Oil Corp., Billings, Mont.**
March 26 (letter of notification) 239,997 shares of class A common stock and 10,000 shares of class B common stock. **Price**—At par ($1 per share). **Proceeds**—To drill oil wells. **Address**—Box 531, Billings, Mont. **Underwriter**—None.

★ **Southwest Natural Gas Co., Shreveport, La. (4/29)**
March 27 filed 500,000 shares of common stock (par 10 cents), of which 330,000 shares are being sold by the company and 170,000 shares by certain selling stockhold-

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ers. **Price**—To be supplied by amendment. **Proceeds**—To acquire additional leases and to drill wells. **Business**—Oil and gas. **Underwriters**—W. E. Hutton & Co., Cincinnati, O., and Craigmyle, Pinney & Co., New York.

**★ Springfield City Water Co., Springfield, Mo.**
March 24 (letter of notification) 1,620 shares of 4¼% cumulative preferred stock, series E (par $100) and 10,000 shares of common stock (no par). **Price**—Of preferred, at par, and of common at $13.50 per share. **Proceeds**—To reduce indebtedness and for improvements to property. **Office**—701 Boonville Ave., Springfield, 1, Mo. **Underwriter**—Moody Investment Co., Springfield, Mo.

**Standard Coil Products Co., Inc.**
March 17 filed 486,858 shares of common stock (par $1), to be offered in exchange for common stock of General Instrument Corp. on basis of four Standard shares for each five General shares. Offer will be consummated if holders of 85% of General shares tender their stock in exchange. **Dealer-Managers**—F. Eberstadt & Co., Inc. and Hirsch & Co., both of New York.

**★ Standard Thomson Corp.**
March 17 (letter of notification) 14,500 shares of common stock (par $1). **Price**—At market (around $6.75 per share). **Proceeds**—To selling stockholders. **Underwriters**—Reich & Co., W. C. Langley & Co. and Carreau & Co., all of New York.

**★ Stout Oil Co., Denver, Colo.**
March 25 (letter of notification) 6,000,000 shares of common stock. **Price**—At par (five cents per share). **Proceeds**—For drilling expenses. **Office** — 1729 Stout St., Denver, Colo. **Underwriter**—None.

**● Superior Plywood Corp., Crescent City, Calif.**
March 17 filed 3,600 shares of class A voting common stock (par $10), 300 shares of class B non-voting common stock (par $5,000) and 9,000 shares of 6% cumulative preferred stock (par $100), of which 1,500 class A shares and 300 class B shares are to be offered in units of five shares of class A and one of class B at $5,050 per unit (subscribers must surrender $2,500 par value of Standard Veneer & Timber Co. preferred stock in partial payment); 700 class A shares to be offered in exchange for standard common stock on a share for share basis; 1,400 class A shares to be sold to management group of Superior company; and all of 9,000 shares of preferred stock for cash at par or in exchange for standard stock. **Proceeds**—To purchase site for plywood plant, to repay loan and for working capital. **Business**—Operator of green veneer plant. **Underwriter**—None.

**● Tennessee Production Co. (4/15-16)**
March 25 filed 1,250,000 shares of common stock (par $5). **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans and for exploration and development of properties. **Underwriters**—Stone & Webster Securities Corp. and White, Weld & Co., New York.

**★ Texas Electric Service Co., Ft. Worth, Tex. (5/6)**
March 26 filed $8,000,000 of first mortgage bonds due 1982 and $5,000,000 of sinking fund debentures due 1971. **Proceeds** — To repay short-term borowings and for new construction. **Underwriters**—To be determined by competitive bidding. Probable bidders Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co., Lehman Brothers and Blyth & Co., Inc. (jointly); Salomon Bros. & Hutzler; Harriman Ripley & Co., Inc.; Union Securities Corp.; Hemphill, Noyes, Graham, Parsons & Co. and Drexel & Co. (jointly); Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane (jointly); The First Boston Corp. **Bids**—Expected to be received at 11:30 a.m. (EST) on May 6.

**Torrington Water Co., Torrington, Conn.**
March 18 (letter of notification) 3,174 shares of capital stock (par $25). **Price**—At approximately $27 per share. **Proceeds**—To Muriel Alvord, et al. **Underwriter**—Wood, Struthers & Co., New York.

**● Tri-State Telecasting Corp., Chattanooga, Tenn.**
Jan. 21 filed 20,000 shares of common stock (no par) and 2,000 shares of 5% cumulative preferred stock (par $100) to be sold in units of one preferred share and 10 common shares. **Price**—$200 per unit. **Proceeds**—For new equipment and working capital. **Underwriter**—None. Statement effective March 25.

**★ Tucson Gas, Electric Light & Power Co. (4/23)**
March 31 filed 140,000 shares of common stock (par $10). **Price**—To be supplied by amendment. **Proceeds**—For new construction. **Underwriters**—Blyth & Co., Inc., San Francisco and New York, and The First Boston Corp., New York.

**★ Union Electric Co. of Missouri, St. Louis, Mo. (4/29)**
March 27 filed $30,000,000 of first mortgage and collateral trust bonds, due 1982. **Proceeds**—To retire promissory notes and for new construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston.; Lehman Brothers; Kuhn, Loeb & Co. and Harriman Ripley & Co. Inc. (jointly); White, Weld & Co. and Shields & Co. (jointly); Dillon, Read & Co. Inc.; Blyth & Co., Inc. and Union Securities Corp. (jointly). **Bids**—Expected to be received on April 29.

**Viking Plywood & Lumber Corp., Seattle, Wash.**
Oct. 19 filed 22,500 shares of common stock (no par) to be offered to employee-stockholders in minimum units of 125 shares per unit. **Price**—$20 per share. **Underwriter**—None. **Proceeds**—To purchase 50% of capital stock of Snellstrom Lumber Co. Statement effective Feb. 25.

**★ Wall Street Investing Corp., New York**
March 26 filed 100,000 shares of capital stock. **Price**—At market. **Proceeds**—For investment. **Underwriter**—None.

**Welex Jet Services, Inc.**
Jan. 25 (letter of notification) 2,000 shares of common stock (no par). **Price**—$20 per share. **Proceeds**—To W. H. Thompson, the selling stockholder. **Underwriters**—Barron McColloch, Ft. Worth, Tex.; Dewar, Roberston & Pancoast and Russ & Co., both of San Antonio, Tex.; and Laird & Co., Wilmington, Del.

**★ West Ohio Gas Co., Lima, Ohio**
March 25 (letter of notification) 19,753 shares of common stock (par $5) to be offered for subscription by common stockholders at rate of one new share for each 16 shares held. **Price**—$11.50 per share. **Proceeds**—For general corporate purposes. **Office** — 319 West Market St., Lima, Ohio. **Underwriter**—None.

**West Penn Power Co., Pittsburgh, Pa.**
Feb. 28 filed $12,000,000 of first mortgage bonds, series O, due April 1, 1982, and a maximum of 240,000 shares of no par common stock (latter to be offered for subscription by stockholders other than West Penn Electric Co. at rate and price to be supplied by amendment. **Proceeds**—To pay bank loans and for property additions and improvements. **Underwriters**—(1) For stock, none. West Penn Electric Co., owner of approximately 94.6% of outstanding common stock, proposes to purchase all shares not subscribed by public holders. (2) For bonds, Halsey, Stuart & Co. Inc.. Statement effective March 21.

**● Western Air Lines, Inc. (4/8)**
March 10 filed 165,049 shares of common stock (par $1), to be offered for subscription by stockholders of record April 7 at rate of three new shares for each 10 shares held; rights to expire on April 22. **Price**—To be supplied by amendment. **Proceeds**—To be added to working capital and used for purchase of additional equipment. **Underwriter** — Blyth & Co., Inc., San Francisco, Calif., and New York.

**★ Western States Utilities Co., Denver, Colo.**
March 24 (letter of notification) 2,400 shares of 6% cumulative sinking fund preferred stock, of which 1,000 shares will be sold by the company and 1,400 shares by three selling stockholders. **Price**—At par ($50 per share). **Proceeds**—To install propane gas air plant. **Office**—741 Equitable Bldg., Denver 2, Colo. **Underwriter** — Peters, Writer & Christensen, Inc., Denver, Colo.

**★ Whitehall Fund, Inc., New York**
March 31 filed 60,000 shares of capital stock (par $1). **Price**—At market. **Proceeds**—For investment. **Underwriter**—None.

**● Wisconsin Power & Light Co. (4/14)**
March 19 filed $7,000,000 of first mortgage bonds, series F, due April 1, 1982. **Proceeds**—To reduce bank loans and for new construction. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co. and Kidder, Peabody & Co. (jointly); Kuhn, Loeb & Co.; Salomon Bros. & Hutzler; Equitable Securities Corp.; Smith, Barney & Co. and Robert W. Baird & Co., Inc. (jointly); Union Securities Corp.; First Boston Corp.; Glore, Forgan & Co.; Lehman Brothers and Bear, Stearns & Co. (jointly). **Bids**—Tentatively expected to be received up to 1:30 p.m. (CST) on April 14.

**Wisconsin Power & Light Co. (4/4)**
March 19 filed 15,000 shares of cumulative preferred stock (par $100), to be offered for subscription by preferred stockholders of record March 31 on a pro rata basis, and 288,208 shares of common stock (par $10), to be offered for subscription by common stockholders of record March 31 on the basis of one new share for each seven shares held; rights expected to be issued on April 4 to expire on April 21. **Price**—To be supplied by amendment. **Proceeds**—For rduction of bank loans and new construction. **Underwriters**—Smith, Barney & Co., New York, and Robert W. Baird & Co., Inc., Milwaukee, Wis.

**Wix Accessories Corp., Gastonia, N. C.**
March 3 (letter of notification) 10,000 shares of common stock, to be offered for subscription by stockholders. **Price**—$18 per share. **Proceeds**—For working capital. **Underwriter**—Jackson & Smith, Gastonia, N. C.

**★ Wyoming Oil Co., Denver, Colo.**
March 26 (letter of notification) 75,000 shares of capital stock. **Price**—At the market. **Proceeds**—To F. M. Francy, the selling stockholder. **Office**—434 Cooper Bldg., Denver, Colo.

**★ Zeigler Coal & Coke Co., Chicago, Ill.**
March 27 filed 66,125 shares of common stock, to be offered for subscription by common stockholders at rate of one new share for each five shares held. **Price**—At par $10 per share). **Proceeds** — To repay bank loans. **Business**—Owner and lessor of coal properties. **Office**—21 E. Van Buren St., Chicago 5, Ill. **Underwirter**—None.

# Prospective Offerings

**Aeroquip Corp.**
Jan. 4, Don T. McKone, Chairman, announced that consideration was being given to the possibility of equity financing. On Feb. 18, stockholders voted to increase the authorized common stock to 1,000,000 from 750,000 shares, and to issue 37,500 shares as a 5% stock dividend. **Underwriter**—Watling Lerchen & Co., Detroit, Mich. **Proceeds**—For additional working capital.

**Alabama Gas Corp.**
March 7 sought SEC authority to issue and sell $4,000,000 first mortgage bonds, series C, due 1971. **Proceeds**—For construction program. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co., Kidder, Peabody & Co. and Stone & Webster Securities Corp. (jointly); The First Boston Corp.; Salomon Bros. & Hutzler, Equitable Securities Corp. and Carl M. Loeb, Rhoades & Co. (jointly).

**American Can Co.**
Feb. 5 directors approved the raising of $50,000,000 of new money to provide for the company's plant improvement program and for additional working capital. C. H. Black, Chairman, said the board's plans call for providing half of the new money through the sale of debentures and the remaining $25,000,000 through the sale of additional common stock which would be offered to common stockholders for subscription. The details of the financing plan will be completed and announced at an early date. Stockholders will vote April 29 on approving financing plans and proposed 4-for-1 split-up of preferred and common stocks. **Underwriter**—Morgan Stanley & Co., New York.

**American Telephone & Telegraph Co.**
Feb. 20 directors voted to place before stockholders on April 16 a proposal to authorize a new issue of not to exceed $550,000,000 of convertible debentures. Last issue of debentures was offered to stockholders at par, without underwriting.

**Arkansas Power & Light Co.**
March 14 it was reported company plans sale in October of $12,000,000 first mortgage bonds. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Equitable Securities Corp., and Central Republic Co. (Inc.) (jointly); Lehman Brothers and Stone & Webster Securities Corp. (jointly); Union Securities Corp.; Merrill Lynch, Pierce, Fenner & Beane; Blyth & Co., Inc.

**★ Ashland Oil & Refining Co.**
March 24 it was reported stockholders in May will vote on approving creation of an issue of second preferred stock to be issuable in series, the first series probably to be convertible into common stock and offered first for subscription by common stock. **Underwriter**—A. G. Becker & Co. Inc., Chicago, Ill.

**★ Atlantic Refining Co.**
March 21, Robert H. Colley, President, said in the company's annual report that "the time may be coming when additional financing will be required to supplement retained earnings available for capital expenditures." The amount and timing of such financing cannot be presently announced. **Traditional Underwriter**—Smith, Barney & Co., New York.

**Bell Telephone Co. of Pennsylvania**
Jan. 2 it was announced that company's construction program for next three years calls for the expenditure of $247,000,000 of which about $81,700,000 will be spent in 1952. **Underwriters**—For bonds to be decided by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co. and Lazard Freres & Co. (jointly); Morgan Stanley & Co.; White, Weld & Co. and Union Securities Corp. (jointly); The First Boston Corp.

**Bridgeport Brass Co.**
March 20 it was announced that stockholders will vote April 28 on creating an issue of 125,732 shares of convertible preferred stock (par $50) which are to be offered for subscription by common stockholders on a 1-for-7½ basis. **Registration**—Expected early in April. **Underwriters**—Hornblower & Weeks and Stone & Webster Securities Corp.

**California-Pacific Utilities Co.**
Feb. 29 it was reported company expects to offer about $2,000,000 of debentures within the next two months. Proceeds will be used to pay for additions and improvements to property. **Traditional Underwriters**—First California Co., Inc., San Francisco, Calif.

**Case (J. I.) Co.**
Jan. 18 it was announced that stockholders will vote April 17 on increasing the authorized common stock from 1,200,000 shares, par $25, to 4,000,000 shares, par $12.50, and on issuance of two new shares in exchange for each share presently held. Following split-up, it is planned to set aside 100,000 of the new shares for sale to employees under stock purchase options, and to offer to common stockholders one new share for each five shares held. **Price**—To be determined later. **Underwriters**—Probably Morgan Stanley & Co. and Clark, Dodge & Co.

**Central Hudson Gas & Electric Corp.**
March 25 stockholders voted to increase authorized preferred stock (par $100) from 150,000 shares (130,300 shares outstanding) to 225,000 shares to enable company to meet future capital requirements. There are no immediate plans for sale of any additional preferred stock.
March 4 it was reported company plans the sale this Fall of about $5,500,000 first mortgage bonds. Latest bond financing was done privately in March, 1951 through Kidder, Peabody & Co.

**★ Chesapeake & Ohio Ry. (4/3)**
Bids will be received up to noon (CST) on April 3 for the purchase from the company of $9,450,000 equipment trust certificates to be dated April 1, 1952 and due semi-annually from Oct. 1, 1952 to April 15, 1967, inclusive. Probable bidders: Halsey, Stuart & Co. Inc.; Bear, Stearns & Co.; Salomon Bros. & Hutzler.

**● Chicago & North Western Ry. (4/9)**
Bids will be received up to noon (CST) on April 9 for the purchase from the company of $6,825,000 of equipment trust certificates to be dated May 1, 1952 and due in 15 annual instalments from 1953 to 1967, inclusive. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. Hutzler; Bear, Stearns & Co.

**● Chicago & Western Indiana RR.**
March 17 company sought ICC permission to issue $65,000,000 of first and refunding mortgage bonds, series E without competitive bidding. The bonds will be dated not earlier than March 1, 1952 and mature not later than Sept. 1, 1962. **Proceeds**—To pay at maturity $49,988,000

of 4% non-callable consolidated first mortgage bonds due July 1, 1952, and the remainder used for capital improvements. **Underwriters**—The First Boston Corp. and Halsey, Stuart & Co. Inc.

**Columbus & Southern Ohio Electric Co.**
March 7 it was announced company expects to enter the permanent financing market about the middle of 1952 with 150,000 to 200,000 shares of new common stock. **Proceeds**—For construction program. **Underwriter**—Dillon Read & Co., Inc., New York.

**Connecticut Light & Power Co.**
March 1 it was announced that it is presently estimated that approximately $11,000,000 of additional capital will be required during the latter half of 1952.

**Consolidated Gas, Electric Light & Power Co. of Baltimore**
Dec. 24 it was stated that company plans to issue and sell both stocks and bonds during 1952 to an amount sufficient to raise approximately $22,000,000. **Underwriters**—For bonds to be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co. and The First Boston Corp. (jointly); Harriman Ripley & Co., Inc. and Alex. Brown & Sons (jointly). The First Boston Corp., Alex. Brown & Sons and John C. Legg & Co (jointly) handled latest common stock financing, while White, Weld & Co. handled last preferred stock sale. **Proceeds**—For new construction. **Offering**—Expected in March or April.

★ **Cooper-Bessemer Corp.**
March 22 it was announced stockholders will vote April 28 on increasing authorized common stock (par $5) from 500,000 shares (476,578 shares outstanding) to 1,000,000 shares to take care of future stock dividends and provide additional stock for future financing of the corporation's expansion program. No plan involving the issuing of any additional common shares is presently being considered by the directors.

**Copperweld Steel Co.**
March 3 it was announced stockholders on April 30 will vote on increasing the authorized indebtedness from $5,000,000 to $15,000,000 (none presently outstanding) and the authorized preferred stock (par $50) to 137,727 shares from 37,727 shares, which are all outstanding. **Traditional Underwriter**—Riter & Co., New York.

**Dallas Power & Light Co.**
Jan. 23 company was reported to be planning issuance and sale of $6,000,000 first mortgage bonds, with registration expected in the near future. **Proceeds**—To be used for construction program. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Harriman Ripley & Co., Inc.; Equitable Securities Corp.; Lehman Brothers; Union Securities Corp.; Kidder, Peabody & Co.; Blyth & Co., Inc.; Merrill Lynch, Pierce, Fenner & Beane. **Bids**—Expected late May or early June.

**Davison Chemical Corp.**
March 13 it was announced stockholders will vote April 17 on authorizing creation of an issue of 300,000 shares of convertible preferred stock (par $50), of which it is planned to offer 128,533 shares first to common stockholders on a 1-for-5 basis. **Underwriters**—Alex. Brown & Sons, Baltimore, Md., and Kidder, Peabody & Co., New York.

**First National Bank of Portland (4/30)**
March 10 stockholders approved sale of 200,000 additional shares of common stock (par $12.50) to common stockholders of record April 30 at rate of one new share for each five shares held; rights to expire on May 29. Unsubscribed shares would be purchased by Transamerica Corp., which owns a controlling stock interest in the bank. **Price**—$30 per share. **Proceeds**—To increase capital and surplus. **Underwriter**—None.

**Florida Power Corp.**
Jan. 11 it was announced that additional financing will be necessary to complete the company's construction program which is expected to cost about $28,000,000 and it is contemplated that new capital needed will be obtained from the sale of common stock and first mortgage bonds. Company has borrowed $4,000,000 under a bank credit recently arranged which provides for short-term bank borrowings of not more than $10,000,000. Previous bond financing was done privately. Common stock may be offered to common stockholders, with Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane acting as agents.

**Florida Power & Light Co.**
Feb. 11 directors approved a $22,100,000 construction budget for 1952 and $27,800,000 for 1953. This is part of a 10-year program estimated to cost $332,000,000. Probable bidders for bonds: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co.; Harriman Ripley & Co. Inc.; Merrill Lynch, Pierce, Fenner & Beane; Lehman Brothers; Shields & Co.; The First Boston Corp.; Carl M. Loeb, Rhoades & Co. and Bear, Stearns & Co. (jointly); White, Weld & Co.

**General Fuse Co., South River, N. J.**
Jan. 28 Nelson O. Burt, President, announced company is discussing the marketing of unsubscribed 5½% convertible preferred stock with several underwriters. A total of 50,000 shares were recently offered to common stockholders at par ($5 per share).

**General Public Utilities Corp.**
Feb. 6 it was reported the corporation is expected to sell this summer approximately 530,000 additional shares of common stock. Stockholders on April 7 will vote on proposal to authorize issuance of common stock without requiring preemptive rights. **Underwriters**—If stock is sold at competitive bidding, probable bidders may include: Lehman Brothers; The First Boston Corp. In July, 1951, Merrill Lynch, Pierce, Fenner & Beane acted as clearing agent for an offering of common stock to stockholders.

**Georgia Power Co. (7/8)**
Feb. 8 it was announced company plans issuance and sale of $20,000,000 of first mortgage bonds. **Proceeds**—For new construction. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; The First Boston Corp.; Lehman Brothers; Kuhn, Loeb & Co.; Blyth & Co., Inc. and Kidder, Peabody & Co. (jointly); Shields & Co. and Salomon Bros. & Hutzler (jointly); Union Securities Corp. and Equitable Securities Corp. (jointly); Harriman Ripley & Co. Inc. **Bids**—Expected on July 8.

**Globe-Wernicke Co.**
Feb. 26 it was reported company may issue and sell convertible debentures, or debentures with warrants attached. **Proceeds**—To refund outstanding 7% preferred stock. **Underwriters**—May include Westheimer & Co., Cincinnati, O.

**Gulf Power Co. (6/24)**
Feb. 8 it was announced company plans to issue and sell $7,000,000 of first mortgage bonds. **Proceeds**—For new construction. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Coffin & Burr, Inc.; The First Boston Corp.; Kidder, Peabody & Co.; Union Securities Corp.; Equitable Securities Corp.; Blyth & Co., Inc.; Kuhn, Loeb & Co.; Merrill Lynch, Pierce, Fenner & Beane; Salomon Bros. & Hutzler and Drexel & Co. (jointly). **Bids**—Expected to be opened on or about June 24.

**Hartford Electric Light Co.**
Feb. 18 it was announced stockholders will vote March 4 on a $20,000,000 financing plan which will include the sale of bonds (probably privately). **Proceeds**—For new construction.

**Idaho Power Co.**
Feb. 27 T. E. Roach, President, announced that the company's present plans consist of the sale this summer of about 225,000 additional shares of common stock (par $20), but no preferred stock. **Price**—At a minimum of $35 per share net to company. **Underwriters** — Latest common stock financing in April, 1949, was handled by Blyth & Co., Inc.; Lazard Freres & Co.; and Wegener & Daly Corp. **Proceeds**—To repay bank loans and for construction program.

★ **Illinois Central RR. (4/15)**
Bids will be received up to noon (CST) on April 15 for the purchase from the company of $4,950,000 equipment trust certificates to be dated May 1, 1952 and to mature semi-annually from Nov. 1, 1952 to May 1, 1967, inclusive. Probable bidders: Halsey, Stuart & Co. Inc.; Bear, Stearns & Co., Salomon Bros. & Hutzler.

**International Bank for Reconstruction and Development ("World Bank")**
Feb. 5 it was reported bank expects to issue and sell $50,000,000 to $100,000,000 additional bonds in April or May.

**Kansas City Power & Light Co.**
Jan. 4 company announced that it plans to issue and sell in 1952 about $12,000,000 principal amount first mortgage bonds (this is in addition to present preferred and common stock financing. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Glore, Forgan & Co.; Blyth & Co., Inc. and Lazard Freres & Co. (jointly); The First Boston Corp.; White, Weld & Co. and Shields & Co. (jointly); Smith, Barney & Co.; Kuhn, Loeb & Co., Salomon Bros. & Hutzler and Union Securities Corp. (jointly); Equitable Securities Corp.; Lehman Brothers and Bear, Stearns & Co. (jointly); Harriman Ripley & Co., Inc. **Proceeds**—For new construction.

**Kansas Gas & Electric Co. (6/10)**
Feb. 29, Murray Gill, President, announced that company will probably bring an offering of securities to market in the next few months, but the amount is still undecided. Investment groups had been said to have been forming on a reported $12,000,000 in bonds and 200,000 shares of common stock. Probable bidders for bonds: Halsey, Stuart & Co. Inc.; Lehman Brothers; Union Securities Corp. and Stone & Webster Securities Corp. (jointly); Glore, Forgan & Co. and Goldman, Sachs & Co. (jointly); Merrill Lynch, Pierce, Fenner & Beane and Kidder, Peabody & Co. (jointly); The First Boston Corp. Probable bidders for stock: Union Securities Corp.; Lehman Brothers; Merrill Lynch, Pierce, Fenner & Beane, Kidder, Peabody & Co. and White, Weld & Co. (jointly); The First Boston Corp. **Registration**—Expected on April 30. **Bids**—Tentatively expected on bonds up to noon and on stock up to 10:30 a.m. (EST) on June 10.

**Kentucky Utilities Co.**
Dec. 10 it was reported company plans to issue and sell in April or May $12,000,000 30-year first mortgage bonds, series D. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co. and White, Weld & Co. (jointly); Lehman Brothers and Salomon Bros. & Hutzler (jointly); Blyth & Co., Inc.; Union Securities Corp. and Merrill Lynch, Pierce, Fenner & Beane (jointly).

**Long Island Lighting Co.**
March 5 it was announced company plans to finance in part its 1952 $41,000,000 construction program by the sale of $35,000,000 of new securities. **Underwriters**—For any common stock, may be Blyth & Co., Inc. and The First Boston Corp. (jointly); for any preferred, W. C. Langley & Co., and for any bonds to be determined by competitive bidding, with the following probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc. and The First Boston Corp. (jointly); W. C. Langley & Co.; Smith, Barney & Co.

★ **McCarthy (Glenn H.), Inc., Houston, Tex.**
March 18 it was reported early registration is expected of 10,000,000 shares of common stock. **Price**—To be supplied by amendment (probably at $2 per share). **Underwriter**—B. V. Christie & Co., Houston, Texas.

● **Metals & Chemicals Corp., Dallas, Tex. (5/15)**
March 24 it was reported company plans registration of 162,500 shares of common stock (par 10 cents). **Price**—To be supplied by amendment (expected at $3 per share). **Proceeds**—For new mill and equipment and working capital. **Underwriter** — Beer & Co., Dallas, Texas.

**Middle East Industries Corp., N. Y.**
Oct. 31 it was announced company plans to expand its capitalization in the near future and to register its securities with the SEC preliminary to a large public offering, the funds to be used to build new industrial projects in Israel.

★ **Mississippi Power & Light Co.**
March 14 it was reported company plans to issue and sell in November an issue of $8,000,000 first mortgage bonds. **Underwriters**—To be determined by competitive bidding. Probably bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co. and Kidder, Peabody & Co. (jointly); Blyth & Co., Inc.; The First Boston Corp. and W. C. Langley & Co. (jointly); Equitable Securities Corp. and Shields & Co. (jointly); Merrill Lynch, Pierce, Fenner & Beane; Union Securities Corp.

**National Fuel Gas Co., N. Y. (5/20)**
Jan. 29 company applied to SEC for authority to issue and sell $18,000,000 of sinking fund debentures due 1977. **Proceeds**—To repay $11,000,000 bank loans and to loan $7,000,000 to subsidiaries. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.; The First Boston Corp.; White, Weld & Co.; Harriman Ripley & Co., Inc. **Bids**—Expected on or about May 20.

**National Gypsum Co.**
Feb. 20 it was announced stockholders will vote March 25 on a proposal to increase the authorized common stock from 2,500,000 to 5,000,000 shares in order "to prepare company for the opportunities and requirements of the coming years." No immediate plans have been made for the issuance of any additional common stock. **Traditional Underwriters**—W. E. Hutton & Co., Cincinnati, Ohio, and Blyth & Co., Inc., New York.

● **National Research Corp., Cambridge, Mass.**
March 21 stockholders voted to increase authorized capital stock from 125,000 shares to 600,000 shares, to provide, in part, for payment of a 200% stock dividend. It is also planned to make a public offering of 100,000 of the proposed authorized shares when market conditions are favorable. Latest financing in 1946 was made to common stockholders. Proceeds would be added to working capital. **Underwriters**—Paine, Webber, Jackson & Curtis. **Offering**—Expected in April or May.

**National Supply Co.**
March 7 it was announced stockholders will vote April 2 on increasing authorized indebtedness from $20,000,000 to $50,000,000. There are no immediate plans for sale of any securities, but company may start using long-term bank loans to secure working capital instead of relying on short-term loans.

**Nevada Natural Gas Pipe Line Co., Las Vegas, Nevada**
Feb. 8 company applied to FPC for authority to construct a 114-mile pipeline from near Topock, Ariz., to Las Vegas, Nev., at an estimated cost of $2,400,880, to be financed by sale of $1,600,000 first mortgage bonds, $500,000 preferred stock and $402,500 common stock.

**New British Dominion Oil Co., Ltd.**
March 5 it was reported company plans offering of about 1,000,000 shares of additional common stock. **Proceeds**—To be used for exploration development, etc. Properties are located primarily in British Columbia, Alberta, and Montana. **Underwriter**—Allen & Co., New York.

● **New England Electric System, Boston, Mass. (5/8)**
March 27 filed an application with SEC for authority to issue and sell 920,573 shares of common stock (par $1) to be offered for subscription by common stockholders of record May 8 at rate of one share for each eight shares held; rights to expire May 26. **Price**—To be supplied by amendment. **Proceeds**—For construction program. **Underwriters** — To be determined by competitive bidding. Probably bidders: Blyth & Co., Inc. and Lehman Brothers (jointly); Merrill Lynch, Pierce, Fenner & Beane, Kidder, Peabody & Co. and White, Weld & Co. (jointly); Harriman Ripley & Co., Inc. and Goldman, Sachs & Co. (jointly). **Registration**—Expected about April 15.

**New England Power Co.**
Jan. 11 company received from SEC authority to increase authorized bank borrowings from $12,000,000 to $16,000,000. A major portion of this indebtedness may be financed through issuance and sale of $7,500,000 first mortgage bonds this year and the sale of additional common stock to parent (New England Electric System). **Underwriters**—For bonds, to be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers; Blyth & Co., Inc.; Equitable Securities Corp. and Blair, Rollins & Co. Inc. (jointly); Merrill Lynch, Pierce, Fenner & Beane; Harriman Ripley & Co., Inc.; The First Boston Corp.; Kuhn, Loeb & Co.; Union Securities Corp. and Salomon Bros. & Hutzler (jointly); Kidder, Peabody & Co. and White, Weld & Co. (jointly).

**New Jersey Bell Telephone Co.**
Feb. 18 company filed a new $70,000,000 financing program with the New Jersey Board of Public Utility Com-

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missioners, which will include $20,000,000 of long-term bonds. **Proceeds**—From sale of bonds and from sale of $50,000,000 of common stock to parent, American Telephone & Telegraph Co. will be used for new construction. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; White, Weld & Co.; Kuhn, Loeb & Co.; Shields & Co.; The First Boston Corp. **Offering**—Expected early in May.

**★ Niagara Mohawk Power Corp.**
March 22 it was announced stockholders will vote on May 6 to increase authorized common stock by 1,500,000 shares (11,094,663 shares presently outstanding). This would place company in a flexible position with respect to formulation of future finance programs. **Underwriters**—To be determined by competitive bidding. Probable bidders: Morgan Stanley & Co. and The First Boston Corp. (jointly); Merrill Lynch, Pierce, Fenner & Beane.

**● Northern Indiana Public Service Co.**
March 14, Indiana P. S. Commission authorized the company to issue and sell this year $10,000,000 of first mortgage bonds, series G. **Proceeds**—For construction program estimated to cost about $20,000,000 in 1952 and $21,000,000 in 1953. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers and Bear, Stearns & Co. (jointly); The First Boston Corp.; Equitable Securities Corp.; White, Weld & Co.; Union Securities Corp.; Central Republic Co. (Inc.), Blyth & Co., Inc., and Merrill Lynch, Pierce, Fenner & Beane (jointly); Harriman Ripley & Co., Inc.

**Northern States Power Co. (Minn.)**
Jan. 16, B. F. Braheney, President, announced that company will have to raise between $30,000,000 and $32,500,000 this year to finance its construction program. About two-thirds of the amount needed will be in the form of debt issues and the balance common stock (about 1,100,000 shares) the latter issued first to common stockholders. **Underwriters**—To be determined by competitive bidding. Probable bidders for stock and bonds: Smith Barney & Co.; The First Boston Corp.; Glore, Forgan & Co.; Lehman Brothers and Riter & Co. (jointly); Equitable Securities Corp.; Union Securities Corp.; Merrill Lynch, Pierce, Fenner & Beane; Kidder, Peabody & Co. and White, Weld & Co. (jointly). Probable bidder on bonds only: Halsey, Stuart & Co. Inc.

**Pennsylvania Salt Manufacturing Co.**
March 13 it was announced stockholders will vote April 23 on increasing authorized indebtedness from $10,000,000 (about $5,200,000 outstanding) to $25,000,000. No immediate borrowing is contemplated.

**Peoples Gas Light & Coke Co.**
Feb. 26 it was announced stockholders will vote April 3 on increasing authorized capital stock (par $100) from 1,000,000 shares (933,578 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 issuance either for cash or for a consideration other than cash without further action of the stockholders.

**Philadelphia Electric Co.**
Feb. 6 it was announced stockholders on April 9 will be asked to approve an increase in the authorized indebtedness of the company to $400,000,000 from $265,430,000. No additional financing is contemplated until 1953.

**Pressed Steel Car Co., Inc.**
March 4 it was announced stockholders will vote April 17 on increasing the authorized common stock from 1,280,000 shares to 3,280,000 shares (1,045,500 shares presently outstanding). The new shares would be issued when directors decide, in connection with diversification program. No immediate financing is planned. **Traditional Underwriter**—Kuhn, Loeb & Co., New York.

**Public Service Co. of Indiana, Inc.**
March 4 it was announced stockholders will vote April 7 on a plan to create an issue of 800,000 shares of cumulative preferred stock (par $25), of which between 400,000 and 800,000 shares (probably convertible into common) are expected to be initially offered. **Proceeds**—To repay bank loans and for construction program. **Underwriters** — May be determined by competitive bidding. Probable bidders: The First Boston Corp.; Glore, Forgan & Co.; Kuhn, Loeb & Co. and Harriman Ripley & Co., Inc. (jointly).

**Public Service Electric & Gas Co.**
March 15 it was announced stockholders will vote April 21 on authorizing an issue of $40,000,000 debentures, which may be sold this spring or summer, together with about $20,000,000 additional common stock. The proceeds will be used for the company's construction program. In November, the company sold through Morgan Stanley & Co., Drexel & Co. and Glore, Forgan & Co. an issue of 249,942 shares of 4.70% cumulative preferred stock (par $100).

**Rainbow Oil Co. of Calgary, Ltd.**
March 18 it was reported that early registration is expected of around 350,000 shares of common stock (value about $2,500,000). **Underwriters**—Hayden, Stone & Co., New York, and T. H. Jones & Co., Cleveland, Ohio.

**Scott Paper Co.**
March 7 it was announced stockholders will vote April 24 on increasing the authorized common stock from 3,000,000 to 5,000,000 shares, and the authorized indebtedness from $4,000,000 to $25,000,000. The company said it will announce later any plans for future financing. **Underwriters**—Drexel & Co.; Merrill Lynch, Pierce, Fenner & Beane; and Smith, Barney & Co.

**Southern Co.**
Feb. 8 it was announced company is planning to issue and sell later this year additional common stock. **Proceeds**—To increase investments in subsidiaries in furtherance of their construction programs. **Underwriters**—May be determined by competitive bidding. Probable bidders: Lehman Brothers; Morgan Stanley & Co.; Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Blyth & Co., Inc.; Union Securities Corp. and Equitable Securities Corp. (jointly); Harriman Ripley & Co. Inc.

**Southern Natural Gas Co.**
March 3 company filed with FPC a $76,000,000 expansion program to bring natural gas into its Alabama, Georgia and Mississippi service areas.

**Southern Union Gas Co.**
March 17 it was stated company plans to issue and sell $5,000,000 of debentures, 30,000 shares of preferred stock and between 165,000 to 170,000 shares of common stock (latter to common stockholders on a 1-for-10 basis). **Registration**—Expected late this month. **Underwriter**—Blair, Rollins & Co. Inc., New York.

**Texas Calgary Co. (Del.)**
March 14 it was announced than an offering is expected of approximately 40,000 to 50,000 shares of common stock (par $1). **Price**—$3.25 per share net. **Proceeds**—To an estate and a group of non-controlling small stockholders. **Underwriter**—Troster, Singer & Co., New York.

**Toledo Edison Co.**
Nov. 20 it was reported that the company expects to spend approximately $46,500,000 for expansion in 1952 to 1955, and it has been stated that no further financing is contemplated before late 1952, when about 400,000 shares of common stock is anticipated. Probable bidders: Merrill Lynch, Pierce, Fenner & Beane; W. C. Langley & Co.; Lehman Brothers and Smith, Barney & Co. (jointly).

**● Transcon Lines, Los Angeles, Calif.**
March 26 company offered 30,000 shares of stock to stockholders with an oversubscription privilege; rights to expire on April 9. Unsubscribed shares to be offered to public on April 10. **Price**—To stockholders, $6.75 per share, and to public, $7.12½ per share. **Proceeds** — For working capital, etc. **Underwriter** — Cruttenden & Co., Chicago, Ill.

**Transcontinental Gas Pipe Line Corp.**
March 14 it was reported company plans issuance and sale this Fall of an issue of convertible preferred stock. **Underwriters**—Probably White, Weld & Co. and Stone & Webster Securities Corp., New York.

**Union Bank & Trust Co. of Los Ang.**
March 18 company offered for sale 10,000 shares of capital stock (par $50), first to stockholders of record March 17 at rate of one share for each 7½ shares held; rights to expire on April 8. **Price**—$120 per share. **Proceeds**—To increase capital and surplus. **Underwriters**—Blyth & Co., Inc.; Stern, Frank, Meyer & Fox; Lester, Ryons & Co.; A. W. Morris & Co., and Wm. R. Staats & Co.

**Utah Power & Light Co.**
March 7 SEC authorized company to borrow up to $10,000,000 from banks and use the money for new construction. It is intended to repay the bank loans from the proceeds of permanent financing in the fall. **Underwriters**—May be determined by competitive bidding. Probable bidders: (1) For bonds—Halsey, Stuart & Co. Inc.; White, Weld & Co.; Lehman Brothers and Bear, Stearns & Co. (jointly); The First Boston Corp. and Blyth & Co., Inc. (jointly); Union Securities Corp. and Smith, Barney & Co. (jointly); Salomon Bros. & Hutzler; Kidder, Peabody & Co. (2) For common stock—Blyth & Co., Inc., W. C. Langley & Co. and Glore, Forgan & Co. (jointly); Union Securities Corp. and Smith, Barney & Co. (jointly); Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Lehman Brothers; The First Boston Corp. **Registration**—Of stock, probably in August, and of bonds in September.

**Washington Gas Light Co.**
Jan. 12 reported that company is considering plans to raise about $4,500,000 from the sale of additional common stock to its stockholders (there are presently outstanding 734,400 shares). **Underwriters**—The First Boston Corp. and Johnston, Lemon & Co. handled the offering last year to stockholders. **Proceeds**—Together with bank loans and other funds to take care of proposed $6,000,000 expansion program.

**Washington Water Power Co.**
Jan. 9 company applied to the SEC for authority to make bank borrowings of $40,000,000, the proceeds to be used to finance contemporarily, in part, the company's construction program. Permanent financing expected later this year. Probable bidders: (1) For stock or bonds: Blyth & Co., Inc.; Smith, Barney & Co. and White, Weld & Co. (jointly); W. C. Langley & Co. and The First Boston Corp. (jointly); (2) for bonds only: Halsey, Stuart & Co. Inc.

**Westinghouse Air Brake Co.**
Feb. 12 it was announced stockholders will vote April 15 on increasing common stock (par $10) from 4,200,000 shares (about 4,123,000 outstanding) to 7,500,000 shares.

**● Wisconsin Electric Power Co., Milwaukee, Wis.**
March 28 filed an application with SEC for authority to issue and sell $12,500,000 of first mortgage bonds due 1982. **Proceeds**—To repay bank loans and for new construction. **Underwriters**—For bonds, to be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers and Salomon Bros. & Hutzler (jointly); Equitable Securities Corp.; Merrill Lynch, Pierce, Fenner & Beane; Glore, Forgan & Co.; The First Boston Corp.; Union Securities Corp. and Harriman Ripley & Co., Inc. (jointly).

**● Wisconsin Electric Power Co., Milwaukee, Wis.**
March 28 filed an application with the SEC for authority to issue and sell 702,486 shares of common stock (par $10) to be offered for subscription by common stockholders at rate of one share for each five shares held. **Price**—To be supplied by amendment. **Proceeds**—For construction program. **Underwriter**—None.

**● Worcester County Electric Co., Worcester, Mass.**
March 27 filed an application with SEC for authority to issue and sell $4,000,000 of first mortgage bonds, series C, due 1982. **Proceeds**—To repay bank loans and for new construction. **Underwriter**—To be determined by competitive bidding. Probable underwriters: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co. and Union Securities Corp. (jointly); The First Boston Corp.; Merrill Lynch, Pierce Fenner & Beane.

**Yale & Towne Manufacturing Co.**
March 11 it was announced stockholders will vote April 17 on approving issuance of 150,000 shares of common stock for property and also an additional 163,344 shares as deemed advisable for other purposes. Previous offer (to stockholders in June, 1951) was underwritten by Morgan Stanley & Co., New York.

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# *Our Reporter's Report*

The underwriting fraternity is in a rather jubilant mood at the moment and not without good reason. Only a week ago there was indication that the industry was facing another of those interludes when a difference of two or three basic points in yield would mean a fast or a slow deal.

**But the picture changed suddenly at the close of the week, bringing a complete reversal of the basic situation, at least for the present. The "bureaucrats," institutional portfolio chiefs, suddenly capitulated and came into the market as buyers of recent new issues.**

The new offerings had gotten away to a slow start, almost without exception, because of the fact that yields fixed were just barely off what institutions had been inclined to anticipate. Presumably there were other motivating factors at work.

**It appears that prospective buyers had been laying back, hoping for a let-down in the secondary market around the middle of next month or at least within the last fortnight on consequence of monetary strain due to providing for tax payments.**

Well, the Federal Reserve quite evidently kept that situation in hand, and far from encountering any serious "squeeze" the money market has been decidedly easy. The "crucial" period passed without any serious disturbance in the Treasury list. Quite the other way around, governments have pushed ahead to where some people are inclined to anticipate easing of the commercial loan rate.

### Break in the Dam

The break in the dam came quickly this time when buyers for pension funds suddenly decided that they could no longer afford to be out of the market. Along with this contingent, went the insurance company buyers.

Theretofore, groups which had taken on several large utility offerings in competitive bidding had found the going rather rough. But suddenly the skies cleared. Pacific Gas & Electric bonds moved out first.

Then, pretty much in order, buyers cleared away other issues which had been dammed up because of the slightest of differences in ideas on yields. Consolidated Edison's big issue went out next, followed by Southern California Gas.

### More of the Same

This week brought a number of comparatively small deals, such as Monday's $19,000,000 of Texas Power & Light Co.'s bonds and debentures, and Tuesday's competitive sales of bonds by West Penn Power Co. and San Diego Gas & Electric.

**Although yields fixed for these offerings probably were not as "sweet" as buyers would have liked, there was little hesitation on their part in taking them up.**

True, again the start was slow, but even at a 3.16% yield basis for the San Diego issue and 3.15% for the West Penn bonds, the demand was ample to clear everything away.

### Market in Splendid Shape

The new issue market, accordingly, is in splendid shape for the task ahead. Underwriters and dealers alike are literally without inventory worth the mention.

**So impending offerings should find the situation pretty much in favor of the seller. Today's anticipated offering of $40,000,000 of 15-year sinking fund debentures of Pittsburgh Plate Glass Co. appeared assured of quick sale.**

And underwriters were looking forward to next week's several sizable prospects with zest. These include $25,000,000 of Illinois Bell Telephone 32-year first mortgage bonds; $25,000,000 of Consumers Power Co. 25-year first mortgage bonds, and $20,000,000 of Minneapolis-Honeywell Regulator Co. 20-year debentures, this last a negotiated deal.

# Deposits of Mutual Savings Banks Show Peak February Gain

According to Carl G. Freese, President of the National Association of Mutual Savings Banks and President and Treasurer, Connecticut Savings Bank of New Haven, Conn., deposits in the nation's 529 mutual savings banks increased $110,000,000 during February 1952, to a new record figure of $21,137,000,000. The gain, which contrasted with a rise of $2,000,000 in the corresponding month last year, was the largest in any February since compilation of monthly figures began in 1947.

Carl G. Freese

The gain occurred despite few interest-dividend payments in February, and reflected the fact that amounts deposited in regular accounts were 21% greater, and withdrawals 5% less, than in February a year ago thus continuing the January pattern.

The increase in savings bank deposits this year, according to Mr. Freese, indicates a continuing desire on the part of the public to maintain a high level of savings. Consumers continue to resist pressures for increased spending at the present level of prices, while savings have been made more attractive by the increased dividend rates paid or announced since Jan. 1.

Portfolio developments during the month confirmed the long-term trend already evident in January. For the first time in a decade, holdings of mortgage loans of $9,928,000,000 or 41.7% of assets, exceeded holdings of U. S. governments of $9,809,000,000, or 41.2% of assets. The pendulum has swung far in the opposite direction since 1946, when holdings of U. S. governments of $11,745,000,000, or 63% of assets, were more than two and one-half times the mortgage holdings of $4,436,000,000, or 23.8% of assets. During February 1952, mortgages gained $87,000,000 and other securities $59,000,000, largely in corporates as distinguished from municipals. Cash also rose $23,000,000, while U. S. governments fell $32,000,000. However, for the fifth successive month, the gain in mortgage loans was less than that of the corresponding month a year ago, while for the eighth consecutive month, the decline in U. S. governments was less.

## Joins Waddell & Reed

(Special to THE FINANCIAL CHRONICLE)

FT. LAUDERDALE, Fla.—Boyd W. Harwood is with Waddell & Reed, Inc.

## DIVIDEND NOTICE

### BRITISH-AMERICAN TOBACCO COMPANY, LIMITED

NOTICE OF DIVIDEND TO HOLDERS OF STOCK WARRANT TO BEARER FOR ORDINARY STOCK.

NOTICE IS HEREBY GIVEN that the Directors in their Annual Report have recommended to the Stockholders the payment on the 30th June 1952 of a Final Dividend on the issued Ordinary Stock for the year ended 30th September 1951 of one shilling per £1 of Ordinary Stock (free of Income Tax).

To obtain this dividend (subject to the same being sanctioned at the Annual General Meeting to be held on the 9th May next) on and after the 30th June holders of Ordinary Stock Warrants must deposit Coupon No. 213 with the Guaranty Trust Company of New York, 32, Lombard Street, London, E.C.2., five clear business days (excluding Saturday) before payment can be made.

DATED the 27th day of March, 1952.

BY ORDER OF THE BOARD,
A. D. McCORMICK,
SECRETARY.

Rusham House.
Egham, Surrey.

Stockholders who may be entitled by virtue of Article XIII(1) of the Double Taxation Treaty between the United States and the United Kingdom, to a tax credit under Section 131 of the United States Internal Revenue Code can by application to Guaranty Trust Company of New York obtain certificates giving particulars of rates of United Kingdom Income Tax appropriate to dividend payable the 30th June 1952.

## MEETING NOTICE

### LONG ISLAND LIGHTING COMPANY

LONG ISLAND SERVICE LIGHTING COMPANY

**Notice of Annual Meeting April 15, 1952**

Notice is hereby given that the Annual Meeting of the Stockholders of Long Island Lighting Company will be held at the office of the Company, 250 Old Country Road, Mineola, New York, on Tuesday, April 15, 1952 at 2 o'clock P. M., Eastern Standard Time, to elect directors, increase the number of directors from 9 to 11, change the record date of stockholders entitled to vote at stockholders' meetings, supplement the existing Pension Plan, approve the appointment of independent auditors for 1952 and to take action on such other business as may properly come before the meeting or any adjournments thereof.

Only holders of common stock of record on the books of the Company at the close of business on April 5, 1952, are entitled to vote at the meeting. The stock transfer books will not be closed.

CHARLES E. ELBERT
*Secretary*

## NOTICE TO STOCKHOLDERS

At a meeting of the Directors held today, it was decided to recommend to the stockholders at the Annual General Meeting, which was fixed to be held on 9th May next, the payment on the 30th June next of a final dividend for the year ended 30th September 1951 of One Shilling for each One Pound of Ordinary Stock (free of British income tax) (1950—1/—) on the issued Ordinary Stock.

The results of the Group's operations for the year are as follows:—

| | Years to 30th September 1951 | 1950 |
|---|---|---|
| The total consolidated net profits, after deducting all charges and after providing for foreign taxation, and after | | |
| (a) providing for United Kingdom Taxation..... | £ 9,064,192 | £ 7,059,428 |
| (b) transferring to Fixed Asset and Stock Replacement Reserve the devaluation surplus on pre-devaluation stocks of dollar leaf used during the year ..... | 1,702,865 | 4,832,775 |
| were ..... | £23,323,104 | £15,157,824 |
| less Outside Shareholders' interest therein..... | 3,336,139 | 1,973,255 |
| Balance of net profit attributable to the Group..... | £19,986,965 | £13,184,569 |

| | British-American Tobacco Co. Ltd. 1951 | 1950 | Subsidiaries 1951 | 1950 |
|---|---|---|---|---|
| Apportioned, after taking into account dividends from Subsidiaries to the Holding Company. | £5,802,027 | £5,275,073 | £14,184,938 | £7,909,496 |
| less Transfer to Fixed Asset and Stock Replacement Reserves (see Note below)..... | 1,750,000 | 1,300,000 | 6,000,000 | 984,073 |
| Net Available Profit..... | £4,052,027 | £3,975,073 | £ 8,184,938 | £6,925,423 |

Appropriations by the Holding Company are as follows:—

| | 1951 | 1950 |
|---|---|---|
| Preference Dividends (net)..... | £ 310,687 | £ 321,750 |
| Interim Ordinary Dividends paid 2/— per £1 Stock (free of tax) (1950—2/—) ..... | 2,375,776 | 2,375,776 |
| Final Dividend proposed..... | 1,187,888 | 1,187,888 |
| Increase in balance carried forward..... | £ 177,676 | £ 89,659 |
| making, with the balance brought forward..... | £4,073,915 | £3,896,239 |

NOTE:

The devaluation surplus is apportioned:—

| | 1951 | 1950 |
|---|---|---|
| British-American Tobacco Co. Ltd..... | £ 719,292 | £1,850,678 |
| Subsidiaries—Group proportion ..... | 768,960 | 2,496,768 |
| Subsidiaries—Outside Shareholders ..... | 214,613 | 485,329 |
| | £1,702,865 | £4,832,775 |

The transfers to Fixed Asset and Stock Replacement Reserves, together with the Leaf Devaluation Surplus, represent an estimate of the amount which, in the opinion of the Directors, must be retained out of profits towards maintaining over the year that part of the real capital of the Group represented by fixed assets and stocks having regard to the inflationary conditions prevailing.

The total of transfers made by Subsidiaries has been adjusted for purposes of consolidation. The 1950 figures were not computed on the same basis and accordingly are not comparable with those for the current year.

In addition to the above, as a result of an advanced stage now having been reached in the settlement of United Kingdom Excess Profits Tax Liabilities, the Company has transferred £2,000,000 to General Reserve (1950—£1,000,000 to Fixed Asset and Stock Replacement Reserve).

Transfers received in order at the registered office up to 30th May next will be in time to be passed for payment of the dividend to the transferee.

In the case of bearer warrants, the dividend will be paid against the deposit of Coupon No. 213.

Stockholders who may be entitled by virtue of Article XIII(1) of the Double Taxation Treaty between the United States and the United Kingdom to a tax credit under Section 131 of the United States Internal Revenue Code can by application to Guaranty Trust Company of New York obtain certificates giving particulars of rates of United Kingdom Income Tax appropriate to the above mentioned dividend.

BRITISH-AMERICAN TOBACCO COMPANY, LIMITED

March 26, 1952

## DIVIDEND NOTICES

### CANCO AMERICAN CAN COMPANY

COMMON STOCK

On March 25, 1952 a quarterly dividend of One Dollar and a quarter per share was declared on the Common Stock of this Company, payable May 15, 1952 to Stockholders of record at the close of business April 24, 1952. Transfer books will remain open. Checks will be mailed.

EDMUND HOFFMAN, Secretary

### THE ATCHISON, TOPEKA AND SANTA FE RAILWAY COMPANY

New York, N. Y., March 25, 1952.

The Board of Directors has this day declared a dividend of One Dollar ($1.00) per share, being Dividend No. 157, on the Common Capital Stock of this Company, payable June 2, 1952, to holders of said Common Capital Stock registered on the books of the Company at the close of business April 25, 1952.

Dividend checks will be mailed to holders of Common Capital Stock who have filed suitable orders therefor at this office.

D. C. WILSON, Assistant Treasurer,
120 Broadway, New York 5, N. Y.

### Burroughs

208th CONSECUTIVE CASH DIVIDEND

A dividend of twenty cents ($.20) a share has been declared upon the stock of BURROUGHS ADDING MACHINE COMPANY, payable June 10, 1952, to shareholders of record at the close of business May 16, 1952.

Detroit, Michigan
March 28, 1952

Sheldon F. Hall,
*Secretary*

### GOODYEAR

DIVIDEND NOTICE

The Board of Directors has declared today the following dividends:

$1.25 per share for the second quarter of 1952 upon the $5 Preferred Stock, payable June 16, 1952 to stockholders of record at the close of business May 15, 1952

75 cents per share upon the Common Stock, payable June 16, 1952 to stockholders of record at the close of business May 15, 1952.

The Goodyear Tire & Rubber Co.
*By* W. D. Shilts, *Secretary*
*Akron, Ohio, March 31, 1952*

The Greatest Name in Rubber

## DIVIDEND NOTICES

### JOHN MORRELL & CO.

Morrell PRIDE MEATS

DIVIDEND NO. 91

**A dividend of Twelve and One-Half Cents ($0.125) per share on the capital stock of John Morrell & Co. will be paid April 30, 1952, to stockholders of record April 10, 1952, as shown on the books of the Company.**

Ottumwa, Iowa — George A. Morrell, V. P. & Treas.

### PACIFIC GAS AND ELECTRIC CO.

DIVIDEND NOTICE

*Common Stock Dividend No. 145*

The Board of Directors on March 12, 1952, declared a cash dividend for the first quarter of the year of 50 cents per share upon the Company's common capital stock. This dividend will be paid by check on April 15, 1952, to common stockholders of record at the close of business on March 24, 1952. The Transfer Books will not be closed.

K. C. CHRISTENSEN, Treasurer

San Francisco, California

### OTIS ELEVATOR COMPANY

COMMON DIVIDEND No. 179

A dividend of $.50 per share on the no par value Common Stock has been declared, payable April 26, 1952, to stockholders of record at the close of business on April 4, 1952.

Checks will be mailed.

H. R. FARDWELL, *Treasurer*
New York, March 26, 1952.

### VANADIUM CORPORATION OF AMERICA

VANCORAM

420 Lexington Avenue, New York 17

*Dividend Notice*

At a meeting of the Board of Directors held today, a dividend of sixty cents per share was declared on the common stock of the Corporation payable May 20, 1952 to stockholders of record at 3:00 o'clock p. m., May 9, 1952. Checks will be mailed.

B. O. BRAND, Secretary.

Dated March 24, 1952.

### DAYSTROM, INCORPORATED

*DIVIDEND NOTICE*

The Directors of Daystrom, Incorporated (formerly ATF Incorporated) on March 25, 1952, declared a regular quarterly dividend of 25 cents per share, payable May 15, 1952, to holders of record April 28, 1952.

*American Type Founders offers the world's most complete line of printing equipment.*

OPERATING UNITS:

- AMERICAN TYPE FOUNDERS
- DAYSTROM ELECTRIC
- DAYSTROM FURNITURE
- DAYSTROM INSTRUMENTS
- DAYSTROM LAMINATES

### LEE Rubber & Tire CORPORATION

The Board of Directors has this day declared a regular quarterly dividend of 75c per share and an extra dividend of 50c per share on the outstanding capital stock of the Corporation payable May 1, 1952, to stockholders of record at the close of business April 15, 1952. Books will not be closed.

A. S. POUCHOT
*Treasurer*

March 27, 1952

REPUBLIC RUBBER DIVISION
Youngstown, Ohio, Industrial Rubber Products

LEE TIRE & RUBBER COMPANY OF NEW YORK, INC.
Conshohocken, Pa., Lee Tires and Tubes

# Washington . . . And You

Behind-the-Scene Interpretations from the Nation's Capital

WASHINGTON, D. C. — Whatever other mischief it has worked with its extraordinary package of recommendations in the steel case, the Wage "Stabilization" Board has caused most of the Congress to stop short, look carefully, and listen sharply before going ahead with their previously indicated intentions respecting the continuation of the Defense Production Act.

Those intentions were to pass DPA with its so-called "stabilization" program for one more year, without material modification, on the premise that a Congressman just can't take a chance that inflation will not resume later this year and catch a Congressman to blame for killing it, right in the middle of the election campaign.

At the moment the outlook for DPA is totally unclear. Congress is sore as a boil and ready to commit mayhem on the bureaucracy. This mood may last and it may vanish, but the possibilities range from a minor set of face-saving amendments (to save the face of Congress) to the WSB set-up, on the one hand, to the complete junking of the "stabilization" program, on the other hand.

As this was written there was no hint as to how the many-horned dilemma created by the WSB was going to be ironed out, evaded, diverted, or otherwise disposed of.

**Thus a decision to use the Taft-Hartley Act might calm the troubled waters until just about the time that Congress was ready to duck out for the national conventions. Taft-Hartley probably would only postpone the "steel in steel" but by that time it probably would be too late for Congress to do much of anything about it.**

If the Congress persists in its present mood of anger and frustration for a few weeks, there might be something relatively quick and superficial. One such stunt would be to make the WSB an "all public" board. How this would change the fundamentals an iota, labor experts on Capitol Hill can't figure out.

On the other hand, if by some chance the WSB mess should result in a steel strike, it is entirely possible Congress would forget the danger of a contingent political liability and junk the controls program.

* * *

One of the extraordinary things about this WSB steel business, it was pointed out at the Capitol, is that it was exactly what Congress specifically sought to avoid in writing the Defense Production Act Titles IV and V the way they were written in 1950.

**Congress seemed to have clearly in mind at that time that it wanted no part of any re-creation of a set-up like the War Labor Board of War II, with power to handle specific wage disputes. Congress sought to avoid this, because it was notorious that the War Labor Board was the vehicle by which organized labor got most of what it wanted and the War II stabilization program was wrecked.**

So Congress thought it was providing only for a Wage agency that would establish general principles. In other words, at any given time the Board would determine whether, say, 10 cents an hour plus 5 cents of "fringe" benefits, etc., was or was not in effect within the boundaries of the stabilization program. This Board was NOT to apply the results to specific labor disputes. Particularly it was not to recommend wage rates in given cases.

The approach was to be "voluntary" with the parties bargaining among themselves in any case, the limits of wage increases being set by general definition. Then if the dispute could not be settled, the provisions of the Taft-Hartley would be invoked.

A long time after the DPA of 1950, but before it came up for renewal in 1951, the President by Executive order set up the Wage Board and empowered it not only to handle disputes which he certified, but also empowered the Board to deal with working conditions. Congress never got around to repudiating this action by the President.

If not a violation of law, this action was regarded by responsible sources at the Capitol as a violation of the intent of Congress. Congress sought to countermand, however, a part of this Executive order, in the Lucas amendment of 1951. Among other things, this amendment would have precluded the WSB from handling "working conditions" which means, of course, the union shop.

The consideration of the Lucas amendment was complicated beyond all belief. For one thing, one GOP member sought to take out from the Lucas amendment all things except the ban against having the WSB deal with "working conditions." The supporters of the Lucas amendment opposed this separation because they had other modifications which they wanted incorporated at the same time, and were afraid the anti-union shop ban, if enacted by itself, would orphan these other provisions from conservative support.

**Finally, when the Lucas amendment itself came for a test, certain key industry men on a "free lance" basis failed to go along with the Lucas amendment. As a result the conservatives in the House got the idea industry was running out on a ban against—in effect—having WSB recommend union shops. So the conservatives threw up their hands in disgust.**

* * *

With the Truman Administration, the concept of law is that if Congress fails to enact a curb upon Executive power, then Congress, *per se*, has approved the employment of broad Executive powers as surely as if they were written expressly in statute.

So it was freely predicted last year at the Capitol, when the Lucas amendment was defeated, that some such thing as has happened in the steel case would happen eventually.

* * *

On the other hand, hardly any one was prepared for the breath-taking generosity of the WSB recommendations. The uniform gossip was that the steel unions would be offered something like 18½ cents an hour, probably without the union shop. This would have been followed by inadequate price relief, and really might have put industry on an isolated, lonesome spot, for then industry would have seemed to have been blamed for a strike, if it turned down the rocommendations.

**If WSB had, as an alternative, kept wage increases down to a formula limit (everybody disagrees on how many cents an hour is the magic "formula" of "stabilization"), or well below 18½ cents an hour, and then thrown in the union shop as a sop, this, too, might have somewhat isolated management.**

By giving the unions more than they would have had any remote chance of getting without government help, however, WSB has broadened the headache temporarily, at least, to include the Truman Administration.

* * *

The current immediate Congressional reaction, if passed by the House, is an investigation of the WSB to ascertain whether it has gone beyond the intent of Congress. The hard-boiled opinion at the Capitol is that this will lead to little—unless unfolding circumstances put Congress in a mood to say that government-backed wage rises and the union shop must end now—period.

That such a mood will prevail during this election year remains to be proved.

* * *

Unwittingly the Federal Reserve Board has confirmed and substantiated one of the principal complaints which Transamerica Corp. made against the Board during the Clayton Act proceedings against that corporation. (Note: This is predicated upon the report of the Board's action. The decision had not been released or written a few days ago.)

After finding the corporation guilty of "tending" to create a monopoly, the Board is actually ordering Transamerica to divest itself of control of four institutions, the First National Bank of Portland, National Bank of Washington, First National of Nevada, and First National of Arizona, none of which is dominant in its own state, unless maybe it is the Nevada bank.

The Board did not, however, order Transamerica to surrender its 5% ownership in Bank of America. This may be because the ownership is so small the "Fed" wouldn't have had a leg to stand on in court.

And the aggregate assets of the four institutions are less than a billion dollars, less than the smallest of the major New York banks.

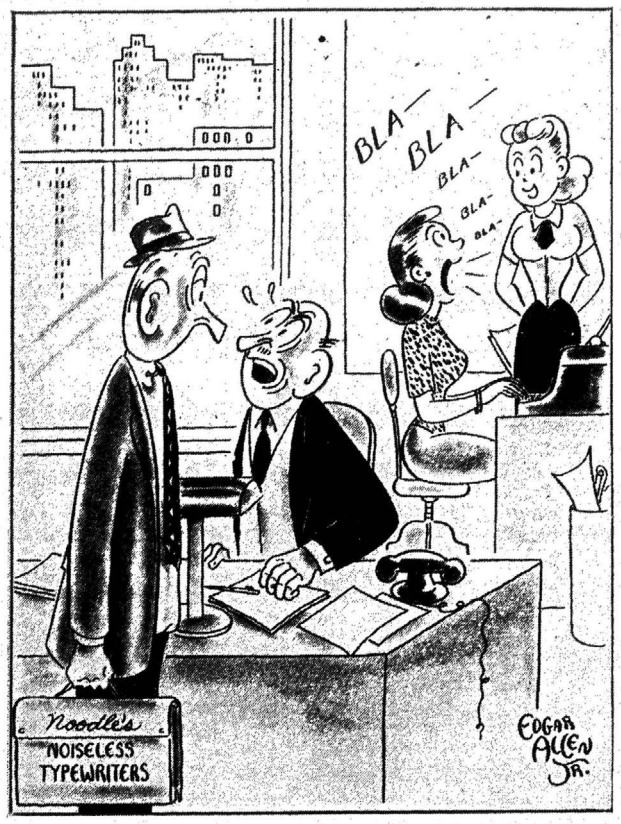
**What Transamerica complained of was that the Bank of America with its $7 billion of assets was constantly lumped by the Reserve Board in with these miscellaneous banks to build a repetitive public picture of Transamerica as a giant octupus holding company. Yet Transamerica has steadily been reducing its holdings in B of A from 100% in 1937 down to 5% at present.**

Even though the "giant octupus of banking" has become much less of a thing than it has been asserted to be, the Transamerica case has become THE symbol of banking monopoly to the "liberals." Regardless of the fact that the case has largely become what the lawyers call "moot" and could have been dropped for that reason, its dropping would have aroused a storm of protest starting with a half a dozen loud-talking "liberal" Senators.

On the other hand, if the "Fed" bowed to fear of "liberal" opinion, it may have achieved one thing: This may end the fuss which has been going on for years to get another bill passed to crack down on bank holding companies.

*(This column is intended to reflect the "behind the scene" interpretation from the nation's Capital and may or may not coincide with the "Chronicle's" own views.)*

## BUSINESS BUZZ




**"I have a noiseless typewriter—what I REALLY need is a noiseless SECRETARY!"**

## Now E. H. Stern & Co.

Effective April 1 the firm name of Edwin H. Stern, Jr. & Co., 25 Broad Street, New York City, members of the New York Stock and Curb Exchanges, was changed to E. H. Stern & Co.

## Richard W. P. Barnes

Richard W. P. Barnes, senior partner in Brinton & Co., New York City, and a member of the New York Stock Exchange, passed away March 26 at the age of 67 after a brief illness.

## McGhee & Co. Formed

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio — Norman L. McGhee is engaging in the securities business from offices at 2587 East 55th Street under the firm name of McGhee & Co.

## With Merrill Lynch

(Special to THE FINANCIAL CHRONICLE)

CINCINNATI, Ohio—Robert L. Patterson has become associated with Merrill Lynch, Pierce, Fenner & Beane, Dixie Terminal Building.