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EDITORIAL

As We See It

A series of atomic explosions of the political variety in Washington during the past week or two have left the country gasping with astonishment and mystification. The President surrenders to organized labor in the steel case. Politics! All is politics, the public was beginning to cry, when the President announces that he will not run again for the Presidency, and for that matter has no intentions of running for political office of any kind. Of course, he is not now and will not be in the near future "out of politics," but one would suppose that he would, in the circumstances, have felt somewhat more inclined to act with statesmanlike courage.

But very soon other surprises were to come. It had been clear for some time past that Newbold Morris was not making a hit either at the White House or at the other end of Pennsylvania Avenue. The ineptitude of the President's original appointment of this particular gentleman for this particular job had long become clear enough. But even so, there is still much mystery behind the fact that recent explosions sent both Mr. McGrath and Mr. Morris back to private life with none of the usual amenities. Observers who have cut their eye teeth are not likely to take very seriously the assurances of the new appointee-elect to the Attorney Generalship that the Department of Justice will investigate itself and purge its own soul. Perhaps it would be more accurate to say that they will take these statements very seriously—as indicating a determination on the part of the Administration to "cover up" rather than to "clean up" as the President had repeatedly promised.

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Have Faith in Our Capitalistic System!

By HUGHSTON M. McBAIN*
Chairman, Marshall Field & Company

Prominent merchandising executive defends our economic system as in line with God given rights of man to life, liberty, and the pursuit of happiness. Defines capitalism as "a system of free markets," and denies current economic evils, such as unfair wages and working conditions, inequalities in wealth, unfair trade practices, and business depressions are caused by it, since these conditions have existed prior to modern capitalism.

A friend of mine is a great preacher. He is great because he is humble and eternally searching for the truth. In almost every sermon he frankly admits his limitations, but in each he manages to share with his congregation some newly-acquired knowledge. He shares his enthusiasm for living and inspires his listeners to seek better lives through an understanding of truth.


Hughston M. McBain

One day the preacher said to me, "My field is religion. All my life I have sought to understand and to explain religious concepts. Of late I find myself studying economics, and I find myself wondering about the capitalistic system. I hear appeals from many quarters to do my part in helping mankind by preaching against the evils of the capitalistic economic system.

"Now, I want people to live happy and contented lives. I want to see poverty and pain eradicated. But I'm not a businessman. I have had no business training. Economics is your forte—not mine. I know little about it. Tell me, don't you think I should forget it and devote my whole effort directly to serving God by preaching His word?"

I doubt that I gave the preacher a very satisfactory

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*An address by Mr. McBain before the American Management Association, Chicago, Ill., February 19, 1952.

Industry Not Responsible for Delay in Defense Output

By EARL BUNTING*
Managing Director, National Association of Manufacturers

Asserting military authorities, not business, are responsible for decisions that have delayed production of defense output, NAM executive contends loss of jobs through mobilization was caused by underestimates of government officials of metal supplies. Lays blame for high prices to inflationary spending and government's false forecast of goods shortages. Says present problem in many lines is not shortages, but underdemand, and scores government waste, corruption, scare-buying and unnecessary controls as hindering sound economic situation essential to our national defense.

Mobilization is everybody's business. It means getting ready—usually for war. Industrially, it means gearing production for defense requirements, in addition to supplying the broad civilian market, that is a basic factor in our ability to out-produce any state-controlled economy. As matters have shaped up during the past two years of industrial mobilization, this explicity means:


Earl Bunting

(1) Fully demonstrated ability to fulfill every defense order the military authorities have placed;

(2) Fully demonstrated ability to meet normal civilian demand; plus—

(3) And at least as important as either — the staying power that it takes, to make even the largest army and the most powerful dictator find it against their interest to pull the trigger of a third world war.

By staying power I mean an economy that can keep going for five—10—30—years—however long the defense period lasts—under its own steam. At any time during this long though undefined period industry must

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*An address by Mr. Bunting delivered at McCoy College, Johns Hopkins University, Baltimore, Md., April 3, 1952.

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

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Newport Industries, Inc. — Everett J. Mann, Associate Professor of Economics, Duke University (page 37).

TODD ALEXANDER
Auchincloss, Parker & Redpath, New York City; Members of New York Stock Exchange and Other Exchanges

Thompson Products, Inc.

Thompson Products has had an outstanding growth record and its sales and earnings prospects through at least 1953 far surpass anything that it has realized in the past. A very able and aggressive management, basing its activities on extensive research, development and engineering efforts, has in a relatively few years brought the company from a small position to one of dominance with respect to the principal products it manufactures.

Todd Alexander

Apart from its important activities in the automotive and industrial fields, its contributions and growing position in the field of components for the aviation industry are particularly noteworthy. This phase of its activities seems to hold the promise of very important additional volume and profits. New areas of activity to which attention is being devoted include electronics, guided missiles and atomic jet propulsion. Past accomplishments are grounds for confidence in expecting profitable returns from such new activities.

Products are too numerous to list but, to mention a few, they include valves, pistons, bearings, connecting rods, knee action assemblies, pumps, compressors, jet engine blades and turbine wheels, and a myriad of other parts or components. Every well known car, bus, truck, tractor, airplane, and marine or industrial engine carries Thompson parts as original equipment. This fact is ample evidence of the vast market for replacement parts; warehouses are located in 24 cities and serve over 6,000 wholesale jobber stores.

Research emphasis is on the practical — on production as the goal of all research and development—and this has led to constant growth. Recent developments include a new, simpler, lighter weight, ball joint suspension assembly for front wheels which first apeared on the 1952 Lincolns, and which will be used on Fords and Mercury's and possibly other cars in 1953; also, a coaxial switch that has wide application in radar, television and long distance telephone equipment. Significant developments in the field of powdered metallurgy are also believed to have very interesting possibilities.

The year 1951 marked Thompson's 50th Anniversary. Started with initial capital of only $2,500; 29 employees and 3 customers who, by the second year took only $40,000 worth of business, the company now has $57 million of permanent capital represented by $15 million 3¼% debentures due 1971; 93,053 shares of $100 par 4% cumulative preferred stock, and 1,180,704 shares of common stock; 19,000 employees, 6,000 customers and over $200 million sales volume. In 1951, the breakdown of its sales of $195 million was as follows: automotive, marine and industrial, 28.2%; automotive replacement parts, 15.8%; aircraft and aircraft engine components, 56.0%.

It is highly significant that Thompson's sales of automotive original equipment in 1951 increased despite the fact that automobile production was off 15% from 1950. New products and a demonstrated ability to continuously capture a larger share of the available market are undoubtedly responsible for this fine showing. While such sales may decline in 1952 as a result of lower automobile production, sales to the replacement market should increase because a great number of the unprecedentedly large number of cars produced in the postwar period are reaching an age where repairs and parts replacements will become necessary.

The biggest growth envisaged in the next two years is tied to the defense effort. Nevertheless, it is significant to note below the substantial growth of its business outside aviation; also, its growth in sales connected with aviation from 1945 through 1949, a period during which the aircraft manufacturing industry generally was not making any noteworthy progress. Shown for comparative purposes are sales for 1939 and the peak wartime year 1944.

SALES
(in millions of dollars)

	Other than Aircraft	Aircraft and Aircraft Engines	Total
1939	$13.8	$2.5	$16.3
1944	37.6	99.4	137.0
1946	61.6	8.2	69.8
1947	67.7	32.0	99.7
1948	62.4	37.1	99.5
1949	58.9	50.7	109.6
1950	75.1	51.0	126.1
1951	85.8	109.1	194.9

Total sales in 1952 and 1953 are estimated at $270 and $330 million respectively, although the company's official goal has been set at $350 million. The stretch-out to 1955 of the Air Force buildup should insure a very high level of sales for the company beyond 1953.

Increased taxes in 1951 prevented net income from increasing, although income before taxes increased 25% to a new all-time high and was 45% higher than the World War II peak. Earnings in 1951 were $6.20 per common share vs. $6.67 in 1950 on the present capitalization. Earnings this year can be conservatively estimated at $7.25, and in 1953 at better than $8.50 on the basis of present tax rates. Dividends are being paid at the rate of $2 per share and should be increased when the financial requirements of the rapidly growing volume begin to taper off to some extent. The above estimates are after charges of over $4.0 million in 1952 for depreciation and amortization vs. only $1.9 million in 1951. The increase in cash earnings is substantially greater than the estimated increase in net earnings, and it improves materially the company's dividend-paying ability.

In Thompson Products, there are clearly defined probabilities of a substantial increase in sales, earnings and dividends. Few companies share in this probability so distinctly. These probabilities, together with the company's recent entry into the electronic field and its aggressive approach to other new fields of endeavor, make it worthy of most serious investment consideration.

J. C. LUITWEILER
Bendix, Luitweiler & Co., New York City
Members, New York Stock Exchange

Radio Corporation of America

I have selected the common stock of Radio Corp of America as the security I like best for the year 1952 because of its prominent position in the Electronics Industry.

James C. Luitweiler

This year promises to be full of cross currents, fraught with uncertainty and rapid change. We will be fortunate indeed if at its close we can record, as in 1951, that of the 1,054 stocks listed on the New York Stock Exchange two-thirds advanced, one-third declined, and the aggregate advance was 15%. For this reason I prefer to ask the question, what industry is least likely to be affected by the over-all disturbed business and political situation? And I have answered it: the Electronics Industry.

It is curious how America's life, almost from the start, has been dominated in each half century by some one over-shadowing industrial development. The last half of the 19th century saw a tremendous expansion of our country because of the spread of railroads over our whole vast territory. The first half of the 20th century saw the automobile make us a "nation on wheels" and within a single generation grow from infancy to maturity. I believe electronics will make the same revolutionary change in the last half of this century.

One did not have to be an internal combustion engineer to foresee, 40 years ago, what the automobile was going to do to the country and for its people. Nor does one have to be a scientist to foresee what electronics is likely to do to our lives in the years immediately ahead. Doubtless most of us know as little of the intricacies of electronics as we do of nuclear fission and the atom bomb.

But we know the significance of radio. We have an idea that radar had much to do with the winning of the last war and that, without it, we would be defenseless today from air attack. We know that electric eyes are opening and closing doors; that little tubes are taking the places of thousands of mathematicians as counting machines, and are controlling industrial operations better than human hands. And now we have television, guided missiles, infrared ray equipment to enable soldiers to see in the dark! Popularly the age ahead is being called the "push-button" age.

Now I believe all these things will go ahead vigorously whether a Democrat or a Republican occu-

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Government Relations to The Central Bank

By W. W. CUMBERLAND*
Partner, Ladenburg, Thalmann & Co.
Members, New York Stock Exchange
Member, Economists' National Committee on Monetary Policy

Contending there can be no satisfactory fiscal structure unless based on gold convertible currency, a sound and not burdensome tax system, and a public debt which is reasonable in amount and largely funded into long-term maturities, former head of Persia's Central Bank, contends present task is to bring about these objectives. Says adequate gold exists in U. S. to permit a convertible currency and decries fear of foreign raid on our gold reserve. Holds there is no such thing as independent Treasury or independent central bank, and calls for credit institutions to act moderately in fulfilling their responsibilities.

In earlier and happier years many foreign countries looked to the United States for assistance in their monetary, fiscal and debt problems. This is no longer the case, since the United States has amply demonstrated its lack of ability to handle its own financial affairs.

W. W. Cumberland

During the decade of the twenties, when greater progress in economic well-being was made by the world as a whole than during any other similar period of time, Professor E. W. Kemmerer of Princeton University was recognized as the leading "money doctor" of the world. He reorganized the finances and currencies of some 30 countries, in many of which he also established central banks of issue and discount. Not only am I one of Professor Kemmerer's students, and learned the principles of money and finance from him, but I also am one of the few Americans who has actually been in charge of the finances and the currency of certain countries. Accordingly, I consider that I had the best possible theoretical training under Professor Kemmerer, and I have had several years of actual experience in the problems of money, credit, fiscal policy and debt policy. Statements in the present memorandum should be judged by that background.

Essentials of Dynamic Economy

To the best of my judgment and belief there can be no satisfactory fiscal structure on the part of government and there can be no dynamic economy for a country, except as they are based on currency convertible into gold, a tax system which is not onerous in the aggregate and which tends to stimulate savings and investment, if necessary at the expense of burdensome consumption, and public debt which is reasonable in amount, funded into long-term maturities for the most part, and both having and deserving the belief of the population that it will be paid.

Without exceptions, those countries which required financial advisers had failed to meet one or more of the foregoing criteria. Unfortunately, these are all being violated at the present time in the United States. Hence this country may confidently look forward to the experiences from which other countries have suffered when they had inconvertible currencies, excessive and ill-placed taxes, and top-heavy public debt, much of which was represented by short-term obligations. It is not a pretty picture for a country like the United States, which for decades has been noted for its competence in currency and financial matters.

This is neither the time nor the place to probe into the causes of our present humiliating and dangerous status nor to apportion the blame to the short-sighted, ignorant or untrustworthy leaders who placed our country in its present predicament.

U. S. Should Go on Gold Standard Now

Our present task is to point out the constructive measures which need to be taken and which are readily available to persons with technical knowledge of the subject, courage, determination and patriotism. Without a convertible currency, experience has amply demonstrated that neither a government treasury nor a central bank, whether the latter be captive or independent, can long maintain a currency system without depreciation. There is little point in discussing relations between the Treasury and the central bank, credit and discount policies, management of the public debt or an equitable tax system unless each of these other areas which are so important in producing a wholesome and expanding economy is solidly based on convertible currency. Conditions in the United States justify immediate return to gold. Our gold reserves are ample. Our population is becoming increasingly angry in regard to irresponsible money which penalizes the thrifty, the savers and the constructively minded. Persons with savings bank accounts, insurance policies, pensions or even those owning United States Government bonds have lost patience, and

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*A statement prepared for the Subcommittee on General Credit Control and Debt Management of the Joint Committee on the Economic Report.

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Regular Features

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

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Our Inexhaustible Resources

By EUGENE HOLMAN*
President, Standard Oil Company (New Jersey)

In defending his concept that our raw materials resources are inexhaustible, leading oil producer executive reviews steps in use of mineral products and attainment of better and cheaper methods of discovering new sources. Cites expanding sources of petroleum and kindred products and foresees prospects of harnessing atomic and solar energy, which development may shift fossil fuels to other uses. Calls attention to new sources of metal supplies and increased use of plastics.

I want to talk about a concept concerning the quantities of natural resources available for human use. It is a concept which many, including myself, believe in very strongly and which I think merits thoughtful examination by all of us who are in any way connected with natural resource industries.

Eugene Holman

The mission of practicing geologists, simply stated, is to help find in the earth the materials man needs for civilized life. These materials have a vitally important place in the pattern of human existence, and people frequently fear that they are going to run out of one or another of them. You see this fear reflected in the terms used to describe the materials geologists seek. Those materials are often referred to as "wasting" resources or as "exhaustible" resources. What I want to suggest to you is that the viewpoint expressed in those terms "wasting" and "exhaustible" is a partial viewpoint. It does not see to the heart of geology or, indeed, to the heart of any of the activities in which man displays his intellect.

Let us consider whether under certain circumstances we cannot forget our fears and accept the notion of inexhaustible resources.

Steps in Mineral Progress

Let's begin with a quick glance at material progress in the past—in other words, let's look at the record. It shows that from earliest times men have used minerals drawn from the earth. And we see that the availability of larger numbers of minerals, in greater quantities, has progressed by a kind of step-like process.

Let me enlarge for a moment on the picture of progress by a series of steps.

Another group of scientists who delve in the earth—the archaeologists—have shown us that prehistoric men used axes, drills and other implements made of flint and other hard stone. With these tools they were able to create simple societies, which, in turn, made possible the accumulation of knowledge about the natural world.

The Stone age developed both the instruments and the knowledge which enabled men to use certain of the softer metals, especially copper and tin. Humanity then stepped up to the Copper and Bronze age. Now man had more tools and more serviceable ones. He could fell trees faster and thus have more buildings for shelter and more vehicles for transport. He could probably dig deeper and fracture rock more readily. He could move more widely than before over the earth.

As the men equipped with bronze tools learned more and more about the world, humanity stepped up again—this time to an age of Iron. Now man began fashioning a really formidable array of tools. He had new power to cut, grind, hammer and otherwise work materials. He could handle masses of material with stronger levers, wedges, pulleys, gears, hooks, eyes, and pincers.

In modern times the age of Iron has given way to the Steel age. And within our own lifetimes there has been superimposed on the Steel age what we may call the age of lightweight metals, plastics and atomic fission.

From the Stone age to the present so great a wealth of scientific information has been amassed—most of it in the past 100 years—that we now have tools and instruments of a power and precision beyond all previous imagination. We have the means to compound, cast and grind lenses and mirrors that permit us to peer farther than ever before into matter and into space. We command the strength of engines whose ratio of power to weight is constantly being increased. We have machines to produce millions of glass tubes whose miraculous contents harness a stream of electrons to our service.

A notable feature of the step-like pattern of material progress is that it has proceeded at a geometric rate. Each successive age has been shorter than the one before it. The Stone age lasted several hundred thousand years; the Copper and Bronze age, for 4,000 years; the Iron age, 2,500 years. Steel was first made in commercial quantities 95 years ago; and the past 20 years have seen material developments that are almost incredible. It is as though the stairway of advancement was composed of steps with progressively higher risers and narrower treads.

Another outstanding feature in the history of material progress, is that each step has been dependent on the one before it. The use of materials available in one period—and I emphasize that word "use"—has supported societies in which men could accumulate knowledge. Such knowledge then made new quantities and new kinds of material available.

I emphasize the fact that people used the materials available in any period, so a fallacy one sometimes finds in connection with the conservation of natural resources will be crystal clear. This fallacy is the concept of conservation as non-use. I am convinced that non-use results only in hobbling progress. It will not result in more natural resources for men to use but less, because it retards the march of scientific knowledge.

Now it goes without saying that I do not advocate reckless squandering of natural resources. What I do advocate is true conservation—which is not hoarding but efficient and intelligent use.

Increasing knowledge operates in a number of ways to expand the natural resources available to us. It helps us to discover new sources of materials which we are already using and in the raw form that is currently useful to us. For example, new techniques like the airborne magnetometer help us to locate oil fields. New knowledge also enables us to extract a material we are already using from raw forms which we were previously unable to process, such as iron from taconite. It also extends supplies of the familiar materials by developing more efficient methods of use. Improved heating units, turbines and internal combustion engines are cases in point here. More knowledge helps us work out means of using materials which have been known but not usable, as, for example, titanium. And it discovers or makes entirely new materials that do not exist in nature, such as plastics.

New Sources of Petroleum

I'd like to enlarge a bit on these examples, and their significance. Take petroleum.

As you are well aware, a great many new sources of oil have been discovered in just the past several years. To mention only a few, there are the Williston basin in North Dakota, the Uinta basin in Utah, and the Alberta fields in Canada, the Scurry and Spraberry fields in Texas, in addition to fields in Central Sumatra, Southern Iraq, and the Cretaceous fields of western Venezuela. In some of these areas, geologic explorations had gone on for years without any oil ever having been found before. In others of these areas, oil had been produced before, production had subsequently fallen off, then new horizons were tapped.

By producing and using oil we have built a dynamic oil industry and have accumulated the means, both financial and technical, to find more oil. We have developed methods for locating and mapping structures with greater speed and accuracy. We can select where to drill a structure with better odds of success. We can reach deeper strata. As a result, in the United States alone, there has been produced since 1938 as much oil as was known to exist in the country at that time. And despite that great withdrawal, the domestic industry's proved reserves are at an all-time high level. It's as though we started out with a tank of oil, used it all up, and had a bigger tankful left. The wisdom of optimistic men in our profession, like Wallace Pratt, is becoming daily more evident.

Besides learning more about finding underground reservoirs of crude, oilmen are also learning how to get more of the oil out of the reservoir after it has been located. Since 1935 especially, the science of petroleum engineering, sparked by such men as Dr. Morris Muscat of the Gulf Company, Dr. M. W. Vietti of the Texas Company, and Stewart Brickly of the Humble Company, has developed ways of forecasting reservoir performance so production can proceed by the most efficient methods. We are finding out how to get maximum yield from large, highly porous reservoirs of the Middle East type, where the water table is important, as we are also learning how to get maximum yield from tricky, tight reservoirs. Repressuring, water-flooding and other techniques of secondary recovery are also adding greatly to the quantities of oil available for people's use.

The supply of usable oil is increased also by improved practices in its transport and handling, which cut down losses.

New developments in the science of refining make possible better products. This fact, coupled with improvements in consuming devices, means that we can get more work from a barrel of oil today than we could previously. And I think we've only begun to use the energy potential in a barrel of oil.

Not only are we finding new sources of liquid hydrocarbons in the familiar raw form of crude petroleum, we will be able, when and if it ever becomes necessary, to derive liquid hydrocarbons from oil shales, tar sands and coal and other sources not used at present.

Use of Atomic Energy

Finally, our present use of oil and coal supports an industrial and scientific structure in which men are already learning how to apply atomic power to constructive work and may learn how to harness solar energy. Such developments, of course, would probably displace the fossil fuels in some applications, thus making them available for other use. The overall effect would be to again increase the total amount of energy available to humanity.

Incidentally, in connection with atomic energy, two news items which I recently noticed have a bearing on our subject.

Only a few months ago it appeared that the future use of atomic energy for industrial purposes might be doubtful because of the problem of the radioactive wastes. Yet only a few weeks ago a government official reported that the solution is in sight. What he called "atomic garbage" is apparently on the verge of being employed in such a way as to be not just harmless but actually useful.

The second story was about a new atomic plant, called a "breeder reactor" now in operation in one of the western states. As I understand it, the object of the process is to use uranium 235, which is rare and costly, to convert non-fissionable materials, which are abundant and cheap, into fissionable material at a faster rate than the uranium 235 itself is consumed. One of the nonfissionable materials they will use is thorium, which previously was used chiefly in the manufacture of mantles for gas lights.

During the past few minutes I have been considering mineral energy resources. Now let us look at the picture for metals, if I may pass from my familiar field of soft rocks into that of hard rock geology. There are 45 metallic elements and some 8,000 alloys of those metals now in commercial use.

As you well know, the world in general, and the United States in particular, is using metals at a rate never seen before. Two world wars in a quarter century and the present unhappy need to build great quantities of arms have used unheard of amounts of iron and copper—to name but two metals in demand. Our steel expansion program now under way calls for annual production of 120 million tons—15 million tons more than we turned out last year. And, to meet our new needs, we plan to step up our domestic production of copper (which last year was about 1,200,000 tons) by 225,000 tons, of zinc by 230,000 tons, and of aluminum by 700,000 tons.

Can we say that what has proved true of fuels will prove true of metals? We have seen that increased knowledge has led to the discovery of new sources of energy which are seemingly unlimited. Does a comparable outcome seem likely with respect to metals?

The metals we use most today—iron and aluminum—are second only to oxygen and silicon in their abundance on our planet. It has been estimated that there is at least 5,000 times as much iron ore, bauxite and alunite in the earth's crust as the world now uses annually. Furthermore, unlike fossil fuels, most metals can be reclaimed after use and used again.

New Sources of Metal Supplies

In the meantime, the discovery of new sources of metal supplies and the development of techniques for making them economically available go on at a rapid pace.

It wasn't so long ago that people were worrying about imminent depletion of the 50% iron-ore deposits of the Mesabi range. Today a number of steel companies are planning or building facilities, estimated to cost over three-quarters of a billion dollars for processing taconite. Taconite deposits in Minnesota occur in a hundred-mile strip, several miles broad, and are believed to amount to 5 billion tons. The reducing plants will turn out about one ton of 60% iron from every four tons of taconite.

Rich deposits of iron ore have been found in a number of countries outside the United States and are now being developed, in many cases by American capital. Labrador, Venezuela, and Brazil, for example, are the scenes of some truly epic engineering projects. A 358-mile railroad is being cut through wilderness and wasteland to haul ore from Ungava, Labrador, to water. At Steep Rock Lake, Ontario, 70 million tons of a lake bed are being removed in a four-year dredging operation to get at an iron deposit underneath. In El Pao, Venezuela, one of two projects in that country has been completed after 14 years of work. Ore has to be shipped by a railroad built through jungles, and by barge to the sea on a river whose water level at

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*An address by Mr. Holman before the American Association of Petroleum Geologists, Los Angeles, Cal., March 25, 1952.

The State of Trade and Industry

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

A slight contraction was noted in industrial production last week, but it continued to hold on a par with the high level of a year earlier. However, overall output remained about 10% under the all-time record attained during World War II.

On the employment front, declines were the case for the ninth consecutive week in claims for unemployment insurance benefits, which dropped 1% below the previous week, but were 30% higher than a year ago.

Holding up settlement of the steel labor impasse was a blunt turndown early this week by Phil Murray, steelworkers' union chief, of a new compromise offer by steel firms. Mr. Murray stuck to his guns that the union get "all or nothing" of the Wage Stabilization Board's recommendations, states "The Iron Age," national metalworking weekly.

As soon as groundwork for a contract settlement is reached steel firms expect the steel price angle to be settled. The amount will not be so much as steel companies had asked for publicly. It will range around $5 a ton or perhaps slightly more, this trade journal asserts.

Steel firms were expected this week to go into court in an attempt to forestall the taking over of the industry by the government. Barring a last-minute miracle steel loss this week will approach 1,000,000 tons. Thereafter, a shutdown will mean a loss of 2,000,000 tons a week.

Eventual settlement of the steel labor impasse will probable approximate 15 cents an hours plus 5 cents to 7 cents in fringe benefits. There will be no giving in on the union shop by steel firms. If Mr. Murray gets a good economic package he may eventually give up—for the time being—the union shop. A turn for the worse this week or next will take the dispute to the White House, "The Iron Age" states.

On Tuesday evening of this week President Truman ordered seizure of the steel mills to avert a strike of 600,000 steelworkers. The order directed the government to take over the mills effective at midnight on April 8, one minute before the strike was scheduled to take place. Editor.

A special industry-wide survey just completed by "The Iron Age" shows why the steel companies keep insisting that higher wages must be compensated by higher prices. Significantly, the survey shows that higher taxes and operating costs (with no price increase) sent steel industry profits into a tailspin in 1951.

Of the 27 steel producers listed in "The Iron Age" financial analysis for 1950-1951, only nine reported higher earnings in 1951 over the previous year. Net income for the whole group was off 13.2%.

With the producers facing the prospect of still higher wage and other costs, this trend is expected to continue in 1952, unless price increases are allowed to compensate. At the moment, the government stand on prices leaves the industry little reason for optimism.

Steel consumers faced the strike deadline with anxiety. A good many of them had inventories that looked comfortable at first glance. But close scrutiny showed these stocks to be far out of balance. Items in critical supply were expected to limit production, making it impossible to fully utilize items in heavy stock. For example, an auto maker felt little gratification over his big inventory of cold-rolled sheets because he had only enough bars and forging stocks for a few days' operation.

Compounding the consumers' anxiety was the huge hand of government which was expected to snatch the continuing trickle of steel production for high priority programs. The military was in line to get first crack at all tonnage as it became available.

Steelmaking operations this week are estimated by "The Iron Age" at 41% of rated capacity, down 61 points from the previous week. The rate is based on assumption that there will be a strike.

In the automotive industry, it is currently learned from "Ward's Automotive Reports" that a steel strike would not hit auto output for about a month.

Big producers, it states, can work through this month, despite a strike, by using inventories. The full impact would not slow assemblies until May, particularly for the makers of smaller cars, the agency added.

Last week auto production slipped about 4% to 92,275, compared with the revised figure of 95,967 for last week—the highest this year. This week's total was 22% below the 118,638 cars made in the year-ago week.

The reason for the drop, according to "Ward's," was the reduc-

Continued on page 34

Where Are We Headed?

By HON. CHARLES SAWYER*
Secretary of Commerce

Secretary Sawyer reviews trends and developments of last 20 months as reflected by wages, prices, inventories and production, and contends many divergent and cross-currents have resulted in relative economic stability. Says this situation should be no ground for relaxation or complacency. Holds direct controls have produced beneficial results and we need not fear inflation if we adhere to present policies. Says deflation can also be beaten, and advocates close study of economic trends by government agencies.

We have arrived at a time when appraisal of our economic situation is in order. Practically every problem which faces us demanding a solution involves our economic strength and its prospects—what it has stood, what it can stand, and what effect Government policies have had and will have upon it. The extent of taxation and foreign aid, the tempo of military build-up, the imposition and relaxation of controls, all present these questions. Furthermore, we have arrived at a point in our mobilization effort which could not be described as the end of the beginning nor the beginning of the end but from which we can, with advantage, review both the retrospect and the prospect.

Charles Sawyer

Repercussions of Rearmament

It is clear that the rearmament program has produced a series of repercussions on consumer, business, and Government behavior.

When the Communists attacked in Korea, we were in a period of rising productivity and declining unemployment—inflationary pressures were either present or imminent. This situation differed completely from the one which faced us at the beginning of World War II. In other words, we had little slack to take up in preparing for the vast mobilization of resources which the emergency demanded.

Inflationary dangers were apparent; it was obvious that some measures of control were needed—and promptly. It was clear that new legislation was in order and by Sept. 9 the Defense Production Act was passed and signed by the President.

Meanwhile, however, the results which had been feared began to happen. The initial reaction after war began in Korea was a sharp increase in demand from all sources which continued through the balance of 1950 and the first quarter of 1951. This demand, generated partly by anticipation that goods would be scarce and cost more, itself produced that very result.

As the months wore on, however, the picture changed. Partly as a result of direct controls and partly as a result of greatly increased production which sent a record flow of goods to final users and provided substantial additions to inventories, great shortages of consumer goods did not develop. As a result of the heavy buying just mentioned, retailers in many cases found themselves overstocked with many types of goods, some deeply in debt, and a large number with a smaller volume of liquid assets.

The buying waves of these months furnished the setting and the reason for the reduced consumer buying which occurred after the first quarter of last year and which was responsible for the subsequent systematic policy of inventory liquidation of consumer goods.

In the succeeding months, inventories outside of defense industries have ceased to grow and in some lines have been reduced. Meanwhile, there has been a tremendous increase in output, partly because of the intensive use of resources and partly because of the increasing productivity per worker.

The expansion in production and employment resulted in higher incomes in spite of increased taxes. Personal savings rose to the extraordinarily high rate of 9% of spendable income compared with an average of 4% in the previous postwar years. The gross national product for 1951 amounted to $328 billion, an increase in dollars of 16% over 1950. The real gross national product for 1951 increased by 8% over 1950, contrasted with the long-term average annual increase of about 3%.

Personal income was $251 billion, or an increase of 12% over 1950. Within this area labor income increased 19%; proprietors' and rental income, 11%; dividends and interest, 4%. Currently, the gross national product is running at an annual rate of $339 billion, the increase during the first quarter being accounted for wholly by Government purchases of goods and services in connection with national defense outlays. Personal income in the first quarter 1952 increased only about $1 billion from the last quarter of 1951.

There has been an extraordinary business outlay for new plant and equipment between 1945 and 1951—$117 billion. The outlay for manufacturing concerns alone has totaled $54 billion. It is reassuring to know that two-fifths of our current stock of fixed capital is less than six years old, a fact of the utmost significance in connection with our production possibilities.

The change in the business population of the country since the war began in Korea is negligible, both in size and in turnover. The number of retail and service firms declined slightly, while all other industrial segments increased. It is interesting to note an increase of 2% in manufacturing, representing a reversal of the downward trend evident from 1947 to 1950. Except for seasonal variation, the business population has for some time remained steady at about four million firms.

Price Trends

An analysis of recent trends in our present situation calls for some reference to prices. Wholesale prices had advanced from the low level of December, 1949 by March, 1951, 22%. Since that date they have slipped back. As of this time, from that same 1949 base, they have advanced only 16%. Consumer prices remain about 12% above the late 1949 level. Some easing of food prices has occurred lately, but they have risen generally about 18% during the past two years. The cost of living index, which became static in December and remained so during January, slipped back to a figure slightly over October by the end of February.

Returning now to my analysis of the trends and developments of the last 20 months as reflected by wages, prices, inventories and production, it is fair to say that as of the moment the many divergent and in some cases strong cross-currents within our economy have resulted in relative stability of total output, employment and prices.

No Grounds for Relaxation

This should not mean, and does not mean, that we have accomplished our objectives, that we can relax and lapse into the state of complacency which was characteristic of the period following World War II. At any time a new emergency may confront us—either at home or abroad. Something may happen to change the program—drastically and rapidly. All-out war is still a possibility; a period of prolonged labor strife could change the entire picture. We have, however, reason to be pleased, if not satisfied, with what has been accomplished.

It would not be proper to describe our military condition in June, 1950 as one of prostration, but we could hardly describe it as one of preparedness. Since then we have made steady strides in preparing for our defense upon the land, on the sea, and in the air, and in particular in the field of atomic bombs. In June, 1950 an attack upon us would have carried the prospect of ultimate defeat of the aggressor. Today it would carry the certainty of his defeat and day by day that deterrent grows.

There has been vastly increased military production for our defense, deliveries have doubled during the past year and will double

Continued on page 24

*From an address by Secretary Sawyer before the Economic Club of Detroit, Detroit, Mich., April 7, 1952.

"OBSERVATIONS"
Is omitted this week.

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

Outlook for the Airlines

By JOHN H. LEWIS*
Senior Partner, John H. Lewis & Co.,
Members, New York Stock Exchange
President, John H. Lewis Fund, Inc.

After citing difficulties in forecasting outlook for air transport industry, Mr. Lewis predicts airlines, as a whole, should in 1952 be able to increase earnings, before taxes, and possibly, after taxes. Gives data on outlook for individual companies, and reveals growth of airline industry as well as its increasing freight carrying potential. Notes trend to heavier operating expenses, but foresees heavier passenger and freight traffic as offsetting forces.

The outlook for earnings in the airline industry is somewhat confused and varies considerably as between different companies. On the brighter side, there is the prospect that the rapid growth in passenger traffic will continue to boost passenger revenues. Mail pay may not be greatly changed, depending on the rates for each company and the tonnage volume. Freight and express revenues are likely to increase moderately. Additional revenues from these sources must meet the rising cost of operating airlines and the cost of operating the additional plane miles that will be flown by reason of the increased size of fleets. The operating costs will reflect higher pilot pay, which was placed in effect during last year on many lines, sympathetic increases in wages of other employees and further increases in costs due to the usual escalator clauses in many labor contracts. The additional Federal gasoline tax of one-half cent a gallon will be a consequential amount and higher depreciation based on more planes and higher cost of planes will be expensive items. Some companies will have their seating capacity increased substantially this year by delivery of new planes. The fleets of other lines will show little or no change. The excess profits tax position of the various companies in this industry differs importantly. This latter factor can not be ignored as it rather generally can be in the railroad industry. The Korean Airlift may also be curtailed or terminated and the profits that many airlines have earned from this source would be similarly affected.

John H. Lewis

Such a cursory review of some of the more important ingredients in the net earnings results for the airlines this year points up the difficulties involved in making any net forecast for 1952. On balance, however, assuming a continuance of the defense mobilization program as scheduled here and in Europe, and barring any general business recession that would offset the stimulating effects of the international defense efforts and eliminating the possibility of any unduly high number of aircraft accidents or strikes, the airline industry should be able to increase its earnings before taxes in 1952, and possibly after taxes. These results seem more clearly attainable for certain companies than others.

Projected Air Line Earnings

I know Customers' Brokers like earnings estimates. From my preliminary comments, you will appreciate that this is a particularly difficult year to forecast airline earnings. However, just to satisfy your desires, we have made a forecast for six of the important airlines for 1952, and to give you a rough guide of possibilities, we have projected earnings for 1953 and 1954. Of course, these projections should not be taken too seriously. They obviously are based on certain assumptions which may prove to be in error. The estimate for 1952 and the projections for 1953 and 1954 in terms of dollars per common share are shown in table I.

The estimate for 1952 is based substantially on the assumption that the industry will attain a 20% increase in revenue passenger miles annually and that 25% of this increase will be due to high density coach planes at a tariff of 4¢ per mile, and 75% in regular fare planes at an average of 5.8¢ per mile, and that on the average 40% to 50% of the additional passenger revenues will be brought down to net operating income assuming a passenger load factor of 65% to 70%. We assume that the high density coach traffic will be confined principally to the longer haul segments. It allows for the increased direct operating costs inherent in the additional plane miles required to fly the projected increase in traffic, plus an allowance for additional indirect operating costs of not less than 10% of the additional direct operating costs, and an increase in the level of costs in 1952, both direct and indirect of about 5% over 1951.

The projections for 1953 and 1954 assume a 20% increase each year in passenger traffic and that increased available seat capacity in those years will be utilized at a 70% and 60% load respectively. The same increase in direct and indirect operating costs has been assumed for each year, as in 1952, but no increase in the general level of costs above the 1952 level has been projected.

Growth Trend of the Industry

The outstanding favorable factor in the airline industry is and has been the rapid increase in passenger traffic. From the beginning of the United States airline industry in 1926, a rapid growth trend has been apparent. From 1931 through 1941, airline passenger miles increased at the average annual rate of 28.4%. After a smaller increase in 1942, the average annual increase during the abnormal war years of 1943 through 1946 advanced to 44.9%. In 1947 its growth in terms of revenue passenger miles was arrested; and in 1948, for the first year in the history of the business, total revenue passenger miles flown by all domestic air carriers declined from the previous year. The decline was only 2.3%, but it came after a two-year plateau and caused concern as to the validity of the continued existence of the industry's previous substantial growth trend. Apparently, the industry was only digesting the abnormal increases of the war years. In 1949, the industry recorded a 12% increase in revenue passenger miles flown over 1948. In 1950 the increase expanded to 18.8% and in 1951 growth of airline passenger traffic amounted to about 28.6%.

The 28.6% increase is reminiscent of the average annual increase of 28.4% from 1933 through 1941. It would probably be too optimistic, however, to conclude for the future that a straight line growth trend of 25%-30% per year is still active in the industry, particularly in view of the increased base to which the percentage of increases applies, and the abnormal defense-stimulated conditions of 1950 and 1951.

Another approach to projecting the future would assume that airline traffic will continue to increase each year, although at a progressively decreasing rate, in relation to total common carrier traffic. To reflect this trend statistically, we computed airline passenger miles as a percentage of the sum of railroad and airline passenger miles during a 10-year period, and fitted a Gompertz curve, which assumes a progressive decrease in the rate of increase to the data.

If this same curve be used to project 1952 travel and if certain other assumptions are made, 1952 airline travel would be projected at a maximum of 11.3 billion revenue passenger miles, as compared with a projection of 12.7 billion miles if a straight arithmetical 25% rate of growth is used. Unless a business recession occurs, and provided the industry expands high density coach operations at the four-cent level, as hereafter discussed, a 20% increase in airline revenue passenger miles flown in 1952 over 1951 may be forecast.

We made our projections of revenue passenger miles for the industry last January. Last month in a talk before the New York Society of Security Analysts, Mr. Patterson, President of United Air Lines, Inc., was reported to have estimated this year's increase in revenue passenger miles for the industry and his own company at 20% to 29% over 1951. In making this forecast he estimated the 1952 gross national product at $300 billion. Moreover, Mr. Patterson was reported to have said that notwithstanding the possibility of a tapering off in the defense effort over the longer term, traffic in 1954 could be expected to be 35% to 40% above the present level if the abnormal boom—which is currently boosting activity 15% to 20% over and above the normal level—is eliminated from determinable trends. He was hopeful that United would have better earnings this year than the record profits recorded in 1951.

The trend of airline passenger traffic in relation to other common carrier travel is shown in Table II. You will note that airline traffic in 1951 exceeded Pullman traffic for the first time in the history of the industry.

Growth Within the Various Divisions of the Industry and Freight Potential

Within the industry passenger revenues remain of primary importance, as opposed to freight in the railroad industry. Nevertheless, the greatest percentage growth since 1946 in the airline industry has taken place in freight revenues. Of some significance is the estimated decline in mail pay in dollars during 1951, coincident with an increase in mail ton miles flown to the highest level in history. The average mail pay rate per ton mile was down to 69 cents. This rate compares with a rate of $1.00 in 1950, and is below the 74-cent level which prevailed in 1947, when the industry had its worst year, profit-wise. Table III shows the relative importance of the major types of traffic during 1946 to 1951 inclusive.

While passenger revenues increased during this six-year period by about 114%, freight revenues were up 412%. In 1945 the domestic airlines flew only 1.4 million freight ton miles. In 1946 this figure was up to 14.8 millions at an average cost of 29 cents per mile. In 1951, when the industry flew 107.0 million freight ton miles, the average cost was 19 cents. This total freight traffic is still infinitesimally small as compared with total railroad ton miles of 588.5 billions carried in 1950, but there is little doubt that air transportation of many products, such as airplane parts and certain machinery parts, has become standard. In addition, apparel, drugs, radio, television, flowers, nursery stocks, and vegetables are obtaining increased volume.

As new types of planes designed for cargo transport are developed and placed in operation, it can be expected that air freight will assume increasing importance. These new planes may enable a reduction in tariff rates and expand the field which the airlines can reach. As compared with an air freight cost of 19 cents per ton mile, Railway Express on a shipment from Burbank to New York is estimated to cost 16½ cents per ton mile; railway freight, 8.3 cents; and motor truck, 7.2 cents. By comparison, Lockheed estimates on its Super Constellation Model 1049B, especially developed for carrying cargo, that its operating costs per ton mile will be 4.92 cents. Doubling this figure to allow for overhead still leaves a total cost of less than 10 cents per ton mile. When it is considered that shipping by air freight involves much less packing and saves considerable time and crating charges, the basic competitive ability of the air carrier in the freight field becomes apparent. At a 10-cent rate per ton mile, it would take only 5.0 billions of revenue ton miles to have freight revenue total $500,000,000 annually, which is not far from the total passenger revenues during 1951. Without a decrease in the rates the New York Port Authority estimates a five-fold growth in the industry air freight volumes in the next 15-25 years.

Increasing Expenses

We have been hearing a great deal recently about the mounting costs in the airline industry. This is the reason for the pending airline applications before the Civil Aeronautics Board for permission to make a $1.00 ticket charge and discontinue the 5% discount for round-trip tickets, etc.

Mr. Oswald Ryan, Vice Chairman, Civil Aeronautics Board, in a speech before the Aero Club at Washington, D. C., on February 26 this year, stated that "during the last quarter of 1951, the rate of increase in operating expenses proved greater than the rate of increase in operating revenues, and profit trends promise to be downward. While traffic is still

*An address by Mr. Lewis before the Association of Customers' Brokers, New York City, March 25, 1952.

TABLE I

STATISTICALLY PROJECTED EARNINGS FOR 1952, 1953 and 1954

	1951	1952	1953	1954	Current Price
American Airlines, Inc.___*	$1.42	$1.62	$1.94	$2.52	14
Eastern Air Lines, Inc.___†	2.90	3.90	5.15	6.40	24⅞
National Airlines, Inc._____	2.59	2.34	3.19	3.89	13½
Northwest Airlines, Inc.___*	1.49	2.19	3.59	4.69	13⅜
Trans World Airlines, Inc.†	3.60	4.30	6.25	8.20	20
United Air Lines, Inc._____*	3.58	4.42	5.84	6.14	28⅞

*Earnings do not allow conversion of present convertible preferreds. †Estimates.

TABLE II

GROWTH TREND IN AIRLINE PASSENGER TRAFFIC
United States Intercity Travel

	(In Billions of Revenue Passenger Miles)					Airline Passenger Miles —as a Percentage of—	
		—Railroads—					
	Airlines	Pullman	Pullman & Coach	Buses	Private Auto-mobiles	Pullman Miles	Total Rail & Air Miles
*1951___	10.150	9.9	30.1	‡	‡	102.5%	25.3%
1950___	7.932	9.3	26.8	†19.7	325.9	85.3	22.8
1949___	6.678	9.3	29.6	†20.5	300.1	71.8	18.4
1948___	5.963	11.0	35.3	23.0	293.2	54.3	14.4
1947___	6.104	12.3	40.0	23.4	274.0	50.0	13.2
1946___	5.948	19.8	58.8	25.6	253.6	30.0	9.2
1945___	3.362	26.9	86.3	26.9	179.8	12.5	3.7
1944___	2.178	26.9	90.2	26.5	151.3	8.1	2.3
1943___	1.634	24.7	82.6	27.4	147.1	6.5	1.9
1942___	1.418	17.9	49.0	21.5	199.6	7.9	2.8
1941___	1.385	9.2	25.3	13.6	264.3	15.1	5.2
1937___	0.412	8.1	20.5	10.0	212.3	5.1	1.9
1931___	0.091	‡	15.9	6.7	163.6	‡	0.3

*Estimate. †Projected from 1948 on the basis of Greyhound's experience. ‡Not available.

TABLE III

DOMESTIC AIRLINE OPERATIONS

	—Revenues— (In Millions of Dollars)					—Traffic— (In Millions of Ton Miles)		
	Total	Passenger	Mail	Freight	Express	Mail	Freight	Express
*1951___	$675.0	$580.0	$40.0	$21.0	$15.0	57.8	107.0	42.5
1950___	529.3	434.2	46.8	22.0	12.7	46.4	114.4	36.8
1949___	464.6	381.9	45.3	18.7	9.1	40.9	96.1	27.5
1948___	418.0	338.6	48.0	14.1	10.1	37.3	71.3	29.9
1947___	357.4	306.3	24.4	8.7	10.6	32.9	35.6	28.6
1946___	316.3	275.6	21.1	4.3	9.3	33.1	19.2	23.9

*Estimate.

growing it is not growing as fast as the airline costs." I presume he spoke after having had an opportunity to examine the monthly figures for the 16 domestic trunk lines. Unfortunately, I do not have all the detailed CAB figures for the last quarter of 1951. For that quarter, they are generally very late. But I do not have some October and November figures for the 16 domestic trunk lines. They show for October last year an increase of $9,955,000, or 20.2% in total operating revenues over 1950, whereas total expenses were up $9,599,000, or 23.8%, and net operating income gained $385,000, or 4.4%. For November, 1951, total operating revenues increased $10,491,000, or 24.5% over 1950, while total operating expenses advanced $9,128,000, or 22.9%, and net operating income jumped $1,528,000, or 55.5%. At least, it can be said that for October and November, separately and combined, increased revenues more than offset the higher costs. It is undoubtedly true that since the first half of last year, it has been increasingly difficult to translate increases in gross revenues into net.

It so happens that United Air Lines is the only one of the four air trunk lines that has issued its 1951 annual report. It shows a reduction in operating costs per revenue ton mile from 45.6 cents in 1950 to 44.3 cents in 1951. Even in November, operating costs per revenue ton mile were unchanged from the previous year comparing 45 cents with 45 cents in November, 1950.

Despite the loss of traffic in the first two months of this year incident to the accidents at the Newark airport, and the substantial increase in expenses during February due to the closing of that airport, United's net for those two months was about $200,000 compared with $414,000 last year. Weather was bad this February, and taxes were higher.

Since the airline problem is largely one of high costs which makes it difficult to maintain or reduce fares so that this form of transportation can compete with railroad coach service, and capture an increasing share of the mass transportation market, some are concerned about a repetition of the industry's experience between 1946 and 1948. The troubles of those years stemmed largely from a reduction in airline fares in 1945 which was not corrected until 1947 and 1948, coupled with a very large increase in route miles granted too liberally by the CAB. Many of these new routes tapped thin

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Dealer-Broker Investment Recommendations & Literature

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

Canada—Bulletin discussing prospects for investment in Canada—Stanley Heller & Co., 30 Pine Street, New York 5, N. Y.

Cuban Sugar—Report—Lamborn & Co., Inc., 99 Wall Street, New York 5, N. Y.

Insurance Stock Analyzer—Tabulation—Geyer & Co., Inc., 63 Wall Street, New York 5, N. Y.

Natural Gas—Bulletin containing data on **Arkansas-Western Gas, Commonwealth Gas, Delhi Oil, Hugoton Production, Kansas Nebraska Natural Gas, Kerr-McGee Oil Industries, Mississippi River Fuel, Mountain Fuel Supply, Natural Gas & Oil, Petroleum Heat & Power, Pubco Development, Republic Natural Gas, Southern Production, Southern Union Gas, Southwest Gas Producing, Southwest Natural Gas, Tennessee Gas Transmission, Texas Eastern Transmission, Texas Gas Transmision, Texas Illinois Natural Gas Pipeline, Transcontinental Gas Pipe Line** and **Western Natural Gas**—Scherck, Richter & Co., Landreth Building, St. Louis 2, Mo.

New England Municipal Letter—Bulletin on New England Bond market—First National Bank of Boston, 45 Milk Street, Boston 6, Mass.

New York City Bank Stocks—Comparison and analysis for first quarter of 1952—Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

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

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

Railroad Common Stocks—Comparative tabulation—Sutro Bros. & Co., 120 Broadway, New York 5, N. Y. Also available is a review of **Hollinger Consolidated Gold Mines Ltd.**

Speculative Merits of Common Stock Warrants—By Sidney Fried—Discussing warrants in their different phases and describing current opportunities—$2 per copy—Dept. C, R. H. M. Associates, 220 Fifth Avenue, New York 1, N. Y.—or send for free descriptive folder.

Tax Exempt Municipals—Tabulation of Louisiana and Mississippi bonds—Arnold & Crane, National Bank of Commerce Building, New Orleans 12, La.

Textile Industry—Review—With special reference to **American Enka, United Merchants and Manufacturers, J. P. Stevens** and **Dan River Mills**—Van Alstyne, Noel & Co., 52 Wall Street, New York 5, N. Y.

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

* * *

Albuquerque Associated Oil—Memorandum—James J. Leff & Co., 50 Broad Street, New York 4, N. Y.

American Home Products—Memorandum—Auchincloss, Parker & Redpath, 52 Wall Street, New York 5, N. Y.

American Viscose Corp.—Memorandum—Shearson, Hammill & Co., 14 Wall Street, New York 5, N. Y. Also available are memoranda on **Caterpillar Tractor Co., National Malleable & Steel Casting Co.** and **Westinghouse Electric Corp.**

Chicago and Southern Air Lines, Inc. — Bulletin — Gartley & Associates, Inc., 68 William Street, New York 5, N. Y.

Clearing Machine Corp.—Analysis—Shillinglaw, Bolger & Co., 125 South La Salle Street, Chicago, Ill. Also available is an analysis of **Caspers Tin Plate Co.**

Colorado & Southern Railway Co.—Analysis—Available from David A. Noyes & Co., 208 South La Salle Street, Chicago 4, Ill.

L. A. Darling Co.—Analysis—Moreland & Co., Penobscot Building, Detroit 26, Mich.

Federal Enterprises—Memorandum—Kneeland & Co., Board of Trade Building, Chicago 4, Ill.

Grinnell Corp.—Analysis—Amott, Baker & Co., Inc., 150 Broadway, New York 38, N. Y.

Gulf Oil Corp.—Annual report—The Gulf Oil Corp., P. O. Box 1166, Pittsburgh 30, Pa.

Harris-Seybold Co.—Analysis—McDonald & Co., Union Commerce Building, Cleveland 14, Ohio.

Jantzen Knitting Mills, Inc.—Memorandum—Pacific Northwest Co., Exchange Building, Seattle 4, Wash.

Kennametal, Inc.—Memorandum—Hamlin & Lunt, 2 Wall Street, New York 5, N. Y.

Louis Allis Co.—Analysis—The Milwaukee Co., 207 East Michigan Street, Milwaukee 2, Wis.

Ludman Corp.—Bulletin—Sheridan Bogan Paul & Co., Inc., 1528 Walnut Street, Philadelphia 2, Pa.

McGraw Electric Co.—Memorandum—Harris, Hall & Co., 111 West Monroe Street, Chicago 3, Ill.

Mexican Gulf Sulphur Co.—Analysis—H. Hentz & Co., 60 Beaver Street, New York 4, N. Y.

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

Ohio River Sand Co., Inc.—Analysis—Bankers Bond Co., Inc., Kentucky Home Life Building, Louisville 2, Ky.

Orangeburg Manufacturing Co., Inc.—Analysis—Cohu & Co., 1 Wall Street, New York 5, N. Y. Also available is a bulletin on **Texas Pacific Land Trust.**

Owens-Illinois Glass Co.—Analysis—Cruttenden & Co., 209 South La Salle Street, Chicago 4, Ill.

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

Polaroid Corp.—Analysis—New York Hanseatic Corp., 120 Broadway, New York 5, N. Y. Also available is a tabulation of preliminary **New York Bank Earnings** for the first quarter of 1952.

Puget Sound Power & Light—Review—Ira Haupt & Co., 111 Broadway, New York 6, N. Y. Also available are brief reviews of **Gaylord Container** and **St. Regis Paper.**

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

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

Southern Natural Gas Co.—Annual report—Southern Natural Gas Co., Watts Building, Birmingham, Ala.

Standard of California—Analysis—Dean Witter & Co., 14 Wall Street, New York 5, N. Y.

Standard Oil Co. of Indiana—Annual report—Standard Oil Co., 910 South Michigan Avenue, Chicago 80, Ill.

Transamerica Corp.—Analysis—Sartorius & Co., 39 Broadway, New York 6, N. Y.

Union Twist Drill—Data—Raymond & Co., 148 State Street, Boston 9, Mass.

Western States Utilities Co.—Analysis—Peters, Writer & Christensen, Inc., 724 17th Street, Denver 2, Colo.

NSTA Notes

SECURITY TRADERS ASSOCIATION OF NEW YORK

Security Traders Association of New York (STANY) Bowling League standing as of April 3, 1952 is as follows:

TEAM	Points
Kumm (Capt.), Ghegan, R. Montanye, Krassowich, Manson	85
Bean (Capt.), Lax, H. Frankel, Werkmeister, Reid	81
Goodman (Capt.), Weissman, Farrell, Valentine, Smith	79
Mewing (Capt.), G. Montanye, M. Meyer, LaPato, Klein	76
Serlen (Capt.), Gold, Krumholz, Young, Gersten	73
Donadio (Capt.), Rappa, O'Connor, Whiting, DeMaye	72⅛
Hunter (Capt.), Craig, Fredericks, Weseman, Lytle	67
Krisam (Capt.), Gavin, Gannon, Jacobs, Murphy	67
Leone (Capt.), Tisch, O'Marra, Nieman, Bradley	67
Burian (Capt.), Siepser, Hunt, Growney, Kaiser	59½
Greenberg (Capt.), Siegel, Cohen, Strauss, Voccoli	58
H. Meyer (Capt.), Swenson, A. Frankel, Wechsler, Murphy	55

200 Club

Al. Tisch ....204 W. Bradley ..201 & 200

No Bowling Game April 10 or April 17. The League bowls Philadelphia at regular alleys, City Hall Bowling Club, after which a bowling dinner will be held at Grand Street Boys. Anyone interested contact Sidney Jacobs.

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.

April 25, 1952 (Philadelphia, Pa.)

Eastern Pennsylvania Group of Investment Bankers Association third annual conference at the Bellevue-Stratford Hotel.

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.

May 19-21 (Richmond, Va.)

Association of Stock Exchange Firms Board of Governors Spring Meeting.

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, Scarborough, N. Y.

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.

Derricks in the Moose Pastures

By IRA U. COBLEIGH

Author of "Expanding Your Income"

Current Canadian capers on Toronto Exchange suggest a more cautious and selective attitude toward prairie petroleum equities

This article just had to be written—written because of four major highlights in the financial news from North of the Border last week. The items: (1) a 6,800,000 share turnover, the biggest day in history, on the Toronto Exchange; (2) Toronto Exchange seat sold at $58,000 against a New York Stock Exchange transfer at $49,000 in the same week; (3) new 17 year-high premium for the Maple Leaf (not the "Make believe") dollar—$1.02 5/32; and (4) decision of the Alberta Conservation Board to export only "surplus" natural gas to the United States.

Ira U. Cobleigh

Each of the foregoing four deserves a paragraph, and, by your leave, it will get one. 6,800,000 shares changing ownership last Thursday in Toronto was far more than the combined share volume on the New York Stock Exchange, and New York Curb on that day. Of course, that's a loused up comparison, since swapping sheafs of penny shares would naturally create more unit volume than transactions in, say, Telephone at 154. But it does show that people are now ready to wallow in low priced shares; and the old siren song of percentage gains is again casting its spell. It seems to be 20 times easier for Zilch Petroleum to bounce up from $1 to $2, than for an ermine equity like Superior Oil to move from $560 to $1,120.

Next, the comparison of Exchange Seat prices is misleading for in New York the seat belongs to one man, for his use only, whereas in Toronto the seat may be used by five brokers at the same time, and these gentlemen are, curiously enough, called "attorneys." (Some reader will no doubt write in and tell me why.)

Thirdly, when currencies all over the world are sagging, drooping, and depreciating, isn't it nice to see a real good one for a change—the Canadian dollar? It's quoted as a premium item partly because American investors are so eager to place their dough in Dominion industries, and partly because Canada itself has handled its fiscal policies so intelligently.

Fourth, about Canadian export of natural gas—that seemed quite a disappointment to a number of companies which had counted on converting some of their "capped" gas into cash shortly. Actually, the Alberta Board's decision to retain natural gas for building and attracting "home" industries is not too logical. First, there is far more gas around and in prospect there, than can be consumed locally for decades; and our own experience in Texas, Oklahoma, etc., shows that the extraction, use and transportation (by building pipelines) of natural gas builds an area industrially far more rapidly than "capping" and holding for the future. Especially so when exploration is bringing to light more reserves every day. The history of oil drilling has set up sort of a rule-of-thumb ratio for oil and natural gas. For each billion barrels of oil reserves located, there are roughly six times that many trillion feet of natural gas. So if Canadian known petroleum reserves are today 1.5 billion barrels, then there should be 9 trillions of feet of natural gas—and that's enough to start exporting!

Now to warm to my task—why all this tremendous Canadian speculation anyway? Is there a real future for carefully culled Canadian independent oils? And how do you tell the good stocks from the bum ones? With 70 issues now trading in Toronto, the law of averages suggests that a certain number are candidates for oblivion; and every one of them is selling far out of line with earnings and dividend ratios normally applied by sensible investors to other classes of securities.

Well, we must definitely admit that the West Canada drilling area, Alberta, Southern Manitoba, Saskatchewan and British Columbia, is a real oil field, comparable in magnitude and present development to Texas in the early 1900's. This is the real thing—a Canadian sedimentary basin of over 650,000 square miles running North and South, larger, in total area, than our five largest producing states, California, Texas, Kansas, Louisiana and Oklahoma. It must be big, because over $200 million was spent last year in exploration and development in western Canada; and right at this moment there are some 150 geophysical parties combing the moose lands for likely probing areas. But the over-enthusiastic should definitely be warned against the occupational disease of the wildcatter—dry-holitis. Of 550 Canadian wildcats drilled in 1951, 80% were fruitless; and that, believe it or not, is a favorable ratio compared with U. S. experience. Another thing—it costs somewhere between $50,000 and $100,000 to sink an average well 5,000 feet, and the 13,000-foot beauty at Pincher Creek cost over $1 million. If you miss with an outlay of dough like that, you can be badly hurt — mortally so if your company is lightly resourced.

Thus, while the prospect of oil and, in due course, natural gas revenues of great magnitude in the great plains of Canada is romantic, alluring and glamorous, you can also go broke here at high velocity. While each new find tends to "prove up" a field, and make succeeding drillings a little more certain, remember that specter of big loss lurks in the shadow of every derrick. Oil can put you on relief, as well as on the Riviera!

I know full well that all this foreboding will not be an important deterrent to avid American entrepreneurs, so let's see if we can't set down a few ground rules for the benefit of those whose fascination for petroleum will probably lead to purchase.

There is obviously no sure thing in so risky a trade and X number of dollars ought to be lodged, if at all, in at least four different enterprises. These, in turn, should be selected by you, with these three factors imbedded deeply in your mind: (1) Capital; (2) Management; and (3) Acreage. The first is essential for reasons given earlier and for survival! On the second, depends importantly the location of profitable oil with a minimum of dry hole anguish, and operating cost. Thirdly, a spread of acreage is essential as it's just impossible to tell, in advance, which section may prove to be the real McCoy.

So keeping these three criteria in mind, your attention is discreetly directed to the following list:

Company	No. of Shs. of Common	Current Price
Calgary & Edmonton	2,415,000	16
Canadian Superior Oil of California, Ltd.	8,450,000	16
Great Plains Devel. Co.	*590,317	12
Royalite Oil Co., Ltd.	2,869,948	20½

*Plus $9,949,000 1-4% notes.

Calgary & Edmonton has the advantage of owning in fee mineral rights to 1,142,109 acres of land; 500,000 acres north of Calgary, and 600,000 running South from that city towards the Montana border. No newcomer, Calgary had drilled with profit for more than a decade. Get the annual report and see the extent of land, the balance sheet adequacy, and the list of directors' which includes the President of Canadian Pacific.

Great Plains Development started out in 1950 with $9,500,000 in capital. It still has about $7,000,000 in cash resources after judicious purchase in the Drumheller area, where a successful well was completed; and a half section in the South Leduc area where two wells are in production and three more partially completed. Management is regarded as excellent, headed by Mr. L. W. MacNaughton, with Calgary operations supervised by Mr. N. W. Nichols, formerly with Superior Oil of California. The bonds outlined each carry 50 shares and a warrant to buy 50 shares more of Great Plains stock at $10 (Canadian). Present holdings encompass a net interest in around 200,000 acres.

Canadian Superior is the affiliate of Superior Oil of California (which owns 51.7% of common). Mr. W. M. Keck, Jr., Vice-President of Superior, is President of Canadian Superior. Vast acreage —4,690,000 either under lease or option—sprawls over Alberta and Saskatchewan. Actual drilling results, involving small production in Alliance and New Norway, have not been spectacular, but three seismic crews are on the job; and as of last August, $16 million in cash holdings nestled in company treasury.

Royalite Oil Co., Ltd., formerly a subsidiary of Imperial Oil, has a seasonal staff of oil men headed by Mr. C. U. Daniels, a man with 40 years' experience in the business. Royalite has become more established as a producer than the other three, and now has 65 oil wells with a daily production of 3,000 barrels, and 1950 gross revenue of $7.7 millions. Balance sheet at the 1950 year-end showed $5 million of net working capital. Royalite has an interest in over 2 million acres.

The foregoing are in no possible sense to be construed as recommendations. Rather they are outlines, or profiles, of companies illustrating the three basic elements to be sought in a drilling company. Other issues you might want to look up would include Pacific Petroleum, Calvan, Dome Western Exploration, Canada Southern, and possibly Security Freehold and National Petroleum. If, however, you even think of buying any of these without first getting all the facts and latest annual reports from your broker or adviser, then I have a suggestion for you. Get yourself fitted for a pair of antlers—if you're going to display the brains of a moose, you might as well look like one!

There is, in all probability, a great future in Canadian oil, and if you select wisely, widely, and well, and have lots of luck, perhaps Canadian derricks can turn moose pasture into a bright future for you. But always weigh the risks you're taking!

Two With Dempsey-Tegeler

(Special to THE FINANCIAL CHRONICLE)

SAN DIEGO, Calif.—Laurence Casselman and Laurence Casselman III have become associated with Dempsey-Tegeler & Co., San Diego Trust & Savings Building. Mr. Casselman was formerly Santa Ana representative for First California Company. Mr. Casselman III was with Fairman & Co.

In Memoriam

Sylvester Walston Potter

1886-1952

"Chronicle" employee for over a quarter century

In every business organization of long standing, there seems to be some one employee who commands the respect and friendship of his fellow workers as a natural right.

Such a personage was Sylvester Walston Potter who died last Saturday in his 65th year after a recurrent illness of some months.

Mr. Potter, a Christian gentleman in every sense of the word and a native of Washington, North Carolina, started his connection with "The Chronicle" 34 years ago and was active in its business department up to his last illness.

In his quiet way, Mr. Potter, loved by his office associates and friends, radiated friendliness and amiability in business, at home and in his church life.

Elected Director

At the regular meeting of the Board of Director of J. P. Morgan & Co. Incorporated, Richard Redwood Deupree, Chairman of the Board of the Procter & Gamble Company, was elected a Director.

With French & Crawford

(Special to THE FINANCIAL CHRONICLE)

ATLANTA, Ga.—Dean S. Hasbrouck has become affiliated with French & Crawford, Inc., 22 Marietta Street. He was previously with Thomson & McKinnon.

Joins Baker, Walsh Staff

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—John P. Wilkin is with Baker, Walsh & Co., 29 South La Salle Street.

Some Observations on the Monetization of Federal Debt

By LELAND REX ROBINSON*

Adjunct Professor of Political Economy, New York University
Vice-President, Economists' National Committee on Monetary Policy

After explaining how governmental indebtedness may be converted into circulating currency, Dr. Robinson discusses evils and difficulties arising out of this process. Says situation is aggravated by pegging government bonds at par. Holds deficit financing and other fiscal maladies are due to abandonment of fully convertible gold standard. Advocates independence of Federal Reserve.

The central problem in relationships between the United States Treasury and the Federal Reserve System lies in the effects these relationships have upon the conversion of governmental indebtedness into immediately circulating currency. Domination by the Treasury greatly encourages this, and over long periods has forced it.

Leland Rex Robinson

When debt is thus turned into money, passing freely by bank checks and from hand to hand, a strong upward push tends to be exerted on prices and costs. The agencies of government have already spent or are spending the funds obtained through borrowing; at the same time government obligations representing this borrowing are building bank reserves, increasing bank deposits subject to withdrawal, and adding to currency in search of goods in the markets. This inflationary process, abetted by devaluation and abandonment of the convertible gold standard in 1933-1934, is registered in the deterioration of our money and fired by the complacency with which we have accepted unbalanced Federal budgets during 18 of the past 21 years.

These processes, known as the monetization of debt, are the contemporary "stream-lined printing press" in production of inconvertible paper money. They can continue their reckless course as long as holders of our currency are deprived of a genuine gold anchorage, and the banks, central and commercial, are used as repositories of government bonds which should be to a greater extent in the hands of genuine individual and institutional investors.

Such investors are encouraged to buy and hold when the terms under which they lend meet the "acid test" of the money markets, and when price fluctuations of the bonds and notes they buy reflect these markets, rather than arbitrary and inflexible rates dictated by Treasury fiscal considerations. Independence of the Federal Reserve System, serving as fiscal agents for the government while exercising their chief traditional historic function as guardians of the credit needs of the nation's economy, encourages these realistic policies. In the longer run it may well save the taxpayers large amounts of money by reducing the inflationary forces set loose by government borrowing too much for too little, on non-competitive and deceptively easy terms.

Contrast Between Public and Private Debt

In brief, the matter may be put this way. Debt incurred by individuals and by business concerns does, to a substantial extent, represent credit advances to facilitate production, and to this degree enhances supplies of commodities and services bidding for the consumer's dollar. In any case, debt incurred by non-governmental borrowers, whether or not it be commercially self-liquidating in character, must sometime be repaid on penalty of bankruptcy; and this repayment, if it does not arise from sale of goods, must at least involve a "tightening" of the debtor's consumption belt.

With a sovereign government, however, it is otherwise. Debts incurred by the Federal Treasury evidence budgetary deficits. Notably in war, largely also in peace, government outlays exceeding revenues make comparatively little direct contribution to the country's flow of products which the consuming "all of us" are interested in buying and for which we will part with our money.

Furthermore the government is under less pressure to repay; it may and it does, in fact, refund and cumulate debt, not experiencing at once the penalties of extravagance which are visited upon Micawber-like persons. This holds so long as government is able to dominate the market for its bonds and notes—and even to repudiate them in part at is did with the devaluation of the dollar in 1933-1934, and as it has been doing ever since by releasing and failing to control inflationary tendencies further depreciating our non-redeemable currency.

This ability of government to put off indefinitely the day of reckoning, especially if it dominates the banking system through control of the central banking machinery, highlights the contrast between private and public debt in their effects upon money and credit. Our most important circulating money, Federal Reserve notes, may be backed up to 75% by United States Government securities, whether or not "eligible paper" arising primarily from economic activities is available. Similarly, the Federal Reserve Banks, which at the end of last year owned the prodigious total of nearly $24 billion in "Governments," may use these as backing for their own deposit liabilities up to three-quarters of the whole.

As deposit liabilities of the Reserve Banks constitute the reserves of member banks, the latter may make loans, under existing reserve requirements (24, 20 and 14% for "central reserve city banks," "reserve city banks" and "country banks" respectively against their "net demand deposits") approximating five dollars for every dollar of deposit credit built up for them, directly or indirectly, by sale of "governments" to the central banks. To the extent that these bank-held government obligations merely represent the failure of the Treasury to take in as much as it pays out, the nation's bank deposits, circulated by checks as currency, rest in part on nothing more substantial than air.

Pegging Government Bonds At Par

This situation is of course aggravated if a guaranteed automatic market for "governments" at par or above, regardless of prevailing interest rates, is maintained by the Federal Reserve Banks, through direct purchase from the Treasury, "open market" operations, or both. "Open market" transactions are a proper and accepted part of the fiscal agency services rendered by the Reserve System to the Treasury; they are an indispensable instrumentality in central bank regulation of reserves and credit. However, if Treasury fiscal demands are allowed to dictate and freeze prices of Federal obligations at artificially low interest costs to the government, the holders of such securities, individual and institutional, may regard them as cash, borrow against them or dispose of them without risk whenever expenditures are incurred, more attractive investments desired, or added bank reserves called for.

In brief, then, government debt differs from private debt, in its influence upon money and credit: (1) in the circumstance that government bonds and notes generally represent deficits rather than production and tangible assets; (2) in the fact that private debt must be paid off, from producing and selling commodities, from the debtor's reducing expenditures, or both, while governments may indefinitely delay repayment, may refund and increase debt and even repudiate it in whole or in part; (3) in the substitution of "governments" for "eligible paper" as backing for bank reserves and Federal Reserve notes; and (4) in artificial markets maintained by the central banks for government debt, to the extent that they are under obligation or pressure to do so.

The accompanying chart pictures changes in the sources of our money supply from 1920 to the end of 1951—the upper chart in **dollars**, the lower in **percentage**, breakdowns. The huge increase in United States debt held by Federal Reserve Banks, and by other banks, appears both quantitatively and proportionately.

The substitution of Federal-deficit-evidencing debt for eligible commercial paper (in "other factors, net") as the principal source of our currency, especially evident from the outbreak of the Second World War, may be compared to a stretched rubber band which lost its elasticity. Or, to change the figure, the decline of resiliency in responsiveness of the nation's currency supply to its current business and economic needs (which is another way of saying that money has increased far faster than goods to absorb it), may be diagnosed as a hardening of the currency arteries.

Malady Due to Irredeemable Currency

However we put it, the malady is due to our abandoning the fully convertible gold standard; to unprecedented deficits in government spending in both war and peace since the early 30s; to monetizing of Federal debt in the banking system; and to avoidance of the individual and national self-disciplining realism which banking, credit and monetary policies actuated by economic needs rather than political considerations would have imposed.

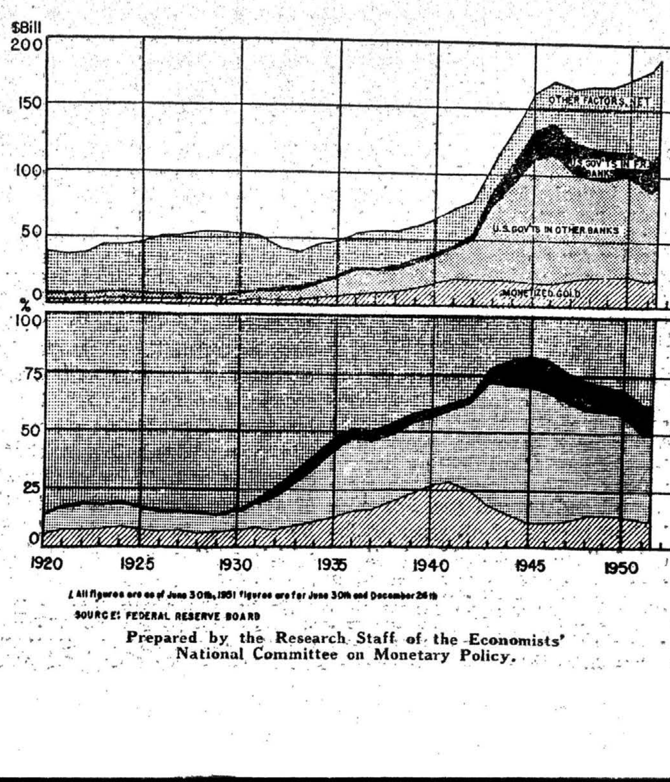
The thought has been advanced in some quarters that unbalanced Federal budgets and a subservient Reserve System are desirable means of assuring increases in the volume of money required over the years to accommodate a growing population and a rising volume of business. This is like recommending to a vigorous youth that he have periodic plasma injections to make certain his bloodstream will adequately serve the larger frame and stepped-up activities of later years. It is even worse than that. It is like prescribing a diluted plasma, or blood of a type alien to the patient. Converting government debt into money, necessary though it may prove in times of national emergency when confidence lags and savings drag, becomes in time a pollution of the nation's economic bloodstream and should be recognized and treated as such.

So small were Federal Reserve holdings of United States government obligations in the 20s that the charts hardly show the (for then) large-scale purchases of governments by the Reserve System, later in that period, to ease credit in the United States and to help Great Britain and other European countries in efforts to establish or maintain firm gold standards. Later sales of government bonds, coupled with successive rises in discount rates from 3½% to 5% in 1928, and (for the New York District) to 6% in August, 1929, proved wholly insufficient and too late to stem the tide of stock market inflation. Government debt held by the Reserve System has risen rapidly and fairly consistently since that time.

The *modus vivendi* reached by the Federal Reserve Board and the Treasury in March, 1951, which freed the former from responsibility for "pegging" prices of government obligations has brought down the price of the (bank eligible) Federal 2½% ('67-'72) bonds (due Sept. 15) from a high of $109 in 1946, and a price of about $100 on the eve of the agreement to less than $98 in latter March, 1952. A wholesome and long-overdue strengthening of basic interest rates, and of control of credit is resulting. It is to be greatly hoped that no "integration," or "coordination" of Federal Reserve-Treasury policy, whatever these much-bandied words may mean, will lessen the independence of action and the responsibility of the central banking authorities in protecting the nation's economy. That this requires careful planning and continuous concern for the government's credit and fiscal needs may be taken for granted. A wise view will place the latter within the broad framework of the former, and not the other way about.

*A statement by Dr. Robinson presented to the Patman Subcommittee on General Credit Control and Debt Management of the Joint Committee on the Economic Report.

SOURCES OF THE MONEY SUPPLY, 1920-1951[1]



1 All figures are as of June 30th, 1951 figures are for June 30th and December 26th

SOURCE: FEDERAL RESERVE BOARD

Prepared by the Research Staff of the Economists' National Committee on Monetary Policy.

Two With Merrill Lynch

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif. — Jane K. Howard and Thomas B. Williamson are now with Merrill Lynch, Pierce, Fenner & Beane, 301 Montgomery Street.

Joins Shuman, Agnew

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif. — Robert F. Ames is with Shuman, Agnew & Co., 155 Sansome Street, members of the New York and San Francisco Stock Exchanges.

A Federal Monetary Authority—Open Door to Dictatorship

By WALTER E. SPAHR*
Professor of Economics, New York University,
Executive Vice-President, Economists' National Committee on Monetary Policy

Asserting various and persistent efforts have been made to impair independence of Federal Reserve System as part of movement toward Socialism and Dictatorship, Dr. Spahr contends proposed integration of fiscal and monetary policies and procedure, as advocated by "compensatory economy" theory, would lead to an Executive dictatorship. Pleads for Federal Reserve System free from political influence, along with a freely redeemable paper currency.

The basic issue involved in the hearings conducted by this Subcommittee is whether the people of the United States are to have an independent Federal Reserve System, designed to operate in the interests of the people as a whole, or whether it is to be made an instrumentality of the executive branch of our Federal government. The world's with central banking systems teach the importance — indeed, the necessity—of establishing and maintaining their independence, if the people of a nation are to preserve representative government and their freedom. The only valid exception to that principle arises in time of severe war when a central government is compelled to utilize every resource at its command. Under such conditions lives, property, freedom, and valuable institutions, including a nation's money and banking structure, may be impaired or destroyed in the effort to defeat a national political enemy. But the necessities of war do not provide criteria as to what are good peace-time institutions.


Dr. Walter E. Spahr

Various and persistent efforts have been made in this country in recent years to impair or to destroy the independence of our Federal Reserve System as a part of the widespread movement toward Socialism and a variety of dictatorship by the executive branch of our Federal government.

Typical of the movement in this direction have been the activities of those who have been advocating a Federal Monetary Authority and what some designate as fiscal and monetary integration or coordination under the Federal Executive. Sometimes the proposals for "effective coordination," or integration, of monetary and fiscal affairs have been stated in terms so broad or vague that they probably do not reveal to the casual reader the fact that, if made effective, they would involve Executive dictatorship over the monetary and fiscal affairs of this nation.

An example of a recommendation of this type is "Recommendation X" offered by 17 economists in "Monetary Policy to Combat Inflation" (National Planning Association, 800 21st Street, N. W., Washington 6, D. C., Jan. 21, 1952), p. 9, reprinted in Part II of this Subcommittee's "Monetary Policy and the Management of the Public Debt" (Feb. 29, 1952). That recommendation reads: "Full and effective utilization of monetary powers requires coordination of the policies of the various government agencies whose actions affect the volume and availability of credit—especially the Treasury Department and the Federal Reserve System. We recommend, therefore, that steps be taken immediately to establish an effective coordinating mechanism to insure that all agencies concerned with monetary problems follow consistent and mutually supporting economic policies."

The nature of the mechanism which would provide the effective coordination recommended is not described. But since the Treasury would be involved, and since it is part of the executive branch of our Federal government, it would seem to follow as a matter of course that the coordinating agency, or "mechanism," would be an instrumentality of the Executive.

In 1946, a recommendation of this same general nature, but stated in more concrete terms, was offered by a research staff of the Committee for Economic Development in a publication called "Jobs and Markets" (March 1, 1946). The recommendation then was that a central monetary authority, under the President, be established and that it "should be charged with developing and directing a unified program of fiscal, monetary and price control action to maintain price stability and high employment. . . ."

That recommendation, if enacted and made effective, would establish in this nation a centralized, dictatorial, and totalitarian form of executive control over monetary, price, and fiscal affairs. Two of the signers of that recommendation were also signers of the less specific "Recommendation X," quoted above.

These are typical examples of the many and persistent pressures which have appeared in recent years in behalf of Executive dictatorship in the monetary and fiscal affairs of this nation.

Proposed Integration of Fiscal and Monetary Policies

This proposed integration of fiscal and monetary policies and procedures, involving an irredeemable currency and the destruction of the proper independence of the Federal Reserve System, is a feature of the theory of "the compensatory economy" in accordance with which the managers of the fiscal and monetary affairs of this nation are to compensate for expansions and contractions by private enterprise in production, consumption, exchange, creation and distribution of income, prices, investment, employment, and so on.

Such a program, if "successful," would require Executive dictatorship despite the widespread lack of discussion of thi. fact. Not only is dictatorship required; the Dictator would, of necessity, need to know what to do and when to do it, and he would have to have the power to make his will effective. Congress would be compelled to surrender its powers and responsibilities in the fiscal and monetary fields and to become a passive instrumentality of the Dictator.

The theory of a compensatory economy, and its integral part, fiscal and monetary integration or coordination, are unworkable in practice in this or in any other nation. No Dictator has ever made a success of such a plan. And so long as we maintain the three major divisions in our United States Government, that government cannot make such a program effective. Beyond this system of checks and balances lie the governments of our 48 states and private initiative. The economy of a nation, the mechanism of government, and the behavior of people —particularly those who have known and cherish freedom—are not as simple in operation as the theory of a compensatory economy implies.

The theory of a "compensatory economy," with fiscal and monetary management by the Executive, is the theory of the would-be dictator. It has no proper place in what is supposed to be our type of economy and government.

Proper Relationship Between Government and Central Banking

The principles and lessons of good central banking have perhaps never been stated better than by Sir Cecil H. Kisch and W. A. Elkin, in their book, "Central Banks" (Macmillan and Co., Ltd., London, 1932), 4th ed., with a "Foreword" (to the first, 1928, edition) by The Right Hon. Montagu C. Norman, then Governor of the Bank of England.

They state, pp. 20-21, regarding the proper relation between the government and the management of a central banking system:

"The theory underlying the conception of a State Bank centres on the proposition that since a wise central banking policy is the basis of a sound national economic life, the Bank should be under the control of the national Government. But the dangers of this course are great. Just because the decisions of the Bank react on every aspect of the economic activities of the country, it is essential that its direction should be as unbiased as is humanly practicable, and as continuous as possible. But clearly if the Bank is under State control continuity of policy cannot be guaranteed with changing Governments, nor can freedom from political bias in its administration be assured. In most economically developed countries the probabilities are that the national Government will be the largest individual customer of the local money market. In such circumstances it is evident that, if it also controls the administration of money market policy, it may easily find itself in an equivocal position where it may be called upon to decide between two courses, one of which may be immediately convenient to itself and the other conducive to the ultimate interests of the country as a whole. The creation of such dilemmas should be avoided."

They continue (pp. 22-23):

"Such extreme abuses of Government power [illustrated in the text] are, of course, only possible when a country has ceased to be on a gold basis. As long as convertibility is maintained the worst evils resulting from Government intervention in banking and currency control are avoided. Doubtless the Governments which have laboriously dragged themselves out of the morass of inflation will not readily slip back; nevertheless, if the control of the operations of the Central Bank lies directly or indirectly with the Government, it becomes fatally easy for the Government to finance itself for a time by means of book entries and short loans from the Bank, a course which is the first step towards currency depreciation and inconvertibility.

"Even apart from such risks there are other serious dangers from a Government - controlled bank. The network of financial and commercial life is so intricate, and the decisions of the Bank on important points have such widespread results, that all interests are not affected in the same way. A change in the rate of discount, for example, which benefits some may be unwelcome to others. But if the Government has a controlling influence over the Bank, there are obvious ways by which the more powerful interests in the country can try to enforce their wishes. The road is open for political intrigue, and there can be no safeguard that the policy of the Bank will be carried on without bias as national interests require. It seems a paradox that when the object is to secure the execution of a national policy, this should not most readily be achieved by the creation of a State Bank under official control; but even in the countries where the capital of the Bank is held by the State, steps have been taken in certain instances to remove its administration from political influences and to give it a measure of independence from the Government."

Kisch and Elkin say (p. 13): "Precautions are . . . necessary to insure that the administration of the [central] Bank shall not be dominated by the interests of any particular section of the business or industrial world or by political influences."

They say (p. 28): "The complete independence of the Bank is perhaps an ideal to which countries can only approximate in different degrees according to their state of economic development and the sense of responsibility inherent in their public and particularly their commercial life." And, on p. 37: ". . . It is of cardinal importance that it should be made as difficult as possible for the Governments to resort to the expedient of borrowing from the Bank, a practice which, if continued, can lead to a repetition of past disasters."

After World War I, the various nations, whose officials understood the principles and lessons stated by Kisch and Elkin, tried to free their central banking systems from that government domination which was recognized to be unsound in principle, except, possibly, in times of a serious war. The Brussels Conference Resolution (III) of 1920 crystallized this general belief. It said: "Banks, and especially a bank of issue, should be freed from political pressure and should be conducted solely on the lines of prudent finance."[1] The same statement was issued by the Genoa Conference in 1922.

The experience of Germany with the Reichsbank, when it was placed under government control, was so disastrous that the German Bank Act of 1924 opened with this sentence: "The Reichsbank is a bank independent of government control."

Regarding the unhappy experiences of the Bank of France under the domination of the Treasury, Kisch and Elkin had this to say (p. 22): "There can be no question that the power of the Government to force increased loans from the Bank of France intensified the depreciation of the franc and contributed to the financial crisis that culminated in 1926."

During and immediately after

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*A statement by Dr. Spahr presented to the Patman Subcommittee on General Credit Control and Debt Management of the Joint Committee on the Economic Report.

1 Kisch and Elkin, *op cit.*, p. 17.

The Railroads Can Be Rescued

By ROBERT R. YOUNG*
Chairman, Federation for Railway Progress
Chairman, Chesapeake and Ohio Railway

Rail industry's leader criticizes its economic methods and standards of passenger service, and offers detailed program to rescue it from bankruptcy and government ownership. Suggests establishment of central reservation bureau, simplification of procedure for settling accounts, stock options for executives, and unification conference.

On this Fifth Anniversary of the Federation for Railway Progress we are not discouraged. Five years is a short time in an industry born in 1830.


Robert R. Young

The Federation this year offered ten New Year's Resolutions for the industry. It is strange that they had to deal with such obvious faults so easily remedied.

Those who have spent too much of their life before ticket windows have wondered why rising costs of paper and labor have not brought simpler procedures. How many motions and precious moments could have been saved since 1830 if only those odd pennies had been rounded off of fares and freight billings. Consider the costs thus imposed upon shippers, the frayed tempers of passengers. The final unit should be dimes or dollars, not pennies. It is encouraging to note only this week New Haven's introduction of automatic ticket vending machines.

A Central Reservation Bureau to Eliminate the Ticket Window

A single Central Reservation Bureau for each railroad should eliminate the ticket window and the dreary visits and re-visits to it. Local telephone calls automatically routed to this Central Bureau should get the information and insure the space. Settlement should be on the train in cash or by credit card. The savings in time, errors, duplicate sales, accounting and personnel would be as helpful to the railroad as to the passenger.

One railroad proposes to go even further in accounting simplification. It is examining into the possibilities of settling the vast maze of inter-railroad joint service accounts, both freight and passenger, by the technique of sampling. The results, accurate to a fraction of 1%, are as dramatically encouraging as the savings are enormous. Clerical costs on the railroads last year were two-thirds of a billion dollars. In no other industry does clerical cost approach its ratio in the railroad industry: one-seventh of total payroll.

We hope connecting railroads will be more cooperative in adopting these ideas from this one railroad than they have been in supporting its revolutionary new Train X, for few reforms can be instituted by one railroad working alone.

American Railway Passenger Equipment Is Obsolete

Although the public will not be fully aware of it for a few more years, American railway passenger equipment is obsolete. Last year passenger service, including Express, Mail and Baggage lost more than half a billion dollars, and orders for new equipment virtually dried up; yet, four out of five passenger cars are more than 20 years old. Is anything mechanical fit to operate after 20 years? The cost of mechanically maintaining this fleet last year was $200 million, over $6,000 per car. In passenger carrying capacity this is equivalent to paying $500 annually to maintain an automobile which includes its engine as well. If that were true of your auto, how soon you would demand something new. The rough handling on this ancient "blow hot blow cold" equipment is driving many to the highways and the air, where the fatality rate per mile is several hundred per cent greater.

For 120 years the floor of this obsolete car has been four feet three inches above the rail—the height of the freight platform to receive the first bale of cotton in 1830. There has been no excuse for these high wheels such as the automobile had in the days of high roadway centers, on the railway, smooth as glass. One of these cars weighs as much as three cars should weigh—and the burden of weight on roadbed and motive power rises geometrically.

Train X and the Heller Report

Train X, two and one-half feet lower at the floor, three feet lower at the roof designed under railroad supervision by aviation and automotive engineers, gives twice as smooth and a safe a ride at one half the operating costs of the newest present day equipment. Its original cost is only one-third that of present equipment. The Pullman Standard Company which has spent half a million in building the first model, confirms our optimism; yet, it has stopped further development because key railroads say Train X will not do because it requires alterations in station platform. Imagine blocking such a vital defense adjunct here in America because of minor platform changes when our billions alter the face of the world. Ninety five percent of our troop movements are by rail. Fortunately this one railroad proposes to go forward with Train X with or without Pullman or other railroads.

It is said that for every good reason there is a real reason. Are some railroads so annoyed with dissatisfied passengers that they look forward to driving them from the rails? Yet a sympathetic traveling public shrewdly catered to could supply the ideal political lobby—one that could insure friendly regulation.

Train X could eliminate the passenger loss and at reduced rates boom rail travel, taking a heavy burden off the highways. There are those who go so far as to say that passengers could be made as profitable as freight, for unlike freight, the potentialities are unlimited. Freight which is consumed can be hauled only one way, but travelers must return. The ever improving automobile has become as habit forming as drink. Who in 1910, with the wildest imagination, would have predicted present highway travel, 25 times rail travel, or air travel equal to Pullman travel with no decrease in rail travel. Certainly it could never have been accomplished with gaps of a generation between models, by stubbornly sticking to two cylinders or biplanes.

When, in 1945, a group offered to buy the Pullman Company and to spend $500 million to modernize its fleet, leasing it to the railroads on the same terms as present over-age over weight equipment, and to spend further millions in promoting travel, the railroads with one exception, fought the constructive proposal all the way up to the Supreme Court and defeated it. Recently these same railroads paid the Robert Heller Associates a large sum to tell them of exactly the same deficiencies in present Pullman service the group offered to correct seven years ago. The most that will come of the constructive Heller Report, likely, will be expansion in the filing department.

Station Platform Obstinacy

The plantation platform obstinacy to Train X is no more mysterious than the mock through service at Chicago. An airplane can get in and out of Chicago in half an hour, but the layover of the railroad car averages nearly five hours. If there is any competition in this, which should be the most lucrative of all passenger runs, it is in which railroad can schedule the longest layover.

For years the railroads carried the U. S. Mail at a $100,000,000 loss, thus subsidizing, through the government, large and prosperous commercial users of the mails until, little more than a year ago, one railroad got action. Today, without remonstrance from the railroad, the passenger can ride between Hartsdale and White Plains, and receive free baggage transportation for such space hogs as bicycles and such back breakers as outboard motors and cream separators all for 14c. This package woud be a bargain at a round dollar.

Express continues to lose the railroads over $100,000,000 annually because of the unremunerative government pricing policy on Parcel Post and the inefficiency in the operation of the Railway Express Agency. Involved also is the pricing policy on small shipments. Yet, no representatives of the industry have thus far sought the cooperation of the Post Office Department or the ICC to bring about fair competition in rates so that the express business can be placed on a sound basis. Unless this is done—and I believe that appropriate cooperation from these government agencies can be had for the asking—there will be no remedy ready when the present disastrous express contract expires in 1954. The time for action is now; it has been long overdue.

Ice, Air Brakes and Roller Bearings

Is it not strange in this fourth decade of mechanical refrigeration that refrigerator cars still depend upon icing stations—needless delays to perishables for icing and de-icing of hours, sometimes days. Corrosive brine drippings from melting ice shorten the life of cars, culverts, bridges, rails and ties. Temperature variations result in heavy damage claims. The cost of favoring ice reaches untold millions annually. On 11 western railroads, where these icing delays are most important, sixth morning delivery of West Coast perishables into Chicago is uniformly adhered to, although fifth morning delivery would be easy, and fourth morning should be the goal.

A new air brake has been developed with 150 fewer parts than present equipment, one-third as heavy. Manufacturers have refrained from adopting this brake, perhaps because there is more money in a brake which gives them a profitable parts replacement business. The railroad industry has yet to show an interest in this brake which would give less shocking rides and save millions in maintenance.

There is the mystery of the failure to adopt roller bearings on freight cars. Any boy who has roller skated knows the difference. The roller bearing need be greased only once in three years, present friction bearings almost daily. The cost in excessive maintenance, retarded speeds, hot boxes and accidents is in excess of a quarter of a billion dollars a year.

The difference in bearings, however, is not the only reason why the average truck covers four times as many miles per year as the average box car. Would you believe, because of terminal delays, the average speed of a box car from shipper to destination is less than twice as fast as a man can walk, while the delivery of less-than-carload lots by rail is often less rapid than a man can walk?

Why is it that the highways, but not the railways, have learned to bypass congested areas? Think of the benefits that would accrue in delivery time and operating costs in Chicago, for example, if there were a single suburban station instead of eight downtown ones, and the rights of way that interlace and choke the city were converted into income producing real estate. Chicago once was called a gateway. Now it is more of a barrier to commerce than the frontiers of Europe.

Put the Trucks on the Rails

I have a compilation which gives 22 reasons why shippers prefer trucks. Virtually all of these reasons are susceptible of elimination.

The engineers of one railroad are now at work on lightweight freight equipment of Train X type with retractable gear operable on the highway. Such a hybrid vehicle would have been as easy to make as the truck trailer first introduced back in War I, and, furnishing quick and easy coordination between railway and highway, would have saved us from today's dangerous and destructive long haul trucking. Such a vehicle would long ago have been developed for the railroads by the motor companies if they had been offered the slightest encouragement. The whole course of the trucking industry could thus have been constructively altered.

To counter the annual wage boost to labor, made necessary by constantly increasing taxes, hence living costs, the railroads must create new savings in the next decade such as those that came from dieselization in this decade, soon to be a billion and a quarter a year. New savings of such magnitude can come only by a solution to the passenger problem and by meeting the speed of delivery of the truck.

It is symptomatic that but for the courage of General Motors in hewing to its own design, these diesel savings responsible for all railway profits, might have been lost because railroad motive power men sought to inject their own

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*An address by Mr. Young before the Federation for Railway Progress, New York, March 20, 1952.

We Can Have Strong Defense With Higher Living Standard!

By ARNO H. JOHNSON*

Vice-President and Director of Research, J. Walter Thompson Co.

Mr. Johnson contends by reaching productivity level of 1944, when our tools of production were far less adequate than at present, we could not only provide for defense, but also raise living standards. Holds much depends on maintaining and creating consumer demand, and cites basic marketing developments over last 12 years indicating steady expansion of potential consumer buying.

The increase of 74% in real purchasing power in 1952 compared with prewar (1940) does not automatically mean a similar increase in demand for dairy products, because even with ample purchasing power the *demand must be created*. Families moving up in income and discretionary spending power tend to continue the food habits and likes of their former income group unless they are educated to *want* and *like* the better diet they can now afford.

Arno H. Johnson

A measure of the minimum goal the dairy industry should accept for per capita consumption under present living standards, however, could be the prewar amount actually consumed per individual living in families that had a prewar income sufficient for full discretionary selectivity of diet. The majority of American families now are in a position to select the items of food they want.

Government studies prewar (1935-36 and 1941) on a broad sample of families in different income groups gave a good indication of how per capita consumption of certain dairy products varied by income groups. Analysis of these prewar spreads in consumption shows the opportunity for expansion in markets when income distribution moves upward. Those with high discretionary spending power, prewar, actually consumed over twice as many pounds of dairy products per capita as those with low discretionary spending power.

Production in 1952 no greater than the per capita rate proved possible in wartime 1944 would mean a gross national production of over $347 billion—enough for continued expansion of civilian goods and services even after $55 to $60 billion for defense, and ample allowance for other government purchases and private investment. The figure of $55 billion for defense is used as a reflection of current budget estimates. The President's Message to Congress on Jan. 17, 1952, proposed a rise from the $45 billion level of defense expenditures at the start of 1952 to $65 billion by the end of the calendar year 1952—or an average of $55 billion.

In terms of constant 1940 dollars our per capita productivity increased from $770 in 1940 to $1,235 in 1944 (real gross national product divided by population). A similar per capita productivity for our population in 1952 could mean a gross national product of $193.0 billion in 1952 in terms of 1940 dollars, or over $347.0 billion in current dollars, and could provide the purchasing power for a standard of living approximately 10% above 1951.

With this level of production the disposable personal income (after Federal and local taxes) available to consumers would total $132.0 billion in terms of 1940 dollars or nearly double the real purchasing power of our best prewar year, 1940. In current dollars, the disposable personal income in 1952 could reach over $237.0 billion.

The level of productivity necessary to provide for defense and an increased standard of living in 1952 should be considered a minimum opportunity because it would require only reaching the level actually reached per capita in 1944 when our tools of production were far less adequate.

We entered World War II with tools of production that were woefully obsolete and inefficient following a long period of depression and limited expenditures for new plant and equipment. In the five-year period 1937-1941, prior to World War II, only $35.6 billion had been spent for producers' plant and equipment. Now our equipment for production has been improved by the expenditure of over four times as much in a similar five-year period—$146.3 billion in the period 1947-1951.

In 1950, we entered the new conflict, therefore, with better productive equipment than in 1940, a much larger and better trained labor force and a much stronger financial position of both consumers and business. Between 1940 and 1944, our labor force expanded by 10 million from 56 million to 63 million in order to meet the demands for production and in order to increase the Armed Forces from 390,000 to a peak of 12,130,000. In June, 1950, on the other hand, we started out with a labor force of 66 million which is capable of expanding by at least 5 million more to 71 million if needed. Our present defense plans for an Armed Force of 3½ million, however, means drawing only 2 million additional from the labor force instead of the nearly 12 million withdrawn from the much smaller labor force in World War II. (Armed Forces stood at 1,337,000 in August, 1950.)

In 1944, our civilian labor force (excluding the Armed Forces) averaged 54,630,000 or 39.5% of the total population, but as of August, 1951, our civilian labor force was 64,208,000 or 41.5% of the population. Hence, to reach the same per capita production in 1952 as in 1944 would require actually less productivity per person in the civilian labor force. But, with the better equipment and know-how, the productivity per person in the labor force should be considerably higher than in 1944. The figures shown here for production in 1952 therefore should be looked upon as a minimum opportunity—we are capable of surpassing them.

It should be noted, also, in speaking of production and potential increases in production that manufacturing alone is not the major source of production and productivity in our economy. In pre-Korea 1949 only 25% of our employed civilian labor force was engaged in manufacturing and manufacturing represented only 29% of the total national income.

But, even the minimum level of production at the 1944 per capita level and its accompanying increase in purchasing power, while entirely possible of attainment, will remain only a dream unless the demand is created for the goods and services we can produce beyond military needs. This demand cannot be legislated or created by government deficits—it must come voluntarily through a change in the standard of living as a result of education and the creation of new desires through advertising and selling.

1952 Real Consumer Purchasing Power Can Be 74% Above 1940

In the first half of 1951 total disposable personal income after taxes reached an annual rate level of $220.2 billion, or nearly three times the total of $75.7 billion in 1940. At present prices, nearly half or $100.7 billion of this total disposable income has been dissipated through inflation. This still leaves a *real* purchasing power in 1951 of $119.5 billion in terms of 1940 dollars, or a 57% increase over 1940.

In other words, the potential civilian market in terms of physical units of goods or services, or in improved quality, is 57% above the best prewar levels.

Production in 1952 at the minimum per capita levels of 1944 would yield a total disposable income of over $237.0 billion after taxes, or a real purchasing power of $132.0 billion in terms of 1940 dollars—a 74% increase over 1940 and 10% over 1951.

This condition of a major increase in purchasing power did not exist after the end of World War I. In 1920, for example, the real purchasing power of the population was 1% under what it had been in 1913 before the war started; on a per capita basis real purchasing power was 9% lower than before the war. So our economy already has demonstrated that through increased productivity we can have a considerably higher standard of living.

1952 Discretionary Spending Power Can Be 4½ Times the 1940 Level

In 1940, when our total disposable personal income after taxes was $75.7 billion, our population used $49.2 billion of this for *basic* living costs, the necessities of food, clothing and shelter—the remaining $26.5 billion was available for all other items making up the 1940 standard of living or savings. $3.7 billion of this represented personal savings in 1940.

To maintain the *same* standard of living per capita for food, clothing and shelter in 1952 at present inflated prices would require $107.0 billion instead of $49.2 billion because of the inflated prices of these necessities and because of the increased population to feed, clothe and shelter. This $107.0 billion would, however, provide for the same consumption in physical units per person and of the same quality as in 1940.

But disposable personal income in 1952 could reach the annual rate of $237.0 billion even after the increase in personal taxes, so the consuming public would have $130 billion of discretionary buying power over and above what would be needed to provide the necessities for a 1940 standard of living. This discretionary buying power (over five times as great as in 1940) can provide for increased savings, additional items not enjoyed before, or improvement in the basic standard of living in the form of more or better quality items of food, clothing and shelter. Personal savings in the first half of 1951 at $14.6 billion was at a level four times the 1940 level of $3.7 billion. Personal savings in 1952 could reach $25 billion, or nearly seven times the 1940 level, and still leave enough for an increase in consumer purchases of goods and services.

Thus, a large pool of new buying power is available, needing guidance in selection of items that could improve the standard of living over the prewar level without interfering with defense needs.

An Increase in Real Purchasing Power of All Income Groups

The 57% increase in real purchasing power in 1951 compared with prewar 1940 has affected the opportunity for increased savings and increased standard of living in all income groups—but more particularly in the middle income groups.

The increase in real disposable income after taxes is estimated to have varied in income quintile of families (spending units) as follows:

Income Groups—	% Increase in Total Real Income (1951 vs. 194
Highest fifth	38%
Second fifth	63
Third fifth	77
Fourth fifth	98
Lowest fifth	68
Total	57%

Income Shift Provides Increased Market Potentials for Both Savings and Goods

Between 1941 and 1951 there were some very significant shifts upwards in the distribution of families by income groups. Over 22 million consumer spending units moved up to the level above $2,000 with an increase in this group from 14,009,000 in 1941 to 36,400,000 in 1951.

Increased taxes, of course, have cut heavily into the income of those who have moved above the $2,000 income level. After taking Federal income taxes into account, however, there still exists a startling shift upwards in income groups.

In 1941, only 1,564,000 consumer spending units had incomes over $5,000 before taxes; now 7,280,000 have incomes over $5,000 *after* Federal income taxes. In 1941, there were 5,703,000 with incomes over $3,000 before taxes; now 24,440,000, or over four times as many, have incomes over $3,000 after Federal taxes.

The net of these shifts was an increase of 57% in real purchasing power in 1951 compared with 1940 after taking into account increased taxes and increased prices.

When families move up from one income group to the next as rapidly as this there is a substantial increase in discretionary spending power, even after taxes and after applying the present increased costs of living to the

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*Part of an address by Mr. Johnson before the Executives' Conference, National Dairy Products Corporation, Hot Springs, Va., March 24, 1952.

How Stocks Have Fared Under Eroded Dollar

By SAM GLASSER
San Antonio, Texas

Mr. Glasser, in presenting a table of selected stock prices since 1938, indicates that purchases of many issues made at the high level in 1946, show sizable losses today, when figured in present low purchasing value of dollar.

Many an article has been published recently depicting the devastation wrought on the purchasing power of the dollar over the past 12 years. To those holding government bonds or other fixed securities, building and loan accounts or plain cash, it has been mighty dolorous reading.


Sam Glasser

The year 1939 is generally looked upon as the beginning of the inflationary spiral that has boosted prices skyward to where the dollar today will only buy 53 cents as much as it did in that year. Various charts and tables have been set forth to illustrate that purchases of many securities and other tangibles in 1939 would have risen in value sufficiently to offset the loss in the eroding dollar. Looking back, therefore, many an individual must indeed feel foolhardy in not having placed idle funds, or switched fixed income investments, into some medium that might have kept pace with the rise in the general price structure.

Here, however, is some solace to those who conservatively clung to the safer isle either through a lack of knowledge of securities or a feeling that inflation would be shorter lived. The following statistics disclose what could have happened, and did, to the purchasers of particular common stocks at the high point in 1939. True many of these same stocks rose very sharply in 1946, as shown, and could have been sold very profitably in that year. At the same time however, purchases made at the high level in 1946 in many of these same issues would show sizable losses today when the dollar is worth even less than seven years ago. Of course it must be pointed out that all of these stocks enumerated sold at much lower figures in the years shown, and therefore could have been bought at lesser values. Nevertheless, someone or many bought at the established high points. Attention must also be pointed to the fact that many of these companies paid liberal dividends and some distributed valuable rights.

While many big companies are among those listed, they are not to be considered a recommendation to purchase or sell, and the same applies to the entire compilation. Complete investigation is cautioned if any action is contemplated.

STOCK	Approx. Current Price	*1938 High	*1939 High	*1946 High	No. Yrs. Consec. Div. Pd.	†Yield
‡Air Reduction	26	67⅛	68	59¾	34	5.3%
American Bank Note	18	23⅛	17¾	45¼	10	5.8
American Car & Foundry	35	34⅞	40¼	72⅜	--	5.8
American Hide & Leather	5	5⅞	8	12⅞	2	10.0
American Locomotive	19	30⅝	30⅜	44½	8	7.7
American Radiator	16	19⅛	18⅜	23	15	9.2
American Snuff	38	61¾	69	50½	48	6.2
American Steel Foundry	35	40¾	41	50⅛	11	7.8
American Tel. & Tel.	156	150¼	171¼	200¼	70	5.7
‡American Tobacco	58	91⅝	89¾	100¼	47	6.5
Artloom Corp.	9	8¾	10½	30	10	10.0
Avco	8	8½	9⅝	14⅜	10	8.1
Bayuk Cigar	10	10½	13⅛	15¾	17	7.4
Bon Ami A	29	107	121½	112	43	7.2
Bon Ami B	10	52½	63½	69½	--	--
Bridgeport Brass	17	16	15⅞	20⅜	12	9.1
Briggs Mfg.	35	37⅜	31⅜	53½	17	10.1
Burroughs Adding Machine	18	22¼	18¾	21¾	47	5.0
Calumet & Hecla	9	10¾	10⅝	12¾	1	7.7
Central Aguirre	20	28	30¾	29	35	9.8
Chesapeake & Ohio	36	38½	47¼	66⅞	30	6.6
Childs Co.	4	13½	13⅛	15	--	--
Chile Copper	43	51	41	53	16	6.9
Chickasha Cotton Oil	17	19¼	15¼	25⅛	13	7.7
Climax Molybdenum	33	60¼	60⅛	44½	18	6.2
Cluett Peabody	29	25¾	38	60⅝	28	6.2
Coca Cola	107	142¾	143	200	58	4.8
Collins Aikman	21	39¾	37½	63½	7	5.4
Commercial Invest. Trust	58	64	60	58¼	30	8.0
Congoleum-Nairn, Inc.	23	29¾	30⅜	40⅝	20	6.5
‡Consolidated Edison	34	34¼	35	36	58	5.8
‡Continental Can	45	49	51¼	53⅞	28	4.6
Corn Products	69	70¾	67½	75¾	31	5.1
Cream of Wheat	25	29½	32½	35¾	51	7.4
Crucible Steel	37	44⅜	52⅝	54⅜	--	§16.0
Curtiss Wright	9	7⅜	13¼	12⅛	11	10.7
Curtiss Wright A	24	28¼	32½	34¼	15	8.7
Dome Mines	19	34⅞	34	29¾	17	4.0
Evans Products	15	16	13	33¾	--	4.0
Fajardo Sugar	23	35¾	38½	36¾	16	8.6
Federal Motor Truck	5	5⅞	6⅜	21¾	--	--
Gen. Amer. Transportation	55	59¼	65	71½	31	6.4
General Cigar	17	28	25½	40¾	41	6.2
General Foods	43	40¾	48	56⅛	15	5.5
General Railway Signal	27	27⅛	28	48	11	10.4
General Refractories	40	41¼	41	36½	11	4.8
Great West Sugar	19	32	37¼	34⅜	18	8.4
Hamilton Watch	13	21¼	18	26½	14	7.6
Harbison Walker	33	34¾	33½	34¾	17	7.5
Hazel Atlas Glass	22	22	22½	37⅛	43	5.4
George Helme	23	36	39	45	40	6.9
Holly Sugar	19	25¼	21¼	34½	10	6.7
Homestake Mining	36	66	66¼	56	5	5.8
Houdaille Hershey	13	18⅛	17¼	28⅜	5	9.6
International Shoe	38	35¾	40¾	49⅞	39	6.6
Intercontinent Rubber	4	5⅝	5⅞	13½	--	--
International Nickel	45	57⅝	55¾	42⅞	17	5.8
International Iron	17	16⅛	16⅞	20¼	10	9.3
Kalamazoo Stove	17	24½	19½	36	18	0.9
Lehn & Fink	14	14⅜	13⅝	33	16	8.0
Liggett & Meyers	67	102	108½	102	31	7.3
Liquid Carbonic	20	21½	19	43¼	17	6.3
R. H. Macy	30	49⅛	43½	65	24	7.0
Madison Square	9	8¾	8⅝	21	16	6.1
Martin Glenn	12	37⅜	45⅜	45½	--	--
Natomas	8	12⅝	11¼	15	21	8.7
New York Central	20	21¾	23¼	35¾	--	--
Nehi	11	10	15½	32¾	14	7.0
New York Airbrake	20	24¼	31	34¾	15	9.0
New Port Ind.	19	19½	17¾	45	--	10.5
Norfolk & Western	50	49	54	72⅛	50	7.0
North American Aviation	16	20	29¼	16⅝	3	4.6
Packard	5	6	4¾	12⅝	2	6.6
Pennsylvania Railroad	19	24½	27⅝	47½	104	5.5
Penn. Water	43	75½	84¾	86¼	37	5.0
Pullman	41	39½	41⅞	69⅜	24	7.3
Reed Roller Bit	20	36½	33½	37½	24	6.5
Reynolds Spring	9	12¼	11⅜	28¼	--	10.0
Reynolds Tobacco B	34	46½	45	43⅞	44	6.0
Scoville	33	29½	38⅞	47	95	7.1
Servel	8	18	18⅜	24⅜	--	--
Shattuck	9	12½	11¾	26¾	27	5.0
Silver King	4	9⅛	8⅞	14⅝	--	--
Simmons	29	35½	32¾	56⅞	15	8.0
Spear & Co.	9	11	9½	27	--	--
Sperry Corp.	33	49⅜	51⅞	40½	17	6.0
Spiegel	10	10½	11	39⅞	1	6.5
Standard Brands	24	37	29	55	21	7.0
Timken Roller Bearing	46	55¼	54¼	60¼	29	6.2
Twin Coach	10	13⅜	12½	26½	--	§
Underwood Corp.	52	70½	66	80¾	40	7.6
United Aircraft	31	35	41	37⅜	15	6.1
United Shoe Machine	42	86¾	87⅞	84⅞	46	6.0
U. S. Pipe	37	49⅝	49	60¼	25	8.3
U. S. Tobacco	22	36	37½	29¾	40	6.0
Vanadium	38	28⅞	40	39	3	5.6
Wayne Pump	13	34⅜	32¾	47½	--	--
Westinghouse Airbrake	26	29¼	32¼	31	76	7.0
Woolworth	43	53¾	50⅜	62½	40	5.9
Wrigley	72	78	85½	82½	38	6.2
Youngstown Steel D	16	31⅛	34	31	24	7.6

*Adjusted approximately for capital changes. †Based on 1951 distributions. ‡Financing recently, prospectus available. §Stock Dividend.

Assails Administration's Credit Policies

Senator Paul H. Douglas, member of Joint Committee on the Economic Report, lays blame for post-Korea inflation on forcing of Federal Reserve to buy government bonds.

In a radio broadcast on March 23, in his bi-weekly series, entitled "Talking It Over," Sen. Paul H. Douglas (D., Ill.), a member of the Subcommittee on Monetary Policy and Debt Management of the Joint Congressional Committee on the Economic Report, and a former Professor of Economics at the University of Chicago, placed the blame for the monetary inflation which followed the outbreak of the Korean war on the Administration's policy of forcing the Federal Reserve System to purchase U. S. bonds in order to keep up their prices. This, the Senator maintained, created an "overflow" of money.


Sen. Paul H. Douglas

Explaining the steps in the Treasury-Federal Reserve policies which created the inflationary trend, Senator Douglas said:

"First, immediately following Korea, private persons and companies, fearing shortages and price rises, rushed out to stock up on inventories and supplies. Second, to finance this buying spree, they went to the banks for loans. Third, when the reserves of the banks in the Federal Reserve System dried up, the banks had to get more reserves if they were to get the increased demands for loans. To do this they sold bonds. And fourth, because the Treasury point of view then prevailed, that is, of keeping bond prices up and interest rates down, the Federal Reserve was forced to step into the market and buy up all the bonds that private business would not take. Therefore, the Federal Reserve bought the bonds, this increased the reserves of member banks, this made it possible for member banks to loan more, and the increased quantity of bank credit forced up prices. This policy prevailed for eight months until March, 1951, when the Federal Reserve changed its policy and forced the Treasury to accede and a new accord was concluded."

The above process of inflation, the Senator stated, "is the same thing as trying to pour three glasses of money into an economy which, because of full employment, can only produce one glass full of goods. The extra money spills over and is used to bid up the prices of goods. It then becomes very difficult to mop up this surplus, and to eliminate the pressures on prices it creates."

Senator Douglas pointed out in his broadcast address that because banks are only required to back up each $6 of loans with $1 of "reserves" (in the form of deposits with the Federal Reserve) every $1 purchase of bonds by the Federal Reserve from the bank adds to bank "reserves" and expands their capacity to make loans, theoretically, by $6. "As far as the borrower is concerned," Douglas explained, "these loans are 'money in the bank'—money to spend. Thus, these loans must be considered as very similar to greenbacks so far as the total supply of money is concerned."

The Senator then added, that the $4 billion of bond purchases by the Federal Reserve in the eight months following Korea resulted in an expansion of bank loans by $10 billion. "This is the interesting point," he said. "You have an increase of 18% in the quantity of bank credit, and wholesale prices went up by 16%, or virtually by an identical proportion. And therefore there seems to have been a very clear relationship between the increase in bank credit and the increase in prices during the eight months after Korea."

Commenting on the period since March, 1951, following the "accord" between the Federal Reserve and the Treasury, which ended the "forced" buying of government bonds by the Reserve System, Senator Douglas remarked:

"I want to be careful, and I do not say that this credit expansion process went on in a vacuum. I do not say that it accounted completely for the slackening off of prices as the bond purchases were slackened off, because panic buying psychology diminished, price controls played some part, and anticipated shortages did not develop to the degree to which they were expected. But my point is that the tremendous sudden increase in money supply up to March 1, 1951, helped finance the scare - buying sprees and thus added to the fires of inflation. And the cessation of this policy in the last year has been a very powerful force contributing to the relative stability of prices."

Continuing on this topic, Senator Douglas added:

"Many had predicted that if the Federal Reserve stopped buying bonds in the open market, the result would be a disastrous drop in the prices of government bonds and a collapse of the efforts of the Treasury to sell the bonds and to refund the debt. In fact, all that has happened is that the bonds have been allowed to sink gradually by a small amount, from a little over 100 to a little over 97. Treasury sales are still satisfactory, the refunding program was carried through. It is true that it was necessary to raise the interest rate by one-quarter of 1%, but we have attained stability in prices, and my position is that it's better to have stable prices even though that means a slightly rising interest rate than to have a stable interest rate and have rapidly rising prices."

Eastern Pa. Group IBA to Meet Apr. 25

PHILADELPHIA, Pa. — The third annual conference of the Eastern Pennsylvania Group of the Investment Bankers Association of America will be held in Philadelphia, Friday, April 25, 1952 at the Bellevue-Stratford Hotel, according to announcement made by Gordon Crouter of DeHaven & Townsend, Crouter & Bodine, Chairman and Robert G. Rowe of Stroud & Company, Inc., Vice-Chairman of the Committee. Among the Committee Chairman who are completing arrangements for the sessions which will bring over 500 investment bankers to the conference are:

Finance: John F. Bunn, Jr., Bioren & Co.

Publicity & Press: William K. Barclay, Jr., Stein Bros. & Boyce.

Arrangements: Samuel K. Phillips, Samuel K. Phillips & Co.

Invitations: Alfred Rauch, Kidder, Peabody & Co.

Guests: William H. P. Townsend, E. W. Clark & Co.

Attendance, Luncheon & Dinner: Herbert V. B. Gallager, Yarnall & Co.

Forums: Robert G. Rowe, Stroud & Co., Inc.

Speakers: Gordon Crouter, DeHaven & Townsend, Crouter & Bodine.

Reception: Edward H. York, Jr., Drexel & Co.

Reservations: Miss Jane Hill, Thayer, Baker & Co.

The Importance of Agriculture In the Economic Picture

By LLOYD C. HALVORSON*
Economist, The National Grange

Pointing our agriculture is nation's largest industry, Dr. Halvorson reveals rapid increase in farmers' capital investment, thus enabling a reduction in farm population. Lists other factors contributing to greater agricultural production: (1) farmers' participation in postwar prosperity; and (2) application of intensive agricultural research. Contends farmers' income, on basis of management and investment, is less than a fair return, despite parity prices. Pleads for flexible price floors and a government storage program to level out erratic farm prices. Favors a two-price system for farm products, but not for purpose of diverting regularly a part of output to lower uses.

Today many people have the mistaken idea that farmers are all getting rich, either through soaking the consumer or through Government programs. Some people would like to do away with the farm program entirely. I thank you for this opportunity to present some facts on farmers' economic position and to relate them to the farm program. I want to make it clear from the start that I do not intend to discuss and defend every aspect of the present farm program, but I do believe the economic position of agriculture calls for some sort of a program under Government authorization.

Lloyd C. Halvorson

Agriculture is the largest industry in America. The total assets of farmers on Jan. 1, 1952 amounted to $143 billion. There are about 1.9 billion acres of land in the United States and farms account for 60% of it. Grazing land and forest land account for most of the remainder. Cities, parks, roads, and railroads take up less than 4% of the land area. Cropland amounts to about 500 million acres or about one-quarter of the land area.

As a person crosses the United States from East to West and South to North, he is apt to think it is a big country and it should be worth a lot of money. All farm land and buildings in the United States were valued at $72.6 billion on Jan. 1, 1951. It is rather hard to believe, but it is true, that the money Congress is likely to appropriate for fiscal year 1953 would more than buy all the farm land and buildings in the United States.

Heavy Increase in Capital Investment

Between 1940 and 1951 farmers' investment in machinery increased five times. This trend in farm investment will continue and already in some parts of the country and some types of agriculture a farmer has more invested in equipment, livestock, and supplies than he does in land and buildings.

In 1820 five out of every six working people were engaged in agriculture. In those days most everyone was needed on farms in order to produce the food and fiber needed by the nation. As time went on, new methods, new varieties, and new machinery made farmers more productive. Per man production in agriculture is so great today that about 10% of the labor force can produce most all the food and fiber needed by the other 90%. It is this release of people from food and fiber production that allows the tremendous industrial production of America with its output of necessities and luxuries for the American standard of living. If the American farmer should be unable to get gasoline and oil for his tractors, the price of hoes and scythes might go very high and many parts of the big cities would only serve to remind one of the cliff dwellers.

In 1939 there were 9.6 million people engaged in agriculture. The number declined to 7.1 million by 1951, and the decline is still going strong. We all know that our population has increased by more than 20 million since 1939, we know we sent much food abroad, and we also know that today people are eating about 13% better per capita wise than in 1939. How was this accomplished in view of a decreasing number of people in agriculture and the usual tendency of soil to become depleted and eroded? Food production did increase about 40% from 1939 to 1951 in spite of the decline in the labor force.

Farmers Participate in Post-War Prosperity

If you had left the farm back in 1935 as I did, you would marvel at the mechanization that exists today. This has made possible the increased production despite the loss in the labor force. I want to stress this point, that this mechanization of agriculture would not and could not have taken place if farmers had not enjoyed some of the Nation's postwar prosperity. Back in 1935-39 many of the machines of today were available, but farmers did not have the capital necessary to buy the machines, and the terms of trade were such that it was in many cases cheaper to pitch hay by hand than to buy a hay loader.

In the bottom of the depression the farmers were really mining the soil of this nation in order to get a few dollars for necessary expenses. The soil conservation program that was adopted, brought a revolution in another aspect of farming. Contour farming, terracing, water runways, dams, farm ponds, cover crops, green manures, and fertilizers and lime came to save and build-up the Nation's soil. Before the soil conservation program, many farmers did not know what conservation farming was, and some who did lacked the equipment and financial resources required for that type of farming.

The third factor accounting for the phenomenal agricultural production in recent years was agricultural research. Agriculture is characterized by such small units that no farmer could carry on a research program of any consequence. Hybrid corn is only one example of what research has accomplished. New insecticides have done a lot and we are seeing more and more of weed killers. Production of milk per cow and production of eggs per hen has gone up. Livestock and plant diseases would soon get the best of us without continuous research.

Weather may have been on our side, but some maintain that better soil and water conservation is a factor in our more plentiful rainfall.

In 1929 the net income of farm operations was $6.1 billion, and at that time, as many of you realize, there was considerable farm unrest. In 1929 the Federal Farm Board was established to try to raise farm income by new and better merchandising methods. In 1932 farmer operators' net income was down to $1.9 billion and it did not rise above the 1929 figure until 1942. In 1947 farm operators' net income reached $17.1 billion —an all time peak. It declined to $12.7 billion in 1950 and in 1951 was up again to $14.9 billion. With farm costs rising and farm prices weakening, prospects for 1952 are not so bright. Farm prices on the average are now below parity for the first time since 1950.

Farmers' Income Below Fair Rate

Fourteen and nine-tenths billion dollars, the 1951 farm operators' income for labor, management and investment is in many respects **much less than a fair rate of return.** Returns on stockholders' equity in the manufacturing industry averaged about 13% after taxes in the first three quarters of 1951. If farm operators were to have received this rate of return on their farm investment, before taxes, their investment income alone should have been $11 billion. The farm operator and his family work at least 15 billion hours to produce the farm output (in addition to the 4 or 5 billion hours of labor they hire). If the farm operators and their families receive $1.60 an hour for labor, as did factory workers in 1951, then their labor income alone would have been $24 billion. Adding $24 billion to $11 billion we see that net income of farm operators would have been $35 billion in 1951, instead of only $14.9 billion, if farm operators could have charged as much for their labor and investment as industrial workers and investors received. Because farming requires considerable technical knowledge and business ability these days, I really should have added something in for management.

Looking at this another way, we find that in 1951 all farm people received about $24 billion of income from all sources, or less than 10% of the national income. Farm people, however, constitute more than 15% of the nation's population. In 1951 the per capita income of the nonfarm people came to $1,707, while the farm population had a per capita income of only $1,020. The disparity of income between industry and agriculture is not nearly as bad now as it was during the 1930s.

In 1951 farm prices averaged 107 of parity, 7% above parity, but still we see that farm income on the basis of equal pay for equal work and investment was much too low. In many respects the present parity formula is outmoded as a thermometer of the relative position of agriculture as compared with industrial labor and investment. It is no wonder that the farm people are quitting farming and taking industrial jobs. The farm population has declined by six million people, about 20%, since 1940.

In the two months from December, 1951 to February, 1952 farm prices fell to 100% of parity, and many crops are way below parity.

It is beginning to look to us as if the capital requirements in agriculture are more than many farmers can stand with the present level of income. Short-term agricultural loans by commercial banks, members of the Federal Reserve System, have increased about 60% since Jan. 1, 1950. Farm mortgage debt is also increasing substantially. Lenders may soon have to develop loan policies that will recognize that farmers will have to stay in debt their whole lifetime if they are to have sufficient capital for modern farming, or agriculture, as an industry will be forced to seek credit for necessary capital through other than normal credit markets.

Farmers Are Seedbed of Population

We are now getting close to the heart of the farm problem; but, first, why have labor and investment returns been so relatively poor in agriculture. Does agriculture have some peculiar, deep-seated disadvantages? The answer is, yes. First of all, farm people are the seedbed of our population. About two out of every five farm children are "surplus" and this ratio is likely to continue. These surplus farm children must seek jobs elsewhere, but with human inertia being what it is, there may be too many people on farms producing and sharing in the farm income. Second, if farmers produce more abundantly, the total farm income goes down instead of up because of the inelasticity of demand for farm products. Third, technology has advanced rapidly in agriculture. The tractor by replacing horses released about 50 million acres for food and fiber production. Better varieties, pesticides, and improved livestock further increased production. Fourth, as our standard of living has risen, people did not increase their food expenditures correspondingly. They spend a much smaller proportion of their income for food now than they formerly did. Fifth, farming is made up of many small firms or entrepreneurs. We approach pure competition in the farming profession. If the output of each agricultural commodity were in the hands of 4, or 8, or 12, or 16 farmers, with one or two being dominant, and if they had lunch together once in a while, I don't think farm prices would ever be too bad. If it took several million dollars to get into the business and if one had to establish a brand name with consumer preference, I don't think one would have trouble with too many people in the farming business. If the farmers would also set up a franchise system for the distributive trade that would help prevent "destructive competition." Then, of course, to prevent the "Law of the Jungle" from operating each finished product would be "fair traded." Last year I visited Mexico and, as you know, Mexico is still primarily an agricultural nation. If a manufacturer is not satisfied with his profit on things sold the people, he wants a tariff. If he gets one, he probably becomes a tycoon and plows back lots of profits. Though our nation was first agricultural, farmers own very little in the way of industrial stocks and bonds.

When a farmer sells his products, he takes what the buyer will give him as the general rule. When he buys he pays the price the seller has established.

If a farmer back in the 1930s had a couple grown boys and decided that farming business wasn't paying as well as industrial wages or as carpenter's wages, he might decide to leave the farm to take advantage of equal opportunity and get equal pay for equal work. Well, first he might have to try to get into the labor union, and if he did he would then have to try to find work. He'd probably end up back on the farm with someone else coming along back with him.

It is interesting to hold before our eyes figures on the indices of production during the 1930s. The index of industrial production fell

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*An address by Dr. Halvorson before the New York Society of Security Analysts, New York City, April 9, 1952.

From Washington Ahead of the News

By CARLISLE BARGERON

Estes Kefauver is having the time of his life out in the primaries but here in Washington some heavy thinkers have not given up the hope, by any means, of getting General Eisenhower on the Democratic ticket.

I heard this plan the other night in a group not given to idle chatter:

Carlisle Bargeron

Should the Republicans fail to nominate the General, there will be a revival of the movement for the Democratic convention, coming after the Republicans' conclave, to draft him.

Isn't that rather ridiculous, I asked, in view of the fact that the man has now definitely catalogued himself as a Republican and is running for the Republican nomination? Not at all, I was assured. These gentlemen, in fact, have the General's acceptance speech before the Democratic convention practically worked out, and if you think it is fantastic just remember we are living in fantastic times.

The General, according to this group, would explain that he had looked upon himself as a Republican. But in these days and times there are certain kinds of Republicans and there are certain kinds of Democrats. No longer do the labels definitely describe a man's political thinking. Now, the General stands for certain principles. Whether you want to call these principles those of the Republican party or a particular segment of it, or those of the Democratic party or a particular segment of it, is not important.

"These are my principles, ladies and gentlemen of the convention," the General purportedly talking, "and you have accepted them. You have therefore accepted my platform. Come with me, I shall lead you to victory."

What is more important, I suppose, than the possibility of any such outcome as this, is that the shadow of Eisenhower as the Democratic standard bearer will be hovering over the Republican convention. It won't make for calm deliberation on the part of the delegates but there is not likely to be any calm deliberation anyway.

The aversion of the Military to economy, as is pretty generally known, is deeply ingrained. But occasionally there comes to light an instance of downright resistance to savings, such a resistance, in fact, as might be shown against the enemy in such heroic episodes as the Battle of the Bulge.

There is the method, for example, followed by the Quartermaster Corps in the procurement of army uniforms. The waste in this method, according to experts in the department itself, is costing the taxpayer roughly between $40 and $75 million a year.

In the procurement of these uniforms the QMC buys the cloth and then puts out bids with the garment makers for the finished uniform. When the bids come in the amount of cloth needed is specified. But in considering these bids the able minds of the QMC ignore the amount of cloth needed. The fact that one manufacturer bidding so much on a uniform requires more cloth than another manufacturer is not taken into account. Some reformers in the department have been trying for a long time to get the method changed and to have the department follow the method of big chain clothing merchandisers without any success.

An enterprising officer, Brig. General R. P. Hollis, commanding the New York depot, decided to take the bit in his teeth. He notified Washington that in carrying out its next directive for a clothing procurement, he would add the cost of the cloth to the garment manufacturer's bid by way of determining that manufacturer's real bid. In other words, say the QMC has paid $4 a yard for the cloth. One manufacturer will bid $15 for the finished uniform and will specify five yards of cloth, making the total real cost $35. Another manufacturer will bid $17 for the finished uniform but needs only four yards of cloth which makes the total cost $33. Under the method followed by the QMC the first manufacturer is the low bidder. Under General Hollis' procedure the second manufacturer would be. The figures I have given are only for the purpose of illustration. But I have accurately described the procurement procedure which is so wasteful. They are relatively correct.

Well, General Hollis' well-meaningness didn't get him any legions of merit or any sign of recognition for efficiency. Washington was apparently so afraid he might apply his procedure to just one procurement that the General was ordered immediately, before another procurement direction came out, not to follow the method he had outlined.

The military is unquestionably under continual harassment from Congress to give small business its share of the orders, but in the matter of clothing it is not a question of big business versus the little fellow. A good 98% of the garment manufacturers are looked upon as small businesses. It is a question of one small manufacturer's efficiency against another one—and also, in some instances, the question of one manufacturer ordering more cloth than he needs and going South with it.

Davies Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif. — Rollo H. Payne has been added to the staff of Davies & Co., 425 Montgomery Street, members of the New York and San Francisco Stock Exchanges.

Keith McCormac Opens

(Special to THE FINANCIAL CHRONICLE)

BAKERSFIELD, Calif.—Keith McCormac is engaging in the securities business from offices at 318 Oleander Avenue. He was formerly with C. A. Botzum for a number of years.

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The Importance of Agriculture In the Economic Picture

from 110 in 1929 to 58 in 1932. Farm production fell from 99 in 1929 to 96 in 1932. The index of wholesale prices on farm products fell from 147 to 68 while on nonfarm products the index fell from 138 to only 101.

Some may think the farmer should have known enough to regulate production the way industry did. Here is something to remember. If farmers had cut production about 50% as did industry, we would have had wholesale starvation during the depression, and the depression would have been a nightmare of chaos and revolution. If everyone would accept flexible wages and flexible profits and maintain production, depressions would not be so bad. It is high production, not high prices that makes our American standard of living.

The Question of Future Depressions

If we should have a depression again, should we let the economic system penalize and ruin our farmers because they maintain production of essential food and fiber? If anyone thinks the answer is yes, I suggest they contemplate the consequences.

So much for looking backwards. Let us now start from where we are. First of all, it seems to me that we must learn to treat depressions as monetary phenomena. We cannot become prosperous by fixing prices where they look nice and curtailing production to maintain them. In other words, we must get over the idea that the solution of depression ills lies in manipulation of physical production downward. If we can maintain a rather stable price level and avoid depressions, the farm problem is at least 50% solved. This also means that it is foolish to try to solve all of agriculture's ills internally.

Even if we maintain normal prosperity, we will have ups and downs of some magnitude. That presents a farm problem. Assume that demand for food falls off 20%, and assume that farm production is maintained as it usually is. This means the price of a food item will be about 80 cents where it formerly was a dollar. Assume the farmer used to get 50 cents out of the consumer's dollar. Do you think he will get 40 cents out of the 80 cents? Do you think wage rates will fall? Do you think freight rates will fall? Do you think commission rates will fall? Most of the 20-cent reduction will be passed back on the farmer. It's not unusual to have marketing costs on the consumers' food basket increase while farm prices go down. In fact, increasing marketing costs can push farm prices down.

Some people think the government should set farm prices to reflect a fair return on investment to farmers and a fair return on labor. Some think what agriculture should do is hire a good labor leader, or join up with the labor unions. You probably know that John L. Lewis' and William Green's organizations have actually tried to organize dairy farmers. One thing is certain, a general strike in agriculture would bring quick results. We would begin by making a union card a requisite to farming and teach the members to follow verbal as well as tacit instructions. On the other hand, it would be simpler to pass a law allowing one farmer to sign a price-fixing contract with a processor or merchant and make any farmer who sells for less subject to a lawsuit.

Need of Flexible Price Floors

In a nutshell, I am going to try to point out some fundamentals in a sensible approach to the farm problem. We should have flexible price floors in agriculture so that farmers will produce abundantly and efficiently with assurance against back-breaking losses. The supports should fall to less than the long-run normal price or to less than average costs so that the least efficient producers will quit, leaving fewer farm people to share in the agricultural income and possibly raising farm prices. The government should have a storage program to level out erratic production, but storage can hardly level out the general price level. The food merchants should cooperate in promoting the consumer purchase of agricultural products in surplus, and thus eliminating the need for price supports in such cases. The problem of low income in agriculture is not entirely a price problem. Where farms are too small and land not used for the right purpose, loans should be made to help make adequate farm units for the best farmers in the area, and there should be some way to help the surplus farm people be trained for industrial work and some help in getting them established in other occupations. If factories can be brought to overpopulated rural areas, that is the best solution.

It is practically impossible to devise a law which would force farmers to take proper care of their land. Anyhow, we don't believe in such laws in America. The next best we can do is to educate farmers in soil conservation and give them technical assistance, at times incentive payments properly designed to induce farmers to do what they otherwise would not, may be essential. It should be remembered that it does not always pay the farmer to conserve his soil the way society deems necessary or desirable.

The Grange favors a two or multiple price system so the farmers can engage in price discrimination to some extent. As an economist, I believe a two-price system to take care of surpluses of perishable products on a grade or use basis is sound national policy. A two-price system to regularly divert a part of the output to a lower use at a lower price is questionable economics to me personally. I especially object if a two-price system requires historical production or marketing bases for the Class I price.

If the American people are not satisfied with the way the free market distributes income, I hope they can find some way to satisfactorily redistribute income without ruining the functioning of the price system which is so essential to maximum use of our resource and to the bringing about of adjustments to ever changing conditions. Also interference with the price system requires regimentation of producers and processors and the vesting of the right to produce. Such interference over a period of time might subtly undermine our American philosophy of individual freedom, incentive, and opportunity.

Joins Farwell, Chapman

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — Wallace D. Johnson is now connected with Farwell, Chapman & Co., 208 South La Salle Street, members of the New York and Midwest Stock Exchanges. He was previously with Baker, Walsh & Co.

Samuel H. Junger Is With Strauss Bros.

Samuel H. Junger

Samuel H. Junger has become associated with Strauss Bros. Inc., 42 Broadway, New York City, it is announced.

Faroll & Co. Will Admit Three Partners

CHICAGO, Ill.—Faroll & Company, 209 South La Salle Street, members of the New York and Midwest Stock Exchanges, will admit Theodore Levy, member of the New York Stock Exchange, Paul E. Allison, and Robert H. King to partnership as of April 18. Barnett Faroll, general partner in the firm, on the same date will become a limited partner.

Solicit Contributions For Bawl St. Journal

Wall Street humorists have been asked to turn their minds from stocks and bonds to the development of comic material for this year's "Bawl" Street Journal," the annual satire of Wall Street doings which is published as a feature of the Bond Club Field Day. Publication date this year will be June 6. Ideas for stories, cartoons and advertisements lampooning Wall Street and Washington will be welcomed up to May 5.

A. Glen Acheson, of Bache & Co., Chairman of the Publications Committee, and John A. Strayley, Hugh W. Long & Co. Inc., editor, have sent an invitation to Bond Club members—and extended it to include any other interested members of the financial community—to take part in creating the 1952 "Bawl Street Journal."

Other members of the Publication Committee are William B. Chappell of The First Boston Corporation; Wickliffe Shreve, of Hayden Stone & Co. and Edwin Herzog, of Lazard Freres & Co.

Van Camp Director

CHICAGO, Ill. — F. O. Leffler, Vice-President of North American Car Corporation, and Owen V. Van Camp, Vice-President of the First Securities Company of Chicago, were elected to the Board of Directors of North American Car Corporation at the corporation's annual meeting of shareholders. Their election fills vacancies caused by the retirement from the Board of Allin K. Ingalls and R. C. Jenkins. Mr. Van Camp also is Treasurer of the United States Olympic Association.

Dr. Neil Cola Joins Orvis Bros. Staff

Orvis Brothers & Co., members of the New York Stock Exchange, have announced that Dr. Neil A. Cola has become associated with that firm as a customers' broker in its Newark office.

With Union Securities

(Special to THE FINANCIAL CHRONICLE)

HARTFORD, Conn. — James L. Crowley is with Union Securities Corporation, 75 Pearl Street.

Britain's Declining Foreign Trade

By PAUL EINZIG

Dr. Einzig, after calling attention to decline in British imports and exports, as the result of restrictions, says problem might be solved as in Thirties by bilateral trade agreements. Notes, however, this is not now likely, due to opposition of U. S. to discriminatory trade agreements. Holds only hope for solution lies in change in American policy toward bilateralism.

LONDON, Eng.—In British official circles the prospects of closing the gap in Britain's balance of payments are viewed with growing concern. For, although the recent measures adopted or announced by Mr. Butler are expected to produce the desired reduction in imports, there is a simultaneous tendency toward a corresponding contraction of British exports. It is a fact, amply confirmed by experience during the '30s, that unilateral reductions of imports do not solve foreign exchange difficulties, because the example is apt to be followed by other countries. Whenever a major country such as Britain applies substantial cuts in her imports a vicious spiral of declining international trade is apt to set in. Other countries, too, cut their imports, either because their balances of payments are adversely affected by the British import cuts or because their governments are in the habit of looking toward Britain for guidance in their economic policies. The governments of the Commonwealth countries belong to this latter category. The panicky decision of Mr. Menzies to make drastic reductions in Australia's imports from the Sterling Area was largely the outcome of the desire to imitate Britain without regard to the differences between the conditions in the two countries.

Dr. Paul Einzig

When in the '30s balance of payments difficulties resulted in a vicious spiral of declining foreign trade through unilateral import cuts, the downward trend was mitigated to some extent by the adoption of bilateral trade pacts of various types. It was a very unsatisfactory solution but it enabled financially weak countries to maintain at least part of their foreign trade instead of having to cut imports to the bare bone after a complete exhaustion of their foreign exchange reserves. For instance, when the first exchange clearing agreement was concluded in 1931 between Switzerland and Hungary it obviated the necessity for the latter to ban imports from Switzerland, owing to the willingness of that country to accept payment in Hungarian goods. Weak countries were thus able to continue to import from strong countries, and also from each other, without running the risk of exhausting their foreign exchange reserves.

The solution applied during the '30s appears to be inapplicable in the '50s. In the meantime a strong reaction has set in against bilateralism. Under pressure from the United States many countries have pledged themselves against discriminatory trading methods. Even though non-discrimination has not yet been fully achieved the extent of bilateral trading has become materially reduced in recent years. Any large-scale reversion to bilateral pacts would be strongly resented in Washington.

The governments of Britain and other countries struggling with balance of payments difficulties are faced with a very awkward dilemma. They could save their dwindling gold reserves by reverting to bilateral pacts in the place of competitive import cuts. In doing so, however, they would be liable to lose their chance of obtaining financial aid from the United States. If, on the other hand, they depend on American aid and, for the sake of securing it, continue to pursue their present policy, they will find that the sacrifices made for the sake of cutting down their imports will be of no avail, because in the absence of bilateral pacts their export markets will also contract.

The extent to which American insistence on a premature return to non-discrimination has contributed and is likely to continue to contribute toward the aggravation of Britain's difficulties, and those of other countries, seems to be ignored completely in the United States. Being fully convinced that non-discrimination is the ideal system for the United States, American authorities and others would like to see the application of the same system throughout the world. They seem to ignore the fact that convertibility of currency and non-discrimination in foreign trade are luxuries which only very rich countries can afford in prevailing circumstances. Only countries with excessive gold reserves are in a position to disregard the danger of a depletion of their gold reserves and to spend indiscriminately on imports on the assumption that the money spent would return sooner or later in payment for their exports. The safety margin of the gold reserves of most countries is highly inadequate during a period of widely fluctuating balances of payments. These margins are apt to run out in a matter of months.

Are the United States prepared to support indefinitely those countries which, by renouncing bilateralism, have abandoned their chance of solving their balance of payments problem? There are no indications that Congress is willing to endorse such a costly policy. If it were definitely understood from Washington that no further American aid would be forthcoming, it would at least enable the governments concerned to work out their salvation in their own way. In the case of Britain, it would mean a reversion to bilateralism, a reinforcement of the Sterling Area arrangements which are at present in danger of ceasing to serve any useful purpose, and a return to war-time inconvertibility of sterling with water-tight exchange control. At present this is not done, because of the hopes that some American aid will be forthcoming; even if it will not be nearly sufficient to fill the gap the government is reluctant to renounce it by embarking on an economic policy of discrimination that would inevitably antagonize the United States.

The only hope for a reasonable solution lies in an enlightenment of American opinion about the deadlock resulting from its rigid opposition to bilateralism in prevailing circumstances. The catastrophic decline of the gold reserve of Britain, France and other countries should serve as a danger signal to make American opinion realize that it would be fatal for these and other countries at present to continue to apply the policy forced upon them by American insistence on non-discrimination. The cause of non-discrimination and free multilateral trading would itself suffer if the present policy resulted in a series of acute crises through the depletion of the gold reserves of the countries concerned. Such crises are liable to occur in a matter of months, long before the limited American aid which is at present under consideration can materialize.

Should there be a repetition of the chaos experienced in the early '30s, it would remove indefinitely the chances of making any substantial progress toward non-discrimination. The practical choice lies between accepting as inevitable a certain immediate return to discrimination for the sake of better ultimate prospects and insisting on the maintenance of the present system which would inevitably collapse in a few months' time.

Court Upsets Judgment Against Otis & Co.

U. S. Court of Appeals hands down unanimous decision holding contract with Kaiser-Frazer Corp. was forbidden by law and therefore is unenforceable. Kaiser-Frazer to carry case to U. S. Supreme Court.

The United States Court of Appeals, on April 7, handed down a unanimous opinion annulling an award of $3,120,743 damages made by a lower court to the Kaiser-Frazer Corporation against Otis & Co., Cleveland investment bankers, for breach of contract. The opinion, handed down by Judge Augustus N. Hand, stated that the contract between the Kaiser-Frazer Corporation and Otis & Co., relating to the underwriting of Kaiser-Frazer shares, "was so closely related to the performance of acts forbidden by law as to be itself illegal," and therefore unenforceable. Kaiser-Frazer Corporation has indicated it will carry the case to the United States Supreme Court.

The case was the outgrowth of a contract entered into on Feb. 3, 1948 between Kaiser-Frazer Corporation and Otis & Co. for the sale of 900,000 shares of unissued common stock at $11.50 per share to Otis & Co. and associates, who were to offer the stock to the public at $13 per share. Six days later Otis & Co. rejected the tender of the stock on the ground that a law suit had been instituted in Michigan by a Kaiser-Frazer stockholder, and also that the prospectus filed by Kaiser-Frazer with the SEC contained erroneous statements.

Kaiser-Frazer, a short time thereafter, entered suit for damages in a Federal Court. Judge John W. Clancy of this court on July 2, 1951 ruled that Otis & Co. was guilty of breach of contract and awarded damages of $3,120,-743 to Kaiser-Frazer Corporation. The case was then sent to the U. S. Courts of Appeals by Otis & Co.

In his decision, Judge Hand of the Appeals Court stated:

"We cannot blind ourselves to the fact that the sale of this stock by Kaiser-Frazer, though, in so far as the particular contract was concerned, was a sale only to the underwriters, was but the initial step in the public offering of the securities which would necessarily follow.

"The prospectus, which has been found to have been misleading, formed an integral part of the contract and the public sale could only have been made in reliance on that prospectus.

"We therefore conclude that the contract was unenforceable and that Kaiser-Frazer was not entitled to recover damages for Otis' breach thereof."

Regarding erroneous statements in the Kaiser-Frazer prospectus filed with the Securities and Exchange Commission, Judge Hand said:

"It is apparent that the table summarizing earnings was an important factor in the sale of the stock and, that being so, failure to make full disclosure therein of all the facts bearing upon the corporation's earnings constituted a breach of the contract and violated the Securities Act of 1933 as well."

Referring to the automobile company's estimate of profit outlined in the prospectus, Judge Hand asserted:

"For regardless of whether its accounting system was a sound one, Kaiser-Frazer stated its earnings in such a way as to represent that it had made a profit of about $4,000,000 in December, 1947. This representation was $3,100,000 short of the truth."

In its suit against Otis & Co., management held that Otis had full knowledge of all the facts when it entered into the underwriting agreement, and that Otis could not use this as a breach of warranty.

This Judge Hand denied in the following language:

"Whatever the rules of estoppel or waiver may be in the case of an ordinary contract of sale, nevertheless it is clear that a contract which violates the laws of the United States and contravenes the public policy as expressed in those laws is unenforceable. Any sale to the public by means of the prospectus involved here would have been a violation of the Securities Act of 1933."

C. H. Adams Confirmed As SEC Member

The Senate on April 7 confirmed the nomination, made by President Truman on March 26, of Clarence H. Adams of Connecticut as a member of the Securities and Exchange Commission. He fills the vacancy created by Chairman Harry A. McDonald, who now heads the Reconstruction Finance Corporation.

Clarence H. Adams

Mr. Adams, who recently became associated with **Putnam & Co., security dealers in Hartford, Conn., first worked as a young man for a bank in Ogunquit, Me. He has held various banking and security positions, and was at one time manager of the Guardian Credit Corporation of Hartford, Conn. In 1930 he was appointed Director of the Securities Division of the Connecticut State Banking Department, a position he held for about 20 years.**

Ray Brandt Co. Formed

MINOT, N. Dak.—Ray A. H. Brandt has formed Ray Brandt & Co. with offices at 605 Fourth Street, S. E. to engage in the securities business. Mr. Brandt was formerly with Jamieson & Co.

Two With F. I. du Pont

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif. — Wayne Jewell and Attilio Lertora are now affiliated with Francis I. du Pont & Co., 317 Montgomery Street. Mr. Jewell was previously with Davies & Co.

Bank and Insurance Stocks

By H. E. JOHNSON

This Week — Insurance Stocks

The final operating figures of fire and casualty companies for the year 1951 as revealed in the convention statements of the different companies are now available.

This has enabled the various investment firms specializing in insurance stocks to compile comparative records on the operations and statements for last year.

One of the best of these reports is that prepared by Geyer & Co., 63 Wall Street, New York. The "Insurance Stock Analyzer," as their report is called, not only covers the earning results for 70 of the principal fire and casualty concerns for 1951, it also shows the capitalization, net premiums written for 1951, 1946, and 1941, and sources of premium income among the different classes of insurance.

Information is also provided in the "Analyzer" on dividends, estimated asset value per share and diversification of assets between the different classes of bonds, preferred stocks and common stocks.

In short, this report by Geyer & Co. presents a great deal of information on a comparative basis, so that one can readily see the relative position of a particular company with respect to underwriting, capital, dividends or assets. Needless to say, it would require many days of analyzing convention statements to assemble this information for so many companies.

This report is particularly useful at this time in that it breaks down the sources of premium income. In a sense the different classes of insurance represent different types of business and are affected by different conditions.

While automobile and straight fire lines constitute the major portion of premiums for most companies, the other lines such as inland marine, workmen's compensation, ocean marine, extended coverage and fidelity and surety are also important. As underwriting conditions may vary from group to group and from time to time, it is important to know the type of business a particular company is handling, if one is to understand the underwriting results. This is also true, where a company may have a large portion of its total business concentrated in a particular line or may be writing only one or two types of insurance.

This difference in the type of business handled helps to explain the diverse underwriting results of last year.

In other words those companies with a large portion of their business in the automobile liability and physical damage underwriting lines were generally the ones to report the large underwriting losses.

Companies which had a large part of their business concentrated in the straight fire lines on the other hand, generally showed a satisfactory underwriting result.

Most of the larger companies, of course, are engaged in all phases of insurance with the exception of life. The differences among various concerns, however, is important and this is where the "Insurance Stock Analyzer" helps to make comparisons between the different companies.

In previous weeks the operating results for 1951 of some of the major insurance companies have been reported. Below we show the figures for some of the other leading companies taken from the Geyer & Co. report:

	1951 Breakdown							
	Under-writing Profit	Net Acquis. Exp. In-curr. on Unearn. Prems.	Adjust. Under-writ'g Profit	Net Invest. Income	Oper. Profit Before Taxes	Federal Income Taxes Incurred	Operating Earnings After Taxes 1951	1950
Agricultural Ins.	—$0.83	$2.48	$1.65	$6.23	$7.88	$0.91	$6.97	$11.12
American Alliance	—0.02	0.43	0.41	2.79	3.20	0.28	2.92	3.22
Amer. Automobile	—5.02	—0.67	—5.69	3.47	—2.22	---	—2.22	1.66
Amer. Ins. (Newark)	—0.41	0.63	0.22	1.97	2.19	0.18	2.01	1.94
Amer. Re-Insurance	—6.63	2.12	—4.51	3.20	—1.31	Cr0.17	—1.14	3.15
American Surety	—12.16	2.38	—9.78	5.80	—3.98	---	—3.98	—0.99
Camden Fire Ins.	0.08	0.47	0.55	1.75	2.30	0.32	1.98	1.69
Federal Insurance	0.60	1.59	2.19	3.70	5.89	1.00	4.89	6.86
Fidel. & Dep. of Md.	5.60	1.21	6.81	4.10	10.91	3.01	7.90	8.65
Fireman's Fund Ins.	—0.06	1.07	1.01	3.09	4.10	0.56	3.54	4.11
Firemen's (Newark)	—1.27	0.85	—0.42	2.84	2.42	0.01	2.41	2.34
General Reinsur.	—0.99	0.81	—0.18	3.86	3.68	0.85	2.83	3.57
Glens Falls Ins.	—1.23	1.24	0.01	3.41	3.42	0.52	2.90	6.67
Hartford Fire Ins.	1.63	2.12	3.75	6.88	10.63	1.40	9.23	10.12
Home Insurance	—0.12	0.53	0.41	2.75	3.16	0.18	2.98	3.27
Merchants Fire As.	0.38	0.57	0.95	2.32	3.27	0.52	2.75	3.02
National Union Fire	0.54	0.92	1.46	3.31	4.77	0.75	4.02	4.27
New Amst'dam Cas.	—7.74	2.18	—5.56	3.82	—1.74	Cr0.01	—1.73	3.80
N. Y. Fire Ins.	—1.52	1.08	—0.44	2.52	2.08	---	2.08	2.38
North River Ins.	1.36	0.24	1.60	2.02	3.62	1.13	2.49	2.63
Pacific Fire Ins.	13.35	0.97	14.32	10.82	25.14	8.80	16.34	21.74
Sec. Ins. Co. of N.H.	—2.64	1.61	—1.03	2.57	1.54	Cr0.12	1.66	2.98
Westchester Fire	1.25	0.20	1.45	1.65	3.10	0.96	2.14	2.20

NY Bond Club Names Field Day Chairmen

Plans for the 28th annual Field Day of the Bond Club of New York were announced by James J. Lee, of W. E. Hutton & Co., President of the club. The outing will take place this year on Friday, June 6, at the Sleepy Hollow Country Club, Scarborough, N. Y.

E. Glassmeyer, Jr.

Edward Glassmeyer, of Blyth & Co., Inc., has been named Field Day Chairman. He will be assisted by four general chairmen—H. Lawrence Bogert, Jr., Eastman, Dillon & Co.; Edgar J. Loftus, R. S. Dickson & Co., Inc.; Egerton B. Vinson, De Haven & Townsend, Crouter & Bodine; and Allen C. DuBois, Wertheim & Co.

Thirteen committees have been appointed to direct the various sports and entertainment activities at the outing. These committees and their respective chairmen are:

Entertainment — Hudson R. Lemkau, Morgan Stanley & Co.

Golf—John W. Dayton, Jr., Clark, Dodge & Co.

Attendance—John W. Callaghan, Goldman, Sachs & Co.

Bawl Street Journal—A. Glen Acheson, Chairman, Bache & Co.; John A. Straley, Editor, Hugh W. Long & Co., Inc.

Bawl Street Journal Circulation—Walter H. Weed, Jr., Union Securities Corporation.

Dinner—John J. Clapp, Jr., R. W. Pressprich & Co.

Tennis—Harold H. Sherburne, Bacon, Whipple & Co.

Special Features—H. Stanley Krusen, Shearson, Hammill & Co.

Racing—Allen J. Nix, Riter & Co.

Horseshoe—Craig Severence, F. Eberstadt & Co.

Stock Exchange—Allan C. Eustis, Jr., Spencer Trask & Co.

Publicity—William H. Long, Jr., Doremus & Co.

Trophies—Francis D. Bartow, Drexel & Co.

Edgerton Joins I.D.S. As Senior Analyst

MINNEAPOLIS, Minn.—Appointment of John W. Edgerton as a senior analyst for the electronics industry research group in the home office investment management staff of Investors Diversified Services, Inc., was announced by Guy Lemmon, administrative officer of the I. D. S. investment department. Mr. Edgerton, a graduate of Harvard Business School, is a native of New Haven, Conn. He formerly was an account manager for Brown Brothers, Harriman & Co., and assistant to the Chairman of the investment committee of the American Automobile Insurance Co. He was with Television Shares Management Co. in Chicago before joining I. D. S.

Join Draper, Sears

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—Herbert M. Spooner is now connected with Draper, Sears & Co., 53 State Street, members of the New York and Boston Stock Exchanges.

Rejoins L. Cook Co.

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio — Frans Janssen has rejoined the Staff of Lawrence Cook & Co., Fidelity Building.

Philip E. Rimel Opens

BANGOR, Pa.—Philip E. Rimel is engaging in a securities business from offices at 122 Chestnut Street.

With E. F. Hutton Co.

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—John B. Knox, Jr. has been added to the staff of E. F. Hutton & Company, 160 Montgomery Street.

Our Reporter on Governments

By JOHN T. CHIPPENDALE, JR.

A very much improved feeling among operators in the government market is having a favorable influence upon quotations of these obligations. Buyers appear to be multiplying, which means the competition for a not too greatly enlarged supply of securities is bringing about better prices for Treasury issues. Although many reasons are being put forward for the better psychological attitude toward the government market, it seems as though the belief that deficit financing will be confined largely to short-term obligations appears to carry the most weight at this time. The big question now is whether the larger offerings of Treasury bills is the beginning of the short-term deficit financing. Likewise, many are looking for a lowering of the prime bank rate soon. It is also possible that important political considerations could be wrapped up in the future action of the money markets and developments along this line should be watched very closely.

The bank-eligible issues still have the spot-light, because many commercial banks find they have been too short and must lengthen maturities in order to meet higher operating expenses. The restricted obligations continue to find homes with private pension funds, trust accounts, state funds and savings banks.

Buying by Commercial Banks

Commercial banks, according to advices, are assuming greater importance in a more active government market. It should be understood, however, that although volume and activity has picked up moderately from recent low levels, it is still rather small and on the restricted side when compared with more normal times. Nonetheless, a larger number of eligible trades have been consummated, according to reports, and in these transactions the amount of securities involved has been greater than was the case not so long ago. This buying, it is reported, is coming mainly from the out-of-town deposit institutions, although there is greater competition appearing daily from the large money center banks However, there appears to be considerable difference as to the origin of the funds that are being used by these banks in acquiring Treasury securities.

The out-of-town commercial banks, which are heavy in savings deposits, have been using principally new money in the purchase of the higher income eligible obligations. It is reported that business loans and mortgage loans of the type that they are interested in acquiring are not readily available. This money is being put into government securities. Not a few of these banks have raised new money through the sale of stock, and it is reported that a substantial amount of these funds has likewise been invested in the longer-term Treasury obligations.

Maturity Extension Continues

On the other hand, the large money center commercial banks have also been going into the higher income government securities, but the funds which are being used for these purchases, it is reported, have come mainly from the sale of certain short-term Treasury issues. In other words, switching is supplying the money that is being used by these institutions to acquire the higher income obligations. The pushing out of maturities has not been quite as far by the large money center banks as it has been for the out-of-town institutions, because it is evident greater liquidity must be maintained by the money center banks.

As a result of this lengthening of maturities by the deposit banks, the 2⅜% due 1957/59 appears to be the leading issue, with both the out-of-town and the large money center institutions in the market for this obligation. The supply has likewise been limited in this obligation but many more of these bonds seem to be finding a way into the market than has been the case with other eligible issues that are being bought. Federal had an important position in the 2⅜s and there have been reports that the Central Banks have been supplying needed bonds in order to keep the market on an even keel.

Intermediates Finding Favor

Considerable activity is being shown in the 1½s and 1¾s due 1955 and 1956, with the big banks the main buyers of these securities. Also the 1956/58s and 1956/59s have been under accumulation by these same institutions, with the smaller banks taking on limited amounts of these bonds. The partials, especially the last three issues, that is the 1956/59s, the 1958/63s, and the 1960/65s, have also been getting increasing attention from the large money center deposit banks. The out-of-town institutions have been doing minor buying in the 2¾s due 1960/65, which seems to be the extent of their participation in this group. The September 1967/72s have been the favorites of the smaller commercial banks and, while it has not been too easy to pick up this obligation, rising prices have brought quite a few of them into the market from time to time.

Private pension funds are again in there taking on the restricted bonds, after minor selling, in order to get funds that were used to buy the recently offered new corporate issues. State funds, savings banks and private trust accounts continue to take on somewhat larger amounts of the ineligible obligations. Offerings of these obligations are likewise limited, because there are no important dealer's positions and many potential sellers have pulled away from the market, because of the better trend of quotations.

Quaker Oats Stock Offering Completed

A group of underwriters, headed by Glore, Forgan & Co. on April 7 announced that all of the 410,121 shares of Quaker Oats Co. common stock (par $5), which were recently offered for subscription by common stockholders of record March 13 at rate of one share for each seven shares held, have been sold.

Warrants for 396,472 shares were exercised during the subscription period which expired on March 31, and the remaining 13,649 shares were purchased and resold by the underwriters.

How to Reduce Taxes

By ROGER W. BABSON

Pointing out, in terms of 1928 dollars, our total wealth has increased only 12% up to 1948, while population has increased 23%, Mr. Babson accuses Federal Government of a policy to keep public in dark of such facts. Says taxes can be reduced if people give as much attention to government squandering as they do to their own personal finances.

March 15 has come and gone. Gone, too, are the hopes of many for that new car or summer vacation, the redecoration of a few rooms, or a new spring outfit. While you are still smarting, perhaps it is a good time to ask, "Why do we let our Government take so much of our money to spend so recklessly?"

Roger W. Babson

I am inclined to believe most of us do not realize the economic facts of life; for, if we did, I feel pretty certain that more people would get out to vote; in the primaries, as well as in local and national elections.

How rich is this country when compared with 1929? The National Bureau of Economic Research has reported that **in terms of 1929 dollars our total wealth has increased only 12% from 1928 to 1948. Yet in this same period our population has increased 23%!** This boils down to the fact that in 1951, a year in which all kinds of economic records were set, **the per capita wealth was actually 8% below that of 1928!**

Government Opiates

The policy of our own Federal Government has been to keep us in the dark on such facts. The size and power of our governmental machine, our formidable commitments both at home and abroad, full employment and standard-of-living propaganda — all have dulled our senses to what has really been going on. Many people even now subscribe to the idea that high taxes are good for the country as a whole!

Who gets most of the tax money? Uncle Sam now takes 81% of all taxes collected in this country. This leaves only 19% of the tax money for state and local governments, which is less than one-third of the percentage these organizations had at their disposal in 1929.

What does Uncle Sam do with all of this money? Get a digest of the Hoover Report and find out if you don't know. Here are a few facts: In 24 years, the Government has increased the number of employees from 570,000 to almost 2,500,000. The total national budget has increased from $4 billion in 1928 to approximately $70 billion. From another view the Federal Budget expense has gone up from $240 per average family, per year in 1928, to $1,400 today. Here is a sample of where the money goes: 29 different agencies make loans; 28 handle welfare projects; 16 are engaged in wild-life preservation; and 50 agencies compile statistics, which often disagree with each other! The Veterans' Administration takes five times as long to pay a death claim, and uses four times as much manpower to do the job as do private companies.

These are but a few samples of what has been going on to cause the demand for more and more dollars in taxes from you and me. The Hoover Commission, an impartial, non-partisan committee appointed by President Truman, made over 300 recommendations to bring about a more efficient Government. Hard-hitting, interested citizens who have made their wishes known to their representatives have been able to bring about legislation adopting less than half of the Commission's recommendations.

Our Own Fault

Our Government, at local, state, and national levels, is as good as we make it. If we remain complacent or silent or fail to vote, our Government will continue to squander our tax dollars. But if we make good Government our business, just as we would the handling of our personal finances, we can stop this waste and reduce our taxes. Let us speak up by writing our Senators and Representatives, by working with organized groups in our own community, as some young people have recently done in Boston, Mass.

Above all, vote for those who stand for efficient government and who will let us help bring about the remaining half of the reforms recommended by the Hoover Commission. Our Government will be as good and as efficient as we demand. It is our money that is being spent! It is partly our fault that our taxes are so high.

Form Midland Company Toronto Exch. Member

TORONTO, Canada—Formation is announced of a partnership to conduct a general brokerage business under the name of The Midland Company as members of the Toronto Stock Exchange, with offices at 50 King Street, West, Toronto, and Huron & Erie Building, London, Ontario. Partners are Douglas B. Weldon, D. G. Simpson, E. H. Gunn, E. M. Kennedy, J. T. Skelly, C. W. McBride, C. W. Dearberg, and David B. Weldon.

The Midland Securities Corpn. Limited will continue in the underwriting and distribution of government, municipal and corporation securities.

Illinois Bell Tel. 3⅛% Bonds Offered

Halsey, Stuart & Co. Inc. and associates on April 9 made a public offering of a new issue of $25,000,000 principal amount of Illinois Bell Telephone Co. first mortgage 3⅛% bonds, series C, due April 1, 1984, at 101.525% and accrued interest.

Proceeds from the sale will be applied toward repayment of advances from American Telephone & Telegraph Co., the parent company, which are presently outstanding in the amount of $82,100,000. It is an established practice for the Company to obtain such advances for general corporate purposes, including extensions, additions and improvements to its telephone plant, and the company intends to continue this practice.

Illinois Bell Telephone intends to offer 682,454 shares of its common capital stock to shareholders for subscription on or before July 1, 1952, at par, $100 per share, and to apply the proceeds toward repayment of advances from AT&T then outstanding.

Since World War II Illinois Bell Telephone has been making large expenditures for new construction in order to meet the demands for telephone service and to further improve the service it offers in the States of Illinois and Indiana. These expenditures have required the obtaining of substantial amounts of new money. At Dec. 31, 1951 the company had 2,670,574 telephones in service.

The new series C bonds are redeemable at prices ranging from 104.525% to par and accrued interest.

Halsey, Stuart Group Offers Equip. Tr. Ctfs.

Halsey, Stuart & Co. Inc. and associates on April 4 publicly offered $9,450,000 Chesapeake & Ohio Ry. 2⅞% serial equipment trust certificates, second equipment trust of 1952, maturing semi-annually Oct. 15, 1952 to April 15, 1967 at prices to yield from 1.95% to 3.00%.

Issued under the Philadelphia Plan, the certificates are being offered subject to authorization of the Interstate Commerce Commission.

The certificates are secured by new standard-gauge railroad equipment estimated to cost $11,847,804.

Other members of the offering group are: R. W. Pressprich & Co.; Equitable Securities Corp.; L. F. Rothschild & Co.; A. G. Becker & Co. Inc.; Freeman & Co.; Gregory & Son, Inc.; Ira Haupt & Co.; Hayden, Miller & Co.; The Illinois Co.; McMaster Hutchinson & Co.; Wm. E. Pollock & Co., Inc.; Weeden & Co.; Julien Collins & Co.; First of Michigan Corp.; McCormick & Co.; and Mullaney, Wells & Co.

Joins Hayden, Miller

(Special to The Financial Chronicle)

CLEVELAND, Ohio—Thomas H. Hubbard has become connected with Hayden, Miller & Co., Union Commerce Building, members of the Midwest Stock Exchange.

NEWS ABOUT BANKS AND BANKERS

CONSOLIDATIONS
NEW BRANCHES
NEW OFFICERS, ETC.
REVISED CAPITALIZATIONS

Emil C. Hamma was appointed Assistant Treasurer of the **Chemical Bank & Trust Co. of New York**, it was announced on April 4 by N. Baxter Jackson, Chairman. Mr. Hamma, a graduate of American Institute of Banking, has been with Chemical Bank for the last five years.

* * *

James J. McNamee, Assistant Vice-President of **The National City Bank of New York**, died suddenly on April 3 of a cerebral hemorrhage at the Manhattan General Hospital. He was 57 years of age. Mr. McNamee has been associated with The National City Bank as head of its advertising and publicity department since 1917. He was made an Assistant Vice-President of the bank in 1936. Prior to joining the bank Mr. McNamee was a newspaper correspondent with the Pershing Expedition into Mexico in 1916. During World War I he obtained a leave of absence from the bank to become a newspaper correspondent attached to the 29th Division. In the last three months of the war he was assigned to the office of General March where he helped prepare George Creel's Official Bulletin. As a newspaper correspondent he also covered the first campaign of Woodrow Wilson for President.

James J. McNamee

* * *

Granville S. Carrel, Assistant Vice-President of **The National City Bank of New York**, has been placed in charge of the bank's Advertising and Publicity Department, effective April 8. John J. Lawlor, a member of the staff of his department for the past 34 years, was appointed an Assistant Cashier on April 8. Mr. Carrel has been with the National City Bank since his graduation from the Wharton School of the University of Pennsylvania in 1929. During World War II, he served four years in Europe as a Colonel in the Air Force, under General Carl Spaatz. Mr. Lawlor is a former President of the New York Financial Advertisers and a former director of the Financial Public Relations Association.

* * *

THE CHASE NATIONAL BANK OF THE CITY OF NEW YORK

	Mar. 31,'52 $	Dec. 31,'51 $
Total resources	5,446,879,594	5,607,182,845
Deposits	4,988,540,257	5,149,631,444
Cash and due from banks	1,473,757,543	1,527,019,824
U. S. Govt. security holdings	1,105,955,368	1,183,476,912
Loans & discounts	2,154,668,682	2,161,951,615
Undivided profits	64,276,527	61,182,984

* * *

Stockholders of the **Bank of New York and Fifth Avenue Bank of New York** have been asked to approve a change of the bank's name to **The Bank of New York**, effective May 1. Proxies were mailed on April 8 to be voted at an official meeting of stockholders on April 29. The shorter title is the name under which New York's oldest bank opened its doors for business on June 9, 1784, and which it has borne for the greater part of its history. The present long title dates from the merger of the Bank of New York with the Fifth Avenue Bank in 1948. The bank had among its first directors, in addition to its founder, Alexander Hamilton, such famous personages as Isaac Roosevelt, Archibald Gracie, James Lenox, Nicholas Low and John Vanderbilt. The bank came into existence five years before the formation of the United States Government and predates the next oldest bank in New York by fifteen years. The first loan obtained by the newly formed Government of the United States was extended in its entirety by the Bank of New York. From the outset, the bank was instrumental in the movement of goods in international trade, and in many other ways it participated in the commercial growth of the city of New York and the young nation. When the New York Clearing House was established in 1853, the Bank of New York was No. 1 on the list of members—a number still retained in the bank's present clearing symbol. When gold payments were suspended in 1865, the bank was appointed by New York banks to act as the special depository for gold currency. The bank has paid a dividend in each of its 168 years, although in the latter part of the panic year 1837 the payment of dividends was forbidden by law — an omission which was made up the following year. Chairman of the Board is John C. Traphagen; John I. Downey is Vice-Chairman, and A. C. Simmons, Jr., is President. On March 31, the bank's statement showed capital funds of $36,426,000 and deposits of $391,-818,000. In addition to its main office at 48 Wall Street, there are three uptown offices: Fifth Avenue at 44th Street; Madison Avenue at 63d Street, and Madison Avenue at 73d Street.

* * *

At an inaugural reception and dinner of the **Public National Bank's** "Twenty Plus" Club, held at the Hotel Astor, New York, on April 3, E. Chester Gersten, President, greeted the group of 242 members and congratulated them on their long association with the bank. Forty among the membership, which comprises active and retired employees who have served the bank for twenty years or more, are women. Mr. Gersten in his address also noted that the bank, which celebrates its 44th anniversary this month, began operations in 1908 with a staff of ten and now employs more than 1,600 in its 26 offices in Greater New York.

* * *

BANK OF THE MANHATTAN CO., NEW YORK

	Mar. 31,'52 $	Dec. 31,'51 $
Total resources	1,260,315,376	1,361,357,315
Deposits	1,148,526,545	1,253,199,083
Cash and due from banks	365,673,655	436,223,214
U. S. Govt. security holdings	293,396,770	293,620,853
Loans & discounts	521,943,464	566,285,259
Undivided profits	17,657,158	17,257,021

* * *

New and expanded banking quarters of the East Side office of the **Industrial Bank of Commerce of New York** were opened on April 2 at 126 Delancey Street. Samuel A. Braunstein, Assistant Vice-President in charge, said the bank's quarters have been enlarged three times the size of the former East Side office. The building was entirely reconstructed inside and outside. New interior furnishings and air-conditioning equipment have been added.

* * *

UNITED STATES TRUST CO. OF NEW YORK

	Mar. 31,'52 $	Dec. 31,'51 $
Total resources	186,719,771	185,817,940
Deposits	152,475,356	151,210,466
Cash and due from banks	31,138,521	34,676,625
U. S. Govt. security holdings	86,345,497	82,697,097
Loans & discounts	48,822,926	49,443,144
Undivided profits	2,773,431	2,673,990

* * *

The Consulate General of Ireland in New York is the sponsor of an exhibit of leading Irish export products and transportation facilities currently on view in the fifteen display windows of Colonial Trust Co.'s Rockfeller Center office on Avenue of the Americas at 48th Street, New York. Arthur S. Kleeman, President of the banking house, announces that, in conjunction with the exhibit, Colonial Trust is distributing another in its series of international monographs, "World Recovery Through Imports." The display and publication of the monographs were arranged as a gesture of goodwill to the people of Ireland and to their significant economic progress in recent years.

BROWN BROTHERS HARRIMAN & CO., NEW YORK

	Mar. 31,'52 $	Dec. 31,'51 $
Total resources	232,386,601	242,073,035
Deposits	194,537,887	207,564,525
Cash and due from banks	52,369,310	62,799,704
U. S. Govt. security holdings	55,929,856	53,938,179
Loans & discounts	46,351,638	52,075,256
Capital and surplus	14,185,284	14,165,284

* * *

STERLING NATIONAL BANK & TRUST CO. OF NEW YORK

	Mar. 31,'52 $	Dec. 31,'51 $
Total resources	134,713,805	141,275,573
Deposits	125,917,804	132,496,870
Cash and due from banks	33,728,972	38,152,077
U. S. Govt. security holdings	50,309,096	56,498,702
Loans & discounts	44,236,083	44,398,733
Undivided profits	1,204,822	1,170,649

* * *

FIDELITY-PHILADELPHIA TRUST CO., PHILADELPHIA, PA.

	Mar. 31,'52 $	Dec. 31,'51 $
Total resources	240,987,196	237,333,922
Deposits	210,977,148	207,532,854
Cash and due from banks	57,925,640	58,992,983
U. S. Govt. security holdings	51,642,836	48,699,486
Loans	98,754,368	96,382,535
Undivided profits	6,357,722	6,160,104

* * *

Peoples First National Bank & Trust Co. of Pittsburgh, Pa., with total resources in excess of one-half billion dollars, is offering to its shareholders of record April 7, rights to purchase at $40 per share an aggregate of 200,000 shares of capital stock at the rate of one additional share for each three shares held. Shares remaining unsubscribed after 3 p.m. on April 22, will be purchased from the bank by an underwriting group headed jointly by The First Boston Corp.; Merrill Lynch, Pierce, Fenner & Beane and Paine, Webber, Jackson & Curtis. Following the current sale, capital of the bank will amount to $16,000,-000 represented by 800,000 shares of $20 par capital stock, and the surplus $20,000,000. The institution, whose origin can be traced back to a banking business founded in 1863, offers complete banking facilities and serves over 360,000 customers. During the past ten years, resources have increased from $311,145,000 to $513,-028,000. Current dividends are at the quarterly rate of 50 cents per share which is expected to be mainted upon completion of the sale of new stock. An item bearing on the proposed issuance of the additional shares of stock appeared in these columns March 27, page 1306.

* * *

The Board of Governors of the Federal Reserve System announced on March 27 the appointment of Aksel Nielsen, President of the **Title Guaranty Co. of Denver, Colo.**, as director of the Denver Branch of the **Federal Resrve Bank of Kansas City**, for the unexpired portion of term ending Dec. 31, 1953. Mr. Nielsen succeeds Mr. Cecil Puckett, Dean of the College of Business Administration, University of Denver, at Denver, Colo., who was appointed a Class C director and Deputy Chairman of the Federal Reserve Bank of Kansas City.

* * *

The First National Bank of Salisbury, N. C., with a capital stock of $100,000, was placed in voluntary liquidation on March 3, having been absorbed by the Scottish Bank of Lumberton, N. C.

* * *

The new capital of the **United States National Bank of Portland, Ore.**, increased from $12,000,000 to $14,000,000, became effective March 27. The approval by the stockholders on March 4 of the plans for the sale of additional stock was noted in our issue of March 13, page 1091.

* * *

George Buchanan Foster, Q.C., has been elected a director of **The Canadian Bank of Commerce**, head office **Toronto**. Mr. Foster is senior member of the legal firm of Foster, Hannen, Watt, Leggat & Colby of Montreal, is a member of the legislative council of the Province of Quebec and a director of a number of companies, including St. Lawrence Corp., Dominion Wire Rope & Cable Co., Travelers Insurance Co. of Hartford, Conn., Sangamo Co. Ltd. and The Canada and Dominion Sugar Co.

* * *

A branch of the **National Bank of India Ltd. of London** was opened at Hargeisa, Somaliland Protectorate, on March 26.

* * *

At an extraordinary general meeting of the shareholders of the **British Bank of Iran** and the **Middle East**, held on the 12th of March, it is announced that the necessary resolutions were passed to confirm an arrangement made with the 200 founders' shareholders whereby the latter agreed to exchange their shares, with their special rights, for one ordinary share and a tax-free payment of £50. This bank, it is stated, has now only one class of shares—ordinary shares.

Wisconsin Pow. & Lt. Com. & Pfd. Stk. Offered

Wisconsin Power & Light Co. is offering to common stockholders of record March 31 rights to subscribe for 288,208 additional common shares at $17.15 per share on the basis of one share for each seven shares held. Subject to the subscription rights of common stockholders, employees are being offered the right to subscribe for the new common stock at the same price. The rights, evidenced by subscription warrants, will expire at 3 p.m. (CST) on April 21.

The company also is offering to preferred shareholders, of record March 31, the right to subscribe, at $101.50 per share, without limit but subject to allotment, for 15,000 shares of new 4.80% cumulative prefered stock, with a par value of $100 per share. This offer also expires at 3 p.m. on April 21.

Both offerings are being underwritten by groups headed jointly by Smith, Barney & Co. and Robert W. Baird & Co., Inc.

Net proceeds from the sale of the preferred and common shares, together with funds to be derived from a contemplated offering of $7,000,000 first mortgage bonds will be used by Wisconsin Power and Light to discharge $3,000,000 in temporary bank loans recently incurred for construction purposes, and to pay for a part of the company's construction program.

Operating revenues during 1951 totaled $25,644,622. Net income amounted to $3,644,516, equal, after preferred dividends, to $1.49 per share on the common stock outstanding at the end of the year. Quarterly dividends of 28c per common share, or an aggregate of $1.12 per share, were paid on the common stock during 1951.

Earle G. Richards

Earle G. Richards, for many years prominent in San Francisco investment circles, died April 1 in Los Angeles at the age of 46. Mr. Richards was, at the time of his death, Sales Manager of the Los Angeles office of Dean Witter & Co. Prior to transferring to his Los Angeles post in February, 1950, he was Security Analyst and Special Assistant to the Buying Department in the investment firm's San Francisco office. He was employed June, 1928 by William Cavalier & Sons, San Francisco, which firm consolidated with Dean Witter & Co. in 1940.

That's the Way It Is

"The steel companies are engaged in vast expansion programs, encouraged by the Government. Their working capital position has become less liquid. They need earnings sufficient to induce investment and to maintain their financial strength, both for current borrowing and for the leaner times that will come. In the long run they will suffer if they accept now a burden of labor costs which, even if bearable while capacity operations last, would be intolerable when times change, demand subsides and operations fall off.

"The demand for steel is already less intense, due to modification of defense schedules, slackness in consumer durable goods and lessened inventory buying, and supply is more abundant due to increased production."—The National City Bank of New York.

The bank adds "that if the proposed wage increases are granted to steel workers, other unions in other industries are certain to make new demands.

"Through increased costs, prices and incomes, inflationary pressure will be renewed," the bank explains. "But when conditions change costs and prices will be too high for the market, and trade and employment will fall off. Thus the swings both ways will be accentuated."

This seems to us to be an excellent exposition of the case, and if it were possible to bar politics, this general analysis would make more of an impression upon the powers that be.

Continued from page 11

A Federal Monetary Authority—Open Door to Dictatorship

World War I, our Federal Reserve System was under the domination of the Treasury, the System's policies were controlled by the fiscal interests of the government rather than by those of sound commercial banking, and the result was a gorging of the banks with government bonds, a credit expansion until the price level reached its highest point between 1914 and 1921, and an exhaustion of bank reserves with eight of the Reserve banks forced to pay tax penalties for deficient reserves in 1920. With the restoration of the independence of the Federal Reserve System in 1920, it became necessary to force a contraction of credit in order to save the reserves and the monetary and banking structure of the country. A result was the business contraction and liquidation of 1920-1921.

The validity of the principles stated by Kisch and Elkin was recognized and endorsed by 69 monetary economists who, when Title II of the Banking Act of 1935 was under debate, said: "The lessons of central banking teach us that the farther a central banking system is removed from political domination, the better it is for the country."

Federal Reserve Should Be Independent of Political Influence

"All measures designed to correct weaknesses in the Federal Reserve System should seek to increase, rather than destroy, its independence of political influence. They should increase, not reduce, its commercial nature. They should assure, not impair, its liquidity. And they should free it from government financing rather than link it more closely to the fiscal needs of the Government."[2]

On March 10, 1952, 63 monetary economists issued a similar statement in defense of the independence of the Federal Reserve System.[3]

Government financing, in the final analysis, should be looked upon as an intrusion into, and a disturbing factor in, the fields of private finance. And if a well-ordered central banking system performs its functions properly, there will be many times in which it must and should go into the open money markets to combat the effects of government financing. It is not the function of a central banking system to give government credit a higher rating than it would otherwise have in the open money markets to which non-government borrowers and lenders must go. It is the function of all commercial banks to give borrowers the exact credit rating to which they are entitled; and it is the function of these banks and of the central banking authorities to give government borrowers exactly the same type of credit rating. To assume that government credit should be given an artificially high value by a central banking system is to assume that it is the function of a central banking system to inflate the currency.

With the general adoption of systems of governmentally-managed economies in Europe and elsewhere in recent years, central banks have been made instrumentalities of those governments. The consequences and lessons should be understood. They all emphasize the pertinence of the contentions advanced by Kisch and Elkin. New Zealand, whose central bank had been made a tool of the government in 1939, learned the old lesson by harsh experience, and, in July, 1950, she freed her central bank from direct Treasury control. In 1945, Australia brought her Commonwealth Bank under the domination of her Treasury Department. Now she is seeking to free that bank from subordination to the Treasury.

These cases are what one should expect. After a country has been injured sufficiently by a government dedicated to Socialism or some other form of Statism, with central banking an instrumentality of such a government, the reversal and attempts at extrication and rebuilding begin. New Zealand and Australia provide illustrations. Others can be expected to follow in due course. The Bank of England, made to embrace the easy money and full employment dogmas under the Socialist government, announced, on Nov. 7, 1951, a change in its course which now points toward a curtailing or ending of the era of easy money and the related Socialist undertakings.

A Trend Toward Totalitarianism

With all these lessons available to us, we would prove ourselves to be obtuse indeed if we were to plunge ourselves into the quicksand of Totalitarianism from which we should expect the extrication to be difficult and painful. Yet, it is in the direction of Totalitarianism that the various proposals for fiscal and monetary integration or coordination under the control of the Executive, and for a Federal Monetary Authority, would take us if written into law.

The Treasury and Federal Reserve System should each be supreme in its own sphere. Neither should dictate to the other. But when the Treasury enters the money markets to borrow, it should expect to conform to the rates which prevail in free markets over which the Federal Reserve authorities are supposed to exercise the conventional central banking controls in the interest of the general well-being of the nation.

No borrower, including the United States Treasury, can properly claim that he or it is entitled to favors not available to all borrowers in the same money markets.

The only objective standards of right as to prices and interest rates known to man, and in the science of economics, are those determined in free markets. Every other price or interest rate is the consequence of dictatorship which rests upon subjective, not objective, evaluations—upon the will of the dictator and his ability to make his will law.

It is chiefly by means of interest rates in free markets, freedom to demand redemption of paper money and deposits in a metal of universal acceptability, and a central banking system free of Executive influence, that, aside from the power of the ballot, a people are able to control their government. All these controls should be fully restored to our people. They are the necessary instrumentalities of free men.

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[2] *Banking Act of 1935, Hearings Before the Committee on Banking and Currency, House of Representatives, on H. R. 5337* (Feb.-Apr., 1935), p. 771.

[3] Statement available at the office of the Economists' National Committee on Monetary Policy, One Madison Avenue, New York 10, N. Y.

Kingsbury Director

F. H. Kingsbury, Jr.

The Lock Joint Pipe Company has announced the election of Frederick H. Kingsbury, Jr. as a director of that corporation. A director in a number of corporations, Mr. Kingsbury is a partner of the private banking firm of Brown Brothers, Harriman & Co.

Joins Prescott Staff

(Special to The Financial Chronicle)

CLEVELAND, Ohio — William H. Sasser is now affiliated with Prescott & Co., National City Bank Building, members of the New York and Midwest Stock Exchanges.

Canadian Securities

By WILLIAM J. McKAY

The rise in Canadian dollar exchange to a premium, as noted in this column last week, has continued almost without let-up, and the Canadian dollar attained a level of $1.0215 on Thursday, April 3, the highest quotation since 1934, when the United States abandoned the gold standard. It has since dropped slightly and on April 8 was quoted at $1.0188. The price rise is attributed in large degree to a continuance of the heavy buying of Canadian oil, metals and other securities by American investors. As a consequence of such buying, prices of Canadian securities have advanced markedly, some issues having doubled or even tripled in price during the last year.

It is estimated, for example, that the value of all stocks listed on the Toronto Stock Exchange has increased more than $2 billion from the level of June, 1951. Of course, the lower priced stocks have made the most spectacular gains.

Another evidence of the intensified American interest in Canadian securities is the application and approval for listing of 12 Canadian issues, totaling almost 35 million shares, on the New York Curb Exchange in 1951. Indications are that the pace of activity established last year will continue during the present year. The exceptionally heavy trading on the Curb Exchange last week was due to activity in Canadian shares.

Naturally, the largest segment of Canadian securities that are inviting the interest of American capital are the new oil stocks which have been offered to the public since the beginning of the rapid exploitation of the vast oil resources in Northwest Canada. But other categories of stocks are also attracting wider interest. Among these are Canadian mining shares, which, because of the expansion of the mining industry, have been attracting attention from investors in both the United States and Canada.

The Canadian Bank of Commerce, in its April "Monthly Letter," reviews the rapid growth in Canada's mineral output and exploration activities. According to the "Monthly Letter":

"At the beginning of the century mining operators—even the most sanguine—probably would have dismissed as extravagant and visionary a picture of Canadian mining operations as they actually exist today. In contrast to present activity, production 50 years ago was concentrated, to the extent of about two-thirds, in the precious metals and coal. Geographically it was concentrated to a like extent in the Western Provinces and Territories. Gold from the Yukon and British Columbia areas alone accounted for nearly half the value of mining production in 1900, and copper and nickel together were valued at less than clay products and such structural materials as cement, sand and gravel. Quebec's contribution was just 5% of the total, and that of the Maritime Provinces almost equalled that of Ontario.

"At the half-century mark, gold continues to retain its priority in its contribution to dollar value of mineral production, but the scope of mining activity and output is now so well diversified that, despite its leading position, it contributes only 13% to the total. On a regional basis Ontario, responsible for over half the total in the late 'thirties, and the major producer since early in the century, now supplies just over a third, as other regions, chiefly Quebec and the Prairies, forge ahead. At no time in the history of the industry have operations appeared so balanced, both in the compass of their output and in their geographical distribution."

The most notable aspect of present major Canadian mining development, the "Monthly Letter" continues, is that the supply of indigenous minerals is strengthened at its two weak points—fuel and iron ore. There is no workable coal deposit in the central industrial areas. Hydro-electric power has remedied this to some extent, but oil and gas will further overcome this lack and, at the same time, go a long way towards maintaining a better balance in Canada's trade with the United States. The capacity of Canadian primary iron and steel plants has recently been greatly enlarged, but as a result of the expanded output of domestic iron ore the end of their dependence on imported ore is now in sight.

The physical volume of mining output in Canada is estimated by the Canadian Bank of Commerce to have increased by over 61% since 1945, and by about 22% since the wartime high in 1941.

The contribution of the primary mining industry to Canada's net national income, it is pointed out, has aided in the increased volume of Canadian manufacturing which stems from more and lower cost mineral output.

Joins White, Weld Staff

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — Charles L. Kimball is now connected with White, Weld & Company, 231 South La Salle Street. He was previously with Smith, Barney & Co.

Jamieson Co. Adds

(Special to THE FINANCIAL CHRONICLE)

MINNEAPOLIS, Minn. — Allan L. Apter has been added to the staff of Jamieson & Company, First National-Soo Line Building, members of the New York Stock Exchange.

Now Frank Cochran Corp.

ALLENHURST, N. J. — The name of the Morgan-Cochran Corporation, 113 Main Street, has been changed to The Frank Cochran Corporation.

$96 Million W. Va. Turnpike Bonds Marketed

New issue of 3¾% revenue obligations quickly disposed of by syndicate headed by Bear, Stearns & Co.

The offering on April 7 of $96,000,000 State of West Virginia 3¾% turnpike revenue bonds was quickly oversubscribed and the account closed, it was announced the following day. The bonds, due Dec. 1, 1989, were sold to investors by a nation-wide banking group of 188 underwriters headed by Bear, Stearns & Co., New York City. The offering price was 99 and accrued interest, to yield 3.80%. The bonds are payable solely from revenues of the Turnpike System.

Regular redemption of the bonds may be made at prices ranging downward from 105% to par and sinking fund redemptions run from 103% to par.

Proceeds from the sale of these bonds will be used to cover construction and other costs of the Turnpike, which will extend from Charleston, W. Va. on the north, via Beckley, to a junction with State Route 20 and U. S. 219-460 near Princeton, close to the southern border of the State, a total distance of about 88 miles.

This location will serve the heaviest truck movement crossing the State, and, by reason of overcoming the mountainous terrain southward from Charleston, will remove the greatest single obstacle to the free movement of highway travel through West Virginia.

Despite its central position in the highly developed eastern industrial area, transportation into and through West Virginia is most difficult. The topography within the State is so rugged that even with highway appropriations corresponding in amounts per capita to those of other states, a modern complete state highway system has been impossible of attainment.

Principal underwriters include: Eastman, Dillon & Co.; A. C. Allyn & Company, Inc.; Bache & Co.; Blair, Rollins & Co. Inc.; Byrne & Phelps, Inc.; Hirsch & Co.; Ladenburg Thalmann & Co.; John Nuveen & Co.; Francis I. du Pont & Co.; First Securities Co.; Glore, Forgan & Co.; Hayden, Stone & Co.; Hornblower & Weeks; Peltason, Tenenbaum Co.; Wm. E. Pollock & Co. Inc.; Paine, Webber, Jackson & Curtis; Yarnall & Co.; Equitable Securities Corporation; Gregory & Son, Inc.; Bacon, Stevenson & Co.; Paul H. Davis & Co.; Hallgarten & Co.; Ira Haupt & Co.; Stroud & Co. Inc.; Dreyfus & Co.; Stifel, Nicolaus & Co. Inc.; F. W. Craigie & Co.; Dempsey-Tegeler & Co.; Dominick & Dominick; Ernst & Co.; W. E. Hutton & Co.; Stern Brothers & Co.; Baker, Watts & Co.; Cowan & Co.; Darby & Co.; First of Michigan Corporation; Gordon Graves & Co.; Green, Ellis & Anderson; J. A. Hogle & Co.; A. M. Kidder & Co.; Laurence M. Marks & Co.; Neuberger, Loeb & Co.; Roosevelt & Cross, Inc.; Scott, Horner & Mason, Inc.; Stein Bros. & Boyce; Sulzbacher, Granger & Co.; Sutro Bros. & Co.; and Thomas & Company.

Securities Salesman's Corner

By JOHN DUTTON

"Good Ideas Are Priceless"

In every walk of life, in almost every phase of business endeavor, certainly in the field of creative merchandising and selling, the man who has the ability to develop a sound idea and make it work, is never lost. This week I would like to tell you a story that was told to me by a man whose life has been living proof that the power of sound ideas, which are backed up by faith and effort, can literally move mountains.

At the age of 29, E. B. Malone, who is today the head of one of the south's largest mattress manufacturing concerns, was not only broke, but he had lost what in those days amounted to a sizable fortune. As I sat in his office in Miami a few weeks ago, and listened to this story, I could not refrain from asking his permission to retell here the events, that turned a seeming failure into the start of another financial success. It was all because of one good idea, plus the determination to do something about it, that changed his course from financial defeat to triumphant accomplishment within the short span of a few months' time.

As a young man, Mr. Malone had accumulated a considerable fortune and he decided to go to Cuba and enter the lumber business. He invested his entire capital in land and equipment. He sent several hundred laborers to his property from the United States. He began to cut and ship timber. All was going well when something happened about which no one had ever told him. He said to me, "I thought I was going to make it go just fine but I had overlooked one thing. No one had ever told me about West Indies hurricanes. Within the short space of a few hours my fine block of timber was flat on the ground. My houses and equipment were ruined. Some of my workers were injured; I was injured too. What had been a sound investment proposition just a few hours before was now wiped out." In addition, he told me that the Cuban Government insisted that he bring back all of the laborers he had taken to Cuba. He had no money and he was out of business. He finally sent to the "States" for some broad-axes and cut cross ties from the fallen timber for whatever market could be obtained. With this money he shipped his people back to this country. When he arrived in his former home in Georgia, where he had started his business career, he had only a few thousand dollars to rebuild his business and his life once more.

One evening as he was sitting in his small office trying to figure out a way to get his business going again, he told me that he started to tear a common ink blotter into strips. As he sat there and thought, and his eyes looked at the blotter, he noticed fibres were sticking out from each place he had separated the blotter. He reached into his desk drawer and pulled out a small magnifying glass. He looked at the blotter under the glass. Fibres were piled one upon the other. Almost instantly an idea came to his mind. Cotton had been his business before the ill-fated timber venture. Right here was what he had wanted—just one good idea—and he had it.

The next day he left for Washington. It was right after the first World War. The government had a great supply of cotton fibres which it was having difficulty in disposing of at anything like a fair price. He went to the department in charge and in a few days had made them a proposition and had it accepted; that if he could obtain a fair and reasonable price for this surplus, he was to have the cotton on an option basis for a limited period of time.

Thus armed, he carried out the second part of his idea. He had remembered that one of the nation's leading manufacturers had been using rag and paper fibres as a base for their product. But during the war years people in this country had not collected the rags necessary for the manufacture of the type of paper they needed, hence this concern had been forced to import substitutes at a very high price.

Now here is a part of the story that I believe may be of interest to all who are interested in selling securities, or for that matter anything else. He told me that he had always heard that the people up north sort of believed that they knew their business pretty well and he decided that he wouldn't try to go in and tell this company what it should do. Instead, he went out and bought a plain blue shirt, and then after he had dressed himself like a real cotton farmer, he called at the office of this company in New York. In a plain newspaper he had wrapped his samples of the cotton he wished to offer to them.

There were about 20 others waiting to see the various executives of this firm when he called at their impressive office. He asked the receptionist if she knew the head man in charge of the buying. She told him. Then he said: "Miss, would you please take this bundle (containing the cotton) in to him and tell him that there is a Georgia farmer out here who has enough of it, and who can give him an idea of how to use it, that will make his firm a quarter of a million dollars; and who wants to see him now." The girl smiled and came back in a few moments and he went in.

He showed the buyer how the cotton could be used, how it could be bought much cheaper than the rags and paper fibre they were then using. Several chemists were brought in to the office. They listened and were impressed. He was asked if he could supply a larger sample. He replied that he could have a bale sent up by express in two days but that he didn't have the money to pay express charges on it, and if he could have it sent collect he would supply the necessary amount for further tests. A few days later he journeyed to the firm's plant. Tests were made and soon the deal was consummated. The Georgia farmer boy was now back on his feet. One good idea, and the courage and will power to follow it through, did the trick.

One parting reminder — after telling me this true and unusual story Mr. Malone told me, "Yes, one good idea is priceless. But there is one more thing to remember. Not only do you have to work it out, but remember—don't tell anyone about it after it comes to you."

Soden Investment Co. Formed in Kansas City

KANSAS CITY, Mo.—The Soden Investment Company has been formed with offices at 1207 Grand Avenue to act as underwriters and distributors of municipal bonds specializing in Missouri, Kansas, Oklahoma and New Mexico issues. Officers are J. Peter Soden, President and Treasurer, and Robert W. Soden, Vice-President and Secretary. Earl K. Duffy is associated with the firm as Missouri representative.

Garvin, Bantel Admits

Garvin, Bantel & Co., 120 Broadway, New York City, members of the New York Stock Exchange, on April 17 will admit Gordon G. Daniel and G. Donald Gallagher to partnership. On the same date Thomas J. Thompson will retire from the firm.

Continued from page 4

Our Inexhaustible Resources

the loading point fluctuates 43 feet at different seasons.

We take aluminum for granted these days. It costs currently about 18 cents a pound. Yet when the Civil War started it sold for $545 a pound. United States production now amounts to about 800,000 tons per year, and plants under construction will almost double that figure. If it ever becomes necessary to find substitutes for bauxite or alunite ores, chemists seem confident they will be able to produce aluminum oxide from aluminum-bearing clays.

The first plant to extract magnesium from sea water went into operation only 11 years ago with a capacity of 9,000 tons a year. Magnesium production in the United States for 1952 is expected to exceed 100,000 tons. As for the future—there's a lot of water in the sea.

Titanium is one of our most abundant metals and has long been known. What we have not known is how to extract it from the earth's crust at a cost which would make it economic for large-scale use. Up to five years ago titanium was used chiefly as an ingredient in paint. But it is lighter than steel, stronger than aluminum, and highly heat resistant—hence potentially very useful. Present extraction processes are still expensive, but I have heard that a more economical method is being developed.

With almost every metal the story is repeated—of widening use, of the discovery of new sources and better methods of extraction. Here, as in other fields, research and ingenuity have been great multipliers of our natural resources.

Our supply of metals is being supplemented by other rigid materials—both old ones put to new uses and newly discovered ones. Glass, for example, is an ancient product that has been improved in recent years to the point where it can substitute for many other materials. And it is made of materials whose supply is practically unlimited.

Plastics

As for plastics—mere infants in comparison with Grandaddy Glass—there seems no limit to the possibilities of synthesizing organic compounds. A hint of some of the things to come may have been contained in a story I read only a month ago of an automobile body made of plastic and layers of glass fiber. It was claimed the body is dent-proof, rust-proof, and, for its weight, stronger than steel. When you consiaer the large fraction of our steel output that goes into auto bodies you can perhaps imagine what a successful plastic body would mean in terms of metal supply. That's especially impressive when you consider further that plastics can be made from corncobs, oat hulls, the spent fibers of sugar cane and other materials we used to regard as waste.

These benefits are available to us as they become economically feasible, in that orderly natural development characteristic of all true technical progress. We discovered long ago that the real usefulness of any new product or process begins only when its economy in use surpasses the economy of that which it is supposed to replace. We could, for example, grow bananas at the North Pole, but the usefulness of such a project is clouded by considerable doubt.

* * *

For many years, I believe, people have tended to think of natural resources as so many stacks of raw material piled up in a storehouse. A person with this sort of picture in his mind logically assumes that the more you use of any natural resource, the sooner you get to the bottom of the pile. Now I think we are beginning to discover that the idea of a storehouse—or, at least, a single-room storehouse—does not correspond with reality. Instead, the fact seems to be that the first storehouse in which man found himself was only one of a series. As he used up what was piled in that first room, he found he could fashion a key to open a door into a much larger room. And, as he used the contents of this larger room, he discovered there was another room beyond, larger still. The room in which we stand at the middle of the 20th century is so vast that its walls are beyond sight. Yet it is probably still quite near the beginning of the whole series of storehouses. It is not inconceivable that the entire globe—earth, ocean and air—represents raw material for mankind to utilize with more and more ingenuity and skill.

This conception of limitless raw material is not new. It is held by a number of persons. But it is an idea certainly not familiar to people at large. I notice, though, that Dr. Leahy's recent API report is receiving wide publication. It's the one that shows that for every barrel of crude oil or cubic foot of natural gas withdrawn from the ground in 1951, two new barrels of oil or cubic feet of gas were found or developed. Perhaps the idea is getting around.

* * *

I would like to close my remarks by pointing out a corollary to this thesis. It is that the concept of unlimited raw materials does not mean that progress is simple and that Utopia is near at hand. On the contrary, raw materials, no matter how vast in amount, do not become available resources until human thought and effort are applied to them. In a very real sense raw materials do not exist, they are created. We know, for example, that in a region of great mineral wealth, people can grind out their lives in poverty and misery if they do not realize the wealth exists or if they do not know how to get at it. It is use that makes it valuable. Even when the wealth is made available through technical means, the accelerating growth of populations and the enormous wastage of war are additional complications to consider.

So the march up the steps of material progress, or from storehouse to storehouse—according to which figure of speech you prefer—depends not alone on the continued expansion of scientific knowledge and on industrial daring and managerial skill, but also on political and social conditions. Those conditions in many parts of the world today are not conducive to progress. In fact, extreme nationalism, government controls and monopolies, currency restrictions, abnormal tariffs, threats of expropriation, wars and revolutions have sealed the doors to many storehouses of useful raw materials.

The basic requirement for progress is freedom—freedom to inquire, to think, to communicate, to venture. Without these conditions, the human mind and spirit will be so shackled that the availability of natural resources will be limited and we may exhaust the known sources of some needed material and find nothing to replace it.

So we see, I think, that the most important thing in life is spirit. To the free man, all things are possible. Opportunity is the wand which can change the useless into the useful—waste into raw materials of great value—exhaustible resources into inexhaustible resources. It is the key that unlocks the greatest energy source of all—the infinite power of the human individual.

The longer I live the more convinced I am that material progress is not only valueless without spiritual progress, it is, in the long term, impossible.

Wall St. Anchor Club 21st Anniversary

The Wall Street Anchor Club (No. 18) will observe its 21st anniversary with a communion mass at 8:15 a.m. April 21, 1952, at Our Lady of Victory R. C. Church, William and Pine Streets, New York City.

In further celebration of the unit's anniversary there will be a get-together of all members, wives and friends at the Terminal Restaurant, 47 Vesey Street, New York City, at 6:30 p.m., May 2, 1952.

Bogie Director

Mord M. Bogie

Mord M. Bogie has been elected Chairman of the Board of Directors of International Railways of Central America, it has been announced. Mr. Bogie is also President of Schroder Rockefeller & Co., Incorporated, investment bankers, New York City.

With First Michigan

(Special to The Financial Chronicle)

CLEVELAND, Ohio—Francis J. Eagan has become associated with the First of Michigan Corporation of Detroit. He was formerly with C. J. Devine & Co.

H. A. Riecke Re-Elects

PHILADELPHIA, Pa.—John E. Parker, President of H. A. Riecke & Co., Inc., members of the Philadelphia-Baltimore Stock Exchange, announced at the 13th annual dinner for employees last Friday at the Benjamin Franklin Hotel that all directors of the company were re-elected at the annual stockholders' meeting.

He also announced the re-election of H. A. Riecke as Chairman of the Board, John E. Parker as President, Darrah E. Ribble as Vice-President, Carl F. Lutz as Secretary, Albert J. Davis as Treasurer and Richard J. Handly, Jr., as Assistant Treasurer.

Two With F. I. du Pont

(Special to The Financial Chronicle)

MIAMI, Fla.—Ruth M. Cologne and Max Thiede are with Francis I. du Pont & Co., 121 Southeast Second Avenue.

J. R. Williston Adds

(Special to The Financial Chronicle)

MIAMI BEACH, Fla.—Russell J. St. Clair and James B. Williams are now affiliated with J. R. Williston & Co., 411 Seventy-first Street.

Continued from page 5

Where Are We Headed?

during the present year. We have created additional facilities which will soon give us an industrial base able to support an all-out war program when and if that should be needed.

We have made enormous strides in increasing our capacity to produce steel, copper, aluminum, rubber, certain chemicals, power and petroleum. In September, 1950, the leaders of the steel industry at my invitation met and discussed the question of expanding capacity. I strongly urged their prompt and enthusiastic commitment in this direction. While I, of course, claim no credit for what has happened since, it has not only been reassuring—it has been almost unbelievable. I had asked for a written statement of the increase in capacity which they thought could be accomplished by the end of 1952. On Sept. 29, 1950, Walter S. Tower, President of the American Iron and Steel Institute, wrote me a letter in which he gave me the available capacity with planned additions as of the end of 1952 as 109,900,000 tons. We are within one million tons of that goal at this time and by the end of this year unquestionably that goal will have been substantially exceeded. Finished steel products for domestic consumption in 1951 were eight million tons higher than for 1950 and 20 million tons in excess of the best year of World War II. We have increased our basic capacity for aluminum manufacturing almost 100%.

While I prefer to measure accomplishment in terms of tanks and planes and ships, and not in dollars, our expenditures are one measure of our effort. We have tripled our defense expenditures since 1950. The entire rise in budget expenditures of 1951 over 1950 was due to increase in defense outlays. Our program has not moved as rapidly as we have desired or hoped. It is not true, however, that the military program has at any time or at any point been held up because available materials were not allocated to it. I feel that the operation of the NPA, which has had the large share of responsibility in connection with the distribution of materials, has been successful. Much of its success is due to the fact of World War II experience and to the additional fact that this experience has been utilized.

Of course we have heard criticism of this effort and unquestionably mistakes have been made. In my judgment the mistakes have been at a minimum and the overall result has been excellent. The Controlled Materials Plan has worked despite the prophecy of failure. It has in the first place secured channeling of all materials to defense as they were needed, and has produced an equitable distribution beyond that point to civilian users in accordance with the mandate of Congress.

Standard of Living Maintained

It is proper also to point out that the mobilization program has been carried on without reducing the high standard of living of the American people. This has not been because in our allocation and use of critical materials we preferred butter to guns. I repeat my earlier statement that at no time and at no point has the military program been delayed because it could not get the materials which it needed or said that it needed.

During this time unemployment has been almost nonexistent and business failures have been at an all-time low. Americans today are very well off. This includes the laborer, the farmer, the businessman, and the ordinary citizen. In 1951 American corporations earned the highest profits in their history. Before taxes they aggregated $44.5 billion as compared with $41.4 billion in 1950 and $28.3 billion in 1949.

This review brings us to the point which I mentioned in the beginning of my talk. What lies ahead of us? Do we still face the dangers of inflation? Do we face the dangers of deflation? I stated a moment ago that we have at the moment relative stability. The direct controls we have employed have produced beneficial results. Our vastly increased production has added to these good results. Have we, then, no need to fear inflation? We need not fear inflation if we hold to the program we have laid out, retain the powers of control which the Congress gave us some months ago, and are able to persuade both labor and management that our best interests lie in maintaining this stability for the time being and in not reaching for group advantages.

Have we reached the point where we should fear depression? Do some soft spots prove that the whole organism is a sponge? I do not think so. The maximum impact of actual defense lies ahead. Defense expenditures of $150 billion are yet to come from present and recommended 1953 appropriations. Furthermore, expenditures for new plant and equipment in 1952, based upon a survey just completed jointly by the Office of Business Economics and the Securities and Exchange Commission, are currently scheduled for $24 billion, which means that business expects to maintain its recent rate of capital outlays throughout this year. If these plans are realized, 1952 capital outlays will exceed the previous high in 1951 by 4% in value and would also exceed it in volume. It is also interesting to note that the survey just mentioned shows that manufacturers anticipate sales 5% higher than last year.

Personal Savings

I have referred previously to the enormous accumulation of personal savings. As time goes on and those who have accumulated these savings feel that prices are down to a reasonable level, they will begin to spend their money and thus cushion the effect of any tendency to recession in business activity. We must not overlook the psychological factors involved. As I stated earlier, much of the inflationary pressure in 1950 and early 1951 involved psychological factors. The same will be true in the future and true of the reverse process. This process for the most part will be beyond the control of those of us in government except that we could by unwise action perhaps affect it the wrong way. I see no reason to feel that business or the country will get panicky if business leaders and government officials hold a steady course and are careful about what they do and say. This responsibility rests most heavily upon those of us in government, but those of you in business are not free of it.

Controls Still Needed

This may lead in your thinking to questions about decontrol. Here our action must be cautious but firm and, for the near future, highly selective. In my judgment it would be folly at this time to abandon all controls or fail to renew the present Defense Production Act. Any day situations may develop either at home or abroad which will make the need for controls imperative. They should be available, but what we public officials must do—and as I said in Tallahassee what you should make us do—is to decontrol promptly in every separate area where this is desirable.

Those areas will increase in number and size. However, there will be vast differences. It is fairly clear that before many months go by—perhaps early in 1953—decontrol of steel will be in order. That will certainly not be true of copper nor will it be true of many other items. As the materials situation eases the general need for price and wage controls will lessen. There is a close relationship between shortages of materials and prices and wages.

I feel certain that Congress recognizes the chaotic results which would follow the failure to renew the Defense Production Act and will, therefore, extend it even though perhaps for not so long a period as the President has requested. When it is extended it is my hope that all officials who administer it will use its powers less and less as the need for their exercise diminishes.

About my own department and decontrol, I have said on numerous occasions—and so have the Administrators of the National Production Authority, which operates within the Commerce Department — that we would decontrol as rapidly as possible.

In proof of the sincerity of that statement, I might point out that decontrol operations have been going on for many months. As early as last July, the decontrol process began with the revocation of the order on sole leather. Since that time as the situation has warranted, further decontrol actions have been taken on other leather products, on glass containers, plastic type nylon, and several chemicals. Rubber was included. It has now been completely decontrolled or will be shortly after I make this talk. The same is true of lead.

Along with decontrol of materials has properly gone a reduction in the number of employees handling the control mechanism. Some months ago I suggested to the head of the National Production Authority the desirability of a careful survey to eliminate unnecessary employees and reduce the payroll. This was promptly and cheerfully done — first by Mr. Manly Fleischmann and then by his successor, Mr. Henry H. Fowler —and it is still going on. As of April 1 the number of employees in NPA is down to 4,417. We are not satisfied, however, and are sure that day by day we can reduce materially the number of employees and as I make this speech to you that is being done. These statements of mine, of course, are qualified by the condition that we are not driven to engage in all-out war. If that should happen, our program and our thinking would face the need for an immediate review.

At the beginning of my talk I referred to our economic strength. We have no reason to be complacent. Our national debt is not being reduced; it is being increased. Programs which make a great demand upon our economic resources are continually pressed upon us, both at home and abroad, and there is no reason to feel that the need for a continued and strong build-up of our military strength will lapse at any time within the near future.

No one knows what our economy can stand. If we get into all-out war it will have to stand every sacrifice. Regardless of theoretical limits to our strength and endurance, in a life and death struggle we could give no thought to anything but victory. That alone would preserve our democratic civilization. However, short of all-out war and perhaps in preparation for what we must be prepared to do if that does come, it may be well to review our situation, survey our balance sheet, and set some limit to the expenditure of our money and our resources. This limit should not be an estimate of everything we can possibly do. It should be an effort to recognize the need for spending and using our resources; but at the same time the need for caution in that expenditure. The point fixed could leave an area of elasticity or maneuver between the most we should do short of all-out war and what we will be forced to do in the event of a war.

Before the Marshall Plan was implemented, the President appointed a commission "to determine the limits within which the United States could safely and wisely extend aid to Western Europe." I believe it might be advisable at this time to have a similar survey dealing not only with aid to Western Europe and all other parts of the world but the demands of domestic programs and perhaps certain aspects of the military program itself.

Meanwhile, another thing can be done and I propose to do it. In 1949, when many within and out of the Government were predicting a depression, I stated that I felt we would have no depression unless we scared ourselves into it, and in that year of 1949 I undertook a survey of opinion and the situation throughout the country to find out the soundness of my belief. Today, as then, not everyone agrees with me nor feels that the American people have the steadiness of purpose which will see us clearly through this present emergency. I propose again to take a trip throughout the country and to examine conditions and receive opinions on the spot from those who are not too close to Government in Washington. I feel it is wise for those of us in Washington occasionally to get out of our official chairs and move around through the country — not to make speeches and tell the people what they should do or not do, but to find out what the people think we should or should not do. While I am reasonably well-informed as to business opinions and conditions, I am certain that this survey will be of great benefit to me officially, and I am beginning the first leg of these trips today. The first one will take me to the Pacific Coast and back—others will follow.

Public Utility Securities

By OWEN ELY

Pacific Power & Light Co.

Pacific Power & Light serves 90 communities in Washington and Oregon, the population in the area being about ¾ million. Agriculture is the principal activity but paper, woodworking, food processing, flour and feed mills are also important. The cities of Portland and Yakima are the largest served, accounting for about half the company's revenues.

Like other private utilities in this industry the company relies partially on Federal hydro power, buying over half its needs indirectly from government projects, principally Bonneville (with which it has a new contract to 1956).

Revenues are 94% electric, 4% steam heat and 2% miscellaneous. The company now has installed capacity of 177,000 kw., of which some 91,000 is at the Merwin hydro plant. Smaller hydro plants bring the total hydro to 122,000 kw., and steam and diesel plants (mainly old) contribute about 55,000. An important new project adjacent to Merwin is the Yale hydro plant, which when operated in tandem with Merwin will produce 550,000 kw. annually, compared with last year's total output of 1,745,000 kw. With the Yale plant in operation next year the proportion of purchased power can be reduced from 58% to 35%, it is estimated.

The entire common stock, formerly owned by American Power & Light Co., was sold for $16,125,000 in February, 1950. Later in the year 1,078,000 shares were offered to the public at $14 while the original group of buyers retained 671,000 shares. Last July 250,000 shares were offered on a subscription basis at 14¼ and an additional 291,000 shares held by the banking group were also disposed of. In January, 1952, 200,000 additional shares were sold at 15⅞ for the company's account, and about 353,000 for the banking group. It is understood that large stockholders still retain about 13% of the outstanding amount.

The company was merged with Northwestern Electric Co. in 1947, with a general recapitalization. The record since that date has been as follows:

Year	Revenues	Earnings	Dividends	Price Range
1951	$19,700,000	$1.57	$1.10	16 – 13
1950	18,600,000	1.61	0.55	14 – 13
1949	17,500,000	1.02	---	-- --
1948	16,100,000	0.63	---	-- --

The stock is currently selling over-counter at 17¼ to yield 6.4%. President McKee estimates earnings of $1.68 in 1952, including a substantial interest credit on new construction. In 1953, operating savings from the new plant are estimated at $1.6 million, equal to about 35 cents per share after taxes. Also beginning in 1953 there will be large tax savings resulting from accelerated amortization of 75% of the $29 million Yale project. While the tax savings resulting from amortization may be somewhat irregular, they should average about $1 a share over the five-year period beginning 1953, it is estimated.

Apparently the company does not have a very large earned surplus on its tax books since the management has indicated that dividends in 1954 may include a small tax-free portion. During 1955-57 inclusive the tax-free portion might approximate 55-60% of the dividend, it is estimated by President McKee. However, it appears unlikely that these tax savings would be used to increase dividend payments since they are earmarked to repay about half the cost of the Yale project by meeting instalments of $13 million serial bank notes. This should improve the capital set-up which, allowing for the recent stock financing, is approximately as follows:

Capitalization—		
Long Term Debt	$51,500,000	63%
Preferred Stock	9,000,000	11
Common Stock Equity (2,200,000 shares)	*21,700,000	26
	$82,200,000	100%

*Excludes $2.6 million intangibles.

Norfolk and Western RAILWAY COMPANY

SUMMARY OF ANNUAL REPORT FOR 1951

Gross operating revenues in 1951 reached an all-time high, principally because of the sharp increase in export of bituminous coal, heavier movement of merchandise freight and small increases in freight rates during a part of the year.

Although labor and material costs continued to rise, the ratio of operating expenses to operating revenues was reduced from 69.29 per cent in 1950 to 66.92 per cent.

Total taxes were $49,426,000, an increase of $14,325,000 over 1950, and more than twice the amount for 1949. Taxes amounted to $2,143 for each employee, $8.78 for each share of Common Stock and 24 cents for each dollar of operating revenues.

Dividends on outstanding stocks totaled $20,570,000. Dividends at the annual rate of $1.00 a share were paid on Adjustment Preferred Stock and at the annual rate of $3.50 a share on Common Stock. The latter included an extra dividend of 50 cents. This marked the fifty-first consecutive year that dividends have been paid on Common Stock.

During the year, 146 new industries and additions to existing plants, with a combined investment of $132,000,000, were established along the lines of the railway.

PROPERTY IMPROVEMENTS and EQUIPMENT

Capital expenditures for additions and improvements to fixed properties amounted to $9,584,000, while $18,958,000 was spent for new equipment and equipment betterments. A main line change and grade revision, five miles in length, is in progress.

Since 1945, capital expenditures for improvements, modernization and equipment have amounted to $142,639,000, all of which were made from the Company's treasury. Uncompleted authorized capital expenditures at the beginning of 1952 totaled approximately $37,153,000.

The equipment program for 1952 and early 1953 includes 2,610 hopper coal cars, 150 covered hopper cars, 1,000 gondola cars, 500 box cars, 4 heavy-duty, coal-burning steam road locomotives and 15 switching locomotives.

Experimentation with two types of coal-burning turbine electric locomotives continues. An experimental steam turbo-electric locomotive, with boiler pressure double that of the conventional steam locomotive, is expected to be ready for trial runs within the next twelve months.

CONDENSED INCOME STATEMENT

		1951	Comparison with 1950		Per Cent
Revenues and Other Income:					
Freight—Coal		$ 122,539,895	Inc.	$ 30,444,770	33
Other		68,274,214	Inc.	5,383,983	8
Passenger		6,067,881	Inc.	1,298,071	27
Mail, Express and Miscellaneous		9,713,443	Inc.	1,472,169	18
Total Railway Operating Revenues		$ 206,595,433	Inc.	$ 38,598,993	23
Rent Income—Equipment and Joint Facilities—Net		11,044,781	Dec.	1,528,730	12
Other Income—Net		2,519,093	Inc.	445,724	21
Total		$ 220,159,307	Inc.	$ 37,515,987	21
Expenses and Other Charges:					
Way and Structures—Repairs and Maintenance		$ 27,319,472	Inc.	$ 2,952,453	12
Equipment—Repairs and Maintenance		39,026,989	Inc.	6,592,163	20
Transportation—Operations		61,218,989	Inc.	10,997,200	22
Other Expenses		10,692,882	Inc.	1,306,234	14
Total Railway Operating Expenses		$ 138,258,332	Inc.	$ 21,848,050	19
Taxes—Federal	$40,053,472				
State, County and Local	9,372,667	49,426,139	Inc.	14,325,157	41
Interest on Funded Debt		1,723,732	Dec.	99,845	5
Total		$ 189,408,203	Inc.	$ 36,073,362	24
Net Income		$ 30,751,104	Inc.	$ 1,442,625	5
Sinking Funds and Miscellaneous Appropriations		1,329,284	Dec.	102,935	7
Balance of Income		$ 29,421,820	Inc.	$ 1,545,560	6

Railroad Securities

Gulf, Mobile & Ohio

Rail stocks have developed a far more buoyant tone in the past two weeks or so. With good volume and some really sharp gains even among those that have no oil prospects, they have pretty well dominated and led the market. There have probably been two particular influences at work. For one thing, the I.C.C. decision on rates is expected momentarily. It may be out by the time this column sees the light of day. Most quarters expect good news on this score. The second influence has been the very favorable year-to-year earnings comparisons for the month of February.

It is true that the favorable February earnings comparisons are largely attributable to one particular circumstance, namely the railroad strikes that disrupted railroad business a year earlier. Regardless of the cause, however, it is obvious that the railroads are getting off to a good start this year, with a substantial cushion to work on over the balance of the year. This has resulted in a growing feeling in many quarters that earnings for the full year 1952 may well top 1951 results, particularly if a reasonable rate increase is forthcoming shortly. This, in turn, raises the distinct possibility of some favorable dividend actions. All in all, the picture seems quite bright.

One of the stocks that has been catching the eye of quite a few railroad analysts is Gulf, Mobile & Ohio. For some time now the stock has been acting particularly well when the rest of the market was stagnant or in occasional periods of general weakness. Until very recently it has not, however, been doing much on the upside in periods of general strength. The strong action during weak markets is highly encouraging to traders, who lean to the opinion that this must eventually be matched by a greater market response to the broad upturn. Some analysts lean to the opinion that the stock even after recent advances, is well behind the general run of rails and could prove one of the most dynamic actors as it catches up.

Gulf, Mobile & Ohio has had a particularly happy efficiency record in recent years and, to a far greater extent than most railroads, has been successful in its efforts to offset the constantly rising spiral of wages, and fuel and material costs. An important contribution to this record has been the fact that Gulf, Mobile & Ohio was the first of the major railroads to become fully dieselized. Also, it has been a heavy buyer of modern rolling stock and the average age of its freight equipment is far less than that of most railroads.

Reflecting the sharp economies that have been made possible by these programs, the road last year entered that very small and select list of carriers with a transportation ratio below 30%. This compares with an industry average of over 38%. Moreover, this favorable trend has continued into the current year. Net income topped last year's levels in each of the first two months despite a very substantial increase in Federal income tax accruals. For the two months through February the transportation ratio was down to 29.4% from 31.2% a year earlier. Maintenance of way outlays continue high but even at that the road should be able in 1952 to report appreciably better results than the $5.69 earned last year.

Aside from the efficiency factor most rail analysts consider the basic traffic and revenue prospects to be highly favorable. The company operates in territory that has benefited from growing industrialization and this trend has presumably not as yet run its full course. In addition, for the future, the company should get a considerable volume of new traffic from the import movement of iron ore through the port of Mobile. Finally, exploitation of a large new salt dome in the service area is resulting in an important expansion of the chemical industry along the company's lines. These new traffic sources augur well for the road's future tonnage and revenues, added, as they will be, to natural growth of the South.

James E. Lynch Now With Shea & Company

James E. Lynch

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—James E. Lynch has become associated with Shea & Co., Inc., 31 State Street. Mr. Lynch was formerly Vice-President and Manager of the trading department for W. F. Rutter, Inc.

Texas Calgary Stock Offered

Approximately 50,000 shares of Texas Calgary Co. stock is being offered at $3.25 per share by Troster, Singer & Co. These shares are being sold for the account of a number of non-control stockholders.

Texas Calgary was organized in October, 1948 and is engaged in the business of prospecting, exploring, testing and exploiting oil, gas and mineral lands in Canada and throughout the Southwest. In addition to the wells which the company owns, Texas Calgary owns large investments in the securities of two companies, one operating in Canada (Empire Petroleum Ltd.) and the other in Oklahoma.

With Merrill Lynch

(Special to THE FINANCIAL CHRONICLE)

ORLANDO, Fla.—Frederick A. Preller has become connected with Merrill Lynch, Pierce, Fenner & Beane, 100 East Robinson Avenue.

Security Assoc. Adds

(Special to THE FINANCIAL CHRONICLE)

WINTER PARK, Fla.—Parker C. Banzahf is with Security Associates, 317-139 East New England Avenue.

With Waddell & Reed

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif.—Pearl S. Maddox is with Waddell & Reed, Inc., 8943 Wilshire Boulevard.

Continued from page 3

Government Relations to The Central Bank

properly so, with a government which has shown its willingness to sacrifice the interests of these important and essential groups to a noisy minority of self-seekers.

Restore Honest Money

Both the Treasury and the Federal Reserve should take the lead in urging Congress to restore honest money. We have heard enough about "sound money," "managed money" and other devices for impairing the accumulated wealth of the American people, of violating long-range contracts by granting special favors to the debtor at the expense of the creditor, and by bringing into question long-range capital commitments which are essential if our economy is to be dynamic.

Adequate gold exists in the United States to bring about convertibility at once. Safe operating ratios of gold in relation to claims against reserves are well known, and current gold reserves are far in excess of those which proved to be entirely adequate during long periods of time in this country when no one would have thought of questioning the permanency and validity of the gold standard.

Nor do we need to fear a raid on our gold reserves from foreign holders of American currency or other instruments which would be redeemable in gold. Experience is clear cut and precise that resumption of gold payments usually results in imports of gold rather than exports for that country which restores convertibility to its currency. Reasons are not far to seek. If foreign holders of American currency, for example, prefer the dubious safety of inconvertible American dollars at the present time, as compared with alternative forms of wealth, certainly they would have even more reason to hold such currency if it were convertible into gold on demand.

Finally, there is no need of waiting for an international agreement or for some other extraneous reason for returning to gold. A convertible American dollar would promptly be preferred for writing international contracts, and the United States would be powerfully stimulated toward becoming the world financial center, as it already is the leading industrial and commercial nation. In fact other countries would undoubtedly have to follow our lead and establish convertibility if they expected to retain their relative competitive positions.

No Such Thing As Independent Treasury or Central Bank

There is no such thing as an independent treasury or independent central bank. Each is a creature of circumstances. Each is necessarily guided by the judgments of men, and these judgments may be trained or befuddled, experienced or amateur, economically minded or politically minded. Numerous examples of sensible treasuries and foolish central banks could be cited. Perhaps there are even more examples of foolish treasuries and sensible central banks. So giving one or the other group a dominant voice is no answer to the problem of skillful treasury management or constructive central bank policy.

One thing is certain, however. Since the treasury ordinarily manages the public debt, and since by painful experience it is known that revenues are equated with difficulty as compared with expenditures, there is a strong and inevitable predilection on the part of all but the most experienced and foresighted treasury officials to slant their thinking in the direction of cheap money. They usually rationalize this weakness on their part by expatiating on the benefit of cheap money to the wealth and growth of the nation's productive economy. Most persons with business experience would agree that interest cost is regarded in the same manner as any other cost of determining whether or not a proposed investment program should be inaugurated. Interest appears in the price of the product or service, and usually that factor is so unimportant that decisions, whether affirmative or negative, are based on considerations quite outside the interest rate. Hence cheap money cannot properly be regarded as a stimulating factor of great importance in the downward phase of a business cycle or at the bottom of a depression. But it is a powerful force in carrying a boom, both in time and in degree, to dangerous levels which would not otherwise have been reached. As an instrument for controlling or regularizing the economy, the money rate is not of primary importance, provided intelligent credit policies prevail. Of course cheap money increases the demand for credit, and if those in control of issuing credit are foolish enough to meet the needs of marginal borrowers, particularly in boom times, then the interest rate becomes of some importance. But it is still true that the heart of the problem is found in the intelligence and self-control of those who have the final say in issuing or withholding credit.

Moderation in Credit Policy

Second only to a convertible currency and the establishment and retention of those conditions which permit a currency convertible into gold to function, moderation in credit policy is the principal instrument for supporting a stable economy and for assuring saving and investment on the part of private individuals which alone can guarantee an expanding economy and a rising standard of living. All types of credit institutions have an important role to play, but experience again demonstrates that a government agency is one of the poorest administrators of credit which can be devised. In fact I am not aware of an important governmental credit agency which has handled itself with restraint and effectiveness over a prolonged period of time. Hence the credit function is properly a part of the private economy, rather than of the government.

It is appropriate for government to formulate rules of procedure and assure itself that these rules be observed. Fair practices are as essential in the area of credit as in any other important segment of our economy. Standards of conservatism, as well as periodic examination, may properly be established by government. But at the same time government itself should not extend or withhold credit. If borrowers are not able to meet requirements which government itself has formulated for obtaining loans, then such borrowers should not be accorded the alternative of running to a government agency and obtaining funds which either the discretion of credit managers or regulations of the government itself, as applied to private credit agencies, have found to be unwarranted.

In my own experience as head of a central bank, my principal problems were to circumvent pressure by government for credit advances to political favorites or for purposes which would not meet experienced business analysis. There seemed to be no limit either to the quantity or quality of credit which government was prepared to advocate. And certainly ill-advised issuance of credit is one of the best and quickest methods of causing currency depreciation, loading useless losses into the public debt and causing that general malaise which brings about constriction in production and decline in the standard of living.

On the basis of my experience abroad and observation at home, I believe it fair and accurate to state that a government treasury may be confidently expected to focus attention on the cost of supporting the national debt and the machinery for financing government operations, whether in normal times or in emergencies. There is less concern and perhaps less ability to understand the economic climate which is essential for vigorous production and exchange of goods and services. There is also less urgency on the part of treasury officials in their determination to maintain stable currency and to prevent or abolish restrictions and controls on prices, exchange rates, operating methods and other factors which determine buoyancy or stagnation in the economy. In short, treasury officials tend to become routineers, with no large grasp of the dynamics of an expanding economy. These comments are merely presented as statement of fact, and imply no special criticism. It would be surprising if treasury officials were imbued with the energy and imagination which are essential to an expanding economy. At the same time, this very fact constitutes an excellent reason why the economy should not be put or maintained in a straitjacket which is devised and operated by the treasury.

Central Banks Closer to Business

Central banks by their very nature are closer to business than are government treasuries. Probably because of this fact their record of response to business requirements is better than that of government treasuries. This does not signify, however, that central banks should assume rigid and far-reaching controls which might be transferred from government treasuries. Rather, a competitive market should normally apply to credit and to interest rates, in precisely the manner that a competitive market has amply demonstrated its superiority to controls in the fields of wages and of commodity prices.

Since central banks are close to the business stream but should not constitute an active part of it, those institutions, when soundly managed, are in a semi-detached position to recognize excesses and excrescences, and they have the duty of taking the leadership in preventing serious damage from these situations. While no mathematical determination can be made of the quantity and quality of credit which should be issued by commercial banks and other lending institutions, it is not too difficult for the public at large to recognize symptoms of an unhealthy boom. Then the central bank should both possess and utilize instruments in the national interest against those various individuals and corporations which may be using credit in unreasonable fashion. Historically the interest rate of the central bank has proved to be highly effective in restricting unwholesome use of credit. Open market operations can also be effectively employed.

A less favorable conclusion is necessary for attempts to utilize changes in the reserves of commercial banks, and proposals for forcing banks to freeze portions of their resources in unmarketable government bonds must be rejected altogether.

Conclusion

As suggested earlier, the interest rate has proved to be a powerful weapon in preventing a boom, when applied in timely and courageous fashion. And if booms are prevented, I have little fear of depressions. They are always a result of previous errors, usually undue credit expansion or irresponsible action in connection with public debts or currencies. If excesses in any one of these three sectors have been pronounced and long continued, there is probably no way of avoiding subsequent punishment. While restrictive action on the part of a central bank might conceivably prevent desirable expansion in the development of new products, new processes, new technologies and new productive capacity, it would be difficult to cite serious examples in practical experience. On the contrary, economic history teems with the record of excessive and ill-advised expansion of credit. In that direction lies the principal danger, and to prevent excessive credit government has a real responsibility. At this point it may properly be noted that government credit institutions have been among the worst sinners in the long list of credit crimes. In fact government is not a proper source of credit for business purposes, since it has no funds except those which it derives from savers themselves and since governmental methods and objectives are and should be quite different from those of business organizations. Hence the credit function is a proper segment of the private economy, and under ordinary circumstances the government should exercise mere police power rather than take the role of an active participant.

Government can do little, whether in the role of the treasury itself or in that of a central bank, in shortening in time or alleviating in degree the results of a boom which has gotten out of hand. Unwise use of credit, unneeded industrial capacity and other errors have to be absorbed by the economy, and their effects are gradually overcome by the growth factor which is inherent in an individual-enterprise economy. Cheap money, new credit institutions and the like are apt to do more harm than good. In particular, issuance of government credit for uneconomic purposes undoubtedly prevents more investment and employment than it creates.

So the integrated lesson of convertible money, moderate taxes, reasonable public debts, prices established in a free market and credit institutions which act in responsible fashion is that experience has amply proved all of these factors to be essential parts of a healthy economy. Only government can establish and maintain a reliable currency, a sensible tax structure and a viable public debt. It can refrain from assuming jurisdiction in the realm of prices, and it should intervene in the credit area only in case of excesses. Beyond that the private segment of the economy has shown better performance than when government has taken jurisdiction. Let us hope that the clear lessons of the past, in this and in other countries, will point the way for a future with more sustained prosperity and fewer depressions, with a greater portion of the national income left for the enjoyment of those who produce it, and a climate which stimulates research, saving and investment. We can more confidently place our hope in such a program than in a structure composed of inconvertible money, illimitable debts and unworkable controls over prices, exchange rates and economic activities.

Marquardt Aircraft Stock Offered at $15

C. E. Unterberg & Co., New York, on April 7 underwriting an offering of 20,000 shares of $1 par capital stock of Marquardt Aircraft Co. of Van Nuys, Calif., of which 2,000 shares have been allocated for offering to employees of the company. The offering was oversubscribed. The price of the stock to the public was $15 per share and to the employees, $14.

Proceeds from the stock sale will be added to the company's general funds, principally for use as working capital, although a part may be applied to the purchase of machinery and equipment.

Marquardt Aircraft Co., incorporated in California in November 1944, is primarily engaged in the research, development and fabrication of Ramjet engines, Pulsejet engines, and engine power controls, as well as accessory power plants for missiles and other applications.

For 1951 sales and other income amounted to $3,900,809 against $2,481,813 in 1950, while profit after taxes was reported at $73,271 for 1951 against $60,996 in 1950.

Keene With Link, Gorman

(Special to The Financial Chronicle)

CHICAGO, Ill. — Arthur C. Keene has become affiliated with Link, Gorman, Peck & Co., 208 South La Salle Street. He was formerly with Cruttenden & Co. and Bache & Co.

Harry Marks Opens

MONTGOMERY, Ala. — Harry Marks is engaging in a securities business from offices in the Farm Security Building. He was formerly with Merrill Lynch, Pierce, Fenner & Beane.

Joins Davies Staff

(Special to The Financial Chronicle)

LONG BEACH, Calif. — Stuart L. Brown is with Davies & Co. He was previously with Morgan & Co.

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We Can Have Strong Defense With Higher Living Standard!

basic items that made up the family's former standard of living.

Ordinarily, however, there is a lag in changes in the standard of living. Families do not change their housing, move to a better neighborhood, change their social habits or improve their educational level or improve their diet immediately with increases in income. Recognition of this fact in merchandising plans can result in selling and advertising performing an important educational function in this upward climb of living standards.

The importance to the dairy industry of these major shifts in income distribution of families can best be appreciated by studying the Department of Agriculture analysis of how prewar per capita consumption of dairy products varied by income groups. These patterns of prewar consumption are shown graphically for major products.

Significant Change in Age Groups

The high birth rate of the last 10 years as well as the extension of the life span have brought about very significant changes in the age distribution of our population.

By July, 1952, it is estimated that there will be 62% more children under five than there were in 1940, and 45% more children between the ages of five to nine.

This large increase in the number of children under 10 years old can be expected to have a major influence over the years to come on special needs for housing, school facilities, clothing and food products.

In particular, this means an expanded market opportunity for milk, ice cream and other dairy products. Merchandising plans should cash in on this bulge in the number of children—and plan ahead to hold these persons as customers through adolescence into adulthood.

At the other extreme an increase of 39% in the number of persons over 60 years old is especially important to the dairy industry, for older people are now being told to drink a lot of milk and eat lots of milk products.

Families Will Grow in Size—A Reversal of Trend

For many years American families decreased in size. Now there are indications that this trend is reversing because of the greater number of children per family.

The birth rate has continued at a level far above earlier predictions by population experts. It is estimated that births in 1951 approximated 4,000,000 for the first time in United States history.

The increase in the birth rate is attributable only in part to the increase in marriages. In fact, the number of marriages may be expected to decline considerably during the next five years since the number of adolescents of 10-19 years who will supply most of the marriageable couples of the next 10 years is actually lower than in 1940. A major factor in holding up the birth rate has been the change in attitude of young couples toward having more than one or two children.

There has been a large increase, for example, in the number of second, third and fourth children. In 1951, the number of mothers bearing a second child was 91% greater than in 1940, and the number of third born increased 86%. An estimate of births in 1951 by birth order as compared with 1940 births is shown in Table I.

Over Half of Present Families Are Newly Formed—Within 12 Years

The basic family unit is a married couple. Of the estimated 37 million married couples living together in 1952, over half are the result of marriages within the last 12 years (Table II).

With this amount of change in families no manufacturer or producer can assume that these new families will take on the same product or brand preferences as the old. The merchandising opportunity is apparent.

Total Population Is Growing Rapidly—And Becoming More Urban

The 12-year growth (1940-1952) in our population of over 25 million persons represents a new market greater than Canada and Australia combined. Every month the added population is equivalent to another Omaha, Nebraska, or to a Peoria, Illinois, and Canton, Ohio, combined, or to an Erie, Pa., and Wilmington, Del., combined.

Our population is becoming increasingly urban with 57% of the total population concentrated in 162 Metropolitan Markets in 1950—all of the increase in population since 1940 has been in the non-farm segment which is dependent almost entirely on purchased food.

Educational Level of Adult Population Is Changing Rapidly

As of 1952, the number of adults who have had a full high school education is more than four times as great as in 1930 and 75% greater even than in 1940. A population containing more than 40,000,000 high school graduates is quite different from a population with 23,000,000 graduates, as in 1940, or from a population with less than 5,000,000 graduates—a condition that existed shortly after World War I in 1920. This change can be an important influence on the acceptance of dietary claims or the desire for a better standard of living—skilled merchandising can make this a plus factor in developing sales. (Table III).

Year—	% of Adult Population High School Graduates	Non-Graduates
1920	7%	93%
1930	13%	87%
1940	27%	73%
1952 (est.)	40%	60%

Mechanical Refrigeration in the Homes—Now Almost Universal

Between 1940 and 1952 the number of dwelling units equipped with mechanical refrigeration grew from 15.1 million to 35.1 million, or an increase of 132%. Much of this newer equipment contains a deep freeze compartment or the homes have a separate frozen food cabinet.

This rapid change in home refrigeration facilities is changing living habits, selection of foods and shopping habits. It means cold beverages, frozen juice concentrates and frozen desserts are always available in many homes. It means that dairy products face increased competition in the home, but it also opens increased opportunities for merchandising ice cream, fresh milk and cheese.

Change in Buying Habits—To Super Markets, Self-Service and Chains

Super markets have expanded their share of total grocery sales from 19% in 1940 to 42% in 1951. While they represent only 3% of the number of grocery outlets, the 15,383 super markets have an annual volume of nearly $12½ billion, or over $800,000 per store.

The trend toward consumer buying in self-service type stores has been rapid in grocery outlets. Chain stores which represented 38% grocery sales in 1950 had 90% of their sales through self-service type stores while independents had 53% of their sales in self-service. Most of this shift to self-service has taken place since World War II.

This revolutionary trend in consumer buying—the concentration in super markets and other self-service stores — emphasizes the growing importance of creating stronger consumer preference and brand recognition. It places a premium on good and attractive packaging, display and advertising.

Grocery stores are expanding their sales of many products formerly sold principally through drug stores—to the extent that on many of these brands the grocery stores now represent from one-half to two-thirds of total sales. Ice cream distribution has expanded rapidly in grocery stores since World War II.

Dairy products should experience increased sales opportunity from the trend to self-service where the consumer has frequent chance for inspection and selection.

Basic Market Developments Over 12-Year Period

Our attention to current day-to-day fluctuations of business sometimes obscures the facts on major changes that have been taking place in the character of markets. Table III summarizes the 12-year change from 1940 to 1952, in some of the basic market measurements which can influence merchandising plans.

Opportunity for More Unit Sales Is Good

Substantial expansion in consumption of dairy products is definitely possible. The present economic conditions of high employment and purchasing power is favorable to improved standards of living and improved diet. Basic changes in population, number of children, family formation, education, home equipment and consumer buying habits all offer favorable opportunities for sales expansion of dairy products.

Merchandising which recognizes these important trends can accelerate the advance in living standards and should insure a particular brand getting an increased share of an expanding market.

TABLE I

Birth Order—	Number of Births 1940	Number of Births 1951 Est.	% Increase
First	905,000	1,330,000	47%
Second	613,000	1,170,000	91
Third	333,000	620,000	86
Fourth	193,000	310,000	61
Fifth or over	494,000	570,000	15
Total	2,538,000	4,000,000	58%

TABLE II

Married couples living together 1940	28,517,000
Additions—Marriages 1940-1951	20,680,000
Losses—Through death, divorce or separation	12,197,000
Estimated married couples living together as of July 1, 1952	37,000,000

TABLE III

	1940 (Million)	1952 Est. (Million)	Increase (Million)	% Increase
Total population (adjusted for census under-enumeration of children)	132.5	158.3	25.8	19%
Number of births in year	2.6	4.0	1.4	54%
Number of children under 10	22.1	34.0	11.9	54%
Number of adults over 60	13.7	19.0	5.3	39%
Adults with high school education (four years or better)	23.1	40.6	17.5	76%
Consumer spending units	39.3	53.0	13.7	35%
Occupied dwellings	34.9	44.5	9.6	27%
Owner-occupied dwellings	15.2	25.0	9.8	65%
Married couples living together	28.5	37.0	8.5	30%
Dwelling units with:				
Electric lights	28.9	44.0	15.1	52%
Mechanical refrigeration	15.1	35.1	20.0	132%
Central heating	14.3	22.3	8.0	56%
Passenger auto registrations	27.4	44.0	16.6	61%
Disposable personal income after taxes (billion)	$75.7	$237.0	$161.3	213%
Real purchasing power (disposable income in 1940 dollars)	$75.7	$132.0	$56.3	74%

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The Railroads Can Be Rescued

ideas as they had into steam engines, thus making it impossible to mass produce or to improve models: a failing that has caused many suppliers to regard their railroad accounts with disgust.

Do you need more to see why the only industry which was guaranteed a fair rate of return by Congress is the only one which has lacked the energy to get it—even in boom times? The Pennsylvania last year earned only 2.5% on its capital, the Central 2%. What is to happen to them in bad times? These two railroads represent a quarter of all passenger mileage, a sixth of all tonnage. They are the guts of our defense. Yet they are so anemic they have not yet made up the wear of the last war.

Create Owners Out of the Executives

Whether it is a result of railroad poverty, or the cause, it is a fact that in no other industry are there so few owners among the directors. Most of them own less than $4,000 worth each of their railroad's stock, eminent, wealthy and worthy citizens though they be. Only one in ten can really be called an owner. It is bad enough to have non-owners running your property, but how much worse is it when nine-tenths of them have large financial interests in conflict with yours; those who solicit the business of airlines, say, or of truckers. The shipper may have a conflict only on rates, but those who cater to many businesses can have many conflicts. Is there any wonder that such boards have accepted without protest 11 rate increases since 1939 aggregating only 67%, when wages and materials have increased more than twice that, and every rate increase was stalled months, sometimes years.

Is there any wonder that favored hotels, banks, corporations and individuals have been allowed to reserve solid blocks of Pullman space weeks in advance, and then cancel, sometimes causing trains to go out half or a third occupied though anxious travelers are repeatedly turned away from fictitiously sold out windows; that ideal machinery is thus established to protect airline patrons against bad weather, the railroad to hold the bag in good weather. Is there any wonder that able operating executives are finally frustrated by these higher policies into accepting the status quo; that the last choice of the college graduate is the railroad job?

Railroad Dollars Down the Drain

The most important influence in the railroads saw to it in 16 reorganizations that a million bondholders and stockholders were partially or completely and unjustifiably wiped out and the new stock disenfranchised; the boards captured by their group.

When an important coal carrier sought constructive affiliation with New York Central, to compete with their twin combination the Pennsylvania-Norfolk & Western, this group is believed to have been responsible for the intervention before the Commission that deprived that carrier of even one New York Central director? And who do you think obtained as a result of that intervention the right to permanently vote its 400,000 shares of Central? A New York bank. As if the dominant and destructive influence of another New York bank in that road, the New Haven, and many others, had not already been enough. Right now this group seeks to improperly confiscate the property of tens of thousands of bond- and stock owners in a western carrier though the road is twice as prosperous, four times as rich in cash, as it was when the bonds were originally recommended to the public by pretty much the same crowd.

Most of you, I think, agree with me about this backwardness of our railways. But what to do about it—that is a tough one.

Federation Makes Five Recommendations

(1) The Federation urges that stock options be given to the key executives of each railroad. An amendment to the tax laws in 1951 made this possible on a capital gains basis. So far, few railroads have taken advantage of this incentive to management.

(2) There should be created an Industry Proving Ground like the great research organizations of the motor companies. It should be staffed by experts who have never been infected by railway thinking. To it should be assigned the task of improving, standardizing and introducing competition into the purchase of all railway supplies. The most careful steps should be taken by this Proving Ground to see that non-competitive relationships, such as existed for generations between all the railroads and two investment banking houses, should be wiped out in all departments.

Under the Competitive Bidding Rule adopted by the Commission in 1944 bankers' spreads on new issues have not only shrunk to less than 1%, but prices have risen, resulting in a double benefit to the carriers. The rank and file of bankers, too, have benefited from opening up this choice business to competition. The bond selling racket, which over the years cost the industry billions of dollars, also led to many errors such as New York Central's Cleveland Terminal which cost $77 million to build back in the 'twenties, although it was clear at that time that all the tickets sold there could barely pay its operating cost, to say nothing of train operation. The annual deficit of the terminal is $10 million. The bankers, dominant in the Central, however, with their associates took three and one-quarter points in spread to sell some of the $60 million of bonds which the Central guaranteed. There are many other terminal situations unlike Cleveland only in degree. Is it the embarrassment of the financial community in these monumental terminals, the mortgages against them, which makes it so difficult to get their cancerous costs off the backs of the railroads?

(3) The Federation urges a Railroad Unification Conference, staffed with experts, to realize the benefits of consolidation looking far ahead to legal consolidation into several great systems; otherwise, government ownership is likely to come through bankruptcy or public demand for better service. The industry can no longer afford the delays that go with 132 railroads, the duplications, the waste. Most of the benefits of legal consolidation can be attained quickly through cooperation. Savings can indemnify handsomely the mortgages, the property and the employees that must be sacrificed.

(4) The railroads should give more support to and make greater use of this Federation. It is not limited to railroads, but includes suppliers, shippers, labor, shareholders and the general public in its councils. When it speaks it truthfully speaks for the public good; hence, it is far more likely to be heard than is a combination of railroads stamped on its face as a selfish interest.

(5) Last, there is the vital subject of labor-management relations. It is idle to argue who started the feud. But in my role of management I would not deny my share of the blame, and the shame. Labor and management, by their mutual distrust, are equally guilty of inviting State Control which threatens to gobble them both up. Should that come, labor will lose more than management, for the chief victim of the insatiable Socialist State always is labor. It is labor that fights the planned wars, and ultimately pays the most burdensome taxes.

The Federation would like to see railway labor at the top of the heap in wages and hours. Management should cheerfully concede that in return for a full day's work. As long as government inflates, wages must go up; nor do we deny the right of everyone to shorter weeks and longer vacations as efficiency increases. The industry should set a world pattern for labor-management cooperation. There should be a permanent National Labor-Management Conference with its local chapters in each carrier. Labor and management should there join hands and hearts, as equals, to wash their own dirty linen. Who knows, united, they might establish a pattern that could wash the world's dirty linen! The State should be their servant, not they the State's.

Soundest Dollar in America

Clearly, railroad executives can never rise to their best, like sheep, uniformly following false leaders. They should follow the owners or themselves become owners, and make for their shareholders a lot of money. Often there is more money to be made in improving a sick industry than in preserving a well one. If even a few will only strike out on some new paths the forces of competition released by these few can advance all. A dollar invested in the American railroads, now the most hazardous, can become the soundest dollar in America. You, the great American public, are eager to make that so.

With Bateman, Eichler

(Special to THE FINANCIAL CHRONICLE)

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

J. A. Hogle Adds

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — Fred Brosio has been added to the staff of J. A. Hogle & Co., 507 West Sixth Street.

Chicago Bond Club Annual Field Day

CHICAGO, Ill.—The 39th Annual Field Day of the Club this year will again be held at Knollwood Club, Lake Forest, on Friday, June 6. The following General Committee has been appointed:

Robert B. Whittaker, Chairman, F. S. Moseley & Co.; Woodward Burgert, Harris Trust & Savings Bank, Ralph S. Longstaff, Rogers & Tracy, Inc., Robert A. Podesta, Cruttenden & Co., Vice-Chairmen.

The General Chairman has appointed the following Committee Chairmen:

Arrangements—Edward D. McGrew, The Northern Trust Company.

Baseball—Clarke J. Robertson, Sills, Fairman & Harris, Inc.

Dinner—Richard L. Kennedy, Harris. Upham & Co.

Entertainment—Eugene Hotchkiss, Blunt Ellis & Simmons.

Golf — Robert Mason, Merrill Lynch, Pierce, Fenner & Beane.

Refreshments—H. Gerald Nordberg, Blair, Rollins & Co., Inc.

Special—Linneus A. Lawrence, Security Counsellors.

Indoor Sports — Donald K. Searles, Blyth & Co., Inc.

Investment—George R. Wahlquist, Weeden & Co.

Distribution — Edde K. Hays, Central Republic Company.

Tennis—Louis J. Stirling, Betts-Borland & Co.

Trophies—Frank E. Voysey, Kidder, Peabody & Co.

Further details on the Field Day will be announced later on.

V. C. Brown to Admit

Robert Lief on April 17 will acquire the New York Stock Exchange membership of Lyman G. Bloomingdale and will become a partner in Vernon C. Brown, Scheffmeyer & Co., 25 Broad Street, Ney York City, members of the New York Stock Exchange.

Joins Dean Witter

(Special to THE FINANCIAL CHRONICLE)

FRESNO, Calif. — Ernest L. Bergeron, Jr. is now connected with Dean Witter & Co., Patterson Building.

With Curtis Lipton

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif — Murel D. Rhodes is with Curtis Lipton Co., 338 South Western Avenue.

Continued from first page

As We See It

Now it is possible to relate this latter series of occurrences to the determination of the President not to become a candidate to succeed himself this year. A number of political commentators have come up with the suggestion that the almost innumerable "scandals" which have come to light have been or will be laid at the door of the Truman Administration, not the Democratic party. The implication, if not the explicit conclusion, is that corruption has been removed from the coming political campaigns by the retirement of Mr. Truman himself. Upon such an assumption one could readily see why the rank and file of the Democratic organization should no longer feel it necessary to clean house or to take any other steps which might expose them or their colleagues to public criticism or condemnation.

A False Premise

We fervently hope that the underlying premise of this type of reasoning is false. The change from one Democratic President to another would not be likely to bring that revolution in organizational personnel and morale that is essential to any real housecleaning — and a real housecleaning is, in our humble judgment, very near the top of the list of "musts." The public, or certainly the more thoughtful elements among the people, can hardly be expected to rally with any great enthusiasm to any group or party which gives no real promise of replacing corruption, and even treason, with ordinary everyday integrity and faithfulness to duty.

The President and those by whom he is surrounded have on more than one occasion been inclined to meet charges of reprehensible conduct and even corruption, with the familiar *tu quoque* retort (or threat) of the politicians. That is to say, the reply has been that the President's tormentors in Congress have not themselves been free of many of the transgressions charged against the Administration, or members of it. There have on more than one occasion been intimations that were the facts carefully investigated, it might be found that even Republicans in Congress or in high places in the party had not always been free of some of these infirmities.

This sort of argument carries threats of exposing the exposer, and is often quite effective in preventing the public from learning what the facts really are. In the particular case now under consideration, it may be said that it would be surprising if members of Congress had not been at times at least tarred with the same brush which has on various occasions marred the appearance of numerous individuals in the executive branch. There is reason, too, to suspect that recent misbehavior has not always been confined to the Democratic party. The fact remains, however, and should never be lost to sight, that it is the Democratic party which has had full control of the country, or very nearly full control of it, almost continuously for 20 years, and that no amount of dodging and no amount of accusing others can possibly relieve it of full responsibility for most of what has been taking place in the national capital. It is to be hoped that those who manage the affairs of the Republican party will see to it that their party this year will be represented by candidates to whom no odor of misdeed attaches or can be made to attach, and that the organization of the party itself will be carefully developed with the same purpose in mind. This much must be done if the public is to have an opportunity to express itself upon these issues of common honesty, decency and loyalty to country.

Our Own Sins

There is an aspect of this situation which, though it is referred to with deep regret, must not be overlooked for one moment. It is the fact that no government exists or functions *in vacuo*. In this country it is a living instrument of the people, and in the longer run, inevitably and always reflects the views, the sentiments, the attitude of mind of the great rank and file of the people. Not only does it take at least two people, one in government and one outside government, to make a sordid deal of the sort that have graced the news columns of our press at intervals for years past, but when many such transactions occur there must be far more than one non-governmental organization or individual involved and many more who know about them and at the very least condone them.

In recent months the depth to which treason and just plain, ordinary "graft" appear to have penetrated officialdom—a situation the like of which has not been in view since the Harding regime, and quite possibly not even then—has sickened most ordinary citizens to their souls. It must be remembered, though, that the underlying philosophy, the basic attitudes which made all this possible, if not inevitable, was for a long while found, if it is not often found today, among the rank and file of the people who readily condoned sitdown strikes, mass picketing and palpable "handouts" to all sorts of voters obviously for political purposes.

Real political reform in Washington must begin in the minds and souls of us all.

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Industry Not Responsible for Delay in Defense Output

stand ready and able to use this free country's mighty productive strength. Industry also comes up with jobs, new products and better methods, taxes to support government, and the large payrolls that support the incomparable American way of living. **And** —this is the thing we all stand or fall by—to do a job worthy of the name, American industry must maintain its dynamic driving power.

To make world war increasingly unattractive to aggressor nations, industry must do much better in five years; still better in 10. And produce even more in 30 years from now than we are now producing as compared with 30 years ago—1923. Let us look at what the individual companies of America have accomplished. In other words, what has been the impact of industry on mobilizing this country's productive strength.

We can be proud of the picture. I do not know of any productive record in human history that can compare with it. At the end of World War II America's manufacturing capacity was nearly one-third greater than that of 1939. In total war, in peace, and since Korea, industry has continued to build America's productive strength. Six months before Korea we had increased capacity to nearly two-thirds more than could be produced at the beginning of the second world war.

Increased Industrial Capacity and Scare Buying

In the two years of industrial mobilization, capacity has been built by an additional 23 percentage points on a 1939 base. By the end of 1952 our industrial capacity will be **more than double** what we had when World War II broke out. Since Korea, capacity is up in every major industry. The latest estimates range from increased capacity of 12% in the refining of petroleum to 65% in transport equipment. Let us see how the American consumer stands as a result of this picture.

In many ways your own family's problems and industry's problems are remarkably similar, and I believe face solutions in common. Our taxes have soared. Our cost of living and of doing business have risen. This is decidedly not because of higher profits by business. The average corporate margin of profit on sales, like our take-home dollars, has declined. What about shortages? We have both been subjected to blast after prophetic blast from Washington on the subject of how bad shortages were going to be, frightening our country into the pattern of a controlled economy that all big governments tend toward. The warnings from Washington were so strong, so often repeated, that you might reasonably have expected there would now be shortages of practically everything you want to buy.

As a result both consumers and businesses joined in the scramble not to be caught short. Prices were bid up on the assumption that soon there wouldn't be anything that was not in short supply. The difficulty is not a shortage of the supply of goods, but an oversupply of cheap dollars. There are some specific items, especially some of the metals going into durable goods, though the situation in regard to many of these has become notably easier. And industry believes that provision should still be retained for allocating materials required for defense orders. Despite all the hue and cry about shortages, what is there in such short supply that it justifies weakening the American people's economy with crippling controls?

First let's examine the pattern of consumer spending during such recent record breaking years as 1948, '49 and '50. Food took the largest share of consumer spending, with clothing and shoes around 10%, other nondurables about 16%, housing almost 10%, miscellaneous services 21.6%, and consumer durables below 14%.

Let's look at the largest item—food. Instead of shortages the supply will be plentiful this year. As you can see, the supply of such important items as meat, eggs, chickens and fresh vegetables, milk and cream, has climbed since the '35-'39 years. And for most categories the increase since the year before the Korean war started is even more widespread and pronounced. The Department of Agriculture expects food supplies to be at least as abundant as last year, with the possibility of a record output.

As for clothes and shoes, far from the prospect of shortages, consumer demand has not been sufficient to justify production at anywhere near peak capacity. The residential building industry has been so enormously active that it has more than kept pace with the growth in population. Between 1940 and 1950 there was a 23% increase in the number of new dwelling units in the country. But the population has increased by only 13%.

The figures for the nation as a whole, however, do not tell the full story since—unlike other consumer goods—houses can not be transported. The increase in dwelling units would not satisfy the need of the increased population if the increases occurred at different locations. But the chart shows that in every one of the four census "regions" the increase in housing has exceeded the increase in population.

These broad statistics undoubtedly fail to show local difficulties in certain areas, particularly where new defense plants have been built. But they give general assurance that there will be no widespread shortage of housing in 1952. As for miscellaneous services such as medical care, utilities, transportation, laundry, beauty shops, barber shops, etc., no scarce materials are involved, nor should the mobilization program as it stands cause important manpower shortages in these services.

Durable goods amount to only about half as much as food in the consumer budget. Such durable goods as automobiles and household equipment require many of the same materials that go into defense production, so as the chart shows, production this year will be lower than in the record-breaking years of 1950 and 1951. However, production is expected to remain high compared with other years of extremely high output.

For example, Mr. Wilson, then Director of Defense Mobilization, estimated that in the first quarter of 1952 output of passenger cars will equal the average for '47, '48 and '49. Looking at the matter from the demand that has already been met, we see that—during the years 1940, '46, and '52—the consumer holdings of refrigerators, vacuum cleaners, washing machines, television sets and passenger cars increased much more rapidly than the population. Since 1946 the increase in consumer durables has been especially marked, with approximately the same number of passenger cars in use as there are families, nearly as many refrigerators, three-fourths as many washing machines, and with practically every other family owning both vacuum cleaners and television sets. The tremendous increase in ownership of these products since 1946 indicates that an unusually large number of the machines are a long way from any need of replacement.

The evidence that consumers are well supplied is further borne out by the fact that the reduction in output of consumer durables during the second half of 1951 by no means let general supply fall below consumer demands. One more reason why over-all shortages are not anticipated is that, like the consumer's holdings, business inventories are also abnormally high. The reason for both is well worth exploring.

But to finish off the picture of consumer durables, let us look at the effect of federal controls on key raw materials, such as steel, copper and aluminum. There is a great deal of evidence that such controls have had an unbalancing effect. If they are taken off of civilian goods, and the defense needs can be more carefully worked out, the effect on employment, costs, and supply, would be even more favorable than the current estimate. Most of those who have lost jobs did so because of government "experts" who underestimate the supply of metals. It is the old story of the free market being able to do a job that no big government bureaucrat has ever succeeded in doing without disastrous mistakes.

No Need to Abandon Free Market

The world price trends for metals do not indicate that the State "planners" were justified in replacing America's free market. Rubber is another material on which they guessed wrong and bought wrong, at a cost of many hundreds of millions to the American people. Today, some leaders in both government and business seriously question whether over-expansion of productive capacity may not actually weaken the defense effort—dislocating the economy through building supply to the point that it is seriously out of line with ability to consume. Yet, under the Defense Production Act, government is channeling an additional flow of raw materials that will affect the balance between supply and demand far beyond what anyone can now foresee.

This brings up another complete misconception about economic realities which every business concern in this country must face. There is a certain type of mind in both big government and big labor organizations which insists that it is the function of all manufacturers to go on producing to the limit of capacity — regardless of over-supply — regardless of under-demand—and regardless of accumulated inventory. Under communist and socialist systems, supply never even gets in sight of demand. The consumer never catches up, and in any case is told what he can eat or wear, where he can live and work, and how little he must work for.

Yet people with considerable influence on American policies, but with no experience in business, lay down the dogma that the way to regulate high prices is to produce without regard to consumption. The fact is that few businesses are in a position to finance great stocks of unsold inventory. Some lines are perishable. In many lines, changing styles and consumer preferences completely destroy the value of goods produced too long in advance. And in any case the financing and storage of goods over a protracted period increases costs rather than lowering them.

I know a man out West who says: "I am about to go broke—with a warehouse full of shortages!" (Which customers won't buy.) Of course it would be difficult to get these simple facts across to confirmed government spenders, wasters, or cronies on the mink coat fringe—all in positions of public trust.

There is a government all of us know which has 70 million pounds of dried eggs under refrigeration. It has caves literally brimming over with dried eggs. Yet while this government—our government—sold 32 million pounds of dried eggs to Britain at from 15 to 30 cents a pound, to get rid of them, government contracts were placed by the army to buy nearly five million additional pounds of dried eggs at about $1.40 a pound.

During a time like the present, when materials and labor costs are high, production must take its cue from consumption. Otherwise competition, from more cheaply produced products, could close up the over-producer, and increase the degree of unemployment that has already appeared in some areas. In a free market the major natural forces work toward a balance between consumer demand and the supply of goods for sale. Prices shift up and down but, as productivity rises, the consumer's purchasing power also rises. When centralized government's planners take over, however—all bets are off. To justify the controls they wanted, the voices of big government repeatedly croaked that the shortages were sure to get us. Don't think that consumers were the only ones who rushed to stock up every time those impressive forecasts boomed forth from the banks of the Potomac. Business stocked up, too. Such a double-barreled stocking up has been seldom seen, and with everyone bidding up prices, up they went.

Bureaucratic Big Government

All this because of what the bureaucratic brains in big government thought up. The planning brains in big government are not necessarily the front office people. The front office crew keep pretty busy issuing statements and directives and administering. They have to depend on the boys in the back room for most of their detailed information and analysis. As it happened, the planners made a mistake, and the one certain thing about such mistakes is that they always favor more government spending, more centralized planning and more controls. Expensive experience has taught most of us by now, that when the planners plant the shortage rumor, they have much more up their sleeves than they have in the way of remotely reliable advance information.

Since it is a great deal safer to do our own thinking, let's look at the facts that the backroom planners misunderstood, disregarded or distorted in the interest of more government power. The economic factors operating since Korea are significantly different from those preceding World War II. In 1939 there were 9.5 million unemployed (17.2%), and our productive capacity was about half what it is today.

As manufacturers began to fill orders for our future war allies, England and France, the physical volume of industrial goods produced jumped 62% above the '35-'39 level, before this country even entered the war. At that rate of demand, unemployment dropped to 2.7 in '42 and to less than 1% of the record high labor force in '44. With average weekly earnings for such vastly expanded employment almost doubling in five years, we spent every dollar that could be spent, and strained the economy at every seam. The resulting pent-up demand was unprecedented.

Between the end of World War II and the outbreak of war in Korea, that vast civilian demand had largely been caught up with. Our economy in June of 1950 bore little resemblance to that of 1939. Instead of 17% of the labor force being unemployed, less than 5% were unemployed and these were mostly those who are normally changing from one job to another. Government deficits and other inflationary policies had already shrunk the purchasing power of the dollar to less than what 60 cents would have bought in '39. Since 1939 we had opened up jobs for 14.2 million more people. And in manufacturing average weekly earnings were up from $23.86 to $59.33, with 48% more people on manufacturers' payrolls.

All this despite the fact that our population has increased only 20% from the census of April 1, 1940 until this evening. I believe you will admit that in this picture there are factors of difference which economic planners must have known but disregarded. Considering the tremendous investment in plant which has already nearly doubled 1939's industrial capacity, big government's story that controls over the production of civilian goods are necessary is—as Mark Twain said when he heard the rumor that he was dead—greatly exaggerated. That is putting it as mildly as I know how.

False Forecasts of Shortages

Actually, no other factor except our government's inflationary deficit spending more directly caused high prices than the government's own false forecasts that goods would be extremely scarce. Let's check the price trend by this picture. The rise of consumer prices since Korea has lagged well behind wholesale prices. And the wholesale price level turned downward a year ago.

In such lines as textiles and textile products we have seen that—far from facing shortages—lack of demand has cut production more than 20% below peak capacity, and it has cut shoe production more than one-fourth. To account for this let's examine the essential factor of demand during the mobilization period.

The determining influences in this picture are monkey business—repeated misguidance from the people who want to maneuver the economy into their own pockets. Following the outbreak in Korea, consumers took their cue

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from Washington's repeated insistence that goods would be scarce. Scare buying ran so high that business inventories were temporarily depleted, and consumer holdings piled up. Business built up its inventories to meet such demand and found itself ahead of demand in the next quarter. Then the scare buying that followed Red China's entrance in Korea set off another but smaller advance buying wave, because consumers can store only so much. Business inventories dropped correspondingly and then hit a new high as demand slacked off. Since then demand has leveled off. Business inventories remain up at a time when consumer holdings are extremely high.

The forecast shortages just didn't materialize. The soothsaying from the banks of the Potomac did accomplish several entirely undesirable things, however. At a time when our economy needs to be strongest, bureaucrats have seriously unbalanced supply and demand, largely ignoring the effect of such unbalance on employment, productive staying power, and national solvency.

Between the outbreak of the Korean War, in June of 1950, and last December, our Federal Government has added a total of 849,000 civilian employees. Of the "emergency" agencies, the Economic Stabilization Agency employs 16,401, and the Defense Production Administration 513. Others have smaller staffs. But this is not for lack of trying. About a year ago the Administration proposed from 28 to 30 amendments to the Defense Production Act which, if approved, would have been the longest single step toward complete government control over the lives of the American people.

It is in the nature of big government's planners and controllers to keep expanding as long as they exist. For the next fiscal year it is proposed that the Defense Production Administration spend nearly one-third more, and that the Economic Stabilizing Agency's budget be increased from $92.6 million to nearly $150 million, an increase of well over one-half. Yet instead of stabilization, controls have unstabilized the economy. And such pseudo "stabilizing" agencies as the Wage Stabilization Board have acted as if their function were to stimulate wages, which are the biggest factor in the price of everything bought either for consumption or national defense.

The defense budget is large, but $2.5 billion of it is for acquiring land and buildings. $25.3 billion of it calls for outlays for personnel, maintenance and departmental activities. If you break it down you find that the President proposes to appropriate for the next fiscal year only $21.7 billion additional dollars for aircraft and other weapons—the guns, tanks, ships and other manufactured implements of war. With the total of manufacturers' sales now running in excess of $265 billion a year, by no stretch of the imagination could the increase of less than 10% pose any productive problem. Nor could it remotely justify the type of a controlled economy which destroys the progress we need to stay ahead of regimented aggressors.

Military Responsible for Defense Delays

It is the military authorities—not business—that have made whatever decisions have delayed or seemed to delay production of military requirements. Industry is well ahead in its plant expansion program, but the trend of orders on which we are authorized to roll into production has inclined toward those on a development and exploratory basis. No sound military executive wants to weaken America's defense potential by overstocking planes, ships, tanks, weapons and ammunition which changed conditions and the pace of technical development might quickly render obsolete—a hazard to both American defense and soldiers' lives.

No businessman wants his warehouses filled and his bank account emptied by vast quantities of finished merchandise which may not be at all what meets the consumer's wants and needs when he is ready to buy. Nor does such a situation strengthen our nation's economic and productive health for the long pull ahead. The following factors are operating in our economy, and there is little if any evidence that the big government type of mind is aware of them—much less concerned with their present or future impact upon America's economic health.

(1) Public and private debt has risen from nearly $300 billion to nearly $500 billion in the past 20 years, during which the economic tide flowed only one way.

(2) The inflexibility of labor costs could tend to reduce employment in competitive markets.

(3) The Federal Government has used its inflationary devices, such as easy credit, price pegs and loan guarantees to pile boom on boom, so that these are no longer in reserve.

However no member of the National Association of Manufacturers doubts that this country can and must maintain preparedness to defend our national sovereignty. This can and must be done for as long as the defense period takes—10—20 or even 30 years into the future. To do this, productive freedom must be restored as the most constructive force in the world today.

Big government should not encircle and contain American industry. Yet government has all too often acted as if that catastrophe to freedom and to the backbone of our defense were its objective.

In August of 1950, an editorial in the New York "Journal-American" commented that at the end of World War II Premier Stalin himself testified that the industrial capacities in the United States had been indispensable to allied victory. The editorial went on to point out that "if it is fear of our industrial capacity that is holding Mr. Stalin back from world aggression and war now, it is a job being very well done by American industry in behalf of world peace. Let us be sure that American industry is left free to continue to do this vital job."

Conclusions

It quoted a statement of mine as follows: "At no time in history has the productive might of American industry been so well prepared for whatever job is ahead. American productive might has well been termed the 'arsenal of democracy,' and it can best be maintained as such by a minimum of economic controls and government interference." That was not quite two months after the outbreak in Korea.

Since that time, it has been abundantly proven that:

(1) The problem is not allocation of manpower, but jobs for people;

(2) Not general under-supply, but in many lines under-demand;

(3) More civilian Federal employees, controls, DPA, waste, corruption and the scare buying technique of big government are not the ways to sound economic staying power that is essential for our defense.

There is—because of big government—an unbalance between production and demand. Some agencies of government have done their best to unbalance people. It is now up to every good citizen to balance the supply of government with reasonable demand before big government's already vast power over people becomes completely overpowering. Engine knocks in the economy should be attended to, but we may be sure that they would become worse in the hands of those whose remarkable ignorance of supply and demand caused the trouble.

The damage that has been done by government planners and controllers must not be used as an excuse to bolster up their authority to put American freedom in mothballs and progress in cold storage for generations to come. The basic principles of our country's strength are still at hand. It is up to every good citizen to help restore them to use by government. The long-term outlook is extremely favorable for the American people's prosperity, progress, leadership, and national greatness.

The way to strengthen American defense and bring out the staying power required for the years ahead is: To insist that controls over civilian goods be abandoned. To see to it that government eliminates waste, and restores integrity in office. To stop deficit financing and keep government spending on a pay-as-we-go basis. To guard the soundness of the American people's currency. And to bring central government to manageable size by bringing back both the responsibilities and the revenue to maintain them, to the individual, to the local governments, and to the state governments which can best do the job.

These are matters which require greatness of understanding and greatness of citizenship. The understanding is being achieved. The greatness of devotion to our country by its citizens was never lacking.

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Outlook for the Airlines

traffic areas or duplicated routes already served. Route mileage of domestic trunk lines increased 134% between 1945 and the end of 1948. For the same periods, the number of planes in domestic and international service jumped 86%, and the daily average revenue miles flown in all services increased 57%. The number of stations served has an important bearing on airline profits. There must have been a very sharp percentage increase in airline stations between 1945 and 1948. When you add to these considerations the fact that airline travel in those years was much more largely confined to businessmen than currently, that the passenger traffic base and demand were much smaller, that the growth in freight revenues was only starting and mail revenues actually declined in 1946 and 1947, I believe we get a picture that is considerably different than today. Another point certainly worth mentioning is that total operating expenses of the domestic trunk lines shot up 75% from 1945 to 1946, took additional hops of 17.7% in 1947 and 10.1% in 1948. Last year, total operating expenses increased (partially estimated) 19.6% over 1950. I shall mention later the present constructive attitude of the CAB with respect to granting new competitive routes to the airlines, which contrasts with its too liberal decisions in giving out new routes during the middle forties.

I have previously given you some earnings projections for six airlines and the basis for them. I suspect by this time many of you will have doubts about the weight given to increasing costs in those projections. An example will show we did allow for much higher costs. For instance, in the case of American Airlines, our computations for 1952 allowed for an increase of $12,250,000 in direct expenses in connection with flying additional plane miles, $1,225,000 in indirect costs resulting from those additional direct operating costs and $6,300,000 representing a 5% increase in the level of all direct and indirect costs over 1951. These items total $19,775,000. Mr. William J. Hogan, Vice-President and Treasurer of American Airlines, in a talk before the Security Analysts of Los Angeles on February 5, this year, was reported as estimating an increase of $22,000,000 in that line's 1952 total operating expenses as compared with 1951. He expected salaries to increase $10,000,000, materials $5,000,000, fuel $4,000,000, and depreciation $3,000,000.

Comments on Individual Airline Earnings

Some of you may be interested in the details back of the projected share earnings which I have previously given for six companies in Table I.

American Airlines, Inc. Does not have any new plane scheduled for delivery in 1952, but will have full utilization of 17 new DC-6B's delivered during 1951. Therefore, available seat mile capacity could easily expand by 700,000,000 seat miles in 1952 over the 3,400,000,000 level in 1951. Their projected increase in operating earnings might amount to $4,225,000 which, after a maximum 70% tax would amount to about 20 cents per common share. Inasmuch as American's net earnings after taxes for 1951 were $1.42 per common share, it would seem reasonable to project earnings of American in 1952 at approximately $1.62 per common share. In 1953, expected early delivery of eight additional DC-6B's and three DC-6A's would add 500,000,000 seat miles of capacity. A 70% load factor on our estimates would produce operating earnings of $7,800,000, and after a 70% normal and excess profits tax would leave net additional earnings of 35 cents per common share.

In 1954, 25 DC-7's, which are scheduled for delivery in late 1953 and early 1954, would add another 900,000,000 seat miles of capacity which, on a 60% load factor and our other estimates, would produce net earnings after taxes of 55 cents per common share. Hence, projected earnings of American Airlines on this basis three years hence would approximate $2.52 per common share.

United Air Lines, Inc. may receive 12 new DC-6B's during 1952 and 27 new Convairs, according to recent delivery schedules. United could add 700,000,000 available seat miles to its capacity during 1952. Applying our general assumptions as outlined above, its operating income could be increased by $4,000,000. After a 52% tax, the increase in earnings per common share would amount to about 84 cents per common share, which would indicate net earnings of $4.42 per common share, as compared with $3.58 in 1951. In 1953 United's delivery schedule on new planes calls for two more DC-6B's and 13 Convairs. Available seat miles capacity could increase by another 450,000,000 miles. Under our assumptions, $1.42 per common share from this new equipment can be projected. Beyond 1953 there are no additional planes scheduled for delivery, but utilization on a full-year basis of all new planes could add to capacity and earnings. Mileage capacity could increase by another 100,000,000 seat miles which would yield earnings of about 30 cents per common share. Hence, the longer term projection indicates possible earnings of about $6.14 per common share of United's common stock.

Trans World Airlines, Inc. has on order 40 Martin 4-0-4's and 10 Super Constellations 1049's, which may be placed in service in 1952. In the same year, 12 leased Martin 2-0-2A's will be returned to the manufacturer. Details of TWA's equipment program beyond these dates are not available. These planes could add over 1,500,000,000 available seat miles on an annual basis, as compared with about 2,575,000,000 available seat miles flown in 1951.

With this additional capacity, the company should experience no difficulty in flying our projected 20% increase in revenue passenger miles in this country. After applying our further assumption and a 52% income tax, additional net earnings from domestic operations would approximate $1,200,000. In addition, the company plans to inaugurate tourist flights to Europe on May 1 at the rate of one per day each way. These additional flights alone could add 80 million revenue passenger miles, which on our estimates would yield about $1,000,000 in net operating profit after allowing for a 5% increase in all international expenses. After a 52% tax, net additional earnings might considerably approximate $500,000. Hence, total net increased earnings in 1952 can be projected at $1,700,000, or 70 cents per common share. Estimated earnings for 1951 are $3.60 per common share. Beyond 1952 and into 1953 and 1954 an increase in traffic, comparable to the projected increase in 1952 over 1951, could add net earnings over $1.95 per common share after a 52% income tax for each of those years.

However, there is a danger that the earnings of the company in 1953 as projected by us would reach a level that would bring the company into the excess profits tax bracket. If this were to occur, the net earnings in that year, instead of being projected to $6.25 would be reduced to about $5.40 per common share and the projection into 1954 of $8.20 would be reduced to $5.98 per common share.

Eastern Air Lines, Inc. has on order 60 new model Martin 4-0-4's which are expected to be delivered in 1952, and 14 Super Constellations, all of which may be received in the first quarter. These planes will add a seating capacity of two billion miles per year on an annual basis, or approximately 75% of Eastern's present capacity. Offsetting this increase in seat miles flown will be the elimination of older planes from the fleet, although such an elimination will depend on the traffic increase that is attained during the year. The company will therefore have wide latitude in the number of miles that it will schedule during 1952, which makes forecasting more difficult. If our 20% estimate applies, the total revenue passenger miles would increase to about 2,025,000,000 miles as against an estimate of 1,675,000,000 miles in 1951. Applying our same cost assumptions, except that the 5% general increase in costs is not projected for Eastern, since the addition of modern planes and the elimination of the DC-3's and less efficient planes should introduce operating efficiency sufficient to offset any general wage and price increase, additional earnings of $1 per share after a 70% income tax are projected. Estimated earnings for 1951 are $2.90 per share as shown to stockholders, but somewhat higher for tax purposes.

In 1953 Eastern has on order for delivery in that year 16 Super Constellations which should add another one billion miles of seating capacity. No additional equipment is scheduled to be received in 1954. An increase in traffic for 1953 and 1954 comparable to 1952 over 1951 would add another $1.25 per share to net earnings in each year. Hence, it is possible to project earnings of $6.40 per share on Eastern's present capitalization by 1954 after a 70%

National Airlines, Inc. has on order eight DC-6B's, scheduled for delivery in the last quarter of 1952, and eight Convair CV 340 planes for late 1953 delivery. Its fiscal year ends June 30, so that comparisons with other airlines cannot be precisely made.

If we allow for a 25% increase in revenue passenger miles over fiscal 1951, or about 100 million revenue passenger miles, total operating earnings before taxes could increase by about $1,250,000 to about $5,750,000. These earnings would place National in the excess profits tax bracket, whereas it was not in this tax bracket in the 1951 fiscal year. As a result, net earnings would approximate $2,350,000, or $2.34 per common share as compared with $2.59 in fiscal 1951.

In fiscal 1953, the eight new DC-6B's will be available and will add about 315 million seat miles of capacity on a full-year basis. For the entire year, at least 200 million additional miles of seating capacity could be made available. On our estimates, if a 60% load factor is attained on this capacity, net earnings after taxes would rise by about $850,000, or 85 cents per common share. In fiscal 1954, National will have full benefit of the DC-6B's plus partial benefit from the eight new Convairs. These planes should add about 150 million additional seat miles in that year. At a 60% load factor, net earnings after a 70% income tax would be increased by about $700,000, or 70 cents per share.

Hence, by fiscal 1954 National's earnings would be projected to $3.89 per common share. Some further advantage would be gained in fiscal 1955, since, in that year, a full year's utilization of the eight new Convairs would be available. This could add another 40 cents per common share in net earnings on an annual basis.

Northwest Airlines, Inc. does not have any orders for new planes, so that estimates of increased earnings based on new plane capacity cannot be made. The company flew about 950 million available seat miles in 1951. Revenue passenger miles flown approximated 600 million. On this showing, Northwest's operating profits may have approximated $3,500,000. After nonrecurring reductions and taxes, net income amounted to $1,668,000, or $1.49 per common share.

In 1952 a 20% increase in passenger miles, on our assumptions, would enable Northwest to earn an additional $1,215,000 in operating income before taxes and $585,000 after a 52% tax, equaling 70 cents per share of common. Northwest is not in the excess profits tax brackets.

In 1953 and 1954, we are similarly handicapped in projecting Northwest's earnings in that no new planes are scheduled. Undoubtedly, some new equipment will have been added by that time. A 15% increase in its traffic during 1953 would result in projected additional earnings of about $1.40 per common share, and a 10% increase in 1954 would add another $1.10. The mathematical total of the 1951 earnings plus the additional earnings of 1952-1954 amounts to $4.69 per common share.

Civil Aeronautics Board Policies

The most significant policy statement concerning the airlines was issued by the Civil Aeronautics Board on Feb. 21, 1949, after three disastrous years of deficit results. In its statement of policy of that date, the CAB recognized the difficulties that confronted the airlines in their development and postwar readjustment, granted retroactive mail pay increases for many airlines and increased the mail rate of most airlines on a temporary basis, and asserted their obligation to "foster the economic soundness of the individual carriers comprising the United States civil air transportation system." This was a clear indication of a policy to place the carriers on a profitable basis and constituted a basic development in the airline industry. As a result of the CAB action, the operating deficits of the airlines of over $5 million in 1946 and more than $21 million in 1947 were not repeated. In 1948 the total operating income of the certificated trunk line carriers in domestic service was $2.3 million; in 1949 $24.4 million; in 1950 $62.5 million; and an estimated $100 million in 1951. There is no reason to suppose that the policy of the CAB with respect to maintaining a sound airline industry, which is based on an interpretation of the Civil Aeronautics Act, will be changed, unless Congress alters the basic provisions of such Act. Such alterations are not to be expected.

Since this statement of policy, one of the most important developments in the air transportation industry over recent years has been the expansion of low fare service embracing the family fare plans, lower excursion and round trip fares, and particularly, the coach fare in high-density planes at 4½ cents per mile, compared with the standard fare rate of 6 cents per mile. In early 1949, TWA and Northwest started to operate coach-type high-density service between New York and Chicago and the West Coast. Part of the reason for this development was the inroad that nonscheduled irregular carriers, carrying passengers at roughly 4 cents per mile, was making on the traffic of the regular carriers charging 6 cents per mile. From a modest beginning this high-density coach-type service has expanded into a full-fledged basic movement in which nine certificated carriers

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Outlook for the Airlines

are operating over 64 air coach schedules and serving more than 38 cities. In terms of revenue passenger-miles flown, it amounts to over 1¼ billion miles, equal to over 10% of the total traffic. For some lines this traffic amounts to as much as 25% of their total. Moreover, the lines have been making money on this traffic, even after indirect costs are allocated to it on the same ratio to the whole system as direct costs. If the recent CAB policy dated Dec. 6, 1951, is to be followed by the airlines, coach service at even lower rates will be expanded.

In that policy statement, the CAB emphasized that the maximum development of civil aviation in the United States will not be reached until such time as air travel is placed within the economic reach of a great majority of the traveling public. It is the Board's opinion that high-density coach service can accomplish this objective. It wants:

(1) The number of coach flights with high-density seating capacity to be increased.

(2) The fares to be reduced below the generally prevailing minimum of 4½ cents per passenger mile.

(3) Increased low fare, off-peak services with either normal capacity airplanes or high-density coaches at a maximum of 4 cents per passenger mile.

Under this policy the airlines will be able to increase schedules on present coach routes. With respect to service to new points, carriers will be required to furnish adequate justification for same, from both a cost and a traffic viewpoint.

This extension of the coach business is regarded by many airlines with some misgivings in that it may lead to a general reduction in the fare structure of the industry, with results comparable to the profitless years of 1946 to 1948 in the airline industry. The recent all-out revolutionary campaign of the CAB in effect disputes this theory.

We do not view this development with much apprehension from the profit point of view, provided the airlines maintain close control of expenses, even though they get into the excess profits tax bracket and exercise some discrimination in instituting new coach flights. In our view, there is a tremendous market for air travel at the low coach fare rates. In 1951 there were approximately 50 billion passenger-miles of rail and bus intercity travel, almost five times the 1951 level of air travel. If one-third of this travel is eliminated as potential air travel because it represents intercity travel on trips of 100 miles or less, which at present cannot be competitively served by air, there is still a present market to be drawn on of approximately 25 billion passenger-miles, after allowing for a conversion into fewer airplane miles by reason of the shorter distances traveled thereby. Moreover, past experiences indicate that lower fares generate new travelers who had never traveled before by any means. For instance, a CAB survey in 1949, on a limited scale, showed that 18.4% of travelers on coach-type planes would not have made the trip if that service had not been available. It is this type of traffic that the CAB is endeavoring to reach when the Board states that coach operations to date have conclusively demonstrated their economic soundness and "certificated domestic carriers should promptly and substantially expand their coach services."

At the same time that CAB was developing its policy of promoting additional coach service on the certificated carriers, it was deciding the fate of certain irregular air carriers, with respect to their applications for certificates of public convenience and necessity, authorizing coach-type services only on transcontinental routes without limitation. On Nov. 7, 1951, in the Transcontinental Coach-Type Service case, the Board denied the applications of Air America, California Eastern Airways, Trans American Airways, and Great Lakes Airlines, for such certificates. In so doing, the CAB weighed the effect of new certificated carriers on existing carriers, the probable diversion of traffic and the effect of such diversion on the Federal Treasury, the ability of the existing carriers to serve the cities presently served, and the probable consequences of such additional competition in preventing the further extension of air coach service beyond the lucrative transcontinental routes to the poorer, shorter-haul traffic routes. It concluded that the granting of the applications of the respective airlines would not be in the public interest.

This decision in effect relegates the irregular air carriers to limited operations permitted by CAB regulations. Our analyses have indicated that the traffic of the major irregular air carriers has been less than 5% of the total domestic business by the certificated carriers, although it has certainly been more significant on the more profitable segments of long-haul operations. It is our opinion that the irregular operations permitted by the economic regulations of the CAB, together with its increased enforcement activities, limit the threat of the irregular air carriers to the certificated trunk lines. Unless the decision of the CAB is reversed by the courts, we would not be concerned about the competition of the irregulars in relation to the investment status of the certificated airlines.

The CAB has also acted during 1951 to establish service mail pay rates for the big four: American Airlines, Eastern Airlines, Trans World Airlines and United Airlines. In its statement of July 31, 1951 regarding this matter, it proposed rates, based on the actual cost of carrying the mail plus a return on the investment, of 45 cents per mail ton-mile. This rate is not expected to affect the airlines adversely and offers a stabilizing prospect which should improve the investment status of the airline industry. Moreover, on Oct. 1, 1951, the CAB announced that it had affected an administrative separation of service mail payments from subsidy mail payments for the domestic certificated air carriers. This policy sets forth estimates of the service rates per mail ton-mile for each domestic airline, ranging from 45 cents for the big four, as established on Sept. 19, 1951, to 75c for the smaller trunk lines, and to even higher rates for the feeder lines. Unless this administrative separation of the service and subsidy mail pay affects the exemption from excess profits taxes granted to airlines in the amount of mail pay under certain conditions, the Board action should have no material adverse effect on the investment standing of the airline companies.

Another basic policy of the Civil Aeronautics Board was enunciated in the Southern Service to the West case, decided Jan. 30, 1951, in which the Board denied the application of certain existing carriers for a new transcontinental service and other new routes and stated that the airlines should enter into equipment interchange agreements for the purpose of providing adequate service throughout the country rather than endeavoring to establish new competitive routes. This decision has the effect of stabilizing the industry with respect to the route patterns in this country. Since the decision in the Southern Service case, the Board has established interchange of aircraft in lieu of route certifications for many airlines.

Also under consideration for some time has been a transfer to the feeder or local service carriers of certain cities served by the trunk line air carriers which provide only a small percentage of the revenue to the trunk line carriers but cause a large percentage of the expenses. If this suggested elimination of unprofitable stops from the trunk line carriers is effected generally on the theory that it will aid both the trunk line carriers and the feeder line carriers, we would expect the earnings of the trunk line carriers to be increased in significant amounts by reason thereof.

In any appraisal of the airline industry reference to Section 406 (b) of the Civil Aeronautics Act of 1938 should not be omitted. In that Federal law, Congress directed the CAB, when determining mail pay, to take into consideration "the need of each such air carrier for compensation for the transportation of mail sufficient to insure the performance of such service, and, together with all other revenue of the air carrier, to enable such an air carrier under honest, economical, and efficient management, to maintain and continue the development of air transportation to the extent and of the character and quality required for the commerce of the United States, the Postal Service, and the national defense." The public faith in this section of the 1938 Act was shaken in the deficit years, 1946-1948. It has been substantially strengthened in more recent times. It means that as long as this section of the Act remains unchanged, the airlines are not only guaranteed against wholesale bankruptcy, but, indeed, have a reasonable probability of earning a fair return over the years on their earnings base or admitted assets for transportation service. That fair return is rather generally accepted now to mean 8% after taxes on the domestic admitted assets and 10% on the international earnings base.

Now, the financial aid given the airlines through the Congressional mail pay appropriations probably is not anything like the popular conception. In the 12 years ending 1950 figures compiled by the Air Transport Association show that the Post Office Department paid the domestic airlines for carrying mail $382,905,-929, received in postal revenues $632,132,860 and sustained costs of $681,613,590. The figures for international mail were respectively $260,489,619, $378,315,992, and $457,105,006. For those 12 years, the indicated drain on our Federal Treasury was $49,480,730 for domestic air mail service and $78,789,014 for the International.

Summary and Conclusion

The airline industry has enjoyed substantial growth since the end of the war. Its total traffic has almost tripled since 1945, and there is reason to expect that a substantial growth will continue. The expansion of low fares and development of high-density coach fares will be of major importance to the industry in the future. The CAB is adopting an aggressive attitude on this low-fare travel. The airlines will undoubtedly endeavor to implement the Board's suggested policy although they will probably exercise some caution in view of the difficulties which the airline industry went through at the end of World War II when fares were reduced and profits disappeared. Provided the general level of costs can be maintained by the airline industry so that it is not caught in an inflationary spiral, rising wages and cost of materials against a fixed fare, we believe that the airline industry is approaching a point of stabilization which should make its equities increasingly attractive from an investment viewpoint. With expanded air travel, controlled costs, established service mail pay rates, and relatively stabilized routes, the airlines industry should look forward to progressive development of its large growth potentialities.

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The State of Trade and Industry

tion in Ford's overtime operations and the "return to more normal rates at General Motors following a month-end drive last week."

Chrysler output, however, rose about 2,000 units, reflecting the absence of labor disputes which tripped operations in the previous two weeks. Chrysler also was taking advantage of increased second-quarter Federal output quotas.

The industry is aiming at a goal of 411,000 cars and 110,000 trucks this month, compared with 377,473 cars and 109,602 trucks assembled in March. If the target is reached, April production will be the industry's best since last August.

So far this year this industry has put together 1,063,000 cars, 38% less than during the like 1950 period, "Ward's" discloses.

Orders for machine tools placed in the United States by foreign countries during February fell to $4,200,000, the smallest since the National Machine Tool Builders Association began compiling statistics in 1918. The setback was ascribed to the United States Government policy aimed at building up the tool industry in Europe.

Machine tool shipments in February climbed to $32,000,000, the highest monthly total in almost 10 years. But the industry's unfilled orders were reduced during the month by extensive cancellation of contracts by aircraft engine and frame makers.

Steel Demand Pickup Noted in Inquiries From Auto Industry

There's a renewed vigor in demand in some sectors of the steel market where slackness had either arrived or was on the way, says "Steel," the weekly magazine of metalworking, the current week.

The pickup is noticeable particularly in inquiries from the automobile industry for cold-rolled sheets and from the construction industry for structural shapes, states the magazine, crediting this flurry to relaxation of some government controls.

Government restrictions on production of automobiles and appliances had cut the demand for cold-rolled carbon sheets far enough that premium price mills were feeling the pinch on their order books. Government restrictions on construction were bringing fears that demand for structural shapes would fall far below mill capacity in the latter part of this year, it adds.

How far this renewed demand will spread and how long it will continue depends to a considerable extent on how well the increased production of automobiles sells and how much of the thwarted construction comes back to life.

To begin with, it observes, at least, many postponed building projects are being brought off the shelf. The whole construction field, if left reasonably free from government restrictions, should offer a good and continuous market for steel products. The freer outlook for construction and arrival of good weather for outdoor work are adding to the already strong demand for concrete reinforcing bars and mesh. The country's roadbuilding needs give rise to the belief that demand for those two products may not ease for a long time yet.

Simultaneously with the increase in demand for some of the steel products, the mills became cautious, "Steel" pointed out, in accepting third-quarter business. Facing a steelworkers' strike threat, they didn't want to book more tonnage than they might possibly be able to deliver in that quarter.

The impact of the defense program on the steel supply stands out particularly in the demand for bars and plates. From all indications, bar production will fall short of meeting consuming requirements at least through the third quarter.

Warehouses continue to feel the easing that set in some time ago in the overall demand for steel, this trade journal asserts. Their receipts of steel, particularly light flat-rolled material, are improving, but not sufficiently to put inventories in complete balance. In one area where warehouse stocks of small cold-finished bars were long the price on that product was cut from $2 to $4 a ton.

Disappearance of some of the pressure for steel, along with improved scrap collections and a prolonged threat of a steelworkers' strike, have induced mills to be a little more independent and choosy in purchases of steelmaking scrap. Mills' inventories of scrap have been improving a little. High rate of scrap rejections at mills suggests that resistance to present ceiling prices is not far away. Such resistance would be following a pattern set some weeks ago by cast grades of scrap. Reduced need at foundries for this material has brought deep cuts in the amounts they are willing to pay. In some cases they aren't even willing to buy, concludes "Steel."

The American Iron and Steel Institute this week states that because of the uncertainty brought about by the steel dispute over wages, it will be unable to issue its weekly production estimate for the current week.

The Institute will, it states, announce on Monday next, a figure covering this week's actual production.

In the week ended March 31, the steel-making capacity for the entire industry was 102.1% of capacity, equivalent to 2,120,000 tons of ingots and steel for castings, or a decline of one-half of a point below the previous 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.

Car Loadings Continue to Advance in Latest Week

Loadings of revenue freight for the week ended March 29, 1952, totaled 725,423 cars, according to the Association of American Railroads, representing an increase of 5,502 cars, or 0.8% above the preceding week.

The week's total, however, represented a decrease of 30,012 cars, or 4% below the corresponding week a year ago, but an increase of 5,019 cars, or 0.7% above the comparable period two years ago.

Electric Output Shows Lower Trend According to Preliminary Estimate

The amount of electric energy distributed by the electric light and power industry for the week ended April 5, 1952, was estimated at 7,200,000,000 kwh. (preliminary figure) according to the Edison Electric Institute.

The current total was 63,009,000 kwh. below that of the preceding week. It was 464,156,000 kwh., or 6.9% above the total output for the week ended April 7, 1951, and 1,302,169,000 kwh. in excess of the output reported for the corresponding period two years ago.

U. S. Auto Output Drops 4% the Past Week

Passenger car production in the United States the past week, according to "Ward's Automotive Reports," declined to 92,275 units, compared with the previous week's total of 95,967 (revised) units, and 118,638 units in the like week a year ago.

Passenger car production in the United States dropped last week about 4% below the previous week's figure which set a new high for the year, and in addition was 22% under the like period a year ago.

Total output for the current week was made up of 92,275 cars and 25,544 trucks built in the United States, against 95,967 cars and 28,068 trucks (revised) last week and 118,638 cars and 29,646 trucks in the comparable period a year ago.

Canadian output last week rose to 6,126 cars and 3,094 trucks, against 5,809 cars and 3,006 trucks in the preceding week and 7,274 cars and 2,518 trucks in the similar period of a year ago.

Business Failures Advance to Highest Level Since July, 1951

Commercial and industrial failures increased to 185 in the week ended April 3 from 164 in the preceding week, Dun & Bradstreet, Inc., reports. Although at the highest level since July, 1951, casualties were slightly below the 195 and 203 which occurred in the comparable weeks of 1951 and 1950. Failures remained well below the prewar level and were down 37% from the 1939 total of 295.

Casualties involving liabilities of $5,000 or more rose to 150 from 132 last week but were slightly below the 155 of a year ago.

Wholesale Food Price Index Touches New Low Since July 11, 1950

Moving sharply lower for the third succeeding week, the wholesale food price index, compiled by Dun & Bradstreet, Inc., dropped to $6.40 on April 1, from the previous figure of $6.48. This brought the current level to a new low since July 11, 1950, from it stood at $6.28, and marked a decline of 10.5% from the $7.15 recorded at this time a year ago.

The index represents the sum total of the price per pound of 31 foods in general use, and its chief function is to show the general trend of food prices at the wholesale level.

Wholesale Commodity Price Index Reflects Slight Gain in Latest Week

Price movements were irregular last week. After touching a new 1952 low early in the period, the daily wholesale commodity price index, compiled by Dun & Bradstreet, Inc., edged slightly upward to close at 301.78 on April 1, or slightly above the 301.61 of a week ago. The latest figure compared with 324.76 on the corresponding date of last year, or a drop of 7.1%.

Price movements in principal grain markets continued to be irregular. Wheat held in a narrow range with early weakness largely reflecting continued favorable weather conditions in most producing areas, while an expansion in export buying of both wheat and flour helped to bolster prices in closing sessions.

Visible supplies of wheat showed a further sharp drop during the latest week, totaling 105,994,000 bushels, against 170,929,000 a year ago.

Corn prices declined moderately for the week, influenced by the continued decline in hog values and the unfavorable corn-hog feeding ratio. Demand for rye was better and prices turned upward with much of the buying influenced by the expectation of export sales to Germany and Austria. Oats marketings increased; prices were firmer as demand improved on news of the opening of navigation on the Great Lakes. Sales of all grain futures on the Chicago Board of Trade averaged 28,000,000 bushels per day last week, against 35,000,000 bushels the previous week, and 25,500,000 in the corresponding week last year.

Domestic cotton prices moved in a narrow range and trended mildly downward for the week, largely reflecting profit-taking and hedge selling following recent advances. Inquiries from foreign sources were fairly numerous but sales for export continued in limited volume. Domestic mill buying was fairly active and mostly to cover nearby requirements. Reported sales in the ten spot markets increased moderately to a total of 125,300 bales, from 115,500 last week, and 78,400 a year ago.

Trade Volume Shows Noticeable Expansion as Easter Approaches

As Easter shoppers appeared in increasing numbers, retail trade rose perceptibly in most parts of the nation in the period ended on Wednesday of last week. For the first time in three months, the total dollar volume of retail sales exceeded the level of a year earlier, states Dun & Bradstreet, Inc., in its latest summary of trade. The most pronounced current rises were in the demand for apparel. Reduced price promotions and extended shopping hours helped to stir interest in many sections.

Total retail dollar volume for the week was estimated to be from unchanged to 4% above the level of a year ago. Regional estimates varied from the levels of a year ago by the following percentages:

New England +3 to +7; East and Midwest +2 to +6; South 0 to +4; Southwest —1 to +3; Northwest —4 to 0 and Pacific Coast —2 to +2.

Shoppers increased their purchases of apparel noticeably the past week. Demand was much higher than a year ago when Easter had already occurred. There was avid interest in women's suits, coats, and accessories in the medium-price ranges, while the demand for men's clothing rose mildly. Children's clothing was not as plentiful as in recent years. The buying of shoes broadened somewhat but demand was still below seasonal expectations.

Department store sales on a countrywide basis, as taken from the Federal Reserve Board's index for the week ended March 29, 1952, increased 13% from the like period of last year. In the preceding week a decrease of 10% was registered below the like period a year ago. For the four weeks ended March 29, 1952, sales declined 7%. For the period Jan. 1 to March 29, 1952, department store sales registered a decline of 10% below the like period of the preceding year.

Retail trade in New York displayed continued strength the past week as Easter drew near and favorable weather prevailed.

According to the Federal Reserve Board's index, department store sales in New York City for the weekly period ended March 29, 1952, increased 14% above the like period of last year. In the preceding week a decrease of 11% was recorded below the similar week of 1951, while the four weeks ended March 29, 1952, a decrease of 8% was registered below the level of a year ago. For the period Jan. 1 to March 29, 1952, volume declined 13% below the like period of the preceding year.

Exch. Firms Govs. To Meet in May

The Board of Governors of the Association of Stock Exchange Firms will hold its Spring Meeting in Richmond, Va., on May 19-20-21, it has been announced by Walter Maynard, Shearson, Hammill & Co., President. Walter S. Robertson, Regional Governor from Richmond, and a partner of the firm of Scott & Stringfellow, is in charge of arrangements.

Mr. Maynard also announced plans are being formulated for the Fall meeting of the Board in Los Angeles and San Francisco during the week of Oct. 6. This will be the first time the Board has visited the West Coast as a group since 1946.

Arrangements in Los Angeles will be in charge of Phelps Witter of Dean Witter & Co., who is a Vice-President of the Association. Both Mr. Witter and Marco F. Hellman of J. Barth & Co., who will arrange for the meeting in San Francisco, are Regional Governors of the Association.

Mutual Funds

By ROBERT R. RICH

ONE OUT OF every eight dollars of the country's total personal net savings is now going into private employee pension funds, the pension planning division of I. D. S. reported this week.

Money being accumulated through employer and employee contributions to private group pension funds now constitutes 12% of total U. S. 1951 personal net savings of $17 billion, it was estimated by Clyde J. Moore, Vice-President of the company.

"More than $2 billion a year is now flowing into private pension, retirement and profit-sharing funds," Moore said.

Largest Source of Capital

"This constant growth of pension funds has now made them one of the country's largest single sources of investment capital," Moore pointed out.

"While annual contributions to private pension plan funds have more than tripled since 1941," he stressed, "the big question facing all planners and future pensioners is whether retirement income benefits are going to be adequate if our present long-run inflation cycle keeps hiking living costs in the future as it has in the past 50 years."

Fixed Income Inadequate

Experience to date indicates that pension or retirement benefits in the form of fixed income are far from adequate to meet prolonged upswings in prices and living costs.

Realization of this fact, he said, has forced a general re-examination of pension fund investment and distribution policies and practice.

Moore predicted that, as private pension plans grow in scope and coverage, pension fund trustees will seek to balance investments between fixed-income securities, such as bonds and preferred stocks, and diversified common stocks which fluctuate in price and income yield.

"The realistic pension plan should manage the investment of its funds to seek a long-range balance between fixed and fluctuating income," he emphasized. "And, as a partial offset to wide swings in living costs, retirement benefit payments should be made both in the form of fixed income and variable income."

Investment vehicles geared to undertake both the production and the distribution of such "balance" in income will be employed on a constantly broadening scale in current and future pension planning, Moore predicted.

PRACTICALLY ALL of the steel shares held by Delaware Fund were sold during the last two days of last week.

W. Linton Nelson, in commenting on sales, said, "When the discussions for a new wage contract were first started, we were of the opinion that the demands of labor would not be very great; at least, not such as would result in the controversy that ensued.

"From the time the Wage Stabilization Board moved into the controversy until Chief U. S. Defense Mobilizer Charles E. Wilson resigned a few days ago, we believed—as apparently he did—that any wage increase would automatically be followed by a compensating price increase in steel.

"Now, unless there is a greater reversal in policy than any we have witnessed in Washington to date, it seems unlikely that steel companies will receive the compensating price increase they say they require.

"The President doesn't seem to find the proposed changes in wages unreasonable while steel profits are continuing at 'extraordinarily' high levels. The head of the Office of Price Stabilization states categorically his office is opposed to giving steel producers any special price beyond what they would receive anyway under the 'Capehart' amendment."

Mr. Nelson, in his statement made last Friday, added, "In view of the possibility that government may take over the direction of the steel industry and order it to abide by the decisions of its board—to avert a strike which would be harmful to the rearmament program—we decided to sell our investments in this industry."

The Fund was said to have made a "very nice profit" in its liquidation of steel holdings.

PUBLIC LOSS of confidence in an entire industry, with the result that it is regarded generally as a bad risk, sometimes makes it a most attractive investment for mutual funds, William A. Parker, President of the Parker Corp., Boston, said Sunday. Mr. Parker spoke on the second of the radio series, "Your Money at Work," sponsored by Kidder, Peabody & Co. for mutual funds.

Judgment Is Justified

"When the public faith in such an industry is restored," Mr. Parker said, "the professional's judgment is justified. He can often act boldly for the benefit of his shareholders, provided he divorces his thinking from the extremes of the popular fads and fashions." Mr. Parker is a director of Rayonier Inc., Loew's Inc., The Fiduciary Trust Co., and a trustee of the Hobart Ames Foundation. He has also been active in the Red Cross. His talk was broadcast over WOR.

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 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."

OPEN-END REPORTS

COMMONWEALTH Investment Co. reports net assets of $48,016,045, on March 31, 1952, an all-time high for the fund and an increase of 14% in net assets since the beginning of the year.

Shareholders increased to over 28,000 as compared with 25,000 at the beginning of the year.

During the first quarter, the Fund declared dividends amounting to 6c a share from investment income and 4c a share from realized security profits, payable April 1, 1952. Asset value per share increased from $6.84 to $6.95 during the period.

On March 31, Commonwealth's portfolio contained 327 individual securities in over 30 industries, with 63.0% in common stocks, 23.8% in preferred stocks, 5.2% in corporate bonds, and 8.0% in cash and governments.

The largest common stock holdings are in oils (13.0%), public utilities—electric (9.2%), and chemicals and drugs (4.6%).

SELECTED AMERICAN Shares reports net assets at March 31, 1952 of $23,441,827, highest for any quarter-end in the company's history. This compares with $22,472,260 at Dec. 31, 1951, and $19,873,108 at March 31, 1951. Per share asset value rose to $13.82 vs. $13.57 at the end of 1951.

During the quarter Selected added the following stocks to the portfolio: Libbey-Owens-Ford 4,500 shares, Motorola 1,800, Searle 1,000, Studebaker 5,000. The company bought 2,000 shares of Du-Mont, 4,000 United Air Lines, 4,000 General Public Utilities, 1,500 Eastern Air Lines, 1,500 General Motors, 1,400 RCA, and 1,000 each of American Natural Gas, Chesapeake & Ohio, Consolidated Edison, Public Service of Indiana, and Zenith. It sold 7,400 Westinghouse Electric, reducing the holding to 2,600 shares; and eliminated its entire 6,000 shares of I. T. & T.

Largest investments by industry were oil 15.5% of assets, chemical and drug 9.1%, electric utility 6.8%, railroad 6.3%, electric equipment and television 5.9%. Common stocks accounted for 88.5% of assets, preferred stocks and corporate bonds 1.5%, U. S. Governments and cash 10%.

At the annual meeting of stockholders on April 3 the following directors were reelected: Robert S. Adler, Arnold R. Baar, David Copland, John K. Langum, Anan Raymond, Edward P. Rubin and P. P. Stathas.

EATON & HOWARD Balanced Fund reported net assets on March 31 of $83,862,114 compared with $77,727,899 on Dec. 31, 1951. The five largest common stock hold-

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
Aberdeen Fund	1.1c	91c	4- 5	3-31
Composite Bond & Stock Fund—				
From net investment income	12c	$15.55	4-21	3-24
From security profits	1c		4-21	3-24
Dividend Shares	2c	1.89	5- 1	4-15
Investors Mutual	15½c	----	4-21	3-31
Mutual Investment Fund—				
From net investment income	10c	16.08	4-30	4-15
From security profits	10c		4-30	4-15
New England Fund	15c	17.99	5- 1	4-18

ings by industries are: 13% in power and light, 13% in oil, 5% in insurance, 4% in natural gas and 4% in chemicals. Portfolio was 59% in common stocks, 17% in preferred stocks, 16% in corporate bonds, 3% in short-term notes and 4% in cash and U. S. Government bonds.

EATON & HOWARD Stock Fund reported net assets on March 31 of $13,670,546, compared with $12,570,377 on Dec. 31. Of the fund's assets, 86% were invested in common stocks, 11% were in cash and governments and about 3% were in convertible preferred stocks.

Largest common stock holdings by industries were 13% in power and light, 13% in oil, 6% in insurance, 6% in rayon and textile, 5% in banking, 4% in chemical, 4% in building, 4% in aviation, 3% in electronics and about 3% in electrical products.

INCORPORATED INVESTORS reported net assets on March 31 of $124,157,211, compared with $100,366,492. Offering price per share increased from $10.73 to $12.37 during the same period.

Largest holdings by industries were 25.4% in natural gas and oil, 18.5% in railroads, 10.4% in paper and pulp, 8.6% in metals and mining, and 5.7% in chemicals and drugs.

NEW ENGLAND FUND'S total net assets on March 31, 1952 were $5,365,107—33% higher than the $4,047,257 reported a year earlier, and 7% higher than at the 1951 year-end.

Number of shares outstanding was 295,509 (another new peak in the 21-year history of the Fund) compared with 227,517 on March 31, 1951, and 279,780 on Dec. 31.

Net asset value per share was $18.16, up from $17.95 at the end of 1951.

Adjusted for the $1.10 per share distribution from net capital gains paid in December, asset value has increased by 8% in the last 12 months.

For more than a year, the trustees have had some 35% of assets in cash, short-term government securities, and other high-grade defensive holdings.

NET ASSETS of Natural Resources Fund Inc. totaled $4,062,410 on March 31, a gain of 58.66% over the $2,560,366 in net assets reported by the fund at the close of the last fiscal year on Nov. 30, Frank L. Valenta, President, announced.

This total of $4,062,410 compares with net assets of $1,124,929 on March 31, 1951 or a gain of 260.81% in the 12 months' period.

Mr. Valenta pointed out that this growth in net assets resulted not only from sales of the shares of the fund's capital stock to new stockholders but also from the rise in the market value of the securities owned.

Natural Resources Fund is invested in the securities of 81 companies operating in a broad number of natural resource fields in the United States and Canada.

Mutual Fund Notes

NANCY DILLON of Hayden, Stone & Co., Mutual Fund Counsellors and members of the New York Stock Exchange and all principal exchanges, conducted an Investment Planning Forum for the Daughters of Pennsylvania in New York on Tuesday, April 8, at 2:30 p.m. in the French Room of The Park Sheraton Hotel, New York City.

A PANEL discussion on mutual funds was a special feature at the regular meeting of the Wall Street Club of Pace College Tuesday.

Arnold Green, Manager of Bache & Co.'s mutual fund department in New York, spoke on the history and investment policies of the various funds, the mechanics of their operation and their present role in the capital market.

John D. Case, Vice-President and Treasurer of the First Investors Corp. discussed the operations of his company and the aspects of instalment plans.

The students, specializing in accounting and finance, were given an opportunity to ask questions of both speakers.

MERGER of Loomis-Sayles Second Fund into Loomis-Sayles Mutual Fund was voted by stockholders at the end of last week. The merger will be effective May 1, 1952. The combined assets of the funds will total $25.5 million with nearly 5,000 shareholders.

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."

TECHNICAL FUND reports the adoption of a "policy of stabilized distribution" by which regular quarterly payments of a specified amount per share are planned. Payments can be increased or decreased by the fund, but it is planned to keep them at the specified level, if possible. Distributions will have their origin from one or any combination of capital surplus, investment income or security profits.

PERSONAL PROGRESS

APPOINTMENT of John W. Edgerton as a senior analyst for the electronics industry research group in the home office investment management staff of Investors Diversified Services, Inc., was announced by Guy Lemmon, administrative officer of the I. D. S. investment department.

Edgerton, a graduate of Harvard Business School, is a native of New Haven, Conn. He formerly was an account manager for Brown Brothers and Harriman, and assistant to the Chairman of the investment committee of the American Automobile Insurance Co. He was with Television Shares Management Co. in Chicago before joining I. D. S.

NEW PROSPECTI

CENTURY SHARES TRUST has released a revised prospectus dated March 31, 1952.

GROUP SECURITIES newest prospectus is dated March 31, 1952.

INVESTMENT TRUST of Boston has prepared for dealers their long-awaited prospectus in which the plans for distribution of Sheraton common stock to shareholders are set forth. The prospectus is dated April 1, 1952.

MASSACHUSETTS INVESTORS Trust's latest prospectus is dated March 26, 1952.

MUTUAL FUND of Boston has issued a prospectus dated March 24, 1952.

SCUDDER, STEVENS & Clark Common Stock Fund has prepared a prospectus dated April 1, 1952.

SEC REGISTRATIONS

BROAD STREET Investing on March 31 filed a letter of notification with the Securities and Exchange Commission covering 400,000 shares of capital stock to be offered at the market.

DODGE & COX Fund on March 28 filed a registration statement with the SEC covering 30,000 shares of beneficial interest in the Fund to be offered at market without underwriting.

EQUITY FUND on March 27 filed a registration statement with the SEC covering 500,000 shares of capital stock to be offered at market through Pacific Northwest Company, Seattle Washington.

NATIONAL INVESTORS Corporation on March 31 filed a registration statement with the SEC covering 600,000 shares of capital stock (par $1) to be offered at the market without underwriting.

GEORGE PUTNAM Fund of Boston on March 26 filed on 400,000 shares of beneficial interest in the fund to be offered at market, without underwriting.

WALL STREET Investing Co. on March 26 filed on 100,000 shares of capital stock to be offered at the market without underwriting.

WHITEHALL FUND on March 31 filed on 60,000 shares of capital stock to be offered at the market without underwriting.

CLOSED-END NEWS

TOTAL NET assets of Carriers & General Corporation at March 31, 1952, with securities valued at market quotations and before deduction of principal amount of outstanding debentures, were $10,714,859 (excluding unamortized debenture financing costs of $7,734). These compared with total net assets of $10,329,602 on Dec. 31, 1951. Net asset value of the common stock was $15.76 a share on March 31, 1952, compared with $15.08 a share on Dec. 31, 1951.

The asset coverage per $1,000 of debentures outstanding on March 31, 1952 (excluding unamortized debenture financing costs) amounted to $5,724. Interest and amortization requirements on debentures outstanding were earned 7.79 times. Net income applicable to common stock for the three months ended March 31, 1952 (exclusive of profits on sales of securities) was $96,809 compared with $85,405 for the three months ended March 31, 1951, an increase of 13.35%.

NET ASSET value per share on 821,000 shares of Petroleum Corporation of America outstanding at March 31, 1952 was $27.25 as compared with $24.75 per share on the same amount of shares outstanding at Dec. 31, 1951.

With McCarley & Co.

GREENVILLE, S. C.—C. Lowry Walker has joined the sales staff of McCarley & Co., South Carolina National Bank Building. He was previously with Courts & Co.

Continued from page 2

The Security I Like Best

pies the White House; whether the general price level rises or falls; yes, and pretty much so whether we have war or peace.

It is difficult to say that Radio Corporation is to be the General Motors, Chrysler or Ford of the coming Electronics Age. But it is now well up toward the top as a contender for such a prominent place. It is well financed, well managed, and already has a history behind it of keeping abreast of changes in its field and adapting itself to them.

One should feel fairly comfortable as a stockholder of **Radio Corporation of America** during 1952.

EVERETT J. MANN

Associate Professor of Economics, Duke University

Newport Industries, Inc.

Investors who have eyed the chemical industry and its vast growth potential in the hope of purchasing some of its equities, by this time may have given up with a hopeless shrug when they contemplated the terrific premiums the investment world has placed on chemical stocks. Nor have the larger chemicals shown much inclination to yield substantially in price, even though it seems to the writer that present prices represent an overoptimistic discounting of the industry's future.

Everett J. Mann

Newport Industries, Inc., which was incorporated in 1931, and hence is a relative newcomer to the chemical field, seems to offer a chance for the investor to get into the chemical industry on an amazingly favorable basis. Presently selling at about 19 and paying a $2 dividend, the accompanying comparison of Newport with some of the established large chemical companies should be interesting both to an investor who would like to buy a chemical stock and at the same time is seeking an undervalued situation.

Newport Industries is one of the two leading processors of naval stores—that is, the extraction of rosins and turpentine products from the stumps of cutover pine forests. Prior to World War II, the company operated three processing plants in Florida, Alabama and Louisiana for the conduct of this business. Since the war, the company has built three new plants to add substantially to its prewar productivity and to process new products. Tall Oil, a product little known in 1945, has been finding increasing acceptance and use in industry; a number of new derivatives have been developed. The company has been expanding and is now adding considerably to its facilities for processing Tall Oil because of growing demand.

Perhaps the development that gives the greatest promise of increasing Newport's future earnings is in the growing and processing of the natural fibre, ramie. Ramie is the world's strongest natural fibre and actually becomes stronger when wet rather than when dry. Its commercial uses thus could literally be unlimited. Newport has been growing ramie since 1940, but difficulties in decorticating and degumming the fibre until recently have kept any substantial quantities off the market. Until 1951, ramie had to be sent abroad for processing, but the degumming plant at Clewiston, Florida, is finally operating successfully, and new domestic markets are being opened. In coming years, the company expects a continued expansion in ramie production with a resultant increase in income.

For the speculatively minded, Newport enjoys the advantage of an oil "kicker." Some of its cutover timber lands in Louisiana are under lease to various oil companies, and there are now five producing wells operating on its property. When the State of Louisiana removes restrictions on oil production, these wells may be expected to contribute more revenue to the company's earnings.

Newport Industries is modestly capitalized. Sinking fund notes of $1,619,000 and 32,800 shares of $100 par preferred stock precede the common stock issue of 621,359 shares. The book value of the common amounts to $16.15 per share, again high for a chemical when considered in relation to market price.

Although Newport Industries is still a long way from enjoying the investment prestige of the large chemical companies, it might be reasonable to envision a price-earnings ratio of 10 in the not-too-distant future. With 1952 earnings apparently due to continue as good as those of 1951, Newport could rise 50% to a quotation of 29 from its present price of 19. For the investor who thinks in terms of long-term growth, it may not be entirely Utopian to envision the day when the word "ramie" may be used as commonly in textile circles as are the words "nylon" and "rayon" today.

Newport Industries, Inc., is quoted on the New York Stock Exchange.

	Recent Price	P/E Ratio	Dividend	% Yield
NEWPORT INDUSTRIES	19	6.5	$2.00	10.5
Allied Chemical	72	15.7	3.10	4.3
Dow Chemical	107	18.0	*2.40	2.2
duPont	85	18.3	3.55	4.2
Monsanto	95	20.2	2.50	2.6
Union Carbide	60	16.7	2.00	3.3

*Plus stock.

Tomorrow's Markets Walter Whyte Says—

By WALTER WHYTE

At this writing we seem to be moving from an economy of scarcity. Copper, rubber, aluminum and even steel are now in greater supply. It is even possible that this greater supply may be an underlying reason for permitting strikes.

* * *

Incidentally, don't let strikes, or threats of work stoppages, color your thinking too much. You can be practically certain that the effects of strikes have been already evaluated in the higher echelons a long time before they occurred. It is possible that their judgment may not prove entirely right. But taking a chance on such a possibility would be flying in the face of precedents.

* * *

It is interesting to note that some of the copper stocks, particularly Kennecott and American Smelting, are showing market signs which in the past preceded advances. Oddly enough the rubber issues are not acting well. This diversion of market action where one group goes one way and another an other way is not unusual. In future months, when the various investment trusts issue their lists of holdings, I think you'll discover that there's been considerable switching going on which will account for the current action.

* * *

In last week's column I implied that profits be taken on strength. As it was written, strength was present in most portions of the list. Now that weakness seems to be the rule, selling should be halted. If you haven't nailed down some of your profits on strength during the past two weeks or so, don't get out now when selling seems to be the rule. Wait until new strength develops.

The oils apparently still have their head of steam. I'm not going to fall in love with them at this stage of the market cycle. I distrust anything that the majority are with. The penny oils traded in on the Toronto Exchange are financed heavily by American capital. Should that bubble burst, it is quite likely that the better American stocks will suffer. For psychological reasons a man with a loss in one stock seldom takes his loss. Instead he sells his profitable holdings to protect his poor ones. It should be the other way round but few do it.

[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

Have Faith in Our Capitalistic System!

answer at the time, probably because I was inwardly inclined to agree with him that he should stick to his preaching business while I should stick with my economic business.

But I have been thinking a great deal about his dilemma. It raises some vital questions for every one of us. I would like to give my friend the preacher an answer now, if I can, by considering these questions:

Does economics have a place in the world of religion? Is there any connection between a capitalistic society and the religious way of life? Is there any connection between a socialistic society and religion? Is there any common denominator among them?

Now, I studied economics in college. It seemed all "business" to me then. Economic principles and religious precepts seemed to be as far apart as the North Pole is from the South.

Each subject is so complex that relating one to the other seems futile. However, in the business world, I have learned not to be baffled by any problem just because it seemed complicated. I also learned that complex problems can be solved simply and understandably.

Whenever a complicated, involved solution to a problem is proffered it is generally no good. Basic truths are clear and simple. Solutions which are so complicated as to be almost incomprehensible generally are offered by those who wish to confuse, or to cover up their own lack of understanding.

Let us try to state the problem simply and find a simple answer.

Economics From Viewpoint of Human Behavior

I propose to discuss the subject of people in general; how people act under the capitalistic system; how they act under socialistic systems, and why they act as they do. In other words, I want to consider the science of economics from the viewpoint of human behavior.

Thousands of books, millions of words have been devoted to mankind and his actions throughout the ages. The subject covers the entire history of man and his works, from the dawn of history down to the current day. It embraces, of course, the whole story of man on this earth, his every thought and action. A big subject? Yes. Complex? Infinitely so. Let's attempt to make it simple by defining our area and our purpose.

First I want to make a few basic assumptions, with which I believe you will agree:

(1) You and I are alive.

(2) No human being has the power to alter any of God's natural laws.

(3) Each of us has the natural right—from God—to protect and defend his life, liberty, and his property. (It was Thomas Jefferson who said: "The God who gave us life, gave us liberty at the same time.")

(4) We have the power to think and reason, and no other creatures on this earth are endowed with capabilities approaching those of mankind.

(5) Because we have the power to think and reason, we have the power to control our actions. Thus we are born with the liberty to pursue whatever ends we elect, unless circumvented by our fellow men.

(6) Experience teaches us all that right and good actions produce varying rewards, the greatest among which is happiness. Conversely, of course, wrong and improper actions produce opposite results. (Parenthetically, I think we can also agree that each person is solely responsible for his own actions, so that responsibility in the final analysis can never be shifted to any other persons.)

(7) None of us is perfect but, at the same time, each of us is capable of improvement.

(8) Minkind achieves his maximum happiness when living as part of a group with his fellow creatures. Yet each of us is an individual, infinite and variable.

Now, misunderstandings all too frequently occur in the field of semantics. I say "democracy" and it means something to me; perhaps something quite different to you. I use the word "liberty." Your definition may be completely different from mine.

Even Abraham Lincoln wrestled with the problem. This is an excerpt from one of his lesser known speeches:

"The world has never had a good definition of the word 'liberty', and the American people, just now, are much in want of one. We all declare for liberty; but in using the same word, we do not all mean the same thing. With some, the word 'liberty' may mean for each man to do as he pleases with himself and the product of his labor; while with others, the same word may mean for some men to do as they please with other men and the products of other men's labor. Here are two not only different but incompatible things called by the same name—liberty. And it follows that each of the things is, by the respective parties, called by two different and incompatible names—liberty and tyranny."

I intend here to use certain words frequently. Since it is vital that you and I have an understanding concerning the meanings of these words, I propose to define them as we proceed.

First, let us take the simple word "law." There are many kinds of law, first among which are the moral or natural laws derived from God. I refer, of course, to such things as the law of gravity, the law of life, and the law of personal responsibility. We are, I believe, already in agreement that no human being can alter these. There are man-made laws of a thousand and one varieties.

I shall use the term "law" only as it applies in protecting the God-given right of every single individual to lawful defense of his person, his liberty and his property. If every person has such God-given rights of defense it follows naturally that any group of men has a corresponding right to organize and support whatever type of defensive force is needed to protect such rights. Life, liberty, and property do not exist because of man-made laws. They existed long before any such laws were dreamed of.

If mankind has the privilege of protecting his life, liberty, and property, it follows logically that he cannot at the same time have the opposite right of using his own force aggressively (or a collective force aggressively) to destroy the person, liberty, or property of another.

What Is Economics?

Next, let's consider the word "economics." If defined as the science of human action, or theory of human behavior, which it surely is, I believe we will be on firm ground. We all know that humans behave in millions of different ways for millions of different reasons. Most of their acts from primitive man down to today are motivated by two basic compulsions:

(1) To stay alive, and

(2) To attain the maximum possible measure of happiness.

Every act of every human being on earth is directed toward one or both of these ultimate goals. The fact that some men lose their lives, and some never achieve happiness, in no way refutes this statement.

Since it is virtually impossible for any man to achieve either of these basic God-given desires by living completely isolated from the rest of mankind, man has from time immemorial banded together in order to pursue his objectives most effectively.

If you grant the assumption that mankind was intended to live in groups with his fellow creatures, the next question is: Which, if any, of his God-given rights is mankind willing to relinquish to the group (or any member of the group) with which he lives? This question could be debated for hours. I believe eventually we would come to complete agreement that none of us willingly would delegate many such rights to others.

For example, would you delegate to anyone (even your best friend) control over your wife, your children, your home, your clothing, your food, your actions, or the products of your labors? Conversely, probably each of you would willingly and gladly delegate to others the right to protect you from anyone who attempted to destroy you, your family, your liberty or your property.

Our forefathers did so delegate when they banded together, wrote the Declaration of Independence and our Constitution. They established a form of government which permitted and encouraged the development of the economic system that we now call capitalism. It might better be termed the market economy system. The government they established delegated to no one any power of aggression or plunder against others, and thus protected each citizen from every conceivable kind of aggression against his life, liberty, and the pursuit of happiness. It thereby permitted human beings to exercise their fullest potentialities, or God-given inalienable rights, to their individual utmost capabilities. They established law in its purest sense as a "common force organized to act as an obstacle to injustice." No wonder we were brought up to believe that "law is justice," when it was designed to save us from harm.

Our forefathers might easily have picked a different form of government. They might have decided upon a socialized society based on belief in the frailty of the individual, that he has no capacity to choose wisely and well, and that he must be protected and made secure from his own mistakes. Then they would have decreed that his actions, his human behavior, should be directed and channeled into serving the State. They would have preached that it was insufficient for laws to be just—that they must also be philanthropic, and guarantee to every citizen complete protection from all the normal hazards of living. They would direct his every action and save him from himself.

If they had established such a socialistic society they probably would have been unable to explain why their chosen dictators, or leaders, or planners would themselves have been free from the frailties of the people they would plan for. They would have been unable to explain how they could have enforced their plans, without the liberty of their subjects being legally destroyed, with justice being trampled underfoot as a result. How could they (or the modern socialist of today) avoid transgressing God's concept of individual responsibility which He willed to mankind, so that every man could choose between vice and virtue, with resulting punishment or reward? If we agree that our concept of law is correct; that it is to prevent injustice from reigning, it must follow logically that when law is diverted from this proper purpose it becomes an instrument of plunder.

If we grant that even though mankind is imperfect, he is still the highest manifestation of God's will in the universe; if we grant that mankind by nature must live in groups, then our problem is brought sharply into focus: under what kind of an economy or social order will mankind's possibilities take root and flower to their fullest?

Let's analyze the two systems, ignoring man's frailties for the moment.

Under the capitalistic system each man acts to serve his fellow citizens. Each also is served by his fellow citizens. That world-famous slogan of Rotary, "He who serves best profits most," comes to mind. What I first heard it as a child I thought it rather silly. Today I consider it profound. He who serves best profits most. Under the capitalistic system every man is given complete freedom to do his best, to serve his best.

A Definition of Capitalism

Funk & Wagnall's defines capitalism as "a system that favors the concentration of capital in the hands of a few." I respectfully differ and submit what to me is a more accurate definition, namely, that "capitalism is a system governed by the market economy." Under this system, however you define it, the real boss is the consumer. Even though he is a harsh boss, he is a just one. Everyone of us—every citizen in this land—is collectively the captain, judge, and jury of the capitalistic system. The laws of nature prevail. As Goethe wisely said:

"Nature understands no jesting. She is always true, always serious, always severe; she is always right, and the errors and faults are always those of man. The man incapable of appreciating her she despises and only to the apt, the pure, and the true does she resign herself and reveal her secret."

Superficial observers think because businessmen have money, or capitalists furnish money, that they are supreme. On the contrary, they are bound to obey unconditionally the "consumer captain's" orders. They cannot determine for long what to produce, how many to produce, or selling prices—the consumers do that. Every businessman knows that if he does not obey the orders of the public, if he does not serve the public by manufacturing what it likes, or offer goods and services for prices it will pay, he will suffer losses, eventually go bankrupt and be completely removed from the scene. Other men who did better in satisfying the demands of the captains—that is, the consumers—will replace him.

It is we as consumers who decide which companies shall prosper and which shall fail. We as consumers are bosses full of whims and fancies, changeable and unpredictable. When we see something we want and buy it, we do not care an iota about the past merit or vested interests of the persons from whom we buy. If something is offered to us tomorrow better or cheaper, or both, we desert our old purveyor.

The old mousetrap story was true 100 years ago and is true today. If we make the best one, and it is priced right, and we serve 1,000 people—we prosper. If we serve a million and do it better than our mousetrap competitors, we prosper a thousand-fold. And not because we are capitalistic. We prosper only because we serve more people better than others, we satisfy their wants, we help them along the way.

The same harsh but fair criterion applies to those who sell their services. Those who work best, work hardest, do more than expected of them rather than less, cannot help but profit more. All of us know that the most difficult task is getting enough people to do well what is expected of them, and eventually do it better than expected. Those who keep it up are rewarded with greater opportunities—as well as responsibilities. In other words, it is under the driving power of competition, of freedom of choice, that it is possible for each individual to exercise to the fullest his God-given right of liberty, and to reap the just rewards of proper human behavior.

God has given to everyone that which is necessary for him to fulfill his destiny. He has given mankind the opportunity to succeed and the opportunity to fail. He has permitted and encouraged men to acquire property as the fruits of their labors. Is not the Commandment, **"Thou shalt not steal,"** an absolute endorsement of private property rights? And nowhere under God's natural laws is there authority to establish devices which permit "legalized plunder" of other people's property, whether done under the name of social security, tariffs, rent control, progressive taxation, price controls, production controls or subsidies.

Under the economy of socialism, looting is not only permitted but legalized and encouraged. Under its system the harder a man works, and the better he serves his fellow man — the more he is penalized! Yet these same socialists tell us that they act solely for the sake of "humanity." They use words like "liberty" to describe their curtailment of the greatest liberty any man can enjoy; that is, the product of his own labors. They say in effect (though, of course, never openly) that they "know better how to use your money and mine than we do." They gloss over the fact that they have no captain, the consumer, to leave them stranded as a penalty for mistakes of buying too much, paying too much, or planning wrongly. They might decide to take a billion dollars from us and establish a peanut farm in Alaska. (Others have tried it in Africa!) If it failed, of course, it would be no fault of theirs and they would take another billion next year for some other purpose. The penalty of failure does not exist under that system. Little wonder it has its enthusiastic supporters! But under the capitalistic system men reap directly the penalties of their own errors. They either serve some part of humanity and serve it well, or they fail; there is no other choice.

Summary

In summary, I believe that "all authority is derived from God and resides in the free consent of the governed." It follows, then, that the rights of man to life, liberty, and the pursuit of happiness cannot be grants of a sovereign or of a state, but are inalienable because they are received of God. These personal responsibilities cannot be delegated to any state without the loss of the moral and the spiritual integrity of the person.

I believe this because I have a basic faith in God, and because I firmly believe He wanted mankind to grow, to learn through experience, to learn by making mistakes, and thus to build a better world. The early American relied on God and received direction from within. He did not need coercion from the State. These pioneers kept government at a distance, and severely curbed the range of its powers. As a result, there was such a release of human energy as the world had never witnessed before. The new type of representative government they established was built on the solid rock of individual dignity, responsibility and independence set forth by Moses, and codified in the Ten Commandments. It was taught and practiced by Jesus. And in all their teachings we find nothing to suggest that we set apart any of our fellow creatures and delegate to them authority to control the life, liberty or property of another. They did not appoint certain individuals as gods over God.

So much for contrast between the two systems. Now lets look at the human angle, at man's frailties and shortcomings.

I have some acquaintances who are socialists. I have others who would disavow being socialists but strongly argue in favor of government planning for our economic lives. Some of these people are just plain stupid; on the other hand, some are highly intelligent and, I believe, completely sincere. They all point to a standard set of reasons (which seem significant to them) why the capitalistic system is unsound, reactionary, and unfair. Here they are:

(1) Unfair wages, hours, and working conditions.

(2) Injustice — some people make too much, some too little.

(3) Unfair trade practices.

(4) Discrimination between employees.

(5) Unnecessary duplication of effort, such as two railroads operating between two cities when one could carry the load.

You have heard all of these, I am sure. Most everyone is against "Sin." At first glance these ideas sound logical and humane. But if you examine them carefully, you will find that no one of them has anything whatever to do with the system. They all have to do with man's failure and imperfections. I think the worst thing that could happen in the United States (or any other country for that matter) would be the overthrow of a system under which we have achieved the greatest dignity and freedom for the individual in the history of the world—simply because we erroneously blame the system for human errors.

Let's consider a moment — wouldn't it be stupid to condemn surgery because you could prove that Dr. Jones erred and his patient died? Would any sane man condemn the architectural profession because the ABC Firm designed a building that collapsed? Do you think intelligent people would ever prohibit the manufacture of automobiles because some drivers wreck them in foolhardy driving? Should all colleges be closed because some of them have permitted undesirable professors on their faculties? Should religion be condemned because one of its dignitaries violates one of the Ten Commandments? None of these illustrations, silly as they seem, are one whit more ridiculous than running away from the best economic system the world has ever known because a few businessmen were sinners or chumps —or both.

Some of my state planner friends may still be unconvinced and say, "Well, that may be true, but surely you must blame the capitalistic system for the horrible cyclical periods of prosperity and depression which have occurred."

The answer, of course, is that the capitalistic system, as conceived by our forefathers, never existed with such complete freedom for mankind prior to the birth of the United States. Yet the world has experienced just such periods of prosperity and depression from the beginnings of recorded history. Surely the permission of maximum human endeavor does not cause such cycles. Human fears could well prove to be the real cause. And fear has long been the order of the day under old world governmental restrictions, during wars, and under state controls over mankind. Government interference with the normal market economy is no phenomenon of recent origin. Perhaps all of us should read again "The Decline and Fall of the Roman Empire."

In conclusion, I return to my friend, the preacher. I must now answer his question about whether he should drop the study of economics and stick to religion.

I know now that I was wrong in assuming quickly that he should stick to his religious field. I think my preacher friend, and all other spiritual leaders in this land of ours, should study economics. I think they should seek unceasingly to learn all they can about the whole of human behavior, economic as well as spiritual.

I believe, too, that businessmen should not limit their study to that relatively small segment of life that has to do with human behavior in the market place. I think businessmen, like the clergy, should broaden their horizons and, joining together, proclaim throughout the land that God intended men to be free to make their own decisions and to be responsible for the consequences of those decisions.

We should all proclaim that it is an act against God for men to pass laws which destroy individual liberty, which deprive persons of responsibility for their own acts or their own welfare.

As Ben Moreell, Chairman of the Jones & Laughlin Steel Corp., said recently, ". . . let us resolve that henceforth we shall never again render unto Caesar those things that are God's, for that is precisely what we do when we yield to political rulers the power to administer moral law."

Let us resolve instead that each one of us, every man, shall recognize his rights as God-given, exercise them in his own good conscience, and stand steadfast in their defense as his most priceless heritage.

Colthup Director

Fred C. Rummel, President of the Spokane International Railroad, announces the election to the Board of Directors of James F. Colthup. Mr. Colthup is a partner of Freeman & Co. and a director of the National Steel Car Lines Corp. and the Industrial Equipment Company of America.

James F. Colthup

Joins Douglass Staff

(Special to The Financial Chronicle)

BEVERLY HILLS, Calif.—Harlan K. Deckert has become associated with Douglass & Co., 464 North Bedford Drive. He was formerly for many years with Van Denburgh & Karr, Inc.

Fabian Co. Adds

(Special to The Financial Chronicle)

BEVERLY HILLS, Calif. — Charles T. Howitt has been added to the staff of Fabian & Co., 9500 Santa Monica Boulevard.

Newman & Co. Formed

(Special to The Financial Chronicle)

BEVERLY HILLS, Calif.—Jack Newman is engaging in the securities business from offices at 316 South Bedford Drive under the firm name of Newman & Co. Mr. Newman was previously with Francis I. du Pont & Co. and Morgan & Co.

Harry E. Lewis Now With Shearson, Hammill & Co.

(Special to The Financial Chronicle)

BEVERLY HILLS, Calif.—Harry E. Lewis has become associated with Shearson, Hammill & Co., 9608 Santa Monica Boulevard. Mr. Lewis was formerly Beverly Hills manager for Standard Investment Co. of California and prior thereto was with Marache, Sims & Co.

Joins George Yates

(Special to The Financial Chronicle)

CARMEL, Calif. — Edward J. Billings has joined the staff of George V. Yates & Co., Jorgenson Building.

With Farwell Chapman

(Special to The Financial Chronicle)

CHICAGO, Ill. — John R. Mathews is with Farwell, Chapman & Co., 208 South La Salle Street, members of the New York and Midwest Stock Exchanges.

$10 Million Issue of New Brunswick Bds. Placed on Market

Halsey, Stuart & Co. Inc. and associates made public offering on April 8 of $10,000,000 Province of New Brunswick, Canada, 4½% sinking fund debentures, due April 1, 1972, at a price of 98.702% and accrued interest.

Of the proceeds of the offering, $4,000,000 will be used, together with $1,000,000 from the Provincial Sinking Fund, to pay at maturity $5,000,000 principal amount of 2¼% debentures of the Province due May 1, 1952. The remainder of the proceeds of the debentures will be advanced to The New Brunswick Electric Power Commission in connection with its electric generating, transmission and distribution system construction program.

The debentures will constitute direct and unconditional obligations of the Province and will be payable as to principal, semi-annual interest and premium, if any, in lawful money of United States or, at the option of the holder, in lawful money of Canada. They are redeemable at general redemption prices ranging from 103% to par and through the sinking fund at par.

A. C. Karr & Co. Formed in Los Angeles

(Special to The Financial Chronicle)

LOS ANGELES, Cal. — A. C. Karr & Co. has been formed with offices at 523 West Sixth Street, to engage in the securities business. Offices are Arthur C. Karr, President; Vincent F. Perna, Vice-President and Secretary; and Arthur C. Karr IV, Vice-President and Treasurer. All have been associated with Van Denburgh & Karr, Inc.

Lloyd E. Canady Resumes Own Investment Firm

RALEIGH, N. C. — Lloyd E. Canady is resuming the investment business under the firm name of Lloyd E. Canady & Company with offices in the Commercial Bank Building. Mr. Canady, who formerly conducted his own business in Raleigh, ha recently been associated wit Reynolds & Co.

Merrill Lynch Adds

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—Richar C. Wayne is now affiliated wit Merrill Lynch, Pierce, Fenner & Beane, 523 West Sixth Street.

Joins King Merritt Co.

(Special to The Financial Chronicle)

PONTIAC, Mich.—Archer Smith is now associated with King Merritt & Co., Inc., 53½ West Huron Street.

Hirsch to Admit

On April 17 Rosina W. Eising will be admitted to limited partnership in Hirsch & Co., 25 Broad Street, New York City, members of the New York Stock Exchange.

George P. Bissell

George P. Bissell, member of the New York Stock Exchange, and senior partner of Laird, Bissell & Meeds, passed away on April 2.

Cecil E. Abbett Joins King Merritt & Co.

(Special to The Financial Chronicle)

LOS ANGELES, Calif. — Cecil E. Abbett has become associated with King Merritt & Co., Inc., Chamber of Commerce Building. He was formerly with Douglass & Co. and Harris, Upham & Co. Prior thereto he conducted his own investment business in Los Angeles.

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. 13	Not Avail.	102.1	101.8	102.3
Equivalent to—					
Steel ingots and castings (net tons)	Apr. 13	Not Avail.	2,120,000	2,114,000	2,045,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	Mar. 29	6,401,650	6,422,600	6,367,200	6,041,400
Crude runs to stills—daily average (bbls.)	Mar. 29	¶6,590,000	6,542,000	6,816,000	6,381,000
Gasoline output (bbls.)	Mar. 29	21,837,000	21,818,000	22,281,000	20,398,000
Kerosene output (bbls.)	Mar. 29	2,750,000	2,623,000	2,359,000	2,828,000
Distillate fuel oil output (bbls.)	Mar. 29	9,712,000	9,544,000	11,072,000	9,365,000
Residual fuel oil output (bbls.)	Mar. 29	8,846,000	8,845,000	9,704,000	9,147,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished and unfinished gasoline (bbls.) at	Mar. 29	149,631,000	147,596,000	142,787,000	142,433,000
Kerosene (bbls.) at	Mar. 29	14,718,000	14,598,000	16,683,000	13,285,000
Distillate fuel oil (bbls.) at	Mar. 29	45,109,000	46,188,000	52,489,000	43,170,000
Residual fuel oil (bbls.) at	Mar. 29	35,593,000	36,094,000	36,441,000	37,282,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	Mar. 29	725,423	719,921	755,624	755,435
Revenue freight received from connections (no. of cars)	Mar. 29	672,762	678,687	690,900	703,308
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	Apr. 3	$345,654,000	$271,637,000	$296,645,000	$236,778,000
Private construction	Apr. 3	191,279,000	137,458,000	147,063,000	142,501,000
Public construction	Apr. 3	154,375,000	134,179,000	149,582,000	94,277,000
State and municipal	Apr. 3	101,826,000	108,865,000	110,650,000	63,891,000
Federal	Apr. 3	52,549,000	25,314,000	38,932,000	30,386,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	Mar. 29	9,810,000	*9,555,000	10,290,000	10,259,000
Pennsylvania anthracite (tons)	Mar. 29	697,000	680,000	793,000	539,000
Beehive coke (tons)	Mar. 29	131,500	*132,300	137,300	138,500
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1935-39 AVERAGE = 100	Mar. 29	292	273	245	258
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	Apr. 5	§7,200,000	7,263,009	7,496,710	6,735,844
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	Apr. 3	185	164	170	195
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	Apr. 1	4.131c	4.131c	4.131c	4.131c
Pig iron (per gross ton)	Apr. 1	$52.72	$52.72	$52.72	$52.69
Scrap steel (per gross ton)	Apr. 1	$42.00	$42.00	$42.00	$43.00
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	Apr. 2	24.200c	24.200c	24.200c	24.200c
Export refinery at	Apr. 2	27.425c	27.425c	27.425c	24.425c
Straits tin (New York) at	Apr. 2	121.500c	121.500c	121.500c	150.500c
Lead (New York) at	Apr. 2	19.000c	19.000c	19.000c	17.000c
Lead (St. Louis) at	Apr. 2	18.800c	18.800c	18.800c	16.800c
Zinc (East St. Louis) at	Apr. 2	19.500c	19.500c	19.500c	17.500c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	Apr. 8	97.28	97.17	96.63	99.46
Average corporate	Apr. 8	109.97	109.97	109.60	112.19
Aaa	Apr. 8	114.27	114.08	113.89	115.63
Aa	Apr. 8	112.75	112.75	112.75	114.85
A	Apr. 8	109.24	109.06	108.52	111.44
Baa	Apr. 8	104.14	104.14	103.80	107.44
Railroad Group	Apr. 8	107.09	106.92	106.56	109.24
Public Utilities Group	Apr. 8	109.60	109.42	109.06	112.19
Industrials Group	Apr. 8	113.50	113.50	113.31	115.24
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	Apr. 8	2.68	2.70	2.73	2.53
Average corporate	Apr. 8	3.17	3.17	3.19	3.05
Aaa	Apr. 8	2.94	2.95	2.96	2.87
Aa	Apr. 8	3.02	3.02	3.02	2.91
A	Apr. 8	3.21	3.22	3.25	3.09
Baa	Apr. 8	3.50	3.50	3.52	3.31
Railroad Group	Apr. 8	3.33	3.34	3.36	3.21
Public Utilities Group	Apr. 8	3.19	3.20	3.22	3.05
Industrials Group	Apr. 8	2.98	2.98	2.99	2.89
MOODY'S COMMODITY INDEX	Apr. 8	433.6	437.5	437.2	521.3
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	Mar. 29	189,705	188,833	200,560	257,563
Production (tons)	Mar. 29	198,922	204,237	199,579	236,532
Percentage of activity	Mar. 29	84	85	83	98
Unfilled orders (tons) at end of period	Mar. 29	380,443	391,531	355,197	704,936
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1926-36 AVERANGE = 100	Apr. 4	141.0	140.8	142.7	154.3
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. 22	29,249	31,399	32,096	23,117
Number of shares	Mar. 22	830,857	868,745	886,133	662,756
Dollar value	Mar. 22	$37,899,500	$42,237,831	$42,439,981	$27,596,790
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	Mar. 22	24,650	25,355	23,518	20,737
Customers' short sales	Mar. 22	131	192	217	317
Customers' other sales	Mar. 22	24,519	25,163	23,301	20,420
Number of shares—Total sales	Mar. 22	684,140	706,552	683,497	564,133
Customers' short sales	Mar. 22	4,181	5,691	7,441	12,087
Customers' other sales	Mar. 22	679,959	700,861	676,056	552,046
Dollar value	Mar. 22	$29,231,928	$30,422,367	$30,255,711	$23,049,104
Round-lot sales by dealers—					
Number of shares—Total sales	Mar. 22	176,350	197,910	185,160	155,870
Short sales	Mar. 22	------	------	------	------
Other sales	Mar. 22	176,350	197,910	185,160	155,870
Round-lot purchases by dealers—					
Number of shares	Mar. 22	311,620	358,350	353,740	279,640
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. 15	265,040	400,320	216,920	444,650
Other sales	Mar. 15	7,525,650	7,533,490	5,556,030	10,854,780
Total sales	Mar. 15	7,790,690	7,933,810	5,772,950	11,299,430
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS					
Transactions of specialists in stocks in which registered—					
Total purchases	Mar. 15	785,620	834,260	538,020	1,194,440
Short sales	Mar. 15	143,260	137,370	111,570	209,790
Other sales	Mar. 15	618,120	657,210	430,450	1,033,750
Total sales	Mar. 15	761,380	794,580	542,020	1,243,540
Other transactions initiated on the floor—					
Total purchases	Mar. 15	202,100	214,200	109,610	311,040
Short sales	Mar. 15	19,400	17,400	13,300	30,600
Other sales	Mar. 15	234,760	210,800	105,000	325,580
Total sales	Mar. 15	254,160	228,200	118,300	356,180
Other transactions initiated off the floor—					
Total purchases	Mar. 15	280,534	324,155	222,586	403,500
Short sales	Mar. 15	40,470	151,840	24,170	88,320
Other sales	Mar. 15	371,759	473,797	250,417	567,805
Total sales	Mar. 15	412,229	625,637	274,587	656,125
Total round-lot transactions for account of members—					
Total purchases	Mar. 15	1,268,254	1,372,615	870,216	1,909,980
Short sales	Mar. 15	203,130	306,610	149,040	328,710
Other sales	Mar. 15	1,224,639	1,341,807	785,867	1,927,135
Total sales	Mar. 15	1,427,769	1,648,417	934,907	2,255,845
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR—(1947-49 = 100):					
Commodity Group—					
All commodities	Apr. 1	111.4	111.7	------	----
Farm products	Apr. 1	107.6	108.1	------	------
Processed foods	Apr. 1	108.3	108.9	------	------
Meats	Apr. 1	111.5	112.5	------	----
All commodities other than farm and foods	Apr. 1	112.9	113.0	------	------

*Revised. †Not available. ¶Includes 460,000 barrels of foreign crude runs. §Preliminary figure.

	Latest Month	Previous Month	Year Ago
AMERICAN GAS ASSOCIATION — For month of February:			
Total gas (M therms)	5,310,329	5,645,436	4,922,364
Natural gas sales (M therms)	4,931,182	5,255,574	4,533,443
Manufactured gas sales (M therms)	154,693	154,900	233,741
Mixed gas sales (M therms)	224,454	234,962	155,180
BUILDING CONSTRUCTION PERMIT VALUATION IN URBAN AREAS OF THE U. S. — U. S. DEPT. OF LABOR — Month of January (000's omitted):			
All building construction	$505,337	$426,520	$792,043
New residential	291,559	222,011	419,161
New nonresidential	144,812	145,054	271,993
Additions, alterations, etc.	68,966	59,455	100,839
BUILDING CONSTRUCTION—U. S. DEPT. OF LABOR—Month of March (in millions):			
Total new construction	$2,247	$1,991	$2,198
Private construction	1,556	1,397	1,614
Residential building (nonfarm)	784	668	862
New dwelling units	710	600	785
Additions and alterations	62	55	61
Nonhousekeeping	12	13	16
Nonresidential building (nonfarm)	414	399	400
Industrial	212	207	143
Commercial	79	73	128
Warehouses, office and loft buildings	36	35	45
Stores, restaurants, and garages	43	38	83
Other nonresidential building	123	119	129
Religious	30	29	35
Educational	27	26	26
Social and recreational	8	8	16
Hospital and institutional	33	32	32
Miscellaneous	25	24	20
Farm construction	80	75	83
Public utilities	272	250	264
Railroad	30	27	26
Telephone and telegraph	31	27	39
Other public utilities	211	196	199
All other private	6	5	5
Public construction	691	594	584
Residential building	62	66	37
Nonresidential building	285	251	255
Industrial	89	75	52
Educational	135	125	120
Hospital and institutional	35	30	43
Other nonresidential building	26	21	40
Military and naval facilities	132	115	41
Highways	85	55	110
Sewer and water	48	44	58
Miscellaneous public-service enterprises	12	9	15
Conservation and development	62	51	61
All other public	5	3	7
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD — Month of March (000's omitted):			
Total U. S. construction	$1,042,851	$788,429	$1,406,456
Private construction	549,395	414,397	884,358
Public construction	493,456	374,032	522,098
State and municipal	365,223	222,341	344,574
Federal	128,233	151,691	177,524
COKE (BUREAU OF MINES)—Month of Feb.:			
Production (net tons)	6,366,721	6,804,106	6,008,154
Oven coke (net tons)	5,769,909	6,167,562	5,398,562
Beehive coke (net tons)	596,812	636,544	609,592
Oven coke stocks at end of month (net tons)	1,765,363	1,810,405	1,068,698
CONSUMER CREDIT OUTSTANDING—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM — Estimated short-term credit in millions as of Feb. 29:			
Total consumer credit	$19,763	*$20,120	$20,167
Instalment credit	13,207	*13,315	13,386
Sale credit	7,181	*7,322	7,354
Automobile	3,927	*3,962	3,993
Other	3,254	*3,360	3,361
Loan credit	6,026	*5,993	6,032
Noninstalment credit	6,556	*6,805	6,781
Charge accounts	4,003	*4,253	4,241
Single payment loans	1,450	*1,445	1,433
Service credit	1,103	*1,107	1,107
CONSUMER PRICE INDEX FOR MODERATE INCOME FAMILIES IN LARGE CITIES—1935-39=100—Adjusted as of Feb. 15:			
All items	187.9	189.1	183.8
All foods	227.5	232.4	226.0
Cereals and bakery products	190.9	190.6	187.1
Meats	270.8	273.8	271.2
Dairy products	217.0	215.8	204.4
Eggs	166.5	184.3	179.8
Fruits and vegetables	223.5	241.4	224.3
Beverages	347.1	346.7	342.7
Fats and oils	150.9	155.3	176.5
Sugar and sweets	185.1	185.9	186.0
Clothing	204.3	204.6	202.0
Rent	140.2	139.7	134.0
Fuel, electricity and refrigerators	145.3	145.0	143.9
Gas and electricity	97.9	97.6	97.2
Other fuels	206.7	206.8	204.5
Ice	156.3	156.3	152.8
House furnishings	208.6	209.1	209.7
Miscellaneous	170.2	169.6	163.2
DEPARTMENT STORE SALES (FEDERAL RESERVE SYSTEM—(1947-49 Average=100 Month of March:			
Adjusted for seasonal variations	105	*105	105
Without seasonal adjustment	92	*83	93
LIFE INSURANCE—BENEFIT PAYMENTS TO POLICYHOLDERS—INSTITUTE OF LIFE INSURANCE—Month of February:			
Death benefits	$148,934,000	$167,995,000	$129,006,000
Matured endowments	38,984,000	46,560,000	41,556,000
Disability payments	8,273,000	9,887,000	7,959,000
Annuity payments	28,819,000	38,294,000	29,170,000
Surrender values	50,648,000	52,774,000	46,564,000
Policy dividends	53,980,000	73,992,000	49,887,000
Total	$329,638,000	$389,502,000	$304,142,000
RAILROAD EARNINGS — CLASS I ROADS (ASSOCIATION OF AMERICAN RRS.)—Month of February:			
Total operating revenues	$844,966,485	$867,034,111	$715,825,778
Total operating expenses	649,686,754	685,369,358	609,323,570
Operating ratio	76.89%	79.05%	85.12%
Taxes	$105,892,108	$100,806,300	$72,276,680
Net railway operating income before charges	75,894,510	66,066,877	18,977,500
Net income after charges (est.)	50,000,000	42,000,000	¶3,000,000

*Revised figure. ¶Deficit.

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.

★ Allied Drugs, Inc., Hackensack, N. J.
April 2 (letter of notification) 336 shares of class A stock (no par) and 1,623 shares of class B stock (no par), including rescission offer of 42 class A and 171 class B shares. **Price**—$100 per share. **Proceeds**—For working capital. **Office**—255 Herman Street, Hackensack, N. J. **Underwriter**—None.

★ Aluminum Co. of America
April 1 filed 489,073 shares of common stock (no par) reserved for issuance pursuant to Employees Stock Option Plan. **Price**—At a fixed price based on market. **Proceeds**—For general corporate purposes. **Underwriter**—None.

★ American Bankers Life Assurance Co. of Florida
March 28 (letter of notification) 14,600 shares of class A common stock (par $10). **Price**—$20 per share. **Proceeds**—For working capital. **Office**—343 N. E. Second Avenue, Miami, Fla. **Underwriter**—None.

★ American Brands Corp.
March 20 (letter of notification) an estimated $67,883.50 of common stock. **Proceeds** — To selling stockholder. **Underwriter**—Hooker & Fay, San Francisco, Calif.

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 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.

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.

★ Bell & Gossett Co., Morton Grove, Ill.
March 28 (letter of notification) 1,000 shares of common stock (par $5). **Price**—At market (approximately $27.25 per share). **Proceeds** — To R. Edwin Moore, the selling stockholder. **Underwriter**—Ames, Emerich & Co., Inc., Chicago, Ill.

★ Belle Isle Corp., N. Y.
April 3 (letter of notification) 3,500 shares of common stock (par 20 cents). **Price**—At market (estimated at $3.37½ per share. **Proceeds**—To Winfield A. Huppuch, 2nd, the selling stockholder. **Underwriter**—Tucker, Anthony & Co., New York.

★ Belle Isle Corp., N. Y.
April 7 (letter of notification) 400 shares of common stock (par 20 cents). **Price**—At market (estimated at $3.25 per share). **Proceeds**—To Edward J. Dinkel, the selling stockholder. **Underwriter**—Tucker, Anthony & Co., New York.

★ Belvedere Hosiery Co., Charlotte 1, N. C.
April 4 (letter of notification) 10,000 shares of common stock to be offered for subscription by stockholders of record April 1. **Price**—$5 per share. **Proceeds**—For working capital. **Address**—P. O. Box 1846, Charlotte 1, N. C. **Underwriter**—None.

Bingham-Herbrand Corp.
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. **Offering**—Expected this month.

★ Bridgeport Brass Co., Bridgeport, Conn. (4/29)
April 8 filed 125,732 shares of cumulative preferred stock (par $50-convertible through May 1, 1962) to be offered for subscription by common stockholders of record April 29 at rate of one preferred share for each seven and one-half shares of common stock held. **Price**—To be supplied by amendment. **Proceeds**—To redeem outstanding 3¾% serial debentures and repay 2½% notes. **Underwriters**—Hornblower & Weeks and Stone & Webster Securities Corp., New York.

★ Broadcasting Co. of the South, Greenville, S. C.
April 2 (letter of notification) 8,000 shares of common stock (par $7.50). **Price**—$21.50 per share. **Proceeds**—For working capital. **Address**—P. O. Box 660, Greenville, S. C. **Underwriters**—Alester G. Furman Co. and Henry T. Mills, both of Greenville.

★ Builders Iron Foundry, Providence, R. I.
March 27 (letter of notification) 700 shares of common stock (no par). **Price**—$31 per share. **Proceeds**—To Zechariah Chafee, Jr., the selling stockholder. **Underwriter**—Brown, Lisle & Marshall, Providence, R. I.

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. (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.

★ Case (J. I.) Co., Racine, Wis. (4/24)
April 4 filed 377,058 shares of common stock (par $12.50) to be offered for subscription by common stockholders of record April 24 at rate of one new share for each five shares held. **Proceeds**—To repay bank loans. **Underwriters**—Morgan Stanley & Co. and Clark, Dodge & Co., New York.

★ Centennial Oil Co., Denver, Colo.
April 2 (letter of notification) 47,997 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—To acquire and develop oil properties. **Office**—4131 East 16th Avenue, Denver, Colo. **Underwriter**—None.

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 Airlines, Inc.
Feb. 21 (letter of notification) 2,000 shares of common stock (par $1) and 500 shares of 5% cumulative preferred stock (par $100). **Price**—At par. **Proceeds**—For equipment and operating requirements. **Office** — 6109 Camp Bowie Blvd., Fort Worth, Tex. **Underwriter**—None.

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NEW ISSUE CALENDAR

April 14, 1952
Great Western Petroleum Co.____________Common
(Steele & Co.)
Wisconsin Power & Light Co.______________Bonds
(Bids 11:30 a.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.)
New Jersey Natural Gas Co.______Preferred & Com.
(See County Gas Co. above)

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.)
Pennsylvania Salt Manufacturing Co.______Common
(Morgan Stanley & Co.)

April 23, 1952
Cutter Laboratories, Berkeley, Calif.______Common
(Blyth & Co., Inc.)
Lone Star Cement Corp._____________________Common
(Hayden, Stone & Co. and Adamex Securities Corp.)
Oil & Gas Property Management, Inc.______________Debs. & Common
(Dominick & Dominick)
Rochester Telephone Corp.________________Preferred
(First Boston Corp.)
Tucson Gas, Electric Light & Power Co.____Common
(Blyth & Co., Inc. and First Boston Corp.)

April 24, 1952
Case (J. I.) Co., Racine, Wis.______________Common
(Morgan Stanley & Co. and Clark, Dodge & Co.)
Southern Union Gas Co., Dallas, Tex.______Common
(Offering to stockholders)

April 25, 1952
American Hard Rubber Co.___________________Common
(Blair, Rollins & Co. Inc.)

April 28, 1952
Southern Union Gas Co., Dallas, Tex.___Debs. & Pfd.
(Blair, Rollins & Co., Inc.)

April 29, 1952
Bridgeport Brass Co., Bridgeport, Conn._________Pfd.
(Hornblower & Weeks and Stone & Webster Securities Corp.)
National Research Corp., Cambridge, Mass.____Com.
(Paine, Webber, Jackson & Curtis)
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 14, 1952
Iowa Power & Light Co._____________________Common
(Smith, Barney & Co.)

May 15, 1952
Metals & Chemicals Corp.____________________Common
(Beer & Co.)

May 20, 1952
National Fuel Gas Co.___________________Debentures
(Bids to be invited)

May 21, 1952
Iowa Power & Light Co.______________________Bonds
(Bids to be invited)

June 10, 1952
Kansas Gas & Electric Co.____________Bonds & Stock
(Bids noon EST on bonds; 10:30 a.m. EST on stocks)

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

July 1, 1952
Illinois Bell Telephone Co.__________________Common
(Offering to stockholders)

July 8, 1952
Georgia Power Co.___________________________Bonds
(Bids to be invited)

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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.

★ Coca Cola Bottling Co. of St. Louis
March 31 (letter of notification) 3,917 shares of common stock (par $1) to be offered to employees. **Price**—$21 per share. **Office**—2930 N. Market Street, St. Louis, Mo.

★ Columbia Finance Corp., Baltimore, Md.
April 3 (letter of notification) $100,000 of five-year 8% debentures due March 1, 1957. **Price**—At par (in denominations of $50 each). **Proceeds**—For expansion of business. **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.

★ Commonwealth Stock Fund, Inc., San Francisco, Calif.
April 4 filed 250,000 shares of common capital stock. **Price**—At market. **Proceeds**—For investment. **Underwriter**—North American Securities Co., San Francisco, Calif.

★ Connecticut Cordage Co., North Oxford, Mass.
April 1 (letter of notification) $25,000 of 7% debenture notes dated April 1, 1952, in denominations of from $100 to $1,000). **Proceeds**—For expansion of manufacturing facilities. **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.

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; F. D. Keith, Vice-President; and S. O. Ryan. **Withdrawal**—Request filed March 27 to withdraw statement.

★ Consolidated Underwriters Investment Corp.
March 26 (letter of notification) 30,000 shares of class A common stock. **Price**—At par ($10 per share). **Proceeds**—For working capital. **Office**—507 Spring Street, Shreveport, La. **Underwriter**—None.

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.
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** — Probably $50 per unit. **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.

Cribben & Sexton Co., Chicago, Ill.
March 3 (letter of notification) 900 shares of 4½% cumulative preferred stock (par $25). **Price**—At the market (approximately $13 per share). **Proceeds**—To Harold E. Jalass, the selling stockholder. **Underwriter** — Wayne Hummer & Co., Chicago, Ill.

★ Cutter Laboratories, Berkeley, Calif. (4/23)
April 4 filed 82,000 shares of common stock (par $1). **Price** — To be supplied by amendment. **Proceeds** — To repay bank loans and for other corporate purposes. **Underwriter**—Blyth & Co., Inc., San Francisco and 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) to be offered for subscription by common stockholders (other than Texas Utilities Co., parent) of record March 22 on a 1-for-36 basis; rights to expire on April 16. Texas Utilities Co. will subscribe for 10,476 additional 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. Statement effective April 2.

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. (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.

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.

★ Fuller (H. B.) Co., St. Paul, Minn.
April 3 (letter of notification) 20,000 shares of preferred stock. **Price**—$10 per share. **Proceeds**—To acquire new plants. **Office**—181 West Kellogg Blvd., St. Paul 2, Minn. **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

★ Golden Crown Mining Co., Crown King, Ariz.
April 2 (letter of notification) 40,000 shares of common stock (par 50 cents). **Price**—At market (estimated at $1.25 per share). **Proceeds**—For working capital. **Underwriter**—None.

Great Western Petroleum Co. (4/14)
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**—To be received at Room 735, 11 Broad St., New York, up to 11 a.m. (EST) on April 22.

Gustin-Bacon Manufacturing Co. (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 being offered for subscription by stockholders of record April 1 on a 1-for-5 basis; rights to expire on April 18. **Price**—At par ($5 per share). **Proceeds**—To reduce bank loans. **Office**—Emporia, Va. **Underwriter**—None.

Husky Oil Co., Cody, Wyo. (4/22)
March 28 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.

Indianapolis Power & Light Co.
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) being 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.

★ Jackpot Oil Co., Denver, Colo.
April 3 (letter of notification) 1,600,000 shares of common stock. **Price**—At par (5 cents per share). **Proceeds**

—To secure oil royalties and leases. **Office**—724 Cooper Bldg., Denver, Colo. **Underwriter**—None.

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.

★ Kirk Uranium Corp., Denver, Colo.
March 24 (letter of notification) 1,000,000 shares of common stock. **Price** — 30 cents per share. **Proceeds** — For exploration work. **Office** — 405 Interstate Trust Building, Denver, Colo. **Underwriter**—Gardner & Co., Colorado Springs, Colo.

★ Lane Bryant, Inc., N. Y.
April 2 (letter of notification) approximately 6,600 shares of common stock of an aggregate price not exceeding $100,000. **Price**—$15 per share. **Proceeds**—To Estate of Lane Malsin. **Office**—465 Fifth Avenue, New York 17, N. Y. **Underwriter**—None.

★ Langendorf United Bakeries, Inc.
April 2 (letter of notification) 1,600 shares of common stock (par $1) to be offered to executives and key employees. **Price**—At 95% of market value, or $18.05 per share. **Proceeds**—For working capital. **Office**—1160 McAllister Street, San Francisco 15, Calif. **Underwriter**—None.

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.

★ Lone Star Cement Corp. (4/23)
April 3 filed 154,209 shares of common stock (par $10). **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans and for expansion program. **Underwriters**—Hayden, Stone & Co. and Adamex Securities Corp., New York.

★ Lorain County Radio Corp., Lorain, Ohio
April 2 (letter of notification) 512 shares of common stock (no par). **Price**—$50 per share. **Proceeds**—To reimburse treasury for additions to property. **Office**—203 West Ninth Street, Lorain, Ohio. **Underwriter**—None.

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.
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**—$21 per share. **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. Statement effective April 2.

Metal Hydrides, Inc., Beverly, Mass.
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.

★ Mohawk Business Machines Corp.
April 3 (letter of notification) 10,200 shares of common stock (par 10 cents). **Price**—At market (estimated at 95 cents per share). **Proceeds**—To George F. Ryan, the selling stockholder. **Office**—47-49 West Street, New York. **Underwriter**—None.

Mountain States Telephone & Telegraph Co.
March 7 filed 318,624 shares of capital stock, being offered for subscription by stockholders of record March 28 on a 1-for-4 basis; rights expire April 29. **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.

Multnomah Plywood Corp., Portland, Ore.
Feb. 27 filed 200 shares of common stock (par $2,500), of which 191 shares are to be offered to stockholders at par and nine shares are to be offered to three individuals in units of three shares each at $12,500 per unit. **Proceeds**—To acquire timber, timberlands and peeler plant and for working capital. **Underwriter**—None.

★ Mutual Oil & Gas Co., Zanesville, Ohio
March 14 filed 64 units of undivided working interests in oil and gas leasehold in the John Scarpellini Tract, Cass Township, Muskingum County, Ohio. **Price**—$437.50 per unit. **Proceeds**—For development of well. **Underwriter**—None.

★ National Alfalfa Dehydrating & Milling Co.
April 7 filed 69,800 shares of common stock (par $1) to be offered for subscription by preferred and common stockholders in ratio of one new common share for each 10 shares of preferred or common stock held. **Price**—$9 per share. **Proceeds**—To acquire 305,000 shares of National Chlorophyll & Chemical Co. at $2 per share. **Business**—Manufacture and sale of alfalfa meal. **Office**—Lamar, Colo. **Underwriter**—None.

★ National Chlorophyll & Chemical Co.
April 7 filed 349,000 shares of common stock (par $1) to be offered for subscription by preferred and common stockholders of National Alfalfa Dehydrating & Milling Co. in ratio of one share of National Chlorophyll common for each two shares of National Alfalfa preferred or common presently held in conjunction with offer by National Alfalfa company of its own stock. National Chlorophyll shares are to be offered for subscription only as part of a unit or package consisting of one National Alfalfa share at $9 per share and five shares of National Chlorophyll stock at $2 per share, or a total price per unit of $19. **Proceeds**—To purchase from National Alfalfa its existing chlorophyll extraction facilities and inventory and for construction of new extracting plant. **Office**—Lamar, Colo. **Underwriter**—None.

★ National Plumbing Stores Corp.
April 7 (letter of notification) $32,500 20-year non-convertible 3½% notes dated Oct. 1, 1971. **Price**—100%. **Proceeds**—For general corporate purposes. **Office**—79 Cliff Street, New York. **Underwriter**—None.

★ National Research Corp., Cambridge, Mass. (4/29)
March 28 filed 100,000 shares of common stock (par $1). **Price** — To be supplied by amendment. **Proceeds** — For general corporate purposes. **Business** — Scientific research. **Underwriter**—Paine, Webber, Jackson & Curtis, Boston, Mass. and New York, N. Y.

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 England Electric System (5/8)
April 9 filed 920,573 shares of common stock (par $1) to be offered for subscription by common stockholders of record about 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**—May be determined by competitive bidding. Probable 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).

New Jersey Natural Gas Co. (4/21)
See County Gas Co. above.

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.

★ Nighthawk Silver Lead Mining Co., Inc.
March 28 (letter of notification) 3,000,000 shares of class C assessable stock (par 10c). **Price**—1c per share. **Proceeds**—For working capital. **Office**—923 W. Riverside Avenue, Spokane, Wash. **Underwriter**—None.

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.

★ Oil & Gas Property Management, Inc. (4/23)
April 4 filed $10,000,000 of 4% income debentures due May 1, 1967 and 380,000 shares of common stock (par $1). The debentures and 300,000 shares of stock will be publicly offered in units of $1,000 debentures and 30 shares of stock, remaining 80,000 shares to be sold to one officer and two other companies. **Price**—$1,030 per unit and 80,000 shares at $1 per share. **Proceeds**—For general corporate purposes. **Office**—Dallas, Texas. **Underwriter**—Dominick & Dominick, New York.

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.

★ Palmer Stendel Oil Corp., Santa Barbara, Calif.
March 31 (letter of notification) 67,000 shares of capital stock (par $1). **Price**—85 cents per share. **Proceeds**—To Burnham & Co., et al. **Office**—First National Bank Bldg., Santa Barbara, Calif. **Underwriter**—None.

Peabody Coal Co.
March 26 filed 160,000 shares of 5½% prior preferred stock (par $25). **Price** — To be supplied by amendment. **Underwriter**—A. C. Allyn & Co., Inc., Chicago, Ill. **Proceeds**—For construction program. **Offering**—Indefinitely postponed.

★ Peabody Coal Co.
April 4 filed $15,000,000 of first mortgage sinking fund bonds, series B, due April 15, 1972. **Price**—To be supplied by amendment. **Proceeds**—To retire $10,720,000 series A 4 %bonds due Oct. 1, 1962 and for capital additions, etc. **Underwriter** — Halsey, Stuart & Co. Inc., Chicago and New York.

★ Pennsylvania Salt Manufacturing Co. (4/22)
April 3 filed 155,349 shares of common stock (par $10) to be offered for subscription by common stockholders of record April 22 at rate of one new share for each seven shares held; rights to expire on May 8. **Price**—To be supplied by amendment. **Proceeds**—For expansion program. **Underwriter**—Morgan Stanley & Co., New York.

Peoples Finance Corp., Montgomery, Ala.
Dec. 19 (letter of notification) 15,000 shares of common stock (par $1). **Price**—$3 per share. **Underwriter**—Carlson & Co., Birmingham, Ala. **Proceeds**—To expand business. **Office**—5 South Court St., Montgomery, Ala.

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.

● 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. **Dealer-Manager**—Hemphill, Noyes, Graham Parsons & Co., New York.

★ Potdevin Machine Co., Teterboro, N. J.
April 7 (letter of notification) 2,500 shares of 6% cumulative preferred stock to be offered to stockholders and employees. **Price**—At par ($100 per share). **Proceeds**—For working capital. **Office**—200 North Street, Teterboro, N. J. **Underwriter**—None.

Progressive Fire Insurance Co.
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.

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.

Reis (Robert) & Co.
Jan. 29 (letter of notification) 7,000 shares of $1.25 dividend prior preference stock (par $10) and 40,000 shares of common stock (par $1). **Price**—$7.37½ per share for the preferred and $1.12½ per share for common. **Proceeds**—To Estate of Arthur M. Reis, deceased. **Underwriter** — None, but Lehman Brothers, New York, will act as broker.

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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.

★ **Rosslyn Small Loan Co., Inc., Rosslyn, Va.**
April 2 (letter of notification) 15,000 shares of preferred stock and 20,000 shares of class A common stock. **Price** —At par ($5 per share). **Proceeds** — To operate small loan business. **Office**—2006 North Moore St., Rosslyn, Va. **Underwriter**—None.

San Francisco Brewing Corp. (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.

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.

★ **Sioux Oil Co., Denver, Colo.**
March 21 (letter of notification) 800,000 shares of common stock (par one cent). **Price**—32 cents per share. **Proceeds**—For working capital. **Office**—220 Paramount Building, Denver 2, Colo. **Underwriter**—James M. Toolan & Co., New York.

★ **Slick Airways, Inc., Burbank, Calif.**
April 2 (letter of notification) 24,000 shares of common stock. **Price**—At par ($10 per share), to be offered under Employees Stock Option Plan, 1952. **Proceeds**—None. **Underwriter**—None.

South Carolina Electric & Gas Co. (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.

★ **Southern Union Gas Co., Dallas, Tex. (4/28)**
April 8 filed $5,000,000 of sinking fund debentures due 1972 and 30,000 shares of cumulative preferred stock (par $100). **Price**—To be supplied by amendment. **Proceeds**—For plant expansion. **Underwriter**—Blair, Rollins & Co., Inc., New York.

★ **Southern Union Gas Co., Dallas, Tex. (4/24)**
April 8 filed an unspecified number of shares of common stock (par $1) to be offered for subscription by common stockholders of record April 24 at rate of one share for each 10 shares then held. **Price**—To be supplied by amendment. **Proceeds**—For new construction. **Underwriter**—None.

Southwest Natural Gas Co. (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 stockholders. **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.

★ **Soya Corp. of America**
April 3 (letter of notification) 60,000 shares of common stock (par one cent). **Price**—50 cents per share. **Proceeds** — For working capital. **Office** — 30 Rockefeller Plaza, New York 20, N. Y. **Underwriter**—None.

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.

Sun Electric Corp., Chicago, Ill.
Jan. 29 (letter of notification) 3,000 shares of 6% cumulative preferred stock. **Price**—At par ($100 per share). **Proceeds**—For working capital. **Office**—6323 Avondale Ave., Chicago 31, Ill. **Underwriter**—None.

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.

★ **Swartwout Co., Cleveland, Ohio**
March 31 (letter of notification) 6,500 shares of class A stock (par $1). **Price**—$13.99 per share. **Proceeds**—For equipment and general corporate purposes. **Office**—18511 Euclid Ave., Cleveland 12, Ohio. **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.

★ **Townsend Nurseries, Inc., Salisbury, Md.**
April 4 (letter of notification) 2,200 shares of 6% preferred stock (par $100) and 550 shares of common stock (par $100) to be offered in units of four shares of preferred and one share of common stock. **Price**—$500 per unit. **Proceeds**—To liquidate present liens on real estate and equipment. **Underwriter**—None.

Trangulf Corp., Houston, Tex.
Jan. 25 (letter of notification) 25,000 shares of capital stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For working capital. **Office**—1 Main St., Houston, Tex. **Underwriter**—Arthur I. Korn & Co., New York.

Tri-State Telecasting Corp., Chattanooga, Tenn.
Jan. 21 filed 20,000 shares of common stock (no par) and 2,000 shares of 5% cumulative preferred stock (par $100) 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 (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.

★ **United Oil Corp., Oklahoma City, Okla.**
April 1 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—At market (estimated at 18 cents per share). **Proceeds**—To Forrest Parrott, the selling stockholder. **Office**—3109 Liberty Bank Bldg., Oklahoma City, Okla. **Underwriter**—None.

★ **U. S. Manganese Corp., Phoenix, Ariz.**
April 4 (letter of notification) 260,000 shares of common stock (par 25 cents) to be offered in exchange for $65,000 of notes. **Underwriter**—Hunter Securities Corp., New York.

★ **U. S. Manganese Corp., Phoenix, Ariz.**
April 1 (letter of notification) 17,500 shares of common stock (par $1). **Price**—$2 per share. **Proceeds**—To Greenfield & Co., et al. **Office**—610 Heard Bldg., Phoenix, Ariz. **Underwriter**—None.

★ **Victoreen Instrument Co., Cleveland, Ohio**
March 28 filed 90,000 shares of common stock (par $1), of which 60,000 shares will be publicly offered and 30,000 shares to three non-selling stockholders. **Price**—To be supplied by amendment. **Proceeds**—To certain selling stockholders. **Underwriters**—Barrett Herrick & Co., Inc., New York, and A. H. Vogel & Co., Detroit, Mich.

★ **Warner Dog Food Co., Inc., Brooklyn, N. Y.**
April 3 (letter of notification) 1,091 shares of 6% cumulative preferred stock (par $100) and 1,000 shares of common stock (par $2). **Price**—At par. **Proceeds**—For working capital. **Office**—12 Franklin Street, Brooklyn 22, N. Y. **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, Robertson & 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 221,786 shares of no par common stock of which 11,898 shares are offered for subscription by stockholders (other than West Penn Electric Co.) of record April 4, at rate of one share for each 14 shares held; rights to expire in April 28. **Price**—$37 per share. **Proceeds**—To pay bank loans and for property additions and improvements. **Underwriters** — None. West Penn Electric Co., owner of approximately 94.6% of outstanding common stock, proposes to purchase all shares not subscribed by public holders. Statement effective March 21.

● **Western Air Lines, Inc.**
March 10 filed 165,049 shares of common stock (par $1), being offered for subscription by stockholders of record April 8 at rate of three new shares for each 10 shares held; rights to expire on April 22. **Price**—$11.50 per share. **Proceeds**—To be added to working capital and used for purchase of additional equipment. **Underwriter** —Blyth & Co., Inc., San Francisco, Calif., and New York.

★ **Willys-Overland Motors, Inc.**
April 4 (letter of notification) 371 shares of $4.50 cumulative preferred stock, series A (no par). **Price**—$66 per share. **Office**—940 North Cove Blvd., Toledo, Ohio. **Proceeds**—To Delmar G. Roos, the selling stockholder. **Underwriter**—None.

★ **Wisconsin Electric Power Co.**
April 9 filed $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). **Offering**—Expected in May.

★ **Wisconsin Electric Power Co.**
April 9 filed 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.

● **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 11:30 a.m. (CST) on April 14.

● **Wisconsin Power & Light Co.**
March 19 filed 15,000 shares of 4.80% cumulative preferred stock (par $100), being offered for subscription by preferred stockholders of record March 31 on a pro rata basis, and 288,208 shares of common stock (par $10), being offered for subscription by common stockholders of record March 31 on the basis of one new share for each seven shares held; rights expire on April 21. **Price**—$101.50 per share for preferred and $17.15 per share for common stock. **Proceeds**—For reduction 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.

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 (since placed priately) and the remaining $25,000,000 through the sale of additional common stock which would be offered to common stockholders for subscription. 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.

Bank of Passaic & Trust Co., Passaic, N. J.
March 5 stockholders approved the issuance of $1,000,000 of 3½% convertible preferred stock (par $25). They will be offered rights to subscribe to the 40,000 shares in the ratio of 3.64 preferred shares for each share of common held.

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.

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.

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.

● **Chicago & Western Indiana RR.**
March 17 company sought ICC permission to issue $64,239,000 of general and collateral trust mortgage bonds due May 1, 1982; without competitive bidding. **Proceeds**—To pay at maturity $49,988,000 of 4% non-callable consolidated first mortgage bonds due July 1, 1952, and to retire outstanding $11,739,000 first and ref. mtge. bonds 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.

★ **Consolidated Natural Gas Co.**
March 27 it was announced company plans to issue and sell to its stockholders in June 409,254 additional shares of capital stock on a 1-for-8 basis. **Proceeds**—For new construction. **Underwriter**—None.

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.

● **Crane Co., Chicago, Ill.**
March 31 it was announced stockholders will vote April 22 on increasing authorized common stock from 3,000,000 shares to 3,500,000. It is planned to issue and sell $12,000,000 of securities and use the proceeds to retire $4,000,000 bank loans, $3,000,000 for investment in Canadian subsidiary and the balance for expansion program and working capital. **Underwriters** — Morgan Stanley & Co. and Clark, Dodge & 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.

● **Fort Worth & Denver City Ry.**
March 25 it was announced stockholders will vote May 27 on approving issuance of $17,000,000 of 30-year first mortgage bonds. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; The First Boston Corp.; Salomon Bros. & Hutzler.

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 Precision Equipment Corp.**
March 31 it was announced stockholders will vote April 22 on increasing authorized common stock from 1,000,000 shares to 1,500,000 shares and authorized preferred stock (par $100) from 120,000 shares to 150,000 shares. Of the increase, it is reported company is considering issuance of 10,000 preferred shares and 45,000 common shares in exchange for stock of another company.

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.

★ **Glass Fibres, Inc.**
April 7 stockholders voted to increase authorized common stock from 1,000,000 shares (approximately 938,000 shares outstanding) to 1,250,000 shares to provide additional stock for future expansion needs. **Traditional Underwriter**—McCormick & Co., Chicago, Ill.

● **Globe-Wernicke Co.**
March 26 stockholders increased authorized common stock from 300,000 shares (par $5) to 600,000 shares (par $7), placing the company in a position to consider from time to time stock dividends and the giving of stock rights or warrants to present stockholders. **Underwriters**—May include Westheimer & Co., Cincinnati, O. Previous public financing handled by W. E. Hutton & Co. and W. D. Gradison & Co., also of Cincinnati.

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.

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 Bell Telephone Co. (7/1)**
April 9 it was announced company intends to offer 682,454 shares of its common stock to shareholders for subscription on or before July 1, 1952. **Price**—At par ($100

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per share). **Proceeds**—To repay advances from American Telephone & Telegraph Co. (owner of 99.31% of Illinois Bell stock). **Underwriter**—None.

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.

● **Illinois Central RR.**
March 28 company applied to ICC for authority to issue and sell $25,000,000 4¼% consolidated mortgage bonds due 1982, without competitive bidding. **Proceeds**—To meet 1952-1955 bond maturities and to replace depleted working capital.

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.

★ **Iowa Power & Light Co. (5/14)**
March 31 it was reported company plans to offer 226,928 shares of common stock to stockholders of record about May 14 at rate of one share for each seven shares held; rights to expire May 28. **Registration**—Tentatively scheduled for April 25. **Underwriter**—Smith, Barney & Co., New York.

★ **Iowa Power & Light Co. (5/21)**
March 31 it was reported company plans to issue and sell $8,000,000 of first mortgage bonds. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.; W. C. Langley & Co., Union Securities Corp. and Glore, Forgan & Co. (jointly); Smith, Barney & Co.; Lehman Brothers; White, Weld & Co.; The First Boston Corp.; Kidder, Peabody & Co. **Bids**—Expected to be received on May 21.

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.

★ **Minabi Exploration Co., Houston, Tex.**
March 21 it was reported early registration is expected of 125,000 shares of common stock. **Proceeds**—To go to certain selling stockholders. **Underwriter** — Moroney, Beissner & Co., Houston, Tex.

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 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 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 England Telephone & Telegraph Co.
Dec. 20, F. A. Cosgrove, Vice-President, said a permanent financing program will have to be undertaken in 1952 to repay about $43,000,000 short-term bank borrowings. **Underwriters**—For bonds may be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co. In case of common stock financing there will be no underwriting.

New Jersey Bell Telephone Co.
Feb. 18 company filed a new $70,000,000 financing program with the New Jersey Board of Public Utility Commissioners, 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.

Northwest Natural Gas Co.
Jan. 7 company filed amended application with FPC in connection with its plan to build a natural gas transmission system in the Pacific Northwest to transport gas from Canada to markets in Idaho, Washington and Oregon, with a portion to be returned to Canada for use in British Columbia. The estimated overall cost of the project is approximately $92,000,000. **Underwriter**—Morgan Stanley & Co., New York. **Financing**—Not expected until after Provincial elections in April.

Pennsylvania Electric Co.
Jan. 5 it was announced that company plans to spend about $26,000,000 for expansion in 1952, to be financed, in part, by the sale of about $9,000,000 first mortgage bonds, $4,500,000 of preferred stock and $4,500,000 of common stock (the latter issue to parent, General Public Utilities Corp). **Underwriters**—For bonds and preferred stock to be determined by competitive bidding. Probable bidders: (1) for bonds—Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co.; Union Securities Corp. and White, Weld & Co. (jointly); Kuhn, Loeb & Co.; A. C. Allyn & Co., Inc.; Equitable Securities Corp.; Shields & Co. and R. W. Pressprich & Co. (jointly). (2) for preferred—Smith, Barney & Co. and Kidder, Peabody & Co. (jointly); W. C. Langley & Co. and Glore, Forgan & Co. (jointly); Kuhn, Loeb & Co.; Lehman Brothers and Salomon Bros. & Hutzler (jointly); Harriman Ripley & Co., Inc. **Offering**—Expected in mid-year.

★ **Peoples First National Bank & Trust Co., Pittsburgh, Pa.**
April 7 stockholders were offered the right to subscribe on or before April 22 a total of 200,000 additional shares of capital stock (par $20) at rate of one new share for each three shares held. **Price**—$40 per share. **Proceeds**—To increase capital and surplus. **Underwriters** — The First Boston Corp.; Merrill Lynch, Pierce, Fenner & Beane; Paine, Webber, Jackson & Curtis.

★ **Philco Corp.**
March 31 it was announced that stockholders will vote June 6 on authorizing an increase in indebtedness to $25,000,000, the funds to be used for capital expenditures. **Traditional Underwriter** — Smith, Barney & Co., New York.

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 Co. of New Hampshire
March 6 it was announced company intends, in May or June, 1952, to issue $4,000,000 of first mortgage bonds and $2,500,000 of preferred stock, and toward the end of the year to issue sufficient common shares to raise approximately $4,000,000. **Proceeds** — To retire bank loans and for new construction. **Underwriters** — To be determined by competitive bidding. Probable bidders: (1) For bonds—Halsey, Stuart & Co. Inc.; The First Boston Corp. and Coffin & Burr, Inc. (jointly); White, Weld & Co.; Kidder, Peabody & Co. and Blyth & Co., Inc. (jointly). (2) For preferred stock — The First Boston Corp.; Kidder, Peabody & Co. and Blyth & Co., Inc. (jointly); Harriman Ripley & Co., Inc. (3) For common stock—Kidder, Peabody & Co. and Blyth & Co., Inc. (jointly); Harriman Ripley & Co. and Lehman Brothers (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.

Robertson (H. H.) Co., Pittsburgh, Pa.
Nov. 16 it was announced stockholders will in April 1952, vote on a proposal to increase the authorized common stock from 250,000 shares (all outstanding) to 1,000,000 shares in order to make additional stock available for such corporate purposes as acquisition of new properties, to provide additional capital funds or declaration of stock dividends.

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.

★ Sonoco Products Co.
March 21 stockholders voted to increase authorized common stock from 300,000 shares (288,594 shares outstanding) to 1,000,000 shares in order to provide for a 2-for-1 stock split on April 21 and the offering first to common stockholders of an additional 150,000 shares at probably around $17.50 per share, with any unsubscribed shares to be publicly offered. Underwriters—R. S. Dickson & Co.; G. H. Crawford & 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.

★ Tennessee Gas Transmission Co.
March 28 stockholders approved an increase in authorized preferred stock from 600,000 shares (all issued) to 1,000,000 shares to provide for future financing. It is planned to issue and sell this year 100,000 of the new preferred shares and a small amount of common shares. Proceeds—For 1952 expansion program estimated to cost about $59,000,000. Underwriters—Stone & Webster Securities Corp. and White, Weld & Co., New York.

Texas-Ohio Gas Co., Houston, Tex.
Oct. 17 company applied to FPC for authority to construct a 1,350-mile natural gas transmission line extending from Texas into West Virginia. The project is estimated to cost $184,989,683. Underwriter—Kidder, Peabody & Co., New York.

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).

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.

United Gas Corp.
Feb. 6 the SEC ruled that 3,165,781 shares of common stock (approximately 27% of total outstanding) must be disposed of by Electric Bond & Share Co. Underwriters—If competitive, probable bidders may include Lehman Brothers.

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.

Virginia Electric & Power Co.
Dec. 12 it was announced that company expects to spend $40,000,000 or more for new construction in 1952, of which about $30,000,000 may be raised through new financing. On Feb. 15 it was reported directors have approved plans to issue and sell in June approximately 495,000 shares of common stock (first to stockholders). A bond sale is expected in the fall. Underwriters—For stock, probably Stone & Webster Securities Corp. For bonds, to be determined by competitive bidding, with the following probable bidders: Halsey, Stuart & Co. Inc.; Union Securities Corp.; Salomon Bros. & Hutzler; Stone & Webster Securities Corp.; White, Weld & Co.; Kuhn, Loeb & Co. and Wertheim & Co. (jointly).

Washington Gas Light Co.
Jan. 12 reported that company is considering plans to raise about $4,500,000 from the sale of additional common stock to its stockholders (there are presently outstanding 734,400 shares). Underwriters—The First Boston Corp. and Johnston, Lemon & Co. handled the offering last year to stockholders. Proceeds—Together with bank loans and other funds to take care of proposed $6,000,000 expansion program.

Washington Water Power Co.
Jan. 9 company applied to the SEC for authority to make bank borrowings of $40,000,000, the proceeds to be used to finance contemporarily, in part, the company's construction program. Permanent financing expected later this year. Probable bidders: (1) For stock or bonds: Blyth & Co., Inc.; Smith, Barney & Co. and White, Weld & Co. (jointly); W. C. Langley & Co. and The First Boston Corp. (jointly); (2) for bonds only: Halsey, Stuart & Co. Inc.

★ Western Light & Telephone Co., Inc.
March 31 it was announced that stockholders will vote April 11 on increasing authorized common stock from 400,000 to 500,000 shares, the additional shares to be issued as funds are needed for new construction. Dealer-Managers—Harris, Hall & Co. (Inc.), Chicago, Ill., and The First Trust Co. of Linclon. Neb.

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.

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.

Our Reporter's Report

This was a relatively quiet week in the new issue business what with the business period being shortened by the financial community's observance of Good Friday.

But the period ahead has all the makings of a week which will find underwriters and their dealer organizations assured of plenty of business to occupy their time.

A total of 13 corporate undertakings is on the issue calendar and quite naturally to the liking of the investment bankers and those engaged in the distribution of these securities, only two are in the realm of competitive bidding.

Eleven of the thirteen pieces of business are slated to be handled by the negotiated route. As might be indicated a goodly part of the business, seven out of the total, consists of equity financing.

The biggest single piece of business on the roster is Service Pipe Line Co.'s $90,000,000 of 30-year debentures. This issue is slated for Wednesday and will provide funds for the retirement of bank loans and to finance expansion and modernization.

Next largest is Columbia Gas System's $60,000,000 of 25-year debentures, due up for bids on Tuesday. This sale will provide the issuer with funds for expansion.

Communications

As far as the securities industry is concerned, if there had to be a wire and telephone strike this week was a good time for it. Plans had been pretty well laid for the issues which came to market.

But it's a safe guess that the banking world would like to see the difficulties settled and full service restored as the new week approaches. This is especially the case where underwriting syndicates are large.

Normal procedure is to carry on necessary communication by telegraph. But if the strike persists it will become necessary to rely very heavily on the air mails to get things through.

Illinois Bell Telephone

Illinois Bell Telephone Co.'s $25,000,000 of first mortgage, 32-year bonds, brought out bids from four syndicates and there was an evident measure of difference as regarded pricing ideas.

The successful group paid the company a price of 101.05 for a 3⅛% coupon and repriced the bonds at 101.525 for reoffering to yield 3.05%.

There was a spread of 19 cents per $100 of bonds between the winning bid and that of the runner-up. But the lowest of the four bids fixed a price of 100.302 for a spread of 74.8 cents or $7.48 per $1,000 bonds.

Slow At Start

This week's two major undertakings, that of Illinois Bell Telephone and Consumers Power Co.'s $25,000,000 of 35-year bonds, were a bit slow in getting away to ultimate investors.

Consumers Power bonds drew five bids as 3¼s the highest being 102.389 and the lowest 101.7759. The runner-up bid 102.157 or 23.2 cents per $100 bond under the winner.

Priced at 102.973 for reoffering to yield 3.11%, the issue was sluggish at the start, but banks acting for pension funds, along with out-of-town insurance firms and some local savings banks showed a tendency to nibble a while after books were opened. Much the same situation ruled in the case of the Illinois Bell issue.

Washington . . . And You

Behind-the-Scene Interpretations from the Nation's Capital

WASHINGTON, D. C.—If any "liberals" have developed a fright that President Truman, out of a sudden concern with the rights of states, is likely to run out on them and abandon some of his social programs, they can just forget it.

Just before Charley Wilson abandoned his forlorn effort to operate the defense mobilization program, he got a letter from Mr. Truman suggesting that the voluntary credit restraint program abandon its practice of killing off state and local borrowing which the VCR Committee adjudged to be of an inflationary character.

"One feature of the program has, however, worried me from the start," the President wrote Wilson. That feature was the veto by VCR of state and local bond issues for inflationary purposes.

"This arrangement has meant, in effect, that the Federal Government has restricted the proposed actions of State and local governments in matters which should be decided, under our scheme of government, by State and local initiative. While some bond issues which would clearly have been inflationary have been prevented in this fashion, it has necessarily resulted in disapproving actions which have been decided on through democratic processes by State and local governments," the President observed.

Since the set-up of the Defense Production Act is that the President gives the powers to restrain credit to the VCR Committee, the President can take them away. He has taken them away. VCR henceforth is barred from blackballing any state or local bond issue or other borrowing, even if the funds are used for such a patently inflationary purpose as a veterans' bonus.

This does not mean, however, it may be authoritatively reported, that the President has abandoned the idea that the Federal government shall regulate the relationships between buyer and seller, employer and employee, or doctor and patient, even though for the first 160 years of the nation's history these relationships were governed by "actions which had been decided on through democratic processes by State and local governments."

Likewise this intervention by the President to take state and local borrowing out from under VCR does not mean, as some have reported, that on this score the White House has again yielded to the Big Labor boys, who publicly and violently attacked this VCR program.

Furthermore, this action is also not a reflection of the influence either of state and local governments, or of veterans wanting bonuses.

There is said to be one and only one explanation for the President's action in taking state and local borrowing out from under VCR. That is public power.

When it was proposed to sell the Puget Sound Power & Light Company to seven "PUDS" or public utility districts in the Northwest, VCR turned thumbs down on a bond issue by which the public power boys would have gobbled up this private power company.

VCR turned it down not because it is a standing VCR rule that no bank loan or bond issue shall be approved merely for the purpose of effecting a change in ownership. "A" cannot borrow from his bank to buy a hamburger stand from "B." One railroad could not borrow to buy another, no matter how good a bargain it was offered.

The philosophy of this rule is that where a man can sell out to a buyer with borrowed money, the seller is placed in funds and this is inflationary. Sales may be financed with borrowed money in case of death, business failure, or for other distress causes not in the ordinary course of business.

For two months after this decision the Voluntary Credit Restraint Committee had intense pressure put upon it by the White House. Agents of the Attorney General were combing its records. Agents of Public Power Baron Chapman spent two solid weeks searching the records of VCR to see if they could find just one instance in which VCR had deviated from the rule with respect to refusing borrowed money to finance changes in private ownership.

* * *

Now that the "Patman Committee" has concluded its hearings about the Federal Reserve system and Treasury financing, there is an unanimous agreement that Rep. Wright Patman (D., Tex.) was the greatest surprise of the entire hearing.

Mr. Patman had long advocated a shifting of about half the Treasury debt to the Federal Reserve "to save interest," and he was an advocate of subordinating the FR to the national Administration.

The Congressman is unlikely to renew these recommendations and his long study particularly is not expected to result in even a proposal to directly subordinate the Federal Reserve to the Treasury or the Administration. He may propose some ideas about greater supervision and liaison which will be unpalatable to the Federal Reserve, but he is expected to stop short considerably of submerging the independence of the Federal Reserve in making monetary policy.

Actually, Rep. Patman gave the clear impression of having definitely learned something by the hearings, and of having profited by what he learned in modifying his views. Mr. Patman has become a more mellow man.

What has pleased witnesses before the Patman hearings, however, has been the liberality with which he listened to views contrary to those he was alleged to hold. The chairman of this special committee took pains to let any and all advocates of all points of view have their full say, and he did not decline a hearing to a single individual who asked to appear. Far from turning the hearing into a drumhead court for "funny money," Rep. Patman appeared to most witnesses as a rather mature, subdued and considerate judge who wanted to hear all parties out.

* * *

Despite the long and tedious hearings before the Interstate and Foreign Commerce Committee on the transportation problem, there is almost no prospect of favorable action this year on the various proposals either to improve the rate-making base or speed up the combersome procedure by which the Interstate Commerce Commission eventually and tardily comes through with "too little and too late" relief for the carriers from constantly rising labor and other costs. This subject is one of those which is just too big and time-consuming to permit action this year. It is also a subject of such controversy as to preclude action in an election year.

* * *

It's only a faint glimmer of hope, but there is a sign that there may be after all a prospect for genuine reduction in appropriations this session, so as to save a considerable chunk of the proposed $85 billion of expenditures for the fiscal year 1953.

In dealing with that "paltry nothing" which the government spends for "non-security" purposes—for such is the blithe way the Administration treats $20 billion of expenditures—either the House or the House Appropriations Committee have skimmed off in excess of $1.6 billions.

The major test, of course, will be the defense appropriation, which the committee has proposed to reduce by $4¼ billion.

There are entirely responsible observers among the appropriators of Congress who are soberly willing to bet that when Congress has finally passed the **appropriations**, as distinguished from the authorization legislation, foreign arms and economic aid will be cut exactly in half, from the $7.9 billion proposed by the President.

Part of this cut will be in the authorization legislation. The balance will be in the actual appropriation.

Even if the actual military spending allowance is cut as much as the House Committee proposes it still remains to see whether the Senate will go along. As of this writing the Senate Committee had not reported out a single supply bill. It is customary for the Senate to restore many of the reductions voted by the House. For this reason it is premature, Congressmen advise, to enjoy any thrill over the prospects for economy.

However, what makes this report significant is that the success achieved so far or proposed has come from the very sources which in January had about concluded it would not be possible this year to achieve any substantial economy.

* * *

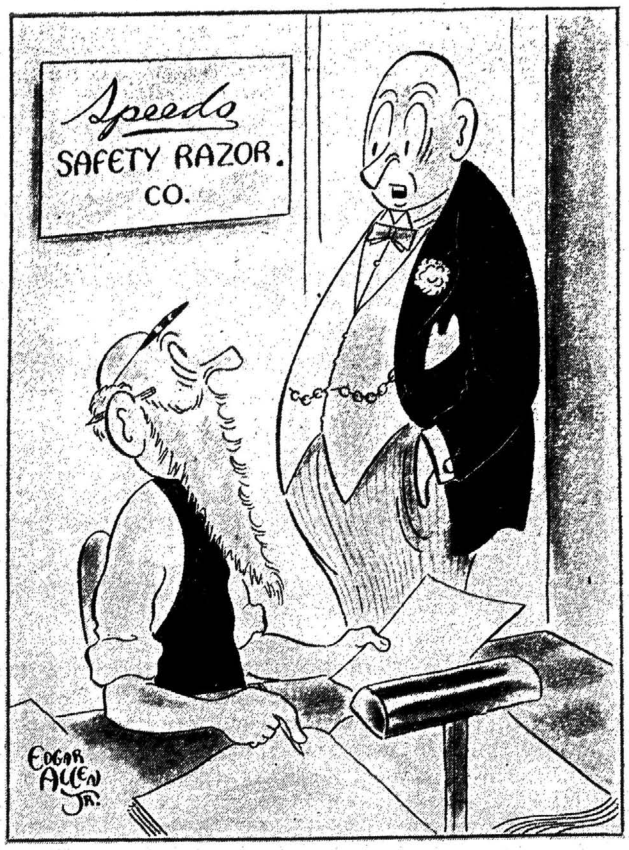
There are a great many politicians who get no TV star dust in their eyes who are saying privately that the Kefauver boom isn't worth a tenth of the newsprint it is getting out of the primary "popularity contests."

In the first place, say these individuals, the junior Senator from Tennessee obviously is not popular with Harry Truman. Despite Mr. Truman's "abdication," the President will still influence a lot of delegates in the Democratic convention. And Harry Truman, so these observers note, never forgets. Particularly he will not forget that the Crime Committee which Estes Kefauver headed started to send Harry on the skids.

Kefauver's pull is from the strictly left-wing crowd. He will be virtually without a southern delegate outside Tennessee. And the lefties among the professional Democratic politicians prefer a more seasoned, balanced, accomplished leader.

(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



"We're going to hold 'open house' today, Fuzzmore—er—wouldn't you like to take the day off and go home?"

Business Man's Bookshelf

Big Business Methods for the Small Business—Edited by Robert S. Holzman and A. Kip Livingston—Harper & Brothers, 49 East 33rd Street, New York 16, N. Y.—Cloth—$5.

Our Business Heritage—Current issue noting references to books, articles, reports and organizations which interpret the American system in business and industry—Business Information Bureau, Cleveland Public Library, Cleveland 14, Ohio—Paper.

Human Rights and the United Nations—Russell J. Clincy—Foundation for Economic Education, Inc., Irvington-on-Hudson, New York—Paper—No charge for single copies; quantity prices on request.

Speculative Merits of Common Stock Warrants: Discussing warrants in their different phases and describing current opportunities—Sidney Fried—$2.00 per copy or send for free descriptive folder—Dept. C, R. H. M. Associates, 220 Fifth Avenue New York 1, New York.

With Floyd A. Allen Co.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Bonar D. Collinson has become affiliated with Floyd A. Allen & Co., Inc., 650 South Grand Avenue.

Joins Blyth Co. Staff

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Raymond A. Johnson has joined the staff of Blyth & Co., Inc., 215 West Sixth Street. He was previously with Weedon & Co.