Chemical Industry Featured In This Issue

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EDITORIAL

As We See It

Many of the basic and vital issues raised by the President's usurpation of power in seizing the steel industry last week, and his even more remarkable special pleading for the steel workers' union have been examined and reexamined in the public press times without number. It has been said over and over again—and we think with full warrant—that the Chief Executive had no authority whatever for the action thus taken. There has been no dearth of reminders that if the courts have no power to enjoin the President of the United States, as one court has already held, then there would seem to be no effective protection in the Constitution of the country against the establishment of a dictatorship.

The President's grievously inaccurate and misleading account of steel profits, and his equally twisted account of the earnings of steelworkers in comparison with wage earners in other industries, have been challenged again and again and again—and they should have been. A basic fallacy lies in a simple comparison of the average earnings of the workers in one industry with those in another, apparently on the theory that a worker is a worker with no difference in skills, productivity or anything else. But in any event the steel industry, the President to the contrary notwithstanding, now pays its workers as much or more than is usual for workers of the same skill. The only exceptions, if there are any, appear to be the workers in certain industries which have forced their wages up since Korea in defiance of any stabilization doctrine or program.

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The Chemical Industry's Stake in Petroleum

By J. P. WARNER*

Acting General Manager, Chemical Products Department, Esso Standard Oil Company

Though stating petroleum chemicals are recent, Mr. Warner describes progress in development of chemical products derived from petroleum and natural gas. Contends chemicals from petroleum are now fastest growing segment of chemical industry. Lists major outlets for petroleum chemicals. Holds business of petroleum refining is essentially, today, a chemical industry in itself, since every constituent of petroleum is used, including the smell.

Many attempts have been made to define "petrochemicals"; I prefer the simple statement that petrochemicals are those derived from petroleum or natural gas. The word "petrochemicals" has almost become glamorous. Wall Street has seen a silver lining and many financiers are now busy placing their dollars in the petrochemicals incubator.

J. P. Warner

One might imagine that a separate and distinct industry had been created to produce a whole new class of chemicals, whereas, as you gentlemen well know, there is scarcely a chemical product of petroleum or natural gas which is not readily producible from other sources; no completely new industry has come into being. Rather, the chemical industry and the petroleum industry have recognized that natural sources of chemical raw materials such as by-product coke and agricultural products are inadequate to meet the rapidly increasing demands of our growing population, which over the decade 1940-1950 increased at the rate of 53,000 per-

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*An address by Mr. Warner before the Synthetic Organic Chemical Manufacturers Association of the United States, New York City, April 16, 1952.

Investigation of the SEC

Suggested lines of inquiry for Heller Committee. Executive (closed) sessions should not be used except for those in securities industry who fear reprisals. Public officials and employees should testify at public hearings. Slanted advice dangerous and should be accepted with grain of salt.

On August 22, 1951 the Interstate and Foreign Commerce Committee adopted a resolution authorizing its Chairman to appoint a Subcommittee with authority to investigate the Securities and Exchange Commission and the exercise, by the Commission, of the duties and functions granted to it by law.

On August 24, 1951 this Subcommittee was appointed with Congressman Louis B. Heller of New York as its Chairman and has come to be generally known as the "Heller Committee."

The organization meeting of this Committee was held on Sept. 20, 1951.

Since such organization meeting the Committee, up to March 10, 1952, has met 25 times in executive (closed) session for a total of almost 90 hours, called approximately 25 witnesses and taken some 2,000 pages of testimony.

At such executive sessions the Committee heard from all members of the Securities and Exchange Commission, all of the Commission's division heads, and the administrators of two SEC Regional offices.

On March 10, 1952 and again on March 24, 1952 public hearings were held by this Committee in New York City.

At the opening of the public hearings, Congressman Heller, the Chairman, announced:

"The following additional inquiries and hear-

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A. WILFRED MAY REPORTS ON MOSCOW CONFERENCE — Mr. May's first report, after covering the International Economic Conference in Moscow, appears on page five.

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

General American Transportation—August Huber, of Spencer Trask & Co., New York City. (Page 2)

New York Central School Districts—Paul O. Frederick, of Paul Frederick & Co., New York City. (Page 2)

AUGUST HUBER

Spencer Trask & Co., New York City
Members New York Stock Exchange

General American Transportation

At the present price of about 54, the stock of General American Transportation yields approximately 6½% on last year's $3.50 dividend. The company has an excellent record, having shown a profit every year since 1916, and having paid a dividend uninterruptedly since 1919. Earnings during the past five years averaged $5.72 per share; dividends, $3.10.


August Huber

Contrary to the general trend of industry, earnings for 1951 increased to about $5.75 per share from $4.95 the year before. Operations are expected to increase further in all the company's major divisions this year. The present unfilled order backlog is about $105,000,000. With a relatively large excess profits tax "base" of approximately $6.10 per share, net earnings for 1952 should show a further gain in a year when industry generally is expected to show another moderate decline. General American's profits could improve to around the $6.50 per share level, or approximately the highest earnings area registered in more than 20 years. Last year's dividends of $3.50 should be the minimum 1952 expectation.

The indications are that future growth should be at a somewhat greater rate than in the past. This would be motivated by (a) the underlying upward trend of the chief industries served — food, chemical and petroleum; (b) newer diversified activities and developments of the enterprise; (c) interim indicated improvement in the car manufacturing division and, most importantly, (d) older leases on cars are continually being replaced, as they expire, with new contracts at higher rental rates while substantial new car additions to the fleet will further augment revenues, being leased on advantageous rental terms.

During periods characterized by less active economic conditions, prices of foods vary, but *consumption*, and therefore the transportation of food products, undergoes comparatively little fluctuation in volume. Most of the chemicals shipped via the company's cars are those which are subject to relatively minor cyclical changes. The consumption of petroleum products has shown a steady uptrend through the years. The pipelines carry no threat to operations since very little crude oil is transported in the company's cars.

The shares may be regarded in the broad classification of a public utility (with considerably less governmental rate regulation), possessing relatively stable earnings characteristics in less prosperous periods, but also providing a greater earnings potential under more active general economic conditions.

Pricewise, the present level of around 54, compares with a high of 71½ in 1946, and 86½ in 1937. Representing an investment grade issue backed by a long-term record of unbroken dividends and earnings with further earnings gains in prospect, selling well under historically high prices, and yielding about 6½%, the shares appear to offer better-than-average value at this time.

PAUL O. FREDERICK

Paul Frederick & Company,
New York

New York Central School Districts

Being a dealer in tax-exempt securities it is natural that the "security I like best" should fall in the category of tax-exempts.

New York Central School District obligations offer exemption from both State of New York and Federal income taxes. An individual investor derives a benefit from tax-exempt securities in direct proportion to his total taxable income. In other words, the greater his income the greater the benefit. If interest and dividends are in addition to other sources of income they bear the brunt of the surtax. For example, if one has an income of slightly over $50,000 the tax on the top portion is approximately 77%. Suppose the top $2,500 is derived from a $100,000 investment in taxable securities, after paying the 77% tax there isn't much left, actually, the net after taxes figures around ½%. If this $100,000 were invested in tax-free securities yielding only 2%, it would give one a net return of $2,000.


Paul O. Frederick

New York Central School Districts are formed to operate a central school facility for previously existing common or union free school districts, or both. The bonds are general obligations of the issuing district, payable from unlimited ad valorem taxes. There are several features of these obligations that make them, in my opinion, better than the average unlimited tax bond. First, the county or counties in which the district is located is required to reimburse the district for any delinquent taxes, so in effect the county assures the district of 100% tax collections. Secondly, the districts receive State aid for operations and also for their building quota. This aid varies inversely with the tax-paying ability of the district. Therefore, the poorer districts secure relatively more State aid than do the districts with high assessed valuations per pupil. The building quota to which each district is entitled is not paid in a lump sum, but is allocated over the life of the bonds issued for building purposes. Because of the manner in which the State aid is allocated the credit of the various districts is pretty well equalized and therefore I believe that all New York State Central School Districts represent sound investment.

Slightly Faulty Reasoning

"I took this action [seizure of the steel mills] with the utmost reluctance. The idea of Government operation of the steel mills is thoroughly distasteful to me and I want to see it ended as soon as possible. However, in the situation which confronted me yesterday, I felt that I could make no other choice. The other alternatives appeared to be even worse—so much worse that I could not accept them.


President Truman

"One alternative would have been to permit a shutdown in the steel industry. The effects of such a shutdown would have been so immediate and damaging with respect to our efforts to support our armed forces and to protect our national security that it made this alternative unthinkable.

"The only way that I know of, other than Government operation, by which a steel shutdown could have been avoided was to grant the demands of the steel industry for a large price increase. I believed, and the officials in charge of our stabilization agencies believed, that this would have wrecked our stabilization program. I was unwilling to accept the incalculable damage which might be done to our country by following such a course." — President Harry S. Truman.

Yet the President was quite willing to grant substantial wages and other benefits to steelworkers—as if no inflation were involved!

Sauce for the goose should also be sauce for the gander.

The Future of Reinforced Plastics

By GAMES SLAYTER
Vice-President in Charge of Research and Development,
Owens-Corning Fiberglas Corporation

Research specialist of leading fiberglas producer reveals recent rapid advance in reinforced plastics industry. Says the new material is more than a substitute for metals since it has contributed greatly to the improvement and usage of products in various industries. Contends that, in time, "reinforced plastics will reach a volume to equal half the steel market."

Since 1940 my company has had faith and vision in a new and growing industry — reinforced plastics. We take pride, in all modesty, in saying that Fiberglas, along with the resin companies and a handful of pioneering fabricators, has helped spark this industry. To be sure, there have been lean years, and for a time slow growth, but today our industry is a vital, vigorous part of the American way of life, commanding respect and attention from industry as a whole.

Games Slayter

In rapid growth there are always pitfalls. Let us beware of the word "substitute." The substitute stigma has plagued the plastics industry as a whole for many years and now threatens to damage the companies who have a big stake in reinforced plastics. With metals generally scarce, the applications of reinforced plastics which supersede metals are often wrongfully described as substitutes. We should be continually on guard to discourage this erroneous term.

Not a Metals Substitute

It would be just as unreasonable to describe the successful application of reinforced plastics as a substitute for some accustomed material, as it would be to call the automobile a substitute for the horse and buggy, or the telephone a substitute for the carrier pigeon. But if the term "substitute" connotes something inferior to be used only in times of shortage or emergency, then the person carelessly applying it is showing his basic ignorance and die-hard resistance to adopting new materials with new and unique properties.

New materials have contributed greatly—along with research and engineering—to product improvement. In developing and applying new materials like reinforced plastics, companies and individuals have often broken the rules, departed from habitual procedures. This vision and down-right brashness symbolizes the reinforced plastics industry, and the men and companies in it. It is a young, lively, imaginative industry, offering vast opportunities for young men with young ideas.

Industry Now Mature

In the early days of reinforced plastics there was no standard equipment available for mass production, mainly because it was a new industry involving new materials. Today, great strides have been made in the development of equipment, and we now have available a variety of preform machines and molding presses to fabricate these new types of materials.

Much attention has been paid to the proper engineering design of reinforced plastics, resulting in many sound applications such as the fishing rod, boats and electrical insulation panels.

The resin companies have made and are continuing to make definite contributions to this industry in the form of heat-resistant resins, flame retardent resins and others to fit specific end uses.

The use of fillers with the reinforcing materials should not be considered as adulteration. For certain applications, moldings have been produced with better all-around properties. Surface finishes, up to now one of the stumbling blocks to wide-spread public acceptance of reinforced plastics, have been greatly improved.

Future Prospects

And now what of the future of reinforced plastics? Being a research man, herein lies my major interest.

Our present steel capacity is about 100,000,000 tons per year. Aluminum is 1% of that, or 1,000,000 tons per year. During 1951 the total tonnage for reinforced plastics was 10,000 tons, or 1% of the total aluminum capacity. I maintain that in time reinforced plastics will reach a volume to equal half the steel market.

If 50,000,000 tons of steel were replaced with reinforced plastics at one-third the weight of the steel, the total quantity would be about 16,600,000 tons. In order for reinforced plastics to attain this level, it becomes merely a question of properties and economics.

The properties of reinforced plastics in the present state of the art, allows us to replace steel at one-third the weight and aluminum at two-thirds the weight. Improvements in glass, surface treatments and resins will, in the future, allow us to take more advantage of the high strength-to-weight ratio we have in reinforced plastics over the metals.

In order for our available raw materials, even with rapid expansion of facilities, to satisfy a small portion of the vast market before us, it becomes necessary that we take full advantage of the use of mineral fillers in reinforced plastics. This will do two things: (1) Improve over-all physical properties and appearance and (2) extend each ton of synthetic resin. Effort in this direction will rap-

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Articles and News

Regular Features

*Mr. May reports this week on the International Economic Conference, held in Moscow.

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The Lab Leaders

By IRA U. COBLEIGH

Author of "Expanding Your Income"

A panorama of certain chemical corporations which have led the way to a myriad of new products and to wide market popularity.

If you were to take a look at the portfolios of some 160 investment trusts—including both closed end and tail-gate varieties—boasting combined total assets of well over $4 billion, you would find that their second favorite investment field is chemicals (the first choice — oils and natural gas). Roughly, 12% of such trust funds are today lodged in this category, including five of the 20 top trust-held stocks.

Ira U. Cobleigh

This is no accident. In a growth-mad market, chemicals surely qualify. Industrial chemical sales have surged from $600 million in 1925 to over $5½ billion in 1950, and this ninefold growth would be hard to duplicate in other sections of industry. And don't think for a minute that chemicals have yet reached what the economists like to call the mature stage—far from it. 1951 figures will show a total increase over 1950 of some 27%.

Marketwise, it is easy to observe that without the leadership of the oils and chemicals, we would never have hit 276 on the Dow Jones scoreboard last fall—and if we break 300 this year, it will probably be by using the same two-man team. There has, however, been some lag in positively rampant enthusiasm for chemicals recently due probably to three reasons: (1) many chemicals have appeared to have built into their present market quotations all the growth that lies ahead of them in the next year or two; (2) the present higher tax bite suggests that in the main 1951 net results cannot be improved this year (although a number of units have some nice accelerated amortization they can apply to new plants); and (3) chemicals as a class are vulnerable targets for excess profits taxes.

Having guardedly qualified my approach, I am now in a position to start splashing around a bit among the test-tube titans with the goal in view of selecting, if possible, some underpriced, undervalued items. As we all know, especially in springtime, romance is a wonderful thing; but it can be over-emphasized—especially in securities. And, frankly, in lab lingo, some chemishares are today roughly two parts investment and one part glamour. Our job is to pick the ones selling ex-glamour!

You can really go nuts writing about chemicals. Nobody knows where to begin; and dozens of corporations that started out manufacturing a plain, ordinary product have wound up doing what comes chemically. Take Glidden Co. This outfit started out making paints. The first thing you know, they were processing linseed oil. Soon, in rapid succession, followed entry into cocoanut oil, fats, soy beans, cortisone, titanium oxide, sex hormones, silicone enamels, synthetic resins and finally margarine. Practically a chemical super-market, all built up by research, and the fact that one product led logically into another. A dozen companies have grown in similar manner.

Of all the fields of chemical products probably the fastest growing right now are: (1) synthetic plastics; (2) medicinal chemicals; and (3) fertilizers. These three accounted for about $1.8 billion in sales in 1950. American Cyanamid is important in the first two, Dow and duPont in the first and third, and Commercial Solvents in the second and third, above.

A little further along there'll be a list of worthy current chemical values but right now I'm going to make like a columnist and dash off a line or two about a dozen or so companies with a salient feature or two, about the way they're increasing their repute and their earnings, or both.

For across-the-board quality and class, it seems to me you have to string along with American Cyanamid. A growth outfit in spades, it seems to do well whatever it tackles — resins, plastics, agriculturals, explosives, or curative chemicals.

Mathieson Chemical started out with alkali then chlorine and is now a factor in petrochemicals and fertilizers. Good growth, good management.

Allied Chemical, for years a financial fortress, a solid brick in the edifice of the Dow Jones Industrial list, is a top factor in heavy acids, nitrogen compounds, alkalis, coal tar derivatives, all of which it started pouring out in 1921. From 1946 through 1950 it added $150 million to property account, entirely out of retained earnings. It does not clutter up its balance sheet with a lot of assorted securities, being content with merely making available to investors 8,856,396 shares of common—sole capitalization.

A kind word probably should be said about Nopco Chemical, relatively little known, but making some really impressive forward motion. At 23 it's selling at roughly 9 times earnings — extraordinarily low for a chemical. Another thing, its book value is 75% of market price. (Monsanto's book is about 32% of market.) Nopco has quite a line of products, industrial chemicals used in paper and tanning, textiles, paint and varnish, plus pharmaceuticals and margarine. Could be that this Nopco, among the lowest priced chemicals, might be among the most under estimated.

Sulphurs are a special group all unto themselves. There are excellent operating units here but Texas Gulf with its important newly located deposits of surphur, a good management and acceptable current yield might be regarded as especially attractive.

Union Carbide and Carbon belongs up in the mink-lined department along with American Cyanamid. Company's forte is alloys, electrodes, industrial gases and carbides; and Union is, I believe, the largest producer of plastics right now. A wonderful research organization is always cooking up something new and they'll probably break out with another fast-selling item before the year is out.

Everybody is getting so fussy about smells these days that the nosey but alert investor of today should probably look into chlorophyll. It's made out of alfalfa and an outfit called National Alfalfa Dehydrating and Milling Co. of Lamar, Colo., is thought to have an important future in turning out whiff bait on a large scale, from what used to be mostly cattle fodder. This National Alfalfa stock only a year and a half or so ago sold around 3. Brighter prospects have since sent the stock up on the over-the-counter market to around 13. Speculative—but interesting.

Then, of course, there's a whole wonderful department of the curative chemicals—pharcaceuticals and anti-biotics. A whole edition of The "Chronicle" could well be devoted to the penicillin promoters, the cortisone craftsmen, the vitamin vendors, but obviously neither time nor space allow. So let me refer you to my article here of June 12, 1951, entitled "Drugs on the Market" (I have a few reprints left, if you write in for one). This started off with comment on the fantastic growth of aureomycin by American Cyanamid's dynamic affiliate—Lederle Laboratories. It touched upon the growth of penicillin by Pfizer, the expansion of cortisone and Vitamin B12 by Merck, "banthine" and "dramamine" by Searle; with mention of Abbott, Parke Davis, and Squibb — producer of a new TB drug. The story of each of these companies is a solid saga of corporate success, and of stockholder contentment.

Commercial Solvents started out primarily in the alcohol business but, like so many of the others we've talked about, it spilled over into a variety of new and profitable fields. During 1951 CV built a new plant, tripling the production of anti-biotics, and the company has brought forth a new product—"Expandex," a dextrose blood volume expander. And just to fill out the picture "CV" has in progress a new $23 million plant to turn out synthetic ammonia and methanol. Further elements of growth here are found in a 25% 1951 increase in sales over 1950 and a 13% increase in per share net. Commercial Solvents is commercially successful, and splendidly solvent.

For those investors interested in the tilling of the soil some study should surely be made of International Minerals and Chemicals, Virginia-Carolina Chemicals, Davison Chemical and American Agricultural Chemical. These specialize in fertilizers and the demand for their products should be sustained so long as we continue the custom of eating regularly. For more extended treatment of this group, you are respectfully referred to my "Chronicle" article of Sept. 27, 1951, "The Down to Earth Chemicals."

So after whirling the foregoing chemical kaleidoscope we wind up with the general view that chemicals deserve the confidence that investors now accord them. Even though this group is selling at only a moderate discount from historic market highs, there is much evidence that the vista of continued growth is as bright in this field as in any other investment area you might select. As some sort of rough guide for your analysis and selection in this field, glance over the issues in the table below, presented as current values appearing to charge the buyer not too exalted a premium for glamour, growth and possible laboratory genius.

The list is obviously not a complete one, and cutting it down to the five companies will doubtless promote some discussion and argument. Remember, however, that selection thus made, was attempted, not to detract in any way from the other splendid companies in the field, but merely to suggest that perhaps at this particular moment in time, these are relatively favorable values. In any event, careful purchase and dogged retention of lab leaders such as the ones sketched out here, has proved, especially in the last decade, to be a pretty wonderful technique for building a security portfolio. And in most of these enterprises there is an invisible asset—a battery of scientists and technicians steadily at work dreaming up, perhaps, another cellophane, another penicillin, another synthetic—another lab leader!

Company—	Current Price	1951 Earnings Per Share	1951 Dividend	Price Times 1951 Earnings
American Cyanamid	108	$8.08	$4.00	13.5
Commercial Solvents	25⅜	2.22	1.25	11.5
Mathieson Chemical	47	3.56	2.00	12.8
Nopco Chemical	23	2.26	1.45	9.8
Union Carbide	64	3.61	2.50	17.2

Chemists View Progress in Creation of Synthetic Fibers

At 121st National Meeting of American Chemical Society they report an array of new textiles, made possible by rapid appearance of new synthetics.

At a gathering in Buffalo, N. Y. on March 27 of members of the Division of Industrial and Engineering Chemistry of the American Chemical Society, several research chemists of leading industrial firms gave informative talks on recent progress in the creation of new synthetic fibers.

According to Dr. Joseph B. Quig of E. I. du Pont de Nemours & Co., production of truly synthetic textile fibers in the United States will total approximately 400 million pounds annually by 1953.

Dr. Joseph B. Quig, manager of the textile research division of the du Pont Company's Textile Fibers Department, said that the present status of the synthetic fiber industry is a "far cry" from that which existed when the American Chemical Society met in Buffalo in 1931.

It was during the Society's meeting in Buffalo on Sept. 1, 1931, Dr. Quig pointed out, "that a timid finger of light marked the dawn of a new era in the textile industry."

His reference was to a report presented by the late Dr. Wallace H. Carothers and Dr. Julian W. Hill, du Pont chemists, on the first polyester fiber ever made. This was the forerunner of the present "Dacron" polyester fiber and the polyamide fiber, nylon.

Nylon, Dr. Quig asserted, confounded the forecast to become a commercial reality in 1939; and "Dacron" polyester fiber, for which a manufacturing unit is being constructed at Kinston, N. C., is scheduled to become a commercial reality next year.

In addition, Dr. Quig pointed out, there are such other new fibers as "Orlon" acrylic fiber, "Acrilan" acrylic fiber, and dynel, also in the acrylic family, and "Vicara" protein fiber.

Dr. W. W. Heckert, also of du Pont, noted that the vast array of new textiles made possible by the rapid appearance of additional synthetic fibers creates a need for a whole new science to find the best uses for each fiber.

This new science would relate the functional performance of garments and textiles to their structure, the conditions of service, and the properties of the fibers from which they are made, Dr. Winfield W. Heckert, Assistant General Manager of the du Pont Company's Textile Fibers Department and head of its technical division, explained. Dr. Heckert discussed "The Selection of Fiber Monomers" in the opening paper of a two-day symposium on the "Status of the Newer Synthetic Fibers."

Pointing out that as more and more new fibers are developed, the study of market acceptance becomes all the more important, Dr. Heckert said:

"This is a field in which there are innumerable variables, and only a small beginning has been made in attempting to unravel some of the more important relationships."

Even in the face of exhaustive performance data, plus an accurate knowledge of production costs, he continued, it is not possible to predict market acceptance with any degree of accuracy, except in a limited number of cases where all lines of evidence happen to point in the same direction. Large-scale testing of the market is necessary in most cases.

"The appearance in rapid succession of a series of new synthetics," said Dr. Heckert, "has provided the textile industry with new degrees of freedom, which are beginning to liberate a wealth of creative endeavor in the field of fabric and garment design.

"To the alert in the textile industry," he continued, "this represents opportunity. To those who resist change, this represents a hazard. To the ultimate consumer, this means an opportunity to choose between a vast array of new textiles offering superior values. To those of us who are interested in fiber and textile research, this represents an opportunity to have a hand in the unfolding of a new branch of science."

While other speakers were divulging progress in the creation of new textiles fibers, Julius B. Goldberg, research director of J. P. Stevens & Co., Inc., New York, expressed confidence viscose rayon will still be the king of man-made fibers, and "it will take more than a mild revolution led by the new fibers to depose this ruler, or cause any severe loss of the empire built up during the past 40 years."

During 1951 Mr. Goldberg reported, approximately 865 million pounds of all forms of viscose rayon were manufactured in the United States. With imports of about 90 million pounds, a total consumption of about a billion pounds is indicated, he said. By comparison, production of the newer man-made fibers totaled some 200 million pounds.

"We are well aware of the fact that many of the newer 'miracle' fibers can yield a better dollar value in some applications due to their contribution of greater length of life in service, higher strength-weight ratios, lowered maintenance expenditures or other cost-reducing elements," Mr. Goldberg said, adding:

"On the other hand it must be remembered that close to two-thirds of all man-made fiber consumption is in apparel or household fabrics. As long as the men, women and children, in this country at least, are privileged to wear what they like or what fashion dictates, it has been demonstrated that the serviceability of viscose rayon in well constructed garments of properly designed fabrics is adequate to meet the competition of the newer synthetics, the use of which must of necessity add to the cost of such garments."

Important Implications Of Moscow Parley

By A. WILFRED MAY

International Conference, urging Silken Curtain for trade, dangles bait of needed business orders and more generous Point Four aid to further political objectives. Increased foreign aid costs of U. S. foreseen as parley results.

MOSCOW, U. S. S. R., April 11—The foremost conclusion to this Conference is that, on the heels of the Soviet's clever and effective political maneuver in proposing establishment of an autonomous Germany, in the economic sphere as well, it has launched an important harassing anti-West offensive.

A. Wilfred May

This was elaborately formulated here through the technique of a new kind of "economic conference" attended by 470 nationals from 45 countries gathered at the spacious Dom Souzov (House of the Trade Unions). Contrasted with its inclusion of the usual present-day international conference physical supertrappings, including simultaneous interpreting and delegate limousine car-fleets, were its wholly unique composition and aims.

Whereas former economic conferences, from London's Roosevelt-Hull-Moley embroglio in 1933 through wartime Bretton Woods and Havana's postwar ITO discussions, dealt conscientiously with broad and basic problems and concentrated on trade and currency questions *per se*, the goings-on staged here instead manifested high-level political strategy, furthering political aims via the trade fair technique for attracting customers.

Speaker after speaker from the Eastern countries cited the specific products which his country is ready to buy from nations burdened with actual or prospective surpluses thereof. For example, per the Chinese-British 10 million pound deal, the temptation of ready markets for their depressed textiles is being dangled before the British and West Germans, as it is for her stagnant shipyards before the Italians. "The United States must lift its economic Iron Curtain" is a keynote slogan, as if trade existed in a nonpolitical vacuum. Of course, international trade, which is held forth as the nostrum for settling all the world's problems, from war to poverty to unemployment, is blandly assumed to be premised on accentuated national and international planning and State trading on a barter basis, not on free trading.

The other chief focal point of pressure on the United States stems from the continuing strategic attacks on Point Four. For the benefit of the underdeveloped countries (among which Canada is gratuitously included), and with very special attention paid the Asiatic areas, the capitalist imperialists' insistence on accompanying strings and maintenance of ancient colonialism's abuses, which the proposed Stalin Plan would allegedly eliminate, are unceasingly hammered in. "Cooperation" means getting goods without strings, if not without cost.

So we see that an important result of this new economic offensive may well be materially increased cost of foreign aid by the United States in two directions. In the first place, our Point Four efforts will require a raising of the ante through the blandishments of Uncle Joe playing Santa Claus to the world's underprivileged—with the open invitation to them to play the Big Powers off against each other.

In the second place, as the previously described offers for export markets are extended to the Western democracies, particularly for strategic materials, the pressure on and financial cost to the United States in securing adherence to her politically necessitated East-West trade prohibitions may well be substantial.

In any event, let not the implications and agitation stemming from the Conference be belittled. Neither the economic strategy displayed here nor the political maneuver toward Germany are laughing matters!

The State of Trade and Industry

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

The steel dispute had a somewhat depressing effect upon total industrial production last week, and as a consequence a slight decline occurred. Compared with the similar period of last year, it was noted that aggregate output failed to equal the high level prevailing at that time. Claims for unemployment insurance benefits continued to edge lower for the tenth straight week, but notwithstanding this, were 33% higher than the year before.

Steel ingot production fell noticeably the past week as preparations were made for a shutdown occasioned by a strike threat just prior to the seizure of the mills by the government. Figures released on Monday of this week set output for the week beginning April 7, at 62.3% of capacity or the equivalent of 1,294,000 tons.

The government has warned the steel industry to reach a wage agreement this week "or else," according to "The Iron Age," national metalworking weekly. Washington officials deny this, but the threat was made.

The steel companies, the magazine asserts, were left the choice of acquiescing to a contract dictated by the government-union coalition or having it imposed upon them.

Either way, states this trade paper, the steel wage case was moving nearer a solution, though collective bargaining had been reduced to mockery. With the full weight of the Truman Administration thrown openly onto the side of Phil Murray's United Steelworkers, bargaining had become a one-way street. As was expected, the union had maintained a bristling "all-or-nothing" stand, rejecting each industry offer as the companies bargained themselves closer to Wage Stabilization Board recommendations.

Steel people—with no control over their industry—will lose most (if not all) of their anti-inflation stand. They might escape from the pistol-point negotiations without agreeing to the union shop, but the cents-per-hour raise and the fringe will be crammed down their throats, it states.

Basis for the compulsory arbitration will be WSB-boss Feinsinger's plan. It calls for a two-year contract. The "two-year plan" includes the Board's recommendations, refigured on a two-year basis. Although both sides have repulsed this settlement, it looks like the one that's coming this week—"voluntarily" or by force. The government will "negotiate" with labor, if steel people fail to fall into line, continues this trade journal.

Cents-per-hour in the Feinsinger plan add up to 15.63. When or if the Sunday (as such) fringe is computed on a cents-per-hour basis over two years, it is 1.75. This would mean 17.38 cents an hour, to which would be added 5.1 cents fringe—holidays, vacation and shift and sectional differential elimination. The result is a package of 22.5 cents per hour by WSB figuring, or close to 27 cents per hour costs the way steel firms figure.

It is expected that when the contract is agreed upon the government will allow a price increase of $5 a ton (or slightly more) to help, in a small way, to pay for the package.

This will furnish the basis for the sixth wage round. Once again the steel industry has little say on the outcome of its wage-price picture. And once again other industries will have to meet the ante, this trade authority observes.

Delivery of steel products is expected to be pushed back from two weeks to a month depending on the type of operation and the kind of product. Electric furnace items will bounce back into circulation much faster than those coming from the big open-hearth melt shops, and of course the full effect of the steel shutdown won't hit consumers for about two more weeks, "The Iron Age" concludes.

Automotive production last week moved forward about 1%, but was about 24% behind the like week last year, according to "Ward's Automotive Reports." Car makers rolled out 92,305 units the past week, compared with a revised figure of 91,074 the week before and 121,492 in the like 1951 week.

Farmers' expenses in 1952 will be the highest on record, according to the prediction of the United States Department of

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Near Term Economic Prospects

By ROY L. REIERSON*

Vice-President, Bankers Trust Co., New York City

After describing counteracting forces which have kept the national economy stable in recent months, Dr. Reierson lists as major factors in economic outlook: (1) the pace of defense spending; (2) the trend of capital outlays; (3) building and construction activities; (4) consumer spending; and (5) business inventory policy. Takes optimistic view of continued business activity, but lists as imponderables: (1) the labor situation; (2) international developments; and (3) the outcome of coming elections.

For about a year, contradictory trends have been evident in the American economy. We have experienced some very real adjustments in prices and production. Some commodities have dropped considerably in price, significant unemployment has appeared in a few industries, and reduced work weeks in others. Yet these adjustments, though widespread and in some instances painful, have remained selective, and have not been accompanied by the general downtown in incomes, output, or employment which is usually associated with such a process. The aggregate price level has eased only slightly, and personal income, production and gross national product are at record postwar levels.

Roy L. Reierson

Recent Economic Developments

These developments may be explained by the operations of two divergent sets of forces during the past 12 months. One set has been responsible for the selective downward adjustments in production and prices. This set of forces stems largely from the improvement in the military situation in Korea in the early months of 1951, which was reflected in a significant diminution in the war psychology that had gripped consumers, businessman and government officials in the months following the outbreak of the Korean war.

About a year ago, consumers lost interest in providing against future needs and began, instead, to live off inventories accumulated in the two post-Korean buying sprees. This decline in consumer buying hit retailers just as deliveries were being received on the large orders placed at the height of the second buying wave late in 1950 and early in 1951, and inventories increased rapidly. This led to a cutback in orders by retailers, and this in turn contributed to a decline in the production of soft goods, especially textiles, and of consumer durable goods.

Finally, various other factors served to moderate the inflationary forces that were so strong in the early months of 1951. The imposition of price controls may have helped to dissipate the scare-buying mentality among consumers. Controls over materials contributed to some curtailment of production for the civilian market. Also, the restrictive credit measures applied by the Federal Reserve authorities exercised a restraining influence.

Another set of forces has helped to support the economy during the past year; it has prevented the selective adjustments from snowballing into a large general downturn in business activity and in prices. The main support of the economy was provided by the rapid increase in the rate of defense spending; such expenditures increased by close to \$20 billion in 1951. Another important supporting factor was the increase by about \$5½ billion in business spending on plant and equipment in 1951. Thus, these two important factors together contributed about \$25 billion to the annual rate of national spending during the past year.

In the field of production, consequently, decreases in the output of textiles, apparel, paper products and consumer durable goods have been approximately offset by the expansion of output related to defense activities. The aggregate index of industrial production, as a result, has not changed very much; during the past six months it averaged within 2% of the peak reached last spring, and it is now almost identical with the record levels of a year ago.

Prices, the other important measure of the state of the economy, have been generally soft in recent months. However, the substantial declines have been limited to commodities such as international raw materials, which rose sharply after the outbreak of war and which subsided once the threat of an immediate worldwide conflict began to diminish. The comprehensive index of wholesale prices is only moderately (some 5%) below last year's record high, and is still 10 to 12% above pre-Korea levels. The slow-moving consumers' price index increased rather steadily throughout most of 1951; only in the past few months has it levelled off.

Judged by some of the most comprehensive indicators, the economy is currently operating at record levels. For example, gross national product has increased slowly but steadily, and probably established a new all-time peak in the first quarter of 1952. Likewise, personal income, although relatively stable during the past few months, is currently some 5% above the levels of a year ago. It is apparent that the selective adjustments of production and prices have been absorbed without an adverse effect upon the general health of the economy.

Major Factors in the Economic Outlook

An effort to appraise the economic outlook at the present time involves consideration of five major factors that are likely to have a significant influence on the course of business over the coming months. These are: (1) defense spending; (2) business spending on plant and equipment; (3) building and construction activity; (4) spending by consumers; and (5) business inventory policy. The international situation — which may well be the most decisive factor in the economic outlook—is beyond the scope of this appraisal; as a basis for this analysis, it has been assumed that there will be no further "Koreas" and no expansion of the war, but that foreign affairs will remain unsettled and that there will be no real progress toward a genuine peace.

Defense Spending — Based on this premise regarding the international situation, the outlook is for a further rise in the rate of defense spending in 1952, but at a somewhat lesser rate than in 1951. According to the Budget Message of last January, the projected increase in the annual rate of spending on national security would appear around \$20 billion for the calendar year 1952, which is about the same expansion as in 1951. Recently, however, steps have been taken to extend the defense program over a longer period than formerly contemplated, and this suggests that an increase of defense spending by perhaps \$15 billion, or somewhat less, is a more reasonable estimate at the moment.

In trying to appraise the impact of such an increase in defense spending on the economy, it is necessary to keep in mind that practically all of the increase in 1952 will go for arms and construction. In contrast, perhaps not much more than 60% of the increase in defense spending in 1951 went for these purposes. Thus, even though the increase in defense spending in 1952 is likely to be less than that which occurred in 1951, the impact upon heavy industry will not be significantly different.

However, the economic impact of defense spending is generally felt some months before disbursements are actually made. Consequently, if we assume that the rate of defense spending will increase only moderately after the end of this year—an assumption which seems to be in line with current thinking and planning in this field—we are approaching the point where the build-up in the defense effort will be having its maximum effects on the economy. The continued high rate of spending projected for 1953, and perhaps longer, will provide considerable support to the economy against a significant downtown, but the support will obviously be less, relatively, than during the recent and current period of rapid build-up. After the next few months, therefore, the defense program is not likely to provide much new or additional stimulation to economic activity.

Business Spending on Plant and Equipment—Business spending on plant and equipment is apparently on a plateau from which a further important increase does not appear to be in prospect. The rate of

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*An address by Mr. Reierson before the Manufacturing Conference of the American Management Association, New York City, April 7, 1952.

Risks in Investing in Chemical Process Industries

By R. S. ARIES and RUDOLF M. CZINER

R. S. Aries & Associates

Consulting Engineers & Economists

Stressing knowledge and technique, along with adequate capital, as factors in success of chemical process industries, authors point out these industries face not only ordinary hazards of business, but also the special effects of chemical change. Though stating great investment opportunities exist in chemical industries, they cite problems facing average investor, such as selection of raw materials, application of process, and heavy expense of structures and equipment. Foresee vast growth in use of chemicals throughout world.

Money alone is not enough. It takes more than available capital and a willingness to enter the chemical process industries to make a success of such a venture and become a part of these fast-moving industries. The list of manufacturers who have failed so far in their efforts to branch out into the process industries includes some of the most distinguished firms in their respective fields and represents such areas of industrial and financial activity as the aircraft industry, banking, etc. Although eminently successful in their own endeavors, firms in these fields have found the economics of the chemical process industries a formidable hurdle. Many other companies, on the other hand, have been very successful in their efforts to diversify into process operations.

Dr. Robert S. Aries

Rudolf M. Cziner

Reasons for Investment Risks

Just why do some businessmen find the process industries such dangerous grounds? What are the pitfalls on which investors all too often stub their financial toes? Basically, it refers back to the mysteries of chemistry. This science is still an unknown art to most businessmen (the college chemistry course to the contrary). This lack of understanding is especially true in respect to the dynamic qualities of this science, which makes itself felt throughout the chemical industries. These industries face, in addition to the ordinary risks and hazards of business, the special effects of chemical change. Business experience gained in the mechanical industries and financial operations, all too often leave the investor and business manager unprepared for the special competitive conditions of the chemical process business. It is not surprising, therefore, to find more and more chemists and chemical engineers in responsible positions in process companies. The intricacies of chemistry complicate ordinary business procedures to such an extent that of late financial institutions and investment banks have begun to use technically trained specialists to help in the analysis of the process industries and the investment opportunities therein.

Definition of Chemical Process Industries

What exactly are these chemical process industries? How does chemistry complicate their affairs? Until recently the term "chemical industry" denoted that area of industrial activity which produced chemicals. Drugs were made by the drug industry; fertilizer by the fertilizer industry; foods were processed by the food industry; paints and pigments by the paint industry. Only the actual production of chemicals was considered within the domain of the chemical industry. The work of the chemist, however, complicated matters. When he took a very small fraction of a petroleum crude and produced such chemicals as ethylene oxide, isopropyl alcohol, acetylene, etc., was such manufacture part of the petroleum industry or of the chemical? When he took a gas, ethylene, and made a liquid, vinyl chloride monomer, then took this liquid and polymerized it to a solid powder which could be shaped into rigid consumer or industrial goods, were we talking about the plastics industry or chemicals? What about drugs? Where does the chemical industry end and the drug industry begin? In the production of the raw material? The intermediate? The crude drug? The refined product? The compounding into pills? Obviously, the term chemical industry has become too limited to give a clear indication of its scope. Too many questions can be raised in the twilight zones of such a term and its old definition. Consequently, within the past decade, the name "chemical process industries" has been adopted. Strictly speaking, this term denotes any industry which in its manufacturing process utilizes a chemical reaction. This means that in production, not only is the shape and appearance changed, but also the molecular structure. This means that the fertilizer industry, which takes phosphate rock and treats it with an acid to change it from its insoluble form to a water-soluble phosphate compound which can nourish plant life, is a chemical process industry. So is the manufacture of glass, which combines sand and soda ash through heat. The key to this definition, therefore, is a chemical reaction in manufacture. This clearly distinguishes these industries from purely mechanical operations which take a raw material and reshape it, add to it, paint it, etc. In the latter industries, after all work has been done, the original raw material is still identifiable in the finished goods. Sheet steel, for example, is pressed into the shape of an auto body, welded together with other parts and painted, but after all is said and done, anyone looking at the automobile can still see that steel was used in its manufacture. Not so with the chemical industries. Not many people can look through a glass window and tell that it is made from sand. Very few readers of "Vogue" recognize their perfume as a coal product. Acetylene is usually associated with welding and metal cutting, not synthetic rubber, plastic raincoats, shower curtains, textiles and other consumer products. Yet all of these goods can be made from this welding gas. Summing up, the chemical process industries include all companies which some place in their operations use a chemical reaction to create a "new" material.

Let's just examine chemistry a little further. This business of changing the structure of a molecule and making a new compound is the real foundation of the chemical process companies. Chemistry means change, and this attitude directly and indirectly influences chemical business. Research, one of the trade marks of the process industries, continually opens up new avenues of opportunity. Chemicals are very proliferous. The synthesis of a new product invariably results in the discovery of a long list of derivatives which can be made from the new product. Take ethylene. Up to this time about 75 commercial reactions have been found for this gas. From only one of its derivatives, ethylene oxide, a long series of useful products can be made, including permanent-type antifreeze for cars, explosives, etc. The chemical businessman is faced with this problem of change induced through research. Not only must he accept the risks of such change, but he must try to adopt research to his operations and anticipate changes. The surest way for a chemical company to decay is to ignore progress. Where our modern economy moves very fast, a process company figuratively must "run" just to keep up with competition.

Problems Facing Average Investor

The average investor faces numerous problems when he looks to the chemical process industries. The greatest handicap lies in the many alternatives available. Even after he has selected the product he wishes to manufacture, the investor is confronted by the serious task of selecting the best (most profitable) method of manufacturing that product. Take raw materials. Ordinary alcohol, for example, can be made from corn and other grains, molasses, natural gas, and petroleum (among other things). If our friend, the investor, wishes to manufacture industrial alcohol, he must, therefore, choose the best raw material available. Sometimes he doesn't have the choice, but more often than not, he must face making such a decision. This situation is not unique. If he is interested in the new tuberculosis drug, he can start either with a by-product of the coking of coal or a fermentation product from molasses. With synthetic fibers (the acrylonitrile type like Orlon), the choice can be between ethylene and acetylene. The problem of choosing between different raw or starting materials is not found in isolated cases, since the chemical process industries literally use everything under the sun, and even the sun as in the solar dehydration of brine to make salt. This raw material complexity can be found throughout the industries.

Prices, location and availability, however, are not the only factors which determine what starting material to use. Obviously, a suitable process must be available. But it goes even further than that. With one raw material, our investor often may have to choose between a number of different operating processes. If he is interested in making acetylene from natural gas, he must decide not two, but at least four manufacturing processes. They are all similar in only one respect: they crack a selected constituent of natural gas by heat. Otherwise they differ. One uses an electric arc. Another employs a regenerative furnace. Two others use partial oxidatiok, one with plain air, the other with oxygen. Here, our investor risks one or two million dollars. He certainly will try to make sure that the most effective process is selected. But let us not forget that this selection follows his decision of not using calcium carbide for making acetylene.

What must the inventor look for in a process? Obviously, the best investment and operating costs for his desired capacity, the best acetylene, and all the other life and death features of business. With all of these variables resolved, the investor, however, must still make sure that the process will actually perform as indicated. This is especially true for the product under discussion, acetylene, since the natural gas processes are still relatively untested. Certainly they have worked in the laboratory and in the pilot plant, but all too often, there is no assurance that, even after all these development tests, a full-scale commercial unit will perform similarly. Chromatographic separation of mixed chemicals has worked fine in the lab, but up to now, all commercial attempts have run into insurmountable difficulties. In other cases, new processes have proven far more expensive both in initial investment and the operating cost. The chemical engineer calls them "bugs," but to the layman they spell trouble. A new chemical plant can be expected to have these bugs. The aim is not only to keep them at a minimum, but to try to foresee these difficulties ahead of time. A good engineer can actually "smell" these bugs

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The American Way

The Kaiser-Frazer-Otis controversy. Error of SEC and NASD intervention. Court's reversal of judgment. SEC still belligerent. Objective view imperative. Universal freedom involves alert protection of individual freedom.

It is now common knowledge that the United States Court of Appeals has unanimously reversed the judgment for more than $3 million which Kaiser-Frazer Corporation obtained against Otis & Co., and has dismissed the complaint.

This may not be the end for there is talk of taking the matter before the Supreme Court of the United States, which will involve a determination by that Court whether it will take jurisdiction of any additional review. This presents an involved legal question into which we do not propose to enter.

In this particular controversy, from the very first, our position was absolute objectiveness. We never intended, nor do we now intend, to side with one litigant against another. We felt it was a private controversy which the Courts would ultimately iron out, that the public interest was not directly involved and therefore that the Securities and Exchange Commission and the National Association of Securities Dealers ought to have steered clear and should not have spent public monies and membership assessments in aiding and abetting any one party as against the other.

Instead of adopting a hands-off policy, the SEC and the NASD started an elaborate and costly series of procedures, allegedly disciplinary in nature, against Otis & Co. In this special one-sided treatment we recognized a threat imperilling our freedoms and we set out to publicize the utter wrong of it.

On September 9, 1948 we said editorially:

"The persistent efforts to force a disclosure of confidential communications in the attorney-and-client relationship strikes us as asinine, particularly when practiced by regulatory bodies which periodically indulge in *in camera* activities.

"From the decision in disciplinary proceedings instituted by the NASD an appeal lies to the SEC. Where as prosecutors both bodies are proceeding jointly, what degree of justice can be expected in such an appeal? Doesn't the whole system appear to be a rotten abuse? When these upper and nether millstones start grinding, it takes considerable means, plus fortitude, to get out of the toils even when a respondent's cause is absolutely just.

"We express no opinion in the case against Otis & Company. We do, however, condemn the methods employed by the joint prosecutors, particularly in their efforts to elicit confidential communications given by a client to his attorneys. With this further attempt to invade privacy, we are entirely out of sympathy."

On November 18, 1948 we said:

"This conflict leads us to another disturbing element, the releases promulgated by the SEC bearing upon its activities. We have always felt that some means should be found to control these because of the incalculable damage done to respondents, many of whom are ultimately found innocent of any wrongdoing.

"Somewhere in almost every release is a statement that what the Commission has done or intends to do is in the public interest. In some there is the additional legend in substance that the action is for the benefit of investors.

"The public press getting these releases, which in content are injurious enough, sometimes embellishes them so that a respondent frequently finds his business practically destroyed before the issues have approached a hearing. That constitutes so much additional damage, for in many, if not most, instances proceedings for revocation of broker-dealer registration are based upon previous SEC examination of books and records and interviews with respondent's customers. The artfully trained and briefed SEC investigators do plenty of damage before the matter gets to the release stage. For all of this, despite the fact that a respondent is ultimately successful, there is no relief. There can be no redress, no recoupment for such extensive damage."

On February 3, 1949, we said editorially:

"Again we envisage the conduct of those two administrative police partners operating out of the same precinct, the SEC and the NASD in their activities embracing the Kaiser-Frazer, Otis & Co. dispute.

"As we have emphasized, we take no sides in that dispute. The parties have placed their differences before

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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:

Chain Grocery Store Industry—Study with particular reference to **First National Stores** and **Grand Union Company**—Kidder, Peabody & Co., 17 Wall Street, New York 5, N. Y. Also available is a report on the **Texas Company.**

Electric Utilities Industry—Study—Calvin Bullock & Co., 1 Wall Street, New York 5, N. Y.

High Yield Common Stocks—List of 40 selected issues—Francis I. du Pont & Co., 1 Wall Street, New York 5, N. Y. Also available in the current issue of "Gleanings" is a list of 36 stocks selling at or below $30 a share, and a brief resume of **Bendix Aviation.**

Industrial Convertible Preferred Stocks—Tabulation—Moore, Leonard & Lynch, Union Trust Building, Pittsburgh 19, Pa.

Investment Planning — Bulletin — Eastman, Dillon & Co., 15 Broad Street, New York 5, N. Y.

New York City Banks Stocks—Comparative figures at March 31, 1952—The First Boston Corp., 100 Broadway, New York 5, N. Y.

New York City Bank Stocks—Comparison and analysis of 17 stocks for first quarter of 1952—Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

Oil Equipment Manufacturing Companies—Analysis with special reference to **National Supply Company, Halliburton Oil Well Cementing, Black, Sivalls & Bryson, A. O. Smith Company,** and **Dresser Industries**—Vilas & Hickey, 49 Wall Street 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.

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.

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

Western Canadian Oils—1952 Edition of brochure presenting an up-to-date report on the Western Canadian Oil and Gas industry—James Richardson & Sons, 173 Portage Avenue, East, Winnipeg, Man., Canada, and Royal Bank Building, Toronto, Ont., Canada.

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American Locomotive—Memorandum—Herzfeld & Stern, 30 Broad Street, New York 4, N. Y.

Anglo Canadian Oil—Study—Kippen & Company, Inc., 607 St. James Street, West, Montreal, Que., Canada. Also available are studies of **Calgary & Edmonton Corp., Hollinger Consolidated Gold Mines** and **Hudson's Bay Company.**

Arizona Mining Company—Review—W. C. Doehler Company, 15 Exchange Place, Jersey City 2, N. J.

Clinton Township (Michigan) — Circular — The Cincinnati Municipal Bond Corp., Atlas National Bank Building, Cincinnati 2, Ohio. Also available is a circular on bonds of **City of Livonia** (Michigan); **Thornville, Ohio, Eldorado, Ohio** and **Pembroke, Kentucky** Waterworks Bonds.

Connecticut Light & Power—Descriptive circular—Chas. W. Scranton & Co., 209 Church Street, New Haven 7, Conn. Also available are circulars on **United Illuminating, Connecticut Power, New Haven Gas Light, Hartford Electric Light** and **Hartford Gas.**

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

Del Rio Producers, Ltd.—Analysis—Hill Richards & Co., 621 South Spring Street, Los Angeles 14, Calif. Also available is an analysis of **Scurry Oils, Limited.**

Eastern Air Lines—Analysis—Walston, Hoffman & Goodwin, 35 Wall Street, New York 5, N. Y.

El Paso Electric Power Company—Analysis—Ira Haupt & Co., 111 Broadway, New York 6, N. Y.

Globe-Wernicke Co. — Analysis — Westheimer and Company, 322 Walnut Street, Cincinnati 2, Ohio.

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The Future of Reinforced Plastics

idly improve the economics of reinforced plastics. Herein lies our future.

Progress to Date

Let us take a look at what has already been done with the use of mineral fillers. During 1949, 1950 and 1951, their use has become a standard practice in preform and mat molding. I say that we have to find methods of incorporating more and more fillers into the resins. Only when we do this can we expect to obtain low resin shrinkage, producing mirror finishes acceptable to the housewife.

Each type of reinforcement, such as parallel fiber reinforcing mat, fabric mats, preforms and cut fiber, will find its place in the industry. High glass loadings will be achieved by using the parallel fiber reinforcing mat, since this is the only feasible way to get a high percent of glass by volume into a laminate. The types of moldings made with reinforcing mat and preforms will, of course, produce moldings of similar physical properties.

Tremendous growth in the next few years is expected of what we designate a compression molding material. In the field, this material has been referred to many times as "putty" or "gunk" molding. Many of the combinations we have seen have consisted of about one-third parts by weight each of glass, resin and mineral filler. With the improved techniques under development, many of the parts now being molded by mat or preform will be molded of this material. Today, in production, parts are being made weighing up to 75 pounds. Certainly from the properties possible and the tremendous sizes that can be molded with a moderate investment in equipment, the future for this material is unlimited.

Many short-sighted individuals have claimed that the frontiers and opportunities in America are no longer what they used to be. I believe all of us will agree that the frontiers and opportunities for resourceful and imaginative men are larger in the field of reinforced plastics than has been the case in any other field for generations. This is not only a field from which we can all get something, but also a field to which we can all make substantial and worth-while contributions.

Chemists Reveal Improved Vitamins

At American Chemical Society's 121st National Meeting, new teams of vitamins and improvement of quality of others was stressed by biological chemists.

A prominent feature of the 121st National Meeting of the American Chemical Society at Milwaukee, Wis., was the revelation of recent progress in biological chemistry, particularly in the development and prefection of vitamins.

Speaking before the Division of Biological Chemistry on April 3, Dr. Edward G. High and Sherman S. Wilson of Prairie View Agricultural and Mining College, reported a new team of vitamins may make such foods as butter and milk more nutritious. Laboratory studies on rats indicate that the vitamin A potency of the diet can be increased by the addition of another vitamin—B-12, the anti-anemia vitamin — the report said. Vitamin A is required for proper maintenance of health and is particularly useful in preventing night blindness.

"It seems reasonable to expect," the report asserted, "that the beneficial effects caused from administering vitamin A or carotene would be enhanced by administering vitamin B-12 with it."

Carotene is a substance which is transformed into vitamin A by body fluids.

Previously, on Mar. 31, three chemists of the University of Wisconsin, revealed the existence of a new from of vitamin B-12, the anti-pernicious anemia vitamin. First found in the intestinal contents of rats, the new substance is called vitamin B-12-f, the scientists—U. J. Lewis, D. V. Tappan and Dr. C. A. Elvehjem—said in a report to the Society's Division of Biological Chemistry.

No physiological function has yet been found for vitamin B-12-f, the report stated. It was suggested, however, that the new vitamin form may play some undiscovered role in metabolic processes, since it is found in high concentration in the gastro-intestinal tracts of many animals such as cattle, sheep, horses, pigs and chickens. Its possible connection with pernicious anemia in human beings is now under investigation, the report added.

Vitamin B-12-f apparently does not stimulate growth in animals, the report indicated. Preliminary research, on the contrary, shows that the new substance retards growth slightly.

A brilliant red in color, the new substance is not converted into vitamin B-12 when treated with cyanide, as is the case with several other previously-discovered forms of B-12, the report declared. Vitamin B-12-f was not found in liver or liver concentrates, although B-12 is present in these materials in relatively large amounts.

Discovery of still another substance similar to vitamin B-12 was revealed in the Wisconsin report. This substance, as yet unnamed, is believed to be related to B-12-f. It was found during the B-12-f studies.

Three scientists of the Kansas State Agricultural Experiment Station, reported that vitamin C, the anti-scurvy vitamin, may be necessary for the production of cortisone by animals and human beings. They based their conclusion on laboratory studies on guinea pigs.

"This helps to explain why guinea pigs with scurvy develop joint and heart lesions similar in some respects to lesions found in rheumatic fever and rheumatoid arthritis," the chemists stated in their report.

"Any information in regard to the function of the adrenals might have practical bearing on the function of this gland in human beings," the report added.

"The fact that the vitamin C content of the adrenal cortex is rapidly depleted when the cortex is stimulated to action by ACTH suggests that vitamin C may serve as a part of the enzyme system responsible for the production of the cortical hormones," it was stated.

"If vitamin C is necessary for the production of these hormones it would follow that the adrenal cortex of a scorbutic guinea pig would not be able to function normally. This could account for such symptoms as arthritis in the scorbutic guinea pig."

Federal Land Banks 2⅝% Bonds Offered

The 12 Federal land banks on April 15 offered publicly through Macdonald G. Newcomb, their fiscal agent, $228,300,000 consolidated Federal farm loan bonds to be dated May 1, 1952, and to mature May 1, 1956. The bonds bear interest at 2⅝% per annum payable semi-annually, and are being offered at 100% and accrued interest. They are being distributed on a nation-wide basis through a large selling group of recognized dealers in securities.

Net proceeds from the sale together with cash on hand are to be used to redeem the consolidated Federal farm loan bonds which mature on May 1, 1952, and which are outstanding in the approximate amount of $198,200,000; and to provide approximately $30,100,000 for repayment of commercial bank borrowings and for lending operations.

The consolidated bonds being offered are the secured joint and several obligations of the 12 Federal land banks. They are not guaranteed by the government. The banks are Federally chartered institutions and operate under the supervision of the Farm Credit Administration, which is under the general supervision of the Secretary of Agriculture.

Vishinsky vs. American Business

Yesterday Iran — Today Guatemala — Tomorrow the World?

By ROBERT S. BYFIELD*

Mr. Byfield declares Kremlin has wholly rejected tradition by unleashing World War III with psychological warfare as primary weapon, with military weapons merely in reserve. Declares in United Nations Soviet propaganda machine really gets into high gear, smearing free people because we let them get away with it. Classifies propaganda "tricks" into eight specific categories. As defense policies, declares we must coordinate our own propaganda efforts; realize business cannot leave task to government; avoid intemperate political attacks on business; and stop apologizing for American capitalism.

Since V-J Day we have lost over 600,000,000 friends, about a quarter of the world's population —we who considered ourselves, and rightly so, the most generous and idealistic people of modern times. Many of us who have been abroad are deeply conscious of the rising tide of anti-Americanism in many areas and even among some peoples whose friendship we have always taken for granted. This is a "cold war" we say, and no doubt that is true, but such generalizations and slogans may be dangerous because they tend to obscure the facts and perhaps create inertia when we lean too heavily on them. If we now take another step and identify the use of the "cold war" as a weapon of the Kremlin, we have progressed, but not far enough. We must realize the fact that Soviet propaganda is a new weapon and that history is full of examples of new weapons being used unexpectedly to triumph over relatively stronger opponents.

Robert S. Byfield

Take the victory of Miltiades and his Greeks over the Persians of Darius in 490 B.C. at Marathon. Here they struck suddenly with an unorthodox running attack quite different from the conventional, slow moving phalanx which the Asiatics had anticipated. Again, almost two thousand years later, at Agincourt in 1415, the fast moving English archers of Henry V defeated the French, whose heavily armored horsemen were mired in mud. Here was illustrated that the inadaptibility of a military caste can spell tragedy. The German breakthrough at Sedan in 1940 made obsolete the 19th Century concept of a vast weight of foot soldiers. The day of a wholly mechanized attack by means of the dive bomber and the tank had arrived.

*An address by Mr. Byfield, member of the New York Stock Exchange, and its representative at the Sixth General Assembly in Paris, before the Export Managers Club, New York City, March 18, 1952.

Teachings of Recent Past

So much for the broad teachings of history. Let us take a closer look at the more recent past. Of the three attempts to destroy Western Democracy in this century, two have already failed and the third contest has been under way for some years. The Kaiser unleashed an orthodox military attack preceded by a conventional and formal declaration of war. The methods of the German Nazis and the Italian Fascists were somewhat novel since they depended primarily upon military force and were to that extent orthodox, but they utilized psychological and politico-social weapons in addition. The Kremlin has wholly rejected tradition by utilizing psychological warfare as a primary weapon with military components merely in reserve or secondary. Its points of attack or maximum exertion of pressure are "behind the lines" or upon and within the borders of its intended victims.

Sub-Acute Aggression

One of the more dangerous aspects of the situation today is that Soviet strategists in this field have devised special propaganda pressures which they feel are peculiarly fitted to take advantage of our weaknesses and faults, our national attitudes, deep-seated traditions and our highly developed, extremely sensitive and delicately balanced capitalistic set-up. This type of aggression is, to use a medical term, sub-acute, and is difficult to recognize as warfare in the commonly accepted sense. An ex-Communist characterized it to me quite recently when he said: "They believe they have got something for you that neither A-bomb superiority nor the General Motors assembly line can overcome." Be that as it may, it is our opinion that the American public is just beginning to realize that World War III has already started and that a so-called "struggle for men's minds" is one of its phases. We need planes, guns and tanks as well as men, but we will not use them wisely unless we also have a new understanding, new concepts, new definitions and a thorough analysis of Soviet propaganda. You simply cannot grapple with something in the dark if you cannot even give it a name.

Hoover's Warning

We have had plenty of warning. Herbert Hoover in the first volume of his Memoirs, recently published, recalls that the Bolsheviki began propagandizing outside their own borders almost immediately after the 1917 Revolution, even when they were fighting civil wars at home and held power precariously. When Bela Kun established a red dictatorship in 1919 at Budapest, civilian commissars traveled with his army, one to each regiment, compelling adherence to the doctrines of Moscow. I saw them operate with my own eyes and heard them with my own ears. The Communist line and its objectives at Kassa and Eperjes in Eastern Slovakia in 1919 were precisely the same as at Panmunjom in 1952. Four of our Presidents and five Secretaries of State were aware of the nature of international Communism and its propaganda. Their speeches and documents telling why they were opposed to our recognition of the Moscow regime should be re-read. They are matters of public record.

Communism's Two Earliest Victories

Two of the earliest and perhaps the greatest victories of international Communism have hardly been labeled as such. First, we legitimatized the Soviet Union and made it respectable before all the world by our diplomatic recognition in 1933 and we were foolish enough to believe it would keep any promises it made to us. Second, the Communists captured an important section of the so-called liberal movement in the United States. By this we mean that many of our intellectuals felt that collectivism of the Left was not as evil and malignant as collectivism of the Right. They were willing to overlook the obvious tyrannies of the Soviets because they were in varying degrees in love with, or sold on its social content or objectives. They were guillible enough to believe it was an "underdog" philosophy. The economic programs of the American Communist Party and of our own non-Communist leftists were often not far apart. They used, and, in fact, still use similar terminology in their anti-business attacks. Frequently they have differed only in degree or method. All of this is still currently a matter of heated controversy, and we cannot cover the whole subject at this time. Obviously, we must condense and perhaps over-simplify our handling of it.

Economizing on Military Force

Soviet psychological warfare is by no means a matter of words alone, however communicated—whether personally, by radio or by written documents. It is merely the more easily identifiable aspect of a world-wide propaganda apparatus designed to economize upon the use of military force. It utilizes a world network of Communist unions, the W.F.T.U., the Communist parties and their sympathizers everywhere, and an almost infinite variety of organizations and situations. We can mention only a few here. There are excellently maintained kindergartens in the Soviet Sector of Vienna to influence the wives of workingmen. There are special wares offered below cost in Soviet shops to undersell privately owned competitors in the adjacent American and British Sectors. In Paris we were told there were 600 Communist organizers on the payroll of the Department of the Seine with no duties to perform outside party activities. Ditto for 18 shop foremen on the Paris Metro, the subway system. Ways have been devised to win over shop foremen in factories and Communist unions are well versed in how to be "soft" to management so as to capture its favor from rival non-Communist unions. Communist parties have used cultural exhibits in many parts of the world to discredit free enterprise. No activity seems too minor to be overlooked as a possible propaganda medium. Undoubtedly when the Soviet track team competes in the Olympic Games at Helsinki this Summer we will hear much about the virtues of the "people's athletes" and the sins of their competitors, the "paid professionals" who are running and jumping to promote the imperialism of the capitalistic monopolies.

Use of U.N.

But it is in the debates and proceedings of the United Nations where the Soviet propaganda machine really gets into high gear. The U. N. was never intended to be used as a propaganda forum. The Soviets and their satellites use it because they are opportunists and use anything, everywhere at any time when it suits their purposes. They use the U. N. to smear free peoples and particularly free enterprise, American style, because they can get away with it, and we have let them do so for six years now.

As a representative of the New York Stock Exchange it was my privilege to attend the 6th General Assembly of the United Nations in Paris in the closing months of 1951. My status, along with representatives of half a hundred other American organizations, was that of "Non-Governmental Observer." I had some special jobs to do and I had a ringside seat. I saw the Soviet propaganda machine at its best, or from our point of view, at its worst. No experience could have been more frustrating and exasperating than to hear, at close range, Messrs. Vishinsky, Baranowsky, Malik, Kiselev and their cohorts vilify and smear the United States, its government, its economic system and most of all its businessmen, you and I for example. They commented on the action of the stock exchanges, excoriated our corporate management and screamed about their alleged war-bred profits.

No invective, no smear, no trick, no distortion of fact was forgotten. You have to hear this sort of thing to understand and measure it. It is not enough to read headlines or brief summaries about it in the American press. Its very malevolence was overwhelming, punctuated as it frequently was, by clapping and cheers of approval from sympathizers in the visitors' galleries. But the whole show was revealing. It indicated that the Soviets have a world-wide dragnet of economic information which they siphon into the Kremlin. They seem to utilize every government publication, every public utterance, every magazine article, every radio broadcast or every economic bulletin from which they can glean even the most minute support or fancied support for their prefabricated slogans and doctrines. Nothing seems to escape them. Unlike the delegates and members of the press who have listened to this torrent of abuse for six years, we were not bored. We were not merely frustrated. We were frightened. It is not enough to say that the propaganda attack was designed for consumption behind the Iron Curtain. Undoubtedly, like the speeches of Soviet officials in Moscow or the columns of Pravada, it is intended for the faithful. Yet it is obvious that the grist from the propaganda mill is also intended for the "doubtful" as well as the faithful. There are hundreds of millions of people on our side of the Iron Curtain who know little, if anything, about "capitalism," "free enterprise," the system of private property, and a score of other economic terms. They are not in a position to appraise, assess, or analyze. Furthermore, whatever is spoken in the United Nations, whether subsequently refuted or not, bears a certain mark of authenticity, particularly to the uninformed, who, after all, comprise most of the world's peoples.

Recent Paris Session

Certain aspects of the recent session of the General Assembly at the Palais de Chaillot in Paris are worth mentioning here. The Western World, ourselves included, has allowed the Soviet Union to be represented by three delegations. They are, of course, the U.S.S.R. itself, and there are in addition the Byelo-Russian S.S.R. and the Ukrainian S.S.R. The last two have about as much to say regarding the foreign policy of the Kremlin as the States of New York and Pennsylvania might have about the foreign policy of our own Federal Government, perhaps less. But there they are anyway, each with their own separate delegations supported by ample staffs. Naturally, they work as a well functioning team. Yet this is not all. There are the Czechoslovak and the Polish delegations, whose performance naturally conforms to what their nations are, namely, satellites of the Soviet Union. If we were to be facetious, we would say that the Kremlin operates a five-platoon system, differing, however, from recent practices in American football in that they are all "offensive" and none "defensive" in nature. Our own delegation may receive the backing of some or perhaps all of its friends on occasion, but the situation is quite different, as you may expect.

Many of the aspects of the scene in the plenary session of the General Assembly are duplicated in its committees. Time does not permit an analysis of each and every one of these committees and its functions, and this, furthermore, would serve no purpose. We were interested particularly in Committee 2, which is the economic committee where such subjects as Point IV, economic assistance to under-developed countries, technical aid programs and land reform are ordinarily the subjects for discussion and debate. In each of the committees, including Committee 2, every member of the U. N. is represented by a delegate. In Committee 2, therefore, there were 60 delegates sitting around in kind of a bull ring with assistants and staff members immediately behind them. It is important also to realize that a greater amount of time is spent in discussion of politico-economic problems in the plenary session and in the committee sessions than is generally understood. Economic matters, as we have stated, focus into Committee 2, which also receives the reports of ECOSOC, the Economic and Social Council, which was in session last Summer at Geneva, Switzerland. For much of its anti-capitalistic and anti-business propaganda the Soviet group uses both ECOSOC and Committee 2.

The delegate of the U.S.S.R. in Committee 2 was Mr. A. Arutyunian of Baku, a trained economist and a most articulate vendor of Communist economic doctrine. In fact, the entire Soviet group gives the impression of specialized legal or economic training. The members work closely together, have Communist ideology at their fingertips and are skilled propagandists. For example, one day in Committee 2 the usual propaganda line that American corporations employ "slave labor" was re-emphasized, with particular attention paid to the Chilean subsidiaries of American copper companies. Presumably this referred to the alleged labor policies of Anaconda and Kennecott. Arutyunian and his colleagues argued that the wages paid in Chilean mines were so low that they constituted a form of slavery. This propaganda attack, for such it was, was fully answered by our own delegate at a subsequent session of Committee 2. Oddly enough, the U. S. did not have the full and wholehearted support in presenting its side of the case from the Chilean delegate, Mr. Santa Cruz. It is obvious that I cannot here relate the details of the discussion about the wages of copper miners in Chile, but the point we should like to emphasize is that the Kremlin studies the operations of Americans and American corporations not only within the borders of the U. S. but all over the world as well.

As one sits in Committee 2 day after day, it is clear that it is the forum selected by the Soviet Union and its satellites for carrying out the predictions of Lenin in his classic volume, "Imperialism, the Highest Stage of Capitalism." In order to understand what is going on here, it is a prerequisite to have a thorough knowledge of this work, as well as subsequent documents and pamphlets, particularly those issued by the Communist Party, U. S. A., the latest of which are "Monopoly" by the Labor Research Organization, and "American Imperialism" by Victor Perlo, published in 1951. It is, of course, readily discernible that the propa-

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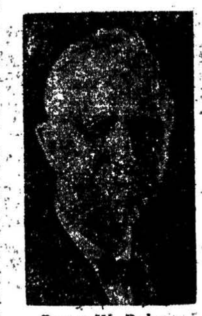
The Job Outlook

By ROGER W. BABSON

Discussing the immediate job outlook, Mr. Babson, in noting decline in employment in consumer goods industries, says best job bet now is in defense industries, despite the probability that defense production may later drop.

Headlines about unemployment in certain sections such as Detroit and New Bedford have made depressing reading. Events, however, are sometimes more important than statistics. I, for one, have been greatly encouraged by the recent withdrawal of President Truman from the race. My more optimistic feeling comes from fact that a number of the other contestants for the Presidency are more conservative than is Mr. Truman. And a more conservative outlook is what we need to encourage capital investment, which is the source of all jobs.



Roger W. Babson

According to the U. S. Bureau of Labor Statistics, there has been a decline in employment in such industries as clothing, food, lumber and textiles. In the clothing industry there are about 60,000 fewer jobs today than a year ago. Likewise, there are about 65,000 fewer food jobs, 20,000 fewer lumber, and 75,000 fewer textile jobs.

The answer to the unemployed worker in a consumer-goods industry is a job in a defense industry. By late 1952, it may be difficult indeed for the consumer-goods industry to find laid-off workers. They may have been snapped up by defense industries and paid wages that consumer-goods companies will find difficult to meet.

Best Job Bets

Best job bets for 1952 will be in the defense industries, although, in the long run, more secure employment is to be found in consumer-goods industries. The production jobs today on the increase are in such industries as heavy machinery, metals, chemicals, and paper—to mention a few. For example, there are today 200,000 more jobs in machinery plants than there were a year ago, about 100,000 more in metals, 72,000 in chemicals, and 15,000 in paper. Transportation equipment and materials handling manufacturers are employing about 160,000 more people.

The college senior with a mechanical or electrical engineering degree is in very short supply now and can, therefore, almost write his own contract! A recent survey of 125 companies reveals they will offer beginning engineers salaries ranging from $225 to $500. Manufacturing companies expect to hire more non-technical college graduates this year than last with starting salaries ranging from $300 per month upwards. Best bets for the non-technical graduate will be in the accounting and manufacturing fields. Salaries for the college senior in 1952 will be about 10% higher than those offered to the 1951 graduates!

What's Ahead?

What does this picture mean to the United States? Actually, there is a boom today in certain jobs compared with the boom in stocks of 1929. Employment is high. Savings are above normal. Wages may rise another $15 billion, from $165 billion this year to about $180 billion next. After increased taxes, this could mean about an $8 billion increase in people's earnings, and should further increase savings. The cost-of-living, however, has reached present highs because most people are doing as little work as possible for their current high wages.

We are experiencing a "wage-workers' prosperity"; but some day this wage bubble will burst as have the stock market bubbles of the past. Americans should realize this and begin to save for the rainy day. The wage earner ought to plan to buy a little life insurance, then purchase a home, and build up savings accounts. There never was a better time for the graduate of any school or college to get started on a job. Business and government desperately need men who can think, who have learned how to get along with people, and who have such character traits as faith, integrity, self-reliance, initiative, drive, and good health. But young people must do much better work than they are now doing in order to hold their jobs when business again declines. However, as I said above, I am feeling more optimistic now because there is a chance that the political pendulum may be swinging toward common sense, away from nonsense!

With Chas. A. Day Co.

(Special to THE FINANCIAL CHRONICLE)

AUGUSTA, Maine — Harold B. Henderson is associated with Chas. A. Day & Co., Incorporated of Boston.

Albert M. Barnes

Albert M. Barnes, who before his retirement was a partner in Dillon, Read & Co., passed away April 2 at the age of 76.

Moyer Admits

PHILADELPHIA, Pa. — On April 1 J. Miller Karper was admitted to partnership in Moyer & Co., 1500 Walnut Street, members of the Philadelphia - Baltimore Stock Exchange.

Economic and Legal Factors in Stock Options

By ARTHUR H. DEAN*

Partner, Sullivan & Cromwell, Attorneys, New York City

New York attorney, after discussing economic background for increase in executive and employee stock option plans, describes laws affecting such plans, along with problems of valuing a stock option. Gives details of various stock options, and concludes though restricted stock options, to a limited degree, have been decontrolled, they still present a problem in human relations. Holds stock options are not as inflationary as cash salary increases and fringe benefits.

The rewards to the individual entrepreneur are passing. But if I were a large stockholder in the American free enterprise system I would want the top management responsible for creative ideas to be really well paid. If they are not, stockholders should be worried, for from brains and energy come earnings. But in a recent survey of executive compensation,

Arthur H. Dean

a generalized comparison was made between 1939 and 1950.[1] Leaving out pension,[2] group health, group insurance and other benefits, it showed that average gross dollar compensation was up about 35% for top management (which is defined as the highest paid one-tenth of 1% of a large company's pay roll); about 45% for middle management; about 83% for supervisory personnel; and about 106% for supervised employees; but that, when adjustment is made for increased taxes and decline in the real purchasing power of net take-home pay, top management's compensation as between 1939 and 1951 was down 59%; middle management's down 40%; supervisory personnel's down 13%; and only supervised employees' compensation was up and theirs only 3%. In the case of top management, for example, gross compensation in 1939 averaged $43,700 and in 1950 $59,300; but the 1950 compensation after adjustment for increased taxes and diminished purchasing power was worth only the equivalent of $18,000 in 1939 dollars.

As in the case of all generalizations the figures must be used with caution. But the survey also shows under 1951 tax rates that to give an executive in the higher brackets an increase in net salary, after taxes, requires a gross increase several times the actual benefits conferred. For example, to give an executive, assuming he is a married man living in New York with two children, in the $45,000 bracket a net beneficial increase of $1,000 would require raising his salary by approximately $2,500; in the $60,000 bracket a net beneficial increase of $1,000 would require raising his salary by approximately $3,600; and in the $75,000 bracket a net beneficial increase of $1,000 would require raising his salary by approximately $4,000.

The late James Forrestal, Secretary of Defense, is said to have remarked that the American people owe a tremendous debt of gratitude to Eugene Grace, Chairman of the Bethlehem Steel Corporation, for his remarkable contributions to the war effort but that the debt would probably never be acknowledged or paid. Recently at the hearings in Washington on what were appropriate wages to be paid to hourly workers by the steel companies, when one of the representatives of the CIO mentioned Mr. Grace's $400,000 salary and counsel for one of the steel companies stated that this sum had been very sharply decreased by taxes, Philip Murray, head of the CIO remarked sardonically that no one was going to weep for a man with an income of $400,000.

Let us assume a married man with two children residing in New York has a gross salary of $400,000. The tabulation below shows his taxes and take-home pay in 1939 as compared with 1952. The figures for 1939 are approximate, as they are based on a table of effective rates for that year contained in the 1939 tax Service with interpolation in the table between a $400,000 and a $300,000 net taxable income. In determining net taxable income for Federal tax purposes, there has been deducted the New York State tax rather than the $1,000 standard deduction. Any taxpayer in this bracket would probably have additional deductions of an unknown amount. These, of course, would increase his net take-home pay.

The New York State tax in 1939 was larger than in 1952, because in the earlier year there was no special reduction (such as the 10% reduction in 1951, which I have assumed will continue to 1952) and there was in addition an emergency tax of 1% of net income in 1939.

	1939	1952
Gross income	$400,000	$400,000
Federal Tax	212,500	293,928
N. Y. State Tax	30,519	25,867
Old Age Benefit Tax	30	54
Approx. Take-Home Pay after Taxes	157,000	80,150

You will recall Alice's experience with the Red Queen in "Alice Through the Looking Glass":

"Well, in our country," said Alice still panting a little, "you generally get to somewhere else—if you run very fast for a long time as we've been doing."

"A slow sort of country," said the Queen, "Now here you see, it takes all the running you can do to keep in the same place. If you want to get somewhere else you must run at least twice as fast as that."

In the face of facts such as these, corporations have been faced with the problem of providing sufficient incentive to attract to key positions really able men and to induce them to give their best efforts to advance the prosperity of the corporation and incidentally the production of the nation. Because income tax rates ranging up to 90%, combined with the shrinkage in the purchasing power of the dollar, would require somewhat unusual salary figures to produce net take-home pay at all comparable to what top executives commonly received prior to World War II, it has become necessary to find some form of incentive other than that afforded by ordinary salary payments. Corporations who wish to attract junior executives away from competitors find increased salary a small incentive especially if it means risks, giving up accrued pension rights, or a change from one city to another. A large gross increase provides small net inducement, especially if it means giving up pension rights.

Such incentive might be afforded by giving key personnel a greater stake in the ownership of the business which they manage and by making available to them the more favorable capital gain tax treatment afforded investors in respect of such growth and improvement as they help to bring about. And thus our attention is directed to employees' stock option plans.

The Laws Affecting Stock Options

In order to understand the nature of the typical problems arising under stock option plans, it is necessary to review briefly the two laws which, next to the general corporation laws of the state of incorporation, are currently of the most practical importance. Many of the problems that do arise result from the fact that these two laws relate to stock options only indirectly. That is, the first deals only with the tax aspects and the second only with the salary stabilization aspects, and neither provides any real guide as to the why and wherefore of a stock option and whether stockholders should favor or oppose them.

Section 130A of the Internal Revenue Code: The first such law is Section 130A of the Internal Revenue Code, as added by the Revenue Act of 1950. Under the new Code Section 130A, the imposition of income tax to the employee is, in the case of a "restricted stock option" as defined in that section, deferred until such time as the employee disposes of the stock and actually realizes gain from the transaction. Further, if the option price is within 95% of the market value of the stock on the date the option is granted, and if certain other conditions are met, all gain so realized on the disposition of the stock will be treated as long-term capital gain, presently taxable at the maximum rate of 26%.

If the option price is less than 95% but at least 85% of the market value of the stock on the date the option is granted, any gain realized on the disposition of the stock will be taxed as ordinary income to the extent of the spread between the option price and the lesser of (1) market value at the time the option was granted, or (2) market value at the time of such disposition or death — and any additional gain will be taxed as capital gain.

The granting corporation is entitled to no tax deduction at any time in respect of a restricted stock option.

There are seven separate conditions which must be met in order to qualify under the new section.

First, the option price must be at least 85% of the "fair market value" of the stock on the date the option is granted. The term "fair market value" is not defined. The Revenue Act of 1951 provides that the date of granting a restricted stock option which is subject to stockholder approval shall be determined as though it were not subject to such approval.

Second, the option by its terms must prohibit transfer other than by will or by laws of descent and distribution.

Third, the option by its terms must be exercisable during the employee's lifetime only by him.

Fourth, the optionee must exercise the option while he is an employee or within three months after his employment terminates.

Fifth, the optionee and his family must not own more than 10% of the total combined voting power of all classes of stock of the employer corporation or of its parent or any subsidiary corporation.

Sixth, the optionee must not dispose of the stock in less than two years after the option is granted; and

Seventh, he must not dispose of the stock itself for six months. The term "disposition" includes a sale, exchange, gift or any transfer of legal title except a transfer from a decedent to his estate or by bequest or inheritance, or an exchange which is within the reorganization provisions of Section 112(b), or a mere pledge of the stock. The two-year period and the six-months period may run simultaneously; that is, if the employee does not exercise the option until a year and a half after it is granted and does not sell the stock itself until six months after the exercise, both requirements will have been met.

Proposed Regulations under Section 130A of the Internal Revenue Code were released by the Treasury Department on Oct. 18, 1951 but final Regulations have not yet been promulgated. Unfortunate the proposed Regulations do not contain any clarification of the term "fair market value," the determination of which can present quite a problem where the stock on which an option is granted is not being actively traded so as to have a quoted market price at the time of the granting of the option. In such case it may be extremely difficult to prove whether the option meets the 85% or 95% test as to the relation of option price and "fair market value." It is my understanding, however, that the Bureau intends to apply substantially the same tests as are used for Federal estate tax purposes.

The proposed Regulations do indicate that a restricted stock option is personal to the individual to whom it is granted and that the special tax treatment provided by Section 130A will not be applicable upon the exercise of the option by the estate of the deceased employee. The Regulations do not offer any clue as to the tax consequences in such case and whether the estate gets a stepped-up value for the option.

The Defense Production Act and General Salary Stabilization Regulation No. 4: The second such law is the Defense Production Act which confers upon the President the power to stabilize wages, salaries and other compensation as a concomitant of price stabilization. Section 702(e) defines the words "wages, salaries and other compensation" as including "all forms of remuneration to employees by their employers for personal services including, but not limited to . . . incentive payments, year-end bonuses, employer contributions to or payments of insurance or welfare benefits, employer contributions to a pension fund or annuity, payments in kinds, and premium overtime payments." The sole question under this Act

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*Part of an address by Mr. Dean before the National Conference of Electric and Gas Utility Accountants, New York City, April 8, 1952.

1 See Harvard Business Review, March-April 1952, p. 141, editorial referring to survey made by Mr. Patton of the management consulting firm of McKinsey & Company.

2 See Harvard Business Review, July & Sept. 1950, "Accounting for the Cost of Pensions—a Lien on Production" by Arthur H. Dean.

Peace and Profits Through Point IV

By DR. MAX WINKLER*
Partner, Bernard, Winkler & Co.
Members, New York Stock Exchange

Dr. Winkler, pointing out a substantial portion of America's foreign trade is not of a genuinely healthy nature, calls attention to hindrances such as exchange and import restrictions. Says Americans are deluding themselves because the international tension has created in many lines a high level of business activity, and contends "without stability in world's leading exchanges, trade and economic well-being cannot be successfully promoted." Concludes implementation of Point IV is only feasible in a peace atmosphere.

Despite, or what is perhaps more correct, because of the continued international tension, U. S. foreign trade last year reached the impressive total of close to $26 billion. This is equivalent to almost three million dollars for each hour of every 24-hour day throughout the year, including Sundays and holidays. Had there been peace and tranquillity in the world, it is doubtful whether the total would have been so large. However, one thing is certain: the volume of trade, whatever its size, might have been more constructive in character and far more revenue-producing, to both shipper and recipient.

Dr. Max Winkler

A very substantial portion of America's foreign trade—and this is equally true of world trade in general—is not altogether of a genuinely healthy nature. Supplying our friends and allies with tanks and guns, with bombs and planes, may temporarily create a high level of business activity at home, but it does not, nor can it, create any revenue-producing project of a lasting character abroad. Furthermore, should this situation change, i.e., should for some reason, American generosity undergo a marked revision downward, or should it cease altogether, the recipient will have nothing to show for what he had received, while the donor, that is, the United States, would be that much poorer.

However, for the time being, and for some time to come, those who are charged with guiding the political destinies of nations are hesitant about resolving the existing schism between East and West, for fear lest such steps render unnecessary the enormous military expenditure which, if discontinued, or drastically reduced, would precipitate an economic crisis of most serious proportions.

To cite but one concrete example: Since liberation from the Germans in 1944, Greece has received U. S. aid amounting to close to $2 billion, as follows: Marshall Plan, $826,700,000; Truman Doctrine and private relief, $536,600,000, and military aid up to July, 1951, $559,400,000. Figures for the period since last July are not available. The total is considerably in excess of $240 for every Greek man, woman and child. In passing, it might be said that the Administration is desirous of doing for the rest of the backward nations at least as much as for Greece. If we were to expend the same amount on only three Far Eastern countries (China, India and Indonesia), the cost to the United States taxpayer would be close to one-quarter of a trillion dollars. And there are many other countries besides these three which are candidates for American aid.

*An address by Dr. Winkler before the Export Managers Club, New York City, April 15, 1952.

What has Greece to show for the aid rendered her, materially and spiritually? The index of industrial production during the period in question has advanced from 53 to 123; imports have risen from a monthly average of 43 billion drachmas to 178 billions; while exports have advanced from a monthly average of 17 billion to 38 billion. These figures are impressive, if viewed superficially. On close analysis, however, one finds that the value of Greek exchange in terms of dollars, has lost officially more than one-third, the unofficial loss being much more substantial. If account is taken of this factor and adjustments made accordingly, it will be found that the Industrial Index has advanced only about 50%, that imports are about 2¾ times higher and monthly exports only about one and one-half times the 1946 figure.

Protagonists of foreign aid in general, and aid to Greece in particular, point to the phenomenal achievements in the spiritual field: Greece has been saved from the clutches of Communism. Serious students of international affairs will incline to dispute this claim. If Greece has been saved from the Communists, and it appears that she has, it was not American billions which have done it, but the falling out between comrades Stalin and Tito, as a result of which Yugoslavia refused to act as Moscow's stooge and the Greek communists were forced to fold up. They could no longer depend on their northern neighbor for asylum, nor could they depend upon the continuous flow of Russian and Russian satellite arms and supplies through Yugoslavia.

With the threat of Communism to Greece removed, or at any rate greatly lessened, there was danger that cries might be raised for reducing aid and grants at least to that part of the world. This, however, was not to be. Self-appointed international experts, political analysts, and soothsayers of all kinds and descriptions, began to reveal secret and confidential information available only to them, that a Russian invasion of Yugoslavia was imminent. Hungarian, Rumanian and Bulgarian divisions, led by Russian generals, were ready to march against Tito. How could we, under these circumstances, even think of reducing our aid?

Pseudo-Experts

Where do these experts obtain this exclusive information? The country is full of professional expatriates and exiles, voluntary and otherwise, from behind the Iron Curtain. Can it be assumed that these individuals place the safety and the welfare of the United States above the welfare of their native land? Their aim is doubtless to regain the power, prestige and fortune they formerly enjoyed. Few, if any among us, recall their ardor to introduce democracy, literacy and a decent standard of living among their own people, at a time when they were in a position to do so. Why didn't they? They did not do so, solely because their own position was protected only so long as their fellow-citizens remained in poverty and ignorance. Their return to power can come only through the overthrow of their home governments, and this can come only through another World War. Hence, they have nothing to lose and everything to gain by advocating, overtly and covertly, a new conflagration.

It is a pity that too many in high and responsible positions, both in the government and out, pay close attention to them, in the mistaken belief that they are sincere in their desire to aid the so-called Free World. These latter-day democrats do not deserve the attention, the respect or the confidence which we are placing in them. I wonder how many Americans realize this?

Americans are deluding themselves, because the international tension has created in many lines a high level of business activity. But are we not paying too high a price for what can at best prove of a transitory character? Overseas trade, in order to achieve concrete and lasting results, must be carried on in an atmosphere which is devoid of terror and anxiety, which is subject to as few restrictions as possible, and where the money of countries engaged in buying and selling, enjoys a certain degree of stability. One of the factors which played a very prominent role in world recovery after the first World War, was the successful effort to stabilize world currencies and devise means to maintain currency stability. It was realized then, as unfortunately it does not seem to be fully realized today, that *without stability in the world's leading exchanges, trade and economic well-being cannot be promoted successfully.*

The significance of foreign trade was appreciated even before history commenced to be recorded systematically and methodically: I am sure that most of you are familiar with Chapter XI, Verse 1 of Ecclesiastes, which is far more important that offhand reading of the King James version of the text would indicate:

"Cast thy bread upon the waters, for thou
Shall find it after many days."

The Latin version reads as follows:

*"Mitte panem tuum super transeuntes aquas,
Quia post temporamulta invenies illum."*

This I believe should be rendered thus: Export your goods overseas, because in time it is bound to prove profitable to you. The remainder of the verse urges diversification when it says: "Give a portion to Seven and also to Eight, for thou knowest not what evil shall be upon the earth." In other words, engage in foreign commerce with as many as you can profitably contact, so as to protect yourself against possible setbacks at home. In this connection, it may be of interest to recall David Hume, Scottish economist-philosopher, who argued, in substance: Whenever the wealth of a nation increases faster than that of its neighbors, the profits of home industries trend downward. The only way effectively to arrest the downward trend is the export of domestic capital.

Difficulties of Exporters

What the exporter is up against, is perhaps best illustrated by the fact that dealings with the ten South American Republics is carried on in at least thirty different exchange rates, all officially recognized and accepted. If the so-called black market rate is added, we get a total of forty rates, or four to a country. Few, if any, have any compunction about entering the so-called black market. They argue that since the government has no scruples about defrauding the people, why should the people hesitate to defraud the government? This line of reasoning probably accounts for a recently coined definition of a black market operator: A man who makes money in ways the government hasn't as yet thought of. How large profits have been, and in all probability are being, made, thanks to the exchange controls imposed by governments, may perhaps be best illustrated by a hypothetical example:

Let us assume an importer in Asuncion could, because of his proper contacts and connections, obtain a license to pay for imported goods at the so-called official preferential rate of 3.12 guaranis to the dollar. Let us further assume that said importer's friend in New York is able to purchase guaranis at the black market rate of 33 to the dollar: In this way, the combine may be reaping a gross profit of about 950%! This should make our own Five Percenters blush with shame.

Prior to March, 1951, Paraguay boasted of three other exchange rates: The basic rate of 4.98 guaranis to the dollar; the preferential rate "A" of 6.08; and the preferential rate "B" of 8.05 to the dollar. In March of last year, the Republic established a new rate for the guarani at 6 to the dollar, with two rates covering most transactions. The 6 to the dollar rate, applies to imports of essential

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Short-Term Money Rates And the Mortgage Market

By MARCUS NADLER*

Professor of Finance, New York University

Dr. Nadler, though stating short-term money and long-term mortgage interest rates are governed by different influences, points out each has an important bearing on the other, especially in times of uncertainty. Sees economic instability as prime problem confronting both money and mortgage markets. Holds expanded savings, heavy taxes and buyers' resistance will be potent forces against inflation.

While the money market and the mortgage market are governed by different factors the former exercises at times a considerable influence on the outlook for the latter. The money market deals primarily with short-term funds and is therefore highly sensitive to economic changes and reacts rather rapidly to the policies of the monetary authorities. The funds employed in the money market tend to remain there and only seldom do they spill over to the capital market. The capital market, on the other hand, reacts somewhat slower to economic changes than the money market. The funds employed in the capital and mortgage markets are at times, particularly in periods of great uncertainty, placed in the money market. This usually happens when investors are influenced primarily by liquidity preference.

Marcus Nadler

The money market and particularly the actions of the Reserve authorities do, however, have an important bearing on the mortgage market as was witnessed early in 1951. When on March 4 of last year the Reserve authorities adopted a flexible open market policy and the initiative in the creation of reserve balances was taken from holders of government securities and again vested in the Federal Open Market Committee the result was to automatically reduce the liquidity of long-term bonds and to make their monetization much more difficult than had been the case for many years. This automatically had a direct bearing on the mortgage market since it reduced the potential supply of funds available for mortgage loans at the disposal of institutional investors such as insurance companies, savings banks and savings and loan associations. The supply of funds seeking an outlet in mortgages was thus reduced and rates increased. This was concrete proof of the manner in which the policies of the Reserve authorities dealing primarily with the money market have influenced the mortgage market.

Not only do the quantitative credit controls of the Reserve authorities exercise an influence on the mortgage market but the qualitative credit controls applied by them also have a bearing on the mortgage market. Through Regulation X the Board of Governors of the Federal Reserve System is in a position to influence materially the volume of mortgage loans and hence mortgage rates.

The money market also has an indirect influence on the mortgage market because the supply of mortgages at least in part depends on the willingness of the commercial banks to extend construction loans. When money is tight, when accessibility to Reserve Bank credit is risky and particularly when the volume of loans in the aggregate is large, banks may become less willing to extend construction loans which in turn leads to a curtailment of construction and the supply of mortgages.

It should be further noted that the policies of the Reserve authorities are in part coordinated with those of the FHA and the VA and naturally the activities of the latter have an important bearing on the mortgage market.

The Outlook

The money market and particularly the policies of the Reserve authorities will be determined primarily by business activity and the position of the Treasury. Business activity and the general outlook for business are also likely to affect the mortgage market in general.

Unless some unforeseen events occur or unless defense expenditures are speeded up beyond what is envisaged at present or unless stockpiling by the government on a large scale is resumed one may reach the conclusion that slowly but gradually the sellers' market is coming to an end. The transition from a sellers' to a buyers' market has both economic and important psychological effects. Competition increases; the margin of profit is reduced, some unemployment sets in and commodity prices tend to decline. The Reserve authorities have always been very sensitive to any decline in business activity. Should a sellers' market disappear toward the end of the year in most industries the policies of the Reserve authorities are bound to undergo a change. They will endeavor, through increasing the availability of Reserve credit, to influence and stimulate business activity. Under such conditions one may expect modification of Regulation X as well as a change in policy of the FHA and VA. Naturally these developments will have an important bearing on the mortgage market.

There is a body of opinion in this country which holds that the volume of home construction during 1952 will depend primarily on the availability of supplies. While it cannot be denied that this is a factor yet there are also other forces at work. The pent-up demand for housing has to a large extent already been met. Regulation X and the stiffer attitude of the FHA and VA have made it more difficult to buy homes. Only if Regulation X is modified or repealed and only if it again becomes possible for veterans to buy homes without any down payment at all can one expect a material increase in residential building activity. This therefore clearly indicates the important influence on the mortgage market of the policies of the Reserve authorities and of the FHA and VA.

The position of the Treasury will not only influence the policies of the Reserve authorities but will also have an important bearing on the mortgage market. Notwithstanding the present open market policy the Reserve authorities must assist the Treasury in its refunding operations and in its raising of new funds. If the Congress should reduce total expenditures by about $7 billion with a resultant legislative deficit of the Federal Government during the fiscal year 1952-53 of about $7 billion, the problem of the Treasury financing will not be a difficult one. Under these circumstances the total amount of cash that may have to be obtained by the Treasury in the open market will be between $3 and $4 billion which could easily be raised through the short-term market. A modification of the Series E bonds could lead to an increase in the sale of such obligations to ultimate investors and to that extent reduce the amounts required from the money market.

If, on the other hand, the Treasury is confronted with a legislative deficit of $14 billion necessitating the raising of $10 billion of new funds it will not only create a problem for the Treasury and the Reserve authorities but also for the mortgage market. In this case the Treasury may be forced to offer long-term government obligations with a higher rate than had been paid for many years and under such circumstances mortgages may become less attractive to certain institutions than is now the case.

Conclusion

The prime problem confronting the money market as well as the mortgage market at present is whether the economic stability which has prevailed during the past few months will continue or whether the spiral between prices and wages will be renewed or whether the sellers' market will give way to a buyers' market. There are conflicting movements in the economy at present. The action of the Wage Stabilization Board in connection with the demands of the Steel Workers' Union, which undoubtedly will be followed by similar actions by other unions, gives rise to the fear that the spiral between prices and wages may be renewed. Moreover to date there is no concrete evidence that the Congress will materially reduce total expenditures and thus make it unnecessary for the commercial banks to absorb additional substantial amounts of government obligations. The attitude of the Wage Stabilization Board and the possibility of a large Federal deficit are definitely inflationary in character. However, one must not overlook the fact that the productive capacity of the country has been increased materially, that anticipated shortages have not materialized, that there is a very strong buyers' resistance, that savings are growing, and that taxes at present rates are a very potent anti-inflationary force. Assuming no unforeseen events, it is reasonable to conclude that the increased productive capacity of the country, the heavy taxation burden and the buyers' resistance will prove themselves more potent forces than the inflationary dangers emanating from the actions of the Congress and of the Administration. If such should prove to be the case one may expect, particularly toward the end of the year or the early part of next year, a modification in the quantitative credit controls of the Reserve authorities as well as in the qualitative controls, particularly as regards Regulations X and W. Under these circumstances one can expect a modification of the policies of the FHA and VA toward mortgage loans. An easing of the money market will undoubtedly have an effect on the mortgage market.

*Summary of an address by Dr. Nadler before the Mortgage Bankers Conference, New York City, April 14, 1952.

With White, Weld

(Special to The Financial Chronicle)

NEW HAVEN, Conn.—Vincent P. DePillo has joined the staff of White, Weld & Co., 74 Elm Street.

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The American Way

our courts wherein an opportunity will be afforded under proper safeguards to submit all evidence. We leave the decision there.

"The SEC and NASD would have done well to react similarly.

"Instead they embarked upon a one-sided punitive expedition against Otis & Co., via hearings bereft of the basic right of cross-examination, and attempted through this medium to invade and penetrate the sacred right of secrecy to which confidential communications between attorney and client have been entitled since the early common law."

All the time we hoped that the very objectivity of our position would appeal to the SEC and to the NASD and that these bodies would see the error of their ways; that the former would stop using public monies in pursuit of private anger, and the latter would not be compelled to include additional sums in its membership assessments as a result of an enforced partnership in that anger.

And what is the concommitant? Amazing! The reversal by the United States Court of Appeals came down on April 7, 1952. Almost immediately following this, Louis Loss, Associate General Counsel for the SEC, filed a petition in the United States Court of Appeals asking a reversal of a ruling by Federal Judge Emerich B. Freed in Cleveland, which put a stop to the SEC investigation.

A sense of proper terminal facilities would have effected, and can still effect, substantial savings of the taxpayers' monies by the Commission. The persistence of the SEC in the face of the decision of Judge Augustus N. Hand is incomprehensible.

By the way, how many ill-advised interventions of this kind are also behind the eager beaver attitude of the Commission in attempting to tax brokers and dealers under the Independent Offices Appropriation Bill?

The pith of the true administration of justice is that we must regard it from a completely impersonal point of view. The names, the occupations or the nature of the business of the litigants is of no consequence. Equality before the law is of every significance.

Everyone is entitled to justice and we shall continue to fight against any enforcement body that plays favorites in its administration, since we feel strongly that one day no one will be able to get justice if we do not carefully guard our liberties daily to the end that everyone gets justice now.

Administrative bodies that embrace in one the multiple functions of investigator, complainant, prosecutor, judge and jury are a constant threat to our Anglo-Saxon system of jurisprudence. These bodies constantly impair our liberties and we must therefore continue, without abatement, to wage a battle for a separation of all of these functions in the interest of our freedom.

Patterson Elected By Chemical Bank

D. C. Patterson, Jr.

Donald C. Patterson, recently Manager of the Municipal Bond Trading Department of Halsey, Stuart & Co. Inc., has been elected an Assistant Vice-President of Chemical Bank & Trust Company, it was announced by N. Baxter Jackson, Chairman.

Mr. Patterson will assume his responsibilities as head of Municipal Division of Chemical's Bond Department on April 21, 1952.

Alfred E. Oldaker Is Now With Kobbe & Co.

Kobbe & Company, Incorporated, 55 Liberty Street, announce that Alfred E. Oldaker has become associated with the firm. Mr. Oldaker was formerly with Greenfield & Co. Inc. in the trading department.

Atlantic Quarter Century Club Dinner Meeting

NEW YORK, N. Y.—The second annual dinner meeting of the Atlantic Quarter Century Club was held April 16 in the Jansen Suite of the Waldorf Astoria. In attendance were 42 active and retired members of the club which is comprised of employees and former employees who have served with the Atlantic Companies for 25 years or more.

Speakers were: J. A. Bogardus, Chairman of the Board of the Atlantic Mutual and the Centennial Insurance Company, and Miles F. York, Executive Vice-President. Jesse N. Levine acted as Master of Ceremonies.

Will Wage Increases Now Be Inflationary?

By DOUGLAS H. BELLEMORE*

Chairman, Department of Economics, College of Business Administration, Boston University
Economist and Director, American Institute of Finance

Dr. Bellemore, in explaining shift in views of economists regarding inevitability of a depression in wake of inflation, lists as their reasons: (1) politicians and money authorities will not permit depression and therefore will resort to heavy government spending; (2) the government will push vast public works to maintain employment; and (3) labor unions can enforce a high wage "laboristic economy." Looks for consumer resistance to curb price rises, and prevent continuous inflationary spiral due to higher wages.

The continuing inflation cry from Washington seers finds its echo both in the business of Wall Street and Main Street as many see the expanding defense program and a new round of wage increases guaranteeing inflation and dissolving all the problems that currently beset the inventory-loaded and heavily taxed businessman.

D. H. Bellemore

To a few of us this seems more like an effort on the part of the politicians to "talk up" a lagging inflation than a calulated effort to minimize the impact of such forces as the government may generate in its rearmament program. The President, and more recently the Wage Stabilization Board, by its action in the steel case has virtually invited labor to go after another substantial round of wage increases. Does anyone doubt but that a substantial wage increase in steel will set a pattern for similiar demands throughout industry? It would appear that perhaps the real fear in high circles today, however, is not inflation but rather that even the present armament program will not be sufficient to prevent a considerable letdown in business unless the public can be scared out of its blind lethargy.

Before 1949 a considerable body of businessmen and economists were firm in their conviction that every major war—and World War II would be no exception—brings in its wake a period of inflation followed by a severe depression and particularly a sharp decline in commodity prices.

Since 1949, however, a sizable proportion of these economists and businessmen who had previously not succumbed to the popular inflation psychosis, have shifted their position. They are convinced that a sharp inflation need not necessarily be followed by a period of deflation. In fact, they now look forward to an indefinite period of at least creeping inflation in which the purchasing power of the dollar will be steadily declining.

Why More Inflation?

Why have they decided that a deflation is impossible and that more inflation is coming? We will have time to examine only the major causes for their conversion to the inflationist's school.

(1) First of all, they believe that the politicians cannot permit a depression with its price collapse and the resulting hardships and unemployment. To say that they cannot permit a depression implies, of course, that they can prevent one. Because of the high national debt and its tremendous financial commitments the government cannot permit a sharp decline in commodity prices, which would in turn result in a sharp decline in the national income and the government revenue based on this income. Furthermore, it is believed that the public is so inured to Federal deficits that it no longer fears the consequences of deficit financing, nor has it the moral courage to force its representatives in Congress to work for a balanced budget.

They believe that the money managers will join the advocates of free spending as they did in 1949 and that the Administration will be aided by the Federal Reserve as was the case three years ago.

It is reasoned that just as the politically-minded money managers will act to nullify any drastic credit restrictions which they may have ordered as soon as they may become really effective even during an inflationary splurge—witness what happened in the summer of 1951—so will they open up the gates of liberal credit when business declines, as they did in 1949. The forces of deflation were going into action as history said they always would do following a postwar inflation, were they not routed by the money managers and the free public spenders at both the national and local levels. In calendar 1948 the Federal surplus was $8,468 million and in calendar 1949 there was a Federal deficit of $1,878 million, a difference of $10,346 million. This was accounted for by a drop of $4,326 million in revenues and an increase of $6,020 million in expenditures. The rise in Federal expenditures was mainly explained by increases in net purchases from abroad, grants in aid to state and local governments, increased compensation of employees, and new construction.

Public Works as a Factor

(2) In the second place these erstwhile believers in the possibility of deflation are now convinced that the Washington politicians, to prevent any serious deflation, will, if necssary, push vast public works and vast public housing programs, but what is more important, that the public will support unlimited expenditures for public works even before a major recession has developed. Furthermore, since the outbreak of war in Korea, is it not clear that defense expenditures can be made to serve the same purpose? These defense expenditures, including vast foreign aid programs, we are told, can not only keep the boom going, but actually guarantee a super boom, with international tensions not likely to ease much in the foreseeable future, according to majority opinion, it is argued that a high and even an increasingly high level of vast defense expenditures are guaranteed.

Even during the defense buildup the Federal and local governments are spending considerable sums in housing and public works and roads, and it should be obvious to all that these plans would be vastly expanded if defense expenditures did not produce the boom that appears to be guaranteed.

(3) Finally, these economists and businessmen who have been the last to be converted to the inflationists' school are now convinced that we are really in what Professor Slichter has called a "laboristic economy," and that we can expect the unions, backed by the politicians, and even it seems by a "Wage Stabilization Board," to succeed in their demands for constantly increasing wages having little connection with the growth of productivity of the workers. Is it not clear from the postwar experience that these wage increases automatically result in higher prices, which in turn form the basis for demands for still higher wages? And thus the spiral of inflation goes on forever.

Arguments Against Inflation

Let us examine these major tenets of the inflation, or at least **no deflation**, thesis, on which there is currently so much unanimity of opinion. There is no mystery about the inflation process. Inflation can occur only when the supply of money—demand deposits and currency—increases faster than does the available supply of consumer goods and services. A large supply of money does not automatically cause a serious rise in prices unless those in possession of money actually desire and are permitted to spend it in competition with one another for a limited supply of goods (unchecked in their actions by effective price control and rationing).

What about the first argument—that the politicians and money managers will always have an inflationary bias, and cannot and will not permit a depression, and therefore, will use the devices of easy money, and easier credit, and lavish public spending to stop any developing recession dead in its tracks, as they did in 1949? During a period of international tension, cannot expanded defense expenditures be used freely to stimulate the economy with quite general popular support?

Actually, the facts are that throughout the world since 1946 the easy money and free public spending policies proposed by Lord Keynes have suffered a number of very major setbacks. In this country the Federal Reserve authorities have shown more and more independence from the Treasury, and have been backed by a strong bloc in Congress headed by Senators Douglas and Byrd. We have come a long way since the all-time low in interest rates and easy money conditions reached in the spring of 1946. There has been a real concern shown by many of our people, and by some strong men in Congress, for saving the dollar from ultimate collapse. They bear in mind Lenin's concept that the long-run Soviet plan was to make America spend itself to death. It is hard for this economist to believe that the American people will permit the American dollar to steadily deteriorate without one last-ditch fight to save our financial integrity. The current revulsion against the moral turpitude of so many of our Administration's henchmen may well signal a desire on the part of many citizens to see our government return to the high standards of financial integrity in which this nation's strength as a world power was built.

Can Politicians Prolong Boom?

What about the second argument—that the politicians can and will keep the boom going with unlimited expenditures for defense, foreign aid, and public works programs? There is no doubt that a substantial number of politicians in Washington would spend **our** money for anything to keep the boom going. However, if they find that; despite the fact that the consufficient to do the job they may well be confronted with some strong resistance to vast public works programs—at least until a serious deflation has actually set in. It may be a lot harder than they realize to get approval of high public expenditures, if they don't have the word "defense" attached to them in a serious and meaningful way. Furthermore, they have been so convinced that defense expenditures alone would keep the boom going that they have no plans for a vast public works program. Such a program takes considerable time to plan and to put into operation and the decline in business may go very far before the delayed program becomes effective!

The majority opinion today is that, despite the fact that the consumer is loaded with goods and debts, that inventories in all lines are unprecedented, and that productive capacity literally dwarfs that of 1939, nevertheless continued inflation is inevitable in conjunction with the continued development of our armament industry, which can provide sufficient demand to take up any slack that develops in any of the other segments of the economy.

The Boom Since Korea

Actually the boom that has occurred since Korea, which has been directly connected to the defense program, has been largely due to the demand for men and materials to build plants and equipment for the defense program. In the period from 1945 until July 1950, there was a tremendous expansion of plant and equipment which was at first inflationary because it consumed man hours and materials in the production of capital goods which, as in the production of war goods during the war, was not what those receiving the increased money incomes could or desired to buy.

However, once the peacetime plants are built the huge output of these plants becomes at least a stabilizing if not a deflationary force. Once the armament plants

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*An address by Dr. Bellemore before the Essex County Savings Bank Forum, April 15, 1952.

Securities Salesman's Corner

By JOHN DUTTON

Your customers, just as it is with all of us, have many things to think about besides their investments. But there is one time when they will stop doing everything and anything, and think about their investments and of you. This is when there is a sharp break in the price of one of their securities, or a severe general decline in the market. Some investors watch the papers more closely than others but there are very few of them who ignore intermediate price fluctuations completely. It is only natural that if a particular security does suffer either a radical price decline, or from general price erosion, that the person who owns it begins to have some doubts as to its intrinsic value.

There is another time when you can expect some natural skepticism to creep into your client's attitude toward your general ability as an advisor. That is when you have suggested that he move out of certain securities, for a justifiable reason, and reinvest in other stocks. But despite the soundness of the move on an investment basis, temporarily the stocks he has sold either go up, or the ones he has bought as a replacement go down, or even worse, both could happen. You are then faced with the very likely possibility that even your most loyal clients may be somewhat jarred, and suffer a loss of confidence in your ability.

Fluctuations are often due to influences beyond the control of anyone; and as you know such erratic moves are often completely unrelated at times to underlying values. Of course, there are times when stocks do suffer price declines that correctly appraise the future and these changes are inevitable. From the standpoint of your relations with your customers, however, it is possible to establish what I would like to call "customer understanding." By that, I mean to say that these situations are bound to arise, they are part of the securities business (one of the hazards, or problems, which must be faced). Knowing about these things in advance, it is possible to prepare your customers so that they will not become alarmed, or lose confidence in what they have done, and what you are attempting to do for them in achieving a better over-all investment program.

Create "Customer Understanding"

The reason people fear anything is because they are in the dark about it. It is therefore imperative that you expect the possibility of adverse and temporary price fluctuations before they happen. Prepare your customer for them. Place such things in their proper light. Take the case where you move out of a speculative stock that appears to have a limited market future, and you suggest a replacement that is a better value, or offers greater long-term growth, more stability in the event of a general business recession, or any other basically sound reason for the change. Point out **at the time the move is made** that temporarily there may be an upward price movement in the stock that is being sold. Clarify the fact that no one knows when a stock will move up or down, or how high or low it may go, and if that happens it should not be disturbing. Then go into the longer range view of your client's OBJECTIVES. Build up the **purposes of investment** from his standpoint. Keep reselling the fact that it is not important to your client whether or not this or that stock goes up or down a few points here and there, but that he should achieve increased income, and sound growth of his principal, five years from now. One of the most effective questions I have ever heard a securities salesman use in talking with a client is, "It is not so much where you are today that is most important to you Mr. Smith, but where you will be financially five years and ten years from now, isn't that so?" It invariably clears the air and puts your entire approach to your customer's real interests in the proper perspective—both for him, and for you.

Most people have never stood off and looked at themselves in a candid mirror. They collect securities as they acquire surplus funds, or as the mood of the moment sways them, or because a friend or acquaintance has also bought something. Others sort of gingerly give their reluctant confidence to an advisor, or to a securities man, and they hope for the best. The least little disturbance in the stock market affects their complacency toward their investments to a greater or lesser degree.

The answer to this problem is simply one of explanation, of personal interest shown and demonstrated, and wherever possible the creation of a long range program for the client. Such a planned program includes the management of a portfolio that has sufficient reserves, sound diversification, speculations only when desired and justified by times and conditions, and provisions made for a portfolio review at regular intervals. When this is accomplished there need be little concern regarding temporary market changes.

N. Y. Savings Banks Permitted to Invest In Common Stock

Measure authorizing limited power to invest in corporate equities signed by Governor Dewey.

The amendment to the New York savings bank law, permitting savings banks in the State to invest, under specified restrictions, in stocks of corporations was signed by Governor Thomas E. Dewey on April 15. As previously noted in the "Chronicle", the measure empowers a savings bank to invest in corporation stocks up to 5% of its assets or 50% of its surplus and undivided profits, whichever is the smaller. It provides also that no one bank is to hold more than 2% of the outstanding capital stock of any corporations, nor to invest more than 1% of its assets in the stock of any individual company. Moreover, the stocks acquired must be listed on a registered national securities exchange, and must have paid dividends regularly for 10 years preceding purchase. It is the restriction of holdings to listed stocks which met opposition from various segments of the securities industry. Under the measure, the savings banks are not permitted to invest in bank shares.

Thomas E. Dewey

Public Utility Securities

By OWEN ELY

Electric Utilities Earnings Improve

Earnings of the electric utilities made a surprisingly good showing in the months of November, December and January. The bulletins of the Federal Power Commission showed net income gains for all class A and B electric utilities of 8.5% in November, 18.8% in December and 14.2% in January, as compared with the corresponding months a year ago. The December gain was probably due in part to adjustments resulting from previous over-accruals of Federal income taxes, but was nevertheless surprisingly good as compared with some earlier months of 1951. Of the ten monthly statements through October, only two (February and September) had shown slight gains over 1950, while seven had shown decreases running as high as 11%, and one month had broken even. The combined result for the year was a decline of one-half of 1% in net income. While it may be unreasonable to forecast a reversal of trend based on the results of three months only, nevertheless the figures afford a basis for optimism over the 1952 outlook for electric utilities.

An important factor is that the companies are now beginning to get some benefits from rate increases. It is true that average KWH revenues for residential service are still steadily declining, but other averages are showing an uptrend. In asking for rate increases the utilities have stressed commercial and industrial rates more than residential, although in some cases the increases were on an overall basis. The reason why KWH sales of residential electricity still show larger gains than the corresponding revenues seems due principally to the use of promotional rate schedules for household current. Millions of new appliances such as TV sets, electric ranges, etc. are being added annually and average residential use of electricity thus continues on the upgrade. As the amount of electricity used increases, the consumer gets the benefit of lower rates for the higher-bracket usage.

Commercial and industrial consumers probably obtain less benefit from promotional rates than home users, and other factors such as the level of industrial activity are also at work, but in any event these are the comparisons for January:

Percent Increase January 1952 over January 1951

	KWH Sales	Revenues
Residential	12.8%	10.4%
Commercial	7.8	7.3
Industrial	6.6	7.5

The moderate increase in average KWH revenues for industrial service, combined with gains in some miscellaneous items, resulted in an increase of 7.9% in total electric revenues contrasted with a gain of only 6.5% in total sales of electric energy.

Another factor in the recovery of electric utility earnings has been better control over operating expenses. Thus in January total operating expenses increased only 5.3% (fuel was up 7.7%, salaries and wages 6.2%, and miscellaneous expenses 1.4%). This was quite a favorable showing in an inflationary economy, with raising prices for metals. It seems due largely to continued installation of efficient new generating units, combined with favorable fuel prices.

Generating economies are also reflected in wages, since it is possible to obtain increased output without adding to the number of operating employees—the new units require much less supervision than obsolete ones. Thus despite regular annual increases in wage rates by most utilities, their total labor bill increases only about as fast at KWH output. Economies in the clerical end of the business are also effected by such policies as bi-monthly billing, greater use of accounting machines, etc.

Another factor which probably favorably affected the November-January results was the elimination of the Federal excise tax on electrical energy. This applies to residential and small commercial business only, and since consumption in these divisions of the business is considerably higher during the winter months the tax savings would be correspondingly larger than during the summer. Thus total tax payments in January were up only 11% over last year as contrasted with a gain in nearly 20% during the calendar year 1951.

While there has been some concern over the rising costs of bond and preferred stock financing, due to higher interest rates, the utilities have not felt this factor as yet. Interest on long-term debt in January increased only 9.4%, exactly the same figure as the percentage gain in electric utility plant.

It must be kept in mind that changes in net income do not accurately reflect the status of common stock share earnings. Preferred stock dividend requirements increased 6.1% in 1951, which reduced the balance for common stocks. There are no accurate figures for the increase in the number of common shares during the year, but this might be estimated around 5%. After these two adjustments, common share earnings declined perhaps 6% last year. The January figures, however, seem to indicate a gain of perhaps 7-8% in share earnings for that month over the previous January.

Culver Opens Office

SEYMOUR, Tex.—J. E. Culver has opened offices at 106 East Morris to engage in the securities business.

Arthur Gilman Opens

HOUSTON, Tex. — Arthur R. Gilman is engaging in a securities business from offices at 4708 Caroline Street.

Bruce Gideon Opens

MUNCY, Pa.—Bruce E. Gideon is engaging in the securities business from offices at 216 South Market.

E. E. Mathews Adds

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Morgan M. Browning is now affiliated with Edward E. Mathews Co., 53 State Street.

Natural Gas Supply and Federal Regulation

By LYON F. TERRY*

Vice-President, The Chase National Bank of the City of New York

Commenting on rapid pace of natural gas business, Mr. Terry reviews present natural gas supply and demand situation. Cites risks of exploration for new gas supplies, and describes the two categories of regulation, viz: (1) regulation of transmission and distribution; and (2) regulation of oil and gas production. Contends Federal regulation of transmission would upset existing regulation by State Commissions and also would force small producers out of business. Holds regulation of producers' prices would discourage search for new gas supplies, and comments on importance of natural gas to chemical companies.

The natural gas business continues to expand at a rapid pace. Natural gas from Texas reached the New York City area more than a year ago and has now become available in part of New England. Last year the United States produced 8.0 trillion cubic feet of natural gas. This was an increase of 15.6% over 1950 production and 61% more than produced in 1946. The demand for gas throughout the country still greatly exceeds the capacity of existing pipe lines and additional lines are being laid as fast as steel can be obtained. In this phase of active expansion, two questions arise:

Lyon F. Terry

(1) Will the supply of gas be adequate to meet the increasing demands?

(2) Does the welfare of the consumer require Federal regulation of the gas producer? I propose to show that Federal regulation would result in reducing the supply available to residential consumers.

The Supply of Natural Gas

The proved reserves of natural gas in the United States are estimated annually by the Committee on Natural Gas Reserves of the American Gas Association. Its recent estimate as of Dec. 31, 1951 was 194 trillion cubic feet. This is 24.3 times last year's production and, with the rapid expansion of the gas business since World War II, that ratio has been decreasing. Five years previously the ratio was 32.5. Production will continue to increase rapidly and by 1960 may readily reach 15 trillion cubic feet. And the ratio of reserves to annual production, now 24.3, will probably continue to decrease, but that need not cause concern so long as additions to known reserves substantially exceed production. In 1951, for example, additions to reserves by discoveries, extensions and revisions were estimated at 16.2 trillion cubic feet, or slightly more than twice as much as production. Similarly, for the past five years about 2 cubic feet, on the average, have been added to known reserves for each cubic foot of gas produced. It is this continual increase in proved reserves that is necessary to keep the industry on a sound basis.

The long-range problem of the future supply of natural gas was discussed by me in a paper presented before the Annual Meeting of the American Gas Association in October, 1950.[1] While the total future supply, including the reserves yet to be discovered, cannot even be approximated, reasons were presented in that paper for estimating, on most conservative premises, that the future recoverable gas supply will be some amount in excess of 500 trillion cubic feet. Of that total, 180 trillion were then proved reserves, and the balance, something in excess of 320 trillion, was estimated as the gas to be found in the future.

Since making that estimate, I have had no reason to think it too high. In fact, review of the National Petroleum Council's report on "Future Supplies of Oil and Gas," conversations with other engineers, and consideration of the recent rapid rate of additions to proved reserves lead me to believe that the 500 trillion minimum figure was probably too conservative. In any case, the most important part of the future supply consists of reserves yet to be discovered.

Exploration for Future Supplies

Much of the known reserves of natural gas has been found in the search for crude oil. Natural gas and oil were originated by similar earth processes and are found in nature in the same type of structural formation; hence the future discovery of new gas reserves will require exploration for both oil and gas.

Oil and gas have been produced in this country since 1859. In the early days, production was from shallow depths and from reservoirs that were the most readily found. Early geological surveys by many competing companies revealed the most likely prospective structures. Such exploratory work was followed by geophysical and improved techniques and drilling to greater depths on less perfect and less likely structures and in more remote areas. Prior to 1900, wells had been drilled to only 3,000 feet. By 1925, tests had gone to 8,000 feet, while recent drillings have exceeded 20,000 feet. The cost of a well, per foot of depth, increases sharply at great depths. Each new field discovered means one less field to be found. No matter how large or small the future discoveries eventually prove to be, they will require deeper and deeper drilling at increasing costs. And to find and gather the future gas supply will ultimately require drilling all prospective areas in locations far from present gas lines, the extension of present mains by an enormous network of pipe lines, and exhausting the reservoirs down to the last pound of pressure. This will be accomplished at increasing costs which will need to be paid by the consumer—to the extent that they want the gas.

Risks of Exploration

The oil and gas producing industry has built up its present large productive capacity and reserves by developing very effective instruments and procedures. The selection of likely locations to be drilled is based upon geological, geophysical and other scientific surveys and indications of the subsurface strata. These tools and methods of the explorer are continually being improved. But while such technical processes may reveal the configuration of the underground sediments, they cannot foretell whether the strata studied contain oil or gas. Although science may reduce the chances of a dry hole, only the drill can determine the presence of oil or gas. And in practice the risk incurred in the drilling of what are termed "rank wildcats," i.e., tests for the purpose of finding new oil or gas fields, is exceedingly great. On the average, only one rank wildcat out of nine is successful.

The mathematics of wildcatting is summarized impartially and professionally in the annual reports of the Committee on Exploratory Drilling of the American Association of Petroleum Geologists, headed by Dr. Frederic H. Lahee, geologist and research counsellor of Sun Oil Company. His latest report[2] reveals the following significant ratios:

Of all new-field or rank wildcat tests completed in 1944-46:

1 in 9 was successful, i.e., was not a dry hole.

1 in 44 discovered a field of at least 1,000,000 barrels of reserves.

1 in 967 discovered a field having 50 million barrels of reserves, i.e., what is usually referred to as a major field.

Of the total rank wildcats drilled in the year 1950:

24% were drilled and/or financed by major companies.

76% were completed by minor companies or independents.

Of the total rank wildcats completed in 1950:

18% of those completed by major companies were successful.

9% of those by minors and independents were successful.

While 1 rank wildcat in 9 tests is rated as a discovery, Dr. Lahee points out that a discovery of a 1,000,000-barrel field is "near the economic limit" and the odds of such success are only 1 in 44. Wildcatting is a risky business. His data also show that, while the major companies are almost twice as successful per test as the independents, the independents drill three-fourths of the rank wildcats. The independents apparently employ technical methods to a lesser degree than the majors, or take more chances, but, in any case, drill more wildcats. This shows the importance of the independent producer in finding new supplies of oil and natural gas. The record is replete with instances of small independent operators taking chances that the major companies refuse to undertake and finding fields which otherwise would not have been discovered. The Spindletop field, the discovery field in South Texas, was brought in by Captain Lucas after Standard Oil experts had rejected the prospect. The largest oil field in this country, the East Texas field, was found in 1930 by Dad Joiner, financed on a shoe string, after the major companies had scanned the area for years. It takes the independent producers and random wildcatting to find the new reserves and thus maintain our supply of oil and gas.

Federal Regulation of Natural Gas Companies

The Natural Gas Act of 1938 authorized the Federal Power Commission to regulate interstate gas transmission companies. But the Act specifically provided that it "shall not apply to . . . the production or gathering of natural gas." However, the Commission early claimed jurisdiction over the producing and gathering operations of interstate transmission companies, defined by the Act as "natural gas companies" and this has been sustained by the Courts. On the other hand, the several State Conservation Commissions have long since held regulatory jurisdiction over the production of oil and gas, soundly based upon the conservation of natural resources. To remove any doubt as to the possible jurisdiction of the FPC over natural gas producers other than interstate transmission companies, the Rizley-Moore Bills were brought before Congress in 1947, followed by the Kerr Bill introduced in 1949. The Kerr Bill was passed by Congress in 1950 but vetoed by the President. Thereafter the FPC proceeded against the Phillips Petroleum Company to ascertain whether it held jurisdiction over the company's natural gas producing and gathering properties. In July, 1951, the Commission announced, in a 4-to-1 decision, that it did not have such jurisdiction. The Commission's own finding of its lack of jurisdiction is being appealed in the U. S. Court of Appeals for the District of Columbia by the cities of Detroit, Milwaukee and Kansas City, and by certain other governmental organizations, in the alleged interest of consumers.

Two Principles of Regulation

There are two general forms of regulation that have become established in the natural gas industry:

(1) Regulation of transmission and distributing companies serving communities of residential consumers. Such companies, like other public utilities, are held to be affected by a public interest and are protected by franchise from competition in their respective territories. To protect the numerous small and otherwise helpless customers of such utilities against possible unreasonable charges for service, their earnings are subjected to regulation. By being protected from competition, the business risks are much reduced and these utilities enjoy an assurance of steady earnings and permanence corresponding to the growth of population in the community served. They are all but guaranteed a profit. Consequently, such companies maintain their credit and finance their growth on the basis of a moderate rate of return.

(2) Regulation of oil and gas producers. Such regulation by State Commissions is to insure the conservation of natural resources and to protect one producer against drainage by a neighbor—not to regulate earnings or prices. The producers have no monopoly, no franchise and no guarantee of earnings. The law of supply and demand takes care of prices in the gas producing field where there is plenty of competition between producers and between purchasers.

The gas producer, to stay in business, must keep on finding new gas reserves. His profits from production must also repay him for his risks and cost of searching for new supplies. The public is familiar with the statements of the large, successful oil companies which show fine earnings, especially in good times. But few are aware of the losses of the

Continued on page 22

*An address by Mr. Terry before the Production Division of the American Petroleum Institute, Pittsburgh, Pa., April 3, 1952.

1 Lyon F. Terry, "The Future Supply of Natural Gas," 1950 Proc., Amer. Gas Assn., pp. 155-159.

2 Frederic H. Lahee, "Exploratory Drilling in 1950," Bull. Amer. Assn. Pet. Geol., Vol. 35, No. 6 (June, 1951), pp. 1123-1141.

From Washington Ahead of the News

By CARLISLE BARGERON

On the question before the House, Mr. Chairman, of whether the administration of flood control and rivers and harbors projects should be transferred from the Army engineers to the Interior Department, I will have to just vote present. It is a question that will become very burning in the next few weeks, if, as it is reported, Mr. Truman sends a measure up to Congress effecting the transfer which, if not affirmatively disapproved by either the Senate or House in a prescribed time, will become law.

Carlisle Bargeron

There are so many objections to either the Army engineers or the Interior Department having this work that it is difficult to see how anyone can make up his mind, how Mr. Truman did it, if he has done so, or how the Hoover Commission arrived at its decision on which the transfer is based. And it is a fact that the commission split all over the place.

You will be surprised, very likely, in the next few weeks as to what a hornets' nest this matter stirs up. On the basis of the Hoover Commission's findings there would seem to be no reason why the transfer should not be effected as a routine procedure of government in the interest of efficiency. The commission, for example, found that on many Federal domains you would find the engineers and the Interior Department interlacing in administration. There would be an agency of Interior with its full staff of bureaucrats and automobiles presiding over this particular plot, whereas the next plot would be administered by the Army engineers with their automobiles; and so it would go on, throughout the domain, Army engineer bosses here, Interior bosses a few thousand yards away, the Army engineers lording it over flood control projects, the Interior bureaucrats lording it over reclamation projects.

Apparently nobody should object to straightening out such a crazy quilt. But this overlooks the rabid devotees of each group. Interior has its followers among our citizentry and in Congress; the Army engineers have theirs, just as there are leather lunged supporters of the Dodgers and the Giants.

This writer, on this matter, is torn between the devil and the deep blue sea. There is not the slightest doubt that the Army engineers have come to constitute one of the strongest lobbies in Congress. Presumably strong men, elected by their constituents to come here and legislate for them, genuflect in the presence of General Pick and even his colonels. Several months ago the House Appropriations Committee, after a long study by one of its subcommittees, came up with a severe castigation of the engineers for their invariable under-estimation of the costs of the projects which they recommended. From the history of these estimates it is reasonable and realistic to double every estimate they make with a view to determining the final cost. But do you think this report of an important committee of Congress fazed or embarrassed General Pick and his aides? Not in the slightest. Almost before they had an opportunity to read the report, another important committee, the House Public Works Committee, which passes on the authorizations of flood control, rivers and harbors projects and the like, came to their rescue.

This committee, by way of saying, "Don't let that report disturb you in the slightest, General," roundly denounced the Appropriations Committee, said the Army engineers had a long and glorious record of accomplishment and were not to be disparaged by any such ill-considered criticism as the Appropriations Committee had made.

This defense of the corps by this committee can be understood when it is realized that most, if not all, members of the Public Works Committee have sought the assignment because they want projects in their districts. This is the so-called pork barrel committee, and over those members of Congress who are interested in pork, the General rules with an iron hand. The General has his own pet projects and he lobbies and trades among the members unblushingly.

The overall pork business is organized under the impressive name of National Rivers and Harbors Congress which meets anually and impressively in Washington, although it is concerned only with the pork of rivers and harbors projects. There are other and just as impressive organizations to take care of flood control projects. The Rivers and Harbors Congress will be in the General's corner in the forthcoming fight but the flood control lobbies will probably line up for Interior.

As to the praise of the "long and glorious record of accomplishment" on the part of Army engineers, there is a lot of fiction, as the Hoover Commission points out. Flood control and rivers and harbors work was put in their hands originally on the grounds that the corps had to be maintained for war and these civil projects in time of peace gave them valuable experience. But the engineers don't build any dams or flood walls or deepen any harbors. The work is all done by private contractors. The engineers draw up the blue prints and let the contracts.

So, Interior wins the argument in a walk? Not for my money. It is difficult to see how Oscar Chapman can take on any more responsibilities or power without bursting at the seams. He wants the additional flood control authority for the purpose of pressing his campaign for public electric power and the extinction of the private utilities. Indeed, much of the heat and agitation against the Army engineers, as vulnerable as they are, have come from the Leftists and the Public Power crowd because the engineers are not Public Power minded. Another thing, the engineers stay away from party politics. Chapman, the Leftist and the Public Power crowd are, of course, in party politics up to their necks and are seekers after political power. So you put your money down and take your choice.

Foreign Aid Through Investment Companies

By HON. JACOB K. JAVITS*

U. S. Congressman from New York

Representative Javits, stressing need of economic and technical assistance to underdeveloped areas as means of preserving free world, urges private business undertake the responsibility by formation of investment companies for that purpose. Says move would mean recruitment of a million men and women for work abroad, and should prove a productive investment.

Unless American business takes up a major part of the responsibility for economic and technical assistance to the underdeveloped areas, the free world may be lost by Communist subversion of our political and economic life even as it is being effectively defended against Communist aggression by military preparation, necessary as it is. The government is speedily relinquishing economic and technical aid in favor of military aid under the Mutual Security Program with results which could be disastrous particularly in the underdeveloped areas. Of the total request for foreign aid by the Administration of $7,900,000,000, only about $650,000,000 is for economic and technical assistance to the underdeveloped areas. In other words, we are proposing to spend in our foreign aid program about 92% on the defensive phase of our struggle against communism and only 8% on the offensive phase of this struggle. Yet it is clear that the Communist appeal is beamed directly to the 1,075,000,000 people, well over two-thirds of the 1,500,000,000 people in the free world, who live on a near-starvation level of under $100 of income per capita per year in South and Southeast Asia, the Middle and Near East, Africa and Latin America. Economic distress is the major built-in threat of communism in the free world.

Hon. Jacob K. Javits

This situation has been forced on the government—it represents a radical change from the economic assistance policy under the Marshall Plan—due to the increased exigencies of defense expenditure at home and the reluctance or unwillingness of Congress to back continued major foreign economic and technical assistance.

Business Should Take Responsibility

I propose that American business take over the major responsibility for the industrial and agricultural phases of economic and technical aid to the free world. I wish to emphasize that by American business I mean management, labor, investors, farmers and consumers and not just anyone of these. The first impetus should be given by the leading business organizations like the Chamber of Commerce and the National Association of Manufacturers, the CIO and AFL and the American Farm Bureau Federation, National Grange and other farm organizations. It will require mutual cooperation by business itself, a new role for the International Bank for Reconstruction and Development and cooperation by the Federal Government. It will mean the recruitment and training of as many as 1,000,000 young men and women for work abroad. It will require the negotiation by our government with other affected governments of new treaties of commerce and trade and new compacts on taxation. I believe this new role may best be undertaken by the organization of investment companies either by those in specific lines like automobiles, tires, textiles, or generally. These investment companies would invest in projects in the underdeveloped areas, provide for local participation in management and ownership and for constantly increasing the local responsibility for the enterprise, undertaking an obligation to train local people for this purpose.

*An address by Representative Javits at the Annual Convention of the National Paper Trade Association of the United States, N. Y. City, Mar. 25, 1952.

The International Bank for Reconstruction and Development should be encouraged by us to organize as an affiliate, an International Finance Corporation, to make loans in local and foreign currencies without government guaranties and to make joint equity investments in these ventures. This has been suggested by the International Development Advisory Board in March, 1951.

Treaties Should Be Negotiated

Treaty protection should be negotiated by the State Department providing equal treatment for the investments of these joint companies, equitable labor standards and making provision for conservation of the local resources which may be involved. These treaties should contain bilateral tax compacts aimed at eliminating discriminatory taxes levied upon U. S. corporations abroad and reciprocal exemption from income tax of income from the business establishments of their nationals located in the territory of the other nation.

Congress should be asked to authorize the inclusion in bilateral tax treaties of a provision that income from business establishments of one country located in the other shall be subject to taxation only in the country where earned. American corporations should give consideration to utilization of some part of their allowable exemption of 5% of income for education and charitable purposes to pursuit of such purposes in overseas areas.

The 1,000,000 young men and women, graduates of our schools and colleges, who I estimate to be needed to implement such a program with manpower, should be especially recruited for work abroad, trained in training schools for their jobs and in the languages and customs of the countries to which they are going. They need to be oriented to living with and working with the local peoples concerned so they are not isolated in American colonies. Congress should be asked to amend our tax laws to give favored treatment to the young people so engaged so they may amass a competence over a period of years. Making a reasonable fortune should still be one of American youth's major incentives.

Our schools and colleges and our technical and industrial institutes should be vastly increased in size with the necessary aid from private business and government. The necessary orientation and training facilities on a post-graduate basis should be applied to training the 1,000,000 young Americans to whom I have referred and instead of 50,000 foreign students we should accommodate 250,000—10% of our college population.

Such a program would still leave an important area for economic and technical assistance by the Federal Government, an area in which it could properly fit and which it could be adequately dealt with by appropriations in the magnitude of the 8% of the Mutual Security Program now contemplated. This should include aid to refugees, displaced persons and others under the necessity of migration. It should also include cooperative activities with local governments in the fields of health, sanitation, education, road and port development, land conservation and pest eradication.

Emphasis on Productive Investment

The emphasis in United States foreign economic assistance must now be upon productive investment. The way in which it can be carried on with the greatest effect as the offensive against the challenge of communism is through American business. It is also the way in which the necessary wealth base can be built for maintaining the military shield against communism with which the world is definitely faced for a decade or two. Productive investment is a business function. American business is well able to discharge it. It must recognize that it is an essential arm of the statesmanship of our people and that its own security and prosperity in the decades ahead require that it undertake this task for the American people now.

The extent of the need may be gauged by a few figures. In 1948 the British Commonwealth countries in South and Southeast Asia, principally India, Pakistan and Ceylon, developed the Colombo Plan calling for a six-year investment program of $5,230,000,000 in capital of which $3,800,000,000 was to be invested in India and $784,000,000 was to be invested in Pakistan. Of this amount, Great Britain undertook to supply, out of frozen sterling balances, $840,000,000, leaving about $2,000,000,000 of capital, other than what could be raised locally, to be raised outside.

The maximum provided in aid of this program in this year's Mutual Defense Assistance Program is in the area of $100,000,000. Obviously no serious effort is being made by the United States to help with the Colombo Plan; yet this plan is absolutely essential to avoid recurring famine and to give self-sufficiency in food to India. The Colombo Plan for India will increase land under cultivation by 3.5%, land under irrigation by 17%, and will add 6,000,000 tons of food grains or 10% to the present supply, thereby enabling India to hold the line at present living standards. India, with its 330,000,000 people, is the most important country left to the free world in Asia. If India goes the way of China, the free world will not only have lost Asia but may have lost the battle. The religion, the morals and the ethics of India and the fundamental beliefs of her people are strongly anti-Communist, yet Communist agitation has a strong appeal in a country in such danger of famine and starvation. The recent parliamentary elections in India showed alarming strength in some states for the Communist ticket.

Another example is in the vast colonial territories of Africa. They have the capability for making the European powers which administer these territories—Great Britain, France, Belgium and Portugal—economically self-sufficient, but a recent survey shows that to develop the territories in the next 10 years $8,000,000,000 in investment is needed while actual investment now in prospect is approximately $1,300,000,000. The Belgian Congo, which could be one of the richest areas in the whole world, has a 10-year development plan calling for $1,300,000,000 and has just succeeded in borrowing $70,000,000 from the International Bank for Reconstruction and Development. Just a drop in the bucket!

Why American Business Should Invest Abroad

American business has very important reasons for getting into this field in a big way quite apart from the anti-Communist struggle—aside from the substantial withdrawal from this field of the Federal Government.

In the first place, although we produce over one-half of the world's industrial output we are mining only one-third of the world's mineral output and are much too rapidly exhausting even these resources. For industrial expansion the United States is increasingly dependent upon foreign resources of iron ore and petroleum. United States industry depends on imports for 100% of natural rubber, 100% of chromium, tin, nickel and manganese, 70% of its bauxite (for aluminum) and 30% of its lead, copper and zinc. Without these supplies American industry as we know it would shut down; yet assurances of these supplies at prices in line with a stable economy are not in sight and every businessman concerned knows it.

Second, we Americans have to look to our export markets, a big part in the profitable operation of American business. Our gross national output will be about $350,000,000,000 this year and about 20% will probably go to defense, but this defense expenditure so long as we don't have a war — and no American in his right mind wants one — will level off in a year or two and go down to a maintenance basis of $30,000,000,000, under 10% of the present gross national output. Right now our export trade is running at the high rate of $15,000,000,000 a year. Imports are $11,000,000,000 a year. In the days ahead these have to be doubled if our economy is to stay on an even keel. The capability of overseas markets to take our goods in this doubled volume and to produce for our import requirements depends upon an enormous expansion of the wealth base for both developed and underdeveloped countries of the free world which can be accomplished by economic development in the underdeveloped countries.

A group of United Nations experts reporting at the end of 1951 said "the development of the poorer countries will be intolerably slow unless a much larger flow of external capital is provided than at present seems to be in sight." It is too little known that even under the Marshall Plan the underdeveloped countries, colonies, dependencies and territories of the European recipient nations did not get much of the total aid of $12,427,000,000, of which just under half was spent for raw materials (not food), machinery and vehicles, as only $312,400,000 went to these colonies and dependencies.

George T. Curley With Blyth & Co. Inc.

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — George T. Curley has become associated with Blyth & Co., Inc., 75 Federal Street. Mr. Curley was formerly with Kidder, Peabody & Co. and prior thereto was manager of the municipal bond department for Townsend, Dabney & Tyson.

Agriculture and Business In Years Ahead

By LOUIS H. BEAN*

Office of the Secretary of Agriculture

Estimating nation's business at about $340 billion, agricultural economist foresees a further expansion of from 4% to 5% over next year, with an increase in consumer spending of $10 billion. Says indications are for stable level of living costs, barring international complications. Holds, even with tapering off of defense program, growth in capital outlays is not excessive

Up to the night of April 8, when the government temporarily took over the steel industry, there was fairly common agreement that the lifting power of government expenditures for the expanding defense program, the greater availability of supplies, sustained business investment, easier credit, a high level of purchasing power in cities and on farms and a rising population are bound to keep the national economy on the upgrade over the next year. If this prospect materializes its significance for the New York area can be pin-pointed in terms of the one business item of universal interest, namely, the course of retail sales. The present expectations as to farm cash income and business expenditures point to an increase in retail sales for the country as a whole. For the New York area, it points to an annual rate of trade, by the end of this year, 5% to 10% higher than during the first quarter.

Louis H. Bean

This short-term outlook envisions that the nation's business, now totaling about $340 billion, will continue to expand 4% to 5% over the next year; that consumers, in this total, now spending about $210 billion, may spend perhaps $10 billion more a year from now; that private investment in new construction, producers' equipment and for inventories may be around 10% lower, but government expenditures for goods and services will rise substantially to a tapering off point some time in 1953.

These generally accepted trends would mean a gradual increase in personal income payments rising from a present annual total of about $260 billion to over $270 billion—and assuming no change in personal income taxes, this would leave a net increase in disposable consumers' income of around $10 billion. They would also mean a fairly stable level of living costs to consumers in the cities and on the farms.

The pinpointing of national business prospects in terms of local retail sales may be more hazardous than laying out these general tendencies. But there is this ample justification in the fact that as the nation goes so go the regions (with slight modifications). If historical analyses of key business indicators mean anything, then the prospect of a somewhat higher level of farm cash income for 1952 and similarly for total business expenditure for new plant and equipment, foreshadows an increase in retail sales in the New York area from the current subnormal level to an annual level that could be about 10% higher, on the bases of postwar experience.

This is the framework into which economic analysts have recently been fitting the multitude of details. In doing so, no new international developments are taken into account, and no commitments with regard to the outcome of our national election next November. And now it may be said that analysts also have no way of judging with any certainty what the current impasse in the steel industry might lead to in terms of wages, prices, volume of supplies, and employment. It is, of course, inconceivable that an agreement will not be worked out in short order.

Effect of Tapering Off of Defense Outlays

There is of course a growing questioning as to the course of the national economy, agricultural and industrial, beyond the point where the defense program is expected to taper off. This question tioning comes also at a political time when orators give us frightening views of the national trend down the Socialistic road to Communism. To get perspective on these and other economic forecasts a few basic long-range facts about our economy may be timely and possibly helpful.

The guideposts for the years ahead that I wish to point to are only a few of many. They happen to be some that have interested me in my studies of the balance between agriculture and industry and their interrelationship.

Growth in Capital Outlays Not Excessive

In the general concern over our ability to maintain the pre-1929 rate of growth into the 1950's and beyond, there is always the question as to the outlet for capital expenditures, and the market for such basic items as steel. In the case of steel it is somewhat comforting to see that with the substantial encouragement given by government we now have a capacity approaching 110 million ingot tons, and a promise of more by the end of 1953. That you may have a basis for judging whether this figure is too much or too little for the longtime view, note that the rising per capita trend in steel consumption calls for 1,400 lbs. for 1952, or 0.7 tons per person. With 157 million persons in the population, normal peacetime consumption would be about 110 million tons. The present capacity, so much greater than what industry spokesmen could envision five years ago, is still not enough to provide the margin in excess of prosperity consumption that characterized the industry up to 1929.

Similarly with regard to the so-called high levels of business expenditure for plant and equipment, if you analyze this item as we have done with steel you also are likely to conclude that the current level of expenditures is not materially out of line with requirements for a stable peacetime full employment economy.

The other two items I introduce to you today are just off the griddle. They have to do with the fears expressed in certain quarters that the net effect of agricultural and industrial policies of the past 20 years have undermined the basic trends in private ownership and private enterprise. Take farming first: Here before 1932 we had a fairly persistent downward trend in farms operated by owners. The tenancy rate had risen from about 25% in 1880 to 42% in 1930 and would now be over 45% had that long-time trend continued. Instead it was dramatically reversed immediately after 1932. Expressed in ownership terms, in the 50 years between 1880 and 1930, the proportion of farms owner-operated fell from 75% to 58%. It has now been restored to about 75%, as tenant farmers have gone up the agricultural ladder into part or full ownership, or have gone into the more plentiful and more rewarding industrial occupations.

In private industrial and commercial enterprise, note the longtime trend in the number of business firms in operation today. At the latest count for 1951 there were 4,000,000; this compares with about 3,000,000 in 1929. The record from 1860 to date reveals that only major depressions and wars have temporarily altered the upward expansion in the number of going business concerns. The number per capita has been increasing and today we have more firms per 100 persons than we had 50 years ago—at this rate, with the expected rise in population, we should have, before we are 20 years older, an additional million firms in operation.

This longtime trend, which has not been altered so far, spells a million opportunities for those in the oncoming generation who will want to be self-employed or build small or large firms.

In farming we have had a decline in the total number of farms, as a result of greatly increased productivity resting on modern agricultural science and mechanization. In 1860 we had six farms in operation for every firm in industry and commerce; today only 1.3. By 1965 or 1970 when we attain a total of 5 million firms, there will probably still be 5 million farms in operation—one farm—one firm.

These are a few of the basic features of the years ahead you may want to hold on to as you listen to fearsome oratory or see the developing ups and downs in the various parts of our vast economy.

*Abstract of a talk by Dr. Bean before the Business Men's Luncheon of Americans for Democratic Action, New York City, April 9, 1952.

Missouri Brevities

President Jay B. Dillingham of **Kansas City Stockyards Co.** has announced the recapitalization program will become effective April 24. The plan calls for the exchange of new 5%, 40-year income debenture notes for the 47,390 shares of presently outstanding 5%, $100 par value preferred stock.

When the exchange offering was first made it was the intention to make the plan operative after 18,950 shares of preferred had been deposited. The company announced that 25,308 shares already have been deposited.

The effective date of the plan was extended in order to permit those who had not yet made a decision to do so, Mr. Dillingham said. Interest on debentures from Nov. 1, 1951, to May 1, 1952, will be paid in full May 1, he said.

At the present time there are outstanding 47,390 shares of preferred. The maximum amount of debenture notes that could be issued is $4,739,000. A sinking fund for the debentures begins in 1957.

* * *

The **Gleaner Harvester Corp.** was obliged to virtually suspend operations from mid-February to early April as it was unable to obtain radiators from its supplier for its self-propelled combines due to shortage of copper. For this reason, sales in the three months ended March 31 were $1,315,012, compared with $1,593,794 a year earlier. Net income in the recent period was equal to 44 cents per common share as compared with 66 cents in the previous comparable quarter.

For the first six months of the current fiscal year sales amounted to $2,485,825, compared with $2,650,748. Cost of sales was $1,601,818, against $1,641,366. Income taxes amounted to $342,400, against $375,254. Net earnings for the six-month period aggregated $[illegible]619, or 81 cents a common share, as compared with $428,302, or $1.07 a share, a year earlier.

The company expects a marked improvement in the current quarter ending June 30, as sufficient materials are on hand to complete the scheduled run of the 14-foot, self-propelled combines. The full production for the current quarter already has been sold, which indicates a volume well above $2 million.

* * *

Universal Match Corporation enjoyed a record first quarter in 1952, according to a report made by Aaron Fischer, President, at the annual stockholder's meeting on April 9.

Mr. Fischer declared that the estimated profit for the quarter, based on present figures, exceeds $500,000, which after reserve for the normal tax rate amounts to approximately 90 cents per share. Match orders are far ahead of the total for the first quarter of 1951. Earnings from the Schutter Candy Division likewise show an increase.

In the Armament Division, research is on a greater scale and production is being rapidly accelerated. Mr. Fischer declared that the company has a backlog of $12,000,000 in government work already on hand, with substantial other contracts now being negotiated.

A second stock option for key employees, previously voted by the Board of Directors, was approved overwhelmingly. The first stock option plan for employees, which excluded officers, was established one year ago.

* * *

Holders of voting trust certificates for 95,699 shares of common stock of **Pickering Lumber Corporation** ($7.50 par value) have surrendered their certificates for actual shares of the corporation. The number of shares eligible for the exchange was 235,665. Therefore, 887,747 shares of the corporation's common continue to be represented by the voting trustees.

* * *

Record high sales in 1951, and earnings well above the 1950 total, partly reflecting operations of a new subsidiary, were revealed in the annual report of **Black, Sivalls & Bryson, Inc.**

Net sales were $29,908,876, compared with $17,464,226. Exclusive of the Zenite Metals corporation, the new subsidiary, the volume amounted to $23,478,801, up 34.4% over the previous year.

Net income totaled $1,537,957, compared with $1,232,086. Exclusive of the Zenite corporation, earnings were $1,371,514, up 11.3%.

After preferred dividend requirements the earnings were equal to $3.11 a share on the outstanding 479,962 shares of common, compared with $3.28 a share on the 359,962 shares of common outstanding a year before.

From the sale of 120,000 shares of common, 25,000 shares of preferred and $2 million of notes, the net amount received by the company was $5,819,722. Net working capital was $11,006,705, an increase of $2,522,552.

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Moody Investment Co. on April 1 offered publicly to residents of Missouri only 1,620 shares of 4¼% cumulative preferred stock, series E, of **Springfield City Water Co.**, Springfield, at par ($100 per share) and 10,000 shares of no par value common stock of the same company at $13.50 per share. The net proceeds are to be used to reduce indebtedness and for capital expenditures.

* * *

Missouri Utilities Company, in its annual pamphlet report to stockholders, said substantial increases were shown in sales of electricity, gas and water during 1951, with revenues up nearly $500,000 over the previous year. Total revenues were $4,521,863, against $4,025,923. Net income was $499,016, equal to $1.62 a common share, against $443,632, or $1.44 a share, a year before.

The company spent $752,000 to strengthen the transmission and distribution systems. It added 1,525 new customers. The 1952 construction budget calls for an outlay of $850,000.

Missouri Public Service Company, including Missouri Gas & Electric Service Company, reported combined 1951 net income of $912,177, equal to $1.56 a share on the common stock, compared with $953,839, or $1.71 a share, in 1950.

Missouri Gas was merged with Missouri Public Service December 31 and, since the shareholders are the same as result of an exchange of stock, the operations were combined, R. J. Green, President, announced.

* * *

St. Joseph Light and Power Company asked the Missouri Public Service Commission for authority to sell 5,000 additional shares of class A preferred stock at not less than the par value of $100 a share.

The utility told the Commission the proceeds would be used to reimburse the treasury for $139,000 spent recently to retire first mortgage bonds and the balance would be used for plant additions totaling $598,489.

After issuance of the 5,000 shares there will be outstanding 17,553 shares out of an authorized issue of 25,000 shares.

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Of the 77,355 shares of common stock of **Kansas-Nebraska Natural Gas Company** which were offered to stockholders, 74,952 shares were purchased upon exercise of warrants and the rest were taken by underwriters for reoffering.

N. J. Bond Club to Hold Spring Outing

Harry D. Miller

The Bond Club of New Jersey will hold its annual Spring outing June 20 at the Rock Spring Club at West Orange, N. J., according to an announcement by Harry D. Miller, Nugent & Igoe, President of the Club.

Trinity Securities To Be Formed in NYC

Trinity Securities Corp. will be formed shortly with offices at 61 Broadway, New York City, to engage in the securities business. Officers are J. J. Fitzgerald, President; F. Fitzgerald, Secretary; Jeanne Fitzgerald, Vice-President. Mr. Fitzgerald was formerly an officer of Cantor, Fitzgerald & Co.

Brady & Co. Opens Washington Branch

WASHINGTON, D. C.—Brady & Co. has opened a new office in the Union Trust Building under the direction of William H. Krug. Mr. Krug was formerly with R. H. Johnson & Co.

Connecticut Brevities

Powdrell & Alexander, Inc. announce sale of its spinning works in Danielson to R. W. Gould, the company's purchasing agent. The plant was recently closed as part of the company's program of consolidating its operations at New Bedford, Mass. The spinning plant will reopen about July 1 and will produce yarn.

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Bridgeport Brass Company has filed a new issue of 125,732 shares of $50 par cumulative convertible preferred stock with the SEC. A stockholders' meeting has been called for April 28, at which time the dividend rate, conversion basis and subscription price will be fixed and submitted for approval. It is hoped to offer the stock to common owners on a 1 for 7½ basis for a two-week period ending May 13.

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Of the total 44,000 shares of common offered through rights by **Bridgeport Hydraulic Company,** 41,938 were subscribed for and the remaining shares were marketed by the underwriters.

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In its annual report for 1951, **Whitney Blake Company** reported an all-time high in sales of $9,565,000, a 38% increase over 1950. Net after taxes at a 66% rate was equal to $2.58 a share, a 14% increase over the previous year. The report indicated that products for national defense are being produced at a reduced rate and that a somewhat lesser sales level for 1952 may be indicated.

* * *

Operating revenues of **Greenwich Gas Company** in 1951 rose to $798,000 from $762,000 in 1950 and net income was $102,000 against $98,000 the year before. Due to a change in the preferred outstanding from a $1.25 participating to a $1.50 nonparticipating and an increase in the common outstanding from 29,333 to 89,333 shares the net per share was $0.55 against $1.52 a year earlier. Sale of new stock during the year improved the working capital position materially and the equity of the common increased from $0.52 to $3.36 a share.

* * *

Net sales of **American Hardware Corp.** were $27,602,000 in 1951, up from $21,849,000 the year before. As a result of the higher sales level, improved profit margins and closing up of the unprofitable Corbin Screw Division, net before taxes was $3.09 per share compared to $1.77 in 1950. Working capital at the year end was $14,176,000, of which inventories at lower of cost or market accounted for $11,983,000. In March the company sold at public auction some of its surplus machinery, including lathes, presses and grinders.

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On April 22, stockholders of **R. B. Semler, Inc.** will meet to vote on a proposed merger into **J. B. Williams Company.** The plan calls for exchange of each share of Semler for $3 principal amount of 5% debentures, due May 1, 1962 and one-fifth share of common of J. B. Williams. No change would be made in the presently outstanding stock of Williams, but the $100,000 of debentures held by Connecticut General would be retired. Stockholders of Williams will also vote on the plan this month.

* * *

A meeting of stockholders of **Royal Typewriter Company** has been called for April 23 to vote on the creation of a new issue of serial preferred and reclassification of each share of present 7% noncallable preferred into 1.56 shares of 4½% cumulative preferred $100 par, and three-eighths of a share of common. The new plan calls for authorization of 100,000 shares of the serial preferred. There are presently outstanding 36,418 shares of 7% preferred.

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Stockholders of **New Britain Machine Company** subscribed for 69,351 of the total of 70,000 shares of common stock offered through rights. The rights, which expired Feb. 29, were for one new share for each two owned at $20 a share.

Tennessee Product'n Common Stk. Offered

Stone & Webster Securities Corp. and White, Weld & Co. jointly headed an investment group which on April 15 offered to the public 1,250,000 shares of $5 par value common stock of Tennessee Production Co., a subsidiary of Tennessee Gas Transmission Co. The stock was priced at $12 per share.

Proceeds to the company from the sale of common stock will be used to repay bank loans and the balance will be added to the general funds of the company. The general funds, and funds from operations, will be used in the exploration and development of the company's oil and natural gas properties and may be used for the acquisition and development of additional properties. In December, 1951, the company purchased interests in oil and gas producing properties in Arkansas, Mississippi and Texas which was followed by the acquisition in January of this year of the outstanding common stock of York & Harper, Inc., owner of substantial oil-producing properties and non-producing properties in Texas and New Mexico.

Tennessee Production Co. since 1933 has been principally engaged in the acquisition of producing oil and gas properties and in the production of, and exploration for, oil and gas in the Texas Gulf Coast area. The company is not engaged in refining or retail marketing.

Bregy, Feairheller With Francis I. Du Pont & Co.

CHICAGO, Ill.—Eustach Bregy and Edgar C. Feairheller have become associated with Francis I. du Pont & Co., 208 South La Salle Street. Mr. Bregy was formerly with Faroll & Company.

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Will Wage Increases Now Be Inflationary?

are built the major impact on the economy of the defense effort will have passed. Short of all-out war, or the belief of our military leaders that the all-out war is very imminent, the demand for the end products, the weapons of war, will never be a major inflationary factor in our economy, just as the demand for consumer goods cannot keep a boom at the 1945-1950 level going without an accompanying strong demand for capital goods. Once the armament plants are built why cannot production of the weapons keep our super boom going? This is because without the pressure of all-out war, and with new ideas for new weapons being developed all the time, it hardly seems likely that the military men are going to commit themselves to mass production of weapons for storage which can be just as obsolete on "M" day of World War III, as the World War II weapons are now. As Defense Mobilizer Wilson told the aircraft industry, the time had not occurred for the freezing of military designs. He said, "I, for one, would hate to stifle the wonderful inventiveness of American engineers and craftsmen, who especially in a period like this burst with new and brilliant ideas." But the incorporation of these new and brilliant ideas involves endless interruptions in the assembly line process. That precludes mass production of planes, tanks, ships and guns.

The Pentagon wants to have unlimited appropriations for defense but it is still professionally adverse to spending huge sums and giving large orders for weapons that it knows are not as good as others already undergoing tests, and still less effective than future models on the drawing board. Even in World War II, with fighting forces all around the globe crying for weapons, American business found it hard to get quantity orders and therefore mass-production from the military.

The inflationary post-World War II boom was based on an unprecedented expansion of plants and equipment to produce civilian goods. Since the outbreak of war in Korea we have been building a wartime plant on top of our civilian plant, and this is giving us our super boom, not the production of weapons of war.

Lessening of World Tensions

Furthermore, while it may appear unlikely that the international tensions will ease, with resulting decreases in demand of military goods, it cannot be said that such a thing is impossible. At this time the possibility of a United Germany, and the resulting body blow to a Western European defense bloc, and also of peace in Korea, while perhaps not very great, certainly must be considered for its effect on the defense effort as well as inflation psychology, if it should occur. The continued hope or fear of inflation which depends on the defense program or a higher public works program to be integrated quickly and smoothly into one super boom may lead to very costly mistakes for businessmen and investors alike.

The third major factor in inflation psychology that is currently receiving most attention is the wage dispute in the steel industry. About everyone expects that when the results are finally announced the workers will have a substantial wage increase which is accepted as inflationary, because it is clear that as in the 1946-1951 period, prices will also rise substantially following a new round of wage increases.

It is a little surprising that everyone accepts the spiral of wage increases as continuously inflationary. Of course, wage increases were inflationary in the 1945-1948 period when the unprecedented pent-up demand made it possible to pass along higher costs of all types in higher prices. Businessmen came to accept this as normal economics. However, such a period of a seller's market is in reality a rare phenomenon. While there has been a great hue and cry about the shortage of materials keeping production way below demand in the fields of housing, automobiles, and other durable goods, in late 1951 and 1952 an unbiased observer could see that the facts are otherwise. It has actually proved quite difficult, if not in fact impossible, to move the tremendous (by all but 1950 standards) out-put of consumer durables produced in the last quarter of 1951 and the first quarter of 1952—**at existing price levels.** My close association with the retail end of the automobile business leads me to speak with considerably more than theoretical knowledge on this point. We have been running into very considerable consumer price resistance in almost all lines for many months, and the situation is not improving. The ghosts of 1920 and 1921 may be walking again. How any practical person can believe that wage increases which cause price increases in the durable goods field can be anything but deflationary, except in the very limited field of government procurement, is hard to understand unless they close their eyes to all the objective facts.

If all consumers were to receive equivalent increases in income, there would be some validity to the thesis that further wage increases would be inflationary. Even then, however, some arguments against the thesis could be presented but it is not necessary to do so at this time for no one purports to believe that such an over-all equal increase in consumer income is likely or even possible. Therefore the whole inflationary argument collapses.

Consumer Resistance

It is becoming increasingly difficult for large segments of the population to purchase the goods produced by members of the strongest unions, and yet the continued high rate of production of these strong unions must be based on sales to the mass markets. The number of consumers being squeezed by the decline in the purchasing power of the dollar has been steadily rising for several years. If it was not for the subsidization of housing by the FHA and VA these industries would have long since been unable to sell their products to the average American worker. The current demand situation in housing clearly reflects this problem. This constant increase in cost of American business, when it results in higher prices, not only shrinks the markets within the United States but has already caused the loss of sizable foreign markets, except where we are directly, or indirectly, giving our products away. As we continue to export our machinery, or in other ways enable foreign countries to build up the production of their workers, we will find that the major difference in their products and ours will be prices based on our constantly rising wage rate. It may be possible to explain away and give arguments to justify these differentials in world markets. However, if these differentials make it impossible for the workers to sell their goods in our domestic markets, as is increasingly becoming the case even at current price levels, a further increase of prices can only bring deflation.

All of us wish to see the standard of living of our citizens increase but certainly not to see one major segment of the population attempt to profit at the expense of another major segment. As a matter of fact, the very attempt to raise dollar wages faster than the productivity of the workers in a real economic sense will result in very strong deflationary forces. From now on all groups, those receiving the wage increases not tied to real productivity increases as well as those not receving increases in income, will suffer.

If, on the other hand, wage increases are deducted from profits, this is also deflationary. The boom has largely been based on the expansion of capital goods industries and these have largely been financed out of the profits of American business. The quickest way to shrink the capital goods boom, which in effect is the boom, is to shrink profits. This will reduce both the ability as well as the incentive to build additional plants and equipment.

Industrial Output to Decline

Since early 1951 the American productive machine has not only been able to meet all the demands for durable and non-durable consumer goods but has been able to build up enormous inventories in almost every direction. At the same time during 1951 that productive machine was able to take care of a 100% increase in defense spending and to add further productive potentials for the future in the form of new plants and machinery on a scale exceeding even the high rate for 1950. Later on in 1952 we must expect increasing consumer resistance showing up in the automobile, home-building, and other civilian lines. The pressure for a reduction rather than an increase in inventory, plus the declining rate of business expenditures for capital goods and plants, should introduce a moderate though accelerated decline in industrial production, a decline which should continue at an even sharper pace in 1953 and 1954. The longest and greatest boom period in American history may well have passed its peak and the tremendous and still expanding capacity of American industry can handle all threats of further inflation short of all-out war. Popular opinion to the contrary, we have not succeeded in creating a deflation-proof, depression-proof economy. We are not in a new era of perpetual inflation and boom!

Bankers Offer Bonds Of Cosumers Power Co.

An underwriting group headed by Harriman Ripley & Co., Inc., and The First Boston Corp. on April 10 offered for public sale \$25,000,000 of Consumers Power Co. new first mortgage bonds, 3¼% series due 1987, at 102.973%, plus accured interest to yield approximately 3.11% to maturity. The issue was awarded at competitive sale on April 9 on a bid of 102.389.

The proceeds of the sale will be used in connection with the company's construction program on which it plans to spend approximately \$53,000,000 in the current year. The major projects include construction of the new Justin R. Whiting steam-electric generating plant with an initial installation of two units scheduled for completion in 1952 of 85,000 kilowatts capacity each, and the addition to the John C. Weadock generating plant of a seventh unit of 135,000 kilowatts.

The new bonds are redeemable at the option of the company at prices ranging from 105.973% if redeemed during the 12 months ending Mar. 31, 1953, to the principal amount if redeemed after Mar. 31, 1986. Annual sinking fund payments are required beginning in 1956 and sinking fund redemption prices range from 102.7722% to the principal amount.

The company is engaged, entirely in the state of Michigan, in the generation and purchase of electricity and its distribution and sale in 1,461 communities and townships, and in the purchase, distribution and sale of natural gas in 265 communities. The population of the territory served is approximately 3,000,000.

With Stephenson, Leydecker & Company

(Special to THE FINANCIAL CHRONICLE)

OAKLAND, Calif. — Jean M. Chapple is now with Stephenson, Leydecker & Co., 1404 Franklin Street.

E. Bates McKee Is Partner in Bache Co.

Bache & Co., 36 Wall Street, New York City, members of the New York Stock Exchange, have announced the admission of E. Bates McKee to general partnership in the firm. Mr. McKee has been a partner of Richard W. Clarke & Co. and an officer and director of its affiliate, Richard W. Clarke Corporation, since 1949.

E. Bates McKee

He was an officer of the National City Bank's Paris office from 1929 to 1932, after which he returned to N. Y. to join the City Bank Farmers Trust Co. He is a graduate of St. Paul's School, Yale and Cambridge University, England.

During World War II he served with the United States Navy.

Later this year, Mr. McKee will take up his residence in Paris.

Wm. Saunders V.-P. Of A. G. Becker Co.

CHICAGO, Ill.—A. G. Becker & Co. Incorporated, 120 South La Salle Street, members of the New York Stock Exchange and other leading exchanges, announced that William L. Saunders has been elected a Vice President of the company.

Slayton Co. Adds

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo.—W. F. Borcherding is with Slayton & Company, Inc., 408 Olive Street.

Joins Waddell & Reed

(Special to THE FINANCIAL CHRONICLE)

LINCOLN, Neb.—Max Wall is with Waddell & Reed, Inc., Continental National Bank Building.

Thomson & McKinnon Add

(Special to THE FINANCIAL CHRONICLE)

CHARLOTTE, N. C.—Dean S. Hasbrouck has joined the staff of Thomson & McKinnon, Johnston Building.

Snyder Reveals Plan of Deficit Financing

In talk on West Coast, delivered by Under Secretary Foley, Treasury head advocates using trust funds and nonbank sources. Warns of inflationary implications of defense program and projected deficit financing.

In an address before the Pacific Northwest Conference on Banking at the State College, Pullman, Wash., on April 11, delivered for him by Under-Secretary of the Treasury Edward H. Foley, Treasury Secretary John W. Snyder predicted a sizable Federal budget deficit and warned of the possibility of a renewal of inflationary pressures as a result of the defense program and the financial needs of the government. Mr. Snyder stressed the necessity of obtaining the needed funds from non-bank sources rather than through the banking system. The portion of Secretary Snyder's talk dealing with these subjects, follows:

John W. Snyder

"With respect to our domestic policies, it requires sound revenue and expenditure programs, operating within the framework of a Federal budget policy which is appropriate to economic conditions. It requires continuing attention to greater efficiency and lower costs of governmental operations. It requires a debt management policy which acts to counter any pronounced inflationary or deflationary pressures; which provides securities to meet the current needs of various investor groups, and which succeeds in maintaining an orderly situation in the public market for United States Government securities. It requires the use of debt management policy cooperatively with monetary credit policy to contribute toward healthy economic growth and reasonable stability in the value of the dollar. It requires the conduct of day-to-day financial operations of the Treasury in a manner most conducive to the maintenance of sound conditions in the government's financial markets. And, finally, in the international area, it requires management of the country's international monetary relations with the aim of maintaining a sound currency domestically and internationally, and promoting a better trade and exchange situation with friendly countries.

"In the light of these responsibilities and these objectives, I should like to take up a very practical financing problem which currently faces us and that is the financing of a substantial budget deficit.

"As most of you probably know, last June marked my fifth year as Secretary of the Treasury. I am very proud of the fact that in those five years we were able to show an over-all budget surplus of close to $8 billion, and by using that surplus, plus excess funds remaining in the cash balance at the end of World War II financing, we were able to reduce the total public debt by some $15 billion. Since last June, however, heavy defense expenditures have forced us into deficit financing.

"Some of the additional borrowing which we shall have to do can be taken care of by the investment of trust fund accounts in government securities. But a major portion must be financed by borrowing from the public.

"Sound debt management dictates that as much as possible of this public borrowing be from non-bank sources. It is generally agreed that this must be done if we are to avoid inflationary pressures which would result from financing the entire deficit through the banking system. In this connection I should like to emphasize that while there appears to be a lull, at present, in inflationary pressures, it would be imprudent to give less than full weight to the inflationary implications of our large defense program and of the deficit financing operations which will have to be undertaken in connection with it. For some time to come, defense production will draw heavily on our physical resources, and the existence of a significant deficit will add to the supply of funds available for spending or saving.

"To some it might seem at first glance that it ought to be a pretty simple matter for the Treasury to finance the entire deficit through non-bank sources—as it did to the gentleman who wrote us not long ago that the Treasury could easily sell an additional $10 billion in government securities each year to non-bank investors by 'sweetening' the interest rate on Series E bonds and by offering an especially attractive security for institutional investors. That in itself is far from the whole story. The Treasury's ability to borrow from non-bank sources depends upon many factors, not the least of which is the investment position and preference of institutional investors as well as individuals. In contrast to the World War II situation, for example, a large sector of industry and trade is engaged in substantially normal operations, including capital expenditure programs, which draw heavily on investment funds.

"There are those, of course, who would solve our deficit financing problem simply by cutting Government expenditures to the point where they would equal revenues. It sounds good in theory, but here are some salient facts which do not make wholesale expenditure slashing very practical from a national security standpoint. More than three-fourths of total budget expenditures in 1953 will be for major national security programs such as military services, international security and foreign relations, atomic energy, defense production and economic stabilization, civil defense, and merchant marine activities. Here are where the big cuts would have to be made. Expenditures for all other Government programs combined have declined since 1950, although some of these programs contribute directly to the defense effort and have been expanded — such as defense housing, aid for schools in defense areas, generation and transmission of power for atomic energy and defense plants.

"It certainly is proper to effect all the economies in government operations that circumstances permit. During my tenure as Secretary of the Treasury I have carried on an intensive management improvement program to modernize operations toward increased business efficiency, better service to the public, and the reduction of operating costs whenever possible as a result of these efforts I have been able to report to the public and to Congress dollar savings in excess of $56,000,000 through the fiscal year 1949 and dollar savings in excess of $4,000,000 and $8,000,000 respectively for fiscal years 1950 and 1951."

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Natural Gas Supply and Federal Regulation

hundreds of independent operators who fail and the large amounts spent by wildcatters and promoters attempting to get rich out of oil. Their explorations are a part of the combined effort necessary to find the future supply of gas for this country. It is a hazardous business and the explorers for new supplies can only be induced to carry on if the prospects of high rewards to the successful will make up for the losses of frequent failures.

The API estimates the average cost of a wildcat well at $90,000. Would you invest $90,000 of your money in a wildcat venture offering one chance in nine of getting your money back, but only one in 44 of striking a really profitable field, if you knew you would be regulated down to a 6% return on cost if you struck the pay?

The economics for producers is entirely different from that of utilities. Six percent on original cost of property would be ridiculous for small producers searching for oil and by Dr. Lahee's careful figures three-fourths of the rank wildcats are drilled by small producers. And 6% also is untenable to large producers.

Since the FPC has assumed regulation of the production of transmission pipe lines, these companies have divorced their producing properties so far as possible, buy their gas supplies from others, and do not drill wildcats in the search for new supplies. Some of the large oil companies have refused to sell gas in any substantial quantities to interstate transmission companies, since they cannot risk being subjected to Federal regulation. If gas production should be regulated, oil production might be next. This holding back of supplies in itself has already made gas less available and more expensive to consumers. And the threat of regulation retards exploration for additional supplies.

There is an important and rapidly growing use of natural gas near the gas fields of the Gulf Coast by chemical companies which need gas as raw material for making plastics and innumerable other products. Such important companies as Dow Chemical, Mathieson Chemical, Celanese, du Pont, Nueces Rubber, and Monsanto Chemical have built large plants in the Gulf Coast, while American Cyanamid, Commercial Solvents, Diamond Alakali, Phillips Chemical, Aluminum Company of America, Texas Eastman, Koppers, Kaiser Aluminum, and others have plants under construction.

Strong political pressure is being exerted to keep Texas and Louisiana gas within those states to help boost industrial growth. Why sell the natural gas, with which these states are blessed, to Northerners who have plenty of coal? Especially why permit its export at ridiculously low prices? Gas consumed within the state where it is produced is not in interstate commerce and cannot be subjected to Federal jurisdiction. Hence, if gas producers selling to interstate pipe lines should be subjected to FPC regulation, they would turn to selling locally. And the large oil companies, which are going in for more and more petrochemical production, could utilize their gas supplies by building their own chemical plants to realize the intrinsic value of their gas reserves.

The Proponents of Federal Regulation

Now there are many good people who would like to see Federal regulation of gas producers. The consumers in the northern states, far removed from the producing areas, naturally would be pleased to see lower prices for natural gas. It would appear to be a simple thing for the FPC to say to the gas producers: "You can only earn 6% on the original cost of your property, less depreciation to date—which would give you, say, 4c per Mcf instead of the 8c the purchasing company is paying you." The producer has been getting the 8c because if one purchaser won't pay such price another will, and, in any case, it is cheaper than coal or oil to the consumer, or he wouldn't buy it. At first glance, cutting back the producer from 8c to 4c would appear to be a windfall for the consumer. But would it?

Reducing the price of gas at the well by, say, 4c per Mcf would affect the residential consumer in the North but slightly. Assuming the reduction to be passed along by the transmission and distribution companies to the residential consumer, it would reduce the price of natural gas for home consumption in Milwaukee, for example, from approximately $1.30 to $1.26 per Mcf, i.e., by 3%—not enough to matter, if he prefers natural gas fuel. But the reduction from 8c to 4c would be a serious matter to the producer. If Federal regulation should follow the practice of transmission line regulation, it would result in setting field prices at levels sufficient to earn an allowable rate of return on cost—6% is allowed transmission companies. This would produce different prices in the same field, depending upon varying costs of the several producers, and would upset the existing regulation of the State Conservation Commissions. It would no doubt require the obtaining of approval on locations to drill, countless forms, reports, investigations, hearings and directives. It would force small producers to quit the business and large producers to sell to chemical or other industries locally. It would restrain further exploration and reduce the finding of additional supplies, and thus slow down the rate of discovery. And by the time increasing gas demand caught up with a decreasing discovery rate, the consumers would quit thinking about regulation and would start shouting for more gas at any price.

What is the **real** purpose of the proponents of Federal regulation? Could it be that the consumers want to get their gas to the kitchen stove at less than it is really worth? Certainly the producers should be entitled to fair payment for taking the risk of finding new gas supplies for the ultimate benefit of the consumers, who are in no position to produce gas or search for new gas. The Federal Power Commission does not risk money nor can it find new gas supplies. It is obvious that a 6% return on cost would not be fair pay to the producer and explorer. In the free economics of this country, the gas producers and explorers for gas supplies perform a necesary service for the consumers. The service should be paid for—whatever it is worth. But whether the producer is entitled to adequate compensation or not, he will simply not go ahead finding new gas unless he profits by so doing. If the consumers could muster enough votes, they could conceivably have their producers regulated. But that would not find the gas for them—it would only slow down the rate of new discoveries.

The National Petroleum Council's Committee on Oil and Gas Availability has prepared a comprehensive report dated Jan. 29, 1952, on "Present and Future Supplies of Oil and Gas." Certain significant conclusions of that Committee may be quoted as follows:

"The United States and the world can count upon increasing supplies of oil and gas not only for the next few years but for the foreseeable future, provided that **reasonable economic incentives**, adequate materials, and a **favorable climate for private investment prevail.**

"The major threat to future oil supplies would be **any interference with economic incentives** which might act to prevent the normal development which would otherwise occur."

Conclusion

There can be a supply of natural gas in this country sufficient to meet the needs of the rapidly increasing demand, provided the gas producers are encouraged to search for new reserves. Exploration is an expensive and hazardous undertaking that must be paid for out of production. The producer is entitled to profits that will induce him to continue exploring. Without such inducement there would be no further exploration and the available supply of gas would soon diminish. Hence, it is to the consumer's own interest to see that the producer be accorded sufficient profit and freedom of action to stimulate him to continue exploring for new reserves of natural gas.

Deposits of New York State Savings Banks Continue Upward

Savings bank deposits in New York State were up $72,214,000 for March—the largest gain for that month since 1946, reports Earl B. Schwulst, President of the Savings Banks Association of the State of New York, and of the Bowery Savings Bank. The gain in deposits accounts of 29,345 was the highest for any March since 1945.

Earl B. Schwulst

The net gain for the quarter was 69,168 additional accounts and $207,210,000 in total deposits. This is in sharp contrast with the similar period in 1951 when the gain in accounts was 17,955 and deposits stood about even. Starting with the second quarter of last year, the trend in deposit gains has been steadily upward, and March, with its income tax payments, is not normally a particularly good month. However, the gain this year brought the increase in deposits for the 12-month period to $734,187,000, or 6.3%.

Deposits in New York's 130 savings banks are now at the all-time high of $12,381,829,000, representing 7,715,394 regular savings depositors plus some 2,000,000 school, club, and payroll savings accounts.

With McDonald, Evans

(Special to THE FINANCIAL CHRONICLE)

KANSAS CITY, Mo. — DeVere L. Dittemore is now connected with McDonald, Evans & Company, 1009 Baltimore Avenue.

Can British Gold Drain Be Checked?

By PAUL EINZIG

Dr. Einzig reveals British gold drain has eased since middle of 1951, but warns this should be no ground for optimism. Holds it is as important as ever for Britain's Government to continue its efforts to improve balance of payments, and says further import cuts may be inevitable. Holds gold drain is largely due to misuse of limited convertibility of sterling.

LONDON, Eng.—For the first time since the beginning of the gold drain towards the middle of 1951, the British monetary authorities are in a position to breathe more freely. The outflow during March amounted to $71 million only, compared with $299 million in January and $266 million in February. Even if we allow for special factors resulting in a gain of $75 million in March, the improvement is substantial. It was due in part to the reduction in the adverse trade balance, and in part to the covering of short positions by foreign buyers of British goods. Towards the end of March the development of a noteworthy premium on sterling over the official dollar parity of $2.80 relieved the authorities from the necessity of supplying the market with dollars, since it was possible for the importers to cover their requirements out of the normal supply offered in the market. In fact the authorities were even able to buy some dollars in the market. This was, presumably, the source of the moderate temporary influx of gold towards the end of March announced by Mr. Butler on April 4. Even though the gold outflow has not been checked, it has slowed down considerably. Having said all this, it is necessary to guard ourselves against undue optimism. At the end of March the gold reserve amounted to $1,700 million. In the absence of special non-recurrent items the loss of gold during March would have been $150 million. Unless a further improvement occurs an outflow of gold at such a rate would exhaust the reserve in less than 12 months. Nor is it certain by any means that it will be possible to maintain the improvement achieved in March. The fact that, following on the announcement of the gold reserve figures, the premium on sterling disappeared, seems to indicate that the foreign exchange market is disinclined to depend on the lasting nature of the improvement.

Dr. Paul Einzig

It is therefore as important as ever for the government to persevere with its efforts to improve the balance of payments. Further import cuts may become inevitable. The policy of giving export trade priority over rearmament may have to be carried further than hitherto. This is deplorable from the point of view of collective defense, but it is wiser than allowing the gold reserve to run out and then having to make a sudden and drastic cut in the rearmament effort. In addition to direct cuts in imports and such indirect measures as the increase of the duty on petrol, the government will have to curtail purchasing power further by means of credit restrictions.

Political resistance to the much-needed measures is as strong as ever, but it changed its emphasis. It is no longer claimed by the Socialists that the crisis is a Tory invention and that it has been invented in order to have an excuse for reducing the standard of living of the working classes and for depriving them of their Social Service benefits. The new line of arguments is that this is a balance of payments crisis, and that, therefore, there is no need for trying to remedy it by means of domestic measures. One Left-wing economist after another commits himself to the view that there is no connection between internal inflation and the state of the balance of payments. Quite recently one of them, writing in the London "Times," made some sarcastic remarks about the policy which tries to improve the balance of payments by discontinuing the distribution of dentures free of charge. A few days later the "Times" published a letter from the secretary of the association of workers engaged in the manufacturing of dentures saying that since the imposition of a charge on dentures given by the National Health Service the demand declined by 50%, resulting in large-scale unemployment among members of the association, many of whom had to find other occupation. This instance illustrates the fact that the creation of excessive demand had contributed towards the development of an acute scarcity of labor, and that this scarcity can be relieved by the curtailment of that demand. Industries working for export trade have doubtless benefited by the release of a number of workers from the production of dentures.

The gold drain is due to a large extent to the misuse of the limited convertibility of sterling. In addition to losing gold because of the import surplus of the United Kingdom and the dollar requirements of other countries of the Sterling Area, much gold is lost because the dollar proceeds of Sterling Area exports do not find their way to the gold reserve. This is the result of the inadequate control over the working of the system of convertible sterling accounts. On the face of it, goods are bought for export to some country within the group which can operate such accounts. Before the goods reach their destination they are redirected to the Dollar Area. This is believed to be done on a very large scale, though no information is available about its approximate extent. From the point of view of the gold reserve such operations constitute a dead loss. So long as they continue on the present scale there is no hope for checking the drain. The only effective way of checking it would be the abolition of the system of transferable sterling accounts. So long as sterling cannot be made universally convertible its partial convertibility is liable to be abused and the gold drain is bound to continue.

There are indications of a change in the domestic situation in the right direction. Consumers' demand has declined considerably during the past month or so. This is true to a particularly high degree in the textile trades where the anticipation of lower prices, coupled with a moderate curtailment of the consumers' purchasing power, has resulted in an acute depression. Other trades are also affected. There is an outcry about this from every direction, and the government has lost much support in the country, as is indicated by the result of the local elections at the beginning of March. Yet it is difficult to see how it would be possible to solve the balance of payments crisis and to release labor needed for rearmament without a drastic curtailment of domestic civilian consumption.

Another means by which the balance of payments crisis could be mitigated is through impressing the outside world with the government's determination to proceed with unpopular but necessary measures. From this point of view the increase of the bank rate and the reduction in the amount of food subsidies were very useful. Conceivably the government may have to go even further in this direction, in spite of the loss of popularity such measures entail.

Finally, efforts are made to secure an influx of American capital for the development of raw material resources in the Colonies. Such investment would provide a temporary relief at the cost of increasing the burden on the balance of payments in the long run. The increase of the burden could be offset if the result of the investment of American capital is an increase of raw material exports to the Dollar Area. It may take some time before any such investment could be secured. Meanwhile Britain will have to make the utmost effort to work out her own salvation.

Describes Character and Scope of Activity Of the Over-the-Counter Markets

G. Wright Hoffman publishes third of a series of studies, prepared by the Securities Research Unit of the Wharton School of Business of the University of Pennsylvania on "Character and Extent of Over-the-Counter Markets." Discusses scope and general character of these markets as well as their structure and operation.

The University of Pennsylvania Press has just released for publication the third in a series of studies on the over-the-counter security markets, entitled "Character and Extent of Over-the-Counter Markets," made under the auspices of the Securities Research Unit of the Wharton School of Business of the University of Pennsylvania. Irwin Friend served as author of the first study entitled *"Activity on Over-the-Counter Markets,"* and Willis Winn acted in a similar capacity for the second, *"Positioning of Securities on Over-the-Counter Markets."*

This third study, it is stated, might well have been published as the first in the series, since it is intended to be an introductory treatment of over-the-counter markets. The scope and general character of these markets are considered together with their structure and operation and some of their present-day problems. These matters were not presented earlier because of a lack of quantitative material.

In the preparation of the third study in the series, the author has been able to draw upon the two earlier studies as well as other data currently developed by the Securities Research Unit. From these and other sources, a number of summary tables have been prepared. These tables have made possible a much fuller presentation of the basic features of over-the-counter markets. At the end of the manuscript, an appendix has been added for those who may wish to inquire further regarding methods used in the preparation of the tables.

This entire over-the-counter research project has been made possible by a grant from the Merrill Foundation for Advancement of Financial Knowledge.

According to data obtained by Mr. Hoffman, there are an estimated 80 to 90 thousand corporations and governmental bodies in the United States, each of which has outstanding a sufficient amount of publicly-held securities to warrant on occasion an over-the-counter market. This is not to say that there are this many separate markets. The figure is intended only as an indication of the potential scope of the over-the-counter market.

Based upon a count of quotations which appear in investment services and private releases of investment banking firms, it is estimated that there are outstanding 40 to 50 thousand governmental and corporate issues of securities, each having at least an occasional over-the-counter market. This market (collectively viewed) is maintained by the bids and offers of many thousands of individuals, firms and institutions. It is estimated that the number of accounts which these various interests currently maintain in over-the-counter securities may be as many as a million, with, of course, changes taking place in the number and character of the accounts from day to day.

A professional group of approximately 3,000 firms forms the operating nucleus in maintaining the over-the-counter market and in executing the business of customers. Many of these firms hold memberships on exchanges, devoting most of their time to the execution of exchange orders for customers.

"Over-the-counter firms," Mr. Hoffman points out, "have two primary functions: (1) to create markets and (2) to maintain markets. It might be thought that to maintain a market all that is necessary is for firms to execute the orders of others as they appear. Clearly this is an ideal view of most over-the-counter markets, since the normal flow of bids and offers is not often a balanced one. In situations of imbalance, firms may attempt to bridge the gap by buying or selling for their own account in so far as their capital permits; or they may attempt to do this in conjunction with a lowering of bids or an advancing of offers; or they may attempt to enlist the interest and support of outside investors."

"Over-the-counter markets," Mr. Hoffman says, "can be formed in any publicly-held issue if there are persons willing to make bona fide bids and offers. All types of securities are found on these markets, with a predominance of trading in government and corporate bonds and in selected types of stock. These markets are pre-eminent in those securities having the least amount of risk and those having the greatest amount; but they also play an important role in issues of intermediate risk."

"On the supply side," Mr. Hoffman contends, "the outside limit of over-the-counter markets is the total of publicly-held securities, i.e., those held by persons (or interests) who will sell under 'favorable' market conditions. This figure may well be as high as $400 billion in market value—securities issued by as many as 80,000 issuers. On the demand side, the outside limit of over-the-counter markets is the capacity and willingness of people to invest."

Boston Inv. Club to Hold Dinner Meeting

George Geyer

BOSTON, Mass.—The next dinner meeting of the Boston Investment Club will be held at the Boston Yacht Club on Thursday, April 24, at 5:15 p.m. Principal speaker will be George Geyer, President of Geyer & Co., Incorporated, New York, specialists in bank and insurance stocks. His subject will be "The Outlook for Bank Stocks in 1952."

Banking Group Offers So. Calif. Ed. Stock

The First Boston Corp. and Harris, Hall & Co. (Inc.) jointly headed a nationwide investment group which offered publicly yesterday (April 16) 300,000 shares of $25 par common stock of Southern California Edison Co. at $34 per share.

Net proceeds will be used to finance the company's continuing construction program, including the retirement of $8,000,000 of bank loans previously issued for construction purposes. The company expects to spend about $139,462,000 on expansion during 1952-1953 on top of the $344,160,000 spent during 1946-1951. Chief item in the present program is the completion of a new steam electric station in San Bernardino County, initially to have two 125,000 kw. generators. Also in the construction budget is about $20,000,000 to begin work on additional steam generating capacity, plus other funds for engineering a new storage reservoir in Vermilion Valley and a new hydro-electric power project at Mammoth Pool, both in the Big Creek-San Joaquin River Area. Of the total funds required during 1952-1953, $8,000,000 remains from the bond sale last August, $90,000,000 will represent new financing—including the present sale — and about $41,000,000 will come from internal sources.

The company supplies electricity in Central and Southern California in a territory embracing 78 incorporated cities and more than 150 unincorporated communities, including Long Beach, Santa Monica, Santa Barbara and Beverly Hills. Dividends have been paid on the common stock in every year since the company's founding in 1909, and are currently at the annual rate of $2 per share. For 1951 operating revenues were $117,937,584 and net income was $19,615,182.

W. D. Bradford Opens

LOS ANGELES, Calif. — William D. Bradford has opened offices at 9025 Reading Avenue to engage in the securities business.

Gardner & Co. Formed

WHITE PLAINS, N. Y.—L. F. Gardner and H. A. Gardner have formed Gardner & Company, with offices at 241 Main Street, to engage in a securities business.

N. Blumengarten Opens

Nathan Blumengarten is engaging in a securities business from offices at 45 Nassau Street.

SAFEWAY STORES
INCORPORATED

1951 1950 RECORD

	1951	1950
Sales	$1,454,642,996	$1,209,993,762
Income from dividends, interest and other sources	780,358	125,292
Cost of merchandise, manufacturing and warehousing	1,253,692,213	1,033,677,866
Total operating and administrative expenses	194,115,290	161,723,887
Net Income	7,615,851	14,717,301
Dividends to preferred stockholders	1,237,534	1,036,733
Net Profit applicable to common stock	6,378,317	13,680,568
Net Profit Per Share of Common Stock	2.26	5.20
Dividends to common stockholders	6,786,488	6,400,897
Dividends per share to common stockholders	2.40	2.40
Number of new stores opened during the year	262	70
Number of stores closed during the year	209	164
Number of stores in operation at end of year	2,125	2,072

Net Sales, Earnings and Income

Safeway Stores, Incorporated, 1951 Net Sales were the highest in the history of the Company, totaling $1,454,642,996, an increase of $244,649,234 or 20% over 1950.

Net earnings after deducting all costs and taxes were lower than in 1950. This was due to (1) Federal price controls affecting the entire food industry (2) property loss of $774,768 suffered in the 1951 Kansas City flood.

Net income, after all charges and property loss, was $7,615,851 for 1951 as compared with $14,717,301 in 1950.

Cash dividends were paid on the common stock at the rate of $2.40 per share on 2,827,703 shares, the average number outstanding during the year.

Balance Sheet Information

On December 31, 1951, Safeway and subsidiaries had aggregate net assets of $113,821,747, total current assets of $239,921,849 and total current liabilities of $172,667,846.

The ratio of current assets to current liabilities was 1.39 to 1.

15-YEAR DIVIDEND RECORD

1937	$ .83*	1944	$1.00
1938	.67	1945	1.00
1939	1.50*	1946	1.00
1940	1.17	1947	1.00
1941	1.17	1948	1.00
1942	1.00	1949	1.25
1943	1.00	1950	2.40
		1951	2.40

*Paid in part in five percent preferred stock

Government Price Regulation

The food industry has suffered severely as a result of unfair and inequitable price control administration. This has been particularly true of integrated chain retailers such as Safeway.

A recent survey covering 32 chains doing approximately 15% of the total United States retail grocery business showed for the third quarter of 1951, as compared with the third quarter of 1950, that combined profits before taxes were down 59%; that dollar profits after taxes declined from $15,273,229 to $4,967,004 and that the rate of profit after taxes declined from normal of approximately $1.50 per $100 of sales to 41c per $100 of sales. Six of the concerns involved suffered actual net operating losses in the third quarter of 1951.

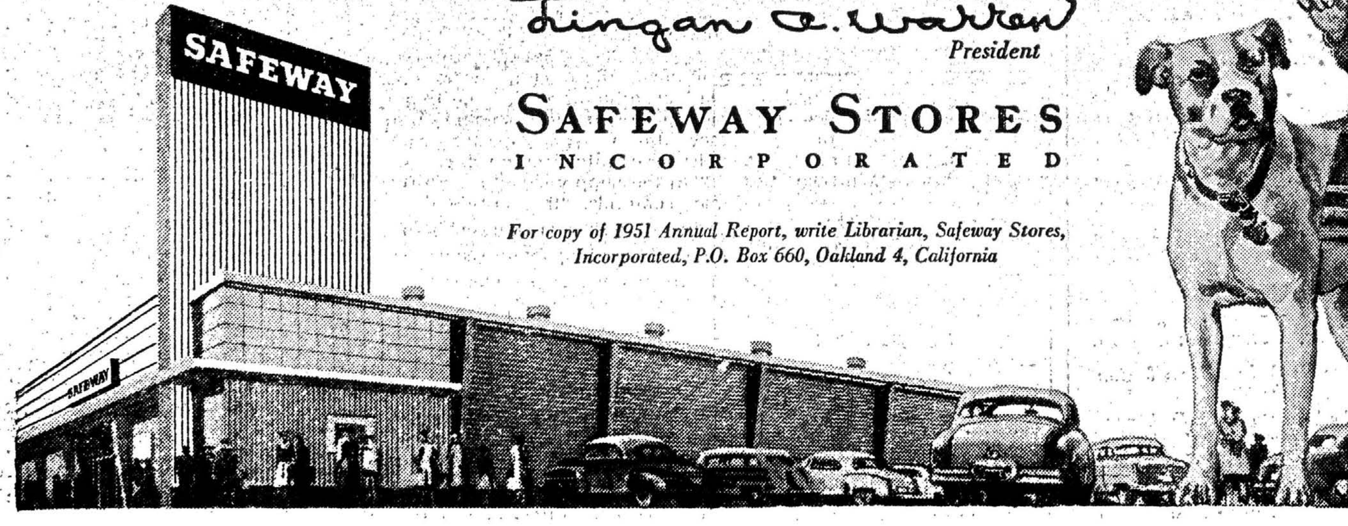
It is becoming increasingly evident that the retail food industry has been singled out as the principal victim of OPS regulations and that so far as it is concerned the price control law is to be used strictly as a political tool.

Safeway plans to continue its efforts to force the price control authorities to give fair and impartial treatment to it and to other food retailers.

Lingan A. Warren
President

SAFEWAY STORES
INCORPORATED

For copy of 1951 Annual Report, write Librarian, Safeway Stores, Incorporated, P.O. Box 660, Oakland 4, California



Canadian Securities

By WILLIAM J. McKAY

Canada's economic progress in the postwar years, unlike that of the United States, has been accompanied by a sound fiscal situation, under which the Canadian Treasury has shown a budgetary surplus in six successive years. This achievement is noteworthy, in view of the fact that the Canadian Government is carrying out a defense program, on a scale somewhat similar to that of our own government.

On April 7, Canadian Minister of Finance Douglas C. Abbott reported to the Parliament in Ottawa, that the Treasury for the fiscal year 1951-52 will probably show a surplus of around $365,000,000 based on revenues of $4,003,000,000, an all-time high, and expenditures of $3,647,000,000.

These figures are not final, but the estimated surplus for the year will be applied to reduction of the nation's public debt. This brings the total net debt down by $2,345 million in the last six years.

The estimated 1952 fiscal year budgetary surplus of $355,737,000 does not reflect the full extent of the Government's cash surplus available. After adjusting the budgetary surplus for non-cash transactions, it is estimated that an amount of $809,000,000 remains. This sum, together with $234,000,000 received from repayments of loans, investments and working capital advances and other non-budgetary receipts made $1,043,000,000 cash available for making necessary loans, investments and other non-budgetary outlays.

Analyzing the details of the total revenues, 55.2% was derived from direct taxes and 36.9% from indirect taxes.

Personal income tax receipts increased 50.2% over the previous fiscal year due to higher levels of employment and also to the 20% defense supertax applied last July. The corporation income tax, however, was the largest single source of government revenue, yielding $1,134,000,000. This increase is attributed to higher profit earnings and also to the defense surtax.

The favorable fiscal situation is not due so much to increased taxation, as to readjustment of taxes that would produce better results. The personal income tax, the corporation income tax, excise taxes and taxes on cigarettes were all adjusted in this manner.

Excise Taxes Cut

In the new budget, the excise tax on consumer goods, including automobiles, household appliances, tires, tubes, firearms, fishing rods, jewelry, clocks, golf clubs, and many other articles is reduced from 25 to 15%.

Heavy household appliances like stoves, washing machines and refrigerators, formerly taxed 15%, will be exempt. The net reduction in revenue from this change is estimated at $78,000,000.

The problem of cigarette taxation, which has greatly disturbed tobacco growers, manufacturers and the smoking public in recent months, has been solved by moving the tax back to where it was a year ago, i.e., three cents on a package of 20 cigarettes.

Canadian Government expenditures during the coming year are estimated at just over $2,000,000,000 for defense, nearly $1,000,000,000 for social security and pensions of various kinds, $650,000,000 for interest on the debt and payment to the provinces, and about $650,000,000 for general administration and other government activities.

Heller Co. Installs Toronto Ticker

Due to the great interest in Canadian stocks by investors in the Metropolitan area, Stanley Heller & Co., member of the New York Stock Exchange, has installed a Toronto Stock Exchange Ticker in its 601 Madison Avenue (New York City) branch office. The first day the ticker was in operation and before any announcement had been made, the facilities of this office were heavily taxed to take care of the traffic.

Waddell & Reed Add

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—Harold A. R. Conant has become affiliated with Waddell & Reed, Inc.

With Richard J. Buck Co.

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — John L. Brady has joined the staff of Richard J. Buck & Co., 8 Newbury Street.

Consolidated Inv. Adds

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Melvin L. Jory, Jr. is now with Consolidated Investments, Inc., Russ Building. He was previously with Highland Securities Co.

Renominate Crooks As NYSE Chairman

Richard M. Crooks, Thomson & McKinnon, was renominated for Chairman of the Board of Governors of the New York Stock Exchange.

Richard M. Crooks

Mr. Crooks, first elected Chairman on May 14, 1951, served as President and Chairman until September 10, when G. Keith Funston assumed his duties as President. Mr. Crooks is a partner in the Stock Exchange firm of Thomson & McKinnon and has been a member of the Exchange since 1941. He is 46 years old and was elected to the Board of Governors in 1946.

The Committee also proposed three new members of the Board, all of whom are outside of the New York metropolitan area. The membership of the Exchange will vote on the selections on Monday, May 12. The Nominating Committee is headed by John J. Phelan.

Nominated as new Governors were: Ralph Chapman, Farwell, Chapman & Co., Chicago; Albert O. Foster, Foster & Marshall, Seattle; Buford Scott, Scott & Stringfellow, Richmond.

Governors renominated were: J. Marshall Booker, Corlies & Booker; Arthur K. Peck, Walters, Peck & Co.; Harold W. Scott, Dean Witter & Co.; Homer A. Vilas, Cyrus J. Lawrence & Sons; Amyas Ames, Kidder, Peabody & Co., and Winthrop H. Smith, Merrill Lynch, Pierce, Fenner & Beane.

Total membership of the Board is 33.

Renominated to be Trustees of the Gratuity Fund, which pays death benefits to families of deceased members of the Exchange, were: Charles B. Harding, of Smith, Barney & Co., and William D. Scholle, of Scholle Brothers.

The 1951 Nominating Committee also proposed a new Nominating Committee; Joseph H. Brown, Reynolds & Co; Walter Hirshon, Hirshon & Co.; Edward L. Holsten, Salomon Bros & Hutzler; Nathaniel S. Howe, Hallowell, Sulzberger & Co.; Phillip B. Leavitt, Leavitt & Bry; Robert J. Lewis, Estabrook & Co.; Allan H. McAlpin, Jr., Wood, Walker & Co.; Percy M. Stewart, Kuhn, Loeb & Co.; and James J. Watson, Hornblower & Weeks.

With Tifft Brothers

(Special to THE FINANCIAL CHRONICLE)

SPRINGFIELD, Mass. — Joseph P. Lawrence is now connected with Tifft Brothers, 1387 Main Street, members of the New York and Boston Stock Exchanges. He was formerly Springfield Manager for Trusteed Funds, Inc.

Continued from page 6

Near Term Economic Prospects

spending is at record levels, but the increase in 1952, compared with 1951, is likely to be in the range of 5 to 10%, contrasted with an increase of about 30% last year. As in the case of defense spending, substantial periods of time are involved between the design of new facilities, the letting of contracts and orders, the construction of plant, the manufacture of equipment, and the final payment. The order books of most equipment makers are pretty well filled and a high rate of activity seems assured for 1952 and in some cases beyond. But, as time passes, the outlook beyond the current year becomes of growing importance for gauging economic prospects.

It seems a reasonable guess that 1952 will mark the cyclical peak of business spending on plant and equipment. This is not to suggest that a sharp drop is to be anticipated; on the contrary, there are many factors operating to sustain such outlays for a considerable time ahead. Many expansion programs are of a long-range character and will carry into, and in many cases beyond, next year. The stimulus provided by rapid amortization, for tax purposes, under the tax-certificate program will be substantial in 1952 and even in 1953. The prospects of increasing competition and constantly rising labor costs will give further impetus to the already strong pressures for modernization and cost reduction. Some industries are apparently operating with a rather substantial volume of obsolete or inefficient plant, while research and development programs are constantly bringing new products and new techniques.

On the other hand, it would be a mistake to ignore the very real deterrents against protracted record spending on plant and equipment. The selective adjustments in 1951 were sufficient to demonstrate the existence of excess capacity in several lines, and industrial capacity continues to increase rapidly. It has been estimated that by the end of this year our plant capacity will have increased by about 50% since the end of World War II; this rate of expansion is well in excess of normal. Furthermore, it is important to note that reinvested profits, which were the largest single source of financing for the large postwar plant expansion, declined sharply during the past year as the result of the extraordinarily high rates of taxation, and may very well suffer further impairment in the future. There is no prospect of tax relief this year and perhaps only slight chance of any real relief in 1953. Existing tax rates make it very difficult to justify new plant or modernization programs on an earnings basis, and the excess profits tax bears most heavily upon new and expanding businesses.

In summary, therefore, the prospect is that 1952 will be a record year for business spending on plant and equipment, but that the increase over 1951 will be of modest proportions. Furthermore, it seems a reasonable guess that although 1953 will be a good year for plant expansion, it is likely to show some decline from the current year.

Building and Construction — The outlook for construction has improved in recent weeks as the result of the release of more materials for civilian purposes. Unless the situation is changed by a protracted strike wave, this should mean a larger volume of public construction later in the year in view of the demonstrated need for schools, roads, hospitals and many other public facilities. Also, it may lead to some increase in commercial and other less essential construction, both of which have been held down in recent months through controls over materials.

Residential building is a key factor in our economy, affecting as it does, directly and indirectly, a wide variety of collateral industries. Basically, the housing market appears to be good; although the housing shortage has eased measurably during the past couple of years, vacancies are still subnormal in the aggregate. Also, there is a substantial amount of upgrading in housing requirements, and this will be facilitated by the current record levels of personal income. Furthermore, the population movements brought about by the defense program create a need for additional housing. These factors bolster the prospects for another good housing year. A publication which achieved an excellent record in forecasting the number of housing starts in 1951 has just completed its survey for the current year. It anticipates about 1.1 million starts in 1952, which is substantially the same number as last year.

Looking further ahead, it appears that the building boom is mature, as such booms go; for most of the postwar years, the number of dwellings built has been substantially in excess of the annual new housing requirements.

On the other hand, two factors are active which have not been present in any previous building boom. One of these is public housing, now an established institution in our political economy. Public housing activities have been curtailed during the past two years but there is little doubt that these programs will be increased when warranted by economic conditions. The second new factor is cheap financing by means of government guarantees of real estate mortgage loans, or direct loans by a government agency; in the postwar years, this permitted the purchase of a new house through monthly payments no greater than would be involved in renting. Finally, real estate lending terms have been tightened through the imposition of Regulation X, but can be loosened at the appropriate time, and there is always the possibility of new financing devices to increase the availability of cheap mortgage credit.

On balance, no good basis exists for a forecast of residential building beyond the current year. However, taking all the aforementioned factors into consideration, one may venture the guess that while 1953 is not likely to establish a new record in residential building activity, the volume of such building may not be very much lower than in 1952.

Consumer Spending — The decline in consumer spending early in 1951 was fairly modest, amounting to no more than about 3% from the first to the second quarter. The sharpest decreases were experienced in consumer durable goods—a not unexpected development in view of the several postwar years of high production followed by two large buying waves after the outbreak of the Korean war. For the past year, consumer spending on durable goods has apparently been on a plateau. On the other hand, spending on services and on soft goods in the aggregate has risen slowly but steadily and is currently at record levels.

Unless we have further wars or war scares, there is little likelihood of any signal change in the spending habits of consumers this year. However, a moderate increase in spending in the course of the year appears probable. Personal incomes are at record levels, and the current round of wage increases will put even more money into the hands of millions of consumers. Consumers now are apparently saving about twice as much of their income after taxes as they did in the postwar years, and more than they did in most years before World War II. Consequently, a further increase in savings is not probable. Also, the passage of time means wear, tear and obsolescence, and leads consumers back to the market. A stable or moderately rising trend of consumer outlays, if it develops, should help restore business confidence and support the inventory position of many business concerns.

Business Inventories—Inventory policy is one of the most volatile and significant factors determining the short-run changes in business activity. Inventory accumulation became noticeable in the latter part of 1950, in spite of the high levels of consumer buying, and assumed large proportions in the first half of last year. Since then, business inventories have increased further, although at a significantly slower rate.

Contrasting trends are noticeable in the recent inventory policies of retailers and manufacturers. Retail inventories have been reduced by some 10 to 15% from the highs of last year. The impression is that inventory positions in soft goods have been pretty well adjusted, but that some stocks of consumer durable goods are still excessive.

Inventories of manufacturing companies, on the other hand, have continued to increase rather persistently and steadily. In part, this reflects the growing defense program and some stocking up of materials in anticipation of defense requirements. In part, it reflects a desire by producers to keep costs down and to maintain their labor force by continuing production even if this means some increase in inventories. Also, some manufacturers recalled that they had cut production too severely in the 1948-49 adjustment and had been short of merchandise when recovery developed; they wished to avoid a repetition of this experience. This has probably been a factor in the textile field, for example. In the case of consumer durable goods, production was sustained by the expectation, prevailing until recently, of further and more substantial cutbacks in civilian output.

The outlook for business inventories in the months ahead does not indicate widespread forced liquidations with their depressing effects on production. Inventory positions have been under pressure for about a year and some real progress has been made in adjusting inventories to sales in many lines. At the same time, however, there does not seem to be much prospect that production will receive any important stimulus from further inventory accumulations. A year hence, business inventories are not likely to be significantly different from their present levels.

Summary — Except for certain imponderables, to be discussed later, the outlook for the next few months appears in a fairly optimistic light. There are a number of factors in the economy which will continue to provide substantial support for business activity. These include the projected high level of business spending on plant equipment, reasonably good prospects for public and private construction and for residential building; and record levels of personal income, combined with a rate of savings that is unusually high and is not likely to grow much further. A further reassuring development is the improvement in the inventory situation where a gradual adjustment has been in process for about a year. However, the only major factor that can be relied upon to provide an important additional stimulus to the economy is the projected increase in defense spending. This increase will be less than during the past year, but it will nevertheless be large and it will go mainly to support the heavy industries.

This combination of forces appears to provide reasonably good assurance against any real downturn in the aggregate level of business activity in the near future. However, it is probable that any upturn in business will be of relatively modest proportions.

As the economy moves into late 1952 and beyond, some of the supporting forces are likely to weaken. Defense spending is expected to stop rising: it will change from a dynamic to a sustaining factor. Both business spending on plant and equipment and residential building appear to be near their cyclical peaks; however, they are likely to display a sagging tendency rather than to drop sharply. In the meantime, productive capacity will continue to rise; in some key industries the rise will be substantial. Thus we face a question: what factors will arise to utilize our increasing productive capacity at continuing high rates?

Of course, the economy will not be devoid of some stimulating forces. The increase in the existing shortages in facilities of the Federal, state and local governments suggest the likelihood of a high and rising level of public construction, although public construction cannot compare in magnitude with private construction. Effective demand might be bolstered also if consumers decide to spend a larger percentage of their disposable income. Furthermore, there is a tremendous need for capital investment throughout the world, although it must be kept in mind that political conditions are not conducive to large foreign lending by private investors.

In any event, barring a further large increase in defense spending, the economic environment is likely to become increasingly competitive. We may have to accustom ourselves to an environment of somewhat less than the hyper-employment that has characterized most of the postwar years. This need not be regarded as a calamity; we need some slack in the economy in order to improve efficiency and to slow down the inflationary forces which arise from full employment. However, it may not be easy for business to adjust itself to a more normal pace.

One thing appears reasonably certain: if we are to continue to enjoy satisfactory levels of business activity without large-scale Government spending, we shall have to maintain a high volume of private capital investment—for housing, business plant and equipment, and the like—in the years ahead. Whether we can achieve this objective over a sustained period, once the pressures of making up deferred demands and of providing for the defense program have been satisfied, is at best an open question.

Some Imponderables in Our Economy

Any appraisal of the economic outlook is fraught with many imponderables that may cause the best-reasoned conclusions to go awry. Some of these imponderables are inherent to the mid-20th century economy; others happen to be particularly revelant at the present time. Three of these imponderables deserve consideration here: the labor situation, the international outlook, and the political scene.

Labor Situation — Two aspects of the labor situation are of immediate concern: (1) the possibility of increased labor difficulties and consequent interference with production; and (2) the effects of the round of wage increases which is now shaping up.

With the telegraph and telephone operators already out on strike and the steel furnaces [as this is written] being banked in anticipation of a strike, it is evident that we face a crucial period in our labor-management relations. The liberality of the concessions recommended in an election year by the Wage Stabilization Board in the steel dispute has created further serious doubts among business managements regarding the fairness and usefulness of the standards employed by that agency; at the same time, it has set even higher targets for wage demands by the labor unions. In view of these factors, the present wave of wage disputes may well bring greater perils to our economy than any of the previous differences between union managements and business managements since the end of World War II. The seriousness of the situation is further enhanced by the increasing market uncertainties which many industries face today.

It would be futile to predict how widespread or how far-reaching the effects of strikes upon production may become. Strikes in some industries may hamper the operations of business and cause inconvience to the public in general without serious harm to the economy in the aggregate. A short strike in steel might not be too significant; steel inventories seem to be more adequate than is generally realized. Protracted strikes in basic industries, on the other hand, would bring a period of reduced business activity, followed by a resurgence once production was resumed. There is, of course, the possibility, at least in the case of steel and presumably in other basic industries, that a failure of negotiations will lead to seizure by the Government to avoid a strike.[1] Such action, if effective, presumable would entail substantial concessions to the labor unions.

The successive rounds of postwar wage increases, far in excess of the gradual increases of industrial productivity, has without doubt been among the most potent inflationary factors in our economy. So far, however, they have been achieved without unfavorably affecting economic activity. Corporate profits were not significantly impaired in the aggregate; under the favorable market conditions hitherto prevailing, corporations were able to pass on a substantial portion of their increased costs, while capacity operations and technological advances helped make up the difference. Nor did organized labor suffer from a decline in employment as long as deferred demands and defense orders supported the market. The wage increases were disseminated quite rapidly, thus increasing consumer income and buying power, and the Treasury benefited from inflated tax receipts. The only real sufferers in the process were salaried employees, particularly in the middle and higher income brackets, and those living on pensions, annuities, and interest income.

The question seems pertinent whether this seventh round of wage increases may not be the round in which everybody loses. Present prospects are that a further substantial increase in wage costs will now come in part out of corporate profits. One hurdle is price control: although it is generally assumed that control standards will have to be revised to permit some price increases, it does not seem probable that the companies will be permitted to pass on the total amount of any wage concession.

The second hurdle is the market place. Market conditions for most goods are now significantly different from those which prevailed in the postwar years, and the prospects are that some markets may become softer in the future. Nowhere is this change more evident than in the case of consumer durable goods, including automobiles: there is no deferred demand at present levels of prices and income. Such an environment makes it very difficult to recapture cost increases through higher prices.

Nor is the Treasury's position likely to benefit from another round of wage increases. In the case of companies subject to excess profits taxes, the Treasury will bear most of the cost of the decrease in corporate profits. Even if companies are not subject to excess profits taxes, the Treasury is likely to be a loser, on balance, since the tax rates on corporate profits now are higher than on the personal income that will result from the wage increase. On the expenditure side, the Treasury will also lose because its purchases are much larger now than they were in the earlier rounds of wage increases, and because a larger portion of Treasury expenditures is going for the procurement of the products of heavy industry, where the largest wage increases appear likely. Thus, instead of helping to solve our budget problems, the current round of wage increases is likely further to aggregate the situation.

Even to labor, the advantages may not be as attractive as it appears on the surface. Unless the underlying market conditions become much more favorable than can be anticipated today, higher prices may mean lower production and with it, reduced employment. Perhaps the most serious consequence of this round of wage increases is the possible effect on business programs for capital expansion. It is difficult to avoid the conclusion that the whole series of developments associated with the current round of wage increases may have the effect of darkening the outlook for investment by American business. Should this view prove accurate, the outcome would impair an essential support of continued high-level production.

International Developments — The record of the past two years has clearly demonstrated the sensitivity of our economy to changes in the international arena. An armistice in Korea, even though long anticipated, is likely to strengthen the forces of deflation and readjustment; this would be a normal and expected reaction, especially in the sensitive commodity markets. Furthermore, an armistice, especially if followed by some improvement in the international atmosphere, would probably increase the discontent of the public over the present tax burden, and would doubtless lead to greater pressure to cut government spending for defense. Such a course of developments would hasten the day when the economy will have to learn to live without the dynamic impetus still supplied by a growing defense program.

On the other hand, we unfortunately cannot ignore the possibility of a further deterioration of international affairs. The danger is ever present that some of the many trouble spots in the world may erupt into violence. Such developments, even if they do not lead to a general war, would mean a speedup in defense production, larger cutbacks in materials available to the civilian economy, probably some renewal of scare buying by consumers and business, and a resurgence of inflationary pressures.

The Political Scene—The forthcoming elections, together with the President's announcement that he will not be a candidate, mean that, regardless of the results of the polls, the year 1953 will start with a change in our national leadership. The role of government in our economy is too important to permit this factor to be dismissed entirely from an appraisal of the outlook. Although many of the political trends are running strong in our economy, and will persist regardless of the parties or personalities involved, there are nonetheless some important areas where there is considerable room for various possible courses of action.

One problem which is likely to come to the fore pertains to the character, size and pace of the defense program. This is one question on which, except under conditions of all-out war, considerable leeway exists for differing points of view. The demand that the defense program be made more responsive to the needs of the civilian economy has many sound arguments in its favor. However, it also involves some dangers. One danger is that in our desire to maintain civilian production, we may not arm as rapidly as is necessary to assure our security. Another danger is that the defense effort at some future date may degenerate into a WPA-type of operation, with the amount of defense spending geared not to military requirements but to other considerations.

Another area of political debate which may lead to profound consequences for our economy involves the proper metes and bounds of government activity in social welfare at home and in military and financial support abroad. Decisions on these matters will importantly affect the size of the budget and consequently the rate and incidence of taxation.

The fundamental problem for the future is the degree of responsibility to be assumed by government for the maintenance of production, prices and employment. The principle that in the event of a pronounced economic depression, the government will take vigorous action to reverse the trend is by now generally established and accepted. However, there is an all-important difference whether an Administration strives to maintain full employment and hyper-employment under all conditions, or whether it is willing to accept moderate cyclical flucutations in business activity. The former has been the case in the postwar period, and its inflationary implications have been amply demonstrated. The latter would make for more competitive markets and would create the need for even greater flexibility and adaptability in business operations, but would be beneficial to the long-range development of a sound and healthy economy.

1 Editor's Note: Subsequent to delivery of Mr. Reierson's address, President Truman seized the steel industry and ordered the companies to continue production.

With Lagemann & Son

(Special to THE FINANCIAL CHRONICLE)

QUINCY, Ill.—Lloyd E. Sellers is now with Lagemann & Son, Illinois National Bank Building.

Two With E. E. Mathews

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Russell H. Craig and J. Arthur Dager are now with Edward E. Mathews Co., 53 State Street.

Westergreen in Oakland

OAKLAND, Calif. — Ernest E. Westergreen is engaging in the securities business from offices at 3539 Kingsley Street.

Farley, Green V.-Ps. Of Albert Frank Agency

Adrian M. Farley, Jr.

Adrian M. Farley, Jr. and George D. Green have been elected Vice-Presidents of Albert Frank-Guenther Law, Inc., it has been announced.

Mr. Farley has been with the agency since 1945, following his discharge from the U.S.N.R., after three and one half years service in the Pacific. Prior thereto he was for nine years associated with the Oxford Paper Co. in New York.

Mr. Green joined AFGL in 1946 after four years service with the Chemical Warfare branch of the Army. Previously he had been a member of the advertising staff of the New York "Herald-Tribune" for five years.

NY Bond Club Will Hear Adm. Fechteler

Admiral William M. Fechteler, United States Navy, Chief of Naval Operations, will address The Bond Club of New York at a luncheon meeting to be held at the Bankers Club on Friday, April 25, it was announced by James J. Lee, W. E. Hutton & Co., President of The Bond Club.

Martinez Joins Staff Of Albert Frank

PHILADELPHIA, Pa.—Francis X. Martinez has become associated with Albert Frank-Guenther Law, Inc. as Director of public relations in the agency's Philadelphia office, it is announced.

Reynolds Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

WINSTON-SALEM, N. C. — M. Stewart Robertson, Jr., is now with Reynolds & Co., Reynolds Building.

Our Reporter on Governments

By JOHN T. CHIPPENDALE, JR.

The Government market appears to have recovered from the surprise of larger offerings of Treasury bills, because it found out these additional securities could be very readily absorbed without having an unfavorable effect upon either the shorts or the long issues. Temporary price run-downs were followed with higher quotations and larger volume. Funds seeking investment in both the eligibles and the restricted obligations appear to be increasing. As a result of this, volume and activity have expanded and although both are at restricted levels when compared with past performances, they are nevertheless, showing signs of a recovery, which is not having an unfavorable effect upon sentiment in the market.

The bank issues, that is the shorts, the intermediates and the longs appear to hold the spotlight again, even though competition from the May and June eligible restricted bonds has been very keen. The highest income ineligibles have not been far behind, because investment buying has made them rather popular obligations of late.

Broad Market Developing

An expanding Government market, this time, volume-wise, as well as price-wise, continues to make friends and influence the people that have funds to put to work. Activity has picked up in the middle and long maturities as the near-term obligations hold their own. This means the shorts are still the most sought after issues, despite the need to move out into the higher yielding bonds in order to get income with which to keep pace with enlarged operating expenses. Funds that have been finding an outlet in non-Government obligations, are now being channelled more and more into Treasury securities which give the most favorable return. This goes for the bank eligibles as well as the restricted issues.

There are two segments to the current Government market, and it seems as though the eligible sector is still the more favored one despite the increasing competition that has been coming from the restricted issues, especially the near eligible obligations. The commercial banks, with some help from dealers and traders, have been giving the eligible issues more than a passing amount of attention. To be sure, this type of activity is concerned mainly with the intermediate and longer term, because the shorts are being taken for entirely different purposes, even though it involves most of these same operators.

The main reason for the lengthening of maturities by the deposit banks is the need for larger earnings in order to keep pace with growing expenses. Also very important is the belief that prices of the higher income obligations have now turned for the better and purchases should be made at this time because there is not too much likelihood that they will be available at more favorable levels in the future. Not a few of the commercial banks have been quite successful in their dollar averaging on the way down, but they are, nevertheless, not showing any signs of reluctance now in expanding purchases of certain issues on the way up.

While volume is getting larger, it still has a long way to go before it gets to the more normal levels. It has been sufficient, however, to make the Government bond business a more interesting business than it has been in the recent past. Some very good sized trades are now being put together as contrasted with the rather insignificant ones that were being consummated not so long ago. Also, dealers have been more active, trading has picked up and inventories are being built up here and there. While it may be too early yet to make predictions, there are more of the signs appearing every day which have in the past been the ear-marks of a very satisfactory Government market and bond business.

Near Eligibles in Demand

Ranking right behind the demand for the eligible issues, if such is the case, is the buying which has been going on in the near-eligible restricted bonds. The acquisition of the 2½s due 6/15/62-67 and the 2¼s due 6/15/59-62, have been rather sizable. Although no very large blocks of bonds have been involved, there have been a number of fairly good sized deals reported which, when added together, account for considerable volume in these securities. It is also reported that commercial banks have been making forward commitments in the near-eligible 2½s and 2¼s and this has done much to help the market action volume and activity in these securities. Pension funds, both public and private, have been buyers of the restricted issues. Savings banks and small insurance companies have also been in the market for these same bonds. State funds have been in both the long and short market for investments.

Commercial banks, it is reported, continue to give preference to the 2⅜s (despite advancing quotations), and the longest issue the 2½s of September, 1967/72. The 1956/58s and the 1956/59s appear to follow next in line, with the 2¾s due 1960/65 as acceptable as ever, especially when they appear in fairly sizable amounts as they have a few times recently. It is reported the Pacific Coast and the Middle-West banks have been quite active in the eligible market.

Halsey, Stuart Group Offers Equip. Tr. Ctfs.

Halsey, Stuart & Co. Inc. and associates are offering $4,950,000 Illinois Central RR. Co. 2¾% equipment trust certificates, series 35, to mature semi-annually Nov. 1, 1952 to May 1, 1967, inclusive, at prices to yield from 1.95% to 3.00%, according to maturity. Issued under the Philadelphia Plan, the certificates are offered subject to the approval of the Interstate Commerce Commission.

The certificates are secured by the following railroad equipment estimated to cost $6,631,995: 8 Diesel Passenger Locomotives; 7 Diesel Road Switching Locomotives; and 35 Diesel Yard Switching Locomotives.

Associated with Halsey, Stuart & Co. Inc. in the offering are—R. W. Pressprich & Co.; L. F. Rothschild & Co.; Freeman & Co.; Ira Haupt & Co.; The Illinois Co.; McMaster Hutchinson & Co.; Wm. E. Pollock & Co., Inc.; and Gregory & Son, Inc.

Continued from page 13

Peace and Profits Through Point IV

goods, while the 9 to the dollar rate applies to remittances on account of registered capital. In addition, the Bank of Paraguay charges a commission of 1% on all transactions.

Since August, 1951, Argentine importers have been paying for shipments with three rates, the preferential, basic and so-called free market, equivalent, in terms of U. S. dollars, to 7.50, 5, and 14.43 pesos to the dollar, respectively. In addition, there is the so-called black market rate which is now (March 25) about 26½ to the dollar. Here too, it is possible to effect transactions at profits amounting to as high as 430%.

In Chile, the importer also contends with a multiple exchange system. Rates vary from 31.10 pesos to the dollar for the official rate, to a high of 92.80 to the dollar for what is called the free market rate. In between we have the banking market rate of 43.10 to the dollar, the provisional commercial rate of 60.10 to the dollar, and the special commercial rate of 50 pesos to the dollar.

In other South American countries, exchange conditions are equally chaotic and disquieting. One is almost compelled to conclude that many in high office or position must find, in confused currency markets, a source of such high profits as to discourage or combat their discontinuance. One may therefore be justified in inquiring why, with all the financial aid given our neighbors by the U. S. Government and various governmental agencies, they have made no attempt to put their exchanges in order, so that goods and services may flow freely from and into those countries to the decided advantage of all concerned?

Worldwide Defense Mobilization

Because of the uncompromising behavior of one of the victors in the Great War, the U.S.S.R., the United States and the rest of the free world find it necessary, nay imperative, to spend billions of dollars for defense. Eighty-three cents out of every dollar budgeted by the United States, goes towards paying for past wars, supporting the present war, euphemistically called a cold one, toward the war in Korea which is still designated officially as a police action, and towards preventing a new war. Other countries, too, are obliged to expend large sums for defense, sums far in excess of their capacity. Hence, their dependence upon continued U. S. aid. Although such assistance is generously rendered to the free world, it is also granted to any nation avowedly anti-Russian. Thus, Communist Yugo-Slavia and totalitarian Spain are also found among the recipients of American dollars.

While American funds are being made available to the rest of the world, the overall economy of the United States is bound to remain at a high level. Trade will expand, employment will be large; corporate profits, even after taxes, will be substantial. And while certain branches of the nation's economy may not be affected and may, in consequence experience setbacks, the overall picture will remain satisfactory.

What Will Happen When Foreign Aid Ends?

What will happen to America's economy and to that of the rest of the world, which has come to depend on U. S. aid, upon the expiration of American assistance, is difficult to tell. All sorts of dire predictions have been made. If American legislators can be prevailed upon to appropriate billions for war and defense, why should it not be possible to persuade them to expend billions for peace and reconstruction? This they can, through the so-called *Point Four* program which calls for American aid to undeveloped and underdeveloped areas.

However, it is difficult to conceive of the successful implementation of such a program, so long as the world remains divided into two hostile camps, and the peoples of the world are in the grip of fear over a new catastrophe. How can nations seriously and wholeheartedly engage in reconstruction or development work on a large scale, if what is built today, may be destroyed tomorrow?

If a way could be found, or a method discovered to resolve the existing tension, the restoration of a war-torn world and the development of backward areas could be undertaken with confidence and assurance.

To be sure, expenditure through M. S. A. (Mutual Security Agency, successor to E. C. A.) will create a high level of business activity which is bound to cease, as soon as the spending ceases. On the other hand, POINT FOUR expenditure is equally bound to create a high level of business; but this will continue, even after the spending ceases, because the recipients will have created prosperous economies of their own, out of which they will be able to acquire American goods and services.

Eliminating Snags Between East and West

There are those who maintain that there can be no rapprochement between East and West, because there are too many snags to a peaceful adjustment, suggesting that force alone can resolve the tension. Such an attitude is most disturbing. One is reminded of the reply Bismarck made to a critic of the manner in which German-Russian negotiations were carried on more than three-quarters of a century ago. Asked "if there were not a snag in certain negotiations . . . with Russia," the Iron Chancellor replied: "There is more than one snag in it, but politics is the art of eliminating snags."

Applied to present day conditions, Bismarck's observation simply means: If those who are charged with guiding the political destinies of peoples and with resolving international disputes and controversies, throw up their arms in dispair, and say it cannot be done, it is incumbent upon the peoples affected to replace these, with statesmen who will and can achieve a solution.

Wars or frantic preparations for wars have never solved problems and never will. Peace is the most constructive force on earth. In an atmosphere of peace devoid of fear over a new conflagration, the implementation of Point Four is feasible and practicable. The work to be done throughout the world is enormous, and for years to come the United States is bound to be the only country which can supply goods and services on a large scale, with corresponding profits to the American economy.

Statesmen, both here and abroad, worthy of the name, might to advantage stop blaming each other for the existing friction, and reexamine world conditions with a view to resolving the raging controversy. The Chinese have a proverb which is eminently applicable to the existing state of affairs: "Do not curse the darkness. Light a candle." Let us all endeavor to achieve this and save mankind from utter destruction.

News About Banks and Bankers

CONSOLIDATIONS
NEW BRANCHES
NEW OFFICERS, ETC.
REVISED
CAPITALIZATIONS

The election of Paul R. Vervoort as an Assistant Vice-President of **The Marine Midland Trust Company of New York**, has been announced by James G. Blaine, President. Mr. Vervoort was formerly an Assistant Vice-President of Bankers Trust Company and, prior to its merger with Bankers Trust Company, of The Commercial National Bank & Trust Company of New York. He is a past President of Bank Credit Associates of New York and of Robert Morris Associates, New York Chapter. More recently, he was a National Director of Robert Morris Associates.

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Arthur W. McCain, Vice-Chairman of the Board of Directors of the **Chase National Bank of the City of New York**, was elected President of the **Union Planters National Bank of Memphis, Tenn.** at a meeting of the bank's directors on April 10. As of May 1 he will succeed Vance J. Alexander, who on April 10 was named Chairman of the Board of Directors and who will continue as senior executive officer of the Memphis bank. Mr. McCain, started his banking career 38 years ago as a clerk in the Bank of Jonesboro, Ark., his boyhood home, following graduation from Washington & Lee University at Lexington, Va., in 1914. In the ensuing years he gained wide banking experience in Chile, Argentina and in New York City. After 12 years in South America branches of the National City Bank of New York and the First National Bank of Boston, Mr. McCain in 1928 was appointed a Vice-President of the National Park Bank of New York in charge of the foreign department. After National Park was merged with Chase in 1929 he continued as a Vice-President in Chase's foreign department specializing in commodity loans, particularly cotton and wheat. In 1934 Mr. McCain was assigned to the bank's commercial banking department in charge of Chase's commercial and banking relationships in 11 states of the Far West, and later, in addition, supervised the bank's business in New York State and New Jersey. In April, 1946 Mr. McCain was elected President and a director of Chase. He continued as President of the bank until January, 1949, when he was appointed Vice-Chairman of the Board of Directors. He tendered his resignation as an officer and a director at the Chase Board of Directors meeting on April 9.

Arthur W. McCain

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S. Sloan Colt, President of **Bankers Trust Company of New York** announced on April 15 the election of Herman G. Maser as Vice-President of the bank. At the same time, announcement was made of the election of Charles H. Brunie, Joseph R. McLees, and Irwin Ward Smith as Assistant Vice-Presidents. George S. Onderchek was elected Assistant Treasurer. Mr. Maser, Mr. Brunie, and Mr. Onderchek will be associated with the banking department in the handling of construction loans and real estate activities. Mr. Maser has headed the construction loan division, while Mr. Brunie has been head of the real estate division of the Personal Trust Department, both of which units have been merged in the banking department. Mr. McLees, who has just returned from active duty with the Army, will rejoin the bank's New York and New Jersey banking group, while Mr. Smith will be assigned to the bank's Empire State office.

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It is announced by Randolph H. Brownell, President of the **Union Square Savings Bank of New York**, that Edward L. Nelson, formerly of the Bowery Savings Bank, has joined the Union Square Savings Bank as Assistant Treasurer in charge of the security investment department.

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A merger of the **Merchants & Farmers National Bank of Dansville, N. Y.** into the **Union Trust Company of Rochester, N. Y.** became effective as of February 29, under the title of the latter. The Dansville bank, according to the Comptroller of the Currency's weekly Bulletin of March 31 had common stock of \$77,870; preferred stock "A" of \$32,130 par value (retirable value \$64,260); and preferred stock "B" of \$7,500 par value (retirable value \$15,000).

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A consolidation of two New Jersey banks, viz. the **Citizens National Bank & Trust Co. of Englewood** (common stock \$300,000) and the **Northern Valley National Bank of Tenafly** (common stock \$150,000) occurred on March 31, and was effected under the charter of the **Citizens National Bank & Trust Co. of Englewood** and under the title of the **Citizens Northern Valley National Bank of Englewood.** The consolidated bank has a capital of \$540,000, composed of 9,000 shares of common stock (par \$60 each); surplus of \$5,540,000 and undivided profits of not less than \$190,000.

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A consolidation is reported of the **Allenhurst National Bank & Trust of Allenhurst, N. J.** (common stock \$100,000), and the **First National Bank of Eatontown, N. J.** (common stock \$80,000), effected under the charter and title of the Allenhurst National Bank & Trust Co. According to a recent bulletin of the Office of the Comptroller of the Currency, the consolidation became effective at the close of business March 21; it is further stated that the consolidated bank will have a capital stock of \$500,000, in 20,000 shares of common stock, par \$25 each; surplus of \$100,000 and undivided profits of not less than \$50,000.

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In accordance with plans noted in our issue of Feb. 7 (page 586), **The Lincoln National Bank of Washington, D. C.**, has increased its capital from \$400,000 to \$800,000; \$200,000 of the increase resulted from a stock dividend, while the sale of new stock served to add another \$200,000 to the \$400,000 capital. The enlarged capital became effective April 1.

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C. Grattan Lindsey, Jr., President of Lindsey-Robinson & Co., Inc., has been elected a member of the board of **The Bank of Virginia in Roanoke.** A native of Roanoke, Mr. Lindsey is the son of Charles G. Lindsey, Sr., one of the original partners of Lindsey-Robinson Company, a partnership which succeeded in 1912 a business started by J. M. Gambill in 1874 as a flour mill. Active in community and business affairs, Mr. Lindsey is a charter member of the Roanoke Junior Chamber of Commerce and President of the Virginia State Poultry Federation.

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The First National Bank of Norwood, Ohio, with a common stock of \$500,000, was consolidated with the **First National Bank of Cincinnati, Ohio,** effective April 1, under the charter and title of the latter, the common stock of which prior to the merger having been \$6,000,000. At the effective date of the consolidation the First National Bank of Cincinnati had a capital stock of \$6,375,000 consisting of 637,500 shares of common stock, par \$10 each; surplus of \$14,625,000 and undivided profits of not less than \$3,022,000, according to advices in the March 31 Bulletin of the Comptroller of the Currency. An item bearing on the proposed merger appeared in our issue of March 20, page 1204.

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The issuance of a charter on April 7 for the **Northwest National Bank of Oklahoma City, Okla.,** is indicated in the weekly Bulletin of the Comptroller of the Currency. The common capital of the bank is reported as \$200,000 common; and those comprising the primary organization are G. R. Pulley, President, and G. R. Pulley, Jr., Cashier.

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A capital of \$1,000,000 was reported by the **Pacific National Bank of San Francisco, Calif.,** effective on March 27, the amount having been increased from \$600,000 as a result of a stock dividend of \$400,000.

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Paul E. Neuschaefer, Vice-President of **Union Bank & Trust Co. of Los Angeles,** was elected and installed as President of the **California Bankers Association,** group 5, for the 1952-53 term at the spring meeting held April 14 at the Ambassador Hotel, Los Angeles. Others elected to office were: First Vice-President, Fred S. Hilpert, Vice-President, The Farmers & Merchants National Bank of Los Angeles; Second Vice-President, Lloyd L. Austin, Vice-President, Security-First National Bank of Los Angeles; Secretary, Rod Maclean, Assistant Vice-President, Union Bank & Trust Co. of Los Angeles; Assistant Secretary, Rudolph Ostengaard, Assistant Vice-President, California Bank, Los Angeles. Following usual association practice, outgoing Group 5 President Frank D. LeBold, Vice-President of the Citizens National Trust & Savings Bank of Los Angeles, will serve as Treasurer for 1952-53.

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The First National Bank of Nevada, at Reno, Nev., as a result of a stock dividend of \$500,000, enlarged its capital effective March 25 from \$1,500,000 to \$2,000,000.

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As a result of a stock dividend of \$5,000,000, the **First National Bank of Portland, Ore.,** increased its capital effective at the opening of business April 1, from \$7,500,000 to \$12,500,000.

Norman Dacey Adds

(Special to The Financial Chronicle)

BRIDGEPORT, Conn. — Dudley M. Amoss has been added to the staff of Norman F. Dacey & Associates, 114 State Street.

Coburn Middlebrook Add

(Special to The Financial Chronicle)

HARTFORD, Conn. — John J. Ferrante and Vito A. Mastromatteo have joined the staff of Coburn & Middlebrook, Incorporated, 100 Trumbull Street.

Railroad Securities

Impact of Rate Increase on Carrier Earnings

Speculators and investors are perverse species. For weeks railroad stocks have displayed a steady, but by no means generally buoyant, tone on expectations that a rate decision might be handed down by the Interstate Commerce Commission. That decision was released early Monday morning. There was a short, and not too vigorous, rally at the opening of the market. This soon gave way to selling pressure. Such reaction might have been justified if rail stocks as a whole were unreasonably high or if the decision had been less favorable than had been looked for. Neither of these is true.

Except for isolated instances, where there are outside factors affecting prices, most rail stocks are selling quite low in relation to earnings and dividend yields. Moreover, in contrast to what may be expected this year in many industries, railroad dividends could well be increased this year even without the benefit of the higher rates. As for the rate decision itself, the provisions could hardly have been disappointing to anyone. The increases granted were higher than had been anticipated—in fact, in these particular proceedings they could hardly have been any higher.

The Commission did make some minor exceptions to the general percentage increases allowed. That is always to be expected if for no other reason than to avoid disrupting existing market relationships for specific commodities. Also, no increase is granted on charges for certain services. With these few exceptions, the railroads were given all they had asked for. It is many, many years since the Commission went along so completely with the railroads' requests, granting that there has been considerable delay in getting the needed rate relief. It is the belief of most railroad analysts that the rate increases, coupled with the automatic wage reduction of one cent an hour that went into effect April 1, afford a very favorable background for railroad securities.

The rate case just decided dates back about 13 months. In it the carriers had asked for a blanket increase, including the usual minor exceptions, of 15% in all freight rates. In its first decision in the proceedings the Commission granted increases of 9% in the East and 6% in the South and West, giving recognition to the more stringent condition of some of the major railroads in the East. The final decision equalizes the differential, giving the South and West an additional 9% over rates prevailing in March 1951 and the East 6%. So now, the railroads throughout the country have been granted the blanket 15% increase they had originally requested.

In the proceedings the 15% increases have not been made a permanent part of the rate structure. They are characterized as "surcharges" to the basic rates and are set to expire in February 1954. The original increases granted were set to expire in February 1953. As a practical matter, however, the present temporary nature of the increases appears of little moment. The Commission has fully recognized the needs of the carriers for additional revenues to offset the constantly mounting spiral of wages and fuel and material costs. Unless there is a reversal of this inflationary trend, which certainly at the present does not appear in the cards, the Commission could hardly refuse to extend the surcharges, or make them part of the permanent rate structure when the time arrives.

On the basis of industry estimates the most recent rate increases should aggregate \$678 million on an annual basis. On the basis of present Federal income tax rates, but without any adjustment for possible excess profits taxes in individual cases, this would work out to \$325,440,000 net on an annual basis. This would be equivalent to almost half of the aggregate net income reported for the calendar year 1951, which by all normal standards was a good year. Most of the increases will presumably go into effect by the first of May so that they could contribute as much as \$190 million to net after taxes in the current year. This is hardly an amount to be lightly shrugged off with a half hour rally of the rail stocks.

Halsey, Stuart Group Offers Utility Bonds

Halsey, Stuart & Co. Inc. heads a group of underwriters offering \$7,000,000 Wisconsin Power & Light Co. first mortgage bonds, series F, 3¼%, due April 1, 1982, at 100.76% and accrued interest. The underwriters were awarded the bonds on their bid of 100.17%.

Proceeds from the sale of the \$7,000,000 bonds, 15,000 shares of 4.80% preferred stock, and 288,208 shares of common stock will be applied to temporary bank loans incurred for construction purposes and to pay for a part of the company's construction program. The company estimates that expenditures for additions, extensions and improvements to its properties during 1952 and 1953 will aggregate about \$32,900,000.

For debt retirement purposes the bonds may be redeemed, beginning in 1955, at prices ranging from 100.72% to 100% and for other purposes at prices ranging from 103.76% to 100%.

Wisconsin Power & Light Co. is engaged principally in supplying electricity and/or gas in 32 counties in southern and central Wisconsin. Of total operating revenues in 1951 over 91% was derived from the sale of electricity, almost 8% from the sale of gas and the remainder largely from the sale of water. The territory is centered around the cities of Sheboygan and Fond du Lac, Beloit and Janesville, and Beaver Dam and Portage.

Among those associated in the underwriting are: Gregory & Son Inc.; Mullaney, Wells & Co.; Thomas & Co.

Henricksen Joins B. J. Van Ingen Co.

B. J. Van Ingen & Co. Inc., 57 William Street, New York City, announce that Walter B. Henricksen has become associated with the firm in its sales department. Mr. Henricksen formerly was associated with Blair, Rollins & Co. Inc.

With Prescott & Co.

(Special to The Financial Chronicle)

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

Continued from first page

As We See It

Had the President's crocodile tears not blurred his vision he would have noticed that over the sweep of the past dozen or so years — that is, since late prewar days—the hourly earnings of the steelworkers have risen very, very sharply, and that along with all other industries the steel industry has increased its rates of pay faster than the cost of living has risen. Even since Korea the hourly earnings of the steelworker have risen faster than the cost of living—and even if the cost of living had risen faster than wages the remedy is hardly to be found in action which can be counted on to push the cost of living even higher.

Other Aspects

All these and some other important aspects of the case have come in for a full share of public discussion. The rank and file of the people of this country could hardly be excused for not knowing and, within reasonable bounds at least, understanding the facts concerning them. There are certain other aspects of the case of which the same can not be said, or at least so it seems to us. This latter is particularly true of the inflationary considerations involved. The President, of course, says that the wage advances recommended do not breach the wage stabilization line of his Administration. He seems to suppose that if only there is no increase in the price of steel, no inflationary potential would or could be brought into existence by the higher pay he says the workers should get.

This notion that such an increase in pay would or would not have an inflationary impact depending upon whether or not there is any increase in steel prices as a result of it seems to us to go about the limit of economic nonsense. Let us turn to the facts for a moment. The steel industry, according to the American Iron and Steel Institute, reported for tax purposes in 1951, income of some $1.9 billion against $1.5 billion in 1950. From the $1.9 billion the companies will be obliged to pay $1.3 billion in taxes on that income, leaving them some $668 million in earnings for the stockholders who put up the funds to bring the industry to its present state of efficiency and productivity. In 1950 they had to pay the Federal Government some $777 million in taxes on a taxable income of about $1.5 billion.

Now let us suppose that the "package" demanded by the union costs the industry only $250 million, or some such amount. This seems to us to be far too low a figure, all things told, but our calculations would work out about the same in any event. What we are supposing is that the profits of the steel industry are lower in 1952 by some quarter of a billion than they otherwise would be. Now of this quarter of a billion, the steel companies if they were permitted to record this as taxable earnings (rather than to pay it out in wages and the like) would be obliged to pay the Federal Government say $200 million in taxes.

Who Pays?

Now if these funds, instead of going into the "profits" of the steel industry, are put in the weekly pay envelopes of the rank and file of the steelworkers, very little of them will find their way into the Federal Treasury as income taxes. For practical purposes we should be risking only minor error to ignore such taxes as these altogether. In a very real sense, then, we can say that for each quarter of a billion the steel wages bill is raised in this way, not the steel companies but the general public, will put up upwards of $200 million to meet the added costs, this assuming of course that the President succeeds in preventing the companies from getting more than say three dollars a ton increase as a result of the higher wages paid.

What happens in the long run is that the taxpayers pay these wage increases, not the individual companies or, as would be the case if prices were raised, not the users of steel and of products made of steel. Now let us push this matter one step further. Are these added burdens to be assumed at once by the taxpayer? If so, it could be that the increased income to the steelworker might largely be deducted from the current income of other groups, thus preventing or thwarting the growth of any inflationary potential. But the fact is that the authorities at Washington are predicting a whopping deficit this year. They are saying that we shall have to meet a very substantial part of the cost of government this year by borrowing. This seems to be another way of saying that the Federal Government this year is ready and willing to forego the collection of hundreds of millions of dollars from the steel industry and to go to the general public asking it to lend the funds that might otherwise be collected in taxes.

Now, of course, if the Government borrows from individuals and other nonbank lenders, the net outcome, for the time being at least, might be a process of robbing Peter [the investor] to pay Paul [the steelworker]. This would, it seems to us in the circumstances be unwarranted enough in all conscience. It would, however, for the immediate present at any rate, avoid the building up of an overall inflationary potential as a direct result of the wage increase.

Fiat Money for Wages

But who believes that the banks, Reserve and commercial, will not be called upon to help finance the deficit before a great many months have passed? If this should occur we should in effect be creating fiat money to help pay a steel wage bill—or should we say a political debt to militant labor unions?

Continued from page 11

Vishinsky vs. American Business

ganda produced in Committee 2 is of inestimable value to the Soviets. Unlike the proceedings in the plenary sessions of the General Assembly, no verbatim record of what goes on in Committee 2 is made by the U. N. staff, although a rather full summary is available through the Publications Section. Nevertheless, verbatim records are maintained by Soviet sympathizers in the gallery, who for the most part were junior journalists and stenographers working for the French communist press in Paris. No equivalent verbatim record was maintained in the English language, although formal speeches by Congressman Mike Mansfield of Montana, our delegate in this Committee, were mimeographed and distributed.

We have mentioned briefly the discussion about copper miners' wages. That is just one islolated incident. On another day there was a long diatribe by the Iranian delegate against the Anglo-Iranian Oil Co. in which he accused the Chairman and the Board of Directors of having published a criminally untrue operating report in the London newspapers. The Iranian shook with emotion as he literally screamed out his charges. The British delegate, of course, answered but he displayed unfamiliarity with the oil business and economics in general. He did not point out that if the Iranian charges were true, a simple remedy was open under the British Companies Acts which prescribe severe penalities for false statements with respect to securities.

Anti-"Rockefeller" Smearing

Again on another day the properties of Venezuelan subsidiaries of American oil companies were made the subject of attack. The propaganda line was, as may be expected, that "Mr. Rockefeller" owned these properties. It was not mentioned that the largest of them was the property of the Creole Petroleum Company, which in turn is over 90% controlled by Standard Oil of New Jersey, which is owned by several hundred thousand American stockholders. In the light of this it is easier to understand that propaganda, agitation, subversion, bribery and blackmail are tools which can do a great deal of harm abroad. It becomes less surprising, moreover, that American investments in other parts of the world are finding the going difficult as in the well publicized case of the United Fruit Co. in Guatemala. It is important to realize that these phenomena are not local but global in nature, all connected with one another. Ideas such as Iranianism, that extreme form of economic masochism, are contagious. Even in highly prosperous Venezuela, a recent headline in "El Universal," a leading newspaper of Caracas, reads "Venezuela Should Join the Countries Which Work Their Own Oil." Can it be possible that Nationalism is an idea of the mind and not a hunger of the belly? This is something for our intellectuals to ponder.

Long-Range Objective

It must be clear to all of you, as it was me, that the long range propaganda objective in Committee 2 is to discredit American holdings and investments throughout the world and to use the U. N. as a framework in which to give such attacks the semblance of authenticity. We were advised that a similar procedure went on all Summer in the 1951 session of ECOSOC in Geneva, Switzerland. Here Dr. Isidor Lubin, Economic Adviser, and Messrs. Stewart and Murden of the U. S. delegation had Mr. Arkadiev of the U.S.S.R. as their principal opponent. There is little doubt that the Soviets through careful monitoring transcribed the proceedings at each session, selected the material they wished in order to support their prefabricated doctrines and then sent it out all around the world to the Communist parties and the Communist unions which are members of the W.F.T.U. to which we previously referred, and which is in effect the international communist union holding company. This operation is one of attrition. Its objective may be amputation. It seeks to deprive us of our friends, the markets for our products, the sources of raw materials needed to sustain our industrial life and to take away in one form or another the assets of our corporations and individuals. It may take a couple of years, it may take 5 years, or it may take 10. The men in the Kremlin have patience. They can wait. The Politburo and its propaganda arm are skilled men. They have been at it for 34 years. They are trained revolutionaries, selected, among other things, for their objectivity and ruthlessness. They must feel confident in the knowledge that they almost literally have no "opposite number" in the U. S. True, we have a Psychological Strategy Board in Washington, but it seems to be under new leadership every few months or so. It does not have very much power.

In view of all this, it became obvious that there might be two tasks or roles which I as an individual might perform as a nongovernmental observer during the current session in Paris. The first was this: The tremendous propaganda drive against Wall Street and so-called American big business had to be answered quickly and effectively.

One of the important French daily newspapers seemed to be the most effective medium. Accordingly, through parties not connected with the American delegation or the U. S. Embassy, an interview was arranged for me with the Diplomatic Editor of "Le Monde," the conservative newspaper which was the successor to the "Temps," but which had not been particularly friendly to American interests. Some difficulties arose. First of all, I was obliged to make an outline of what I had to say. Second, the editor who interviewed me was obliged to obtain the consent of his editorial board, because an interview with anyone from "Wall Street" was somewhat of a novelty, and it had to be carefully written since it would most surely draw fire from the left wing and the Communist press. About five weeks after my first contact with "Le Monde" the interview was published under the headlines which in this gathering might seem somewhat remarkable. I quote them herewith: "Wall Street answers the Soviet Union." The sub-heading was "We do not want war, says M. Byfield of the New York Stock Exchange."

One thing more. It was necessary to write a memorandum to provide background material for the interview, and this subsequently was given the title: "Wall Street's Vested Interest in Peace." It was surprising to me that this type of material had not previously been made available abroad despite the acute necessity for something like this. The realization of this situation frightened me.

Classifying Propaganda Tricks

The second task which needed attention was the classification into various categories of the propaganda tricks used by Messrs. Vishinsky, Malik and their associates. It is, of course, elementary psychology that classification, earmarking, identification and labeling raise one's threshhold of tolerance. The unknown frustrates. The Polituburo and its agents use a special type of hate language, particularly in its attack upon the economics of the Western World. Most well informed Americans know that the Soviets have prostituted the entire cultural apparatus into the service of the State. They have done so with art, the drama, music, biology and other sciences. No one seems to have realized that they have also done this with economics. In fact, they have twisted and distorted economics so that it is difficult even for professional economists to decode their language. Perhaps it would serve our purpose to call this new weapon, "Propa-nomics," this being the mongrel offspring of evil propaganda and fraudulent economics. It is an important part of the Soviet hate language which we might call "Commichat." Kremlin propaganda seems to fall into eight categories and here is my version of them:

First, the **false label** trick. This includes many terms which had been made familiar by the speeches and writings of Communist apologists:

Warmonger: Anyone who is willing to defend himself or his country, if need be by force of arms, from Soviet enslavement.

Aggressor: Anyone or any nation opposing Soviet imperialism.

People's Democracy: A totalitarian government taking orders from Moscow.

Fascist State: A totalitarian government not taking orders from Moscow.

Profiteer: Anyone who makes a profit.

Peace: A condition of helplessness and indefensibility before the military might of the Soviet Union.

Peace-Loving: Any nation, people or individual willing to cooperate with Moscow.

Cooperation: "You let us do what we want and then help us do it."

Reactionary: According to General Kotikov, a reactionary is anyone who isn't a Communist.

Monopoly: Any corporate enterprise.

Monopolist: A businessman.

Millionaire: An important businessman.

Billionaire: A very important businessman.

Wall Street: Not a street, nor a financial mechanism, but the symbol of capitalism, free enterprise and private property.

War: Not necessarily the physical clash of men on a conventional battlefield, but propaganda, intrigue, assassination, blackmail, economic pressure, infiltration, subversion, agitation, kidnapping and shakedowns.

Colonialism: The act of a country or a corporation in investing capital abroad to develop raw material sources.

Imperialism: The act of investing money abroad for any purpose whatsoever.

Ruling Circles: Anyone with a job in Washington who has ever worked for a bank, a stock exchange firm, an investment house or corporation whose shares are listed on any exchange. National City, Morgan or Dillon Read affiliations count double.

Besides these terms there are others with subtleties of their own. One of them is "freedom of speech," and when a Communist uses this phrase he merely means "freedom to print the propaganda line of the moment." Again, the Soviets have mislabeled and twisted the word "disarmament." What Messrs. Acheson, Eden and Schuman believe is a practical solution of the disarmament question is "limitation, regulation, balanced production and control of armaments." When Mr. Vishinsky uses the word "disarmament" he means abolition of rearmament, not a reduction of armament. This is a false label or definition. It serves the tricky purposes of the Kremlin to use this type of definition.

Second is the **Dwarf and Giant** trick. The essence of this trick is to make a given fact appear large or small, whichever is desired, by comparing it with a selected other fact. For example, a person of ordinary height may be made to look small by placing him alongside a giant. Or again he can be made to look large by standing him next to a dwarf. Mr. Baranowsky of the Ukranian S. S. R. used this when in one of his UN speeches he compared current profits of American corporations of $18.5 billion a year with the selected figure of a poor year a decade and half ago which was only $3.4 billion. Statistical manipulation of this kind has unlimited possibilities and is one of the most common methods of controlling judgment.

The third is the **Siamese Twin** trick. The goal of this trick is to make the unlike appear identical. The professional semanticists describe this process as an attempt to place something that is to be opposed or to be discredited into a framework of reference which everyone hates, such as sin, greed, corruption or envy. The use of the words "profit" and "profiteer" in close junction sets up a desired confusion, and may serve to arouse a hostile attitude toward a legitimate social act. Similarly we have seen handling of the words "corporation" and "trust" interchangeably with the easily recognizable objective of contaminating the former with latter. In a sense, this would be the act of indictment by association; so would be the exact opposite—whitewash by association. One is a negative and the other a positive transfer.

Bandwagon Methodology

The well known bandwagon methodology is really a variation of the Siamese Twin trick. This notorious Stockholm peace petition cleverly devised some years ago by the Kremlin is a classic example. In this case a fake petition was made to appear identical with a genuine petition. Then there is the bandwagon methodology in the past tense. You all know the hackneyed phrases of Communist propagandists such as, "as is well known," "as everyone knows," or "it is common knowledge." The assumptions here are that a plebescite has been held to begin with and that certain common judgments have been freely arrived at by large masses of people. Neither are true. We might cite this sort of thing as compound rather than simple intellectual rape.

The fourth is the **Albatross** trick, which consist of "hanging a dirty adjective around the neck of an expendable noun," with due apologies to the Ancient Mariner. We might as well say right here that no noun has had more dirty adjectives hung on it than "profit." It is simply amazing how the Communists and left-wingers hate that word. This is natural because it is the symbol of a free, private enterprise economy. Messrs. Vishinsky, Baranowsky and Kiselev never say "profits," but always "gigantic," "tremendous," "new and greater," "fabulous," "exorbitant," "extortionate," "unconscionable" or "skyrocketing" profits. "Capitalism," is hardly ever used alone. It is always "monopoly capitalism," "finance capitalism" and "imperialistic capitalism." What the UN is doing in Korea is not merely "warfare"—it is always "aggressive warfare." And so goes the lexicon of social revolution.

The fifth is the **Lone Tree** trick. This consists of pointing out a lone tree in a forest of ideas. It is ancient, and, philosophically speaking, it involves the fallacy of the isolated absolute. The practice of lifting a phrase or a sentence out of context to buttress a doctrine or document a point is an example of the Lone Tree trick. Quoting from historical personalities such as Thomas Jefferson and Abraham Lincoln are other examples.

The sixth is the **Court Room** trick. This is used by the North Koreans and the Chinese to smear the UN. In plain language, when a guilty party has no case he proceeds to smear the district attorney and the plaintiff in order to make it appear that he himself is the plaintiff and not the defendant. General Romulo of the Philippines threw an interesting light on this type of propaganda when in a recent speech before the General Assembly in Paris he indicated that the charges of the Soviets against the Western nations usually mirrored their own intentions.

The seventh is the **Time Machine** trick. Communists have no hesitancy in turning the clock back to suit their purposes. They make the present seem like the past. Social abuses long since corrected by evolution or by legislation are made to appear as though they still exist. The Time Machine trick is used in quoting from the writings of Steinbeck, Upton Sinclair and others who have depicted some of the less attractive aspects of our American scene in the past.

The eighth, the last, and perhaps the most important of all, is the **A B C** trick, a semantic device which has had wide and subtle application. It is basic in the strategy of the Kremlin, for it carries an historical appeal designed to influence hundreds of millions of people throughout the world who are yearning for simple answers or a quick panacea to relieve them of their burdens and responsibilities. To achieve their purpose the Communists have designed a series of deceptive slogans to serve specious ends. Some of them are plausible and all of them are simple. You will recognize them as "end to the armaments race," "prohibition of the atom bomb," "all foreign troops out of Korea," "land reform," and "unity for Germany." The realties for the cure of which these slogans are offered in the sole interest of the Kremlin are, of course, much more complex. To answer some of these problems there is no quick formula, nor a magic solution which in many instances has confronted international bodies for over 50 years. Nevertheless, the Soviet slogans seem to have been convincing to half a billion people, more or less, at least for the time being.

The A B C trick comprises the scapegoat idea as well, this being the negative version. Just as you offer a benign slogan or symbol which is to cure all the troubles of the world, so you offer its quick, packaged, opposite number. The cause of all the world's troubles — the universal scapegoat — good old "Wall Street." It is as simple as A B C, but more lethal for the Western World than the atom bomb itself.

Most Serious Problem

And so, in summarizing all of this, we venture the opinion that the situation is most serious and the remedies difficult, but the outlook is far from hopeless. It is obvious that we cannot write a program in a few minutes. All we can do here is to make a few suggestions. If it is to be dealt with properly the burden of handling the attacks of the Soviet propaganda machine will fall upon many shoulders, including your own. It will involve the efforts not only of government, but of those engaged in private industry and trade. Here are a few suggestions born of my own experience:

(1) We must organize ourselves as a nation and coordinate our efforts on the subject of propaganda. This needs legislation and competent personnel. It might even mean a cabinet position for the ranking officer charged with the execution of the tasks we have mentioned. Yet organization and able personnel are not enough. There must be the necessary authority placed into the right hands. Admittedly a collectivist government would find the creation of an organization like this much less difficult than a representative government of checks and balances like our own.

(2) Our appropriation for propaganda and information is woefully inadequate. We understand that it amounts to about $150,000,000 per annum. In contrast to this the Soviet Union and its satellites are reported to be spending close to 10 times this amount. Perhaps they are spending as much in France alone, a key country, as we spend in all parts of the world. There are plenty of ways in which other less important government functions can be curtailed in order to find funds for this purpose.

(3) Business must not leave the task to government. There are many things some of our leading corporations and trade associations can do individually and as a group outside of government efforts and also in cooperation with the government. One of the best laboratories for working out such a program would be the forthcoming sessions of the UN and its affiliated organizations. This will call for some change in present State Department policies. Corporate managements, particularly those with overseas interests, must increase their ideological awareness. If this is done there will be no further excuse that any of them do not know what is transpiring in the UN and its committees, as has been the case in the past.

(4) Our men holding or aspiring to high public office should avoid intemperate attacks upon American business for political reasons. Our representatives or delegates in foreign service and in the UN have had a difficult task telling America's story. They should not be needlessly hampered or hamstrung in these efforts. Let us take a few illustrations. Last fall in the UN at Paris the Soviet propaganda machine kept hammering out the charge that American corporations employ "slave labor," not only in their domestic business, but in their foreign operations as well. We have already referred to this in the case of Chile. Such charges are naturally absurd, but how can we make any progress if all the Soviets have to do is to quote, as they constantly do, some of the statements of our own government agencies and government officials? For example in the President's 1948 Labor Day address in Detroit he stated:

"Do you want to carry the Taft-Hartley law to its full implication and totally enslave the working men, while-collar and union man alike, or do you want to go forward with an Administration whose interest is the welfare of the common man?"

And, again, Dr. Isidor Lubin ably defended American business against the charge of widespread and almost universal monopoly made by Mr. Arkadiev at the 1951 session of ECOSOC at Geneva. Yet Mr. Arkadiev can sit back and grin, because all he has to do is to refer to some of the charges of Congressman Emanuel Celler, Chairman of the Monopoly Subcommittee of the House Judiciary Committee, which has been blasting corporate managements unmercifully with charges of monopoly practices for many years. And Mr. Arkadiev most assuredly possesses a copy of the report of the Federal Trade Commission on the Concentration of Productive Facilities written in 1947. This is a classic broadside accusing American industry, if not of widespread monopoly, then at least of oligopoly, meaning the Big 2, the Big 3, the Big 4 in various industries, and so on.

(5) We must assume the offensive. Merely answering the attacks does not pay. Perhaps the best quotation from the classics to illustrate this point is from the first philippic of Demosthenes. In his address to the Athenians about 315 B.C., he said:

"Shame on you Athenians for not wishing to understand that in war one must not allow one's self to be at the command of events, but to forestall them. You make war against Philip like a barbarian when he wrestles. If you hear that Philip has attacked in the Chersonese, you send help there. If he is at Thermopylae you run there. If he turns aside you follow him to right or left, as if you were acting on his orders. Never a fixed plan; never any precautions. You wait for bad news before you act."

(6) And last, but not least, let's stop apologizing for American capitalism. Let us stand up and be counted, and let us be represented abroad by men who understand our system and believe in it passionately. Examining the biographical sketches of many of our representatives one gathers the impression that they are people who have made careers in international law, in politics, in diplomacy, in social work and perhaps also in public relations. Often one looks in vain for any training or experience in economic or in politico-economic matters. This is noteworthy in view of the fact that the great global clash of ideas in which we are engaged today is that of Communism vs. Capitalism.

Aprpos of this and in closing, I should like to quote an old Polish proverb which will illustrate this point:

"If you wish to protect the seeds against the birds, you don't send in the chickens as guardians."

Funston Calls NYSE Members Attention to Amended N. Y. Abandoned Property Law

In a letter addressed to members and member firms, G. Keith Funston, President of the New York Stock Exchange, called attention to an act enacted at the 1952 session of the New York Legislature, amending the Abandoned Property Law (Chapter 461, Laws of 1952), which will require the payment to the State of New York of certain unclaimed property, such as cash dividends, interest and credit balances, held by brokers and dealers for customers. The amendment of the law is effective April 1, 1952. However, its provisions are applicable to unclaimed property received in New York State after June 30, 1946.

The definition of abandoned property as contained in this amendment is as follows:

"Unclaimed property; when deemed abandoned. The following unclaimed property shall be deemed abandoned property:

"(1) Any amount received in this state after June 30, 1946 by a broker or dealer or nominee of such broker or dealer as the holder of record of a security remaining unpaid to the person entitled thereto for five years following the receipt thereof.

"(2) Any amount received in this state after June 30, 1946 due from a broker or dealer to a customer which has remained unpaid to the customer for five years after the date of the last entry, other than the receipt of dividends or interest in the account of such broker or dealer with such customer.

"Provided, however, that if any amount specified in this section is reflected, recorded or included in an account with respect to which such broker or dealer has on file evidence in writing received within the five years immediately preceding the 31st day of December preceding the date such amount would otherwise be payable pursuant to section 512 that the person entitled thereto had knowledge of such account, then such amount shall not be deemed abandoned property."

Mr. Funston calls attention to the fact that under this definition there are included only such amounts as are "received" in New York State. Prior to Mar. 10, 1953, and each Mar. 10 thereafter, payment to the State Comptroller will be required of all property which on the preceding 31st day of December was "abandoned property." A report in form prescribed by the State Comptroller must be filed with the Comptroller at the time of such payment.

Under the Law a broker or dealer who has paid to the State Comptroller abandoned property may elect to honor the claim of the person entitled to such property and file a claim for reimbursement with the State Comptroller. The State Comptroller, upon satisfactory proof of such payment shall, after audit, reimburse the broker without deduction of a service or other charge.

Continued from first page

The Chemical Industry's Stake in Petroleum

sons per day. Working together, they have set about to solve this problem of raw material shortages.

Had the petroleum industry been called upon to supply these chemical raw materials 30 years ago, it would have been totally unprepared. Petroleum chemicals is a recent chapter in the history of petroleum refining. Back in 1859 when the first oil well came in, the principal use of petroleum was that of burning its kerosene fraction in lamps; the gasoline fraction was a troublesome by-product. The invention of the automobile provided an outlet for this gasoline, and crude stills were fabricated to effect the separation of gasoline and kerosene from the heavy bottoms. These separations were made entirely by physical means, and the chemical properties of the products were virtually unknown. The growing acceptance of the automobile as a means of transportation created an ever-increasing demand for gasoline. As this demand increased, gasoline, rather than kerosene, became the premium product and means of increasing its yield from the crude were sought. This search resulted in the development of the cracking process which not only increased gasoline yields but also increased the yield of the then unwanted gaseous fractions, which for several years thereafter were used primarily as fuel in petroleum refineries. These gases from the cracking operations contained olefins, which do not appear in natural or "straight run" gases, and refining technicians soon perceived that these "cracking gases" represented a wealth of opportunities for synthesizing more desirable products. Today, they are the foundation stones of our petroleum chemicals. As research chemists developed new uses for the gaseous fractions, the demand was increased to such an extent that special cracking processes were developed to appreciably increase gas yield. Petroleum chemicals then became one of the objectives of petroleum processing and were thus removed from the category of by-product materials.

Oddly enough, the processes for separating the by-product gases, now so valuable as chemical raw materials, were largely the result of efforts to control the vapor pressure of gasoline and to increase gasoline yield; I refer to the removal of the propane fraction which allows more of the butane fraction to be blended into the gasoline.

Value of Gaseous Fractions

Perhaps at this point it might be well to discuss the value of the gaseous fractions from petroleum. These gases are erroneously referred to in some quarters as waste petroleum gases. Waste petroleum gases are practically non-existent although there is a relatively widespread belief that these gases can, generally speaking, be obtained very cheaply. Whereas this might have been the case at one time, the value of both refinery gases and oil field gases is steadily increasing. We have already pointed out that refinery gases which are desirable for chemical manufacture are no longer in the by-product category. Many of them have dual value—as chemical raw materials and as gasoline blending agents. The refiner must make a choice as to how he will use them; if he selects the chemical route, then these gases must be valued in terms of their alternate use in petroleum outlets, which quite often results in assigning a relatively high value to them. Take, for example, propylene which is used to make isopropyl alcohol. This propylene is of value to the refiner both as liquefied petroleum gas and for polymerization to a liquid fraction which has premium value as an octane blending component of motor gasoline. It therefore definitely is not a waste or by-product gas.

The advent of the huge cross-country gas pipe lines carrying gas from the isolated oil and gas field areas to our principal population and industrial centers will result in steadily increasing values of these gases as chemical raw materials as more diversified uses are created for them.

We should not leave this subject of gas values without calling attention to the flares which one sees burning in refining areas. These flares are for safety purposes to provide a means of disposing of the gases generated in refining operations in the event of failure in the gas collecting systems normally in use. Pilot lights which consume a very small quantity of gas, are kept burning at these flares to provide a source of ignition for the sudden release of large quantities of combustible gases. Many people think that these pilot lights are the burning of so-called waste gases at refineries.

Fastest Growing Segment of Chemical Industry

Today, chemicals from petroleum constitute the fastest growing segment of the chemical industry. Twenty-five years ago some seven million pounds of hydrocarbons were being utilized to make ethylene glycol, isopropyl alcohol, and two or three other products. Then came the utilization of petroleum and natural gas hydrocarbons in the production of ethyl and methyl alcohols and ammonia. Before World War II, styrene, ethyl chloride, and polyisobutylene came into the picture and consumption of petroleum hydrocarbons had jumped more than a hundredfold. The war and postwar expansion saw a still greater demand for an ever-widening number of chemicals from petroleum with the result that in 1950 almost seven billion pounds of hydrocarbons were consumed in a gross production of 14.6 billion pounds of organic chemicals from petroleum and natural gas. Looked at in another way, this means that 70% of the aliphatic chemicals produced and 33% of the aromatic chemicals produced were of petroleum origin. In addition to the organic chemicals produced from petroleum, ammonia, carbon black, and sulfur derived from petroleum totaled some three billion pounds more. The results in 1951 are not yet compiled, but unquestionably, the figures are substantially higher, considering the expansion of facilities and the increased production of such products as benzene and other aromatics, alcohols, synthetic rubber, plastics, and synthetic fibres.

The total investment in facilities to produce petrochemicals is conservatively estimated at somewhat in excess of $1 billion, and it is growing steadily. You can find estimates as high as $2 billion, depending upon how much is included in the term petrochemicals.

About 80% of this great business, confined chiefly to the production of chemical intermediates and basic chemical compounds, is located in the Texas-Louisiana Gulf Coast area, a 650-mile crescent stretching from the Rio Grande in the south to the Mississippi in the east. It is here that the raw materials — natural gas and refinery gases—are available in large quantities. Some of these gases do not lend themselves to large-scale transportation. The basic raw material, ethylene, for example, on which many of our petrochemicals are founded, cannot be shipped long distances except at prohibitive cost. It is moved economically by pipe line, but only over relatively short distances. A 30-mile ethylene pipe line from Texas City to Baytown, Texas, has been in operation for about eight years. Up until the present time this is the longest distance that ethylene has been transported in commercial quantities, and here the quantity involved is only about 4,000 pounds/day. The Gulf Oil Corporation has recently constructed a pipe line delivery system in the Houston-Port Arthur-Beaumont area of Texas to supply ethylene to the Ethyl Corporation at Houston, to duPont at Orange, and to other nearby plants; but even this operation would not be practicable were it not for the concentration of consumers in a relatively limited territory. Most, if not all, of the big names in the petrochemical industry are represented in this Gulf Coast area. In addition to Ethyl and duPont, already mentioned, we find Carbide, Monsanto, Dow, Celanese, Rohm & Haas, Hercules Powder, Jefferson Chemical, Commercial Solvents, Naugatuck Chemical, Esso Standard Oil, Shell Chemical, and a number of others.

Although the listing is of necessity somewhat arbitrary, 56 companies are engaged in producing chemicals from petroleum. The composition of this group is interesting, for it includes oil companies, chemical companies, and a number of comparatively new companies jointly sponsored by oil and chemical companies. The latter are significant in that in most cases they were formed to combine the ability of the petroleum refiner to supply chemical raw materials and his experience in the handling of hydrocarbons on a large scale with the know-how of the chemical manufacturer and his familiarity with diverse chemical processes and market outlets. Typical of such companies are Jefferson Chemical, jointly owned by the Texas Company and American Cyanamid; National Petrochemicals, sponsored by National Distillers and Panhandle Eastern Pipe Line; Sharples-Continental, whose origin is obvious; and American Petrochemicals, owned by Firestone and Cities Service.

The petroleum companies engaged in the production of petrochemicals vary considerably in their products. Some are classified as being in petrochemicals because they sell hydrocarbons as chemical raw materials. Others, like Shell, Jersey Standard, and Standard Oil of California, make and sell not only raw materials but also sizable amounts of finished chemicals such as alcohols, ketones, esters, aromatics, etc. My company, Esso Standard Oil, which is Jersey's principal domestic manufacturing subsidiary, falls in this category. Actually, however, finished chemicals represent a very small part of our business, and even when adding the chemical raw materials which we supply to others, the total volume sold is in the range of one or two per cent of the total products sold by the company. In Esso, we take the view that our primary function is to manufacture quality petroleum products. However, to round out our business and to take advantage of the resources available to us, we find it logical to be in the petroleum chemicals field. Our activities in this field are confined to those products which can be derived basically from petroleum raw materials normally available to us by the use of equipment and processes closely allied to the oil business. We prefer to sell on a bulk or wholesale basis to manufacturers who will use our products as basic raw materials for further chemical processing.

In the third category are the chemical manufacturers and rubber companies, some of whom, like Union Carbide and Dow, produce olefins and other hydrocarbons for sale as raw materials and for their own use in producing a varied line of chemicals from petroleum, thus further narrowing the line between the strictly oil business and the strictly chemical business. Other purchase raw materials from refineries. Still others, like coal tar distillers, purchase petrochemical raw materials to combine with or augment chemicals of their own production.

New Industry Is Growing

Practically all of the companies, no matter how varied their products and markets, have one thing in common—they are active and growing. Growth, expansion, new products, new fields all are characteristics of the petrochemicals business. That is why research plays so important a role; and when I speak of research, I mean to include not only fundamental research, but laboratory and plant development as well as application research. And we must not overlook chemical and metallurgical engineering research, both of which have played a most important role in the development of present-day refining and chemical processes. It was chemical engineering development that resulted in the techniques of distillation, absorbtion, conversion, separation, extractive distillation, alkylation, isomerization, and a score of similar operations which are practiced in present-day petroleum refineries and chemical operations. Chemical and metallurgical engineering research are responsible for the successful application of the high pressure processing practices which are now so common. Some of us who had experience in the development of the high pressure hydrogenation process back in the late '20s will recall the relatively primitive methods that one was forced to use in fabricating high pressure equipment at that time and the dearth of knowledge of high pressure techniques and operating variables under these conditions. As a simple example of the problems of fabricating, we might cite the method used for fabricating a heating furnace tube required in the hydrogenation process. This tube had to serve at fire box temperatures under 3,000 pounds internal pressure, and therefore had to be an alloy tube; in this case, nickel chromium. In those days there was no way of fabricating a tube which would be satisfactory for these operating conditions by the hot or cold drawing methods in use today. The tubes were therefore made by actually drilling a four-inch hole in seven-inch bar stock. The length of the tube was limited to 18 feet by the availability of suitable drilling equipment.

A more recent example of chemical and metallurigal engineering achievement can be had in the fabricating of the reactors used in the Butyl rubber process. Here again we were concerned with alloy material, but in this case, for service at 150 degrees below zero with the temperature rising to atmospheric normal every 24 to 36 hours, thus creating unusual stress conditions. The challenge of designing and developing these reactors and the pumps, stuffing boxes, valves, and other equipment to operate along with them under these unusual conditions was another one which has been successfully met by engineering endeavor.

These examples have been used because of my familiarity with the processes mentioned. I think that they are significant because in each case a new area of chemical processing was explored; in the first case, that of high pressure synthesis at pressure levels severalfold higher than those formerly used, at least in oil refining; and in the second case, at temperatures far below those used in the industry.

There is no question but what the solution of these problems served as a stimulus to the design of equipment to serve under unusual conditions, and this has resulted in making available to the petroleum and chemical industries equipment and techniques that otherwise might have been delayed for several years.

Major Outlets of Petroleum Chemicals

Not long ago we were asked to name the principal petrochemicals and their major fields of use. The latter part of that question is fairly simple if we stick to major fields: chemicals made from petroleum find their major outlets in plastics, resins, rubbers, plasticizers, synthetic fibres, protective coatings, detergents, automotive chemicals, and nitrogen fertilizers. When it comes to naming the principal petrochemicals, we find, as pointed out before, that most of the chemicals made from petroleum are, or could be, derived from other sources, although perhaps not as economically; it is also true that almost any organic chemical made can be synthesized from the elemental building blocks which petroleum affords, principally the olefins and diolefins. For example, within the petrochemicals industry, the manufacture of chemicals from ethylene constitutes an industry in itself. Among the most important of the ethylene derivatives are ethylene oxide and its derivatives, ethyl alcohol, ethyl benzene, ethyl chloride, 2-ethylhexanol, ethylene dichloride, ethylene bromide, and polyethylene. It is believed by many that the latter will soon become the most important plastic in terms of pounds produced. Isopropyl alcohol and its derivatives and gylcerine are representative of the more important propylene derivatives. The butylenes and their derivatives are the basic raw materials for the synthetic rubber industry, and it can be said that during the search for and the development of synthetic rubber raw materials, petroleum chemicals came of age. During the research which was carried out to develop supplies of butadiene and isobutylene for synthetic rubber, many chemical compounds hitherto unsuspected as being present in petroleum fractions were identified, and this research provided great impetus to the whole field of polymer chemistry. Furthermore, in developing techniques for control of the synthetic rubber processes, it became apparent that new analytical methods would be needed to successfully control these processes and to identify the chemical compounds produced thereby. The problems of identification and control in the early days of the Butyl rubber process, which as many of you know is carried out at temperatures in the range of -150°F., seemed almost insurmountable at the time and led to the development of entirely new procedures and techniques in analytical chemistry, which today are in routine use.

Now that I have touched upon the subject of Butyl rubber, and because of its growing importance to the rubber industry, I would like to say that I am very proud to remind you that this product was invented in this country by an Esso affiliated and developed by this affiliate working along with the Esso Standard Oil Company. Esso and another affiliate built and have always operated for the government the only domestic Butyl rubber plants. In the expectation of sometime resuming its share of responsibility for the product it originated, Esso and its affiliates have continued at their own expense an extensive program of research and development to expand the field of Butyl rubber utility. In our opinion, technical advances of a broad scope are most likely to be realized only if the Butyl rubber industry is in private hands. In this development, our company would have no interest beyond that of being a supplier of raw materials to the rubber manufacturers.

The primary objective of much of the research in the field of petroleum chemicals has been improvement in the quality of the normal products of the oil industry and of the processes for making them. We have mentioned how the development of processes for controlling the vapor pressure of gasoline had the by-product value of yielding fractionated gases suitable as raw materials for making chemicals. Likewise, research in the field of petroleum chemicals has been of enormous value in making improved motor fuels and lubricants. The first 100 Octane Number aviation gasoline, produced in the middle 1930's, was made by hydrogenating diisobutylene. The process for making the diisobutylene was entirely the result of prior chemical research to find a means of removing isobutylene from gas streams so that this gas would not interfere in the production of secondary butyl alcohol. It had been in operation several years before it was applied to aviation gasoline manufacture.

Of perhaps greater importance to the oil industry has been the research which has led to the widespread use of so-called additives to improve the quality of lubricants. The first of these additives was developed through chemical research aimed at the manufacture of synthetic oil. This work was carried out about 25 years ago when it appeared that there was only enough domestic crude to last another 10 years. It turned out that when a very small percentage of the synthetic oil was added to lubricating oil the result was a product which flowed at low temperature. An entirely different chemical made from oil was found to have the property of making the viscosity of lubricating oil more uniform under a wide range of temperature conditions. Chemicals are also added to lubricants to enhance extreme pressure performance, to protect against corrosion of bearings, and to improve crankcase cleanliness. These and other discoveries have been followed by continuous chemical research to find ways of tailor-making lubricants to fit the exacting lubricating requirements of many types of machinery which could not have been lubricated 20 years ago. So you see that whereas on the one hand we are removing chemicals from some of the petroleum fractions, we are adding them back into others.

Petroleum Refining, a Chemical Industry

This points to the observation that the business of petroleum refining has in fact become a chemical industry in itself; so much so, that it is indeed difficult in many instances for the refiner to decide whether a given operation falls in the petroleum chemicals or the oil refining category. This decision may be one of economics. On the other hand, when the chemical manufacturer comes to the petroleum refiner with a request for raw materials which appear to him to be a very profitable piece of business for the refiner, he may be dismayed over the time that it takes for the refiner to come to a decision as to whether or not he will supply the material. But today the refiner is virtually utilizing everything in petroleum including the smell. Therefore, when a request for a new product is presented, he must not only study the economics of the required operation, but he must also answer such questions as: "How will this affect the octane balance?" "How many barrels of gasoline will be lost?" "How will the quality of other petroleum products be affected?" — and a number of similar ones. For you must remember that petroleum chemicals, despite rapid growth, is still a very small part of the oil refiner's business, and therefore must always be viewed in that perspective.

Another field in which research has paid, and will continue to pay, big dividends is in synthetic fibres. This is true whether we talk about the old established cellulose acetate in which, by the way, the acetate radical probably comes from petroleum or natural gas, or whether we refer to Nylon or the acrylics. There has been a good deal of controversy over whether there is enough wool to satisfy world needs. Certainly not enough is grown in the United States. Therefore, the development of synthetic fibres, such as Orlon, Dacron, Dynel, Chemstrand, and Nylon, which derive the major part of their raw materials from petroleum sources, is not only timely, but it is a distinct contribution to our economy. Which of these synthetic fibres will survive the others in the future remains to be seen. It would seem to be a safe prediction that each will find application for those uses for which its special properties qualify it above the others—a situation similar to that which we have seen come to pass in the field of synthetic rubber.

Supplementing Supplies from Other Sources

There is one other aspect of the petrochemical business which I want to touch upon and that is its importance in supplementing chemical supplies from other sources. In the last war, petroleum sources gave us toluene for TNT which, in volume, could not possibly have been derived from coal tar. More recently, despite steel expansion with its attendant increase in by-product coke production, it was obvious that the national demand for benzene was far out-running supplies. Today the prospect of a benzene shortage, which could have threatened the future of phenol, styrene, detergents, aniline, insecticides, and a dozen other programs, has been averted by the production of benzene from petroleum sources by operations such as platforming, hydroforming, and solvents extraction. The NPA predicts a rate of 100 million gallons per year of benzene output from petroleum by the end of 1952; this is equivalent to about one-half the output from by-product coke.

As to what direction the development of chemicals from petroleum will take in the future, there is no lack of glowing predictions. We look with satisfaction upon the past sound growth of the petrochemicals industry, and are confident that this is only the beginning of what will be done with the vast supply of chemical raw materials provided by petroleum. There are tremendous reserves of known and unknown chemicals hidden away in the petroleum stockpile. Finding applications for the known chemicals and identifying and finding applications for the unknown will be an interesting and profitable endeavor for years to come. In our own company, for example, we are still discovering new and interesting materials, in the product stream from an operation that we have been running for more than 10 years.

I think that it is safe to predict, for reasons already mentioned, that the chemical industry will continue to expand at a very rapid rate. At the same time, the petroleum industry will be well able to assume its role as supplier of chemical raw materials. Even if the demand for petroleum chemicals doubles, the tonnage of hydrocarbons required would be somewhat less than 2% of the present production of crude oil, which is 6,400,000 B/D. Furthermore, the present known crude reserves are the highest in history. Then there are now some 400 refineries scattered over 36 states so that we have not only supplies, but distribution of refining facilities as well.

In this brief discussion I have tried to sell you the idea that the "Chemical Industry's Stake in Petroleum" is that of a partner in expanding and exploiting petroleum chemicals. I can only conclude that this wedding of the chemical and petroleum industries is bound to result in a long and happy marriage.

Nat'l Inv. Clubs Meet in Detroit

The National Association of Investment Clubs held a meeting on the floor of the Detroit Stock Exchange April 15. As part of the program there was a demonstration of stock trading on a listed market as Exchange floor trader members show what takes place from the origination of "buy" and "sell" orders to completion of the transaction.

A panel discussion of the Investment Club movement followed the trading session. Topics were: Objectives of Investment Clubs; Originization of an Investment Club; History of Investment Clubs; and Work of the National Association.

The oldest club in the association was founded in Detroit in 1940 by George A. Nicholson now Chairman of the Association's Advisory Board to help young men invest small sums each month and watch capitalism at work. There are now nearly 500 clubs on a nationwide basis. Members are not only acquiring the "know how" of investing but at the same time watch their investments in American corporations increase in value.

With Varnedoe, Chisholm

(Special to THE FINANCIAL CHRONICLE)

SAVANNAH, Ga. — Samuel B. Bass is now affiliated with Varnedoe, Chisholm & Co., Inc., Savannah Bank & Trust Building.

With King Merritt

(Special to THE FINANCIAL CHRONICLE)

PORTLAND, Me. — Clifford A. Gagnon is now connected with King Merritt & Co., Inc., Chapman Building.

Joins Walter Hood

(Special to THE FINANCIAL CHRONICLE)

PORTLAND, Me. — Philip H. Hansen has become associated with Walter J. Hood Co., 415 Congress Street. He was formerly with Nathan C. Fay & Co. and R. H. Johnson & Co.

Chas. A. Day Adds

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Osborne R. Linnekin has been added to the staff of Chas A. Day & Co., Inc., Washington at Court Street, members of Boston Stock Exchange.

Chemical Companies to Mass Produce Important Medical Drugs

Charles Pfizer & Co. to manufacture new anti-tuberculosis drug, and the Upjohn Co. plans large scale production of synthetic cortisone by new process.

At the annual meeting of stockholders on April 7 of Chas. Pfizer & Co., producers of various chemical and drug products, it was announced by John E. McKeen, President, of the company, that Pfizer plans to enter the production of the new anti-tuberculosis drug, called isonicotinic acid hydrazide on an extensive scale. The company is already in production of its trade marked form of the drug, "Cotinazin," produced from coal tar, and expects to reach an output of 40 million tablets a month by May. By the end of this year the firm expects to reach an output of 100 million tablets monthly, if demand warrants.

Mr. McKeen also announced it is working on a new proccess to make the base for the drug synthetically from citric acid, which is Pfizer's leading commerical product.

The new drug is not expected to affect the sales of streptomycin for tuberculosis, because there is some evidence the disease germs develop resistance to the new drug as they do to streptomycin. This will necessitate the use of both drugs. Some of the disadvantages of streptomycin are being overcome, Mr. McKeen stated.

Pfizer has added 34 new formulas of its drugs to its line during the past year. Terramycin is now produced in 15 forms for use against 80 diseases. Among important newer uses is the treatment of trachoma, an eye disease prevalent in the Orient, by terramycin opthalmic ointment. This is now widely used in Japanese schools and is expected to wipe out the disease there. Special forms are being made for dental use also.

One development in the Pfizer organization during the past year was the production of crystalline Vitmain A. This is expected to be used in fortifying oleomargarine.

It has been announced by the Upjohn Co., also prominent drug manufacturers, that two of the company's research chemists, Drs. D. H. Peterson and H. C. Murray, have developed a new process in cortisone production. By a new fermentation process, using a mold commonly associated with stale bread, they can make possible the large scale production of cortisone, the Upjohn Company stated. The company is presently awaiting approval by the Defense Production Authority of a certificate of necessity for construction of a $3,300,000 cortisone plant at Kalamazoo, Mich.

Drs. Peterson and Murray report that they have succeeded in inserting an oxygen atom in the crucial 11 position in another hormone — progresterone — in a single step, providing an intermediate compound which can then be converted into cortisone.

The molds which are the basis of the new synthetic cortisone, according to the chemists in an article in the "Journal of the American Chemical Society," are a species of the genus Rhizopus, which in turn is a member of the family Mucoracea. This family, they explained, belongs to the order known as Mucorales, which order includes the bread molds. The progesterone is placed in a "soup," which is a "lactalbumin digest - dextrose - cornsteep medium," and add the mold, allowing the mixture to ferment for a period of 24 hours to 48 hours. Thus, they contend in the "Journal" article, a new 11-oxygenated steroid intermediate from progesterone is made available for conversion to the cortical hormones.

The important item in the process is that each of these substances can be prepared from vegetable sources such as stigmaterol, which comes from soya beans, or from animal sources, such as cholesterol.

Morgan Stanley Group Offers Pipe Line Debs.

Morgan Stanley & Co. headed a nationwide underwriting group comprising 143 investment firms which offered for public sale on April 16 $90,000,000 of Service Pipe Line Company new 30-year 3.20% sinking fund debentures at 100% plus accrued interest to yield 3.20% to maturity. The heavy demand for the issue resulted in the closing of the books on the same day.

Out of the proceeds of the sale the company, a wholly-owned subsidiary of Standard Oil Company of Indiana, will retire prior to June 1, 1952 $46,000,000 principal amount of 2% notes payable to banks and use the balance with other cash funds to the extent necessary for its expansion program, for other capital expenditures and for additional working capital.

The company will make annual sinking fund payments on Oct. 1, 1957 and on each Oct. 1 thereafter to and including Oct. 1, 1981 of a sum sufficient to redeem $3,400,000 of the debentures with the right reserved by the company to deliver debentures in lieu of cash and to increase any payment up to an amount sufficient to redeem an additional $3,400,000.

At the option of the company the debentures may be redeemed at 103% to and including April 1, 1957 and thereafter at prices decreasing to the principal amount if redeemed after April 1, 1979.

Since the end of World War II Service Pipe Line Company has steadily expanded its facilities. The company operates a 12,100 mile crude oil pipe line system in 11 states from origins in Texas, New Mexico, Midcontinent and Rocky Mountain oil fields to principal destinations in the Chicago, St. Louis, Kansas City, Houston and Casper (Wyoming) areas. Deliveries of crude oil from the company's system have increased from 80,639,000 barrels in 1942 to 172,814,000 barrels in 1951.

Further expansion is planned at an aggregate cost estimated at about $70,000,000, of which about $20,500,000 will be required in 1952. Principal projects include expansion of the system moving oil from the producing areas of Texas and New Mexico to refineries served in the Neodesha (Kansas), Kansas City, St. Louis, and Chicago areas; also construction of a crude oil pipe line system in newly discovered oil fields of the Williston Basin in North Dakota to provide a necessary pipe line outlet from the fields, including service to a new refinery to be constructed by Standard Oil Company of Indiana in North Dakota.

For 1951 the company reported operating revenues of $55,359,831, income before interest on long term debt and taxes on income of $23,811,767 and net income of $10,318,175.

Joins Shields Staff

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — William B. Farmer has been added to the staff of Shields & Company, 24 Federal Street.

With Witherspoon

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Walter B. Strong has been added to the staff of Witherspoon & Co., Inc., 215 West Seventh Street.

Mutual Funds

By ROBERT R. RICH

SHARES OF the first American incorporated open-end mutual fund organized to invest its funds exclusively in the securities of Canadian natural resource companies, have been registered with the Securities & Exchange Commission, Frank L. Valenta, President, announced over the weekend. Frank L. Valenta & Co., Inc., sponsors and managers of Natural Resources of Canada Fund, registered 1,966,383 shares of 1¢ par value capital stock of the new Fund.

Offering of the shares to the general public will be made following approval by the SEC.

Natural Resources of Canada Fund was incorporated in Delaware on Oct. 22, 1951. This new mutual fund was formed to provide investors with an opportunity to participate in the broad expansion in the oil, natural gas, gold, silver, copper, titanium, iron ore, paper, timber, chemical raw materials, hydro-electric and other natural resource industries located in Canada through the medium of a single investment. The purchaser of Natural Resources of Canada Fund shares will hold a position in a number of different industries. The securities will be selected from those of companies which can be expected to show the greatest growth in the future.

It is the intention of the Fund to invest in securities of Canadian natural resource companies and insofar as practicable in companies whose activities in addition to the production and manufacturing and processing of products from natural resources also include exploration and development of new fields and sources of natural resources.

Canada Has Great Potential

Mr. Valenta, discussing the natural resource situation in Canada, emphasized that although developments have been rapid in the past two years nevertheless there is a vast potential which has not as yet been touched. He stressed the large stands of timber in over a million square miles of forest. Then Mr. Valenta pointed out that the country has nearly every mineral used today and in quantities rarely found elsewhere in the world. He said that Canada's frontiers have pushed northward as a result of the discoveries of new deposits of such metals as iron ore, titanium, uranium and cobalt, as well as gold and silver. Successful drilling for oil in the western provinces has brought a new prosperity there.

Capital Flowing to Canada

These developments, Mr. Valenta declared, have resulted in attracting new capital not only from the United States but from all parts of the globe. Estimates of the new foreign capital which has flowed into Canada for the development of the country's resources and other businesses range above $1,600,000,000. This boom has enabled Canada not only to finance a deficit in foreign trade but also to add significantly to its exchange reserves. All of this is reflected in the fact that the Canadian dollar is today quoted at a premium over our dollar.

In addition to Mr. Valenta, directors are: David A. Gibb, Executive Vice-President and Director, Frank L. Valenta & Co., Inc.; Frederick D. Gabel, Vice-President of Hagodorn & Co.; A. Stanley Miller, President and Director, Whitney & Kemmerer, Inc.; Louis M. Seiver, President and Director of Automobile Banking Corporation, Philadelphia, Pa.

Frank L. Valenta & Co., Inc., sponsor and manager of the Fund, also sponsors and manager Natural Resources Fund, Inc., an open-end mutual fund which in a little more than two years increased its net assets to above $4,000,000.

"NEITHER THE Presidential campaign nor its conclusion are expected to influence, to any appreciable degree, the overall American scene, domestically or externally, in so far as the year 1952 is concerned," was the composite conclusion of the Investment & Research Department of National Securities & Research Corp. at a recent staff meeting held to establish the corporate viewpoint as to the outlook for the remaining months of 1952.

"The cold war between the Soviet Union and the West will go on irrespective of the election, although no major hostilities are anticipated during 1952. It is upon such assumptions that the rearmament of the United States and Western Europe is proceeding."

Other Conclusions

"Business activity will advance at an accelerated rate during the remaining months of 1952 as military defense expenditures reach the production stage in larger volume. Further U. S. appropriations for military and foreign aid are expected this year. Defense outlays are expected to reach a peak in 1953 and continue on that plateau into 1955.

"Continued high corporate earnings and liberal dividend disbursements will probably result in somewhat higher stock prices. Since wider variations in the earnings of various industries and companies are expected over the period ahead because of the rearmament program, extreme care in the selection of investments is of vital importance.

"Although a reasonable backlog of bonds and preferred stocks seems prudent, a continuance of the decline in the purchasing power of the dollar as a result of increased wage rates and deficit spending by the government is of genuine concern to the investor. This indicates the advisability of having adequate investment representation in common stocks in order to benefit from the relatively high income available and at the same time to have an opportunity to participate in the long-term secular growth of successful American corporation."

NINE ADDITIONAL leaders of the mutual funds industry have accepted invitations to speak on the "Your Money at Work" program which was started March 30 over WOR. Six management heads had already been assigned topics and dates for the broadcasts which are heard each Sunday at 10:15 a.m.

"Our guests on this program," explained Milton Fox-Martin, head of the mutual funds department of Kidder, Peabody & Co., sponsors of the series, "will take as their underlying theme the significance of investing in shares of America, and the role of mutual funds in our modern economy. And as individuals, they will express their distinctive economic thinking on business and financial topics."

The nine new guests who will speak on dates to be announced are: Merrill Griswold, Massachusetts Investors Trust; E. W. Axe, E. W. Axe & Co.; Herbert R. Anderson, Group Securities, Inc.;

MUTUAL FUND NOTES

WALTER L. MORGAN, in a communication to "The Chronicle" on cooperation in the mutual funds industry, remarked that, "In the past there may have been some petty jealousies and a tendency among a very limited group to think that the way they could build up their sales was to criticize something about every other fund but their own or to prevent growth of competitors. They soon realized that this was silly; you don't build your own sales by destroying others; that most dealers and the public, too, buy more than one fund according to objectives desired.

"Funds and dealers have found that like in the 10c store field, where another store next door means more business, more good funds mean more business too for established funds.

"Today I see in our industry a higher feeling of mutual respect that ever before. There is a tolerance which comes with maturity and responsibility—a recognition that the other fellows' ideas and philosophies if properly explained are his own business—that there is room for many different types of funds with different policies and objectives. We are a young, healthy, competitive industry. We are rapidly growing because it is now so universally recognized that we furnish a needed service to the investment public.

"Don't worry about failure of the funds to cooperate. We are cooperating. We're going to cooperate even more because there are many things that can only and best be done on an industry basis. We're going places and we know how to get there."

INSTITUTIONAL SHARES reports Aviation Group Shares has unrealized and realized security profits amounting to about $1.47 per share after declaration of its semi-annual dividend distribution. Stock & Bond Group Shares has like security profits of about $2.36 per share after a recent quarterly dividend distribution.

WELLINGTON FUND since the first of the year, has been adding new shareholders at the rate of more than 1,000 a month. Sales of shares to the public in the first quarter this year not only showed an upturn over the like period a year ago, but also over the last quarter of 1951.

PERSONAL PROGRESS

FRANCIS X. MARTINEZ has become associated with Albert Frank-Guenther Law, as director of public relations in their Philadelphia office, it was announced Tuesday, April 15.

Mr. Martinez, in addition to being an authority on public relations in the financial field, has had extensive experience in the newspaper, press service and magazine fields as writer, reporter, editor and foreign correspondent. As associate editor, he helped to organize "Holiday Magazine." He began his newspaper career with the "Wall Street Journal" and later served with the Philadelphia "Inquirer," Philadelphia "Record" and the "Evening Ledger." On the latter publication, he was financial editor. His press service work included a period as a Washington correspondent for the Associated Press.

During the war, Mr. Martinez served on the staff of Nelson Rockefeller in the Office of Inter-American Affairs, and subsequently in the Department of State.

He is a graduate of St. Joseph's College of Philadelphia.

ARTHUR BUNKER, President of Climax-Molybdenum Co. and a former partner of Lehman Brothers, was elected to the board of directors of Growth Companies.

Mr. Bunker, during World War II, worked closely with Dr. Clyde E. Williams, director of Battelle Memorial Institute, and with Dr. Zay Jeffries, former Vice-President of General Electric Co.—also directors of Growth Companies, Inc.—in the development of numerous metals programs.

Mr. Bunker has been President of Climax-Molybdenum Co. since July, 1949. He is on the board of directors of Lehman Corp. and American Metal Co., Ltd. and previously was a director of the Commercial National Bank and Trust Co. of N. Y. and Firth Sterling Steel and Carbide Corp.

NEW PROSPECTI

T. ROWE PRICE Growth Stock Fund, 10 Light Street, Baltimore 2, Maryland, has released for dealers a new prospectus dated April 2, 1952.

WELLINGTON FUND, 1420 Walnut Street, Philadelphia 2, Pa., has issued a new prospectus; effective date, April 12, 1952.

SEC REGISTRATIONS

COMMONWEALTH STOCK Fund on April 4 filed a registration statement with the Securities & Exchange Commission covering 250,000 shares of common capital stock to be offered at the market through North American Securities Co., San Francisco, Calif.

NATURAL RESOURCES of CANADA Fund on April 11 filed on 1,966,383 shares of 1 cent par capital stock. Distributor is Frank L. Valenta & Co., Inc.

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

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

May 4: Hugh Bullock, President of Calvin Bullock, "Collective Investing."

May 11: George Putnam, Partner of Putnam Management Co., "The Prudent Man and The Prudent Institution."

May 18: Henry J. Simonson, Jr., Chairman of National Securities & Research Corp., "The Business Outlook."

May 25: Herbert R. Anderson, President of Distributors Group, Inc., "When Are Common Stocks Too High?"

June 1: Merrill Griswold, Chairman of Board of Trustees, Massachusetts Investors Trust, "Investing Your Money."

June 8: Fred E. Brown, Jr., Vice-President of the Union Service Corporation Group of Investment Companies, "Choosing Your Investments."

Other Guests: E. W. Axe, E. W. Axe & Co.; Edward Johnson, II, Fidelity Management & Research Co.; James H. Orr, Colonial Management Association, S. L. Shelley, The Keystone Co. of Boston.

George Putnam, The Putnam Management Co.; Edward Johnson II, Fidelity Management & Research Co.; Henry J. Simonson, Jr., National Securities & Research Corp.; Fred E. Brown, Jr., Union Service Corp.; James H. Orr, Colonial Management Association; S. L. Sholly, The Keystone Co. of Boston.

OPEN-END REPORTS

HARRY I. PRANKARD II, President, Affiliated Fund, reports that on March 31, 1952 the company had net assets of $192,589,294, equivalent to $4.88 per share and comparing with net assets of $169,606,353 on Dec. 31, 1951, equivalent to $4.76 per share.

Additions to and eliminations from the portfolio since the last quarterly report have been as follows:

Additions: Bank of the Manhattan Co.; Corn Exchange Bank Trust Co.; Manufacturers Trust Co.; Best Foods, Inc.; Corn Products Refining Co.; Wrigley (Wm.) Jr. Co.; Southern Pacific Co.; Southern Railway Co.; Carolina Power & Light Co.; and Lone Star Gas.

Eliminations: Celanese Corp. of America and Twentieth Century-Fox Film Corp.

THE FORTY-FIVE chemical companies represented in Chemical Fund's portfolio showed an average increase in sales for 1951 of 20% over 1950. At the same time, average earnings per share were off 12% due to increased taxes.

The quarterly report points out that although there appears to be a closer balance between supply and demand of chemical products at the present time than prevailed during the greater part of 1951, total sales, since the first of the year have continued at a high level with net profits restricted by the high rate of corporate taxation.

The chemical industry continues its building program to provide facilities for the production of many new products which should make a significant contribution to sales and earnings in the future.

Total net assets of Chemical Fund on March 31, 1952, stood at $51,781,818, equal to $21.63 per share, compared with assets of $41,253,208, equal to $20.03 per share at the end of the first quarter of 1951.

TOTAL NET assets and number of shares outstanding are currently at a new high for the Fully Administered Fund of Group Securities, it was stated by Herbert R. Anderson.

As of March 31, 1952, assets of the Fund stood at $6,601,880, an increase of $881,619 since the same period in 1951. 829,745 shares were outstanding on this date, representing an increase of 108.803 shares for the period.

Holdings of common stocks on March 31 amounted to 40% of total net assets; U. S. Government securities, corporation bonds, cash, etc., 60%.

GROWTH COMPANIES recorded an increase of 9.3% in net assets in the first quarter of 1952, according to the company's quarterly report made public Wednesday.

The increase amounted to $111,148 and boosted total net assets to $1,305,641 or $11.42 a share on March 31, last, from $1,194,493 or $11.25 a share on Dec. 31, 1951.

The Fund was 90.3% in equities with the balance in cash and governments. Unrealized apprecia-

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Why You're Blessed

Wall Street is going to be under the microscope next month in an article in the May issue of a little magazine called "Popular Economics," which these past two years has been doing a giant-sized job in explaining how our enterprise economy works.

The article, called "Invest? And How?" is one of the magazine's "consumer economics" features in which the various ways that people can invest their money is explained.

"Popular Economics" avoids exhortation, editorializing and special pleading. It simply explains how our enterprise economy works—and in doing this it explains to Americans why they are especially blessed by living in a capitalistic society.

Typical of the content of the magazine are articles like "Why Prices Go Up and Down," "American Farmer—Still The Pioneer," "So The Money Gets Around," and "It's Only The Beginning—How Industrial Research Expands Employment."

Testimony to the fact that this magazine is doing a splendid job is evidenced by reprint orders totaling nearly a million, appearance of its articles in "Readers Digest" and "Magazine Digest," dramatization of one story on the radio and industrial corporations putting plenty of copies on their reading racks for employees.

The editor is Clayton Hoagland—a man with an ear for simple prose and an eye for attractive magazine layout. A former New York "Sun" editorial writer, Mr. Hoagland has made this magazine one of the best of its kind in the country. Administrative Director is Haig Babian.

It's quite a bargain. A year's subscription (ten issues) for one dollar. If you're interested for your own reading or for your children's sake, write "Popular Economics," 32 Broadway, New York City.

MUTUAL FUND DIVIDEND ANNOUNCEMENTS

All listings are quarterly payments from net investment income unless otherwise noted.

Fund—	Div. Per Share	Approx. Bid Price	When Payable	Holders Of Record
American Mutual Fund	12c	$11.86	5- 1	4-16
Axe-Houghton Fund B	20c	18.43	4-28	4-15
Bowling Green Fund	10c	9.10	4-25	4-15
Canadian Investment Fund*	6c*	----	5- 1	4-15
Haydock Fund	15c	----	4-30	3-31
Keystone Custodian Funds—				
Series B-2	50c	24.27	4-15	3-31
Series S-3	48c	19.05	4-15	3-31
Loomis-Sayles Mutual Fund—				
New common (initial)	15c	37.79	4-25	4- 3
Extra	13c	----	4-25	4- 3
Loomis-Sayles Second Fund**	25c	50.78**	4-25	4- 3
Extra	10c	----	4-25	4- 3
Special	$3.30	----	4-25	4- 3
Aviation Group Shares—				
Semi-annual	35c	12.73	5-31	4-30
Stock & Bond Group Shares—				
Net investment income	9c	16.09	5-31	4-30
Realized profits	6c	----	5-31	4-30

*Payable in Canadian funds; tax deductions at the source. Non-resident tax 15%; resident tax 7%.

**To be merged with Loomis-Sayles Mutual Fund on May 1, 1952.

Bank and Insurance Stocks

By H. E. JOHNSON

This Week — Bank Stocks

Operating results of the principal New York City banks for the first quarter of the current year were generally favorable and in a number of instances considerably better than had been expected.

In most cases those banks which report operating results, showed earnings above those of the March quarter of 1951. Indicated earnings for the others, that is, the earnings as indicated by changes in undivided profits and adjustments for dividends paid, showed similar trends. Of course, there were exceptions to these general results, and several institutions actually reported lower earnings.

On the whole, however, earnings showed improvement over the first quarter of 1951.

This record is very encouraging in view the higher taxes for which the banks are currently liable. There is considerable reason for now expecting that operating results for the full year will be somewhat higher than those for the year ended Dec. 31, 1951.

The principal reasons for this expectation are the trend of earnings and the factors responsible for the current improvement.

In the tabulation below, operating earnings, except where otherwise indicated, are presented for 17 of the New York City banks for the first quarter of 1952 and 1951 and earnings for the 12 months ended March 31 for the past two years. Adjustments have been made for stock dividends and stock splits to put the figures on a comparable basis.

	—First Quarter—		Twelve Months to —March 31—	
	1952	1951	1952	1951
*Bank of Manhattan	$0.51	$0.53	$2.02	$2.06
Bank of New York	6.41	6.19	22.17	23.85
Bankers Trust	1.00	0.80	3.16	2.92
Chase National	0.82	0.60	3.10	2.50
Chemical Bank	0.96	0.82	3.45	2.95
Corn Exchange	1.23	1.26	4.55	4.77
*Empire Trust	2.40	2.06	9.60	9.27
*First National	5.53	6.08	24.60	27.92
Guaranty Trust	5.18	4.48	18.36	17.06
*Hanover Bank	1.40	1.40	5.97	6.06
Irving Trust	0.39	0.37	1.57	1.50
Manufacturers Trust	1.28	1.18	5.06	4.33
Morgan (J. P.)	4.55	3.78	13.65	14.46
National City	0.95	0.80	3.54	3.18
New York Trust	2.11	1.95	8.25	7.42
*Public National	0.88	0.90	3.77	3.71
*U. S. Trust	4.49	3.90	18.14	17.09

*Indicated earnings.

As can be seen in the above figures, the trend of earnings has been upward for over a year as evidenced by the change in the yearly totals. The two principal factors responsible for this condition have been the increase in the volume of loans and the rise in interest rates.

Loans which had been increasing prior to the start of the Korean war experienced a further sharp gain in the fall of 1950. Total loans continued to increase throughout last year and have been maintained at a high level into the current period.

This rise in loans has been accompanied by firming interest rates. In fact, the increase has brought the rates on short-term loans for New York City banks to the highest level since before World War II.

Large banks in this area charged an average of 3.17% on short-term loans during the first half of March this year. In the same period of 1951, the comparable rate was 2.69%.

These two changes, increased loans and rising interest rates, have had a dramatic effect upon earnings. The increase in income from loans has been sufficient to offset higher operating expenses and the higher taxes. In addition, most institutions have been able to carry a portion of the increase through to net income and report a gain in per share earnings.

These same factors exist in the current operating outlook. Loan volume is high and should remain so, as long as business activity continues at the present rate. At the same time, the banks have not received the full benefit of the recent increases in interest rates. The latest general adjustment occurred at the end of last year.

Although operating expenses may continue to gain modestly, the increase in income from loans should enable most banks to continue to show gains in quarterly net earnings throughout the succeeding periods. Thus, for the year as a whole, operating earnings should show improvement over those of 1951.

Rejoins Bache Staff

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Ralph E. Vennum has rejoined the staff of Bache & Co., 135 South La Salle Street. He has recently been with Reynolds & Co.

With Emanuel, Deetjen

Emanuel, Deetjen & Co., 120 Broadway, New York City, members of the New York Stock Exchange, announce that Raymond Otto Nachtman has become associated with the firm.

Continued from first page

Investigation of the SEC

ings are contemplated and interested parties have been invited to present their testimony:

"(1) The National Association of Securities Dealers.

"(2) Private placements.

"(3) Competitive bidding.

"(4) Sale of fraudulent Canadian securities in the United States.

"(5) Hearings to obtain suggestions from Stock Exchange officials, banking institutions, insurance companies, and any other persons who have genuine suggestions to offer for amending the statutes administered by the Securities and Exchange Commission."

Heard on March 10th were Edward T. McCormick, President of the New York Curb Exchange, and John Mann, Chairman of the Board of Governors of that Exchange.

On March 24th, the following witnesses made statements and gave testimony: G. Keith Funston, President; Richard M. Crooks, Chairman of the Board of Governors; John A. Coleman, Governor, and Edward C. Gray, Executive Vice-President, all of the New York Stock Exchange.

Mr. McCormick, himself a former member of the Commission, made the following specific recommendations: (1) Congressional adoption of the amendment to the Securities Act of 1933 proposed in 1947 by the Commission's Staff Committee.

Salient provisions of that amendment include: (a) authority to make offerings in the post-filing but pre-effective period of registration; (b) permission to use a "screening" or "identifying" statement in advance of the official prospectus; (c) a more "realistic" definition of the period of distribution and for delivery of the prospectus; (d) directions to deliver the prospectus in advance of the sale; (e) redefining Federal jurisdiction in securities transactions involving the use of the instrumentalities of Interstate Commerce.

Mr. McCormick also favored the adoption of the Frear Bill and advocated further simplification of the prospectus and the filing of abbreviated registration statements for bonds of institutional grade.

While no one would deny the urgent necessity of a simplification of the administrative machinery governing the registration and distribution of securities, one may well question the need of combining such a needed reform with a proposition calling for the extension and enlargement of SEC powers. This latter is clearly the intent of sub-section (e) of the amendment in question.

Still another of Mr. McCormick's recommendations is likewise designed to augment the Commission's regulatory powers and, conincidentally, to benefit materially the organization with which he is presently identified. We refer to his advocacy of the so-called Frear Bill, adoption of which has long been sought by the Commission despite the wealth of evidence that it would not be in the public interest and very likely would establish still another roadblock to the smooth functioning of the capital markets.

Up to this point, for the most part, the witnesses before the Heller Committee are using it as a sounding board for the extension and enlargement of SEC powers. Certainly the redefining of SEC jurisdiction, as recommended, and the adoption of the Frear Bill would serve to augment the powers of the Commission enormously.

In the light of the fact that Mr. McCormick was himself an SEC Commissioner, his recommendations can be readily understood. Whether he can regard his duties as a witness with complete objectivity, in view of his background and as President of the New York Curb Exchange, is another question.

We have been informed, too, that the Commission has been extremely busy in preparing data and opinions as a means of courting the Heller Committee. There has been marked activity along these lines at the New York Regional office of the SEC.

To Congressman Heller, in whose good intentions we believe, we wish to give this word of caution: Don't permit the SEC to use your Committee as a medium for the extension of its powers.

The SEC has issued its 17th Annual Report to the Congress.

In a number of these reports, and in the accompanying communications of transmittal, it has actively solicited an extension of its powers. The Heller Committee should not be used as a medium for recommending that which the Commission has failed to achieve by direct prayer to Congress.

There are a number of useful inquiries which this Committee should make. Here are some that we suggest: (1) whether the exercise by the SEC of its powers has resulted in the thinness of the current market; (2) whether—particularly in view of the contentions in the current trial before Judge Medina—legislation is necessary to define and ensure the legality of selling group agreements.

We think that the public is interested in ascertaining whether the administration of the Securities Acts by the SEC has adversely affected our economy.

Although the Committee has been inquiring into the duties and functions of floor traders and specialists, we believe there should be particular consideration upon the question of whether existing rules respecting these should be revised.

Here are some additional matters that cry for investigation: (a) the trial and review system of the National Association of Securities Dealers wherein that body acts as investigator, complainant, prosecutor, jury and judge; (b) the interlocking relation of the SEC with the NASD as it deals with dual policing; (c) whether the NASD's 5% philosophy constitutes an unreasonable limitation upon the right to do business and is gradually exterminating the small broker-dealer; (d) whether the Commission and the NASD have interfered in private disputes where no public interest was involved; (e) the extent to which the SEC has used its rule making powers to promulgate unauthorized legislation; (f) the extent to which the Administrative Procedure Act has been observed by the SEC and whether that Act has had the required effect of adequately making for fair trials in proceedings wherein the Commission is a party; (g) the employment by the public of ex-SEC Commissioners and other ex-employees of the Commission, together with legislation which would control this evil.

We are cognizant of the fact, of course, that the Heller Committee, in its executive sessions, and perhaps in a small measure in its public hearings, has no doubt given attention to some of the subject matters here recommended. Nonetheless, we feel that they constitute a suitable agenda for the Committee, although they are by no means intended to be an all-inclusive guide.

We are disturbed, incidentally, by the number of executive or closed sessions during which SEC Commissioners and employees of the Commission were heard. In our view such sessions should have been public.

We have always contended that those in the securities industry opposed to many of the SEC and NASD activities are not heard because of fear of reprisals. Perhaps for such individuals, hearings before executive sessions of the Committee would be more expedient.

Public employees, those whom as taxpayers we pay for their efforts, owe us a detailed account of their stewardship. There seems to be little justification for making a secret of any part of that service.

That fear of reprisals by the SEC and NASD actually exists in the securities industry is amply established by the large number of letters and complaints we have received against some of the activities of both organizations wherein a request is made that the writer's name be withheld.

The Heller Committee has a splendid opportunity for public service. It can make recommendations which, if adopted, may well advance the welfare of our entire nation by creating freer and more liquid markets.

It would be a great pity to see that opportunity wasted as a result of listening to slanted advice emanating from the very source which is being investigated.

Double NY Curb Tickers Installed

The number of cities in which New York Curb Exchange tickers bring stock and bond quotations to investors has more than doubled in the 18 months since the Curb ticker system became a leased wire network operated by the exchange members, Edward T. McCormick, President of the exchange announced.

With new orders by member firms for tickers in Red Bank, N. J., and Easton, Pa., the system now includes 123 cities in the United States and Canada, a gain of 62 cities or 102% since Oct. 1, 1950.

Further emphasizing the healthy geographical expansion in ticker service during this period, Mr. McCormick stated that 11 states have been added to the system, bringing the total to 32, a gain of 52%. During 1952 the network has been extended into Canada with the installation of two tickers in Toronto. According to Mr. McCormick, Montreal is expected to join the network shortly.

"The addition of the Red Bank and Easton tickers brings to 800 the total number of Curb tickers currently in operation or being installed," Mr. McCormick reported. "This figure represents a gain of 190 tickers or 31% in the 18 months of member operation. It is the first time since February, 1938, that the New York Curb Exchange has had that many tickers in operation."

Joins Slayton Staff

(Special to THE FINANCIAL CHRONICLE)

QUINCY, Ill.—Wesley E. Kern has become associated with Slayton & Co., Illinois National Bank Building.

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Mutual Funds

tion of securities amounted to $94,623.

New investments made by the Fund were in Greer Hydraulics and Hudson's Bay Co. commons and in Shellmar Products preferred. Common stock holdings were increased in Bendix Aviation, McDonnell Aircraft, Thompson Products, Delta Air Lines, Speer Carbon, Collins Radio, A. O. Smith Corp., Ekco Products, H. H. Robertson Co. and Haloid Company.

Standard Steel Spring Co. and Standard Oil Company of Ohio commons were eliminated from the portfolio.

Closed-End News

NET ASSET value of the capital stock of Lehman Corp. increased to $73.74 per share on March 31, 1952, a new high for any quarter's end in the history of the corporation, the interim report reveals. Comparable figure on June 30, 1951, was $60.09.

Portfolio on March 31, 1952, shows an increase in the oil and gas common stocks to 36.9% of the net assets compared with 31.6% three months earlier. These stocks, at a cost of $16,804,408, had a market value on March 31, of $56,764,268.

Among the substantial additions made in this field during the quarter were new holdings of 10,000 shares of Texas Pacific Land Trust and 1,800 shares of Amerada which brought total holdings in this company to 81,800 shares, the largest item in the company's portfolio. Also added were 10,000 shares of International Petroleum.

During the nine months the corporation's total purchases of securities, other than U. S. Government obligations, amounted to $11,135,539 at cost while the proceeds from securities sold were $11,596,314.

Net profits on the investments sold amounted to $3,926,729, over $3,000,000 of which was realized in the recently completed quarter. In the comparable nine months' period of the previous fiscal year, realized profits amounted to $3,980,320.

Net unrealized appreciation on portfolio securities amounted to $75,311,905 on March 31, last, as compared with $51,225,818 nine months earlier.

Meanwhile, net ordinary income after operating expenses for the nine months was $3,341,133, as against $3,377,949 in the first three quarters of the previous fiscal year.

As of March 31, 1952, common stocks represented 84.8% of the total net assets of $153,726,297, practically unchanged from the percentage at the start of the fiscal year.

In addition to oil stocks purchased, principal additions to the portfolio during the past quarter were new holdings of public utility common stocks, 15,000 shares American Power & Light; 10,000 shares West Penn Electric; also, 5,000 shares National Cash Register, and 10,000 shares E. R. Squibb & Sons, the latter also a new item. Also bought were 6,000 shares Standard Gas & Electric Co. $4 preferred.

Largest sales of commons during the quarter were 40,000 shares Kentucky Utilities, 12,900 shares Bethlehem Steel, 7,500 shares Humble Oil, 10,000 shares Youngstown Sheet and Tube, 10,000 shares International Paper and 6,500 shares B. F. Goodrich & Co.

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Economic and Legal Factors in Stock Options

is whether stock options involve "compensation" or "other remuneration." However, the Salary Stabilization Board has ruled that stock options do involve remuneration, are at least potentially inflationary under certain circumstances, and consequently are subject to its jurisdiction. At the same time, the Board agreed that restricted stock options granted at 95% of fair market value should not be treated as inflationary if certain conditions were met; and in General Salary Stabilization Regulation No. 4, released on Nov. 14, 1951 (dated back to Oct. 30, 1951) relating to stock options and stock purchase plans, the Board decontrolled restricted stock options granted at 95% of fair market value provided the following additional requirements are met:

(1) The option **by its terms** is exercisable only while the optionee is an employee or within three months after his employment terminates. (This goes beyond the requirements of the Internal Revenue Code, Section 130A, which does not require such condition to be contained in the **terms** of the option, although such requirement as to the exercise must in fact be met in order to qualify for favorable tax treatment.);

(2) The board of directors of the corporation granting the option certifies by resolution that the option was granted as an incentive and to encourage stock ownership and not to provide an increase in compensation; and

(3) The corporation files a warranty that it will not claim as a cost or an expense under any law or regulation any amount in respect of the transfer of the stock pursuant to the exercise of the option, whether or not held for the two-year period (it is not clear whether this applies to operating expenses under the Revenue Act of 1951).

Following public hearings, at which I testified, before the Stock Option Advisory Panel of the Salary Stabilization Board, held in New York last December, certain suggestions for revision of the Regulation were submitted by George Brownell, of Davis, Polk, Wardwell, Sunderland & Kiendl; Donald Swatland, of Cravath, Swaine & Moore; and myself. We urged, among other things, that the Regulation should not be given retroactive effect and that plans and agreements established prior to the date of the Regulation (even though after the freeze date) should be exempt from controls; that the decontrol should be extended to options granted at not less than 85% of the fair market value; and that the requirement depriving the corporation of its right to claim as a cost or expense any amount in respect of the transferred stock pursuant to the exercise of the option should be eliminated. To date, these recommendations have not been acted upon publicly, but it is my understanding that one or more of them will be adopted in a revision of G. S. S. R. 4 which will be published shortly.

State Corporation Laws: The provisions of the sections of the various state corporation laws relating to stock options are so dissimilar that they cannot easily be typified by a general summary. However, many of them provide that unless expressly prohibited by the corporate charter, a business corporation may establish a plan for the issuance and sale of its authorized but unissued shares to its employees in such manner as shall be provided by a charter provision, a by-law provision or a written plan approved by stockholders. Some further provide (without apparent regard for what may be inherent preemptive rights possibly not subject to removal by statute) that shares subject to preemptive rights may be so issued and sold with the written consent or affirmative vote of the holders of two-thirds or three-fourths of the shares entitled to exercise preemptive rights with respect thereto. Some States also provide a right of appraisal for dissenters, and for this reason, if preemptive rights constitute a problem, it is probably prudent to insert an "out clause" in both the Plan and Proxy Statement in the event there is in the opinion of the Board of Directors too large a negative vote. However, stockholder reception of stock options has been on the whole favorable, especially by large stockholders and by those who have the best interests of a corporation at heart. There is some litigation pending. But I do not believe that this will present any real problem in the long run although specific stock option plans might have to be revised in the event of unfavorable decisions. It is, of course, always easy to achieve cheap publicity at the expense of executives.

Reasons for Stock Options

Incentive: The first and most obvious question left unanswered by the above referred to laws is: "Why bother with stock options?" Most of you are familiar with the popular reason contained in the Senate Finance Committee Report relating to the Revenue Act of 1950—i.e., options are an incentive device by means of which corporations may attract new management, convert their officers into partners and retain the services of executives who might otherwise leave. However, it has been my experience that there are at least four other reasons which usually enter into discussions by a Board of Directors deliberating whether to grant stock options:

(1) Stock options provide a means of encouraging the officers of the corporation to increase their stock holdings in the company—a result which is highly desirable from a stockholder relation point of view and which has, in recent years, become a subject of increasing discussion among investment advisors;

(2) Whether or not options are determined to involve compensation or remuneration within the meaning of the Defense Production Act, they do afford a satisfactory means of providing an incentive to executives and key employees that will not be taxable at ordinary income tax rates; and

(3) It seems only fair that corporate officers who have been exceptionally creative and have been responsible for providing unusual earnings should be permitted to share in those benefits on a somewhat more favorable basis than that of a person in no way connected with the corporation who may at any time buy stock in the corporation in the open market and after holding it six months sell it again with the tax on his profit limited to 26% under the long-term capital gains provisions. To a limited extent stock options may afford corporate officers without large capital means, who have made an actual contribution to the gain, greater incentives.

(4) They do afford at least some degree of hedge against inflation.

Inflationary Hedge: As to the last point above, however, the inflationary hedge provided by a stock option is not nearly so great as might be imagined at first thought—nor as great as recent Stock Exchange articles would lead us to believe. These articles and press releases, dealing with common stocks as a hedge against inflation, failed to take account of both (i) the capital gains tax payable on any realization of the dollar value of such stocks, and (ii) the full extent of the decreased purchasing power of the dollars so realized. The combined effect of these two items greatly reduces the effectiveness of common stock as a hedge against inflation.

In this connection anyone interested in a further study of the effect of inflation on business is referred to the recent volume entitled "Changing Concepts of Business Income" published since the beginning of this year, which is the Report of the Study Group on Business Income, financed jointly by The American Institute of Accountants and The Rockefeller Foundation. I had the pleasure of serving as a member of the Group, whose study extended over a period of about three years, and in this connection wrote a pamphlet entitled "An Inquiry into the Nature of Business Income under Present Price Levels" in February, 1949, shortly after the study was first commenced.

At that time some people were saying we should not worry about inflation because the high price levels were probably only a temporary phenomenon like the high prices immediately following World War I and would soon come down. That was three years ago and prices (except in limited consumer fields such as textiles) have not shown any significant signs of returning to pre-World War II levels. Indeed, inflationary pressures seem to be again gathering force. In this connection the current action of the Wage Stabilization Board in recommending an effective increase in pay of approximately 30c per hour for steel workers may be highly significant, especially in view of the resignation of Charles E. Wilson former Mobilization Director in protest.

As one writer has characterized it, the Wage Stabilization Board has made an **un-stabilizing** award, which by raising costs in the basic heavy industries may either cause decreased purchasing power and unemployment for workers in other industries, such as textiles, and thus bring on a depression, or, to prevent a depression, require another general round of inflation with the government creating more money by selling its bonds to the banks.

Two With C. J. Devine

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—John B. Nelson and Ralph W. Thompson are now affiliated with C. J. Devine & Co., 135 South La Salle Street. Mr. Thompson was previously with Reynolds & Co.

Investment Service Adds

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—Paul L. Beck and John R. Neill have become associated with Investment Service Corporation, 444 Sherman Street.

Rejoins Geo. C. Lane

(Special to THE FINANCIAL CHRONICLE)

NEW HAVEN, Conn. — Robert O. Samuelson has rejoined the staff of George C. Lane & Co., Inc., 70 College Street.

Joins Hodgdon Co.

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—Matthew Keller is now connected with Hodgdon & Co., 10 State Street.

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The State of Trade and Industry

Agriculture. The agency estimated that farm costs will rise 5% to 6%. Despite rising costs, the department said, supplies of most items farmers use should be sufficient to allow high farm output. However, some kinds of fertilizer are expected to be in short supply. In another forecast, the department estimated 1951-1952 world corn production at 5,300,000,000 bushels. This would be 175,000,000 bushels larger than the 1950-1951 total.

United States exports in February totaled $1,328,000,000, the United States Department of Commerce announced. This was about $1,000,000 above the January level. It was 6% higher than the 1951 monthly average. February imports dropped to $892,000,000, from $921,000,000 in January, and a monthly average last year of $914,000,000. Machinery and vehicles registered the largest increases in exports.

Steel Output Scheduled at 97% of Capacity Following Curtailed Operations Last Week Due to Strike Threat

Resumption of steel production after a brief interruption last week in connection with the labor-price dispute promised to keep steel flowing with hardly a noticeable break to consumers, says "Steel," the weekly magazine of metalworking.

For weeks before the short stoppage in production the demand for steel was easing. Even the government controllers admitted that the supply and demand for steel would likely be in sufficient balance by the latter part of this year to permit lifting many of the controls from this material.

The work interruption brought a loss of about three days' output. "Steel" estimates the industry's production in the week ended April 12 averaged 51% of capacity.

The capacity continues to grow, thanks to the steel industry's expansion program, it adds. By the beginning of the second quarter the capacity had reached an annual level of 109,218,670 net tons, on the basis of a previously scheduled increase of 631,000 tons in the first quarter. Scheduled addition to capacity in the second quarter is 2,919,600 tons, with 3,214,300 planned for the third quarter and 1,688,800 tons for the fourth quarter, this trade paper points out.

Indicative of the reduced pressure for steel is steel consumers' attitudes toward inventories. Steel users, on the average, have three to four weeks' supply of steel. Legally, they're allowed 45-day stocks of most types of steel. Only one-third of the consumers have the limit on hand. The below-legal-limits inventories are more the result of voluntary action on the part of consumers than of unavailability of steel, this magazine asserts.

In the best position are medium and large companies whose primary needs are for sheet and strip. In the worst position are small companies that use plates or bars.

Consumers are not crowding in to place orders for third quarter delivery of sheets and strip. Some producers still have openings in second quarter schedules for cold-rolled strip. There is some spotty improvement in cold-rolled sheet buying, but producers of consumer durable goods are disturbed by buyer resistance to prices, it notes.

Heavy and wide plates continue to be one of the scarcest steel items, and to help improve the supply of them the government restricted the use of conventional plate mills to production of the heavy and wide material.

Demand for structural shapes has picked up somewhat as a result of the easing in government restrictions on construction, but a lot of the shape business is still in the prospective stage. Wide-flange beams continue to be notably scarce, "Steel" states.

Reflecting the slowness of business in gray iron foundries and an improvement in the balance between supply and demand in pig iron, the government raised the limits on consumers' inventories of pig iron from 30 to 60 days' supply. This relaxation has not stirred up any noticeable increase in ordering, concludes "Steel" magazine.

The American Iron and Steel Institute announced this week that the operating rate of steel companies having 93% of the steelmaking capacity for the entire industry will be 97.0% of capacity for the week beginning April 14, 1952, equivalent to 2,015,000 tons of ingots and steel for castings, or an increase of 34.7 points above the previous week's production of 1,294,000 tons, or 62.3% of rated capacity. Lower operations a week ago were occasioned by the strike threat of the steel union.

A month ago output stood at 102.4%, or 2,127,000 tons. A year ago production stood at 102.9%, or 2,057,000 tons.

Car Loadings Ease in Latest Week

Loadings of revenue freight for the week ended April 5, 1952, totaled 707,142 cars, according to the Association of American Railroads, representing a decrease of 18,281 cars, or 2.5% below the preceding week.

The week's total, however, represented a decrease of 32,381 cars, or 4.4% below the corresponding week a year ago, but an increase of 7,093 cars, or 1.0% above the comparable period two years ago.

Electric Output Adversely Affected by Steel Dispute

The amount of electric energy distributed by the electric light and power industry for the week ended April 12, 1952, was estimated at 7,150,000,000 kwh. (preliminary figure) according to the Edison Electric Institute.

The current total was 68,831,000 kwh. below that of the preceding week. It was 403,025,000 kwh., or 6.0% above the total output for the week ended April 14, 1951, and 1,286,753,000 kwh. in excess of the output reported for the corresponding period two years ago.

U. S. Auto Output Advanced Slightly the Past Week

Passenger car production in the United States the past week, according to "Ward's Automotive Reports," rose to 92,305 units,

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Tomorrow's Markets Walter Whyte Says—

By WALTER WHYTE

As I write this the steel plant take-over by the Government is as confused as ever. When last week's column was written the steel developments which subsequently occurred were still in the future. Since then you've either heard or read the statements of the principals in the controversy.

* * *

But despite the news of the past few days, and the certainty of more news in the same vein in the immediate future, I don't think the market was caught flatfooted by the turn of events, nor will it be in the foreseeable future.

* * *

The real danger to any further advance is a sharp curtailment of defense spending. It is possible that a firm pledged peace bringing an end to Korean hostilities will cause some unsettlement and even a reaction. An economy built on cannons can't come to a complete halt without shaking the foundations on which it is built.

* * *

There is the deep hope that any slack in business brought about through a peace can be taken up by American know-how for the benefit of a consumer economy. Unfortunately, this is only a hope; not a conviction.

* * *

However the market doesn't give any serious signs of any new or impending reactions. The signs in fact point the other way. What to do about it is a question the answer to which must be arrived at by the individual. A pat reply to buy this stock or that stock, or sell this or that, won't solve the multitude of problems that face each potential buyer and seller of stocks.

* * *

I have frequently suggested the purchase of certain specific issues, with occasional gratifying results. At least I've assumed they were gratifying because the stocks went up, made profits and I could take bows. But buying stocks on such a basis under present day conditions is far from practical. Trading, with the existing margin restrictions, is practically impossible. Holding them practically outright and selling them in less than six months brings the tax department in for a big chunk.

* * *

These are all problems no general advice can solve. One can point to a direction and let it go at that.

* * *

Right now the direction seems to be up. So the suggestion is that holdings be retained until new signals appear.

[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.]

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The State of Trade and Industry

compared with the previous week's total of 91,074 (revised) units, and 121,492 units in the like week a year ago.

Passenger car production in the United States advanced last week about 1% above the previous week's figure which set a new high for the year, but was about 24% behind the like period a year ago.

Total output for the current week was made up of 92,305 cars and 25,160 trucks built in the United States, against 91,074 cars and 25,208 trucks (revised) last week and 121,492 cars and 31,417 trucks in the comparable period a year ago.

Canadian output last week fell to 4,980 cars and 2,295 trucks, against 6,297 cars and 3,089 trucks in the preceding week and 7,265 cars and 2,665 trucks in the similar period of a year ago.

Business Failures Hold Steady

Commercial and industrial failures totaled 184 in the week ended April 10, one below the preceding week's 185, Dun & Bradstreet, Inc., reports. Casualties were heavier than a year ago when 172 occurred, but slightly lower than the 201 in 1950 and off sharply, 41%, from the prewar level of 313 in the similar week of 1939.

Liabilities of $5,000 or more were involved in 154 of the week's failures compared with 150 last week and 126 in the comparable week of 1951. There was a dip in small casualties, those having liabilities under $5,000, to 30 from 35 in the previous week and 46 a year ago.

All industry and trade groups except manufacturing had higher mortality during the week. Manufacturing casualties fell to 26 from 53 last week and were one below the 1951 level. All other industry and trade groups except retailing which was 5 below 1951 had more concerns failing than a year ago.

Seven of the nine major geographic regions reported weekly rises in failures. The only decline occurred in the Middle Atlantic States where mortality dropped to 54 from 91. This region had the only marked decline from 1951, while slight dips appeared in three other areas and New England held steady. More businesses failed than last year in the Pacific, South Atlantic and East South Central States, with the latter two areas having notable rises.

Wholesale Food Price Index Drops to New 21-Month Low

In a continuation of the downward movement now in its fourth week, the wholesale food price index, compiled by Dun & Bradstreet, Inc., fell 3 cents to stand at $6.37 on April 8. This represents a new low since July 11, 1950, when it stood at $6.28, and it is only 6.9% above the pre-Korea level of $5.96. It compares with $7.15 on the corresponding date a year ago, or a drop of 10.9%.

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 Trends Steadily Downward in Latest Week

The daily wholesale commodity price index, compiled by Dun & Bradstreet, Inc., moved steadily lower last week to close at 301.33 on April 8. This compared with 301.78 a week earlier, and with 323.01 on the corresponding date a year ago.

Grain markets were nervous and unsettled with prices generally showing moderate losses from a week ago. Considerable selling pressure developed, largely reflecting continued weakness in other commodities, coupled with current and threatened strikes in leading industries. Wheat showed some strength early in the week, but later declined, influenced by the continued good outlook for Winter wheat in the Southwest and the current lag in export trade. Liquidation in corn was attributed to weakness in fats and oils, the low level of hog values and the continued unfavorable corn-hog feeding ratios. Oats and rye met with fairly good demand at times, but prices worked lower along with other grains. Seeding of oats was reported behind normal in many sections because of rains. Trading in all grain futures on the Chicago Board of Trade declined slightly to a daily average 26,000,000 bushels last week, comparing with 28,000,000 the week previous, and 27,000,000 in the like week a year ago.

Flour prices were easier. Demand remained very quiet with domestic bookings restricted to scattered small lots for nearby requirements despite willingness of many mills to make concessions.

Government buying of flour the past week was substantial, but export trade was dull with very few inquiries noted. Spot cocoa prices registered small declines the past week for the first time in over a month. Warehouse stock of cocoa increased to 101,403 bags, from 97,831 a week ago, and compared with 125,163 last year. Coffee futures as well as spot prices were down moderately, reflecting slow demand for green coffee by roasters who report a slowing down of demand for the finished product. Sugar prices were steady and firm. Lard continued under pressure and prices moved irregularly lower, influenced by further weakness in vegetable oils and continued heavy marketings of live hogs.

Spot cotton prices showed little change for the week as late declines wiped out earlier gains. Strength in the fore part of the week was attributed to mill price-fixing and the expectation of a tight spot supply situation, while declines in late dealings were influenced largely by continued dullness in textile markets, easiness in some outside markets and reports of further rains in the western part of the belt.

Foreign inquiries for cotton were quite numerous but volume of sales for export remained small.

The mid-March parity price at 34.47 cents a pound was unchanged from a month earlier. Sales in the ten spot markets totaled 112,600 bales for the week, as against 125,300 bales in the previous week, and 72,600 in the corresponding week a year ago.

Trade Volume Showed Perceptible Improvement Due to Easter Buying and Good Weather

The nearness of Easter and the pleasant weather in most parts of the nation were instrumental in lifting retail trade perceptibly in the period ended on Wednesday of last week. While shoppers bought more than at this time a year ago when Eastern had passed, most merchants reported that their sales volume was slightly below the comparable pre-Easter week in 1951. Many stores resorted to reduced-price promotions and to extended shopping hours to spur shoppers' interest. Labor unrest in many parts of the East and Midwest was reflected in increased consumer caution.

Total retail dollar volume in the nation in the period ended on Wednesday of last week was estimated by Dun & Bradstreet to be from 4% to 8% higher than a year ago, the largest year-to-year rise since April, 1951. Regional estimates varied from the levels of a year ago by the following percentages:

New England +4 to +8, East and Midwest +5 to +9, Northwest and Southwest 0 to +4, South and Pacific Coast +6 to +10.

Apparel stores noted a pronounced rise in shopping last week as preparations for Easter drew increased attention. While virtually all apparel departments sold more than in recent weeks, demand was especially high for women's suits, millinery and children's clothing.

Shoppers generally displayed keener interest in better-grade apparel than in budget items.

In keeping with tradition, the rise in the demand for men's clothing was not as sharp as for women's apparel.

Food stores sold slightly more food the past week as housewives prepared for the coming holiday. There was a market rise in the call for candy, beverages and novelties. Dairy products and sea-food continued to be widely popular.

The rising interest in household goods was generally limited to seasonal items such as decorating materials, garden supplies and hardware. While large furniture pieces, appliances and television sets remained in reduced demand, the sales of bedding rose modestly. Promotions of outdoor furniture evoked little interest.

Trading activity in many wholesale markets was virtually unchanged the past week. The total dollar volume of wholesale trade, buttressed by many orders for defense needs, did not vary sharply from the high level of a year earlier. Retailers' orders were generally confined to hurried requests for seasonal merchandise.

Department store sales on a countrywide basis, as taken from the Federal Reserve Board's index for the week ended April 5, 1952, increased 18% from the like period of last year. In the preceding week an increase of 13% was registered above the like period a year ago. For the four weeks ended April 5, 1952, sales declined 1%. For the period Jan. 1 to April 5, 1952, department store sales registered a decline of 9% below the like period of the preceding year.

Retail sales in New York last week advanced over those of a week ago and were about 3% to 4% better than the like period of 1951.

According to the Federal Reserve Board's index, department store sales in New York City for the weekly period ended April 5, 1952, increased 4% above the like period of last year. In the preceding week an increase of 16% was recorded above the similar week of 1951, while the four weeks ended April 5, 1952, a decrease of 2% was registered below the level of a year ago. For the period Jan. 1 to April 5, 1952, volume declined 11% below the like period of the preceding year.

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Risks in Investing in Chemical Process Industries

and will often be in a position to warn the investor ahead of time if a process on paper can run into too much trouble. Often a process may look deceptively simple, but in actual operations intimate know-how is required to make the process a success. More than one company has learned this lesson. Chlorophyil, for example, can be extracted from alfalfa readily. The trick is to use a minimum amount of proper solvents in order to keep costs as low as possible and obtain the maximum yields of the chemical from each ton of alfalfa. In purification, further difficulties are encountered. The investor must know that his process is commercially feasible and his engineers reliable. Another danger spot is in adopting a foreign process to American economics. Labor in Europe is cheaper than in this country. A European process, therefore, often needs far greater man-power than can be economically spent in the United States. Other cost factors may be actually deceptive. Acrylate plastic is made in Europe from lactic acid. Investigations have shown that in our domestic economy, this process cannot compete with its manufacture from acetylene. Similar difficulties can be encountered in reverse, introducing an American process outside of this country. The investor not familiar with the tricks of the chemical trade is almost certain to encounter any number of these pitfalls.

Still another danger exists in investing in the chemical process industries. Building a major plant may take anywhere from one to two years. If the process is still in the laboratory, or even in the pilot plant, a longer time may be necessary before the commercial plant can be put on stream. This time lag must be taken under consideration in respect to the changes possible through research. Even before the plant is ready to produce, further developments may have been developed or even a completely new process found for making the same product. Both of these developments may make the plant under construction not only less economical, but even completely obsolete. In making the new tuberculosis drug, in just over 30 days, one manufacturer announced that he had developed a completely different process from the one first announced. When penicillin was going into large-scale production, a pharmaceutical firm had one plant practically completed, when its own research staff came out with a radically different and improved process. The company decided to go ahead with the new method and in effect hardly used the original plant for penicillin production.

As mentioned above, construction is rather lengthy. The investments in chemical plants, on the other hand, is generally high. This combination creates additional risks for these industries. In many cases, it may take from four to five years before the red ink is removed from new chemical enterprises.

Still Opportunities in Chemical Industries

Yet, the chemical process industries are still the land of economic opportunities. Chemical research, which up to here has been cast as the villain of this piece, is in reality the healthy growth factor of the industries. Research develops new products. It is often instrumental in solving supply shortages. It can open up new markets by making cheaper raw materials and more efficient processes available to the chemical industries, thus reducing the price of products and enlarging their potential markets. The chemical industries have grown very rapidly. In fact, the products of chemical synthesis are growing faster than the economy in general. More than half of the domestic rubber production is synthetic. Before the war, natural latex had no competition. Fertilizer use is increasing much faster than food production. Synthetic detergents are both replacing and complementing soap and soap products. Plastics have invaded the territory of many metals, wood, concrete, etc. Synthetic fibers are replacing wool and cotton in increasing volume. The facts are that the process industries are beginning to dominate our total industrial picture. In the decade since 1939, the production of chemicals has more than doubled while all industrial activity was unable to keep this pace. Expenditures for new plants and equipment have more than doubled the value of fixed assets since 1945. Many other like examples could be cited, but one fact must be re-emphasized: the chemical process industries offer wonderful investment opportunities. Yet the risk is greater than in most other enterprises. Our caution to potential investors: Take advantage of these opportunities, but look before you leap. Make sure that you recognize the risks peculiar to chemistry. Use to the fullest competent technical aid.

Carolina Pow. & Lt. Co. Common Stock Offered

Merrill Lynch, Pierce, Fenner & Beane and R. S. Dickson & Co., Inc., head a group which is offering today 200,889 shares of common stock of Carolina Power & Light Co. The stock is priced to the public at $35.12½ per share.

Merrill Lynch, Pierce, Fenner & Beane and R. S. Dickson & Co., Inc., have also placed privately 50,000 shares of no par value $5 preferred stock, cumulative, of the utility company. Sale of the preferred stock will be consummated simultaneously with the delivery of the common stock to the underwriters.

Proceeds from the sale of the common and preferred stocks will be used by the company for the construction of new facilities and for other corporate purposes. The company estimates that its construction program expenditures during the period from Jan. 1, 1952 through the year 1954 will approximate $67,000,000.

Carolina Power & Light Co. was organized in 1926 through a merger and consolidation of five utilities and in February, 1952, Tide Water Power Co. was merged into Carolina Power & Light Co. The company operates in North Carolina and South Carolina and is engaged in the generation, transmission, distribution and sale to the public of electric energy both at retail and at wholesale. The company also engages to a minor extent in the manufacture and distribution of gas and the distribution of water. The estimated total population of the territory served is in excess of two million. The company has approximately 331,000 electric customers, 12,000 gas customers and 3,000 water customers.

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Dealer-Broker Investment Recommendations & Literature

Harman Oils & Minerals Limited—Circular—Aetna Securities Corp., 111 Broadway, New York 6, N. Y. Also available is a circular on **Russell Reinforced Plastics Corporation.**

Lehman Corporation—Bulletin on portfolio changes—Ira Haupt & Co., 111 Broadway, New York 6, N. Y.

Nash-Kelvinator Corporation — Analysis — Sincere and Company, 231 South La Salle Street, Chicago 4, Ill.

National Life & Accident Insurance Co.—Memorandum—Clark, Landstreet & Kirkpatrick, 407-B Union Street, Nashville 3, Tenn.

National Supply Company—Bulletin—Dean Witter & Co., 14 Wall Street, New York 5, N. Y.

Newport Steel Corporation—Bulletin—Gartley & Associates, Inc., 68 William Street, New York 5, N. Y. Also available is a bulletin on **Pfeiffer Brewing Company.**

Norris-Thermador Corporation—Analysis—William R. Staats & Co., 640 South Spring Street, Los Angeles 14, Calif. Also available is an analysis of the **Fluor Corporation, Ltd.**

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

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

Security First National Bank of Los Angeles—Memorandum—Dempsey-Tegeler & Co., 407 North Eighth Street, St. Louis 1, Mo.

Shaw Oil & Chemical Corporation—Report—Hunter Securities Corp., 52 Broadway, New York 4, N. Y.

Socony-Vacuum Oil Co.—Memorandum—Emanuel, Deetjen & Co., 120 Broadway, New York 5, N. Y.

Standard Factors Corp.—Report (ask for No. R-10)—Singer, Bean & Mackie, Inc., 40 Exchange Place, New York 5, N. Y.

Stromberg-Carlson Co.—Report—Dempsey-Tegeler & Co., 210 West Seventh Street, Los Angeles 14, Calif.

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

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 24, 1952 (Boston, Mass.)
Boston Investment Club dinner meeting at the Boston Yacht Club.

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 16, 1952 (Baltimore, Md.)
Baltimore Security Traders Association 17th annual summer outing at the Country Club of Maryland.

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.

Oct. 6, 1952 (Los Angeles, Calif.)
Association of Stock Exchange Firms Board of Governors Fall meeting in Los Angeles and San Francisco.

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

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

Halsey, Stuart Group Offers Col. Gas Debs.

Halsey, Stuart & Co. Inc. and associates are offering a new issue of $60,000,000 The Columbia Gas System, Inc., 3⅜% debentures, series C, due 1977, at 100.929% and accrued interest.

Proceeds from the sale will be used by the company to prepay 20,000,000 of bank notes, with the balance to be added to its general funds for application to the 1952 construction program which it is presently estimated will involve an expenditure of $75,078,000. In addition, the System will spend approximately $3,000,000 in 1952 for the purchase of "cushion" gas for underground storage.

In order to complete the 1952 construction program, it is presently anticipated that the corporation will be required to raise approximately $18,000,000 through additional financing.

The corporation will provide a sinking fund to retire $42,550,000 of the new series C debentures prior to maturity through annual payments of $1,850,000 beginning in 1954. The debentures are redeemable through the sinking fund at prices ranging from 100.90% to par and at regular redemption prices ranging from 104.45% to par, plus accrued interest.

The Columbia Gas System, Inc., a public utility holding company, was organized under the laws of Delaware on Sept. 30, 1926, at Columbia Gas & Electric Corp. The System is an interconnected natural gas system composed of the holding company, 15 operating subsidiaries and a subsidiary service company. The System serves customers at retail or wholesale in Ohio, Pennsylvania, West Virginia, New York, Kentucky, Maryland, Virginia, and the District of Columbia.

At Dec. 31, 1951, the System operated 33,627 miles of gas transmission, distribution and field gathering pipelines, 130 gas compressor stations, 12 liquefied petroleum gas plants, 36 underground storage reservoirs and 9,817 gas wells, including storage wells. In connection with its gas utility business, the System also conducts gasoline and oil operations and at Dec. 31, 1951, operated 13 gasoline extraction plants and 1,513 oil wells.

Consolidated net income of the corporation and its subsidiaries for 1951 amounted to $17,326,089 compared with $17,527,884 in 1950. Gross revenues were $188,431,886 for 1951 against $159,934,174 for 1950.

Reinhard With Becker

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Godfrey Reinhard has become associated with A. G. Becker & Co. Incorporated 120 South La Salle Street. For the past 10 years Mr. Reinhard has been with Cruttenden & Co.

Partnership Changes

Arthur P. Silverberg retired from partnership in Faroll & Company on April 11. On April 18, Barnett Faroll, general partner, will become a limited partner.

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. 20	97.0	62.3	102.4	102.9
Equivalent to—					
Steel ingots and castings (net tons)	Apr. 20	2,015,000	1,294,000	2,127,000	2,057,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	Apr. 5	6,376,750	6,401,650	______	6,126,800
Crude runs to stills—daily average (bbls.)	Apr. 5	¶6,527,000	6,590,000	______	6,092,000
Gasoline output (bbls.)	Apr. 5	21,410,000	21,837,000	______	19,306,000
Kerosene output (bbls.)	Apr. 5	2,598,000	2,750,000	______	2,301,000
Distillate fuel oil output (bbls.)	Apr. 5	9,434,000	9,712,000	______	8,988,000
Residual fuel oil output (bbls.)	Apr. 5	8,865,000	8,846,000	______	8,877,000
‡Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished and unfinished gasoline (bbls.) at	Apr. 5	158,304,000	158,695,000	______	147,838,000
Kerosene (bbls.) at	Apr. 5	16,533,000	16,179,000	______	14,969,000
Distillate fuel oil (bbls.) at	Apr. 5	43,751,000	48,445,000	______	46,030,000
Residual fuel oil (bbls.) at	Apr. 5	36,905,000	37,049,000	______	37,375,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	Apr. 5	707,142	725,473	714,247	739,523
Revenue freight received from connections (no. of cars)	Apr. 5	658,406	672,762	690,485	699,053
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	Apr. 10	$228,502,000	$345,654,000	$223,806,000	$311,168,000
Private construction	Apr. 10	87,549,000	191,279,000	107,670,000	188,188,000
Public construction	Apr. 10	140,953,000	154,375,000	116,136,000	122,980,000
State and municipal	Apr. 10	81,360,000	101,826,000	73,907,000	69,562,000
Federal	Apr. 10	59,593,000	52,549,000	42,229,000	53,418,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	Apr. 5	8,145,000	*9,865,000	9,915,000	9,127,000
Pennsylvania anthracite (tons)	Apr. 5	546,000	697,000	733,000	465,000
Beehive coke (tons)	Apr. 5	109,700	*132,400	144,900	113,300
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1935-39 AVERAGE = 100	Apr. 5	315	292	254	292
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	Apr. 12	§7,150,000	*7,218,831	7,413,795	6,746,975
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	Apr. 10	184	185	156	172
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	Apr. 8	4.131c	4.131c	4.131c	4.131c
Pig iron (per gross ton)	Apr. 8	$52.72	$52.72	$52.72	$52.69
Scrap steel (per gross ton)	Apr. 8	$42.00	$42.00	$42.00	$43.00
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	Apr. 9	24.200c	24.200c	24.200c	24.200c
Export refinery at	Apr. 9	27.425c	27.425c	27.425c	24.425c
Straits tin (New York) at	Apr. 9	121.500c	121.500c	121.500c	150.500c
Lead (New York) at	Apr. 9	19.000c	19.000c	19.000c	17.000c
Lead (St. Louis) at	Apr. 9	18.800c	18.800c	18.800c	16.800c
Zinc (East St. Louis) at	Apr. 9	19.500c	19.500c	19.500c	17.500c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	Apr. 15	98.05	97.28	96.73	98.69
Average corporate	Apr. 15	110.15	109.97	109.60	112.19
Aaa	Apr. 15	114.46	114.27	113.70	115.63
Aa	Apr. 15	112.93	112.75	112.56	114.66
A	Apr. 15	109.24	109.24	108.88	111.25
Baa	Apr. 15	104.31	104.14	103.97	107.27
Railroad Group	Apr. 15	107.27	107.09	106.74	109.06
Public Utilities Group	Apr. 15	109.60	109.60	109.24	112.19
Industrials Group	Apr. 15	113.50	113.50	113.31	115.24
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	Apr. 15	2.63	2.68	2.72	2.59
Average corporate	Apr. 15	3.16	3.17	3.19	3.05
Aaa	Apr. 15	2.93	2.94	2.97	2.87
Aa	Apr. 15	3.01	3.02	3.03	2.92
A	Apr. 15	3.21	3.21	3.23	3.10
Baa	Apr. 15	3.49	3.50	3.51	3.32
Railroad Group	Apr. 15	3.32	3.33	3.35	3.22
Public Utilities Group	Apr. 15	3.19	3.19	3.21	3.05
Industrials Group	Apr. 15	2.98	2.98	2.99	2.89
MOODY'S COMMODITY INDEX	Apr. 15	432.1	433.6	438.8	515.9
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	Apr. 5	271,607	189,705	282,301	328,223
Production (tons)	Apr. 5	201,244	198,922	205,178	253,702
Percentage of activity	Apr. 5	83	84	86	106
Unfilled orders (tons) at end of period	Apr. 5	447,663	330,443	432,507	778,034
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1926-36 AVERANGE = 100	Apr. 11	140.7	141.0	141.7	154.2
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. 29	29,184	29,249	30,320	28,514
Number of shares	Mar. 29	834,611	830,857	832,412	821,113
Dollar value	Mar. 29	$39,338,464	$37,899,500	$39,952,157	$34,246,152
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	Mar. 29	24,766	24,650	23,237	24,846
Customers' short sales	Mar. 29	152	131	210	447
Customers' other sales	Mar. 29	24,614	24,519	23,027	24,399
Number of shares—Total sales	Mar. 29	697,299	684,140	644,721	691,592
Customers' short sales	Mar. 29	4,593	4,181	7,668	16,981
Customers' other sales	Mar. 29	692,706	679,959	637,053	674,611
Dollar value	Mar. 29	$31,192,645	$29,231,928	$27,441,990	$27,785,049
Round-lot sales by dealers—					
Number of shares—Total sales	Mar. 29	181,280	176,350	170,230	203,710
Short sales	Mar. 29	______	______	______	______
Other sales	Mar. 29	181,280	176,350	170,230	203,710
Round-lot purchases by dealers—					
Number of shares	Mar. 29	342,130	311,620	372,190	339,090
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. 22	217,440	265,040	246,480	278,810
Other sales	Mar. 22	6,807,840	7,525,650	6,699,130	5,945,110
Total sales	Mar. 22	7,025,280	7,790,690	6,945,610	6,223,920
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS					
Transactions of specialists in stocks in which registered—					
Total purchases	Mar. 22	702,320	785,620	710,880	617,600
Short sales	Mar. 22	117,680	143,260	123,170	117,830
Other sales	Mar. 22	582,350	618,120	616,100	501,670
Total sales	Mar. 22	700,030	761,380	739,270	619,500
Other transactions initiated on the floor—					
Total purchases	Mar. 22	165,410	202,100	165,840	147,070
Short sales	Mar. 22	8,100	19,400	13,040	9,800
Other sales	Mar. 22	220,280	234,760	170,940	166,300
Total sales	Mar. 22	228,380	254,160	183,980	176,100
Other transactions initiated off the floor—					
Total purchases	Mar. 22	249,198	280,534	282,634	212,680
Short sales	Mar. 22	44,400	40,470	22,620	68,810
Other sales	Mar. 22	294,255	371,759	340,795	277,820
Total sales	Mar. 22	338,655	412,229	363,415	346,630
Total round-lot transactions for account of members—					
Total purchases	Mar. 22	1,116,928	1,268,254	1,159,354	977,350
Short sales	Mar. 22	170,180	203,130	158,830	196,440
Other sales	Mar. 22	1,096,885	1,224,639	1,127,835	945,790
Total sales	Mar. 22	1,267,065	1,427,769	1,286,665	1,142,230
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR—(1947-49 = 100):					
Commodity Group—					
All commodities	Apr. 8	111.7	111.4	______	______
Farm products	Apr. 8	107.6	107.6	______	______
Processed foods	Apr. 8	108.0	108.3	______	______
Meats	Apr. 8	110.9	111.5	______	______
All commodities other than farm and foods	Apr. 8	113.4	112.9	______	______

*Revised. ‡On new basis. ¶Includes 491,000 barrels of foreign crude runs. §Preliminary figure.

	Latest Month	Previous Month	Year Ago
BUSINESS FAILURES—DUN & BRADSTREET, INC.—Month of March:			
Manufacturing number	148	133	115
Wholesale number	69	60	88
Retail number	371	304	377
Construction number	72	70	83
Commercial service number	55	52	69
Total number	715	619	732
Manufacturing liabilities	$13,046,000	$5,614,000	$5,169,000
Wholesale liabilities	2,233,000	3,728,000	2,211,000
Retail liabilities	6,905,000	6,548,000	5,605,000
Construction liabilities	2,486,000	1,935,000	3,292,000
Commercial service liabilities	4,563,000	1,649,000	1,375,000
Total liabilities	$29,232,000	$19,474,000	$17,652,000
COMMERCIAL PAPER OUTSTANDING—FEDERAL RESERVE BANK OF NEW YORK—			
As of March 31 (000's omitted)	$534,000	$517,000	$331,000
COTTON SEED AND COTTON SEED PRODUCTS—DEPT. OF COMMERCE—Month of February:			
Cotton Seed—			
Received at mills (tons)	161,696	321,768	56,343
Crushed (tons)	536,248	687,735	318,324
Stocks (tons) Feb. 29	1,140,094	1,514,646	575,329
Crude Oil—			
Stocks (pounds) Feb. 29	172,495,000	188,644,000	87,973,000
Produced (pounds)	172,478,000	218,547,000	103,897,000
Shipped (pounds)	178,436,000	200,956,000	121,061,000
Refined Oil—			
Stocks (pounds) Feb. 29	383,410,000	336,814,000	204,544,000
Produced (pounds)	164,076,000	185,037,000	110,864,000
Consumption (pounds)	117,870,000	135,226,000	92,265,000
Cake and Meal—			
Stocks (tons) Feb. 29	55,286	56,737	165,276
Produced (tons)	249,374	319,884	144,994
Shipped (tons)	250,825	318,577	178,852
Hulls—			
Stocks (tons) Feb. 29	43,004	40,166	67,211
Produced (tons)	124,416	156,820	74,261
Shipped (tons)	121,578	152,939	94,566
Linters (running bales)—			
Stocks Feb. 29	235,057	247,369	82,573
Produced	171,417	220,709	104,707
Shipped	183,729	172,258	142,774
Hull Fiber (1,000-lb. bales)—			
Stocks Feb. 29	1,471	1,910	359
Produced	1,044	1,884	519
Shipped	1,483	1,767	714
Motes, Grabbots, etc. (1,000 pounds)—			
Stocks Feb. 29	8,070	8,273	5,180
Produced	3,313	4,049	2,367
Shipped	3,516	3,805	2,907
COTTON SPINNING (DEPT. OF COMMERCE):			
Spinning spindles in place on Mar. 1	23,110,000	______	23,143,000
Spinning spindles active on Mar. 1	19,854,000	______	20,885,000
Active spindle hours, (000's omitted) Feb.	8,696,000	______	10,394,000
Active spindle hrs. per spindle in place Feb.	471.0	______	562.3
EMPLOYMENT AND PAYROLLS—U. S. DEPT. OF LABOR—REVISED SERIES—Month of January:			
All manufacturing (production workers)	12,775,000	*12,911,000	13,018,000
Durable goods	7,269,000	*7,325,000	7,256,000
Nondurable goods	5,506,000	*5,586,000	5,762,000
Employment Indexes (1947-49 Avge.=100)—			
All manufacturing	103.3	104.4	105.2
Payroll indexes (1947-1949 Average=100)—			
All manufacturing	130.9	132.9	126.8
Estimated number of employees in manufacturing industries—			
All manufacturing	15,776,000	*15,912,000	15,784,000
Durable goods	8,946,000	*8,999,000	8,742,000
Nondurable goods	6,830,000	*6,913,000	7,042,000
SELECTED INCOME ITEMS OF U. S. CLASS I RYS. (Interstate Commerce Commission)—Month of January:			
Net railway operating income	$66,066,879	$135,158,155	$78,950,804
Other income	17,995,189	72,506,291	19,732,780
Total income	84,062,068	207,664,446	98,683,584
Miscellaneous deductions from income	4,460,742	6,165,759	4,505,435
Income available for fixed charges	79,601,326	201,498,687	94,178,149
Income after fixed charges	44,292,458	162,819,872	59,329,929
Other deductions	2,929,375	12,158,451	3,035,152
Net income	41,363,083	150,661,421	56,294,777
Depreciation (way & structures & equip.)	38,891,509	43,071,880	37,470,668
Amortization of defense projects	______	d 40,209,947	______
Federal income taxes	46,242,662	50,783,861	56,888,583
Dividend appropriations:			
On common stock	5,469,706	22,343,617	6,147,434
On preferred stock	7,086,658	6,077,899	6,595,882
Ratio of income to fixed charges	2.25	5.21	2.70

d Reverse item.

	Latest Month	Previous Month	Year Ago
UNITED STATES EXPORTS AND IMPORTS—BUREAU OF CENSUS—Month of February (000's omitted):			
Exports	$1,328,000	$1,246,000	$1,076,000
Imports	914,000	921,000	909,724
U. S. GOVT. STATUTORY DEBT LIMITATION As of March 31 (000's omitted):			
Total face amount that may be outstanding at any time	$275,000,000	$275,000,000	$275,000,000
Outstanding—			
Total gross public debt	258,083,504	260,361,955	254,997,006
Guaranteed obligations not owned by the Treasury	40,582	36,915	20,637
Total gross public debt and guaranteed obligations	$258,124,087	$260,398,871	$255,017,643
Deduct—other outstanding public debt obligations not subject to debt limitation	651,347	653,576	692,885
Grand total outstanding	$257,472,739	$259,745,294	$254,324,758
Balance face amount of obligations, issuable under above authority	17,527,260	15,254,705	20,675,241
UNITED STATES GROSS DEBT DIRECT AND GUARANTEED—(000's omitted):			
As of March 31	$258,124,087	$260,398,871	$255,017,643
General fund balance	6,840,071	5,075,105	8,569,161
Net debt	$251,284,016	$255,323,766	$246,448,482
Computed annual rate	2.314%	2.310%	2.227%
WINTER WHEAT AND RYE—U. S. DEPT. OF AGRICULTURE—As of April 1, 1950:			
Winter wheat—Production	946,845,000	______	740,682,000
Rye—Condition	87%	______	83%

Securities Now in Registration

★ INDICATES ADDITIONS SINCE PREVIOUS ISSUE
• ITEMS REVISED

★ Adshelf, Inc., New York
April 9 (letter of notification) 5,000 shares of common stock (par $1). **Price**—$2 per share. **Proceeds**—For working capital. **Office**—501 Fifth Ave., New York 17, N. Y. **Underwriter**—None.

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.

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 Greetings Corp., Cleveland, Ohio
April 15 filed 200,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Business** — Manufacture and sale of greeting cards. **Underwriter** — McDonald & Co., Cleveland, O.

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.
March 27 filed a maximum of 255,467 shares of common stock (no par) to be offered in exchange for all of the 191,600 shares of International Cigar Machinery Co. stock (not already owned by American) on a 1⅓-for-1 basis. Offer authorized by directors on April 14 to expire in 30 days unless extended. **Dealer-Manager**—Reynolds & Co., New York.

★ Ashland Oil & Refining Co.
April 16 filed not exceeding 600,000 shares of $100 par value cumulative second preferred stock, series of 1952, convertible prior to June 15, 1962. They will be initially offered for subscription by common stockholders. **Price**—To be supplied by amendment. **Proceeds**—For capital additions and improvements and working capital. **Underwriter**—A. G. Becker & Co. Inc., Chicago, Ill.

• 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.

★ Better Programs, Inc., Las Vegas, Nev.
April 7 (letter of notification) 2,000 shares of capital stock. **Price**—At par ($10 per share). **Proceeds**—To produce a motion picture. **Office**—113 West 4th St., Las Vegas, Nev. **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. Statement to be withdrawn. Arrangement being made with insurance company for private placement.

• Bridgeport Brass Co., Brideport, 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; rights to expire on May 13. **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.

• Canadian Fund, Inc. (Md.) (4/30)
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.

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; rights to expire on May 12. **Proceeds**—To repay bank loans. **Underwriters**—Morgan Stanley & Co. and Clark, Dodge & Co., New York.

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.

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.

★ Cheyenne Oil Ventures, Inc., Denver, Colo.
April 7 (letter of notification) 1,999,000 shares of common stock (par one cent). **Price** — 15 cents per share. **Proceeds**—To drill well. **Office**—1726 Champa St., Denver, Colo. **Underwriter**—Tellier & Co., New York.

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NEW ISSUE CALENDAR

April 18, 1952
Gustin-Bacon Manufacturing Co.—Common (Morgan Stanley & Co.)
Sioux Oil Co., Denver, Colo.—Common (James M. Toolan & Co.)

April 21, 1952
Great Western Petroleum Co.—Common (Steele & Co.)

April 22, 1952
Alabama Power Co.—Bonds (Bids 11 a.m. EST)
Carpenter Paper Co.—Common (Kidder, Peabody & Co. and Kirkpatrick-Pettis & Co.)
Drilling & Exploration Co., Inc.—Common (Hornblower & Weeks, Harriman Ripley & Co., Inc. and Blair, Rollins & Co., Inc.)
Gulf States Utilities Co.—Common (Bids 11 a.m. EST)
Pennsylvania Salt Manufacturing Co.—Common (Morgan Stanley & Co.)

April 23, 1952
Lone Star Cement Corp.—Common (Hayden, Stone & Co. and Adamex Securities Corp.)
National Research Corp., Cambridge, Mass.—Com. (Paine, Webber, Jackson & Curtis)
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.)
Cutter Laboratories, Berkeley, Calif.—Common (Blyth & Co., Inc.)
General Gas Corp.—Common (Kidder, Peabody & Co.)
New Jersey Natural Gas Co.—Preferred & Com. (Allen & Co.)
Southern Union Gas Co., Dallas, Tex.—Common (Offering to stockholders)

April 25, 1952
American Hard Rubber Co.—Common (Blair, Rollins & Co. Inc.)

April 29, 1952
Bridgeport Brass Co., Bridgeport, Conn.—Pfd. (Hornblower & Weeks and Stone & Webster Securities Corp.)
Husky Oil Co.—Common (Blyth & Co., Inc.)
Peabody Coal Co.—Bonds (Halsey, Stuart & Co. Inc.)
Southwest Natural Gas Co.—Common (W. E. Hutton & Co. and Craigmyle, Pinney & Co.)
Union Electric Co. of Missouri—Bonds (Bids noon EDT)

April 30, 1952
Canadian Fund, Inc.—Common (Kidder, Peabody & Co. and Dominick & Dominick)
First National Bank of Portland—Common (Offering to stockholders—not underwritten)

May 1, 1952
Southern Union Gas Co., Dallas, Tex.—Debs. & Pfd. (Blair, Rollins & Co., Inc.)

May 6, 1952
Chicago & Western Indiana RR.—Bonds (The First Boston Corp. and Halsey, Stuart & Co., Inc.)
New Jersey Bell Telephone Co.—Debentures (Bids 11 a.m. EDT)
Texas Electric Service Co.—Bonds & Debs. (Bids 11:30 a.m. EST)

May 7, 1952
New England Electric System—Common (Bids noon EDT)

May 13, 1952
Worcester County Electric Co.—Bonds (Bids noon EDT)

May 14, 1952
Iowa Power & Light Co.—Common (Smith, Barney & Co.)
New York State Electric & Gas Corp.—Common (The First Boston Corp.)

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)

May 26, 1952
Dallas Power & Light Co.—Preferred (Bids noon EDT)

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)

Continued from page 41

★ Citizens Credit Corp., Washington, D. C.
April 10 (letter of notification) $125,000 of 6% subordinated debentures due 1969 (with warrants attached to purchase 3,750 shares of class A common stock at $15 per share and 750 shares of class B common at 25 cents per share). **Price**—At 99% and accrued interest. **Proceeds**—To acquire loan offices and subsidiaries. **Office**—1028 Connecticut Avenue, Washington 6, D. C. **Underwriter**—Emory S. Warren & Co., Washington, D. C.

★ Commerce Manufacturing Co., Inc., Commerce, Ga.
April 7 (letter of notification) 3,600 shares of common stock (par $50) to be offered to stockholders on a share-for-share basis. **Price**—$75 per share. **Proceeds**—For expansion of business. **Underwriter**—None.

Commercial Finance Co., Inc., Mt. Rainier, Md.
March 21 (letter of notification) 8,000 shares of common stock (par $1) and 8,000 shares of preferred stock (par $25) to be offered in units of four shares of preferred and four shares of common stock. **Price**—$120 per unit. **Proceeds** — For working capital. **Office** — 3201 Rhode Island Ave., Mt. Rainier, Md. **Underwriter**—None.

Consolidated Industries, Inc.
March 17 (letter of notification) 200,000 shares of common stock. **Price**—$1 per share. **Proceeds**—For construction of sulphuric acid, fertilizer and wood sugar plants. **Office**—174 North Main Street, Salt Lake City, Utah. **Underwriter**—None.

● 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**—Statement withdrawn April 3.

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.

★ Constant Minerals Separation Process, Inc., Reno, Nev.
April 8 (letter of notification) 1,100,000 shares of class A capital stock (par 10 cents.) **Price**—20 cents per share. **Proceeds**—For mining operation, equipment and working capital. **Office** — 10 State St., Reno, Nev. **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.

★ Cooperative Trading, Inc., Waukegan, Ill.
April 7 (letter of notification) 2,500 shares of common stock. **Price**—At par ($10 per share). **Proceeds**—To pay indebtedness and for working capital. **Office**—711 McAlister St., Waukegan. Ill. **Underwriter**—None.

Cornell-Dubilier Electric Corp.
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.

● County Gas Co. (4/24-25)
See New Jersey Natural Gas Co. below.

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. (4/24)
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.
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 early in May.

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.

★ Dean Co., Chicago, Ill.
April 10 (letter of notification) 4,000 shares of common stock (par $10). **Price**—$16.50 per share. **Proceeds**—To T. A. Dean, trustee under the will of J. R. Dean. **Office**—666 Lake Shore Drive, Chicago 11, Ill. **Underwriter**—Boettcher & Co., Denver, Colo.

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.

★ DeKalb-Ogle Telephone Co., Sycamore, Ill.
April 11 (letter of notification) 20,556 shares of common stock. **Price** — $10 per share. **Proceeds** — For general purposes. **Office**—112 West Elm Street, Sycamore, Ill. **Underwriter**—None.

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.

★ Devil Peak Uranium, Ltd. (Nev.)
April 7 (letter of notification) 600,000 shares of common stock (par one cent). **Price**—50 cents per share. **Proceeds** — For rehabilitation and development program. **Underwriter**—Gardner & Co., White Plains, N. Y.

● Diesel Power Corp., Pittsburgh, Pa.
Jan. 10 filed 475,000 shares of common stock being offered first to holders of preferential rights for a period of 30 days from effective date of registration statement. **Price**—At par ($1 per share). **Underwriter**—Graham & Co., Pittsburgh, Pa. **Proceeds**—For development costs and working capital. Statement effective April 2.

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.

★ Eastern Stainless Steel Corp., Baltimore, Md.
April 7 (letter of notification) 4,000 shares of common stock (par $5). **Price**—At market (approximately $15 per share). **Proceeds**—To J. M. Curley, the selling stockholder. **Underwriter**—Hornblower & Weeks, New York.

★ Federal Electric Products Co.
April 10 (letter of notification) 35,000 shares of class A common stock (par $1) to be offered to employees. **Price**—$8 per share. **Proceeds**—For working capital. **Office**—50 Paris Street, Newark 5, N. J. **Underwriter**—None.

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.

★ Founders Mutual Fund, Denver, Colo.
April 15 filed 3,500 systematic payment plan certificates, 200 fully-paid accumulative plan certificates, and 200 fully-paid income plan certificates. **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. (4/24)
March 28 filed 120,000 shares of common stock (par $5). **Price**—To be supplied by amendment. **Proceeds**—To finance tank sales and for working capital. **Business**—Distributor of LP-gas. **Underwriter** — Kidder, Peabody & Co., New York.

Golconda Mines Ltd., Montreal, Canada
April 9 filed 750,000 shares of common stock. **Price**—At par ($1 per share). **Underwriter**—George F. Breen New York. **Proceeds**—For drilling expenses, repayment of advances and working capital. **Offering**—Date not set

● Great Western Petroleum Co. (4/21)
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.

★ Greater Weeklies Associates, Inc., N. Y.
April 11 (letter of notification) 16,305 shares of common stock (par one cent) and 3,261 shares of 5% preferred stock (par $20) to be offered to members only in units of one preferred and five common shares. **Price**—$25 per unit. **Proceeds**—For working capital. **Office**—912 Broadway, New York 10, N. Y. **Underwriter**—None.

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. (EDT) on April 22.

● Gustin-Bacon Manufacturing Co. (4/18)
March 28 filed 261,900 shares of common stock (par $5), of which 121,300 shares are to be offered by the company for subscription by common stockholders of record April 16 on a one-for-five basis (with rights to expire on April 25) and the balance will be sold by certain stockholders. Certain stockholders have waived rights to 68,640 shares. **Price**—$21.50 per share. **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.

★ Hi-Carbon & Chemical Co., Tacoma, Wash.
April 3 (letter of notification) 300,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—To clear plant site and for working capital. **Office** — 1402 East 27th St., Tacoma 4, Wash. **Underwriter**—None.

Hoberg Paper Mills, Inc., Green Bay, Wis.
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. (4/29)
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.

● Independent Plow, Inc., Neodesha, Kan.
Feb. 15 (letter of notification) 120.000 shares of common stock (par 25 cents) to be first offered to stockholders. **Price**—$2.50 per share. **Proceeds**—For working capital. **Underwriter**—Barrett Herrick & Co., Inc., New York.

● Indianapolis Power & Light Co.
March 19 filed 196,580 shares of common stock (no par), being 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**—$34.75 per share. **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.

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.

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.

★ **Keep (O. D.) Associates, Inc., Los Angeles, Calif.**
April 7 (letter of notification) 13,382 shares of preferred stock and 6,791 shares of common stock. **Price**—At par ($5 per share). **Proceeds**—For working capital. **Underwriter**—None.

★ **Kirk Mines, Inc., Denver, Colo.**
April 7 (letter of notification) 72 shares of non-voting preferred stock (par $500) to be offered to Kirk Uranium Corp. to pay balance due of $36,000 on lease and option from Marjorie Carlton, trustee under will of J. W. Smith, deceased. **Office**—60 East 42nd St., New York, N. Y.

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., White Plains, N. Y.

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.

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), being 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.

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.

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 Research Corp. (4/23)**
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.

★ **Natural Resources of Canada Fund, Inc.**
April 11 filed 1,966,383 shares of capital stock (par one cent). **Price**—At market. **Proceeds** — For investment. **Distributors**—Frank L. Valenta & Co., New York.

★ **Nevada Tungsten Corp., Mina, Nev.**
April 7 (letter of notification) 1,500,000 shares of common stock (par one cent). **Price**—At market (approximately 10 cents per share). **Proceeds** — For machinery and working capital. **Underwriter**—None.

● **New England Electric System (5/7)**
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). **Bids**—To be received up to noon (EDT) on May 7 at 441 Stuart St., Boston 16, Mass.

★ **New Jersey Bell Telephone Co. (5/6)**
April 11 filed $20,000,000 of 32-year debentures due May 1, 1984. **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. **Bids**—To be received up to 11 a.m. (EDT) on May 6.

● **New Jersey Natural Gas Co. (4/24-25)**
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. **Name**—New Jersey Natural Gas Co. **Underwriter**—Allen & Co., New York.

New Mexico Jockey Club, Albuquerque, N. M.
March 17 filed 1,255 shares of common stock (par $1,000). **Price**—At par. **Proceeds**—To construct racing plant and for working capital. **Underwriter**—None, but Dr. Frank Porter Miller of Los Angeles, Calif., will be "engaged to sell the securities to the public."

Newport Steel Corp., Newport, Ky.
Feb. 5 (letter of notification) 1,200 shares of common stock (par $1). **Price** — At market (estimated at about $11.84 per share). **Proceeds** — To Bernard A. Mitchell, the selling stockholder. **Underwriter** — Merrill Lynch, Pierce, Fenner & Beane, Louisville, Ky.

Noranda Oil Corp., San Antonio, Tex.
Jan. 29 (letter of notification) 10,000 shares of common stock (par $1). **Price** — At market (approximately 75 cents per share). **Proceeds**—To Aristide M. Joncas. **Office**—2101 Transit Tower, San Antonio 5, Tex. **Underwriter**—C. K. Pistell & Co., Inc., New York.

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.

● **Peabody Coal Co. (4/29)**
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.

★ **Permian Basin Pipeline Co., Chicago, Ill.**
April 1 company applied to FPC for authority to construct a 384-mile pipeline system from west Texas and eastern New Mexico to the Panhandle area of Texas at an estimated cost of $58,180,000. Probable underwriters for convertible notes and stock; Stone & Webster Securities Corp.; and Glore, Forgan & Co., both of New York.

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.

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.

★ **Rainbow Oil Ltd. (4/30)**
April 10 filed 350,000 shares of capital stock (par $5—Canadian). **Price**—To be supplied by amendment. **Proceeds**—To retire notes and develop oil lands. **Offices**—Calgary, Alberta, Canada, and Cleveland, O. **Underwriters**—Hayden, Stone & Co., New York; and T. H. Jones & Co., Cleveland, Ohio. Part of shares are expected to be offered for sale in Canada.

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.

★ **Reymert Extension Silver Mines, Phoenix, Ariz.**
April 8 (letter of notification) 200,000 shares of capital stock (par 50 cents) to be offered in units of four shares. **Price**—50 cents per unit. **Proceeds**—To carry out diamond drilling program. **Address** — c/o Mr. McGinnis, P. O. Box 3617, Phoenix, Ariz. **Underwriter**—None.

Ridley Mines Holding Co., Grafton, N. D.
Feb. 15 filed 100,000 shares of common stock. **Price**—At par ($5 per share). **Proceeds**—For exploration and other mining purposes. **Business** — Uranium mining. **Underwriter**—None.

Robinson (J. W.) Co., Los Angeles, Calif.
Jan. 4 filed 100,000 shares of capital stock to be offered on a pro rata basis to stockholders of record Nov. 23, 1951 (approximately 33 in number) for a 30-day period, with an oversubscription privilege. Unsubscribed shares to be sold privately to individuals selected by company. **Price**—At par ($10 per share). **Underwriter**—None. **Proceeds** — For working capital. **Business** — Department store. Statement effective Jan. 28.

★ **Rochdale Cooperative Services, Inc.**
April 7 (letter of notification) 20,000 shares of common stock (no par). **Price**—$1.51 per share. **Proceeds** — For working capital. **Office**—26th and Virginia Ave., N. W., Washington 7, D. C. **Underwriter**—None.

Rochester Telephone Corp. (4/23)
March 26 filed 60,000 shares of cumulative preferred stock (par $100). **Price**—To be supplied by amendment. **Proceeds**—To repay $3,200,000 bank loans, to redeem $2,282,600 first cumulative preferred stock and for construction expenses. **Underwriter** — The First Boston Corp., New York.

San Francisco Brewing Corp.
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.

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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.

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. (4/18)**
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.

★ **Sonic Research Corp., Boston, Mass.**
April 3 (letter of notification) 5,000 shares of common stock (no par). **Price**—$20 per share. **Proceeds**—For working capital. **Office**—15 Chardon St., Boston, Mass. **Underwriter**—F. S. Emery & Co., Inc., Boston, Mass.

★ **Sonoco Products Co., Hartsville, S. C.**
April 15 filed 150,000 shares of common stock (par $5) to be offered for subscription by stockholders of record March 21 at rate of "slightly in excess of one share for each two shares held." **Price**—To be supplied by amendment (probably around $17.50 per share). **Proceeds**—For working capital. **Business** — Manufacture and sale of paper carriers, winding cores, and other textile specialties. **Underwriters**—R. S. Dickson & Co., Charlotte, N. C., and G. H. Crawford Co., Inc., Columbia, S. C.

● **South Carolina Electric & Gas Co.**
March 26 filed 417,719 shares of common stock (par $4.50) being first offered for subscription by common stockholders at rate of one share for each five shares held as of April 15; rights to expire on May 1. **Price**—To be supplied by amendment. **Proceeds** — For new construction. **Underwriter**—Kidder, Peabody & Co., New York.

★ **South Central Fire & Casualty Insurance Co.**
April 10 (letter of notification) 2,500 shares of common stock. **Price**—$100 per share. **Proceeds**—To increase capitalization. **Office**—Starkville, Miss. **Underwriter**—None.

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. (5/1)**
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 3 filed 166,706 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.

● **Standard Coil Products Co., Inc.**
March 17 filed 486,858 shares of common stock (par $1), being 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 on or before May 14. **Dealer-Managers**—F. Eberstadt & Co., Inc., and Hirsch & Co., both of New York.

★ **Standard Factors Corp., N. Y.**
April 11 (letter of notification) $250,000 of 5% subordinated debentures due Dec. 31, 1957 and 10,000 shares of common stock (par $1) offered initially to stockholders. **Price**—For each $1,000 debenture, $950; and for each common share, $3.50. **Proceeds** — For working capital. **Office**—270 Madison Avenue, New York 16, N. Y. **Underwriter**—None.

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.

★ **Stylon Corp., Milford, Mass.**
April 9 (letter of notification) 275,000 shares of common stock. **Price** — At par ($1 per share). **Proceeds** — For working capital and general corporate purposes. **Underwriters**—Gearhart, Kinnard & Otis, Inc., New York, and Sheehan, McCoy & Willard, Boston, Mass.

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.

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. (EDT) 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.

★ **Transgulf Corp., Houston, Tex.**
April 10 (letter of notification) 23,000 shares of capital stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For working capital. **Office**—1 Main St., Houston, Tex. **Underwriter**—Gearhart, Kinnard & Otis, Inc., 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 up to noon (EDT) on April 29.

★ **United Oil Corp., Oklahoma City, Okla.**
April 9 (letter of notification) 900,000 shares of common stock (par 10 cents). **Price**—At market (approximately 22 cents per share). **Proceeds**—For working capital. **Office**—3109 Liberty Bank Bldg., Oklahoma City, Okla. **Underwriter**—None.

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, but Greenfield & Co. will act as broker.

★ **United Wholesale Druggists, Inc. (Ga.)**
April 7 (letter of notification) 4,467 shares of preferred stock. **Price**—At par ($25 per share). **Proceeds**—To purchase merchandise and for working capital. **Office**—1120 Oakleigh Drive, East Point, Ga. **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. **Offering**—Expected next week.

Welex Jet Services, Inc.
Jan. 25 (letter of notification) 2,000 shares of common stock (no par). **Price**—$20 per share. **Proceeds**—To W. H. Thompson, the selling stockholder. **Underwriters**—Barron McColloch, Ft. Worth, Tex.; Dewar, Roberston & Pancoast and Russ & Co., both of San Antonio, Tex.; and Laird & Co., Wilmington, Del.

West Ohio Gas Co., Lima, Ohio
March 25 (letter of notification) 19,753 shares of common stock (par $5) to be offered for subscription by common stockholders at rate of one new share for each 16 shares held. **Price**—$11.50 per share. **Proceeds**—For general corporate purposes. **Office** — 319 West Market St., Lima, Ohio. **Underwriter**—None.

West Penn Power Co., Pittsburgh, Pa.
Feb. 28 filed 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.

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.
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.

★ **Worcester County Electric Co. (5/13)**
April 15 filed $4,000,00 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. **Bids**—Expected to be received up to noon (EDT) on May 13 at 441 Stuart Street, Boston 16, Mass.

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.

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.

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. Rights will expire on June 30.

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.

★ Boston Edison Co.
March 28 it was announced company plans to spend $56,000,000 in 1952, 1953 and 1954 for construction program, of which $32,000,000 would have to be raised from sale of securities. It is also expected to fund bank loans which will total $8,500,000 by June 30. Probable bidders for bonds: Halsey, Stuart & Co. Inc.; White, Weld & Co. and Goldman, Sachs & Co. (jointly); Lehman Brothers; The First Boston Corp.; Harriman Ripley & Co., Inc.

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.

● Central Vermont Public Service Corp.
April 15 company filed an application with the SEC for authority to issue and sell $1,500,000 of first mortgage bonds, series H, due May 1, 1982, and 108,900 shares of common stock (par $6), latter issue to be first offered for subscription by common stockholders at the rate of one share for each six shares held. New England Public Service Co., parent, owner of 35.5% of Central Vermont common, will waive its subscription rights to the new shares. **Proceeds**—To repay bank loans and for new construction. **Underwriters**—To be determined by competitive bidding. Probable bidders: (1) For bonds, Halsey, Stuart & Co. Inc.; Lehman Brothers; Kidder, Peabody & Co.; Coffin & Burr, Inc. and First Boston Corp. (jointly); R. W. Pressprich & Co. and Equitable Securities Corp. (jointly); Union Securities Corp. (2) For stock, Coffin & Burr, Inc.; Blyth & Co., Inc.; Merrill Lynch, Pierce, Fenner & Beane.

● Chicago & Western Indiana RR. (5/6)
April 5, the ICC approved issuance of $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.

★ Crown Cork & Seal Co., Inc.
April 8 it was announced stockholders will vote April 24 on increasing authorized common stock from 1,300,000 shares to 2,000,000 shares. There are no plans to sell any additional shares at this time.

★ Dallas Power & Light Co. (5/26)
April 4 it was reported company plans to issue and sell 100,000 shares of preferred stock. **Proceeds**—For new construction. **Underwriters**—To be determined by competitive bidding. Probable bidders: Kidder, Peabody & Co., Blyth & Co., Inc. and Merrill Lynch, Pierce, Fenner & Beane (jointly); The First Boston Corp.; Lehman Brothers; Union Securities Corp.; Harriman Ripley & Co., Inc.; Equitable Securities Corp. **Registration**—Planned for April 21. **Bids** — Expected to be received at noon (EDT) on May 26.

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.

★ Drewrys Ltd., U. S. A., Inc.
April 4 it was reported company may later this month consider possible financing. **Underwriters**—Probably A. C. Allyn & Co., Inc., Chicago, and Bear, Stearns & Co., New York.

★ El Paso Electric Co. (Texas)
April 4 company applied to the FPC for authority to issue up to $2,500,000 in unsecured promissory notes to mature not later than Dec. 31, 1953. Proceeds would be applied to construction program pending a permanent financing program planned in 1953.

★ Elliott Co.
April 11 it was announced stockholders will vote May 8 on creating an issue of 130,000 shares of 5% convertible preferred stock (par $50) of which 120,000 shares would be initially offered. **Underwriter** — F. Eberstadt & Co., Inc., 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 rejected a 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 per share). **Proceeds**—To repay advances from American Telephone & Telegraph Co. (owner of 99.31% of Illinois Bell stock). **Underwriter**—None.

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

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& 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.**
March 25 stockholders voted 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.**
April 2 stockholders voted to increase the 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 Power & Light Co.**
April 8 it was reported company plans tentatively to issue and sell $3,200,000 of bonds, $1,000,000 of preferred stock and $400,000 of common stock (latter to be sold to General Public Utilities Corp., parent). **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc. (bonds only); Kidder, Peabody & Co.; Smith, Barney & Co.; Union Securities Corp.; Carl M. Loeb, Rhoades & Co.; Salomon Bros. & Hutzler.

★ **New York State Electric & Gas Corp. (5/14)**
April 10 it was announced that stockholders will vote May 1 on approving a proposal to waive their preemptive rights to an issue of 300,000 additional shares of common stock (planned for public offering). **Underwriter**—The First Boston Corp., New York.

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 Bancorporation, Minneapolis, Minn.**
April 15 it was announced company plans to issue and sell 103,185 shares of convertible preferred stock to its common stockholders at rate of one share for each 15 shares of common stock held. **Price**—To be announced later. **Underwriters**—The First Boston Corp. and Blyth & Co., Inc., New York.

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).

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 Colorado Power Co.**
April 4 it was announced stockholders will on May 9 vote on increasing the authorized common stock from 750,000 shares (no par) to 1,000,000 shares (par $7.50). Common stock financing in 1951 was not underwritten.

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 in June 100,000 of the new preferred shares and 250,000 shares of common stock. **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.**
April 11 stockholders increased 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.

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

A goodly part of the financial community still professes bewilderment over the sustained ease in the money market, or, to put it another way, the persistent strength in the Treasury securities market.

Close students of this basic situation have not as yet been able to put their finger on a satisfactory explanation though they have perused the weekly bank reports and the daily Treasury statements for a clue.

They do not yet understand how the market has been able to ward off the effect of the heavy mid-March tax drain, especially on corporations, in such flambouyant manner.

The Treasury market, it is noted, is the only segment of the markets that can be manipulated "legally." The wonder is if current strength in that direction is by way of "window-dressing" for prospective government financing.

Some point out, however, that the banks are not pinched by big demand for loans, in fact that such demand appears to have begun to taper. Pension funds are a growing source of demand and savings banks have been piling up deposits. Meanwhile the mortgage market, due to restrictions on building, has been under wraps.

So perhaps, until the experts come up with the real answer, this combination of circumstances will have to be accepted as the explanation.

Made to Order

Size appears to be no object when an offering is set up to meet the ideas of prospective buyers. **This was definitely proven by the celerity with which the group handling Service Pipe Line Co.'s $90,000,000 3.20% debentures was able to report books closed.**

The issue, carrying a substantial sinking fund, was priced at par to yield the buyer 3.20%. Presumably it fitted in well with portfolio ideas of institutional buyers.

Then, of course, even an issue of this size can be handled readily enough when the sponsoring syndicate includes 143 firms with most of the big names among them. Of the total $46,000,000 will repay bank loans with the balance for construction, other capital expenditures and working capital.

Columbia Gas Offering

The best of two bids received for $60,000,000 of Columbia Gas Systems Inc., 25-year debentures was 100.1799 for a 3⅜% interest rate. The runners-up offered 101.88 for a 3½% coupon.

On reoffering at 100.929 for a yield of 3.32%, initial inquiry appeared a little slow. Potential buyers, so the yarn goes, had been calculating a 3.35% yield.

It was expected, however, that the recalcitrants would come around without much delay upon looking over the situation ahead. For there are few new issues in prospect for nearly a fortnight now.

Two Big Issues Loom

Most of the new offerings in sight for the ensuing week are small, topped by Alabama Power Co.'s $12,000,000 of first mortgage bonds on which bids will be opened Tuesday. Again the list is liberally studded with equities.

The next big debt issue will be $30,000,000 of Union Electric Co. of Missouri 30-year, first mortgage bonds on which bids are tentatively slated to be opened on April 29.

A week thereafter Chicago & Western Indiana RR.'s $65,000,000 of new general mortgage and collateral trust bonds, 30-years maturity will be placed on the market.

The latter operation, exempt from competitive bidding, will permit the road to pay off almost $62,000,000 of existing debt and augment its working capital. Preliminary soundings indicate a favorable reception barring any unforeseen developments marketwise.

Texas Group of IBA Gives Meeting Plans

GALVESTON, Tex.—The Texas Group of the Investment Bankers Association announces that its 17th annual convention will be held in Galveston, Tex., May 1 and 2. Headquarters will be in the Galvez Hotel.

Business meetings are scheduled for each morning, with afternoons free. On May 2 there will be a golf tournament for the A. W. Snyder Cup at the Galveston Country Club, or bathing either in the Galvez pool or in the surf.

Lunch will be served in the Balinese Room of the Galvez on Thursday at noon. On Friday there will be a stag lunch at the Galveston Country Club, wives attending having lunch at the Galvez. A barbeque around the Galvez pool is scheduled for Thursday night, to be followed by dancing. Friday a formal dinner and dance, preceded by a cocktail party, will be held in the ballroom of the Galvez.

Registration fee is $50 for men, $25 for women, which covers all expenses except hotel, breakfast and transportation.

Members of the Convention Committee are J. W. Lain, Chairman; Jesse R. Phillips, Jr., J. R. Phillips Investment Co., Houston; Tom Ball (Registrations), Underwood, Neuhaus & Co., Houston; Edward Randall III; R. H. Baker: J. L. Bayless; J. O. Dix, Merrill Lynch, Pierce, Fenner & Beane, Galveston; E. Wilshusen, and Jack Dorst.

Ralston Purina 3⅛% Debentures Offered

Kidder, Peabody & Co. and Goldman, Sachs & Co. jointly head an investment group which is offering today (April 17) $15,000,000 Ralston Purina Co. 3⅛% sinking fund debentures due April 15, 1977. The debentures are priced at 100.43 to yield 3.10% to maturity. Proceeds from the sale of the debentures will be available for general corporate purposes including the carrying of increased inventories and receivables resulting from the growth of the business and higher prices, plant and equipment replacements and additions and the repayment of short-term indebtedness incurred to finance seasonal inventory commitments. The principal capital additions now planned by the company, construction of which is expected to be started during the current fiscal year, are new feed plants at Spokane, Wash., and Shreveport, La., and a new soybean solvent processing plant at Kansas City, Mo. The estimated aggregate amount required for such capital expenditure is approximately $4,000,000.

The company's net sales for the year ended Sept. 30, 1951, amounted to $342,802,522 and net income after taxes amounted to $9,284,794. Ralston Purina Co. is the leading producer in the United States of commercial mixed animal and poultry feeds which it markets on a nation-wide basis as "Purina Chows." The company also manufactures Ry-Krisp and certain breakfast cereals, including Ralston, Wheat Chex and Rice Chex.

The debentures are entitled to a sinking fund sufficient to retire $400,000 principal amount annually 1958 through 1972 and $1,000,000 annually 1973 through 1976.

MEETING NOTICES

NORFOLK AND WESTERN RAILWAY COMPANY
Roanoke, Virginia, April 7, 1952.
NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

The Annual Meeting of Stockholders of Norfolk and Western Railway Company will be held, pursuant to the By-laws, at the principal office of the Company in Roanoke, Virginia, on Thursday, May 8, 1952, at 10 o'clock A. M., **to elect four Directors** for a term of three years.

Stockholders of record at the close of business April 18, 1952, will be entitled to vote at such meeting.

By order of the Board of Directors,
L. W. COX, Secretary.

Allied Chemical & Dye Corporation
61 Broadway, New York 6, N. Y.
NOTICE OF ANNUAL MEETING
To the Stockholders:

The Annual Meeting of the Stockholders of Allied Chemical & Dye Corporation will be held at the principal office of the Corporation, No. 61 Broadway, Manhattan Borough, New York City, at 1 P.M. (Daylight Saving Time), on Monday, April 28, 1952, for the purpose of electing directors for the ensuing year and for the transaction of such other business as may properly come before the meeting.

Stockholders of record as of the close of business March 20, 1952, will be entitled to vote at this meeting. The transfer books will not be closed.

W. C. KING, *Secretary*
Dated, March 20, 1952.

DIVIDEND NOTICES

TECHNICOLOR, Inc.

The Board of Directors has declared a dividend of fifty cents (50¢) a share on the Capital Stock of the Company, payable April 30, 1952, to stockholders of record at the close of business April 21, 1952.

L. G. CLARK, *Treasurer*
April 10, 1952

UNION CARBIDE
AND CARBON CORPORATION
UCC

A cash dividend of Fifty cents (50¢) per share on the outstanding capital stock of this Corporation has been declared, payable June 2, 1952 to stockholders of record at the close of business May 2, 1952.

KENNETH H. HANNAN,
Secretary

SOUTHERN NATURAL GAS COMPANY
Birmingham, Alabama

Common Stock Dividend No. 53

A dividend of 62½ cents per share has been declared on the Common Stock of Southern Natural Gas Company, payable June 13, 1952 to stockholders of record at the close of business on June 2, 1952.

H. D. McHENRY,
Secretary.

Dated: April 17, 1952.

Washington . . . And You

Behind-the-Scene Interpretations from the Nation's Capital

WASHINGTON, D. C. — Most industry observers here, correctly or incorrectly, have come to the conclusion that the damage which Harry Truman has done to the steel industry cannot practically be undone.

Hence, they say, their friends in Congress should attempt to prevent, if possible, a complete repeat performance of this kind of a situation as each new big CIO union comes forth with its wage demands.

When Harry Truman publicly supported the Wage Board's recommendation as "fair and reasonable," so say these experienced observers, he all but irretrievably closed the door to a compromise by Phil Murray, the head of the steel workers union. If Murray gave in a cent below a figure the President of the United States said was "fair and reasonable," then Murray would be in hot water with his own rivals in the union.

Hence, say these observers, you can put it in your hat that the steel workers will get "at least" everything recommended by the Wage Stabilization Board, including the union shop. Eventually, they say, this is certain.

One of the foremost students of labor relations in this capital made the prediction that so long as the present Wage Stabilization Board arrangement exists, industry as a matter of unemotional, cold-blooded reality, had better make up its mind (if its case comes before WSB) not only that it will be forced by government to pay the highest wage boost the WSB can justify recommending, but to take the union shop as well.

Hence the drive will be made to obtain enactment of the legislation sponsored by Senators Everett Dirksen of Illinois, John Bricker of Ohio, and Andrew Schoeppel of Kansas. This is a proposed amendment to the Defense Production Act which, when presented in final form, will absolutely bar the Wage Board from attempting to settle any labor dispute. Just incidentally, it will also require an "all public" board, instead of a tripartite board consisting of one-third industry members, one-third labor members, and one-third "public" members, all carefully selected to be sure they are on the side of the labor angels.

These members of the all-public board would not be allowed to serve until they had been confirmed by the Senate. The present board members are not subject to Senate confirmation. The requirement of Senate confirmation would militate against a complete Charley McCarthy set-up.

Although the three Senators sponsoring this amendment are Republicans, it has wide bipartisan support, and an excellent chance of final adoption.

* * *

While the CIO appears to be winning the great battle for a huge wage increase so far, the CIO, on the other hand, has lost a minor political engagement.

The CIO exerted heavy pressure to persuade the Labor Department to back the "accident prevention" bill sponsored by Senator Hubert Humphrey of Minnesota, the gift of Americans for Democratic Action to the Senate.

Humphrey's bill was really a beauty. It would set up a Federal Accident Prevention Bureau in the Labor Department which not only would draw up codes of regulation of industrial safety, but would investigate everything having to do with workers' "well-being." Federal inspectors could roam factories at will and interfere in any way they saw fit with production operations they judged to be detrimental to the safety or well-being of workmen.

This was a little too much and too fast in the revolution for the Labor Department, which testified against it. Although the hearings were completed, and the particular Senate subcommittee consists with but one exception of "liberals," the bill is not expected to pass.

Also dead is the Murray bill to have the Federal government take over industrial safety by the more indirect and cumbersome procedure of Federal grants-in-aid.

* * *

The main drive of the oil workers' union, another CIO outfit, also currently before the Wage Stabilization Board, is to try to persuade WSB to demand that the oil industry negotiate nation-wide contracts with the union. At present only one major producer has a nation-wide labor contract.

* * *

It's a long way off but the conservatives in Congress have pretty well come to the conclusion that IF they extend the excess profits tax beyond its expiration date June 30, 1953, they will tie plenty of relief amendments to that tax.

Congress, on the advice of business spokesmen, put a life of June 30, 1953, as previously related, on EPT. This means that unless Congress takes affirmative action, the tax goes off. Another way of explaining the situation is that if the Administration of next year wants EPT continued, it must do a selling job on Congress.

The theory which finally persuaded any number of conservatives to vote reluctantly last year for EPT was that the defense mobilization program would create such high profits as to require that these be skimmed off to help prevent inflation.

This premise simply has not been borne out, and unless the inflation hits next year with a bang, Congress is going to drag its feet on EPT even if Robert A. Taft should be President and want this tax. At least one of the latter prospects is not forecast here.

* * *

One of the little secrets of Capitol Hill is that a most important factor which made it possible for the House Appropriations Committee to achieve a cut of $4 billion plus in military appropriations—a cut supported by the House—was staff work.

In other words, such a thorough, continuous study was given by expert staff of the House Appropriations Committee as to show the members of the Committee where this volume of cuts could be made without seriously impairing any of the objectives of the defense program. Or, at least, that is the contention of members of the Committee.

* * *

It is expected that with its recent actions, the Federal Reserve will "stand pat" on Regulation W, control over instalment credit, easing it no further.

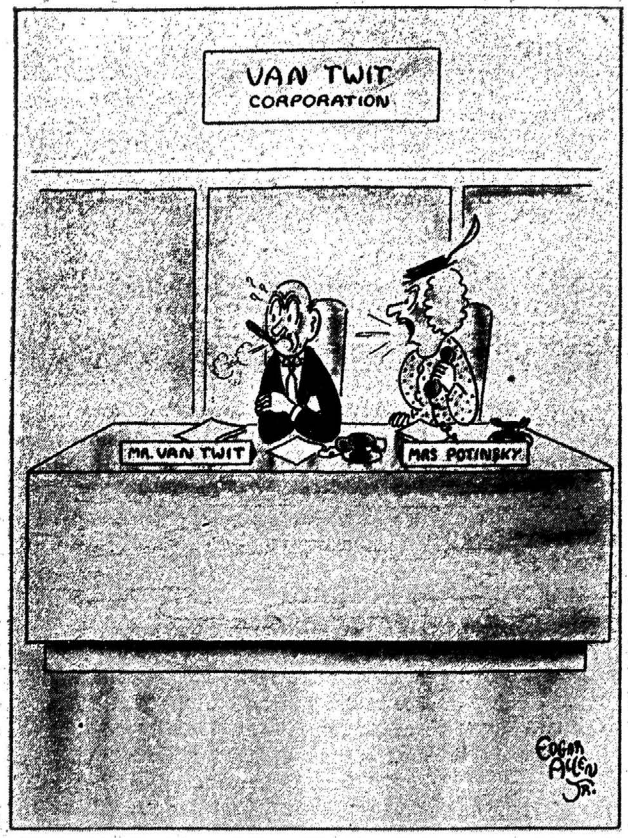
These actions were removing the requirement of down payments for home modernization and repair loans, and raising the exemption for credit subject to regulation from $50 to $100.

Both these steps were taken on the premise that the volume of instalment credit they would permit was small compared to the administrative burden of enforcement and regulation. It is the Reserve's belief that few persons, even without regulation, can get a home modernization and repair loan without some down payment. The raising of the loans exempt from regulation will allow the sale of wringer washers and small appliances without regulation.

On the other hand, further easing is said definitely not to be in the cards. The Reserve's position is that if Regulation W is to be further eased, it might as well be abolished. If it is thus further eased, it will be Congress and not the Board which does it.

(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



"Oh, stop that mumbling, Mr. Van Twit—when I bought two shares in this corporation they TOLD me I was a PART OWNER!"