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EDITORIAL

As We See It

In at least two startling instances the Administration has within the past week or two shown conclusively that it is as unregenerate as it has always been, and as determined to pursue its erring way even in this, an election year—or perhaps we should say because this is an election year. One of these instances is, of course, the steel case. The other is the action taken by the Treasury in offering new issues of bonds to the public. One would not have to look long or very hard to find other instances, but these two are clearly outstanding at the moment.

When all is said and done, the root of the difficulty in the steel industry, as it has been in most of the other cases of the sort in recent years, is the existence of a labor monopoly which has reached into politics to build up a constant threat to officeholders who offend it. For three-quarters of a century the politicians in this country have been inveighing against "monopoly" — monopoly, that is, real or imaginary, among business enterprises or interests. Many a man has been elected to public office, and managed to remain in public office year after year, in large part by the vehemence with which he condemned the "trusts," the "business barons," the "malefactors of great wealth," the "monopolists," and all the rest.

Now, underlying much of this, at least in the earlier days, there was a substratum of truth and reason. Here and there even yet there may be too little real competition. But never anywhere in industry or at any time in our history has there been monopoly so complete and so dominating as exists in the form of labor unions at

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Our Dwindling Sovereignty

By J. REUBEN CLARK, JR.*
Former Undersecretary of State and Ambassador to Mexico
Director, Equitable Life Assurance Society
Director, Western Pacific Railroad Company

Mr. Clark traces American foreign policy and ascribes three of our foreign wars to entanglement in European affairs. Quotes Washington's and Jefferson's advocacy of an isolationist policy. Decries entangling alliances as a factor in our diminishing sovereignty, and points out, under United Nations Charter, we have lost right to make treaties such as we may wish, or to declare war. Lists as basic defects of UN Charter: (1) it does not give careful consideration to our own welfare; and (2) it was framed with view to exercising definite control over our national mind, to point of its humiliation or extinction.

I am a confirmed isolationist, a political isolationist, first, I am sure, by political instinct, next, from experience, observation, and patriotism, and lastly, because, while isolated, we built the most powerful nation in the world, a nation that provided most of prosperity to all its citizens, with the full measure of resulting comfort, most of popular education, most of freedom, most of peace, most of blessing by example to other nations, even from the very beginning of our national existence, of any nation, past or present, on the face of this earth. I stand for the possession of and exercise by our nation of a full, complete, and unimpaired sovereignty that will be consistent with our membership in the Society of Nations.

J. Reuben Clark, Jr.

In so declaring I have no diffidence, no apology, no shame. On the contrary, I have a great pride in the fact that I stand where the Revolu-

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*An address delivered by Mr. Clark at the Fourth Annual Pi Sigma Alpha Meeting at the University of Utah, Salt Lake City.

A Program to Achieve International Stability

By S. SLOAN COLT*
President, Bankers Trust Company, New York
Member, Executive Committee, United States Council of the International Chamber of Commerce

Mr. Colt sets forth following factors as essential in order to achieve international economic stability: (1) freedom of trade along with currency convertiblity; (2) more restricted U. S. foreign aid; (3) avoidance of inflation; (4) curtailment of welfare programs that lead to unsound budgets; (5) abandonment of low-interest philosophy; and (6) removal of price controls, import quotas and other trade restrictions. Urges U. S. also adopt sounder fiscal and trade policies and contribute toward world-wide stable currency through foreign loans only.

In Moscow, about a month ago, an International Economic Conference was staged. For the benefit of the free world, the Russians painted an appealing although wholly unrealistic picture of trade opportunities with the Soviet area. Obviously the Conference was designed to undermine the unity of the free nations and to weaken their resolution to resist Communist aggression. As such, it was an extremely clever attempt: in dangling before the West the false prospect of greater trade, the Communists demonstrated that they were well aware of the vital importance of a genuine expansion of international trade for the survival of a free community of nations. If we in the democracies should fail in our efforts to stabilize our economies, to cope with inflation and to make progress toward the reestablishment of multilateral trade and currency convertibility, it would be a powerful blow to the cause of a strong free world and a signal victory for the Communist way of life.

S. Sloan Colt

Ever since the end of World War II, the democratic

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*An address by Mr. Colt before The Economic Club of Detroit, Detroit, Mich., May 5, 1952.

PICTURES IN THIS ISSUE — Candid shots taken at the Annual Spring Party of the Cleveland Security Traders Association on April 30 appear on pages 26 and 27

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

Continental Copper and Steel Industries, Inc.—Merritt F. Beal, analyst, Peter P. McDermot & Co., New York City. (Page 2)

Central Hudson Gas & Electric Corp. (common stock)—Sidney R. Winters, partner, Abraham & Co., New York City. (Page 2)

MERRITT F. BEAL

Analyst, Peter P. McDermott & Co., New York City
Members: New York Stock and New York Curb Exchanges

Continental Copper & Steel Industries, Inc.

This is currently my favorite stock. After experiencing all the vicissitudes that complicated promotion engenders and with several years of readjustments and eliminations behind it, Continental Copper & Steel seems to have steadied itself under able management and to be in an excellent position for growth. It has retained seven (7) divisions, through which it manufactures a diversified line of metal products for which there is excellent demand. Its output includes tool steel, dies, forgings, non-ferrous alloys, wires for wire cloth and mesh as well as insulated and plastic-coated copper wire and cable, corrosion and heat-resisting alloys, and in special divisions, tanks, pipe, large smoke stacks, lifeboats and life-saving equipment.

During the past few years, the net working capital position of this company has improved notably. As of March 31, 1952, net working capital was $7,913,515 compared to $3,254,000 as of June 30, 1950. Important balance sheet items as of March 31, 1952, included current assets, $15,709,056, with cash, $2,891,018, against current liabilities, $7,795,541. The long-term debt consists of $2,500,000 5s of 1965, and brings into better balance the capitalization, with preferred stock 142,178 shares and common stock 1,079,084 shares. Sales, which were around $21,000,000 for the year ended June 30, 1949, mounted to $39.5 million for the year ended June 30, 1951. Sales for recent quarterly periods are indicative of the rate of growth: for the September quarter of 1951, $9.9 million; December quarter, $10.7 million, and for the March, 1952, quarter, $11.7 million. Dividends for 1951 were paid semi-annually, amounting to 50 cents in cash and 5% in stock. They have now been established on a regular quarterly basis of 15 cents, that is, 60 cents annually. I am led to believe that the directors of the company are considering another stock dividend this year, and there is a possibility of increasing quarterly payments to 20 cents, which seems well within its capacity to pay.

For the fiscal year ended June 30, 1951, earnings per share were $2.86 and for the nine months ended March 31, 1952, despite increased taxes and higher costs, earnings per share were $1.68, adjusted to the 5% stock dividend paid in December, 1951. I understand current net earnings are at the rate of 20 cents per share net monthly and, therefore, for the fiscal year ending June 30, 1952, earnings should be around $2.28 per share.

The stock was listed on the New York Stock Exchange about a year ago and is not sufficiently well known to have established a substantial following. I think it may have been subjected to some recent selling pressure for reasons entirely extraneous to the foregoing significant factors. From increased sales, improved financial position, larger earnings per share and dividend payments, it is obvious that stock quotations have by no means kept pace with the betterments. The management impresses me as competent and aggressive. Selling in the 8½-9½ range, or about four times earnings and on a 6.5% yield basis, with good prospects of larger dividends, I think the stock is considerably undervalued.

SIDNEY R. WINTERS

Partner, Abraham & Co., New York City
Members, New York Stock Exchange

Central Hudson Gas & Electric Corp. Common Stock


Sidney R. Winters

This company supplies electricity and natural gas in an extensive area in the Hudson River Valley in and about Poughkeepsie, Beacon, Newburgh and Kingston. It also furnishes electricity in 22 incorporated and 458 unincorporated villages. The territory, embracing an area of about 2,500 square miles, extends about 85 miles along the Hudson River and about 25 to 40 miles east and west of the river. The northern end is about 10 miles south of Albany and the southern 40 miles north of New York City. Population of the area is about 294,000. About half reside in small villages and rural territory dependent largely upon relatively small diversified industries, fruit and dairy farms and summer resort business. Principal industrial customers are manufacturers of machine and metal products, textiles, paper, clothing and building products and food industries. Other large customers include local government agencies and public and private institutions.

During 1951 electric revenues accounted for about 83% of sales, with gas providing most of the balance. Distribution of the company's load emphasizes stability and long range growth. For 1951 residential and farm sales accounted for 40% of total electric revenues, commercial and street lighting 24%, industrial 21% and other 9%. Gas load likewise was attractively balanced with revenues 71% residential and 19% commercial.

Capitalization is as follows:

First mortgage 3s	$15,465,000		
First mortgage 2⅞s	12,000,000		
Conv. deb. 2s (a)	2,830,000	$30,295,000	50%
4½% preferred	$7,030,000		
4¾% preferred	2,000,000		
5¼ preferred	4,000,000	13,030,000	21%
Common stock (b)	$18,105,000	18,105,000	29%
		$61,430,000	100%

(a) $830,000 convertible into common at 10, the balance at 10½.
(b) Represented by 1,827,476 shares.

Reflecting the absence of heavy industry in the service area, and in view of the large domestic load, revenues have been more stable than those of the industry in general. Secular growth has nevertheless been quite satisfactory with gross revenues up more than 100% since 1940. Of particular interest at this time is a complete change in the character of the company with regard to the generation of electricity. In the past, the company purchased almost all of its power requirements. With the installation of a new steam generating unit on Dec. 31, 1951, the first such installation since 1919, the company will, in 1952, itself create 75% of its power requirements, as compared with 13% in 1951. And after completion of another steam generating unit planned for 1954 and a hydro project planned for 1955, it is estimated that the company will then generate 93% of its power requirements. This should improve the company's position in the future and should also in time result in a higher investment regard for the securities.

In view of higher costs, the company recently was granted a substantial electric rate increase, designed to produce in 1952 a 6% return on the company's electric investment. Although the company did not earn a full return on its gas business in 1951, a material improvement was made over 1950. Thus, the management did not seek an increase in gas rates since it believes that maintenance of rates low enough to permit development of a larger volume of business will be of greater ultimate advantage to the company.

Indicative of recent growth are the following figures:

	1951	1950	1949
Gross revenues	$18,342,000	$16,579,000	$14,644,000
Net income	*1,673,000	*1,562,000	*1,367,000
Earned per share	$0.72	$0.71	$0.65
Dividend	0.60	0.58	0.52
Number of shares	1,737,476	1,613,349	1,500,105

*After reservation of net income of $120,000 in accordance with an order from the New York Public Service Commission.

For the first quarter of 1952 profits rose to $0.30 per share from $0.24 per share in the like 1951 period, despite the issuance of an additional 40,000 shares of preferred and 185,227 shares of common stock. It is currently estimated that full years 1952 profits, despite the prospect that additional conversion of debentures will further enlarge the number of common shares outstanding, may approach $0.90 per share. The company's dividend policy has been generous, with 91% of reported earnings being paid out as common dividends over the past 10 years. On this basis it would not be surprising to see the pres-

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The Price Indexes as a Guide in Determining Stock Market Trend

By HARRY D. COMER*

Partner, Paine, Webber, Jackson & Curtis
Members, New York Stock Exchange

Basing his conclusions regarding stock market situation on knowledge and understanding of the past, Mr. Comer finds Dow Jones and other industrial averages defective and inadequate in revealing market movements and trends. Says Standard & Poor's indexes are soundest and most useful, and, using them as basis, contends high for stocks in 1951 exceeded 1929 top, and, in general, since the market appears to be on solid ground, there is no convincing basis for expecting a major decline. Avers, however, there is no basis for expecting major upswing, though certain depressed groups are ready for rise.

There is an old fable about three blind men in India. They were asked to feel of an elephant and then to describe it. The first blind man touched the elephant's side and said "Why an elephant is just like a wall."

Harry D. Comer

The second blind man got hold of his leg, and said "An elephant is like a tree."

The third blind man happened to grasp the animal's tail, and he described an elephant as "Just like a piece of rope."

Now, we stock market analysts in trying to peer into the future are something like these blind Hindus. At times, some of us "feel" of the market and report that it is like a tree. (Does that mean it is going to grow toward the sky?)

Others of us may get the impression that the market is impenetrable, like a stone wall, so to speak. (Are these folks the skeptics who can't make up their minds—those who hedge or straddle the fence?)

Still others may feel that the market is hanging by a thin rope, likely to bust any moment. (Are these the real bears?)

I do not care to press this analogy further now. Suffice to say that anyone's views concerning either an elephant or the stock market must be conditioned by his feel of the animal, his contacts with it, and the sense (or senses) that he uses in making those contacts and interpreting them.

All of us are blind enough when it comes to the future of the market. So, before we try to make any forecasts let's first take a good backward look. Where is the market now in relation to where it has been? We must know where we are before we can begin to know where we are going. That is fundamental in all fields, not just in the stock market.

The Market—Looking Backward

The stock ticker has been humorously described as an instrument used to measure the length of lambs' fleeces. Seriously, I would accept a different definition. To me, the stock ticker is a device used to separate the market's past from its future.

The latest tick of the ticker represents the ever-fleeting present. Very quickly the ticks of the ticker become part of the past—for us to feel of and report what we find, as a basis for projecting the future.

In order to see the forest instead of the trees, we analysts habitually use stock market averages, or indexes, which combine many stock prices into one figure for each date. First let's consider the **Dow-Jones Industrial Average.**

Here comes one of our blind men. He grabs the market by its Dow-Jones industrial average. (He is typical of those thousands of market analysts who get their "feel" of the stock market by following this average.) Now, let's see what he knows about the market.

Ask him what the market did yesterday, and he will probably tell you "the industrials went up one dollar and 52-cents," or whatever the advance in the Dow average was. He thinks that each Dow-Jones point is one dollar per share. He doesn't know that one Dow point is now only 22-cents per share. Nor that it has varied all over the lot; was worth as much as 50 cents a share a few years ago. He doesn't know how limited his feel of the market is. **(How can anyone expect continuity in an average if the unit of measurement itself keeps changing?)**

Ask him where the market is now in relation to its 1929 high, and he will tell you that it is **far below that high,** which was 381 in the Dow. (Now it is only about 260.) Despite these figures, the real truth is that industrial stock prices are very close to their 1929 highs. In fact, the 1952 high just about duplicated that of 1929, even for the 30 stocks now in this average.

Those of us who look backward and see prices so far above the present level are blind indeed. Moreover, **when we turn around and try to look forward, our interpretation of the future can be no better than our knowledge and understanding of the past.**

The trouble arises in the construction of the average — in the method used to adjust for stock-splits. Dow-Jones adjusts by low-

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*A talk by Mr. Comer at the Fifth Annual Convention of the National Federation of Financial Analysts Societies, San Francisco, Calif., May 6, 1952.

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* Mr. May's fourth article on his Analysis of the International Economic Conference in Moscow appears this week.

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Industrial Stocks for Savings Bank Investment

By DAVID W. McKNIGHT*

Director of Research and Partner, G. H. Walker & Co.
Members, New York Stock Exchange

Mr. McKnight explains recent New York Act permitting savings banks to invest in common stocks and lays down basic principles to be followed in selecting industrial issues. Lists among industries whose stocks are suitable for savings banks: (1) oil; (2) retail distribution; (3) food, and (4) electrical equipment. Names also suitable preferred stocks, and estimates a good portfolio of industrial common and preferred stocks should yield 4.7%.

The recent act amending the New York State banking law in relation to the investment of funds of savings banks is a forward-looking measure which will impart flexibility to your portfolio management as well as aid your earnings positions. The law's provisions, however, are by no means a guide to, much less a guarantee of, investment success because under its broad umbrella far too many wholly unsuitable industrial stocks qualify. I cannot conceive of an investment program, unless it were inaugurated in the depths of a bear market, being successful if one used eligibility according to the law as a criterion of suitability.

David W. McKnight

As you know, industrial common stocks can be bought if they are registered on a national securities exchange provided the corporation shall have paid cash dividends in each year for a period of ten fiscal years preceding the date of investment, and further, providing that aggregate net earnings available for such dividends for this ten-year period shall have been equal to the amount of the dividends paid. Preferred stocks of a corporation may be bought provided the net earnings available for fixed charges and preferred dividend requirements (that is, the so-called "overall coverage") for a period of five years preceding investment shall have averaged not less than 1½ times. Further, that during either of the past two years net earnings should not have been below a 1½-times coverage.

There are many ramifications to the industrial stock field and a paramount consideration in the purchase of industrials is that the step involves more inherent risk than in the case of stocks of regulated companies. Thus, it follows that the buyer of industrials must not only exercise greater care in making his selection, but constant review is equally important if he is to be successful in the long run.

*An address by Mr. McKnight before The Savings Bank Association of the State of New York, Westchester Division, Sleepy Hollow Country Club, April 30, 1952.

Basic Principles in Selecting Industrial Stocks

Before turning to my ideas as to what I consider to be adequate, rather than legal statistical yardsticks, I should first like to mention certain basic principles which I feel should cover industrial stock selection. These principles govern whether one is thinking in terms of preferred or common stocks. Of course, they can stand considerable elaboration, but tonight I can only briefly refer to them. First, one must examine the industry rather than the company. It must be an essential industry, an industry of some size, and a growing industry, and by growing, I do not mean that its physical volume production has merely kept pace with population gains.

If the industry meets these two elementary but basic requirements we must then seek out our companies. The company we select must be of adequate size, that is, it should have a first, second or third position in the industry unless the industry is very large, such as retail trade or petroleum. It must have an able, alert management and a depth of management. Don't buy into one-man management shows. The management must have demonstrated an ability to develop new products, not from a press agent's standpoint, but from a standpoint of profits. And the management must be research-minded in this research age.

The next step is to apply certain statistical measurements. Needless to say, an adequate yield on a well-covered dividend is one of our first yardsticks, but it does not stand alone. Excessive debt is to be frowned upon along with a weak current position and inadequate cash, as well as below-average inventory turnover. Dividends, as noted, should be reasonable in relation to earnings, that is, not too high a pay-out. Above all, I would be extremely interested in what the company achieved with respect to both earnings and dividends during *recession* years as well as its average earning power and earnings trend. In looking at any company, it is always worthwhile to go back and study its relative performance in years like 1938, or even 1949.

If these general principles are applied you will be surprised how many industries you will eliminate from your consideration. And you will be even more surprised at the number of stocks which are "legal," but which will not meet these general investment standards. There are a great number of industries, for example, which I would drop from consideration altogether, either because they have matured, are too young, are not essential in peace and war, are too cyclical or too vulnerable to inventory change or to competitive pricing. To make your lot somewhat easier I have listed a few industries which I feel you should not favor at all. They are aircraft, air transport, auto parts, most industrial machinery lines, meat-packing, non-ferrous metals and metal fabricators, steel, television, motion pictures, railway equipment, vegetable oils, shipping and coal.

This is the negative side of the picture, of course, but not an impractical one by any means for knowing what to avoid most certainly has its place in investment analysis work.

Suitable Common Stocks

To conserve time, I am going to consolidate a discussion of favored industries, and representative companies in them, whose common stocks I consider to be suitable for your purpose. Unfortunately, some of these industries are so greatly favored that stocks identified with them do not afford you enough yield to make the risk of ownership worthwhile. While we should all be "growth stock" minded, I don't think that you should overdo it to a point of accepting far below average yields. For example, I like the chemical and drug industries very much, but it is a fact that the common stocks of Monsanto Chemical and Merck & Co., two great and well-managed companies in every way, yield less than 3%, so there may be a better time for you to buy them. But in these two attractive industries you should consider Union Carbide, duPont, American Cyanamid and Parke, Davis & Co.

The oil industry affords a good field for investment, but it is also very popular. In fact, oil shares have been market favorites for quite some time and the glamorous, inflation-hedge crude oil producers such as Amerada Petroleum are out of your reach. However, of the large so-called international oil companies there are several whose common stocks afford a satisfactory return, such as Socony-Vacuum and Texas Co. If you will accept a somewhat smaller yield, Gulf Oil, likewise, has considerable merit.

The field of retail distribution should attract savings bank money because of its basic importance and relative stability. At present, the common stocks in this group are not in particular favor, which gives you a yield advantage. Of the several segments of this large industry, which includes many excellently managed companies, I favor the common stocks of J. C. Penney, Sears, Roebuck, G. C. Murphy, W. T. Grant, First National Stores and May Department Stores.

The food industry should also be of interest to you, but here I would stay with the well-managed companies whose inventory problems are relatively small and whose managements have shown an ability to merchandise competitively and to bring out new products which have met with broad consumer acceptance. Satisfactory yields in this group are available on the following common stocks: Borden & Co., National Dairy Products, General Foods, General Mills and Sunshine Biscuits.

Other common stocks which I consider to be attractive in miscellaneous industries are American Can and Continental Can in the container group, though yields here are only in the 4%-plus class. Two electrical equipment stocks that I like are General Electric and Westinghouse Electric, and also in the manufacturing industries I would consider Ingersoll-Rand; in the business machine field, National Cash Register and Addressograph; in construction, Johns-Manville, and of the credit companies, C.I.T. Financial Corp.

Preferred Stocks

With regard to investment in preferred stocks, again let me say that the law is much too liberal a guide with respect to statistical requirements. I would not accept the legal 1½-times overall coverage for a five-year average as a criterion, but rather would demand a five-times coverage, and I would apply my 1½ times to the results of a depression year. In addition, I would want net tangible assets of $200 per share, preferably more, and I would like to have a sinking fund for market price protection, though good sinking fund preferreds are not too plentiful.

Representative good quality preferreds yield between 3.7% and 4.2%, and with rare exceptions I do not believe you should try to do better. If you want a bigger return than this I would forget about preferred stocks and buy commons because a good common is better than a poor preferred any day and you will probably be well ahead of the game in the longer run. Typical industrial preferred stocks that I believe are both legal and attractive are as follows:

Bristol-Myers 3¾%
Continental Can $3.75
Dow Chemical $4 "A"
General Mills 5%
General Motors $3.75
W. T. Grant 3¾%
Hercules Powder 5%
International Paper $4
May Dept. Stores $3.75
Minnesota Mining $4
Merck $3.50
G. C. Murphy 4¾%
Rohm & Haas 4%
Safeway Stores 4%
Scott Paper $4
Union Oil of California $3.75

The stock market is historically high in terms of prewar dollars and for the shorter run I venture the opinion that savings banks will be more interested in preferred than in common stocks despite the lower yields on the former. However, this is a growing country and I do not believe that our well-managed corporations will fail to grow with it, and by grow, I mean that their earning power will keep pace. Yields on representative industrial common stocks now average about 5.6%, and the stock market has never inaugurated a major decline from such a high-yield level. For this reason, I believe you should balance your common and preferred purchases and it will probably turn out that in the longer run the common stocks will work out better for you. If you buy common and preferreds in equal dollar amounts the return will average about 4.7%, which is so much better than you will get on bonds that it is fully worth the not inconsiderable analytical effort involved.

COMPLETE PROCEEDINGS of the Fifth Annual Convention of the National Federation of Financial Analysts Societies, held in San Francisco, May 5-6, and in Los Angeles on May 9, will be available in the Third Quarter Issue of "The Analysts Journal," published by the New York Society of Security Analysts, Inc.

Iglehart Nominated To Head Bond Club

Joseph A. W. Iglehart of W. E. Hutton & Co. has been nominated for President of the Bond Club of New York for the coming year to succeed James J. Lee, W. E. Hutton & Co. The election and annual meeting will take place in connection with the Bond Club Field Day on June 6.

J. A. W. Iglehart

Wright Duryea of Glore, Forgan & Co. has been nominated for Vice-President to succeed Mr. Iglehart. Richard A Woods of Merrill Lynch, Pierce, Fenner & Beane has been nominated for Secretary and H. Lawrence Bogert, Jr. of Eastman, Dillon & Co., for Treasurer.

Nominations for new members of the Board of Governors are Edward Glassmeyer of Blyth & Co., Inc., Francis Kernan of White, Weld & Co., and Duncan R. Linsley of The First Boston Corporation.

Philadelphia Bourse Annual Meeting

PHILADELPHIA, Pa.—The annual meeting of the Stockholders of the Philadelphia Bourse will be held in Room 111, Bourse Building, on May 13 at 3 p.m. An election for seven directors to serve for a term of three years will be held on the same day. Polls will be open at 2 p.m.

J. Gentry Daggy

J. Gentry Daggy, H. M. Byllesby & Co., Inc., Philadelphia, passed away at his home at the age of 56. Mr. Daggy, who had been in the investment business for more than 30 years, was a former President of the National Security Traders Association and the Investment Traders Association of Philadelphia.

The State of Trade and Industry

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

Sudden strikes in steel and oil in the latter part of the period ended on Wednesday of last week, slowed perceptibly, nationwide industrial production which earlier in the week showed a steadily rising tendency. Total industrial output was very slightly under the high level of a year ago and about 10% below the all-time high reached during World War II.

While production continued to lag in textiles and some consumer goods, near-capacity schedules prevailed in machine-tool and chemical plants.

Claims for unemployment insurance benefits rose for the first time in three months and were about 23% higher than a year earlier.

Steel ingot production had been scheduled at 100.6% of capacity in the past week just prior to the shut-down on Tuesday which reduced output to a thin trickle. It was estimated that most steel-consuming industries had sufficient supplies for the next few weeks.

The steel strike was called off on Friday, last. Assenting to the request made by President Truman on Thursday night, CIO Chief Murray instructed the 650,000 steelworkers to return to their jobs. At the same time, both the government and the steel companies asked the Supreme Court to review Federal Judge Pine's decision that the April 8 seizure of the industry was unconstitutional.

The steel companies generally started recalling maintenance men to prepare for the return of production workers. The strike ended 2½ days after it was precipitated by Judge Pine's ruling. But it reduced steel output by at least 800,000 tons and much additional tonnage will be lost before the mills are back in full production.

Pressure for settlement of the steel wage price case is growing, according to "The Iron Age," national metalworking weekly, in its current summary of the steel trade. The Administration, which has been trying to force pistol-point bargaining on the industry, is now feeling the pressure too. Government seizure of steel companies has so far turned out to be a dud.

Setting forth its reasons to support this contention, the magazine states that it has not kept the industry operating; it has been ruled illegal since it "lacks basis in law"; it settled nothing, and on-again-off-again operations have thrown another huge cost bill onto the industry.

Now that the pressure for settlement is also being felt by the Administration, this trade weekly asserts, the outlook for early agreement is brighter than it has been for several weeks. For one thing, Mr. Truman may decide it is extremely important to achieve a settlement before the Supreme Court reviews Judge Pine's ruling against seizure.

For one thing, "The Iron Age" points out, the steel companies will not accept the union shop. So far, Mr. Murray has not budged—on any point—from WSB recommendations. Industry considers this issue to be fully as important as wages and prices.

In actual dollars and cents the negotiators are not so far apart as to make settlement hopeless. The best industry offer so far has been a 20-cent per hour package, including 12½ cents wage increase. WSB recommendations were for 30 cents by industry figures. On prices, the government once offered $4.50 per ton. This was later withdrawn. Another dollar might have settled the case then. Major deterrent to quick settlement is the bitterness which has risen since the Administration intervened, this trade journal observes.

If an agreement is not reached before the Supreme Court ruling, all parties might lose. Should the Supreme Court uphold Judge Pine's decision and return steel companies to their owners, it would be a bitter defeat for the Administration. Mr. Murray would probably call another strike. The final give-and-take might be long and bitter, and might rock the industry, it adds.

When the final figures are reported it will be found that last week's shutdown cost the steel industry 1.5 million tons of lost production. The industry suffered the loss of another 1 million tons from the previous shutdown April 8. Since World War II more than 30 million net tons of steel production have been lost because of strikes, this trade paper declares.

Continued on page 29

How Effective is Moscow's Economic Propaganda?

By A. WILFRED MAY

This is the fourth article in a series following Mr. May's visit to the Soviet Union as a correspondent covering the International Economic Conference in Moscow.

Broadly significant are the statements issued on their return to this country last week by a delegation of seven working trade unionists who visited France, Poland, Austria, Italy, and the Soviet Union; including participation in the International Economic Conference in Moscow.

A. Wilfred May

Their conduct and reactions illustrate not only how effective peace offensive propaganda is when it falls on willing ears, but also how futile would be attendance at the past and future conferences by a minority of responsible industrialists, despite their understanding of the relevant political and economic facts of life (the correct policy decision on this is still troubling our trade organizations and business leaders).

The touring union members, whose names were kept off the Conference's official delegate's list, consisted of the following:

Charles Maybray, Local 81, United Packinghouse Workers of America (CIO), Jersey City, N. J.

Arthur Deutsch, member, New York Typographical Union Local 6 (AFL).

Chester Parrini, President, Local 435, International Hod Carriers, Building and Common Laborers Union (AFL), Rochester, N. Y.

Edward Gibbs, Local 1050, United Brotherhood of Carpenters and Joiners (AFL), Philadelphia, Pa.

Morris Silverman, member of executive board, Local 1073, United Brotherhood of Carpenters and Joiners (AFL), Philadelphia.

Theodore Bosak, member of executive committee, Local 92, United Furniture Workers of America (CIO), Paterson, N. J.

Robert Geddis, Local 306, United Brotherhood of Carpenters and Joiners (AFL), Newark, N. J.

The passports of Messrs. Maybray and Bosak were lifted by U. S. State Department representatives on their arrival home at Idlewild Airport.

Findings (?) in Europe

Here are some of their remarkable findings (?) derived from their European traveling, as reported to their labor union brethren: "Everywhere [including the Soviet satellites] we went, people told us that they desired peace and friendship with the United States. Invariably, they all expressed to us the fact that they have always admired our American tradition of freedom. They stressed the need for peace so that their living standards could be raised and they could live happier lives. . . . Their unions have important influence with regard to the domestic and foreign policies of their governments, for the unions represent the voice and wishes of most of the workers."

In France, they cited as representative of prevailing reaction to the United States a union leader in the construction industry who said that the French workers see the difference between the American working people and the government leaders who pursue a war policy. "He told us France wants no war or American aid because it has resulted in unemployment, a ruinous inflation, and was bringing the workers to the depths of desperation."

All Happy in Poland!

Of Poland they reported: "There are no starved, ill-clothed, homeless or unemployed people today, whereas after World War I thousands died of starvation and severe unemployment existed for many years. The peasants were poverty stricken, anti-semitism was widespread and semi-fascist government ruled the country, persecuting the working class trade unions and political parties."

And here is how our fellow-countrymen circulate their observations about the most stringent Police State in history:

"This is what we have seen and heard with our own eyes and ears. The Soviet Union wants only peace, not war. . . . The workers are relaxed, cheerful, and no speed-up was in evidence. These are free people [*sic*] because there is no unemployment and no fear of loss of income due to sickness or old age."

Neither is there, of course, such fear in the Soviet's slave labor camps or in America's Sing Sing prison. Actually, the Russian Labor unions constitute speed-up machinery for harder and longer work. Bereft of the strike privilege, the worker has no bargaining power; and the formal protections written into the charters have no greater application than the guarantees of civil liberties which our visiting apologists so joyously noted in the Soviet Constitution.

They saw no war manufacturing, no slave labor camps, nor any class discrimination. Hence, they conveniently conclude there are no slave labor camps nor class discrimination.

In reacting to the Kremlin's Conference-technique, our unionists typically played the Soviet game, in extolling the meticulous abstention from political criticism (ignoring the completely unrealistic barring of the actual Kremlin-created political elements which in practice effectively preclude a silken curtain for economic intercourse); in flaunting the alleged 400-500 million dollar figure of Soviet purchases and 150,000 jobs for our shaky textile industry; in representing that East-West trade would reduce arms production and lower taxes; in agitating for business with the "People's Republic of China" to prevent unemployment here, and for doing away with the Battle Act which forbids shipment of strategic materials to the Soviet bloc by our aid-receiving allies. All a good demonstration of this peace offensive's strategy!

It should be evident that had representative responsible delegates attended the Conference, they would have been overwhelmed by strategically-planted fictions embraced by the vast majority from the United States and other countries.

How Much Actual Trade?

While most of the above-cited statements are recognizable as propaganda by the objective-initiated of the public, one of the key questions posed by the Conference-technique is the amount of additional trade that was created. For example, just how serious, in terms of dollars and cents, are the demands for trade with the East voiced in West Germany's Parliament this past Tuesday?

Primarily, it must be remembered that for most transactions, as for fulfilling the vaunted role of Britain textile industry savior, Soviet buyers need no elaborate conference. Lancashire wares are there for the asking. As a matter of fact, even with the Conference machinery, up to this writing the boasted 38 millions of Russian orders for British textiles remain entirely in the talking stage, if anywhere. Actually, the record shows that the Soviet's foreign trade has always been negligible—occupying in prewar 1938 but 0.8% of its total production, against 10% in the United States, 25% in England and Germany, and 50% in Belgium.

The foreign trade of the Kremlin's socialist state is entirely different from that of the capitalist countries. The Soviet Union will only, on a barter basis, import what is actually indispensable to the furtherance of the State plans, and exports only to pay for its planned imports. **One can only barter with the Tartar!**

The known scarcities in the Soviet Union also belie the sincerity of the Kremlin's tempting

Continued on page 44

Outstanding Shares —A Lot or a Little?

By IRA U. COBLEIGH,

Author of "Expanding Your Income"

Some passing comment on the relative merits of companies with many or few shares on the market.

For years, security commentators have discussed dividends—stock and cash, big and little, declared, passed or accrued, and even occasionally, rescinded. But in all this dividend talk you have heard very little about the divisor! To get any dividend you merely divide the total sum of money the directors deem available, by the number of outstanding shares—the divisor. And this divisor can have a very important bearing on your position as a stockholder.

Ira U. Cobleigh

Just to get an idea about how little this factor is generally appreciated, I have, in the past couple of weeks, asked 30 people, including three customer's brokers, to give me (without looking it up) the share capitalization of any two of the companies they might be interested in. Well, not one could state, within five million, the correct amount of outstanding common shares of Steel, Standard of New Jersey or General Electric. Thus, not one could appraise, with any accuracy, what the effect, per share, would be if net income of any of these enterprises increased, or decreased say, by $20 million.

This little junior model Gallup poll suggested to me the usefulness of presenting the tables below showing, in the first instance, the astronomically numerous extant shares of some of our corporate titans.

Table I

Big Ones	Com. Shs. Outstanding
General Motors	87,453,000
Standard of N. J.	60,571,092
du Pont	45,141,000
Amer. Tel. & Tel.	32,832,000
Socony Vacuum	31,801,880
General Electric	78,846,000
Union Carbide	28,806,000
Standard of Calif.	28,673,192
Texas Co.	27,521,000
U. S. Steel	26,110,000
Sears Roebuck	23,647,000
Gulf Oil	22,691,000
Eastman Kodak	16,537,000
Southern Co.	16,306,000
Columbia Gas	16,300,000
Westinghouse	15,438,000

Table II

Small Ones	Com. Shs. Outstanding
Zenith Radio	492,000
Superior of Calif.	423,000
Woodley Petroleum	417,000
Barber Oil Co.	377,000
Wilcox Oil Co.	283,000
Nash. Chat. & St. Louis	256,000
Empire Trust Co.	90,000

Leading this list is, of course, General Motors with roughly one-half a share for each man, woman and child in the United States. Both by virtue of its size, its eminence, its profitability and its army of stockholders, GM is not only the bellwether of the Dow, Jones Average but is probably the most marketable stock in the world.

Standard of New Jersey is second with over 60 million listed shares and its subsidiaries are no slouches either—Humble with 35,-951,360; Creole with 25,865,310; Imperial Oil with 29,847,000, and International Petroleum with 14,-124,000. Counting these subsidiaries in, however, would really have been loading the figures, since the lion's share of these shares is locked up for good, with Jersey owning 72.4% of Humble, 93.8% of Creole, 69.6% of Imperial and 83.6% of International. Only the minorities are actually traded publicly, which gives them often the volatility, which we shall notice in a moment, to be characteristic of more compact capitalizations.

American Telephone and Telegraph is important in our analysis since it has the largest list of stockholders in America—over 1,100,000. In fact, no other corporation in the world has so many holders, holding so few shares of stock and holding them for so long a period. The $9 a year dividend here, sustained for 32 years without interruption, makes T, with its $12 billion in assets, the classic example of enterprise capitalism anywhere.

Socony Vacuum has in the last three years built up its position among the top three oil companies and has importantly developed its crude production. Its common has moved definitely into an investment status.

General Electric is famous not only for its market stability but for the fact that it has paid dividends without interruption since 1899.

In fact this whole list of multi-million shared corporations reads like a Who's Who in corporate America; and in this echelon are found not only the building blocks of the Dow, Jones Averages but favorite equities lodged in the leading private and investment trust portfolios in America. Here in this group are contained securities handsomely filling the qualifications of investment equities, with classic marketability in breadth and depth.

While most of the Dow adherents base their moves on the volume and direction of shares like those in Table I, for persons willing to forego maximum marketability, consideration is suggested of shares at the other extreme—small capitalizations where good news, or improved earning power may more rapidly and acutely be translated into perhaps more impressive market response.

For those in search of volatility rather than stability Table II is offered. Here snug, cozy and compact capitalizations suggest the possibility (if earnings justify same) of splashy market performance, worth while extra dividends and perhaps, in due course, a split-up or two.

First, may I direct your attention to Empire Trust Company of New York. It earned $10.36 on 80,000 shares in 1951 (against $8.98 in 1950) and on Jan. 14, voted distribution of another 10,-000 shares to stockholders. It's a very well managed bank, and in its annual report for 1951, it discussed, for the first time, Natural Resources Management Corp., an affiliate reported to have interests in natural gas and oil developments. When a railroad like Northern Pacific, or a paper company like St. Regis, is thought to have land with some potentiality for oil, it has been favorably interpreted by the market. Thus, perhaps Empire Trust's interest in Natural Resources Corp. may not make it a less valuable bank equity. I leave to you the decision and analysis of the question as to which, today, could create more market gains, Guaranty Trust at 290 (one million shares outstanding) or Empire at half the price.

In the radio and television field, most analysts go down the line for RCA, and with good reason. I'd like to suggest, however, that RC with its 13,881,000 common shares on the market might not, on a per dollar invested basis, present as large a horizon for profit as Zenith Radio with only 492,000 shares. First quarter earning of ZE suggests that 1952 net per share may be around $10; and the Zenith television, with especially designed turret tuner, appears most adaptable for receiving the new high frequency stations that may emerge. Zenith has coupled consistently good management with progressive research. Small capitalization here permits rapid market response to good news and dangles in front of investors the possibility of a stock split.

Barber Oil Co. has only 377,000 shares which stand to benefit from (1) ownership of 482,100 shares of American Republics, (2) an oil terminal in Trinidad, (3) a company owning 8 T2 tankers, (4) a 48% interest in five 28,000 ton tankers, and (5) a joint interest (with Standard of California) in a company producing gilsonite—solidified oil to you. This is quite a hunk of assets and turned in about $2,600,000 of net in 1951 (up from $1,367,150 in 1950). Mr. T. Reiber, former Chairman of Texas Company, is Board Chairman of Barber. If you do not operate on the principle that comparisons are odious, then place Barber at 79 alongside two of the big oils in Table I. Make the same comparison a year from now and then send me a postcard! I'd like to know, too.

My final capsule picture of a small-issue equity is Nashville, Chattanooga and St. Louis RR. Co. with only 256,000 shares on the horizon, 75% owned by Louisville and Nashville. This well run carrier showed about $16 net in 1951, paid $4, which was definitely on the Scotch side! Net current assets alone are some $40 a share. Try comparison of this with Southern Pacific and Illinois Central in the same price zone.

Bear in mind today's argument is highly superficial and incomplete, and definitely beamed more toward capital gains than for safety and yield. For elegance, standard and dependable values, for sustained marketability and high collateral value, the multi-million share babies in Table I are just about tops. But if you're willing to risk wider swings, down as well as up, and are not afraid of the bounce that small capitalizations can generate, then perhaps you'll get ideas from the samples in today's article. And for historic background, there are the big gyrations in Superior Oil to review, and the record of Woodley Petroleum common which, on a whippet model capitalization, zoomed from 26½ to 78 this year. What'll you have, little ones or big ones?

To Form Stieglitz Co. New NYSE Member Firm

On June 1 Steiglitz & Co., members of the New York Stock Exchange, will be formed with offices at 40 Wall Street, New York City. Partners will be Arnold Feldman, Ernst B. Kaufman, John Munroe, the Exchange member, and Marcel H. Stieglitz. Mr. Feldman and Mr. Kaufman are with Hettleman & Co. Mr. Munroe has been active as an individual member of the Exchange. Mr. Stieglitz is an officer of Wilson & Marx Inc.

Edward Harden

Edward Walker Harden passed away on the Pacific Coast at the age of 83. Mr. Harden was a partner in Baker, Weeks & Harden, New York City.

Outlook for Non-Ferrous Metals

By DONALD B. MACURDA*

Asst. Vice-President, The First Boston Corporation

Limiting his remarks to the heavier non-ferrous metals, Mr. Macurda analyzes supply and demand situation of copper, lead and zinc. Concludes world supply of these metals is fundamentally sufficient to take care of U. S. domestic requirements and even present abnormal requirements should be met by the middle 50's. Advises common shares of many leading non-ferrous metal companies, on basis of earnings outlook, can again be selectively accumulated for long-term holdings.

Copper: For the first 20 years of this Century, the United States was an exporter of copper on balance. Even through most of the 'twenties this position, though reduced, was still held. The next decade, however, showed a bare self-sufficiency, and from 1940 to date we have been a consistent importer of the red metal, our domestic production being insufficient to take care of either war, postwar, or garrison state demands. The changed status is spelled out in the table below, which, on the basis of the figures used, indicates that the United States had an average annual excess of nearly 100,000 tons of copper production and in recent years of peak employment has shown an average deficiency of nearly 500,000 tons, the latter equivalent to some 28% of our needs.

Some variation from these results might be obtained based on the components selected from the different series of available copper statistics. However, the general conclusion of continued dependency on imported ore and metal is inescapable. Conversely, this provides a partial cushion through tariff protection to domestic producers from any falling off from present abnormal levels of demand. This cushion is probably deeper than the 1951 figures alone indicate, as the limited availability of copper from all sources (foreign, domestic and secondary recovery from old scrap) retarded consumption last year.

The question of where the supply is coming from is less important than whether copper from all sources will be sufficient to take care of foreseeable domestic demand. Last year's domestic copper shortage, in terms of military requirements superimposed on a high level of civilian activity, was real. That this will be a permanent state of affairs, as assumed by several Washington authorities, is debatable. The industry feels strongly that current campaigns to compel or induce substitution of other metals, notably aluminum, for copper are based on erroneous appraisals of long-range supply-demand relationships and on the supposition that current strict controls, depriving the country of the benefit of the operations of free markets, will be forever continued.

The world demand for copper in 1951 was patently abnormal. All markets were strongly affected by the United States rearmament and stockpile program and the domestic market was further disorganized by superimposed price and material controls. World prices reached a high of 60 cents per pound as against a 24½ cent ceiling for domestic copper and 27½ cents on imported copper. The natural attraction of foreign copper to the higher markets decreased domestic production of refinery copper from foreign ores and lessened refined metal imports. Domestic scrap dealers withheld supplies in anticipation of higher prices, thereby adding to the tight supply picture.

There are sound reasons for anticipating steady improvement in domestic copper supply. In the United States, seven new ore bodies are to be developed between now and 1955 adding some 240,000 tons, or 26%, to domestic production. The Revenue Act of 1951 made certain provisions offering relief and incentive to the mining industry, including a provision which permits deduction from income of expenditures made in the development of a mine. Suspension of import duties until Feb. 15, 1953, or unless prices reach a "peril point," will provide incentive to foreign producers to ship to the United States market, particularly if the world metal prices continue the softening trend in evidence since the latter part of 1951. Relaxation of the world scramble for the metal and increased foreign production from the other principal producing areas (namely, Chile, Northern Rhodesia, Canada, and the Belgian Congo) could add another 131,000 tons to domestic supply, simply by a return of domestic refinery production from foreign ores and of net refined imports to the 1950 level. Total supplies available for domestic consumption (exclusive of changes in stocks on hand or in the volume of scrap recovery) might well reach 2,177,000 tons by 1955 as compared with 1,806,000 tons last year, or at the rate of 26 pounds per capita versus 24 pounds in 1951. It might be pointed out in this connection that the former is about three pounds above the average consumption level for the five years 1946-1950, which is generally recognized as a major boom period in our history, and six pounds above 1940. It could be concluded, therefore, that under anything like ordinary conditions the United States will not be pinched for copper but rather the industry will be actively competing for markets. Even should abnormal conditions continue, the steps taken should bring balance into the world copper picture by the middle '50s.

As to the outlook for the metal, for many uses copper is the best material found to date. Some of the substitutions now being made will prove temporary. Others, reflecting the overcoming of initial inertia to use of a new material, will be continued. A few of the rumored diversions would represent a sobering inroad into tradi-

Continued on page 34

*A paper read by Mr. Macurda at the Fifth Annual Convention of the National Federation of Financial Analysts Societies, San Francisco, Cal., May 6, 1952.

PRODUCTION AND CONSUMPTION OF COPPER

(In Short Tons)

Annual Averages	*Apparent Consumption	Smelter Prod. from Domestic Ores	Recovery from Old Scrap	Total Smelter and Old Scrap Recovery	Apparent Excess	Apparent Deficiency
1926–30	1,125,000	825,000	358,000	1,223,000	98,000	-----
1936–40	1,032,000	726,000	336,000	1,062,000	30,000	-----
1941–45	1,978,000	978,000	444,000	1,431,000	-----	547,000
1946–50	1,736,000	795,000	455,000	1,250,000	-----	486,000
1951	1,797,000	931,000	494,000	1,425,000	-----	496,000

*Based on U. S. Bureau of Mines withdrawals of new refined copper for domestic account after certain adjustments plus secondary recovery of old scrap.

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4%, 1.40%, 1½%, 1¾%, 1.90% and 1¼% Housing Bonds

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These Bonds are acceptable to the State of New York as security for State deposits, to the Superintendent of Insurance to secure policyholders and to the Superintendent of Banks in trust for Banks and Trust Companies.

In the opinion of the Attorney General of the State of New York, these Bonds will constitute valid and binding general obligations of the State of New York, and the full faith and credit of the State will be pledged for the payment of the principal of and interest on the bonds.

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Due	Coupons	Prices to Yield	Due	Coupons	Yields or Prices	Due	Coupons	Prices or Yields
1954	4%	.90%	1965	1.40%	1.35%	1978-81	1¾%	100 (price)
1955	4	.95	1966	1.40	100 (price)	1982-83	1¾	1.80%
1956	4	1.00	1967	1.40	1.45	1984-86	1¾	1.85
1957-58	4	1.05	1968	1.40	1.50	1987-88	1¾	1.90
1959	4	1.10	1969	1½	100	1989	1.90	100
1960	4	1.125	1970-71	1½	1.55	1990	1.90	99½
1961	4	1.15	1972-73	1½	1.60	1991	1.90	99
1962	4	1.20	1974-75	1½	1.65	1992-96	1.90	2.00
1963	4	1.25	1976-77	1½	1.70	1997-99	1.90	2.05
1964	4	1.30				2000-02	1¼	73¾

(Accrued interest to be added)

The above Bonds are offered subject to prior sale before or after appearance of this advertisement, for delivery when, as and if issued and received by us and subject to the approval of legality by the Attorney General of the State of New York.

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Lazard Frères & Co. — Goldman, Sachs & Co. — Union Securities Corporation — Drexel & Co.

Continental Illinois National Bank and Trust Company of Chicago — The First National Bank of Portland, Oregon — Eastman, Dillon & Co. — Paine, Webber, Jackson & Curtis

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Roosevelt & Cross Incorporated — Robert Winthrop & Co. — Alex. Brown & Sons — Hayden, Stone & Co. — Aubrey G. Lanston & Co. Incorporated — Dick & Merle-Smith

Shearson, Hammill & Co. — American Securities Corporation — Bacon, Stevenson & Co. — Central Republic Company (Incorporated) — Eldredge & Co. Incorporated

National State Bank Newark, N. J. — Trust Company of Georgia — G. H. Walker & Co. — City National Bank & Trust Co. Kansas City, Mo. — Andrews & Wells, Inc.

E. F. Hutton & Company — Mackey, Dunn & Co. Incorporated — Newburger, Loeb & Co. — Tripp & Co. Inc.

May 7, 1952.

A Protest Against SEC Taxes

By RICHARD M. CROOKS*

Chairman, Board of Governors, New York Stock Exchange

Though justifying charges made by SEC and other government agencies for services rendered, Mr. Crooks protests against imposi.ion of registration fees on brokers and dealers and certain classes of their employees. Points out, under Securities Exchange Act, registration of brokers and dealers is "in the national public interest" and not for a service rendered by those taxed, or giving a special privilege. Says an inequitable tax structure would result if Federal Government permitted more than hundred new taxing agencies to be "self-sustaining." Attacks constitutional basis for new SEC fees and charges.

The Committee on Appropriations of the House of Representatives, in its report on the Independent Offices Appropriation Bill of 1952, pointed out that the government is not receiving full return for many of the "services which it renders to special beneficiaries." Title V of the Independent Offices Appropriation Bill of 1952 presumably was enacted to remedy that situation.

Richard M. Crooks

We believe it entirely proper that the more than 100 government agencies and corporations make adequate charges for their releases, documents, reports, analyses and publications. These charges would be paid by the "special beneficiaries" who make use of the releases and other publications, rather than by taxpayers generally. It is certainly appropriate for the Securities and Exchange Commission to charge for its publications. In view of rising costs, the Commission's proposal to increase the fees for photo duplication undoubtedly is justified.

However, charges of the type which the Securities and Exchange Commission would levy on brokers and dealers are not charges for services rendered, but are, in effect, taxes which must be paid by brokers and dealers to remain in business.

The section of the Securities and Exchange Commission program with which we are particularly concerned is the proposal to impose on every broker and dealer an annual "registration fee" of $50, plus a "head tax" of $10 on certain classes of their employees. The Securities Exchange Act of 1934 compels brokers and dealers to register "in the national public interest," not in the interest of the brokers or dealers.

The beneficiary of any "service" which the Commission may render in connection with such registration is the general public, not the broker-dealer. The Securities Acts give broker-dealers no exclusive franchise or special privileges.

The charges which the Securities and Exchange Commission proposes would be in addition to the registration fees imposed by Congress on securities exchanges under Section 31 of the 1934 Act and on issuers of registered securities under Section 6(b) of the 1933 Act.

An Inequitable Tax Structure

That an inequitable tax structure would result from the creation of more than a hundred new taxing units within the Federal Government itself, is shown by the fact that, as far as we know, the Securities and Exchange Commission is the only Federal agency or corporation which has publicly announced, since the adoption of the 1952 Appropriation Bill, any intention to assess franchise taxes of this nature. Were all other agencies and government corporations to interpret Title V as the Securities and Exchange Commission has done, there would still be the question of whether the franchise taxes levied by one agency were fairly related to those assessed by other agencies. The tax structure that could be created on this basis is of monumental proportions.

May we point out that, to the extent charges fixed by an independent agency take into consideration the costs of the agency, it would seem to follow that the more inefficient and extravagant the agency, the higher the charges which would be levied on those subject to its jurisdiction.

The power of the Federal Government to originate taxes has always been vested in the House of Representatives as the direct representatives of the people. This fundamental principal of our representative form of government was based upon the bitter experience of our colonial days when taxes were levied by those who were not responsible to the people.

It is a right of the American people to voice to their elected representatives their approval or disapproval of taxes as well as other matters. When Congress has a tax bill before it, the practice has always been to hold public hearings, as you are doing today, where we can come and argue the merits or demerits of particular proposals before our elected representatives.

An Unconstitutional Delegation of Power

For the Congress to delegate the power to tax to an administrative agency not responsible to the electorate is a departure from our fundamental form of government and one which, it seems to us, is of doubtful constitutional validity. Congress has already turned over to the administrative agencies much of its law-making powers. To give them, in addition, the power to tax would make those agencies almost as powerful as Congress itself.

The fundamental principles involved are, we believe, far more important than the taxes which the Securities and Exchange Commission proposes to levy at this time. It is unthinkable, to us, that Congress, in enacting Title V, intended to delegate its taxing power to a governmental agency —or, worse yet, to more than 100 different agencies and government corporations.

We would like to recommend to your Committee that Title V of the Independent Offices Appropriation Bill of 1952 be amended promptly to make it clear that the field within which the independent agencies of the government may levy charges is that of reports analyses, releases and other services which a subscriber may purchase or not purchase as he chooses.

If taxes are to be levied for the privilege of doing business, such taxes, in our opinion, should be levied by the Congress itself.

*A statement by Mr. Crooks before the Securities and Exchange Commission Subcommittee of the Committee on Interstate and Foreign Commerce of the House of Representatives, April 30, 1952.

Halsey, Stuart Group Offers N. J. Bell Debs.

Halsey, Stuart & Co., Inc. and associates yesterday (May 7) offered $20,000,000 New Jersey Bell Telephone Co. 32-year 3¼% debentures due May 1, 1984 at 102.824% and accrued interest. The bonds were awarded to the group at competitive sale on May 6 on a bid of 102.174%.

The company intends to apply the proceeds toward repayment of advances from American Telephone & Telegraph Co., which are expected to approximate $25,700,000 at the time the proceeds are received. Advances from the American Company are obtained in conformity with an established practice of the company which it expects to continue, of borrowing from such company, as need therefor arises, for general corporate purposes, including extensions, additions and improvements to its telephone plant.

The debentures are redeemable at prices ranging from 105.824% to par.

J. F. Reilly Wire to Conrad, Bruce & Co.

J. F. Reilly & Co., Incorporated, 61 Broadway, New York City, have announced the installation of a direct private wire to Conrad, Bruce & Co. of Los Angeles, members of the Los Angeles Stock Exchange.

Los Angeles Bond Club Annual Field Day

LOS ANGELES, Calif. — The Annual Field Day of the Bond Club of Los Angeles will be held June 6 at the Riviera Club.

Herbert Lax

Herbert Lax, Vice-President of Stanley Pelz & Co., Inc., New York City, passed away suddenly.

N. Blumengarten Opens

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

Dealer-Broker Investment Recommendations & Literature

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

Corporate Liquidity—Analysis of financial strength of American business in the current issue of "Market Pointers"—Francis I. du Pont & Co., 1 Wall Street, New York 5, N. Y. In the same issue is an analysis of the **building industry** and of **American Machine & Foundry,** and a list of stocks likely to benefit from increased consumer purchasing power. In the current issue of "Gleanings" is a resume of **Thompson Products** and of the **Retail Trade Industry,** and also a list of **Preferred Stocks With Arrears.**

Finance Companies—Analysis—E. F. Hutton & Co., 61 Broadway, New York 6, N. Y.

Foreign Investment Law—Discussion of latest draft of proposed amendments—Nomura Securities Co., Ltd., 1, 1-chome, Kabutocho, Nihonbashi Chuo-ku, Tokyo, Japan. Also in the same pamphlet is an analysis of the **Machinery Manufacturing Industry** with particular reference to **Mitsubishi Electric Manufacturing Co., West Japan Heavy Industries, Ltd., Furukawa Electric Co., Tsugami Manufacturing Co.,** and **Japan Optical Industry Co.**

Helicopter Industry—Review with special reference to the **Piasecki Helicopter Corporation**—John H. Lewis & Co., 63 Wall Street, New York 5, N. Y.

Oil Stocks—Bulletin with particular reference to **Atlantic Refining Company, Phillips Petroleum Company, Standard Oil Company of New Jersey, Ohio Oil Company, Standard Oil Company of Indiana** and **The Texas Company**—Estabrook & Co., 15 State Street, Boston 9, Mass.

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

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

Railroads—Bulletin No. 91 on margins of safety; bulletin No. 90 on second grade bonds; bulletin No. 92 on the Baltimore & Ohio Railroad—Smith, Barney & Co., 14 Wall Street, New York 5, N. Y. Also available are memoranda on **Commercial Solvents Corp.** and **Glidden Co.**

Speculative Oil Stocks—Bulletin—West and Company, 26 Journal Square, Jersey City 6, N. J.

Value Selections for May—Bulletin—Newburger & Co., 1342 Walnut Street, Philadelphia 7, Pa.

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American Cladmetal Co.—Report—Graham & Company, 610 Smithfield Street, Pittsburgh 22, Pa.—Graham, Ross & Co., Inc., 82 Beaver Street, New York 5, N. Y.

American Superpower Preferred—Review—Ira Haupt & Co., 111 Broadway, New York 6, N. Y.

Anheuser-Busch Inc.—Bulletin—Remer, Mitchell & Reitzel, Inc., 208 South La Salle Street, Chicago 4, Ill.

Ashland Oil & Refining Company—Analysis and supplementary bulletin—A. G. Becker & Co., Inc., 120 South La Salle Street, Chicago 3, Ill.

Bank of America—Memorandum—Lester, Ryons & Co., 623 South Hope Street, Los Angeles 17, Calif. Also available are memoranda on **Boston Edison Co., Bullock's Inc., Canadian Superior Oil of California, Ltd., Central Illinois Public Service Co., Great Plains Development Co. of Canada, Husky Oil Co.** and **Kaiser Steel Corp.**

Bucyrus-Erie — Bulletin — Eastman, Dillon & Co., 15 Broad Street, New York 5, N. Y. Also available are data on **Kelsey-Hayes Wheel** and **National Supply.**

Canadian Pacific Railway—Review—Dean Witter & Co., 14 Wall Street, New York 5, N. Y.

Chicago Transit Authority — Bulletin — Schwamm & Co., 50 Broadway, New York 4, N. Y.

Christiana Securities Co. — New bulletin — Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

James Dole Engineering Co.—Analysis—Leason & Co., Inc., 39 South La Salle Street, Chicago 3, Ill.

Johnson Service Company—Analysis—Loewi & Co., 225 East Mason Street, Milwaukee 2, Wis.

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The Rise of Petrochemistry

By J. D. FENNEBRESQUE*

Vice-President, Celanese Corporation of America

Mr. Fennebresque describes recent rapid growth of petrochemistry, which he avers has been a prime cause of expansion of chemical industry. Lists as dominant factors in growth of petrochemical industry: (1) steady availability of pure and varied raw materials at stable prices; (2) development of many new process techniques and products, and (3) a highly diversified consuming market. Reveals petrochemicals have extended into many industries, such as textiles and metals, and points out importance of preserving its raw materials supplies.

Twenty-five years ago, the chemical industry in this country was an infant; the word petrochemistry had hardly been coined; there were few plastics to substitute for metals; synthetic fibers had made little impression on the textile market. There were practically no chemical fertilizers to give us better food yields, no synthetic insecticides to to selectively control pests, no inexpensive solvents to give us quick drying paints, no tailor-made wonder drugs to stop disease.

J. D. Fennebresque

Vast quantities of natural resources were untapped or wasted. Nitrogen in the air was not yet available at low cost to be utilized for the production of ammonia fertilizers. There were flares at every oil well and refinery, wasting what was considered to be valueless natural gas.

In 1927, we thought of the rapid growth of our economy as the steel age. The steel age had taken decades to reach maturity. Yet in 25 short years, we have come far, very far, beyond the stage of industrialization of the late twenties. Gentlemen, we have now come to the chemical age. And the startling part of this chemical age is that with all the achievements of the past 25 years, the chemical industry has not come close to reaching its full potential!

Growth in Past Decade

This may seem to be an exaggeration in view of the tremendous growth in the past 10 years. Chemical detergents have reached a one billion pound annual production—over one-third the total soap production. Production of the first chemically reacted man-made fiber, cellulose acetate, grew from under one million pounds in 1927 to nearly 600 million pounds in 1951. Plastics production rose from a few hundred thousand pounds to 2.6 billion pounds during this period. Nevertheless, we are only in the first phase of the chemical age.

It is not too far fetched to foresee steel automobile bodies replaced with light, strong, corrosion-proof, non-bendable bodies made from Fiberglas and a petrochemical-derived plastic. We have already started producing synthetic lubricants superior to those from oil. We can also foresee synthetic gasoline and many chemicals from the gasification of coal. The petrochemical industry contributed toward winning World War II with the development and production of synthetic rubber. It is through chemical processing techniques developed in the petrochemical industry that we are able to produce the uranium for atomic bombs — which I believe has already postponed and we all pray may prevent another World War.

Petrochemistry Ushered in Chemical Age

And how did we come to this chemical age? Probably the most important contributing factor was petrochemistry. By this I mean—and in my opinion this statement in itself is a sufficient definition of petrochemistry — the use of petroleum and natural gas as raw materials for chemicals and the utilization of petroleum processing techniques in the production of these chemicals.

Before the advent of petrochemistry, the raw materials for the chemical industry fell into three major categories—agricultural products, coal by-products, and mineral products. Agricultural products fluctuated widely in price, availability, and purity. Coal by-products were dependent on the production of steel and were insufficient to meet demand. The mineral products were limited primarily to the manufacture of inorganic chemicals. Petroleum and natural gas presented the budding chemical industry with tremendous, dependable, pure, and economical sources of carbonaceous material which, by petrochemical methods, could be converted into a large variety of organic chemicals. Production of these organic chemicals in turn required large quantities of inorganic chemicals. Thus, the backbone of this chemical age is organic chemistry which came into full being through petrochemicals.

As you know, the chemical industry has had a very rapid growth even when compared to the large expansion of our whole economy. It grew from approximately seven hundred million dollars in 1927 to seven billion dollars today—an increase of ten fold. The national economy grew during the same period four fold. But petrochemical growth has been even more spectacular! Twenty-five years ago, seven million pounds of petroleum raw material were consumed by the petrochemical industry. In 1950, seven billion pounds were consumed to produce fourteen and a half billion pounds of finished products. This is a one-thousand fold growth. The investment in petrochemical plants is about one and a half billion dollars. Twenty-five years ago, it was insignificant. On top of this, an additional three hundred thirty-nine million dollars in new plant construction has been certified for accelerated amortization by the Defense Production Authority. Over 80% of the aliphatic organic chemicals and 33% of the aromatics come from the petrochemical industry. In 1927, this was less than 1%.

Factors in Growth of Petrochemical Industry

What have been the dominant factors contributing to the large growth of the petrochemical industry? Broadly speaking, there are three:

(1) The immense availability of pure and varied raw materials that do not fluctuate widely in supply and price.

(2) Development of many new process techniques and products.

(3) A highly diversified consuming market.

The first of these, availability of raw materials, overcame the growth limitation of inadequate supplies of other natural resources. The chemical expansion has been large. However, natural gas and petroleum reserves and production are tremendous. The petrochemical industry consumes less than 1% of the total daily production of petroleum and natural gas products. The known petroleum reserves are larger today than ever in history.

Petroleum is not one but several hundred varied compounds—from the simplest methane, to those containing 30 and 40 methane groups. Each of these is a potential starting point — a building block. The products derived from them thus are innumerable—from ammonia which gets its hydrogen from methane to chlorinated waxes used as lubricants and plasticizers for film. Not only this but many petroleum materials, such as isobutene and ethylene will react with themselves to give long chain polymers. The first of these produces butyl rubber with which you are familiar. The second yields the remarkable new inert plastic, polyethylene.

These petroleum compounds are available in relatively pure form. This overcomes previous difficulties encountered with agricultural product raw materials. Molasses which was once the raw material for ethyl alcohol, butyl alcohol, and acetone is a complex mixture of compounds. Thus, many impurities turn up in the finished product, causing difficult separations. An important consideration is the fact that petroleum raw materials do not fluctuate widely in price and availability. Not only do agricultural raw materials vary in chemical composition from one shipment to the next, but also they vary widely in supply—and thus price—with crop yields. To continue our illustration of molasses, this raw material which comes mainly from Cuba, went from thirty-four cents per gallon to five cents and back to twenty odd cents in a two year period recently. This caused ethyl alcohol to fluctuate from seventeen cents per gallon to over one dollar. The stability of petroleum raw material supply eliminates the feast and famine type of production and allows for steady and good customer relations.

The second factor in the growth of petrochemicals is the development of many new processes and techniques. This resulted from extensive research and also from the large number of pure raw materials available from petroleum. Taking a lesson from oil refineries, the petrochemical industry develop its own continuous production techniques, polymerization reactions, solvent extractions, high pressure cracking and fractionation.

The first of these, continuous production, is of major importance. It is possible because natural gas supplies are large, steady, and continuous — all needed for continuous type of operation. Prior to petrochemistry, the batch type operation dominated since continuous production was difficult due to inadequate and uncertain supply. Continuous production results in lower overhead, greater throughput and smaller equipment. It means less wasted manpower and time, reduction in some processing steps and uniformity of product. Another technique that came to maturity with petrochemicals is production instrumentation. Many petrochemical plants practically run themselves. In the case with which I am most familiar, Celanese's Chemcel Plant turns our many hundreds of millions of pounds of chemicals annually with less than 200 operating personnel. Outdoor construction in the Gulf Coast area has been a factor in petrochemical plants. This has meant a saving in plant investment.

New Avenues of Petrochemical Research

The purity and great variety of petroleum raw materials has made possible new avenues of research,

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*An address by Mr. Fennebresque at the Fifth Annual Convention of the National Federation of Financial Analysts Societies, San Francisco, Cal., May 6, 1952.

From Washington Ahead of the News

By CARLISLE BARGERON

One of the most important pieces of legislation to be considered by Congress in a long time is scheduled to be taken up in the Senate shortly—a bill dealing with immigration. It seeks to codify the many laws we have on the subject, bring some uniformity into them and here and there to tighten up loopholes. The House has already passed a bill authored by Representative Walter of Pennsylvania, after months of study with the assistance of a staff of experts. A bill pretty much along the same lines by Senator Pat McCarran of Nevada, is pending in the Senate.

Carlisle Bargeron

It is surprising there hasn't been more publicity on this matter, although it has caused plenty of excitement among various religious and racial organizations. And it is too bad that the measure is to come up in the Senate this late in the session. The subject could be debated for two or three months to the benefit of the country.

Instead, the consideration in the Senate is likely to turn mostly around an effort of the "Liberals," headed in this instance by Senators Lehman and Humphrey, to substitute their more "liberal" bill, rather than a full discussion of the immigration problems facing the country. In the House the Walter bill passed after three days of consideration under the rigid rules of that body. It is probably as good a bill as could have been drawn but my criticism is that in the discussion attending it, there was no light thrown on the immigration situation generally.

The truth of the matter, fairly admitted by immigration authorities, is that immigration has almost gotten out of hand. It is estimated by competent authorities that there are at least 2,000,000 aliens illegally in the country at the present time. This is in addition, of course, to the millions that have entered legally under our generous immigration laws following World War II. And in the legal category they come in under so many classifications that it is next to impossible for the responsible agencies to keep track of them. In spite of the inspired publicity about the DP's coming to our shores, much of it heart warming, our experience has not been too satisfactory. Nearly every Senator and member of the House has a story to tell of a group that settled on farm lands or in semi-urban communities only to disappear overnight to settle in the industrial areas. We have made no effort to put our immigrants on such a selective basis as Canada and Australia.

On the illegal side a tremendous racket in human beings has developed which bids fair to engulf members of Congress.

This racket is based upon the practice of members introducing a bill to stay the deportation of an alien illegally in the country. According to the evidence developed by the Judiciary committees of the two Houses, and as related by immigration authorities, the alien will come into the country on a temporary visa, or a transit visa or in the case of a seaman, he will jump ship. Then he will contact a lawyer specializing in the trade who will persuade a member of Congress to introduce a bill staying his deportation. Under an arrangement with Congress the Department of Justice takes no further action during the pendancy of the bill.

In at least 90% of the cases the Congressman doesn't pursue the bill further. The committee to which it is referred calls on the Immigration Bureau for a report; it calls on the sponsor of the bill for information. The bureau has to call on foreign agencies for information; it tries to get information from the Central Intelligence Agency. In the meantime the bill lies dormant in the committee and the alien remains in this country. In some instances the bill is reintroduced at the next session. The manifest purpose of introducing the bill is not to get action by Congress but simply to permit the alien to remain for many months in the country.

In these days and times many Congressmen introduce an occasional private bill at the behest of the alien's relatives among his constituency. But when one member from an inland state particularly, introduces three or four hundred such bills at a session his colleagues lift their eyebrows and begin to talk.

As explained to me by an expert who has studied the racket thoroughly the legal fee exacted from the alien is around $1,500. Aliens pay this fee, go out and work as laborers at $70 a week and by living on as little as possible, can get a nest egg of $1,500 or so in 18 months or two years. If they are then deported they can go back to their native land and go into business.

Railroad Securities

Western Pacific

While most of the major railroads in the country and the class I carriers as a whole, have been reporting gratifying year-to-year earnings gains so far in 1952, there have been some important exceptions. Among the exceptions has been Western Pacific. In two of the first three months of the year, the exception having been February, gross revenues were below the levels of a year earlier. Both freight and passenger business have contributed to these declines in receipts. At the same time, in each of the three months operating expenses have topped those of the like 1951 periods.

For the full first quarter of the year operating revenues were off by nearly 6%, from $13,120,887 in 1951 to $12,352,065 in the current year. Virtually all categories of operating expenses were higher than they had been a year ago, the largest increase having been in maintenance of way and structures and the second largest in transportation costs. In the aggregate, operating expenses expanded nearly $1,000,000, or by more than 11%. The simultaneous decline in business and rise in operating costs was only partially offset by the lower income tax accruals. The overall result was a cut of more than 55% in net income, from $1,932,948 a year ago to $843,430 in the opening 1952 quarter.

Inherently, Western Pacific is a highly efficient railroad property. It is very largely main line, with relatively little in the way of branch and feeder mileage to support. It has a heavy density of freight movement, and passenger business, which is not very important in the first place, is largely confined to through service. It has historically had quite a long average haul on its freight business. To these fundamental advantages there has been added in recent years a comprehensive property improvement program and the installation of a large fleet of Diesel locomotives which have had an important favorable influence on the road's operating status.

Indicative of the basic strength of the road it is notable that in each of the past two years Western Pacific has been in that select group of carriers with transportation ratios below 30%. Last year, its transportation costs absorbed only 27.7 cents of the revenue dollar. This was more than 10 cents lower than for the industry as a whole. Among the major class I carriers this showing was bettered only by the Pocahontas coal carrier Virginian. Even Norfolk & Western, another important Pocahontas coal carrier, had a higher transportation ratio in 1951 than did Western Pacific. The road's profit margin is also high, having been around 28% last year compared with 14.5% for the industry as a whole.

Even with the unfavorable trend that has been in evidence so far this year, the company's operating showing has been good when compared to industry standards. As mentioned above, one of the main increases in costs in the opening quarter of 1952 was in transportation expenses. For the period this important ratio was up 4.2 points from the opening 1951 quarter. Nevertheless, the interim 1952 transportation ratio amounted to only 31.66% which is still substantially lower than the industry average. The total operating ratio, up 6.44 points at 71.44%, was also well below average. It is probably this factor that has militated against any weakness in the stock in the face of declining earnings.

Presumably the showing for the first quarter was attributable at least in part to adverse weather conditions, as was the case with the connecting Denver & Rio Grande Western. To that extent, the unfavorable trend may be considered temporary. Disturbances in the steel industry have probably also taken their toll so that early future reports may not disclose any substantail turn for the better in this trend. Nevertheless, a change for the better, and more favorable year-to-year comparisons, are looked for over the intermediate term. Earnings for the full year can hardly match the $7.95 a share reported in 1951, but, nevertheless, the present $3 dividend rate should again be covered by a good margin.

Expect a Stock Market Flare-Up

By JOSEPH G. BETTAG*
President, Joseph G. Bettag & Associates, Inc., Investment Counsellors, Chicago, Ill.

Stock market analyst, contending current economic environment calls for a "flare-up" in coming quarter, holds we are in second stage of inflation, and bull market will continue until Dow Jones Industrial Average crosses 300. Looks for acceleration of defense activity during summer and better corporate earnings in third quarter. Urges investor to build up buying reserves of cash or its equivalent and "put his house in order."

Psychologically, our present economic environment calls for a "flare-up" during the next 60 to 100 trading days. While at times it may seem exciting, it will also be highly dangerous. The investor, more than ever before, will need to guard himself against developing a false sense of security. He runs the distinct risk of being trapped in an inevitable "slump."

Joseph G. Bettag

Only the investor who has the intestinal fortitude to act against the "crowd" will be assured of "peace of mind" and financial security.

How can the investor cope with the kaleidoscopic changes in our economy? What is the nature of today's economy? Where are we now? What are the probabilities? What action should be taken?

We will begin our discussion by stating that the **basic objective** of every investment program is conservation of capital and preservation of purchasing power. This objective in itself requires some capital appreciation. Of course, the true investor is also entitled to some assurance of a fair income. This is the "rent money" he is paid for the use of his capital.

Investing today, as always, is speculating on tomorrow. There never has been, and never will be, a period in which there was no risk in investments. Actually, there is a risk in every endeavor and in life itself. We are always dealing in probabilities. Each investor is faced with one major question: "What **degree** of risk can I afford to assume?"

Formula for Investor

Four broad steps must be taken if we are to be successful in the investment of funds:

First, the investor must qualify himself by determining through self-analysis whether he has the primary qualities necessary to make his own investment decisions. He must have a great deal of "horse-sense," bold courage and complete objectivity. He must also have a pliable temperament combined with determined patience. Finally, he must be willing to study intensively and apply his work in the "art and science" of investing throughout at least two bull markets and two bear markets before he can become somewhat seasoned. This is the only way he can learn **what not to do.**

Pride of opinion, greediness, selfishness, fear, laziness, and wishful thinking are the attributes of an emotional investor rather than the sophisticated investor.

Second, the next step is to create and design a carefully thought-out plan and mobile policy, that is "tailor-made" for the investor **exclusively** in keeping with his circumstances, objectives, preferences and temperament. Once this has been done, he must **consistently adhere to it.** Many programs are destroyed and wealth lost by **impatience** and neglect to adhere to the previously adopted plan and mobile policy.

Third, gear all investment operations with the primary or major trend of the stock market within the limits of the established plan and mobile policy. The investor should, however, utilize **important** and over-exploited intermediate extremes for adjustment purposes, that is, buying, selling or switching. The successful investor is able to overlook the ripples and waves in our economy. He is interested only in the tides—in the basic trends. He always has the **big picture** before him.

Fourth, enforce strategic timing and intelligent selection with adequate diversification.

*An address by Mr. Bettag before the Women's Finance Forum of America, Chicago, Ill., May 1, 1952.

Investment Procedure

Since there is no one approach to the handling of investment funds that applies to all investors alike, it would be well if the investor classified his operations according to one of the following three methods most applicable to his situation:

First, the **Conservative Method,** where the objective is current income with safety of principal dominating. This is the balanced fund — bonds and preferred and common stocks — and applies specifically to trusts, widows, retired business and professional men and institutions.

Second, the **Standard Method,** where the objective is reasonable income with some growth possibilities. This method may involve the balanced fund idea or a percentage of aggressive and defensive type of stocks. It applies specifically to the average investor who needs some of his investment income, such as the professional man and the average business man.

Third, the **Aggressive Method,** where the objective is primarily capital gain and the investor is not dependent on investment income. This approach is weighted strongly with common stocks with a backlog of municipals or cash, the extent depending upon the level of our economy. It applies specifically to business executives and professional men in high income tax brackets, capitalists and those investors interested in intermediate swings of several months, with six months or longer preferable.

A Managed Economy

What is the nature of today's economy? Whether we like it or not, the outstanding factor that must bear heavily on our decisions today is the full realization that we have been living in a politically-managed economy since 1933. Many people, including some economists, are devoting so much time to our domestic problems and orthodox economics that they do not yet fully appreciate this fact. Each week it is being clearly demonstrated that all major conflicts and repercussions, both domestic and foreign, will be checked by political decisions and actions in Washington. Since the U. S. went off the gold standard in 1933, we have had a paper currency, the supply of which has been expanded or contracted according to the decisions of the Federal Reserve Board and the Treasury. World War II taught the "planners" that deficit spending would work if pursued on a huge scale with spending done through business channels.

Throughout the past year and until February of this year, the Administration insisted on price control and various anti-inflation measures. Now the tactics of the Administration seem to be changing. The Administration apparently is more concerned with the prospect of a recession than over credit inflation. Every action recently has been anti-deflationary. Many of the materials which were said to be scarce during January are now being decontrolled in an effort to supply industry with "strategic materials" for the manufacture of consumers durable goods. The voluntary credit restraint program covering nondefense loans has been relaxed for state and local governments. This involves veteran bonuses and borrowing to build schools, roads and other municipal enterprises. Curbs on instalment buying were relaxed slightly a few weeks ago when all items selling for less than $100 were freed of curb. The previous limit was $50. Recently 16 items were removed from price controls. The next step could be the lifting of regulations fixing the size of the down payment and length of instalment on consumers durables. Another move that the government may take will be to relax on financing covering the purchase of homes in defense areas. Stock market margins may also be reduced. During the past two weeks Secretary Snyder announced that the Treasury would borrow up to $10 billion of new money between the Fourth of July and Christmas. This money will sift through the economy in salaries and on things the government buys. All indications suggest that the government is intent upon creating more jobs and putting more money in the consumers' pockets before the election.

In Second Stage of Inflation

Where are we now? Insofar as inflation is concerned, we are in the second stage, which had its inception with the Korean War. This has been a period of confusion and deception when costs were rising faster than prices. The first stage was initiated with World War II when huge deficit spending got underway. It created a large pent-up demand for consumers' goods resulting in high activity and easy profits in the immediate postwar period. The third stage is the explosive phase which ends in economic chaos and social revolution.

Business activity as measured by the Federal Reserve Board Adjusted Index of Industrial Production reached a postwar high of 223 in April, 1951. It dropped to 212 during July and thereafter rose to 217 in August. It then fluctuated between 218 and 219 for the balance of the year. During January of this year the Index recorded a level of 220, with February and March both reporting 222. The 1951 average was about 219, or the highest annual average since 1943 and 1944. We have now arrived at the point where just a "little nudge" would place the Index above the peak of last year. This would suggest some further acceleration in overall business activity, which may possibly expand the Index to around 230.

During the last nine months of this past year and again during late January of this year, we were criticized severely in some quarters when we called attention to the deterioration of the various fundamental factors in our business structure. Now that we look back on this period we find that most of the important indices made a peak during the first three or four months of 1951 and have been in a downtrend since that time. The Dow Jones Commodity Index and 40 Bond Average made their respective highs during February, 1951. Earnings and dividends have been in a decline in an overall sense during the past 12 months. Volume of daily stock transactions attained its high level on Jan. 17, 1951, when 3,877,470 shares were recorded. Demand for stocks has been receding since then.

The great surprise of the past 13 months has been the unwillingness of the consumer to spend as high a proportion of his disposable income as previously. During the post-Korean buying surge, which culminated in the first quarter of 1951, the consumer was reported to be saving at the rate of about 3.6% of his income. Beginning with the second quarter of 1951, he was spending less, with the savings rate increasing to an annual rate of $20.5 billion or 9% in the final quarter of 1951. A slight change in the savings rate occurred during the first quarter this year when $17.5 billion or 7.7% was retained by the consumer. This suggests that the post-Korean buying surge may now be digested.

The gross national product during the first quarter of 1951 rose to a new peak annual rate of $339 billion, a gain of $4.4 billion over the final 1951 quarter. While consumer spending for durable goods remained about the same as the final quarter of 1951, expenditures for soft goods and services showed an increase of roughly $1.4 billion and $900 million respectively in the annual rates. The national income hit a new peak of $284 billion in the first quarter. This marks an increase of $2.8 billion from the last three months of 1951. Disposable income during the first quarter of this year was at an annual rate of $226.5 billion as compared with an annual rate of $227.2 billion in the final 1951 quarter. First quarter earnings reports are lower and reflect inventory losses and higher taxes. Companies are now beginning to report what might be called the "real profits." Profits after taxes for various companies were reported to be from 15% to 25% lower than the comparable period last year.

Probable Business Trend

What are the probabilities? Since the civilian economy has been in a recession for more than 14 months, a stronger foundation has been established for some kind of business expansion. Furthermore, manufacturers' sales usually begin to pick up in June in preparation for the fall and winter retail sales, with sustained improvement getting underway during August. According to precedent, the low point of a recession usually occurs late during the second quarter or early in the third period, with production expanding during the third and fourth quarters. A favorable factor in a short-term sense is the decline in business loans during the past three months. While a corrective rally in commodity prices should get underway dur-

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Should Companies Pay Dealers For Handling Customers' Stock Subscription Rights?

Earl C. Scanlan of Earl M. Scanlan & Co. and Frederick D. Walter of Walter & Company, securities dealers of Denver, Colo., hold consideration should be given to idea of corporations reimbursing investment dealers for labor and expense in handling "rights" transactions for them.

Within the last month, two securities dealers in Denver, Colo. have called attention to the lack of compensation or reimbursement for labor and expense undergone by securities dealers and brokers in aiding corporations to do their financing by stock rights.

The matter was recently called to the attention of the Secretary-Treasurer of the Mountain States Telephone and Telegraph Co. by Earl M. Scanlan of Earl M. Scanlan & Co., Denver, Colo., who in a letter to him, dated April 10, stated that "the minimum cost to our firm is about $1.35 per 'rights' transaction," and in view of this expense "immediate consideration should be given to the idea of reimbursing investment dealers."

The subject was also discussed by Frederick D. Walter of Walter & Co., Denver, in a circular captioned "Subscription Rights to Stockholders" and dated April 28. Mr. Walter asserted that "when we exercise the subscription right for clients, it requires twice the amount of detailed office procedure and recording than is required for the original sale of stock . . ." and termed it an "imposition and injustice" to expect a dealer to handle such transactions without compensation.

Herewith is the text of Mr. Scanlan's letter, following which we reproduce the text of Mr. Walter's message:

"Mr. H. E. Jones
Secretary and Treasurer
Mountain States Telephone and Telegraph Company
Denver, Colo.

"Dear Mr. Jones:

"Your communication dated March 31, 1952 has been received by this office, and we do appreciate the good will of the Telephone Company. Over a period of years, our association has been most pleasant, and rest assured that we have done and are doing our utmost to facilitate your present financing.

"Perhaps it would be well at this point to mention the fact that our firm has been very aggressive in the sale of Mountain States stock. We have not only constantly added to the holdings of our present stockholders, but have continued to place additional stock in many of our new accounts. We believe this has served to build good will for your company, and it has undoubtedly been of help in breaking down public resistance to rate increases urgently needed at this time.

"It seems to have become prevalent during the past few years for most companies to do their financing with rights. This is particularly true of utility companies. The writer is wondering if it has ever occurred to the directors of these companies the penalties the broker must assume for their tremendous expansion programs. As a conservative figure, when a right is exercised or there is any transaction in connection with rights, the minimum cost to our firm is about $1.35 per transaction. The overhead charges in routine bookkeeping and additional help, occasioned by strict governmental regulation, are becoming very burdensome. Also to be considered is the fact that our clients, your stockholders, like to do business with the known or old personnel, which means that we cannot hire new or inexperienced help for this task.

"I am sure the Telephone Company's personnel department has been and is aware of the help situation and must realize that this added load makes our labor problem extremely difficult. The old argument that this program is conducive to added business due to the contact with our customers is well known and might be partly true if we, in the brokerage business, had any time left after processing this orgy of rights which daily deluge our sales and office forces. Additionally, no consideration is given to the fact that millions of dollars yearly are being siphoned out of our customer accounts through conversion of these rights, dollars which would undoubtedly be used to purchase other securities that would allow our firm to show a reasonable margin of profit.

"In conclusion, we feel that the conditions outlined above have just about reached the saturation level, and we firmly believe that immediate consideration should be given to the idea of reimbursing the investment dealers for the additional labor and expense involved in handling these transactions.

"Very truly yours,
EARL M. SCANLAN

Denver, Colo.,
April 10, 1952."

* * *

The viewpoint of F. D. Walter of Walter & Company, also securities dealers of Denver, is very similar to that expressed by Mr. Scanlan in the foregoing letter. In a circular, captioned "Subscription Rights to Stockholders," dated April 28, Mr. Walter stated:

"It is, of course, the duty as well as the desire of management to successfully finance as cheaply as possible. To this end, subscription rights for additional stock is fast becoming an all too prevalent means of obtaining cheap financing to the benefit of the company and sometimes, but not always, to the benefit of the stockholder and, in most instances, at the expense of both time and effort and without compensation to the average security dealer.

"In some instances—more prevalent in certain industries than in others, and by edict of the SEC—the stockholder is given the preemptive right to purchase additional stock in any future financing, which makes the offering via subscription rights mandatory. But this does not alter the injustice to the average security dealer when he is called upon to discuss and handle subscription rights for clients without some compensation for the time and effort consumed and expense involved in recording and handling, for subscription, the rights involved.

"It is the security dealer who, in the first instance, furnished a stockholder to the company to whom subscription rights could be offered. The original sale furnished the dealer with a nominal profit as compensation for that particular transaction, but which was not sufficiently large to compensate him for the continuous service to that company in the future and to the stockholder which he furnished to that company.

"I imagine that our experience is similar to the vast majority of security dealers. The average stockholder does not know the company officials nor the fiscal agent nor the transfer agent, but does know the security dealer from whom the stock was originally bought, and it is to that dealer that the stockholder looks for advice. When a security is sold to one of our clients, we can expect that client to come to us for an explanation of the subscription right certificate (very few really understand them) and our recommendation as to whether to exercise or sell the right certificate. If the subscription right is exercised, we are expected to handle it for them, but we cannot expect to be compensated by the client.

"When we do exercise the subscription right for clients, it requires twice the amount of detailed office procedure and recording than is required for the original sale of stock, because both the subscription right certificate and the resulting shares of stock have to be recorded and handled as separate items and the same as ordinary profitable transactions. It is an imposition and an injustice to expect a dealer to do this without compensation or to force this duty upon him so that the company can get cheap financing.

"Often the success of this type of financing is guaranteed by a standby underwriting group which may benefit the members of that particular group, but all dealers cannot be included in such a group without the group becoming too large and unwieldy. If the subscription privilege is sufficiently attractive to the stockholders, the success of the financing is automatically assured and all the underwriting group has to do is to stand by and collect the underwriting fee for the work done by the average security dealer who was not a member of that group.

"Whether subscription rights are offered by the company direct to stockholders or whether the offering is underwritten, it would seem that the issuer should be willing to pay a reasonable fee as a cost of the necessary financing, and that the average security dealer who furnished the company with a stockholder to whom rights could be offered and who is the actual contact and advisor to the stockholder of that company should be paid a reasonable fee to compensate him for the time, effort and expense involved in discussing and handling the subscription rights and in thus serving the company and the stockholder of that company. For this service, a minimum fee of 50 cents per share of stock for exercising subscription rights would be none too large and in some cases would be too small, but it would give the dealer some compensation for his efforts and should benefit the issuing company by the improved company-dealer relationship which should result.

"I feel that a concerted effort should be made by the NASD and by all organizations representing the security industry to bring this unfair and unjust practice to the attention of all companies using or seeking to use this method of financing and to all underwriters, with a view towards obtaining some fair compensation and some relief for the average security dealer for the services rendered by him in such instances.

"It is and has been the practice of some companies issuing subscription rights to advise the stockholder by letter to consult a 'bank' or 'broker.' Such advice would seem to be out of order under present day procedures, for such activity or advice to the public generally has ceased to be a part of commercial banking. If such advice is needed, the company should advise the stockholder to consult his 'Investment Banker,' 'Security Dealer,' or 'Broker,' and leave the bank out of it.

"Perhaps this should be taken up direct with the officials of those companies issuing rights to stockholders by each organization representing the security industry with a view towards creating confidence in the security dealer in every segment of the industry and putting his integrity and ability on a par and not in a secondary position with the Commercial Bank."

[The "Chronicle" would be pleased to receive comments and suggestions relating to the views expressed above by Messrs. Scanlan and Walter. Letters should be addressed to Editor, Commercial & Financial Chronicle, 25 Park Place, New York 7, N. Y.]

E. R. Black to Speak At Bond Club Lunch

Eugene R. Black, President of the International Bank for Reconstruction and Development, will address The Bond Club of New York at a luncheon meeting to be held at the Bankers Club on Thursday, May 22, it was announced by James J. Lee, W. E. Hutton & Co., President of The Bond Club. The subject of Mr. Black's address will be Operation of the World Bank.

Eugene R. Black

New Department At Lee Higginson

Lee Higginson Corporation, 40 Wall Street, New York City, has announced the opening of a new Mutual Funds Department. The new department will be under the direction of William G. Gallagher who recently joined the firm.

$62,720,000 Bonds of State of New York Offered to Investors

A syndicate combining groups headed by The National City Bank of New York and Lehman Brothers on May 6 purchased $62,720,000 New York State Housing Bonds due 1954 to 2022 at 100.0467 for a combination of coupons ranging from 1¼% to 4%, a net interest cost of 1.8278%. The bonds are being reoffered at prices to yield from .90% to 2.05% for the 1954 to 1999 maturities. The three longest maturities are being offered at 73¾ for bonds bearing a 1¼% coupon.

Associated in the 112-member underwriting group are: First National Bank, New York; Bankers Trust Co.; J. P. Morgan & Co. Inc.; Smith, Barney & Co.; Harriman Ripley & Co., Inc.; Halsey, Stuart & Co. Inc.; Phelps, Fenn & Co.; Glore, Forgan & Co.; Lazard Freres & Co.; The First National Bank of Chicago; Goldman, Sachs & Co.; Union Securities Corporation; Drexel & Co.; Continental-Illinois National Bank and Trust Company of Chicago; and The First National Bank of Portland, Portland, Ore.

COMING EVENTS

In Investment Field

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 (Los Angeles, Calif.)
Bond Club of Los Angeles Field Day at the Riviera Club.

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.

Chas. & John Wurts Join White, Weld

PHILADELPHIA, Pa. — White, Weld & Co., members of the New York Stock Exchange, announce that Charles Stewart Wurts, Jr. and John Wister Wurts have become associated with them as registered representatives in the Philadelphia office, Fidelity-Philadelphia Trust Building. Both were formerly with Wurts, Dulles & Co. and C. S. Wurts & Co.

Hawkins Officers Join Townsend, Dabney Co.

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Robert F. Hawkins, W. Frederick Spence and Charles Hyde have become associated with Townsend, Dabney & Tyson, 30 State Street, members of the New York and Boston Stock Exchanges. All were formerly officers of Robert Hawkins & Co., Incorporated.

Albert Chopik Opens

Albert Chopik is engaging in a securities business from offices at 109 West 42nd Street, New York City. Mr. Chopik was formerly with Graham, Ross & Co., George J. Martin Co., and Ira Haupt & Co.

Irving S. Olds Retires As Board Chairman of U. S. Steel Corp.

Following its annual meeting last Monday, the United States Steel Corporation announced the retirement of Irving S. Olds, Chairman of its Board and the election of Benjamin F. Fairless as Chairman and Roger M. Blough as Vice - Chairman. Mr. Fairless will continue as President and serve as Chairman.

Irving S. Olds

Mr. Olds reached the retirement age of 65 on Jan. 22 last and will resume active law practice with the firm of White & Case, 14 Wall Street, this city, of which he has been a member since 1917.

Mr. Olds, born in Erie, Pa., graduated from Yale in 1907 and Harvard Law School in 1910 and served as Secretary to United States Supreme Court Justice, Oliver Wendell Holmes in 1910 and 1911. Mr. Olds has specialized in corporate law relating to organization and administration.

In June, 1938, Mr. Olds was appointed special counsel for the U. S. Steel Corporation in connection with the inquiry then being conducted by the Temporary National Economic Committee. During his association with White & Case since 1911, Mr. Olds acted as counsel 1915-1917 for the Export Department of J. P. Morgan & Co., having to do with war purchases in the United States by the British and French governments.

He was also counsel from 1917 to 1919 for the British War Mission's purchasing department in this country and served for part of 1918 as a special assistant to the Secretary of War. On June 4, 1940, Mr. Olds succeeded Edward R. Stettinius, Jr, as Chairman of the Board of the United States Steel Corporation. Since 1936, Mr. Olds has been a director and member of the Finance Committee of the corporation and will continue to serve in both of these capacities.

During his enviable legal and business career, Mr. Olds has earned a reputation for friendly approachments and a genius for fair and conciliatory settlements. He has long been regarded as a business statesman.

Geo. Putman to Be Guest on Air

On Sunday, May 11th, at 10:15 a.m. over WOR, George Putman, Chairman of the Trustees of the George Putman Fund of Boston, will be a featured guest on Kidder, Peabody & Co.'s quarter-hour program on "Your Money at Work." The subject of the broadcast, one of a series highlighting Mutual Fund personalities, is "The Prudent Man and The Prudent Institution," and the story behind the funds, their operations and what they offer investors will be discussed.

New G. H. Walker Branch

G. H. Walker & Co., members of the New York Stock Exchange, have opened a new branch office at 76 Mamaroneck Avenue in White Plains. Ernest Kirk will be resident manager of the new office. Mr. Kirk was formerly White Plains manager for Oppenheimer, Vandenbroeck & Co.

Bob Diehl Celebrating Twentieth Anniversary

LOS ANGELES, Calif. — On May 11 Robert D. Diehl of Paine, Webber, Jackson & Curtis, and Mrs. Diehl will be celebrating the 20th anniversary of their marriage. Originally from Cleveland, Bob and Mrs. Diehl came to California about 7 years ago. They are the proud parents of three children, Barbara, 14; Debbie, 7 and Cathy, 3.

Robert D. Diehl

Bob is President of the Los Angeles Security Traders Association and the boys presented him with a beautiful solid gold ring with his initials and a suitable engraving inside.

A Defense of the Wage Stabilization Board

By NATHAN P. FEINSINGER*
Chairman, Wage Stabilization Board

Chief of Wage Stabilization Board cites as its effectiveness in controlling wages: (1) lower ratio of increase in wages than in pre-freeze period; (2) a more moderate rise in wages than in period of World War II, and (3) a less rapid rise in wages than in the Consumers Price Index. Points out almost universal acceptance of Wage Board's awards, and decries proposals to divest Board of its dispute jurisdiction. Discusses the Steel Wage Case and defends grant of union shop to workers.

I intend to talk briefly about three subjects: (1) the record of the Wage Stabilization Board to date in carrying out its major objective of stabilizing wages; (2) the record of the Board to date in the handling of labor disputes affecting the defense effort; and (3) the Board's recommendations in the Steel Case.

Nathan P. Feinsinger

I

The Effectiveness of Wage Controls to Date

Since the establishment of wage controls in January, 1951, the per cent increase in wages has been less than in the immediate pre-freeze period over comparable or shorten time spans. There has been a marked slowing down in wage movements on an average monthly rate, both in terms of cents per hour and in terms of percentage increases.

The percentage increase in wages on an annual basis, as well as the average monthly rate of wage increases (in terms of cents or percentages) during the period of wage stabilization compare favorably with comparable figures for World War II and the postwar years.

Despite the unreliability of a comparison of wage and price movements, wage movements in the present period of stabilization, in relation to the Consumers' Price Index, compare favorably with the World War II stabilization period.

*Remarks of Mr. Feinsinger at 40th Annual Meeting of the Chamber of Commerce of the United States, Washington, D. C., April 29, 1952.

II

The Effectiveness of the Board's Disputes Function to Date

The President has thus far certified 12 cases to the Board for recommendations as to a fair and equitable basis of settlement. Employers and unions have voluntarily submitted nine other cases for recommendations or decision.

In every case but one referred by the President, the parties continued work and production while the case was pending before the Board. In such cases as those involving the American Smelting and Refining Co. and the Wright Aeronautical Co., the Board's recommendations were accepted by the parties as the basis for final settlement.

The Board still has pending before it a number of important cases, including those involving the aluminum industry, the iron ore industry, the oil industry, and an important segment of the brass fabricating industry. In all these cases work and production has been maintained pending recommendation by the Board. The same is true in all the cases voluntarily submitted to the Board, involving plants or groups of plants whose production is important to the defense effort.

In some of the cases certified by the President or voluntarily submitted by the parties, a Taft-Hartley injunction would not have been obtainable because the disputes did not involve "an entire industry or a substantial part thereof." Even where that jurisdictional test was met, the record shows that the voluntary procedures of the Board have succeeded in maintaining work and production for periods sometimes in excess of 80 days, the maximum obtainable under a Taft-Hartley injunction.

Proposals to divest the Board of its disputes jurisdiction, or to limit it to economic issues, or to destroy in whole or in part the tripartite organization of the Board, are cause for grave concern. In the first place, employers and unions will hesitate to have the Board consider their cases if they are uncertain as to whether or not the Board may be able to carry the case to a conclusion. In the second place, the proposals provide no method for the disposition of even the cases pending before the Board. Even if there were such provision, it is doubtful whether the parties would maintain the *status quo* for the period that it would necessarily take for some other organization to start functioning. The only alternatives now available are a possible injunction or a strike.

The record of the Wage Stabilization Board in the prevention and settlement of disputes affecting the national interest is more successful than the record of any other governmental agency in peacetime or otherwise. I am especially proud of the fact that this record has been established despite the lack of a no-strike, no-lockout pledge or the patriotic appeal of an all-out war, and the absence of subpoena powers or other coercive measures. I trust that this record will not be overlooked in the current excitement over the Steel dispute.

III

The Steel Case

A. **Recommendations for the year 1952.**

(1) *Fringe Benefits:* The Board recommended certain fringe adjustments totaling 5.1 cents on an annual basis, but actually only 4¼ cents for the year 1952 because the recommendations were not to become effective until April. All of the recommended adjustments were included in the first offer made by the companies in the New York negotiations following the Board's recommendations. Under those recommendations, the steelworkers will receive three weeks' vacation after 15 instead of 25 years; 6 paid holidays at straight time, and double time when worked instead of time and one-half as formerly; a 6-cent premium for the second shift and a 9-cent premium for the third shift instead of 4 cents and 6 cents, respectively. One additional recommendation, narrowing of the North-South differential, affects only a few of the major companies.

This audience is comprised mainly of employers. Most of you have some familiarity with the fringe benefit practices in your plants. Whether you run an organized or an unorganized plant, I respectfully suggest that each of you ask yourself whether the benefits you provide for your employees are not as favorable as, or more favorable than, the benefits which the steelworkers will receive if the Board's recommendations are placed into effect.

(2) *Rates of Pay:* The steelworkers have received no increase in rates of pay since Dec. 1, 1950. For the year 1952, the Board recommended an increase of 12½ cents, effective Jan. 1, and an additional increase of 2½ cents, effective July 1, or an average increase of 13¾ cents for the entire year. This 13¾-cent figure represents approximately a 7½% increase over the January, 1951, straight-time average hourly earnings level in steel. I respectfully suggest that each of you ask yourself whether you have not voluntarily increased wages in your plant at least by that per cent since January, 1951, the beginning of wage stabilization, or, regardless of the steel case, did not expect to reach that figure by the normal application of the Board's policies by the end of 1952. If your straight-time average hourly earnings are as high as, or higher than, steel, I ask whether in that period you have not paid or did not expect to pay a cents-per-hour figure as high as, or more than, the 13¾ cents recommended for steel.

B. **Recommendations for 1953.**

For the first six months of 1953, the Board recommended a 2½-cent increase, effective Jan. 1, 1953, and time and one-quarter for work performed on Sunday as such, effective Jan. 1, 1953. Many of you who do not have continuous operations in your plants undoubtedly pay a premium for Sunday as such, or Saturday as well as Sunday, in excess of time and one-quarter. The argument has been made that the principle of premium pay for Saturday or Sunday is not applicable to a necessarily continuous operation like steel. Yet, such a premium is now paid by management to some employees in continuous operation industries, including aluminum, glass, telephone, chemical and the food-processing industries. Where a premium is paid, it is usually in excess of time and one-quarter.

C. **The 18 Months' Proposal.**

There are frequent careless statements made to the effect that the Board "recommended 26.1 cents" without reference to the fact that the Board recommended a firm 18 months' contract, rather than a one-year wage contract as has been customary in the steel industry heretofore. Both sides are interested in stability for as long a period as possible. The steelworkers will be foreclosed from reopening wages for cost-of-living adjustments, productivity increases, or on any other basis. The *ultimate* cost of all the Board's recommendations when all the recommended adjustments become effective on an annual basis (beginning Jan. 1, 1953), will be 26.1 cents. Averaged over the six quarters, the cost is 20.4 cents.

The Union Shop Issue

Considerable confusion exists concerning the Board's jurisdiction or authority to make recommendations on the union shop issue and the nature and reasons for the majority recommendation on this issue in the Steel case.

There can be no question of the Board's jurisdiction or authority in this matter. It was not challenged by the companies. The difference of opinion is over the *wisdom*, not the *legality*, of the Board's recommendations.

A disputes-settling agency must have jurisdiction to settle any issue in dispute, and the authority over the issues in dispute must be as broad as the powers of the parties to agree. Thus, no exceptions were made in section 501 of Title V; no exceptions were contained in the recommendations in the April 17, 1951, recommendations of the National Advisory Board on Mobilization Policy; and no exceptions were made in Executive Order 10233 establishing the Board's disputes jurisdiction.

In the Steel case, the Union demanded the full union shop *as authorized by the Taft-Hartley Act.* The demand was not for a closed shop, under which no one can obtain a job unless he is already a member of the union, or the kind of union shop under which a man may lose is job if he loses his union membership for any reason whatsoever. Both of these types of union security were outlawed by the Taft-Hartley Act. That Act requires an "open union," that is, with membership open to all applicants on equal terms, and prohibits discharge for loss of union membership except for failure to pay initiation fees and dues. Senator Taft, one of the co-authors of the Taft-Hartley Act, in speaking of the type of union shop permitted by that Act said, "I think the justice of such an arrangement should be clear."

The Bureau of Labor Statistics reports that over 60% of the collective bargaining agreements negotiated or renewed in 1950 and 1951 included some form of union shop as authorized by the Taft-Hartley Act. Some form of union shop prevails in such outstanding American business enterprises as General Motors and Allis-Chalmers.

In elections conducted under the Taft-Hartley Act before the election requirement was eliminated, 83.3% of the steelworkers voting in union shop elections voted for the union shop. The union shop is by no means an innovation in the steel industry. In a total of 2,200 contracts to which the Steelworkers Union is a party, covering production and maintenance units in the basic steel and steel-fabricating plants, union shop provisions have been agreed to by employers in 994 (45%) of the

Continued on page 35

Is It a Wage Stabilization, Or a Wage Stimulation Board?

By THEODORE R. ISERMAN*
Member, New York Bar

Accusing Wage Stabilization Board of exceeding under pressure its own regulations, New York attorney says it has come to be a wage stimulation board. Points out steel case is only one of isolated incidents that are socializing the country by Fascist methods and asserts government agencies are capitulating to the unions. Pictures Wage Stabilization Board as "resting on no law," since under Defense Production Act such board can be created only if both industry and labor agree, and industry has never agreed.

The steel case is not an isolated incident in the process of socializing our country by Fascist methods. It is a climax. But we can expect more than one anticlimax. Indeed, twice more since the ruling in the steel case, the Wage Stabilization Board has recommended the union shop in cases before it. The powerful oil workers' unions have cases before the Board. The iron ore and aluminum industries, with the United Steelworkers again involved, await rulings of the Board.

T. R. Iserman

John L. Lewis and his United Mine Workers are in the offing.

It is safe to say that the government agencies concerned will capitulate as completely to these unions as they have in every important matter that has come before them.

Let's look at the record of capitulating.

On Jan. 26, 1951, the Economic Stabilization Administration froze wages at levels that were in effect on Jan. 25, 1951. On the 25th, the United Mine Workers and the bituminous operators agreed to very large wage increases of 20 cents an hour. The increases were to begin on Feb. 1, 1951, so they were not in effect on Jan. 25.

Confronted with the Mine Workers' "no contract, no work" threat, the Public and Labor Members of the Board, on Jan. 30, 1951, rushed out a regulation, No. 2, tailor-made to allow the Mine Workers' raises to go into effect on Feb. 1, regardless of how unstabilizing they might be, regardless of how much of an increase in coal prices they would cause, and regardless of the use other groups would make of the Mine Workers' raises in order to get raises for themselves. Industry Members of the Board protested, fruitlessly, against this Capitulation No. 1.

The Office of Price Stabilization immediately approved increases of from 30 to 35 cents a ton in the price of coal.

The Board's coal regulation did not, by its terms, allow an increase for hard-coal miners to go into effect. Mr. Lewis beetled his brows. The Board approved the anthracite increase in the guise of "interpreting" Regulation No. 2.

The Board issued other regulations, among them No. 5. It dealt with such things as merit and length-of-service increases. Employees who receive such increases are for the most part not organized. So there was nothing unstabilizing about this Regulation. On the contrary. Later, under pressure from both unions and employers, the Board relaxed the stiff controls of Regulation 5.

Next in the process of "stabilizing" wages, the Board struggled to draft a regulation that would allow employers who had not anticipated the freeze to raise wages now. Finally, on Feb. 15, 1951, the Public and Industry Members agreed to General Wage Regulation No. 6. In effect, it allowed past and future general increases to raise wages 10% over their Jan. 15, 1950, levels. The Industry Members of the Board seem to have agreed to the 10% figure to keep the Public Members from agreeing with the Labor Members on a more unstabilizing regulation. Regulation 6 contained a number of loopholes that the Board has been dodging in and out of, depending on the pressure involved, ever since.

When the head of the Economic Stabilization Administration signed the new regulation, the Labor Members of the Wage Board resigned in anger, and union leaders in an outburst of patriotic fervor withdrew from their posts in other defense agencies.

Nevertheless, the government continued to make concessions, and the greatest concessions of all were yet to come.

Before the freeze, a few employers, chiefly in the automobile industry, had adopted so-called cost-of-living escalator plans, aptly described as built-in inflaters. Increases under these were coming due on March 1, 1951. The great and powerful UAW-CIO was breathing defiance and making surly noises.

The government hoped the unions would return to the Wage Board so the Labor and Public Members could approve the built-in inflators. But the unions know their government. And sure enough, it was the government, not the unions, that capitulated, and this notwithstanding that the government was about to cut down automobile output, and the industry as yet was making little defense stuff.

On March 1, 1951, at the eleventh hour, the ESA abjectly approved cost-of-living plans for unioninzed employees, but not for others. A few days later, it approved similar arrangements for non-union employees if the arrangements had existed on Jan. 25, 1951.

Board Created by Union Demand

Thus the government coddled and cajoled unions to return to their posts in defense agencies, but to no avail. The unions demanded as their price for cooperating in the defense effort more fascism than we have ever had in time of peace. They demanded a Wage Stabilization Board that could relieve them of the responsibilities of collective bargaining, which is a great burden to most union politicians, and could dictate political settlements of labor disputes as the War Labor Board did in World War II. The Defense Production Act permits the President to name such a Board only if both industry and labor agree. Industry, naturally, refused to agree.

Nevertheless, the President, by executive order resting on no law, appointed such a Board as the unions demanded; and on April 30, 1951, the labor people trooped back to their defense posts, well rewarded for their walkout.

In June, 1951, the newly-constituted Board ran into another clause of the automobile industry's wage contracts. This was the "productivity" or "improvement factor" clause. It does not oblige anyone to work harder or produce more. It provides for annual increases of four cents an hour, on top of cost-of-living increases, whether output goes up or down, and regardless of whether productivity, if it goes up, does so by reason of technological changes, improved methods or otherwise.

The UAW-CIO went through the motions of getting excited about the Board's approving these increases, although past practice showed clearly what would happen. It did happen; the raises took effect, but only on condition that the employers warrant that they would not use the raises to increase prices or to resist price reductions. This ruling has plagued the Board ever since, and will plague it still more.

In June, 1951, employees in the automobile industry and a few in other industries received another round of cost-of-living increases.

Under free collective bargaining, wage relationships are not static. Coal-mining, for example, which now pays among the highest wages, once paid among the lowest. Auto workers, once near the top in wages, went well down on the list. Nevertheless, the Wage Board seems to feel that employees everywhere should share the advantages resulting from collective bargaining in any industry, and that the folly of employers in any industry should be visited upon all, however unstabilizing the results may be.

Having approved cost-of-living raises in the auto industry, the Board now revised Regulation 8 so that employees everywhere could receive cost-of-living raises. So now they could receive as a minimum, about 15% more than they were receiving in January, 1950.

Inequity of Board's Ruling

Here's an interesting thing. We find the Administration saying, on the one hand, that industry is well enough off if its profits are 85% of pre-Korean profits, but that fairness and equity demand that labor receive at least 15% more than the highest wages in history, and often a great deal more.

The Board's next important Regulation, No. 17, deals with so-called inter-plant inequities. The Regulation, on its face, seems to be fair. Supposedly, the Board first determines an "appropriate group" of plants in an industry or an area, and compares the particular plant's rates with those in the group. It authorizes raises in the particular plant up to the level of those in the group. The obvious effect of this is to raise wages, during a period of supposed stabilization, in plants where, in the past, employers, unions and employees, for reasons of their own, have been satisfied with wages less than the average.

The Board is astute to find, either in a given industry or a given area, a group of plants it can call "appropriate" and that pay higher wages than a particular plant. The inevitable tendency is to raise all wages toward the highest in any industry anywhere.

Regulation 13, dealing with fringe benefits, works like the inter-plant inequity regulation. Look at the fringe benefits the Board awarded in the steel and trucking cases, on the basis of such benefits in wholly different industries. Regulation 8, dealing with intra-plant inequities, permits in single companies about what Regulation 17 permits on a nationwide scale.

Regulations 19 and 21, governing health and welfare plans and profit-sharing and pension plans, allow great latitude.

The stabilizers seem to think that if money does not go directly into workers' wages, it is not unstabilizing.

Providing new or greater benefits under health and welfare plans or pension plans, for which the employer pays, reduces or eliminates the worker's need to save for a rainy day or for old age, and leaves him more of his wages to spend and to bid prices up. Certainly, things that make more money available for current spending cannot be overlooked if we are to stabilize our economy.

In particular cases that have come before it, and particularly in dispute cases, the Board often has exceeded its own regulations.

Thus, in the Southern paper industry, it approved for people who already are among the highest paid paper workers in the world and the highest-paid industrial workers in the South wage increases 5 cents an hour more than its regulations allowed, and fringe benefits that violated its regulations still more. It did this by virtue of a loophole in its "catch-up" Regulation, No. 6, and by comparing the paper industry with dissimilar and unrelated industries.

In the Curtiss-Wright case, the Board recommended increases of three cents an hour more than its Regulations, when stretched to the utmost, would allow, and more than the union was willing to accept in collective bargaining, plus fringe benefits that the union had not won by bargaining and striking. Although the Board dissembled the fact, productivity increases in the automobile industry seem to have weighed heavily with it.

The regular workweek at sea is 56 hours and has to be. The Board, over the opposition of unsubsidized ship owners, approved an increase for watch-standing seamen that raised their wages more than 30% over Jan. 15, 1950 levels. It did this through the simple device of calling part of the increase overtime pay for eight of the 56 hours. Then, having thus created an "inequality" as between seamen who stand watch and those who do not, it approved an equal increase in the wages of the latter.

In the General Electric case and others like it, the Board approved raises exceeding those its regulations allow because of the "productivity" increases in the unrelated automobile business. But it did not require the employers there to sign the warranties the auto firms had to sign.

And then in the steel case, the Board recommended increases in wages that were more than double what its regulations alone could reasonably allow and were more than the union ever won by bargaining or striking. It piled costly fringe benefits and the union shop on top of all this.

In the Borg-Warner case, a panel appointed by the Board has recommended requiring the firm to bargain on a multiple-plant basis, notwithstanding that always heretofore the individual plants have bargained separately and that the National Labor Relations Board has refused to require the plants to bargain together.

The Board's rulings in the packing-house cases, the northern cotton textile case, the Cleveland trucking case, in the construction industry, where it allows raises of 15% plus 15 cents, the "Big Four" rubber cases and others, are equally hard to understand, notwithstanding the Board's labored efforts to rationalize them.

Board Has No Credit for Keeping Down Wages

Wages have gone up less rapidly since February, 1951, than in the preceding six months after Korea. But I think the Board can claim little credit for that. On the contrary, I believe that, by fixing what it called ceilings, the Board in fact established minimum wages, and caused wages to rise more universally than they would have risen without controls. It is hard for an employer not to pay,

Continued on page 26

*An address by Mr. Iserman at a Luncheon Session of the 40th Annual Meeting of the Chamber of Commerce of the United States, Washington, D. C., April 29, 1952.

Scott Heads Group For Greater N. Y. Fund

Harold W. Scott, partner in Dean Witter & Company, has been appointed Chairman of the Exchanges Group of The Greater New York Fund's 1952 campaign, according to Albert Francke, Jr., Chairman of the Fund's Finance, Insurance and Law Section.

Harold W. Scott

"Each of the 423 voluntary local hospitals, and health and welfare agencies benefited by The Greater New York," he said, "is indispensable to the well being of New York City.

"The Fund's combined appeal to business on behalf of this vast network of member agencies, serving all races, boroughs, and creeds, is a heartening demonstration of New York City's unity in the face of community need."

One out of every three New Yorkers, more than three million people annually, are assisted by agencies of The Greater New York Fund each year, with problems ranging from child care to help for the aged.

Pacific G. & E. Pfd. Stock Privately Placed

The Pacific Gas & Electric Co., according to an announcement made on May 6, has placed privately an issue of 306,680 shares of 5% redeemable first preferred stock (par value $25 per share). The financing was arranged through Blyth & Co., Inc.

The proceeds are to be used to refund $7,667,000 of bank loans which were used to redeem a like amount of unifying and refunding mortgage bonds issued by the former San Joaquin Light & Power Corp., which had matured on March 1, 1952.

Fleming, Yeatts to Manage Blizzard Co.

PHILADELPHIA, Pa.—While Herbert H. Blizzard is again serving in the United States Air Force, it is announced that George N. Fleming, dean of Philadelphia traders, and Al Yeatts will run the business. Offices are located at 1421 Chestnut Street.

New York Stock Exchange Weekly Firm Changes

The New York Stock Exchange has announced the following firm changes:

William R. Bacon withdrew from partnership in Francis I. du Pont & Co. April 30.

Howard A. Plummer retired from limited partnership in Pyne, Kendall & Hollister April 30.

Bank and Insurance Stocks

By H. E. JOHNSON

This Week—Insurance Stocks

As was clearly demonstrated last year, the different lines of insurance written by fire and casualty companies are influenced by different factors.

Thus, even though broad economic changes such as inflation and rising costs may have an adverse effect upon operating conditions, there is usually a considerable variation in the profitability or unprofitability of the different lines of insurance handled by the major companies.

Last year, for example, fire lines, which constitute the largest portion of premium writings of most companies, were quite profitable. The loss ratio of a representative group of companies on the fire lines increased by two percentage points but the ratio was still generally favorable. In fact, a gain in volume helped to absorb the increase in losses so that many companies were able to report underwriting profits from this source close to that of the previous year.

The experience on automotive physical damage, the second most important industry line was somewhat different. Here the loss ratio was sharply higher, increasing by 12.6 percentage points or by approximately one-third. This increase in losses on automotive physical damage resulted in substantial underwriting losses for the companies engaged in that business, and was undoubtedly the main contributor to the general unsatisfactory underwriting experience of last year.

Some of the other underwriting lines also showed considerable variation in their profitability last year.

As all insurance companies do not write the same lines or the same proportion of different lines, these facts should be kept in mind in analyzing the operations of a particular company or the results for a particular year.

In other words, the underwriting experience of different companies varies with the type and amount of business it handles. For example, some companies are engaged almost entirely in writing fire insurance. Thus their experience last year should have been generally favorable. There are others in the fire and casualty group which derive a sizable portion of their premium income from automobile liability and physical damage. Such companies were adversely affected by the conditions which made these lines unprofitable.

Even within the companies which are engaged in all phases of the fire and casualty business there is considerable variation in the distribution of the premium writings among the different lines. It is these differences which to a large extent make up the difference in underwriting results of a particular year.

Thus, last year, even though insurance underwriting profits were substantially below those of the previous period for the industry generally, a number of companies, because of the nature of their underwriting were able to show rather favorable results. Some of these include U. S. Fire, Westchester Fire, North River Insurance, and Fidelity & Deposit.

Last year's results are now pretty much a matter of record and one must look to the future. There have been indications that the automobile liability and physical damage lines have reached a turning point. Premium rates have been increased and steps taken to put operations on a profitable basis. This action could turn out to be favorable and as a result it might be advisable to invest in companies which have a large concentration in those lines. If this is not the case and fire insurance lines are going to continue to be profitable, the wise course might be to concentrate on those companies writing primarily fire risks. Of course there is another alternative of investing in those companies that have a representative premium volume in all of the major lines.

To illustrate what we have been writing about, we present a table of distribution of premium volume by major lines on a percentage basis for 1951. It is interesting to compare this with the underwriting experience of last year as it helps to explain some of the differences in results.

Distribution of Premium Income—1951
Percentage of Each Class to Total Written

	Auto Liability	Auto Phys. Damage	Auto Prop. Damage	Ext. Coverage	Fidel. and Surety	Fire Ins.	Inland Marine	Workmen's Comp.	Other
Aetna Fire	9.0	9.4	4.2	8.6	1.4	40.2	8.9	4.8	13.5
Agricultural Ins.	--	16.6	--	12.5	--	52.4	7.8	--	10.7
American Ins.	7.7	14.4	4.2	9.4	0.1	41.0	7.4	3.4	12.4
American Surety	26.8	10.3	11.6	--	21.5	0.8	1.7	12.0	15.3
Boston Insurance	3.3	13.2	1.8	10.2	0.2	43.0	10.9	0.2	17.2
Continental Ins.	10.2	13.3	5.1	8.2	2.4	35.7	4.5	6.5	14.1
Federal Insurance	8.4	23.7	3.9	5.8	4.4	26.7	7.4	0.1	19.6
Fidelity & Deposit	--	--	--	--	78.4	--	6.8	--	14.8
Fire Assn. of Phila.	2.0	15.4	1.0	10.8	0.8	50.0	11.1	0.5	8.4
Fireman's Fund Ins.	8.9	11.9	4.4	6.8	1.7	32.4	10.7	5.3	17.9
Firemen's (Newark)	15.0	11.7	7.7	7.9	0.8	30.2	3.4	1.2	22.1
Glens Falls Ins.	13.7	14.0	6.7	5.9	1.7	26.6	5.9	7.1	18.4
Great American Ins.	12.8	11.2	6.0	7.9	1.6	37.8	4.5	5.7	12.5
Hanover Fire Ins.	--	14.7	0.1	11.2	0.1	55.0	6.2	--	12.7
Hartford Fire Insur.	15.2	11.8	7.8	5.7	3.4	25.5	5.0	10.8	14.8
Home Insurance	6.1	10.4	3.0	10.3	0.6	46.4	9.3	1.5	12.4
Ins. Co. of No. Am.	7.2	6.9	3.6	5.7	2.2	27.9	7.4	4.6	34.5
New Hampshire Fire	4.8	14.4	2.3	10.6	0.5	48.5	6.8	1.6	10.5
North River Ins.	--	7.4	--	12.5	--	53.3	10.2	--	16.6
Pacific Fire Ins.	--	38.0	--	12.5	--	42.9	5.0	--	1.6
Phoenix Insur.	0.3	14.8	0.1	11.3	--	51.7	15.7	0.1	6.0
St. Paul F. & M.	10.7	14.9	5.8	6.0	3.7	25.5	10.6	5.0	17.8
Security Ins. Co.	11.2	12.3	5.4	10.1	0.3	43.8	4.7	2.4	9.8
Springfield F. & M.	2.2	11.2	1.0	12.3	0.8	58.5	5.3	1.0	7.7
U. S. Fire	--	7.7	--	13.4	--	58.1	--	7.2	13.6
Westchester Fire	--	7.2	--	12.1	--	52.0	--	10.8	17.9

Floyd Allen Adds

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Marvin Abrahams has been added to the staff of Floyd A. Allen & Co., Inc., 650 South Grand Avenue.

C. R. Coster Steers

C. R. Coster Steers, member of the New York Stock Exchange, and a partner in Vietor, Common, Dann & Co., passed away at the age of 56 after a long illness.

Jos. Janareli with Neergaard, Miller

Joseph Janareli

Joseph Janareli has become associated with Neergaard, Miller & Co., 44 Wall Street, New York City, members of the New York Stock Exchange. Mr. Janareli formerly conducted his own investment business in New York and prior thereto was for many years with Freeman & Company.

Schirmer, Atherton Branch in Hartford

Robert B. Calvert

HARTFORD, Conn.—Schirmer, Atherton & Co., members of the New York and Boston Stock Exchanges, have announced the opening of an office at 49 Pearl Street, under the management of Robert B. Calvert. Mr. Calvert was formerly associated with Tifft Brothers.

Allen & Co. Offers N. J. Nat. Gas Shares

Allen & Co. and associates yesterday (May 7) offered securities of New Jersey Natural Gas Co. as follows: 106,000 shares of 6% cumulative $20 par value preferred stock, to which are attached 106,000 common stock purchase warrants, and 212,000 shares of common stock. The securities are being offered in 106,000 units, each unit consisting of one share of preferred stock (with one common stock purchase warrant attached) and two shares of common stock. Each unit is priced at $50.

New Jersey Natural Gas Co., a public utility operating company engaged in the gas utility business, was organized in 1922 under the name of County Gas Co. The present name was adopted on April 4, 1952. The company heretofore served a territory comprising about 90 square miles in eastern New Jersey, almost entirely in Monmouth County. On Dec. 5, 1951, the company contracted to purchase the gas properties of Jersey Central Power & Light Co. As a result of this acquisition, the territory served will be increased to an area of approximately 950 square miles in the Counties of Cape May, Middlesex, Monmouth, Morris and Ocean, all within the State of New Jersey.

Joins Davies Co. Staff

(Special to THE FINANCIAL CHRONICLE)

FRESNO, Calif.—James D. Dopson is now with Davies & Co., T. W. Patterson Building.

Dillon, Read Group Offers Union Oil Debs.

Dillon, Read & Co. Inc. headed an investment banking group which offered for public sale yesterday (May 7) a new issue of $35,000,000 Union Oil Co., of California 3⅛% convertible debentures due 1972 (subordinate). The debentures were priced at 100% plus accrued interest.

The new debentures are convertible into common shares at $45 per share to May 1, 1957; $48 per share to May 1, 1962; $51 per share to May 1, 1967, and at $54 per share thereafter.

Of the proceeds from the sale about $13,500,000 will be used to reimburse the company for expenditures made in connection with its expansion program involving accelerated drilling for additional production, increased exploration activities and construction of new refinery facilities. The principal portion of the balance will be applied to the completion of the new refinery facilities construction program, which includes a 28,500 barrel per day fluid catalytic cracking unit, a 40,000 barrel per day crude topping and vacuum distillation plant, a sulfur recovery plant and an ammonium sulfate plant.

Canadian Decalta Gas & Oils Limited Formed

TORONTO, Canada—At a special shareholders' meeting of Decalta Oils Ltd., Disque Deane of New York City and Brig. Colin Campbell, D.S.O., O.B.E., of Toronto, were elected directors of a new company, Canadian Decalta Gas and Oils Limited formed from the former company, Decalta Oils Ltd. Mr. Deane, associated with Union Securities Corp. of New York, was also elected Chairman of the new company's Finance Committee.

Stockholders were given details of a new underwriting agreement with Saunders, King Ltd. of Toronto, by which approximately $1,000,000 will be made available to the company through the sale of units.

It was also announced that Meyer Achtschin of Dallas, Texas, has been engaged as Consultant for the Company.

Sutro & Co. to Admit Paul Duggan to Firm

SAN FRANCISCO, Calif.—Paul N. Duggan will shortly be admitted to partnership in Sutro & Co., 407 Montgomery Street, members of the New York and San Francisco Stock Exchanges. Mr. Duggan has been with the firm for some years.

Nebraska Inv. Bankers Elect Officers

OMAHA, Neb.—The Nebraska Investment Bankers Association has elected the following officers to serve for the 1952-1953 year:

President: Cecil W. Slocum, Cruttenden & Co., Omaha.

First Vice-President: Warren Chiles, Chiles, Huey, Schultz Co., Omaha.

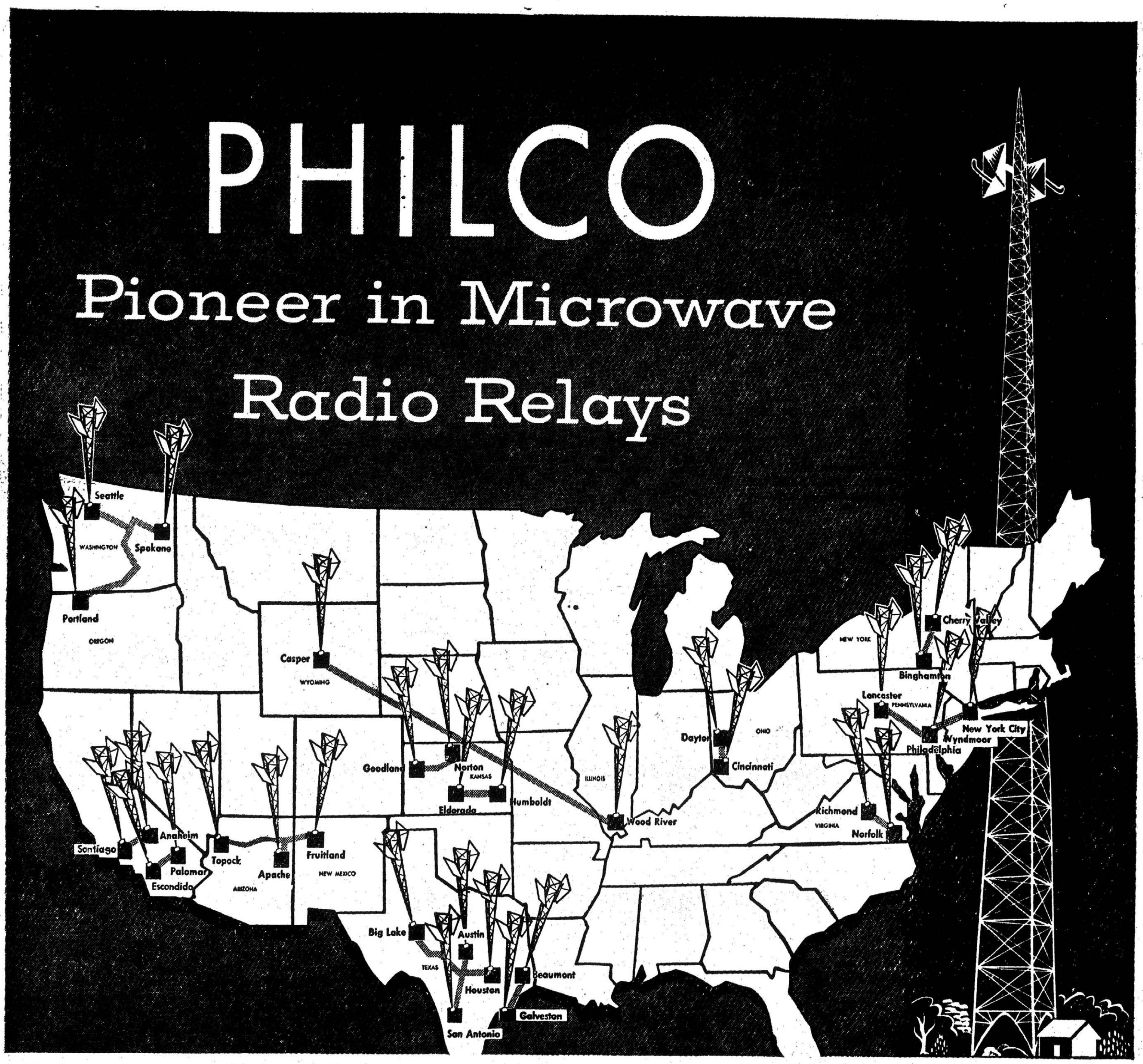
Second Vice-President: Jack Redelfs, Eisele, Axtell & Redelfs, Inc., Omaha.

Third Vice-President: Burt Reed, Kirkpatrick, Petts & Co., Lincoln.

Fourth Vice-President: Marshall J. Barlow, Robert E. Schweser Co., Omaha.

Secretary: Harold Helme, Harold Helme Co., Omaha.

Treasurer: Arthur Flodeen, Smith, Polian & Co., Omaha.



RAPIDLY-GROWING INDUSTRY

SINCE 1941, Philco Corporation has pioneered in the research, development and production of microwave radio relay equipment—and *today is one of the largest manufacturers of microwave communications equipment in the world.*

Microwave radio relay stations, which replace land wire lines and cables, are one of the most promising industrial applications of electronics today. They are used for point-to-point communications, including telephone and telegraph service, and television and sound broadcasting. They are more reliable than wire facilities, during storms, tornadoes and other emergency conditions, when dependable communications are especially vital.

They are more flexible because they do not require a continuous land right-of-way, and have a capacity for simultaneous multi-channel communications which can be used for voice, tele-printer and supervisory control functions. This additional reliability and greater flexibility can be provided, in general, more economically than with comparable wire line facilities.

Boon to Industry

Philco opened the first regularly operated TV relay link in 1941, to transmit programs between New York and Philadelphia. Later, Philco provided TV links for American Telephone and Telegraph Company, and Western Union Telegraph Company.

Philco equipment is now being used by commercial communications companies, pipe lines, railroads, utilities and the United States Armed Forces all over the world.

Philco Engineering Leadership

Because of the many advantages offered by Microwave systems, their growth possibilities are very substantial. Every large organization with a need for high-speed communications facilities is a potential user. The growing network of pipe lines, utilities, railwork, waterways, turnpikes and decentralized industrial plants offer special opportunities for growth. And, Philco is continuing its pioneering leadership in this rapidly-growing field.

REFRIGERATORS • TELEVISION • RADIO • FREEZERS
AIR CONDITIONING • RANGES • INDUSTRIAL PRODUCTS

PHILCO *Famous for Quality the World Over*

What's Ahead in Federal Financing

By JOHN W. SNYDER*
Secretary of the Treasury

Secretary Snyder, in defending the National Defense Program, advocates building up of productive capital and avoidance of inflationary forces to prevent either inflation or deflation. Stresses need of further deficit financing, and explains recent increases of interest on U. S. Savings Bonds. Maintains prime objective of Treasury Department is keeping up investor confidence in United States bonds.

Decisions in the debt management field have important effects on the whole economy. The need for sound decisions is obvious, and I have been extremely fortunate in having the willing assistance and advice of leaders in every field. While the advice I have received from various groups has differed at times, all of it has been extremely worthwhile in giving me a solid framework within which to make necessary decisions. Without this fine cooperation from men closely in touch with the needs of their own institutions and communities, and with the needs of the Nation as a whole, it would be extremely difficult to make the proper debt management decisions.


John W. Snyder

But it is not only the help which has been at hand in arriving at policy decisions that has made an invaluable contribution to our financial policies. All of you here, every country banker and every city banker, who in your own communities have helped to carry out these policy decisions, have also played an important role. Your contributions in promoting the savings bond program and your cooperation with the Voluntary Credit Restraint Program are notable examples of your service in placing the national interest above what may be, at times, your own immediate personal interests.

As leaders in the financial and business life of your communities, you are the pivot around which much of the thought and activity of this region revolves. Through your familiarity with the needs and prospects of your local communities, you have it in your power, as few others have, to contribute to the root-strength of our Nation. I have full confidence in your ability to assist this country in meeting the challenge which lies ahead for America and the other democratic nations. For all these reasons, I welcome this opportunity to talk over with you some of the grave problems that confront us all at the present time.

Why the Defense Program

Today, we and the other free peoples of the world are faced with a grave threat to our liberties. The all-important task before us, and the task which necessarily must dominate our national actions, is the need for building impregnable defenses against the threat of Communist aggression. The Red attempt to crush Korea by the brutal use of military power has made us all keenly aware of the consequences for the future of America if the Communist menace is permitted to go unchecked. If we stood by with folded arms and allowed Red imperialism to have free rein, all of the material gains which have resulted from our free enterprise system would be wiped out. Every freedom which we cherish would be destroyed. Our democratic way of life would be crushed beneath the yoke of tyranny. We owe it to ourselves, to our future generations, and to the past generations who fought and died for our freedom, to oppose this threat with all our strength.

There have been other times when our Nation has been faced by threats to its peace and security. We have engaged in costly wars in the hope that by one supreme effort we could end such threats once and for all. Yet, we face graver threats now than ever before in our history, and we must defend ourselves against the most sinister tactics ever employed by the enemies of freedom. This requires that we continue firmly to resist being compromised, at the expense of our real goal of peace with freedom and justice throughout the world. For without freedom and justice, there can be no lasting peace.

The Communist "waiting" tactics with which we have to cope rely, first, on the use of internal subversion to weaken the victim, followed by the threat or open use of military force to complete the grab whenever the Communists believe that the democracies have lost the will or lack the means to take a stand.

Fighting such tactics is still something new to us, and the job ahead promises to be long and arduous. Yet, we have already made notable progress in building a world based upon the rules of law and justice in which men can live in freedom and tranquility. Just over three years ago, on April 4, 1949, 12 nations of Europe and North America, including our own Nation, met together to sign the North Atlantic Treaty for the purpose of preserving peace and defending freedom. In the short space since then, the North Atlantic community has grown steadily in strength and unity, and has expanded its scope to include Greece and Turkey. If we continue the vigorous sustained effort we have begun to provide mutual self-protection, we can foresee clearly the time when our common military defenses will be strong enough to defend us against any attack.

I have had the privilege of being associated with some of the steps we have taken toward more effective international co-operation. Since last September, I have attended meetings in Ottawa, Rome, and Lisbon of the North Atlantic Treaty Organization's Council. The Council is composed of the foreign ministers, defense ministers, and finance ministers of the North Atlantic countries. Each of these countries has its own individual problems of participation in defense, but these problems have not stood in the way of progress. It has been inspiring to see among the ministers at these Council meetings the high spirit of cooperation and of determination to shoulder to the limit of their abilities their part of the mutual defense burden. The sincere efforts and sacrifices they have made in the common interest seem to me to augur well for the future of democracy.

We Must Keep Our Economy Strong

To assure the success of the mutual defense program, however, we particularly must continue to keep our own economy strong and growing, as a key barrier to Communist aggression. On the production side, this means that we must both produce the arms that are needed immediately and continue to increase our productive power. On the financial side, it means that we must do all we can to prevent either inflationary or deflationary forces from developing, and to continue to build our productive capital.

For some months we have had a period of general price stability following the sharp increases in prices that occurred after the invasion of Korea and the Chinese intervention there. Wholesale prices, as shown by the Department of Labor all-commodity wholesale price index, leveled off in February, 1951, and have since declined on net balance. The index of consumer prices, which continued to rise after that time, although more slowly than before, began to level off last December. Nevertheless, we must remain alert against further inflationary pressures which may develop, particularly in view of the fact that the government will be operating with a cash deficit instead of a surplus. The deficit, and the possibility of a recurrence of inflationary pressure, however, will be smaller than previously anticipated because of the military "stretch-out" embodied in the decision to proceed somewhat more slowly with the defense program than was originally planned. This will make it easier to maintain a strong and healthy economy and to assure the maximum of military strength over the long run.

Need of Deficit Financing

I said the job will be an easier one, but I must hasten to add that it will not be an easy one. Federal budget estimates are subject to revision as this year progresses, but whatever the final figures turn out to be, the Treasury will have to raise substantial funds to meet the deficit arising from the nation's military preparedness expenditures. The Treasury has been making extensive analyses of the money and investment markets and has been discussing our problem with representatives of the Federal Reserve System and of leading investor and financial groups. There has been general agreement among all these groups that as much as possible of our borrowing requirements should be met from nonbank sources, that is, from individuals, nonfinancial corporations, and institutional investors such as life insurance companies and pension trust funds. Despite this strong agreement as to the desirability of borrowing the necessary amounts from nonbank investors, there have, however, been widespread differences in the recommendations as to how to go about securing the funds.

Some of these proposals have been widely reported and discussed in the press and elsewhere. For example, in recent months various groups and individuals suggested changes in the terms of savings bonds or the issuance of entirely new types of savings bonds. It has also been suggested that the Treasury should meet part of its new money needs by further increases in its weekly bill offerings, or by offering additional certificates or short notes. On the other hand, it has also been recommended that the Treasury ought to put more reliance on borrowing in the long-term area, and the issue of both marketable and nonmarketable long-term securities has been proposed.

We are, of course, considering all the possibilities, and announcements will be made as rapidly as the Treasury's policy decisions are made.

Two of these announcements have been made during the past week. The first concerned savings bonds, and the other announced the offering for a limited period of additional amounts of $2\frac{3}{4}$% Treasury bonds, originally issued in April of last year. These offerings are part of the Treasury's program to raise as much of the required funds as possible from nonbank sources.

Here are some of the highlights of the modernized savings bond program. All E bonds sold on and after May 1 of this year will earn 3% interest, compounded semi-annually, if held to their new maturity of 9 years and 8 months. Interest on these bonds begins at the end of 6 months and accrues at a higher rate in the earlier years of holding than previously was the case. The yearly limit on new purchases of these bonds has been raised from $10,000 to $20,000 maturity value.

Likewise, all series E bonds reaching their original maturity on or after May 1, 1952, if not cashed, will continue to earn interest for a period not to exceed 10 more years at a rate of approximately 3%, compounded semi-annually, regardless of when the holder redeems his bond during the extended period.

As a companion to the discount E bond, an entirely new current income bond, designated series H, will be issued on June 1, 1952. It will be issued and redeemed at par and interest will be paid semi-annually, by check, on a graduated scale of rates similar to that applied to the new E bond. Like series E bonds, the new series H bonds will be issued only to individuals; will have the same 9 year, 8 month term; and will have the same annual purchase limit of $20,000 maturity value. Unlike E bonds, however, they must be held six months, rather than two, before they can be redeemed, and a month's notice of intention to redeem will be required. These bonds will be issued and redeemed only by Federal Reserve Banks and branches and at the Treasury. The smallest denomination issued will be $500.

Substantial changes have also been made in the series F and G savings bond picture. Effective May 1, these bonds were superseded by series J and K bonds respectively. The new series differ from the old series primarily in their interest rate schedules. They will pay $2\frac{3}{4}$% if held their full 12 years to maturity, and will pay much higher intermediate yields than the F and G bonds. The combined annual purchase limit on the series J and K bonds has been raised to $200,000, as compared to $100,000 for the F and G bonds.

The new program which I have just outlined is one to which we have given a great amount of study and one which we are confident will encourage substantial new investment by individuals in United States savings bonds.

Treasury Objective Is Maintaining Confidence in U. S. Bonds

Announcements will be made in due course with respect to other types of securities which the government will issue to meet its borrowing requirements. But, regardless of how the complete financing program develops, and what securities the Treasury offers, our objective will be to maintain investor confidence in government securities. It is our responsibility not only to promote the purchase of new government securities by nonbank investors, but also to encourage these groups to retain their current holdings. We shall also be alert to possible changes in the economic situation, and be prepared to try to make balanced use of all the tools available to us, in addition to debt management and credit policies, to hold in check the development of inflationary or deflationary forces.

In meeting the situations that face us in the year ahead, we are going to be better prepared to handle our debt management operations through our sharing of views and experiences. You, too, are going to come out with better answers to your banking problems in just the same way, and that is by getting together and applying your joint experience and understanding to the solution of those problems. The power of America is the power of its people, throughout the length and breadth of this land, thinking together and working together for the common good. We have forged a great nation. We have risen to our position of world power because we were willing to give more than we expected in return. By doing so, we have found material enrichment and the greater satisfaction of accomplishment in building for the future. So long as we hold fast to our ideals, our nation and the freedom and justice under law which it symbolizes need have no fear of the future.

*An address by Secretary Snyder at dinner meeting of banking correspondents of First National Exchange Bank, Roanoke, Va., May 3, 1952.

Rand McNally Reports Deposits at New High

Deposits in the nation's 14,731 banks reached an all-time high of $188,188,962,000 on Dec. 31, 1951, an increase for the year of $10,776,639,000, according to a recapitulation of year-end statements appearing in the newly revised edition of the Rand McNally Bankers Directory.

Combined capital, surplus and undivided profits and reserves had grown during the year from $14,538,093,000 to $15,434,950,000—an increase of $896,857,000. Other liabilities increased $100,339,000 to $1,797,604,000, making the total increase for all categories, $11,773,835,000, and the year-end grand total $205,421,516,000.

All categories of resources increased with the single exception of government securities which showed a reduction of $1,473,940,000 to $71,788,236,000. Cash and amounts due from banks, however, increased by $4,435,650,000, giving the combined total of government securities and cash and sight exchange a net increase of $2,961,710,000.

Investments in securities other than governments were up $1,099,168,000 for the year to $15,929,150,000. Loans and discounts increased $7,466,166,000, to a total of $68,755,819,000, while other resources gained $246,791,000 making their year-end total $2,811,144,000.

The number of national banks and private banks decreased by 21 and 10, respectively, while that of state banks and other banking institutions showed an increase of 4 each, making a net over-all reduction of 23 from the 1950 year-end total of 14,754. State banks and trust companies numbered 9,598 at the year-end, and there were 4,940 national banks. Private banks and other banking institutions numbered 110 and 83, respectively.

The number of branches of state banks and trust companies increased by 209 to a total of 3,060, while that of national bank branches showed an increase of 142 and a new total of 2,425. The number of private banks remained unchanged at five, and that of other banking institutions increased from 85 to 92.

Detroit Exch. Member

DETROIT, Mich.—MacKenzie C. Baird of the firm Straus, Blosser & McDowell has become a member of the Detroit Stock Exchange according to an announcement just made by the Exchange's Committee on Admissions.

A veteran of Griswold Street, Mr. Baird has spent his entire business life in the banking and brokerage business. He was made a partner in the George A. McDowell Co. in 1948 prior to the firm's merger with Straus, Blosser and is also a partner in the new firm.

How earnings work to produce more oil

IMPORTANT FACTS FROM THE 1951 ANNUAL REPORT OF STANDARD OIL COMPANY (NEW JERSEY)

IN THE FREE WORLD, people use tremendous amounts of oil. Meeting their needs, rising year after year, has been one of the notable industrial accomplishments of our time.

For example, the peak war effort in 1945 pushed use of oil 23% higher than in 1940. This looked like a mark that would not be topped for years.

But vigorous post-war reconstruction, and expansion of industry, transportation and agriculture, made oil use in 1946 greater even than in 1945. And in 1951 it was 58% higher than in 1946.

To supply this oil has called for great expansion by the petroleum industry. It has meant new wells, pipe lines, storage tanks, refineries, tankships . . . in times of high costs.

The job has required a vast outlay of money, *which has been provided largely by the industry's own earnings.*

How this works out is shown in the case of Standard Oil Company (New Jersey), an American corporation having investments in companies carrying on the varied functions of the oil business in the United States and abroad.

Consolidated net income of Jersey and affiliates for 1951 was $528,461,000. Of this, $278,862,000, or 53%, was used to help provide new equipment.

In the six years since 1945, Jersey and affiliates have spent $2,350,000,000 for replacement and expansion of facilities. Depreciation and depletion reserves provided only 44% of that amount. The largest share of the expenditure was met by the reinvestment of earnings.

During 1951 alone, to do their part in supplying more oil for the free world, companies in which Standard Oil Company (New Jersey) has investments:

Discovered Oil

In the United States, made new oil discoveries in the Williston basin, the Uinta basin, and Texas . . .

In Latin America, extended known fields in Venezuela, and opened up a new area in Colombia . . .

In the Middle East, Arabian American Oil Company made two important discoveries, one in the offshore waters of the Persian Gulf . . .

Developed Production

In the United States, drilled more wells than in any year since 1937, and greatly expanded secondary recovery operations to get more oil from existing fields . . .

In Venezuela, completed 190 producing wells . . .

In Canada, increased total producing wells from 844 to 1,140 . . .

In the Middle East, Arabian American Oil Company and Iraq Petroleum Company increased production 57% . . .

Expanded Refining Capacity

At Winnipeg, in Canada, opened a new refinery and, at Edmonton, Sarnia, and Vancouver added facilities . . .

At Baton Rouge, La., and Everett, Mass., enlarged refineries . . .

At Fawley, England, put the largest refinery in the United Kingdom on stream . . .

At Antwerp, Belgium, proceeded with field work on a large refinery . . .

At Durban, South Africa, started work on a refinery, and at Bombay, India, completed arrangements to build a new one . . .

Expanded Transportation

In the United States, boosted pipe line capacity substantially, particularly in the South . . .

Ordered twelve new ocean-going tankships, bringing the post-war total of those purchased or contracted for to 72 . . .

Began to bring Western Canadian oil to consumers in the Eastern provinces by means of two large, new Great Lakes tankers, with a third going in service this spring . . .

In Iraq, Iraq Petroleum Company brought near completion a new 556-mile pipe line from the oil fields to the Mediterranean. It will permit oil production in Iraq to be more than doubled in 1952 . . .

Advanced Research

Put into the search for new and improved processes and products a total of $23,100,000, one of the largest expenditures for such a purpose by any company . . .

Continued Good Employee Relations

The interest of the company and its employees in maintaining good mutual relationships resulted in another year without strikes or work stoppages in the domestic affiliates. This was an important factor in meeting the increased demand for oil . . .

AS THE FREE WORLD GROWS IN STRENGTH, it calls for more and more oil. So, not just to the 254,000 shareholders who own Jersey, but to people on freedom's side all through the world, the two outstanding facts about our Annual Report for 1951 are: (1) Jersey affiliates again did their part in meeting the growing needs for oil; and (2) the competitive business system that did this job produced the earnings to help meet even greater needs in the future.

FINANCIAL SUMMARY

Standard Oil Company (New Jersey) and Consolidated Affiliates

Total income from sales, services, dividends and interest	$3,863,317,000	Taxes charged to income	$400,700,000
Net income	$528,461,000 or $8.72 per share	Other taxes, collected for governments	$329,900,000
Dividends	$249,599,000 or $4.12½ per share	Spent for new plants and facilities	$381,824,000
Wages and other employment costs	$600,500,000	Number of shareholder-owners	254,000
		Number of employees	120,000

We will gladly send a copy of the full report if you wish one. Write Room 1626, 30 Rockefeller Plaza, New York 20, N. Y.

STANDARD OIL COMPANY (NEW JERSEY)

AND AFFILIATED COMPANIES

NEWS ABOUT BANKS AND BANKERS

CONSOLIDATIONS
NEW BRANCHES
NEW OFFICERS, ETC.
REVISED
CAPITALIZATIONS

International Bank, Washington, D. C., a nongovernment bank founded 32 years ago, announced on May 1 the formation of **International of Washington, Inc.**, a wholly owned subsidiary with offices at 608 Fifth Avenue, **New York City.** Officers of the new corporation are Herman Henninger, President and Eric L. Meyer, Secretary-Treasurer. The bank, formed by private investors in 1920, specializes in the furtherance of international trade and industry by financing the movement of American products abroad and cooperating with American business in expanding overseas operations. T. Reed Vreeland, President of International Bank states that the bank is forming two other affiliates, one in Paris, France, the other in Panama City, Panama. Mr. Vreeland, President of International Bank, further announced that Edward L. Hutton and Guy Martin have been elected directors of the Bank, increasing the board to 14 members. Mr. Hutton is Assistant Vice-President of W. R. Grace & Company, international industrial and trading concern, New York City. From 1945 until 1947 he was Deputy Director of a joint United States and United Kingdom export-import agency in Germany. Mr. Martin is an attorney in Washington, D. C.

* * *

Lewis C. Perkinson, director and Treasurer of American Cyanamid Company, has been elected to the Advisory Board of the Rockefeller Center Office in **New York of Chemical Bank & Trust Company**, it was announced on May 6 by N. Baxter Jackson, Chairman of the Chemical bank. Associated with Cyanamid for over 30 years, Mr. Perkinson is a director and Treasurer of most of its subsidiary companies, a director and Treasurer of Jefferson Chemical Co., Inc., jointly owned by Cyanamid and The Texas Company, and a director of Southern Minerals Corp. and Southern Pipe Line Corp., jointly owned by American Cyanamid Co. and Pittsburgh Plate Glass Co.

* * *

Announcement is made that James A. McBain has been advanced from Treasurer to Vice-President of the **Chase Safe Deposit Company of New York.** Mr. McBain has been with Chase since 1919. Active in safe deposit circles, he served as Vice-President of the New York State Safe Deposit Association until 1951 and has written extensively on safe deposit subjects for various financial journals. His position as Treasurer will be filled by Henry P. Steitz who has been advanced from Assistant Treasurer.

* * *

At the regular meeting of Board of Directors of **The National City Bank of New York** held on May 6 Elwood J. Mahon was appointed Assistant Vice-President and Carter S. Ransom, Ernest W. Redeke, and Cecil Wilson, formerly Assistant Cashiers, were also appointed Assistant Vice-Presidents. Herman J. Grip, Bernard J. Martin, and Joseph D. Stefan were appointed Assistant Cashiers. At the regular meeting of the Directors of **City Bank Farmers Trust Company** held on May 6 H. Gregory Miller was appointed Assistant Trust Officer and Assistant Secretary.

* * *

On May 2 the 24th anniversary of the establishment of the Personal Credit Division of **The National City Bank of New York** was marked by a brief talk by Vice-President Roger Steffan. The Division is the first of its kind to be organized by a major American bank, it is stated. Each year, similar events have been started at a precise moment after four o'clock to indicate the anniversary year. In 1953 the Personal Credit unit will mark its silver anniversary with a program starting at 4:25 p.m. Mr. Steffan was recently honored with a testimonial at the National Instalment Credit Conference, sponsored by the American Bankers Association. Since the formation of the Personal Credit Division in 1928, 5,705,228 loans totaling $2,127,227,444 have been made to meet family expenditures, home repairs, medical or educational costs or other constructive needs.

* * *

The Corn Exchange Bank Trust Company of New York announces the appointment of Edward H. Mackin, Jr., and Oliver C. Scholle as Assistant Secretaries.

* * *

Arthur T. Roth, President of **The Franklin National Bank of Franklin Square, Long Island,** announced on April 30 a retail store charge account service available to the families of Nassau County and the smaller retailers who do not have charge account facilities to offer. In announcing this service, Mr. Roth said, "this is another step in our continuing search for banking and credit functions that will benefit our people, our businessmen and our communities." In part he also stated:

"If we are to maintain our present economic levels in suburban areas and in our small towns, and further to preserve the opportunities for small retail business, a larger share of local shopping dollars must be kept at home. Some part of this objective can be accomplished through making available to families the advantages of charge account privileges in their local communities. While the plan is new in the sense of a banking function, it is not new with us. For the past 12 months we have been quietly proving the method and today are servicing more than 23,000 Nassau County families who have purchased more than $1,000,000 worth of goods and services on the charge account basis."

* * *

Effective April 18 **The First National Bank of Jamestown, N. Y.** increased its capital from $200,000 to $1,000,000 by a stock dividend of $800,000.

* * *

Edward L. Howe, a former President of the **New Jersey Bankers Association** and also formerly President of the **Princeton Bank & Trust Co. of Princeton, N. J.**, died on April 28. From special advices to the Newark "News" of April 29, reporting this, we also quote the following:

"He was also a member of the American Bankers Association and served on the ABA finance committee, the Executive Council and as a Representative of New Jersey.

"He was associated with the New Jersey Bankers' Association from the time of its organization in the early 1900s. He was named President in 1910 and served in that capacity for two years."

Mr. Howe was 82 years of age.

* * *

At a meeting of the directors of **Provident Trust Company of Philadelphia** held on May 1 William R. K. Mitchell, formerly President, was elected Chairman of the Board and Benjamin F. Sawin, formerly Executive Vice-President, was elected President. Both promotions are to become effective July 1. Mr. Mitchell had been President of the company since July, 1947. He began his service with Provident Trust in June, 1913, and was elected Vice-President in December, 1932. Mr. Sawin was elected a Vice-President in April, 1944, and was promoted to Executive Vice-President in April, 1951. Mr. Mitchell is a director of The Provident Mutual Life Insurance Co., Commonwealth Title Co. of Philadelphia; Fire Association of Philadelphia; etc. and a trustee of the University of Pennsylvania Board of Business Education. Mr. Sawin is a director of the Manufacturers Casualty Insurance Co. and the Manufacturers Fire Insurance Co., both of Philadelphia.

* * *

The shareholders of **The Detroit Bank at Detroit, Mich.** at a special meeting on April 29, voted to increase the common capital stock of the bank by issuing 50,000 additional shares (from 325,000 to 375,000 shares) of $20 par value each. The new stock will be offered to shareholders through issuing them rights to purchase new stock at a price of $60 a share on the basis of one share for each six and one-half shares held by record at the close of business on April 29. These rights will expire on May 14. The offering is underwritten by a group of underwriters headed by Watling, Lerchen & Co. and First of Michigan Corporation. The Detroit Trust Company will act as subscription agent. An earlier item on the plans for the issuance of the new shares appeared in these columns April 24, page 1714.

* * *

The capital of the **First National Bank of Independence, Mo.** has been increased (as of April 23) from $100,000 to $300,000 by a stock dividend of $200,000.

George T. Grady with Geo. Eustis & Co.

CINCINNATI, Ohio—George T. Grady on May 1 became manager of the municipal bond department of Geo. Eustis & Co., Traction Building, members of the Cincinnati and Midwest Stock Exchanges. This is a new department for the firm, George Eustis, President announced.

Mr. Grady has had more than 20 years' experience in the securities business, recently being associated with John E. Joseph & Co. Since 1947 he was specialized in municipal bonds. He is a member of the Cincinnati Stock and Bond Club, Cincinnati Municipal Bond Group and the National Securities Traders' Association. During World War II he was a major with the Army ground forces, serving three and a half years in France, Africa and Italy.

Mallinson Weir Formed

H. M. Weir and C. Schaefer have formed Mallinson Weir, Inc., with offices at 165 Broadway, New York City, to engage in the securities business.

Now Proprietor

SAN FRANCISCO, Calif.—Ben L. Goldberg is now proprietor of Waldron & Co., Russ Building.

A. M. Kidder Adds

(Special to THE FINANCIAL CHRONICLE)

DE LAND, Fla. — J. Cleaver Bradley has joined the staff of A. M. Kidder & Co., 112 North Woodland Boulevard.

George C. Thayer

George C. Thayer, of Merrill Lynch, Pierce, Fenner & Beane, passed away on April 21.

Red Herrings Again?

"In the normal operation of our democratic system, every Administration is held to account every four years for its policies, its programs and its conduct of the Government. That is as it should be. In recent years, the programs and the policies of the Administration in office have been upheld, time after time, by the popular verdict. Today, the time for another accounting is approaching, and the opposition is becoming rather frantic.


President Truman

"They know that they cannot persuade the people to give up the gains of the last 20 years, but they think they can undermine those gains by attacking the men and women who have the job of carrying out the programs of the Government. And so they have launched a campaign to make people think that the Government service as a whole is lazy, inefficient, corrupt and even disloyal.

* * *

"There is no room in Government service for anyone who is not true to his public trust. We have had a few bad people turn up in Government, just as they do in business and industry. They are not in the Government now, and we are prosecuting all those who have violated the criminal statutes. If we turn up any more, they can expect the same treatment—and if there are any more we will turn them up, kick them out and prosecute them if they need to be prosecuted.

* * *

"The truth is that the Government service, in the light of its tremendous size and scope, has a remarkable record of honesty and integrity. I firmly believe that its ethical standards are as high as those of any Government in the history of the world. I firmly believe that its ethical standards are higher than those prevailing in the American business community."—President Harry S. Truman.

Are the "red herrings" of 1948 due to return in 1952?

Continued from page 9

The Rise of Petrochemistry

production flexibility and entirely new processes. It means the number and types of chemical products that petrochemistry can make are almost unlimited.

Known chemical reactions have been improved and new ones developed. Among these are polymerization, isomerization, oxidation, and high pressure synthesis. Reactions that were previously considered commercially impossible have been developed. Twenty years ago the oxidation with air of petroleum hydrocarbons to produce simultaneously and continuously many industrial chemicals (the Celanese process), would not have been considered feasible.

Petrochemical improvements in old processes have increased demand by giving more production at lower cost. Ammonia, the chemical that has given such an impetus to better agricultural yields, came entirely from coal 20 years ago. Today, nearly all of it comes from natural gas. Its cost means it is possible for the farmer to make fertilizer pay big returns.

Entirely new processes and products have been developed. We have mentioned synthetic rubber which is cheaper than the natural product and superior in some characteristics. Synthetic fibers are the latest development — acetate, nylon, orlon, dynel, dacron, to mention some. Propylene, a petroleum product once wasted, now is used to make glycol anti-freeze, glycerin and synthetic detergents, and the oil companies have found a way to use it for valuable high octane gasoline.

The third factor affecting the growth of the petrochemical industry is the widely diversified consumer market. Chemical products literally find their way into every phase of our economy; into such varied uses as counter tops, ethyl alcohol, cosmetics, and bed spreads—from the bar top to the boudoir.

The major consuming markets for petrochemicals may be classified as including plastics, rubber, plasticizers, synthetic fibers, paint and protective coatings, fertilizers, automobile chemicals, insecticides, pharmaceuticals and detergents. This large number and wide diversity of end uses has added stability to the petrochemical industry. It is seldom that reduction in demand of all these markets occurs at the same time! This fact has meant that the chemical industry has weathered economic storms better than some other industries. This does not mean to imply that the petrochemical industry is immune to business cycles, but it is a fact that chemical sales volume steadily increased during the recession years of the thirties.

A Self-Generating Chemical Industry

A phenomenon peculiar to the chemical industry is that it is self-generating. Chemical companies buy from and sell to and compete with other chemical companies. The growth of one segment of the industry generates growth in all segments.

Petrochemicals have extended into many industries. Inorganic and other chemical industries have entered the petrochemical field for new and more economical products: oil companies entered while improving fuel quality, rubber companies for synthetic rubber. Textile companies turned to this field to produce new synthetic fibers. Witness the new joint ventures formed: Jefferson Chemical, owned jointly by American Cyanamid and the Texas Company (Chemical Industry plus Oil Industry); American Petro-Chemical, owned jointly by Firestone and Cities Service (Rubber Industry plus Oil Industry); Chemstrand, Inc., owned jointly by American Viscose and Monsanto Chemical (Textile Industry plus Chemical Industry).

Practically every industry of our country has participated in or been aided by petrochemistry. Chemical products at lower costs have brought many products into the price range of the average citizen. Plastics reduce the cost of radio and television cabinets considerably. Chemical adhesives utilize waste sawdust to produce a useful new building board. Detergents make easier the housewife's washing tasks.

We have discussed the three main factors contributing to the growth of the petrochemical industry. What are the considerations for the future growth? Are not the costs of petroleum raw materials increasing? Natural gas is no longer an unwanted by-product. Petroleum products are deliberately converted to chemical raw materials today. Petroleum and natural gas have a dual value, as a chemical raw material and as a fuel. Their cost as a chemical raw material is determined by their value as a fuel. With the advent of many new natural gas pipe lines, gas becomes accessible to the demand of the very large domestic fuel market. Both from the purchasing power standpoint and social and political considerations, the home owner has first call for natural gas. This, however, does not place a limitation on the use of petroleum and natural gas as the most economical chemical raw material source. Gas is still worth more as a chemical raw material than as a fuel. Also, petroleum reserves are more than adequate to supply both markets. It simply means that petrochemical companies must take into consideration the increase in demand as a fuel, and the increase in cost of petrochemical raw materials. Some of the companies in the petrochemical industry have protected their supply by developing their own source of raw materials through oil field leases and long-term contracts. These petrochemical companies are entering into the oil business and developing their own reserves. As an example, Celanese Corporation has formed a subsidiary, Petrocel, which is exploring for petroleum and natural gas.

Location of Petrochemical Industry

Another consideration in the growth of the petrochemical industry is its location. Eighty per cent of the petrochemical industry is now situated in the Gulf Coast area. This has brought about substantial industrialization of this area, numerous supporting industries, increased population, and the creation of large local markets. Most companies today still favor the Gulf Coast area for petrochemical plant locations. This location makes possible more than one source of supply, dependability of supply, and lower raw material costs. Even though many large chemical markets are in the East and the Midwest, the finished product is usually better able to carry transportation costs than the raw materials. This is particularly true where water shipments are practical. Many companies have found they can offset high transportation costs by barges and seagoing tankers to East Coast and Mississippi River ports.

However, there is also another tendency in the petrochemical industry which has become significant. Now that there are natural gas pipelines in almost every part of the United States, it is possible to locate petrochemical plants near these pipelines. This results in locating the chemical plant nearer the consuming market. Several companies have located plants of this nature in the Kentucky-Tennessee area.

The inevitable question that arises when discussing natural resources, particularly petroleum, is what about depletion? How many times have you heard in the last 15 years that oil resources will be used up shortly. And yet today, after large increases in consumption of domestic crudes, following the loss of the Iranian oil supplies, United States oil reserves are the highest in history. The rate of proving new reserves has actually increased. Today we have 27 billion barrels of oil reserves, equal to 12 years supply at our present consumption. In 1940, we had 19 billion barrels. It was also pointed out that the petrochemical consumption is comparatively small. Even if it is doubled, it would use less than 2% of the total crude oil production of 6.4 million barrels per day.

These favorable factors do not mean that petrochemical companies are complacent. They are aware of the increasing demand for petroleum as a fuel and the resulting trend in price increases. They are aware of the eventual possibility of the decreasing raw material availability. They therefore recognize that future supply must be protected.

Oil companies started petrochemistry with waste products. Growth of petrochemistry made these by-products valuable raw materials. Oil companies entered into the chemical business. Fuel value of these raw materials is increasing. Now chemical companies are going into the oil and gas business to protect their raw material supply. Thus, a cycle peculiar to the petrochemical industry is being completed.

Canadian Securities

By WILLIAM J. McKAY

Canada's growth and its resulting economic and financial problems were clearly revealed last week in an address by Hon. Douglas C. Abbott, the Dominion's able Minister of Finance.

Hon. D. C. Abbott

Speaking at a luncheon gathering of the 40th Annual Meeting of the Chamber of Commerce of the United States in Washington, D. C., on April 30, Mr. Abbott, in commenting on recent economic trends in Canada, stated:

"Since the war we have experienced a period of growth and development unparalleled in our history. While this has brought us great prosperity and a growing confidence in our future, it has also brought with it certain special, indeed unique, economic and fiscal problems. The last two years have been a period in which the world situation has required us to impose heavy military expenditures upon an economy already fully engaged in carrying on a development boom of unprecedented proportions. I think you will appreciate what this means in terms of pressure upon our resources and inflationary potential.

"The development of industry and resources has been the dominant feature of the Canadian economy for the last six years and I would like to say something about this. Since 1946 our people have set aside some $20 billion for new investment—one-fifth of our total production. A great deal has been written about the more spectacular developments, the oil and gas discoveries in Western Canada, the opening up of vast new reserves of high-grade iron ore on the Quebec-Labrador border and in Northern Ontario, and the construction of a very large power and aluminum project on the west coast of British Columbia. In the next three years capital investment in these projects alone is expected to reach one billion dollars.

"These developments, however important, are by no means the whole story. Our expansion has touched almost every industry and every region of Canada. It has given new depth to the country—new depth in terms of industrial diversification and in terms of geography. It is particularly noteworthy that a number of the largest projects now under way are on the northern frontier of our country. It used to be said that everything that mattered in Canada lay within 100 miles of the American border and also that industrially speaking we were hewers of wood and drawers of water. If there were some truth in those statements in the past they are certainly not true today.

"Take our manufacturing industry, for example. In the last two years, a billion and a quarter dollars of new capital was invested in plant and equipment. This year it is expected that total new investment in manufacturing will reach nearly one billion dollars. The output of our manufacturing industries last year was more than double the output before the war. In the more complex field of durable goods the increase is even greater.

"An important yardstick of a country's industrial strength is the production of primary iron and steel. Our production of steel last year was just about three times the prewar level. By next year we will have added another one-third to our ingot and casting capacity.

"A further yardstick is the production of hydro-electric power. Canada has always been favored with plentiful supplies of cheap electricity and since the war we have devoted a substantial share of our capital expenditures to develop new sources of hydro-electric energy. One great advantage which we have is abundant power. This is of fundamental importance in such industries as the production of aluminum. At present we have harnessed barely one-fifth of our hydro-electric power potential, yet our installed capacity is very close to one-half of yours.

"A significant aspect of our growth is the diversification of industry in regions which formerly were almost entirely dependent upon one or two products. Possibly the best example is the impact of oil and gas discoveries on the prairies, where previously the production was restricted mainly to wheat and cattle. Now, there is not only the new wealth created directly by oil, but there are new industries springing up, such as petrochemicals, to take advantage of the low-cost fuel and raw materials.

"As would be expected in a period of rapid growth, our population is also increasing rapidly. Since the war we have encouraged immigration. Last year nearly 200,000 'new Canadians' entered our country. The natural rate of increase has been high. This has meant a rapid growth in our cities and towns which has entailed substantially increased investment in housing, community services of all kinds, and in transportation and communications.

"From what I have said, I think you will have a fair idea of the demands made upon our resources by capital development and of the problems which this presents to a Minister of Finance concerned with Canada's fiscal and monetary policies. The outbreak of war in Korea imposed substantial new pressures and aggravated the problems of maintaining economic and financial stability."

In explaining to his audience the measures adopted by him to control inflation in Canada, Mr. Abbott referred to the balancing of the nation's budget, the adoption of a "tighter" money policy, and steps taken to discourage "non-essential" capital expenditures. Speaking of the latter policy, Mr. Abbott remarked as follows:

"In my budget of a year ago, I introduced one new wrinkle aimed at slowing down less essential business investment — namely, deferred depreciation. Under this device businesses have not been allowed to charge depreciation for purposes of taxation on certain forms of non-essential capital investments in the subsequent four year period. We exempted from this new regulation all essential capital expenditures. The principal classes of industries exempted were the public utilities, defense, and the production and distribution of basic primary products. Our purpose was to encourage the postponement of expenditures on such things as store-fronts, theatres and the like during this period of heavy defense expenditures. In this way increased amounts of scarce construction materials and manpower were made available for those industries which contribute more to the defense effort and to the essential long-term development of our country.

"Apart from some measures to assure that essential industries obtained adequate supplies of scarce materials, we have not considered it appropriate for Canada to impose a general system of direct controls. We considered this possibility, but decided that these measures would not be effective in our circumstances, nor would they provide the kind of economic climate suitable to a country in Canada's economic position. We believed that in order to meet our requirements for defense, and to maintain and expand the production of our basic resources and other defense supporting industries, it was essential that our economy be kept as free and as flexible as possible."

Continued from page 11

Expect a Stock Market Flare-Up

ing May or June, the broad trend still points to lower levels ultimately. It is important to realize that the commodity price level is determined largely by the world supply and demand conditions rather than the situation prevailing in any one particular country.

The business picture as we see it **at this particular time** is not one of a concentrated and precipitous decline in which everything "falls out of bed" together, and falls down sharply as was the case in 1920. Rather, it is a staggered and piecemeal kind of an adjustment. While business activity will probably increase under the stimulus of defense spending during the third quarter into early fall, the worldwide slump outside of the United States will probably hit our economy late this year and next year when expenditures for plant and equipment will be in a decline. At the present time our civilian economy is about six times our defense economy. With government spending being the main prop, it will not be sufficient to sustain business in an overall sense if civilian demand should recede appreciably.

Basically our problems are more deflationary than inflationary. Our productive capacity has been increased substantially with most of the pent-up demands having been satisfied. A revival of inflationary prices this year will set the stage for a more serious business recession later.

Impact on Stock Market

Now what bearing will all of this have on the stock market and its future? Before giving you our current views and projections, we would like to review a few of the high spots covered in our discussion presented to the Chicago Stock Brokers Associates during late January. At that time we stated: "All bull markets are built and grounded in an atmosphere of gloom and conservatism, but always end in a 'blaze of glory' with violent speculation. Therefore, until the secondary and low-priced situations participate more actively, our current bull market, based on precedent, has further to go. Sentiment, as well as economics, is the main driving force behind each bull market."

Furthermore, we also said: "Actually, the divergent character of the market during the past 12 months (now 15 months), with its twisting, churning and deceptive swings, foretells a broad and decisive move."

Next, we expressed the opinion at that time: "Subject to some kind of a correction or shake-out **nearby**, we anticipate a **flare-up** into new high ground, with increasing activity and greater participation by secondary issues, with the Dow Jones Averages attaining levels **within the vicinity** of 282 to 283 for the Industrials, 91 to 93 for the Rails and 51-52 for the Utilities."

Finally, we said: "While the stock market during election years usually follows the basic trend underway, with the close of the year higher than that existing on the first trading day of the year, it is our belief that the highs for 1952 will be made before election and probably before early May." We also went on to say: "The range during the year should be around 50 or more points with the low falling within an area of 10 points either side of the 230 level of the Dow Jones Industrials."

These were our views during late January. Now let's go on from there. While no two bull markets will necessarily end exactly the same way, it is interesting to note that the 1929, 1937 and 1946 bull markets ended in a "blaze of glory," with the Dow Jones Industrials reaching levels of 15 to 19 times earnings, and with yields ranging between 3.50% to 4.50%. Currently the stock market at the 260 level is selling about 10 times 1952 estimated earnings and yields an average return of slightly over 6%. Should precedent prevail, then the Dow Jones Industrials should cross the 300 level before a "bear market" sets in.

Another important point to keep in mind is that it rarely pays to be pessimistic during the summer period from around the third week of June to about Labor Day. During election years the rise from the end of June to election eve has run as much as 15%. Even during bear markets, the months of June and July have frequently shown a rising tendency. We might also add that when there has been no spring rise, which was the case this year, the move has had a tendency to get underway during late April or during May, with momentum gaining during June and July. In looking ahead, it should be remembered that the month of September is normally the most bearish month of the year. The 1929, 1937 and 1946 slides were all initiated **with force** during September in each instance.

The broad, confusing and deceptive range during the past 15 months, and especially during the first four months of this year, reminds us somewhat of the **pattern** covering the first five months of 1929. This was followed by an explosive phase during June, July and August of the same year. Of course, the similarity in design **is** no assurance that such will be the case this time.

Conclusions

What, then, are the probabilities? Right here we should like to remind you what Olin Miller once said: "The bears and bulls are not as responsible for stock market losses as **bum steers**." And sometimes when an investment counsellor makes a forecast, well, he is not expected to lie in his bed after he makes it, but to lie his way out of it. Seriously though, here are a few **definite** conclusions:

(1) Business activity will accelerate during the summer into early fall under the influence of growing defense production and deficit financing.

(2) Capital expenditures for plant and equipment are now at a cyclical peak and will recede late this year into 1953.

(3) Earnings comparisons will make better reading during the third quarter.

(4) The key to the underlying strength of this market recently has been the absence of **overall** liquidation. Irrespective of nearby fluctuations, we believe that a "flare-up" will definitely get underway around or before mid-May and carry forward to the National Conventions at least. Should the volume accelerate with the Rails seeking new highs, then the market will be sustained into August. As long as one or both of the 1952 lows of the Dow Jones Industrial and Rail Averages continue to hold, we will have a right to expect new highs in both Averages.

(5) There is entirely "too much company" on the pessimistic side **at this stage** of the stock market. Bull markets usually do not end with skepticism. As you know, "nothing changes faster than sentiment." The really big surprise ahead of us would be a sharp **lift** across the 290 level on the Dow Jones Industrials and the 100 level on the Dow Jones Rails.

What action should be taken? A sharp lift or flare-up during the next 60 to 100 trading days should be welcomed by every investor as a genuine opportunity to "put his house in order." The objective should be toward building up buying reserves of defensive positions or cash and its equivalent to the extent of 40% to 65%, depending upon the character of the investment portfolio and the circumstances and requirements of the investor.

New Correspondent

Bonner & Gregory, members of the New York Stock Exchange, announce that the firm is now acting as correspondent for L. Johnson & Co. of Syracuse.

With Harris, Upham Co.

(Special to THE FINANCIAL CHRONICLE)

WEST PALM BEACH, Fla. — Edgar A. Swindle has become connected with Harris, Upham & Co.

Joins A. M. Kidder Co.

(Special to THE FINANCIAL CHRONICLE)

CORAL GABLES, Fla. — John F. Larkin, Jr. has been added to the staff of A. M. Kidder & Co., 380 Miracle Mile.

La Montagne Opens

(Special to THE FINANCIAL CHRONICLE)

MENLO PARK, Calif.—Edward C. La Montagne is engaging in the securities business from offices at 1077 El Camino Real.

Britain's Improved Gold Position

By PAUL EINZIG

Commenting on reversal of outflow of gold from Britain, Dr. Einzig ascribes improvement in British gold reserve situation to import cuts and renewal of confidence in sterling. Expresses doubts whether improved exchange situation will continue, particularly in view of some likelihood of higher U. S. tariffs on British goods.

LONDON, Eng.—When at the beginning of April the Chancellor of the Exchequer announced the gold reserve figures for the end of March he stated that during the last few days of March the outflow of gold was not only checked but even reversed. It is now understood on the best authority that the favorable tendency continued during April. At the time of writing Britain's gold and dollar reserve is higher than it was at the end of March. The improvement was due in part to the import cuts made in November which were only beginning to produce their effect. It was largely the result of an increased confidence in sterling as a result of which the sterling-dollar rate has for some time been above par. This meant that there was no need for the authorities to intervene by selling dollars in order to support sterling. It is true the premium was not sufficiently large to call for official intervention in order to prevent an unwanted appreciation of sterling by means of buying dollars. Such intervention would only be undertaken if and when sterling rose to 2.82, and so far the dollar rate in London has not approached that figure.

Dr. Paul Einzig

Under the new exchange regulations the banks are entitled to keep on their own account a certain amount of dollars but have to sell to the Bank of England any surplus above the permitted level. It seems probable that during recent weeks their clients sold them more dollars than the total required to meet the buying orders of other clients, so that their surpluses reached the permitted level and they were in a position to sell some dollars to the authorities. The amount involved is not believed to be very large but it is nonetheless gratifying to note that for the time being at any rate the gold drain has ceased.

The question is, can the improvement be regarded as one of lasting character? Official circles view the situation with guarded optimism. They are anxious to avoid conveying the impression that the tide has now turned. Although the adverse balance of payments has become reduced it remains abnormally wide. The additional gap created through the loss of Abadan and the Persian oil has not yet been filled. Nor are export prospects very promising especially as far as textiles are concerned. There is a possibility that, at the expense of the slowing down of rearmament, Britain will be able to increase the exports of her engineering industry. World-wide demand for capital equipment seems to continue on a very large scale. On the other hand it is necessary to reckon with a falling off of overseas demand for British consumer goods.

One of the main sources of anxiety is the growing pressure in the United States in favor of raising tariff rates against imports of British goods. This matter was raised in a recent British note to the Washington State Department and it was discussed in public by members of the United States Administration. It is felt in London that any tendency on the part of the United States to raise their tariff against British goods would compel the British Government to impose drastic restrictions on imports from the United States. The present government has so far been very anxious to avoid any such restrictions. Under the Socialist government every time there was a crisis there were immediate cuts in the purchases of American tobacco, petrol and films. The recent import cuts imposed by the present government on the other hand left those imports from the United States untouched, except in so far as the higher petrol duty might reduce the demand for petrol. This attitude has been largely due to the desire to avoid taking any action which would tend to discourage Anglo-American trade. Should, however, the United States Government yield to the pressure brought to bear on it by American business interests and raise the tariff against British goods the British Government would have no choice but to impose drastic cuts on imports from the United States. Non-discrimination would have to be discarded and the case against an early return to the convertibility of sterling would weaken materially.

Political repercussions to an increase of the American tariff against British goods would also have to be reckoned with. There are already indications that the Soviet Government, in an attempt to drive a wedge between Britain and the United States, intends to encourage the import of British goods by Soviet Russia and other Communist-controlled countries. At a moment when the decline in overseas demand is threatening to cause large-scale unemployment in the textile industry and to a less extent in other industries such a gesture could not fail to create a favorable impression. Should it coincide with the initiation of a deliberate policy on the part of the United States to discourage the purchase of British goods it might be highly detrimental to Anglo-American relations.

From the point of view of the gold position any substantial reduction of American imports of British goods would check and reverse the modest improvement registered in recent weeks. Yet it is of the utmost importance both from an economic and the political point of view that Britain should overcome her balance of payments crises. It is to the interest of the United States that Britain should be in a position to proceed with rearmament without running the risk of a complete exhaustion of her gold reserve. Any cuts in American import of British goods would force the British Government to make cuts in the rearmament program in order to be able to increase the exports of capital equipments and thereby to fill the gap to be created by the American tariff policy. From this point of view alone it is to the interest of the United States to abstain from raising customs tariff against British goods. After all an increase of Britain's armed strength saves the American taxpayer a corresponding increase of American armed strength. It would be a short-sighted policy to force Britain to reduce her rearmament in order to safeguard her gold reserve.

With Waddell & Reed

(Special to The Financial Chronicle)

CLAYTON, Mo. — Robert J. Walters is with Waddell & Reed, Inc., 7 North Brentwood Boulevard.

With Merrill Lynch

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif.—Sannon M. Drew has joined the staff of Merrill Lynch, Pierce, Fenner & Beane, 301 Montgomery Street.

Joins Shuman, Agnew

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif.—Henry S. Kinsell is now with Shuman, Agnew & Co., 155 Sansome Street, members of the New York and San Francisco Stock Exchanges.

With Wilson, Johnson

(Special to The Financial Chronicle)

RENO, Nev. — Alfred S. Jones is with Wilson, Johnson & Higgins 250 West First Street.

Harris-Heath Co. is Formed in Houston

HOUSTON, Tex.—J. Wylie Harris and Guy H. Heath have formed a partnership to be known as Harris-Heath Co. with offices in the Southern Standard Building, specializing in municipal bonds. Mr. Harris was formerly head of J. Wylie Harris & Co. Mr. Heath was Vice-President of the City National Bank of Houston.

Joins Mitchum Tully

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif.—Richard D. Good has become connected with Mitchum, Tully & Co., 405 Montgomery Street, members of the Los Angeles Stock Exchange.

Our Reporter on Governments

By JOHN T. CHIPPENDALE, JR.

The Treasury's reopening of the nonmarketable 2¾% due 1975/1980, to raise new money and to be used as an exchange obligation for the last four maturities of the tap bonds, had a favorable influence upon the market for government securities. The uptrend lost some of its momentum after an initial rise of more than a point in certain of the ineligible securities. However, when the Vic's backed away from their highs and retained about one-half of the point and an eighth gain, the now eligible 2½% due 1963/67, came to the forefront to lead the upswing along with the coming eligible 2¼s of 1959/62, and the 2½s of 1963/68. The market is still thin in most of the longer-term obligations and it does not take much of a step up in demand, with the currently small supply, to have a marked impression on quotations.

A very much increased amount of switching and swopping is going on in the market because institutions, both commercial and nonbanking, are adjusting their positions to the new developments. Although much of the activity is in the longer end of the list, the shorts still continue to remain firm because of the sizable demand for these issues.

New "H" Bond Seen Savings Deposits Rival

The new savings bonds, which are being offered by the Treasury, carry higher rates of interest, and are further "sweetened" by the accelerated redemption schedule. To be sure, the increase in the rate of the "E" bond is only 1/10 of 1%, compared with the ¼ of 1% rise for the "J" and "K"'s, which does not seem to be entirely equitable as far as the small savers are concerned. However, it appears as though nothing will be done to change this discrepancy at this session of the Congress. A top rate of 3% was set by the Congress and until the Treasury goes before the lawmakers and asks for a higher rate, the 3% level will be the ceiling. The reaction to the higher interest rated savings bonds, and especially the new series H issue, is that considerable funds will be raised through these offerings. The J and K's carrying 2¾% appear to have a great deal more attraction than the old issues, while the series H bond is believed to be a definite rival for commercial and savings banks deposits, upon which rates up to 2½% are currently being paid. Whether enough savings deposits from commercial and savings banks will find their way into the H's, to make it felt by these institutions is an open question. It is, however, the belief of many money market followers that the H bond is a definite threat to these banks in the holding onto of their savings deposits, especially the commercial banks, because of the generally smaller interest payments on savings deposits.

The reopening of the nonmarketable 2¾% due 1975/1980, was not too much of a surprise to the money markets. It had been expected in some quarters that such an obligation would be offered for new money; others thought it would be made available for new money and for exchange purposes for other bonds. There were still others who did not believe a 2¾% issue would be offered, but were looking for a longer term one that would bear interest at 3%.

The results of the offering of the 2¾%, 1975/1980, have been favorable price-wise because the whole ineligible list has been in demand. Not only the obligations directly affected by the exchange offer, namely the 2½s of June and December 1967/72, the 2½s due 1963/71, and the 2½s due 1965/70, but all the other tap issues came into favor. The near-eligible obligations, being very strong, were paced by the recently eligible 2½s due 1962/67. There has been considerable selling in the latter obligation as well as others of the near-eligible tap bonds. Nonetheless, commercial bank buying, especially that of the out-of-town ones, has been sufficiently large enough to keep the newly eligible 2½% of 1962/67 on the favorable side.

Whether there will be enlarged liquidation of the 2½% of 1962/67 by nonbank owners is a debatable point. Some hold to the opinion this bond will be sold by these institutions and the proceeds put into the last four maturities of the taps and these in turn, with the cash subscription, will be exchanged for the nonmarketable 2¾s. Others believe the 1962/67's will not be sold by nonbank investors at this time, but on a scale higher than present levels. They believe most of the nonbank institutions have enough of the last four maturities to take care of whatever exchange they will make without going into the open market to acquire them. To the extent that the proceeds of the sale of the 2½s of 1962/67 comes from commercial banks and are used to purchase the last four issues that are exchangeable for the nonmarketable 2¾% obligation, this will increase bank deposits and will have an inflationary effect. How much new money will be raised in the 2¾% offering is a matter of conjecture, but $2 billion is reported as being expected from more or less official circles, with $1½ billion and less being looked upon as more likely in the unofficial money markets themselves.

Favorable Offer for July 1 Certificates Indicated

The action of the July 1 certificates seems to indicate a favorable exchange offer is expected by the owners of these obligations. It is rumored that an optional offering may be made to the holders of the July certificates, with an intermediate term obligation or a new certificate being considered, so that all owners of the maturing certificates will be satisfied.

Commercial banks came into the market as fairly heavy buyers of the 2½s of June 15, 1962/67, after it became an eligible issue. These purchases, however, were not made at sharply higher prices, but were done at about the lows for the first few days. They did much spot buying and apparently caught some good-sized sell orders.

Continued from first page

A Program to Achieve International Stability

world has been striving to free itself from the comprehensive restraints upon international trade and exchange inherited from the Great Depression of the 'Thirties and the war. However, the economic and political problems encountered in the postwar years were more difficult than had at first been anticipated, and progress has been disappointingly slow. Consequently, in much of the world's commerce, import quotas, trade restraints and foreign exchange controls are still the order of the day.

Postwar Problems of the International Economy

One reason for the currency instability in the postwar years was the serious disruption of the European economies which resulted from World War II. The end of hostilities found these countries short of food, raw materials and fuels, with both farm and industrial equipment greatly impaired, and with normal channels of trade, both within and among nations, seriously disrupted. In addition, the heritage of World War II included excessive government budgets and greatly inflated monetary and credit structures.

Under these circumstances, the United States embarked upon a foreign aid program which surely has no parallel in the history of the world. At the end of the war we undertook to provide food and other basic necessities of life. This was followed by the Marshall Plan, and additional funds have been provided by the International Bank for Reconstruction and Development and by the Export-Import Bank. All told, through grants and loans, our foreign economic aid in the postwar years has totaled about $40 billion.

Our foreign aid activities were effective in that they helped to bring about the recovery of Western European production in a significantly shorter time than could have been expected in the light of the cataclysmic destruction left by six years of total war. But the recovery in output was not matched by comparable progress in solving the problems of currency stability, foreign trade and international exchange relations.

In the realm of economic policies, Western European thinking was governed, as was so much of our own, by the memory of the Great Depression of the 'Thirties. In a great many countries, the fear of unemployment and economic stagnation remained almost an obsession even at a time when the real problem was to recruit sufficient labor to man the industrial machine. This fostered domestic policies which complicated the task of removing trade restraints and stabilizing currencies. The low-interest-rate philosophy, conceived in depression and deflation when capital investment was at an historically low ebb, was carried forward uncritically into an environment of inflation and economic hyperactivity, when the demands for capital investment were overwhelming, and probably should have been checked. Social welfare programs were promoted vigorously long before the war-impoverished economies could afford them, thus draining off resources needed for reconstruction and compounding the problems of credit control and fiscal management. Furthermore, the gold standard had disappeared, and no effective or acceptable mechanism had taken its place to provide for currency stability and to restrain domestic credit and fiscal policies.

The net result of this complex of forces was a continuation of intensive inflationary pressures in the postwar period. The common practice, at least in several of the major nations, was to cope with these pressures not by changing the basic policies which contributed to their growth but rather by maintaining comprehensive controls over prices, consumption, investment, credit, foreign trade and foreign exchange. Consequently, the gold and dollar reserves of Western Europe declined consistently in the years following the end of World War II. Finally, recourse was had in 1949 to the familiar expedient of devaluation.

Following devaluation, some improvement became evident in the monetary affairs of Western Europe. One of the most encouraging signs was that some of the nations on the Continent were gradually beginning to recognize the close interrelationship between domestic policies and international monetary stabilization, and to appreciate that currencies could not be stabilized in the face of highly inflationary domestic policies. While the underlying problems were far from solved, nevertheless in mid-1950, before the outbreak of the Korean war, there was some ground for hoping that substantial and fairly rapid progress might be made in the direction of reducing trade restrictions and relaxing foreign exchange controls. The initiation of the European Payments Union was an important step in the direction of facilitating payments among the participating nations themselves, with the sterling area, and with other countries outside Europe.

The Korean war posed a whole new series of problems. The immediate result was a resurgence of inflation, a phenomenon with which we are all too familiar. The sharp increases in prices of international raw materials temporarily eased the exchange problems of the sterling area, but worsened those of the European countries that were large buyers of such raw materials. Consequently, late in 1950 and early in 1951, some of the latter found it necessary to tighten their trade restrictions or to embark upon more restrictive general economic policies.

The subsequent world-wide correction in commodity prices gave some relief to countries that were hard pressed a year ago, but at the same time it brought renewed distress to the exchange position of the raw materials producers. Thus, the sterling area, and with it the United Kingdom, has recently again been forced to cope with an alarming decline in its monetary reserves.

More significant than these short-term problems is that the menace of world Communism, brought home by the Korean war, has complicated the fundamental and long-range problems of international trade and exchange stability. Military defenses must be strengthened, yet public opinion is obviously averse to the sacrifices this will entail in the form of higher taxes, less government spending on social welfare, and some reduction in the standard of living. On the other hand, we may hope that the defense effort, which carries the prospect of some support to economic activity throughout the free world, will give governments the courage and confidence that will enable them to adopt policies and practices leading to freer commerce and exchange among nations. Certainly the international armament program makes it all the more urgent that we reduce the existing frictions in the international exchange of goods and services. Thus, it remains vital that the work continue in the direction of stabilizing world currencies and broadening their convertibility.

The Road to Progress

Later this week, a Commission of the International Chamber of Commerce will meet in Paris to consider the problems of inflation and the convertibility of currencies. Leading businessmen from 30 nations, including many from the United States, will discuss the steps that should be taken to foster international economic stability. They will review an integrated program for achieving these important objectives.

Without undertaking to set forth in detail the program required to achieve economic and monetary stabilization, it may be of interest to present a few of the fundamental prerequisites that are basic to a solution of these problems:

(1) Essential to the success of any program is that the democratic countries be firmly convinced that more freedom of trade and greater convertibility of currencies are to their mutual advantage. It is acknowledged that restrictive practices may be needed to cope with special emergencies, but they must be recognized as temporary stop-gaps and not taken for permanent solutions. The constant objective should be to remove these restrictions as rapidly as possible.

(2) The colossal scale of American economic aid cannot continue indefinitely without impairing the strength both of the foreign economies and of our own. Some Europeans are of the opinion that the determination of Europe to solve its own problems in its own way has been reduced by the activities of many representatives of our government who have regarded the liberal extension of financial aid as the remedy for all economic ills. Indeed, the practice of continuously making large foreign aid grants and loans may already have contributed to the growth of maladjustments in various European economies; the longer such aid is continued, the more difficult it may become for a country to get on its own feet.

(3) The stabilization of currencies and the expansion of multilateral trade are intimately associated with the fight against inflation. In substance, what is needed is to bring about increased production and higher productivity, but this involves meeting a host of related objectives essential to this end, such as improving capital equipment, encouraging savings, achieving a better utilization of labor and other resources, and reducing restrictive business practices. We frequently tend to overlook the importance of such factors because the relationship between domestic policies and the balance of payments is not very obvious in the United States, where the volume of foreign trade is relatively small in relation to other economic activities, but it is very close and direct in Western Europe.

(4) The history of the postwar years in the United States and elsewhere, however, demonstrates that higher production, by itself, is no guarantee of economic stability. A sound budget policy is another prerequisite. The problems involved are familiar to all of us: the curtailment of expensive social welfare programs, the postponement of public works, the reduction of subsidies, and cutbacks in less essential outlays in general. A further requirement for some countries is an adequate

program of taxation and tax collection.

(5) Real progress cannot be made toward currency convertibility and exchange stabilization unless the philosophy of permanent low interest rates is discarded in favor of a flexible credit policy, properly adjusted to the changing needs of the economy. I would not argue that inflationary or deflationary forces can be contained by the use of credit policy alone. But I do believe that credit policy can make a useful and important contribution toward economic stabilization and that it is a serious mistake not to use this instrument to the fullest extent feasible.

(6) The ultimate goals of multilateral trade and convertibility of currencies have a common basis in economic philosophy, namely, that every effort should be made to increase the areas in which market forces have a chance to operate. Consequently, in addition to greater production, increased productivity, and sound budget and credit policy, positive measures must be taken to loosen and remove the harness of direct economic controls wherever possible. This requires, specifically, the gradual removal of price controls, import quotas and other trade restrictions, which interfere with the normal movements of commerce in world markets. Admittedly, controls may be needed as temporary expedients to meet emergencies. For example, the United States cannot monopolize the supply of strategic materials through huge purchases in competitive world commodity markets; and under conditions of world scarcity, some international control through allocations may be desirable in the interests of orderly distribution. However, the final objective of our endeavors should be the free exchangeability of currencies, at least on current account.

(7) In the democratic world, it is necessary that policies of governments receive the support of the voters. This means that the public, and especially the important economic and political groups in the countries, must be convinced of the desirability of appropriate restrictive domestic policies. The consequences of the inflationary policies so widely followed in the postwar years must be made evident to the man in the street. I think the public sincerely desires a monetary unit of stable value, and is probably willing to accept the policies necessary to achieve this end provided the right kind of information and leadership is dedicated to that objective. However, practical politics being what they are the world over, it is probably necessary that the case for stabilization be pressed by some agency, such as a central bank, that does not have too many obvious political impediments in its path.

This is not an easy prescription to fill. The hurdles are very real, and I shall refrain from making any prediction as to how fast the progress may be in achieving the ultimate goals. Fortunately, there are some favorable factors in the situation. The productive machinery of the free nations is in much better shape than it has been for many years. Also, it is encouraging to note that, at long last, practically all the major countries of the Western World have taken at least the first steps toward more realistic budget and credit policies. The return to more orthodox practices on the part of the United Kingdom is a significant achievement.

The Role of the United States

It is axiomatic that the United States will continue to play a major role in any program involving the ultimate establishment of multilateral trade and the convertibility of currencies. The United States is the economic and financial capital of the free world. The dollar has supplanted sterling as the basic monetary unit for the settlement of world accounts. The countries of Western Europe probably cannot stabilize their currencies if the world economy is affected by major inflation or deflation in the United States. Conversely, a strong and stable economy abroad is in our own best interests.

Having discussed some of the policies which, if put into effect abroad, would materially contribute to international economic stabilization, it is only proper to consider some of our responsibilities in helping to achieve this aim. Every member of our international community, including the United States, must accept the economic disciplines that are the prerequisites of a sound international economy. We will be remiss in our responsibilities if we fail to recognize that we in the United States are contributing in some measure to the economic problems of the Western democracies. In several instances, instead of taking the lead, we have lagged behind foreign countries in applying here at home the sound advice which we have given to others.

(1) Perhaps the greatest single need of the moment in the field of United States policy is to remove some of our trade and tariff barriers that prevent exporters abroad from selling in our markets. If foreign countries are to be successful in stabilizing their currencies, they must have access to dollars; they cannot materially relax their import restrictions and exchange controls if our tariff policy prevents them from earning the dollars so sorely needed for the establishment of a healthy international economy. It is significant that upon the expiration of the Marshall Plan, several foreign countries were forced to tighten their import controls, especially against the dollar area, in order to protect their dollar reserves.

Our position as the world's leading creditor nation makes it incumbent that we reorient our thinking on tariff policy. If we remain unwilling to let our debtors earn dollars by selling their goods and services to us, we shall either gradually lose our foreign markets, or we shall have to continue indefinitely making large loans or grants abroad. Nor can we ignore the fact that our reluctance to buy from abroad may make Western Europe more susceptible to Communist proposals for trade with the area behind the Iron Curtain.

(2) The rearmament of the free world will obviously entail further United States foreign aid for defense purposes. The amount of our aid and its allocation among the countries involved will depend largely upon our mutual appraisal of the international situation and upon the needs of our common defense program. However, our assistance program involves more than the provision of arms; it means large dollar outlays, the letting of defense contracts, and the procurement of supplies and possibly material abroad, all of which have important repercussions upon the foreign economies. Such a program can, therefore, contribute materially to economic stability and progress abroad.

Heretofore, the broad goal of our policy has been to work toward a higher level of foreign production. However, we must constantly bear in mind that sound money, credit and foreign exchange conditions are equally important prerequisites for the attainment of the strong free world which is our aim. If our foreign aid is to achieve these new goals, those charged with carrying out our policies abroad must be specifically advised and directed to press for monetary stabilization. The willingness of our European friends to solve their own problems should not be obstructed by a temporizing attitude on the part of American personal in the foreign service.

(3) If it develops that, in addition, some financial assistance from the United States is required in order to help foreign governments replenish their monetary reserves and facilitate the stabilization of currencies, we should give preference to loans rather than grants. An important consideration is that the use of loan proceeds tends to be more carefully circumscribed and limited to specific objectives. Unilateral aid has played an important and useful role in the early postwar years of relief and rehabilitation, but in a community of nations, there are very real moral and psychological advantages to the debtor-creditor relationship which are absent in the case of outright gifts.

(4) The complexity of these problems indicates that the United States can no longer defer the development of a carefully conceived long-range program of international economic policy. For years, too many government decisions appear to have been made and carried out on an "emergency" basis without integration into a consistent program. Admittedly, we cannot always plan very far ahead in this uncertain world, but all too often steps have been improvised without adequately considering their relations to obvious problems coming up for decision a short time ahead.

(5) Finally, we might consider applying to our own situation some of the remedies we prescribe for our friends. We have made notable progress in the field of production, although even here resistance to new machinery, limitations on output and featherbedding are not unknown. In the fields of fiscal and credit policy, however, our record has been less distinguished. It is probably no exaggeration to say that our own Treasury budget is well-nigh out of control; certainly we have not achieved much success in pruning our government expenses or appropriations. In the field of credit policy, a start has been made in the direction of greater flexibility, but the problem of reconciling credit and debt management policies still remains to be solved. Nor have we been able to foster widespread public understanding of the inflationary implications of many of our policies, nor to break the pernicious wage-price spiral.

These problems of restoring multilateral trade and convertibility of currencies are difficult but they are not insolvable. In a larger sense, we must solve them if we are to build in the free world the economic strength upon which political liberty depends.

Cleveland Security Traders Association

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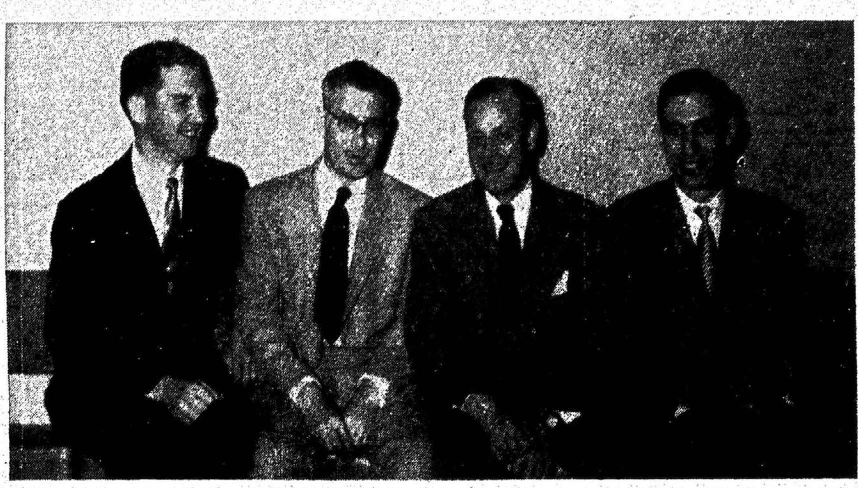

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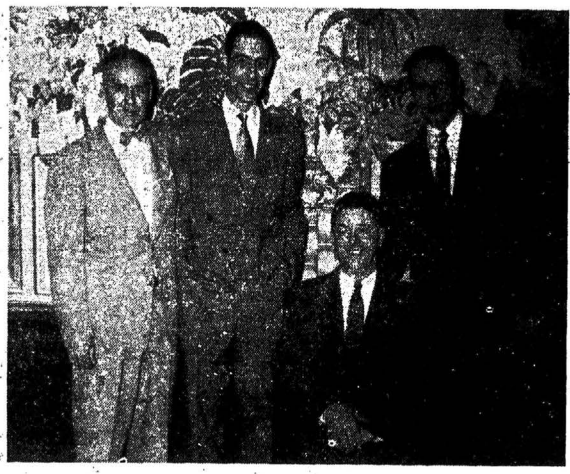
John Montville, *National City Bank of Cleveland*; John Gleason, *Curtiss, House & Co.*

Annual Spring Party April 30th at Allerton Hotel

Russ Keier, *Collin, Norton & Co.,* Toledo; C. J. Odenweller and Frank Judson, *Securities and Exchange Commission*



Russell Wardley, *Fulton, Reid & Co.;* Warren Foster, *Gottron, Russell & Co.;* George Placky, *L. J. Schultz & Co.;* E. Allan King, *Fulton, Reid & Co.*

Ed White, *The Cleveland Trust Co.;* Warren Foster and Dick Probst, *Gottron, Russell & Co.*

John P. Witt, *John P. Witt & Co.;* Mort Cayne, *Cayne & Co.,* at presentation of gift to Mr. Witt

Orin Koeser, *Blyth & Co., Inc.;* Dan Hawkins, *Hawkins & Co.;* Ted Mesisak and Michael Hardony, *Ball, Burge & Kraus*

Frank Marshall, *The First Boston Corporation;* Bob Weaver, *Hornblower & Weeks*

Securities Salesman's Corner

By JOHN DUTTON

A Man Who Knows—Talks About Direct Mail Advertising

Last week at the Hotel Statler in New York, Ferd Nauheim, who is editor and publisher of "Modern Security Sales," Washington, D. C., gave a talk entitled, "Selling Securities to More People with Leather, Lungs and Letters."

For years, many people in the investment business have been seeking a source of ideas that can be applied to their own particular field of advertising. There has been a dearth of understanding of the problems and the opportunities afforded to securities men in the merchandising of their products. What applies in other fields does not always hit the bull's-eye in the promotion of securities. Advertising men can tell you how to sell a bottle of catsup, an automobile, a suit of clothes or a life insurance policy. They can give you tested plans, sure-fire campaigns and copy that will do the job. But go out and try and find an advertising man who can sit down with you in your own office and set up a plan that has what it takes to help you do the job you wish to accomplish—they are hard to find.

If you do find an experienced expert in the advertising field the chances are that he doesn't understand security merchandising. He may know how to set up a series of letters that will stimulate some business, but when it comes to planning a "follow-through" that includes the "follow-up" activities of your sales force, or any of the other vital parts of such a campaign, in most instances he won't know the answers. The reason he won't know them, is that he just is a babe in the woods when it comes to advertising the services of an investment firm.

Nauheim says, "Direct mail is not a means of finding prospects, it is a mean of *elminating* them. Newspaper and radio advertising help you reach the public in general. But if you want to be selective . . . if you have come to the conclusion that you'll do best with certain types of people . . . people in certain occupations . . . certain economic levels . . . or people who live in certain neighborhoods . . . you have three tools that can be put to work for you . . . *shoes—telephones—direct mail.*"

He tells you how to tie up your package. He says, "Eliminate the poor prospects and devote your selling time to the good ones." Then he tells you some things about direct mail advertising that make it work—the how and the why of it. Why you should use a series of letters. Why it takes mailing after mailing to do the job. Why you should keep on the track and not jump around. You have to *live with* direct mail if you want results.

I am not going to try and review this speech here. But some of the things you will want to know are: How to prepare and secure the right lists. The right plan for timing your mailings. How the telephone enters into your campaign. What to put in your letters. How do you make people read and get their reactions. How to get results without overpaying in postage and other costs. How to get action.

Some of the readers of this column are familiar with the work Mr. Nauheim is doing in the Mutual Fund field. His monthly service to dealers known as "Modern Security Sales" includes ideas for sales meetings, sales training, direct mail letters, mats for newspaper advertisements, and even a clearing house for prospects that he is developing among his clients. Prospects secured by advertising, who live in other cities, are sent to MSS. and they are distributed to clients who have offices in those cities.

Schwabacher Adds

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Edward F. Rottman is now with Schwabacher & Co., 600 Market Street, members of the New York and San Francisco Stock Exchanges. He was previously with E. F. Hutton & Co.

Walston, Hoffman Adds

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Manuel J. DeParsia is with Walston, Hoffman & Goodwin, 265 Montgomery Street, members of the New York and San Francisco Stock Exchanges.

Continued from page 15

Is It a Wage Stabilization, Or a Wage Stimulation Board?

at least, what a government agency has said is fair and equitable.

There did not develop the shortage of help that employers expected in the fall of 1950, when they rushed to raise wages and to beat controls. Even without controls, employers' enthusiasm for raising wages had waned greatly by the second quarter of 1951. And since then the Board has added to wage inflation by successive regulations raising still higher its so-called ceilings, and by opening the door to raises above the ceilings by reason of alleged inter-plant inequities, tandem relations, base-pay period abnormalities, and the like.

The Board has greatly stimulated demands for extravagant wage increases by invariably exceeding its own regulations when the pressure was great.

All in all, the Board has proved itself to be not a wage Stabilization Board but a Wage Stimulation Board.

In such cases as Curtiss-Wright and steel, the Board has shown that unions, by coming to the Board, can gain more, both in wages and in compulsory unionism, than they can gain by bargaining and striking.

This being so, every union that can threaten the defense effort will do so in order to get before the Board. Collective bargaining will exist in defense plants in theory only.

That is what happened in World War II when we had the War Labor Board. That is what has happened in the railway industry where we have emergency boards and the National Mediation Board That is what will happen again unless Congress forbids the Wage Board or any other board to handle disputes.

I think Congress should do that, at the very least.

I think it might well go further and abolish the Board altogether. I believe employers themselves will do a better job of stabilizing wages than the Board has done.

Even if this were not the case, I believe the Board's having power to handle dispute cases is such a threat to collective bargaining and to free enterprise as to outweigh any benefits that could result from its stabilizing wages in the future as it has in the past.

Instead of resorting to such expedients as compulsory arbitration, we should break the monopolistic powers of labor unions and require them to bargain company by company and forbid local unions representing employees of a particular company to combine or conspire with the locals representing employees of other companies. Thus, they would not, by shutting down whole industries at a time, bring catastrophies on the country.

Continued from page 3

The Price Indexes as a Guide in Determining Stock Market Trend

ering the divisor, when a split occurs. In the past dozen years, all but eight of the Dow 30 industrial stocks have been split. The net result of all these splits, and the accompanying reductions in the divisor, has been unfortunate.

Let's not go into all of the arithmetic here. Suffice to say that for each share of these eight stocks in the Dow average in 1939, there were over 2¼ shares in the average in April 1952. These stocks are: AC, T, AT, CFG, GE, GF, N, and Z. At the other end of the list we find Eastman Kodak with each 1939 share shrunk to less than one-half share in April, 1952. Other stocks lie in between these extremes with 13 of them less than one share. (See Appendix I.)

What Dow really does when it cuts the divisor at the time of a split, is to retain one share of the new stock, sell the others resulting from the split, and **reinvest the proceeds in all of the 30 stocks on a pro rata basis.** Instead of increasing the holdings of a split stock, Dow cuts them down and then turns around and expands its investment in the unsplit stocks. **That, of course, is adjustment in reverse, and with a bang!** No wonder that many of us market analysts have sand in our eyes! (See Appendix II.)

Another blind man comes stumbling along. Groping for a "feel" of the stock market, he grabs it by the New York "Times" Average (25 Industrials).

This average was started before World War I, in 1911. Obviously it is an antique model. Says the "Times" under recent date: "A simple arithmetical method has been followed in computing the averages in order to avoid the use of dangerous weightings."

Well, what are the facts today? In constructing the "Times" average of 25 industrials now, the price of duPont is multiplied by 14, the price of Air Reduction is multiplied by 9, Allied Chemical by 4, and Eastman Kodak by 5 (and so on for others). These four chemical stocks account for 27% of the entire average (based on prices at a recent date). Think of it — more than a quarter of the average reflects only one industry!

Here is an even worse result. On a recent date, Chrysler contributed more than five times as much to the average as the mammoth General Motors.

That's not all; we find such crazy weightings as these in the N. Y. "Times" average. International Silver is twice as important as U. S. Steel.[1] U. S. Steel itself is less important than Bethlehem; Firestone Tire is weighted five times General Motors. And to cap the climax, one stock alone counter-balances these five big stocks, General Motors, American Telephone, U. S. Steel, Sears Roebuck and Standard Oil, N. J. What stock do you think it is? The answer is **American Can.** Why?

Talk about "dangerous weightings." This looks pretty much like the blind leading the blind. (See Appendix III.)

Still another blind man comes along, with the **New York "Herald Tribune's" (100 stocks) Average**[2] in his hand. He has two perfectly good eyes, but doesn't choose to use them. Rather he accepts what this average reveals to him about the market's performance and position, without knowing its limitations. No doubt he will be surprised to learn that this average is useless in measuring percentage changes in the market. He thinks the rise in this bull market since 1949 has been only 31%. Even the Dow-Jones addict knows better than that. The Dow Average shows a 70% rise, or over twice that of the "Herald Tribune."[3]

The difficulty here is, again, in the way adjustments are made for stock splits. The "Tribune" does this by the additive method. As a result, through the years, a large amount of **deadwood** has accumulated in the average. This is the average to buy if you want a defense against a complete wash-out in the market. If each and every stock in this average went to zero the average would still stand at something over 60. Obviously this is not an average at all. It is rather a balanced fund, with a large **uninvested** portion, amounting to about 60 "Herald Tribune" points.

The Market—Forward

Is there no hope at all? No way to get a good look at the whole elephant? **Can't we even find out where the market is today in relation to where it used to be?**

To do that job we need a market index (or average) which **really shows the changes in the fortunes of the mass of stockholders.** One which automatically takes care of stock splits, thus avoiding the errors in other market averages such as those I have just discussed. One which is free of unrealistic assumptions and unjustifiable weightings — **Standard & Poor's Corp. Market Indexes.**

The stock market indexes of Standard & Poor's Corp. are undoubtedly the soundest and most useful available. They are scientifically constructed, by weighting each stock price according to the number of shares outstanding in the hands of investors. Each index shows the total market value for any date in relation to the value in the base period.

A stock split is "duck soup" to Standard & Poor's. A split which halves the price of a stock doubles the number of outstanding shares, leaving the total market value unchanged. Therefore, these indexes are not distorted by stock splits. They give the best possible picture of the market from the technician's point of view. A penetration of a previous "supply area", for example, means what it says, namely, that all the stockholders combined are now better off (on paper) than they were previously.

Standard & Poor's provide a daily index of 90 stocks, subdivided into 50 industrials, 20 rails and 20 utilities. There is also a very complete set of weekly indexes, containing a total of nearly 500 stocks. **In total market value these are equal to about 81% of the total value of all listed common shares on the New York Stock Exchange.**

A separate group index is published weekly for some 70 different industries. These industry indexes are invaluable to the market analyst, especially under conditions like the present, when there are so many different cross-currents within the general market. These group indexes enable the analyst to compare changes already recorded by the market with the economic changes or trends he detects or estimates within a specific industry. In this way it is possible to make more intelligent projections of future market trends.

(Last year the Securities & Exchange Commission began publishing its own series of weekly stock market indexes. The Commission showed good judgment in adopting the basic method of Standard & Poor's, that is, weighting each stock price by the number of shares outstanding.)

The Whole Elephant

Now to get back to our elephant. Here is the way the market looks to me, backward and forward, using Standard & Poor's indexes.

(1) As a group, Industrial Stocks[4] in 1952 slightly exceeded their previous all-time high set in 1951, which also exceeded the 1929 top.

This fact is important. It is not just an academic matter. It means that **the psychology of the typical holder of the typical portfolio is favorable,** because he has a paper profit **no matter when he bought it.**

(2) Since prewar (Sept. 1939) the advance in Industrials has amounted to 105%.[4]

Of course, that is measured in paper dollars. Adjustment to allow for the shrinkage in value of money brings this rise down to only 9%.

(3) Obviously, the market has given very little response to other economic factors in this 12-year period of war-boom and post-war boom. On balance, there has been no speculation about the future, merely recognition that the dollar has fallen in value.

(4) Industrials are now selling at only 10 times earnings, and dividend yields average 6%.

Earnings could fall 20%, and prices at current levels would be only 12½ times such earnings—a low ratio in comparison with previous bull markets.

(5) The oscillating pattern of the composite index during recent months probably includes allowance for a Korean truce, which has been dangling over the market last July.

(6) In general, the market appears to be on solid ground. At present, there is **no convincing basis for expecting a major decline.**

(7) On the other hand, there are so many divergent industrial trends within the market, as re-

1 International Silver has only 364,792 shares outstanding; total market value about $17,000,000. U. S. Steel has 26,106,756 shares, worth over a billion dollars, or 60 times as much as International Silver.

2 Includes 30 rails.

3 Dow-Jones 1952 high 275.40; 1949 low, 161.60, advance 70%. Herald-Tribune 1952 high 149.44; 1949 low, 114.07, advance 31%.

4 Standard & Poor's Weekly index of industrials: 1952 high, 207.5; 1951 high, 206.7; Sept. 1939, 101.3; 1929 high, 197.7. Base, 1935-39 equals 100.

APPENDIX I

Dow-Jones Industrial Average—1951-52 Versus 1939

For each share of the following eight stocks in the average in 1939, there were 2.3124 shares in the average in April, 1952, (also in December, 1951):

AC, T, AT, CFG, GE, GF, N, Z. (These are the stocks having had no splits in period 1939-1951 and to April, 1952.)

Dropping the divisor used by Dow in computing the average (from 15.1 in 1939 to 6.53 now) is tantamount to increasing holdings of each 1939 share to 2.3124 shares in 1951. (15.1 divided by 6.53 equals 2.3124.)

Similar computations for the other 22 stocks show:

No. of Shares in Dow-Jones Indust. Avg. Dec., 1939	Stock Symbol (and split)	‡No. of 1939-Equivalent Shares in Dow-Jones Avg. Dec., 1951
1	UR (split 6-for-5)	*1.9270
1	PG (split 1.5-for-1)	1.5416
1	C, GM, GT, SD, J, TX (split 2-for-1)	1.1562
1	AR (split 2.4-for-1)	.9633
1	BS, HR, JM, LW, DR, NS, UK, X (split 3-for-1)	.7708
1	ACD, DD, S, WX (split 4-for-1)	.5781
1	EK (split 5-for-1)	† .4625

What Dow really does when it cuts the divisor at the time of a split is to retain one share of the new stock, sell the others resulting from the split, and reinvest the proceeds in all of the 30 stocks on a pro rata basis. Instead of increasing the holdings of a split stock, Dow actually cuts them down and then turns around and expands its investment in the non-split stocks. *That is "adjustment" in reverse.*

*Computed by taking 5/6 of 2.3124. (Derivation and meaning of figure 2.3124 is explained above.) †Computed by taking ⅕ of 2.3124. Similarly for other data, using appropriate split ratios. ‡Also, in April, 1952.

NOTE—See Appendix II for proof of validity of "weights" shown above.

APPENDIX II

Dow-Jones Industrial Average

(Practical Verification of Weights Cited in Appendix I)

Market Value of 1 Sh. of Each Dec. 30,'39	Mkt. Value of one 1939 Sh. of Each Dec. 31,'51	30 DOW-JONES STOCKS	Market Value Weighted by No. of Shs. Dec. 31,'51
		8 Stocks Not Split in 1939-51	
$599.375	$591.75	AC, T, ATB, CFG, GE, GF, N, Z—Value of 2.3124 shares of each (2.3124 times 591.75)	$1,368.36
		Split 1.2-for-1 (20% Stock Div.):	
46.75	37.95	United Aircraft—Value of 1.9270 shs. (1.9270 times 37.95)	73.13
		Split 1.5-for-1:	
66.00	99.75	Procter & Gamble—Value of 1.5416 shares (1.5416 times 99.75)	153.77
		6 Stocks Split 2-for-1:	
280.25	697.50	C, GM, GT, SD, J, TX—Value of 1.1562 shares of each (1.1562 times 697.50)	806.45
		Split 2.4-for-1 (Combination of 6-for-5 in '47 and 2-for-1 in '45):	
50.75	114.30	American Smelting—Value of .9633 shares (.9633 times 114.30)	110.11
		8 Stocks Split 3-for-1:	
498.25	1,087.50	BS, HR, JM, LW, DR, NS, UK, X—Value of .7708 shares of each (.7708 times 1087.50)	838.24
		4 Stocks Split 4-for-1:	
560.375	1,053.50	ACD, DD, S, WX—Value of .5781 shares of each (.5781 times 1053.50)	609.03
		Split 5-for-1:	
166.875	230.00	Eastman Kodak—Value of .4625 shs. (.4625 times 230.00)	106.375
†$2,268.625		Total 30 Dow-Jones Industrials	‡$4,065.460

$$\dagger \frac{2268.625}{15.1^*} = 150.24$$ (This is Dow-Jones published average for Dec. 30, 1939.)

$$\ddagger \frac{4065.460}{15.1^*} = 269.23$$ (This is Dow-Jones average as computed above for Dec. 31, 1951, by using weights shown in Appendix I and dividing by 15.1, same divisor as used by Dow in 1939. It checks exactly with the Dow Average as published, which used one 1951 share of each stock and a divisor of 6.53.)

*15.1 is the divisor used by Dow-Jones in computing the average at end of 1939.

APPENDIX III

N. Y. "Times" 25 Industrial Stocks

*Multiplier	STOCK	Closing Price Mar. 25, '52	Multiplier Times Price	Percent of Total
9	Air Reduction	25.875	232.875	3.25%
4	Allied Chemical	71.75	287	4.01
6	American Can	125.25	751.50	10.49
1	American Tel. & Tel.	154	154	2.15
2	American Tobacco	58.625	117.25	1.64
3	Bethlehem Steel	49.25	147.75	2.06
5	Caterpillar Tractor	49.875	249.375	3.48
8	Chrysler	74.125	593	8.28
2	Douglas Aircraft	57.125	114.25	1.60
14	du Pont	84.75	1,186.50	16.56
5	Eastman Kodak	43.25	216.25	3.02
10	Firestone	58	580	8.10
4	General Electric	57.875	231.50	3.23
3	General Mills	57.5	172.50	2.41
2	General Motors	53.5	107	1.49
2	Ingersoll-Rand	83.5	167	2.33
1	International Business Machines	191	191	2.67
12	International Harvester	33.125	397.50	5.55
4	International Silver	58	232	3.24
3	Johns-Manville	68.5	205.50	2.87
3	Penney, J. C.	66.75	200.25	2.80
4	Sears Roebuck	53	212	2.96
2	Standard Oil, N. J.	75.75	151.5	2.11
3	U. S. Steel	39	117	1.63
4	Westinghouse Electric	37	148	2.07
	Total		7,162.50	100.00%

Total 7162.60 divided by 25 equals 286.5

(Published average March 25, 1952—286.51)

*These are the multipliers (or weights) used by the New York "Times" in compiling this average.

Note right-hand column "Percent of Total." Observe that Chrysler contributed more than 5 times as much to the average as did General Motors; International Silver, twice as much as U. S. Steel. American Can, with over 10%, counter-balanced all five of these big stocks combined: General Motors, American Telephone, U. S. Steel, Sears Roebuck and Standard Oil, N. J. Obviously, these weightings have no rhyme or reason. They have no relationship to the importance, size, or value of the different companies.

vealed by Standard & Poor's group indexes, that **the basis is also lacking for expecting a substantial unswing in general prices.** It would seem to require some important outside development, perhaps in the realm of inflation or the election, to generate any important broad swing in prices from here.

(8) Several depressed groups may be about ready to swing upward, including Motion Pictures, Apparel and certain Textiles. Right now some of the most promising stock groups appear to be these: **Retail Trade, Farm Machinery, Fire Insurance, Automotive, Oil Producers,** and **Electronics.**

(9) These forecasts are tentative, and subject to change in the future, as investors continue to reveal their hopes and fears, their buying and selling preferences, through **Standard & Poor's stock market indexes.**

FHLB Notes on Market

Public offering of $75,400,000 Federal Home Loan Banks 2% series A-1953 consolidated notes, non-callable, dated May 15, 1952, and due Feb. 16, 1953, was made on May 6 through Everett Smith, fiscal agent, New York City. The notes are priced at par.

Proceeds from the offering will be used to refund $75,400,000 of the $92,500,000 Federal Home Loan Banks 2.20% series D-1952 consolidated notes maturing May 15, 1952. The remaining $17,100,000 of the maturing issue will be retired from the cash resources of the Banks.

Upon completion of the present financing, outstanding consolidated obligations of the Federal Home Loan Banks will have been reduced to $258,900,000, representing a reduction of $270,600,000, or 51.1% from the total of $529,500,000 notes outstanding on Dec. 31, 1951.

Delivery of the notes may be made either at the Federal Reserve Bank of New York, the Federal Reserve Bank of Chicago, or both at the option of the subscriber.

Los Angeles Analysts Hosts to Nat'l Group

LOS ANGELES, Calif. — The Los Angeles Society of Security Analysts will be host to the National Federation of Security Analysts at the closing dinner to be held 8 p.m. May 9 at the Hotel Ambassador.

Speakers will include Walter Podolak, Stern, Frank, Meyer & Fox, President of the Los Angeles Society; W. G. Paul, President of the Los Angeles Stock Exchange; Harry W. Strangman, Douglas Aircraft Corporation, and Y. Frank Freeman, Paramount Pictures Corporation, and President of the Motion Producers Association.

The Los Angeles Stock Exchange, it is announced, will be host at a cocktail party preceding the dinner, from 4.30 p.m. to 6:30 p.m. at the Exchange Building. After the cocktail party buses will provide transportation to the Ambassador Hotel.

W. D. Van Voorhees Opens

WEST ORANGE, N. J.—Willard D. Van Voorhees is engaging in the securities business from offices at 99 Northfield Road.

E. A. Nippold Opens

FT. WORTH, Tex.—E. A. Nippold is engaging in the securities business from offices at 3017 Lubbock Avenue.

F. A. McDougald

Frank Alexander McDougald, associated with Reynolds & Co. in their syndicate department, passed away suddenly at the age of 50.

Continued from page 5

The State of Trade and Industry

Steelmaking operations this week are scheduled at 81% of rated capacity, or an increase of 32 points from last week's revised rate, "The Iron Age" reports. Output is expected to reach about 95% of capacity by Wednesday, and after that it will climb slowly.

Steel Output Operating Rate for Current Week to Be Delayed Due to Rescheduling Difficulties

This week the day of plenty of steel for all was shoved further into the future by the steelworkers' strike. This means you'll have to live longer with government controls, says "Steel," the weekly magazine of metalworking. In 1950, when it appeared steel supply was just about in line with demand, the outbreak of the Korean war touched off a buying spree. The steel industry had just about worked out from under this load when a strike threat a month ago cut steel production sharply. Last week, just as the industry got operations back up to capacity levels, it was hit by a steelworkers' strike, this trade journal notes.

While supply of some products, notably bars and heavy plates, was still extremely short, the overall balance of supply and demand was near enough that the steel industry was working on a plan for complete decontrol of steel distribution. This plan differs sharply from the National Production Authority's mere loosening of controls.

The aggressive action by the industry was being taken to counteract opinion of some Congressmen that modified controls should remain on steel, continues "Steel."

The industry's proposal probably would be that first the ticket system be abandoned progressively, freeing consumers to use the available supply of steel, as they wish. Then, control over the quantities of each steel product which can be turned out would be abandoned.

The industry feared that continuation of controls would hamper civilian durable goods production sufficiently to necessitate a cutback in steel production, this trade paper adds.

The growth of consumers' inventories steel contributed to the steel industry's interest in devising a plan to remove controls. This inventory situation provides a clue to a question that arose with the strike last week: How long can metalworking plants continue to operate, this magazine asks?

In the last 14 months, 9% of the steel shipped went into inventories, and just prior to the production interruption a month ago the steel tonnage in inventory and in process had reached the highest point in history, says an industry spokesman.

Most metalworking plants had enough steel to run at least three weeks. Others, including the automobile producers, had around a four-week supply. But the auto companies, like many other manufacturers, are dependent to a considerable extent on parts suppliers. The supplier with the smallest steel inventory holds the key as to how long the plant he supplies can run.

A few days before the steelworkers' strike started, the National Production Authority announced its was preparing to remove second quality carbon steel from the list of controlled materials for the fourth quarter of this year.

Further indication that the pinch on steel was easing before the strike is the report by the American Institute of Steel Construction that tonnage of fabricated structural steel ordered in March declined 3.5% below that of February.

The American Iron and Steel Institute announced this week that no estimate of the steel industry's operating rate for the current week could be provided on Monday (May 5) due to the difficulties of rescheduling production. The Institute added that an effort will be made later this week to provide the production statistics.

Last week the operating rate of steel companies having 93% of the steelmaking capacity for the entire industry was scheduled at 100.6% of capacity, equivalent to 2,090,000 tons of ingots and steel for castings, or an increase of 0.2 of a point above the previous week's actual production of 2,087,000 tons, or 100.5% (actual) of rated capacity.

A month ago output stood at 102.1%, or 2,120,000 tons. Comparative figures for the like week a year ago were 104.0% of the smaller capacity then existing for an output of 2,079,000 tons.

Car Loadings Advance Further in Latest Week

Loadings of revenue freight for the week ended April 26, 1952, totaled 779,402 cars, according to the Association of American Railroads, representing an increase of 44,305 cars, or 6% above the preceding week.

The week's total also represented a decrease of 45,260 cars, or 5.5% below the corresponding week a year ago, but an increase of 34,107 cars, or 4.6% above the comparable period in 1950.

Electric Output Declines in Latest Week

The amount of electric energy distributed by the electric light and power industry for the week ended May 3, 1952, was estimated at 6,985,000 kwh. (preliminary figure) according to the Edison Electric Institute.

The current total was 149,844,000 kwh. below that of the preceding week when actual output amounted to 7,134,844,000 kwh. It was 425,300,000 kwh., or 6.5% above the total output for the week ended May 5, 1951, and 1,113,316,000 kwh. in excess of the output reported for the corresponding period two years ago.

U. S. Auto Output Declined 2.6% the Past Week

Passenger car production in the United States the past week, according to "Ward's Automotive Reports," dropped to 95,253 units, compared with the previous week's total of 97,828 (revised) units, and 115,339 units in the like week a year ago.

Passenger car production in the United States slipped last week 2.6% under the previous week's figure and was close to 17% below the level for the like week a year ago.

Total output for the current week was made up of 95,253 cars and 25,120 trucks built in the United States, against 97,828 cars and 27,004 trucks (revised) last week and 115,339 cars and 29,491 trucks in the comparable period a year ago.

Canadian output last week turned out 6,340 cars and 3,395 trucks, against 6,332 cars and 2,966 trucks in the preceding week and 7,026 cars and 2,667 trucks in the similar period of a year ago.

Business Failures Extend Downward Trend

Commercial and industrial failures dipped to 150 in the week ended May 1 from 168 in the preceding week, Dun & Bradstreet, Inc., states. Casualties were slightly less numerous than a year ago when 163 occurred in the comparable week. They were down more sharply from the 1950 total of 199 and the prewar level of 281 in 1939.

Wholesale Food Price Index Makes First Gain in 7 Weeks

A slight rise in the Dun & Bradstreet wholesale food price index last week marked the first upward movement in seven weeks. The index for April 29 advanced to $6.33, from the 22-month low of $6.31 touched the week before. It compared with $7.14 on the corresponding date a year ago, or a drop of 11.3%.

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 Average Drops to 18-Month Low

The decline in the general price level continued through the past week, bringing the Dun & Bradstreet daily wholesale commodity price index to the lowest level since early November, 1950. The April 30 index at 294.96, compared with 297.69 a week earlier, and marked a drop of 8.3% from 321.77 a year ago.

Grain markets continued weak with most cereals showing moderate losses for the week.

Easiness in wheat reflected less active domestic demand and general weakness in other commodities as well as continued favorable new crop prospects despite flood damage in some areas.

Wheat received some support also through continued heavy export shipments and the government report showing stocks of wheat in all positions as of April 1 at 521,000,000 bushels, or about 25% less than a year ago. Cash corn prices were relatively firm and moved in a narrow range. Some improvement in the corn-hog feed ratio was noted recently and consumption of feed is expected to continue heavy for some time. Export business in corn was slow. Activity in grain futures broadened considerably last week. Daily average purchases on the Chicago Board of Trade totaled about 43,000,000 bushels, compared with 40,000,000 a week earlier, and 26,000,000 in the same week last year.

Domestic flour business continued to lag with bakers and jobbers ordering only necessary replacements despite further price reductions and discounts by mills.

A continued lag in shipping directions has necessitated further curtailment of operations at some mills. The cocoa market was firm and higher, aided by reports that Germany had purchased substantial quantities of Accra cocoa from dealers here at prices above United States ceilings.

Trends in sugar were mixed with spot raws unchanged from a week ago. Demand for refined sugar was moderate at steady prices. Lard developed a better undertone toward the close of the week, reflecting recent strength in hog markets and a slightly firmer trend in fats and vegetable oils.

Cotton prices continued to work irregularly downward in light trading during the past week. There was considerable liquidation in the early part of the week influenced by easiness in spot markets, the failure of the goods market to show improvement, and indications that the supply position of the staple toward the close of the current season will not be as tight as had been predicted. Activity in the ten spot markets declined sharply last week with sales totaling 59,400 bales, compared with 73,400 a week earlier, and with 47,600 in the corresponding week last year. Inquiries from domestic mills were less numerous with buying restricted to small lots for nearby delivery. Foreign demand and sales for export continued slow. Although a tapering off in exports of cotton is looked for during the next few months, the total for the 1951-1952 season is expected to reach the largest volume in twelve years.

Trade Volume Adversely Affected by Bad Weather and Labor Unrest

Shopping slipped slightly in the period ended on Wednesday of last week as prolonged rains and labor unrest dampened the consumers' interest in many parts of the nation. As during recent months, most merchants were unable to equal the high retail sales figures of a year earlier, although the national sales pattern was quite mixed with some sections reporting sizable gains.

Total retail sales volume in the nation in the week was estimated by Dun & Bradstreet, Inc., to be from 3% below to 1% above the comparable 1951 level. Regional estimates varied from the corresponding levels of a year ago by the following percentages: New England —3 to —7; East 0 to —4; South and Northwest 0 to +4; Midwest —1 to —5; Southwest +1 to +5 and Pacific Coast —2 to —6.

Despite many aggressive promotions, the interest in apparel faltered perceptibly last week and was somewhat less active than in the similar week a year before.

Department store sales on a countrywide basis, as taken from the Federal Reserve Board's index for the week ended April 26, 1952, advanced 4% from the like period of last year. In the preceding week a decrease of 1% was registered below the like period a year ago. For the four weeks ended April 26, 1952, sales rose 5%. For the period Jan. 1 to April 26, 1952, department store sales registered a decline of 6% below the like period of the preceding year.

Retail trade in New York the past week dropped about 7% below the level of the like period in 1951. This decline was due in good measure to heavy buying in the latter period to avoid the new 3% city sales tax which was to take effect on May 1.

According to the Federal Reserve Board's index, department store sales in New York City for the weekly period ended April 26, 1952, decreased 3% below the like period of last year. In the preceding week a decline of 5% (revised) was recorded from that of the similar week of 1951, while for the four weeks ended April 26, 1952, a decrease of 1% was registered below the level of a year ago. For the period Jan. 1 to April 26, 1952, volume declined 11% under the like period of the preceding year.

INVESTMENT COMPANY REPORTS SUMMARIZED

Reporting Company—	For Qtr. Ending	Net Assets: On Reporting Date	Net Assets: Compared with		Assets per Share: On Reporting Date	Assets per Share: Beg. of Per. Cov'd
Aberdeen Fund	Mar 31	$3,285,890	--------		$0.94	----
Blue Ridge Mutual Fund	Mar 31	22,151,359	$24,213,785	Dec 31	9.84	----*
Bowling Green Fund	Mar 31	814,346	797,410	Dec 31	9.15	$9.06
Broad Street Investing	Mar 31	26,653,111	24,250,467	Dec 31	22.53	21.57
Composite Fund	Apr 22	1,578,238	1,309,456	Oct 31	12.63	12.46
Composite Bond & Stock	Mar 24	3,260,569	3,210,623	Dec 31	15.54	15.34
Dividend Shares	Mar 31	107,627,151	93,368,960	Year Ago	1.91	1.80
Eaton & Howard Bal. Fund	Mar 31	83,867,889	77,727,899	Dec 31	32.03	30.99
Eaton & Howard Stock Fund	Mar 31	13,671,608	12,570,377	Dec 31	23.34	22.86
Fidelity Fund	Mar 31	70,905,958	48,749,633	Year Ago	17.92	----
Fundamental Investors	Mar 31	127,755,314	115,474,863	Dec 31	20.27	19.55
Hudson Fund	Mar 31	3,376,328	3,075,581	Dec 31	23.92	23.43
Incorporated Investors	Mar 31	123,123,475	111,939,404	Dec 31	11.43	10.72
Investment Co. of America	Mar 31	17,824,279	13,222,979	Dec 31	12.07	11.93
Johnston Mutual Fund	Mar 31	1,544,642	1,331,568	Dec 31	31.29	30.81
Keystone Custodian B-4	Mar 31	36,497,988	34,792,285	Sep 30	11.11	11.02
Keystone Custodian S-1	Mar 31	4,454,128	4,164,562	Sep 30	34.57	33.18
Massachusetts Life Fund	Mar 31	14,875,444	13,420,873	Year Ago	28.50	27.26
Mutual Fund of Boston	Mar 31	2,069,647	--------		15.02	14.84
National Investors	Mar 31	28,657,681	27,150,752	Dec 31	12.55	12.36
Nation-Wide Securities	Mar 31	19,077,042	16,649,570	Year Ago	15.50	14.99
Pell, de Vegh Mutual Fund	Mar 31	1,250,046	1,099,290	Dec 31	33.62	32.89
Pine Street Fund	Mar 31	4,906,762	3,375,685	Year Ago	14.67	13.69
George Putnam Fund	Mar 31	54,800,000	51,700,000	Dec 31	18.80	18.41
State Street Investment	Mar 31	111,809,103	106,912,539	Dec 31	61.92	59.21
T. Rowe Price Growth Stk Fd.	Mar 31	1,427,473	1,203,417	Dec 31	32.59	32.62

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:

May 11: George Putnam, Putnam Management Co., "The Prudent Man and The Prudent Institution."

May 18: Henry J. Simonson, Jr., National Securities & Research Corp., "The Business Outlook."

May 25: Herbert R. Anderson, President of Distributors Group, Inc., "Your Investment Target."

June 1. Merrill Griswold, Chairman of Board of Trustees, Massachusetts Investors Trust, "Investing Your Money."

June 8: Fred E. Brown, Jr., 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. Sholley, The Keystone Co. of Boston; S. Waldo Coleman, Commonwealth Investment Company.

Mutual Fund Notes

Mutual funds may be printing simpler and shorter prospectuses if revisions presently being considered by the Securities and Exchange Commission are adopted.

The SEC has posted notice for revisions of its forms NO8B-1 and S-5 and an amendment to the General Rules and Regulations.

Form N-8B-1, relating to the Investment Company Act of 1940, is used only once when open-end investment companies make their first registration.

For subsequent registrations, mutual funds file form S-5, under the Securities Act of 1933.

In form N-8B-1, the SEC proposes to omit much of the historical information regarding the operations of investment companies. Since the form is now chiefly applicable to newly-organized open-end investment companies, the Commission believes the work involved can be materially lessened. Originally, the historical information was of primary importance because it related to the operation of investment companies at the time the Investment Company Act was passed. This is the first revision of this form since its adoption in 1941.

Form S-5 is being revised in line with the proposed revisions N-8B-1. This form is used for the registration of securities under the SEC Act of 1933 by open-end investment companies already registered on N-8B-1.

The SEC is also thinking of amending various rules relating to the preparation and filing of registration statements and reports. Primarily, these will concern the incorporation into the General Rules of certain definitions and other requirements which were previously contained in the various registration statement forms and reports.

REPUBLIC INVESTORS Fund is believed to be the first open-end investment company which can supply venture capital to America's expanding economy. Shareholders at the last annual meeting voted to permit the investment of 10% of the fund's gross assets in new business enterprises. The step was taken in order to increase the appreciation possibilities of the fund. The fund is also able to operate under income and capital leverage through the device of borrowed money. Presently, however, this acceleration factor is offset by the fund's holding of cash and high-grade securities.

IRA HAUPT & COMPANY, a large New York mutual fund retailer, announced this week that the firm was opening a midtown office at 724 Fifth Avenue. The new office, which will specialize in the sale of mutual funds, will be under the management of Maurice Glaubach, Ira Haupt's leading mutual funds salesman.

While the office will specialize in the sale of mutual funds, it will also handle normal brokerage business.

PERSONAL PROGRESS

"FROM SALESMAN to branch manager in two years is just another indication of the wonderful opportunities in the mutual funds field," Anthony Reinach stated, as his firm announced the appointment of Maurice Glaubach as manager of a new branch office.

OFFICERS and Directors of the newly organized Commonwealth Stock Fund are S. Waldo Coleman, President; George E. Crothers, Douglas R. Johnston and Lewis V. Coleman, Vice-Presidents; and Robert L. Cody, Vice-President and Secretary-Treasurer.

The company's Directors are S. Waldo Coleman, Roy W. Cloud, George E. Crothers, Alan Field and Charles Kendrick. The officers and directors hold like positions with Commonwealth Investment Company.

NEW PROSPECTUSES

COMPOSITE Bond & Stock Fund's newest prospectus is dated April 9, 1952, and is available from 601 Riverside Avenue, Spokane, Wash.

REPUBLIC INVESTORS' April 12, 1950, prospectus was revised on May 1, 1952. Write to 15 William Street, New York 5, New York.

WALL STREET INVESTING Corporation's latest prospectus is dated May 1, 1952, and is available from 1 Wall Street, New York 5, New York.

SEC REGISTRATIONS

BOSTON FUND on April 30 filed a registration statement with the Securities and Exchange Commission covering 1,000,000 shares of capital stock to be offered through Vance, Sanders & Co., Boston.

Mutual Funds

By ROBERT R. RICH

Institutions' Thirst for Common Stocks Analyzed

The institutional demand for common stocks is still growing and could become quite pronounced in the event of recessions in business and in new money financing at a time when public savings are at a high rate, A. Moyer Kulp said Friday at the Fifth Annual Convention of the National Federation of Financial Analysts Societies.

The demand for common stocks, he said, comes from mutual and pension funds. It also springs from the recent authorization permitting life insurance companies and savings banks to invest in common stocks.

"We appear," he said, "to have entered a new phase in our financial history whereby a portion of the mass savings is becoming institutionalized in equities as well as dollars."

Mr. Kulp pointed out that if only a modest percentage of the savings now frozen in these large institutions is invested in common stocks, their effect on the stock market may become quite pronounced because of the concentrated demand for a few high grade issues.

Possible effects of this institutional demand, he remarked, are: (1) A powerful influence in increasing price-earnings ratios and in reducing the high yield over fixed-income bearing securities. (2) Dividend yield will be more important in determining stock price because the largest institutions are income shoppers. (3) A cushion for market declines, and (4) Greater stability. Mr. Kulp is an executive of Wellington Fund.

Periodic Investment Plan Begun by Group Securities

Group Securities, manager of 22 mutual funds with net assets exceeding $60,000,000, announced this week the start of its new Periodic Investment Plan. The plan is designed for investors who wish to establish, and increase with regularly scheduled payments, an investment account with any one or combination of Group Securities' five funds and seventeen industry classes.

Features of the New Periodic Plan: The investor can begin a plan with first payment of as little as $100, and with subsequent payments of not less than $25. The investor is free to choose the investment intervals for later payments. Range is from one month to a year. Although the investor is reminded regularly, at no extra cost, that he has "promised himself" to set aside a certain amount, he is under no obligation to maintain payments and suffers no penalty charge if he fails to honor his investment schedule. The investor is free to change his selection from one fund to the other.

Dividends and capital gains payments are reinvested automatically at net asset value.

In addition to its seventeen industry classes, the five funds of Group Securities are: The Institutional Bond Fund, comprising only "legal" type bonds; General Bond Fund, invested in discount bonds offering a relatively higher rate of return; Common Stock Fund, with a portfolio of widely-diversified, dividend-paying common stocks; Low-Priced Stock Fund, holding aggressive investments in volatile stocks; Fully Administered Fund, a "balanced" fund, investing in all types of securities and presently about 60% invested in price-stable bonds and 40% in common stocks.

For dealers and others, Group Securities has prepared a comprehensive sales portfolio, which can be had at no obligation from 63 Wall Street, New York 5, New York.

New Fund Organized by Commonwealth Investment Group

North American Securities Company, managers of the $48 million Commonwealth Investment Company, announced Tuesday the organization of Commonwealth Stock Fund. The fund, to be managed and distributed by North American, is now in registration with the Securities & Exchange Commission.

Detailed information about the fund will be given to dealers late in June, and in August a public offering of 250,000 shares will begin.

Commonwealth Stock Fund's investment objective is long-term capital appreciation, with emphasis upon common stocks of well-established companies whose growth possibilities appear to be greater than average.

Capitalization of the new fund is one million shares of $1 par value common stock.

Kidder, Peabody's Radio Series to Be Rebroadcast

The impact and coverage of "Your Money At Work," Kidder, Peabody's Sunday morning radio program, will increase greatly this next week as rebroadcasts are made in Boston and Wichita, Kansas. Rebroadcast is also scheduled soon for Chicago.

Beginning Sunday, May 11, the radio series will be heard over Boston's radio station WHDH from 6:40 to 6:55 p.m., following an evening news broadcast. The program will be sponsored by the firm's Boston office.

In Wichita, the Small-Milburn Company will also begin rebroadcasting the series this Sunday.

Meanwhile, Milton Fox-Martin, mutual funds manager for the New York office, reports that inquiries totaling several hundreds a week, are being obtained at a consistently lower cost than that for any other media the department has tried. Quality of the sales leads is generally excellent.

Putnam Fund Telegraphs Congratulations to Steel Leaders

Trustees of George Putnam Fund of Boston telegraphed the chiefs of leading steel companies commending them for the courageous stand they are taking in the present steel controversy.

"As trustees responsible for millions of dollars of people's savings invested in the securities of American industries," the fund's trustees telegraphed, "we commend you for the courageous stand you are taking in the present steel controversy.

"Investors everywhere should support your efforts to halt this drift to state socialization of industry and dictation by politically-minded bureaucracy."

The telegram continued, "As former Defense Mobilizer Wilson said recently, 'There are some things that are worse than a strike.'

"We hope you will continue to fight for what is best for the country and fair to the owners of your business, as well as to your employees."

INVESTMENT COMPANY 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
Axe-Houghton Fund A	10c	$9.68	5-26	5-15
Bullock Fund	25c	23.24	6- 2	5-15
Composite Fund	7c	12.56	4-30	4-22
Consolidated Diversified Standard Securities, Ltd.				
$2.50 non-cum., preferred*	75c*	----	6-30	5-30
Equity Corp., $2 preferred	50c	32⅛	6- 1	5-12
First York Corp., $2 preferred—				
Semi-annual	$1.00	32¼	7- 1	6- 6
Hamilton Trust Shares (Denver)—				
Beneficial interest	8c	----	4-30	3.31
Group Securities Funds—				
Institutional bond	7c	9.42	5-31	5-16
General bond	10c	8.56	"	"
Fully administered	7c	7.86	"	"
Common stock	12c	8.31	"	"
Low priced stock	8c	6.91	"	"
Group Securities Industry Classes—				
Automobile	11c	7.51	"	"
Aviation	10c	8.20	"	"
Building	12c	8.60	"	"
Chemical	7c	8.83	"	"
Electrical equipment	17c	13.70	"	"
Food	6c	4.95	"	"
Industrial machinery	14c	9.06	"	"
Investing company	15c	12.91	"	"
Merchandising	11c	8.27	"	"
Mining	10c	7.12	"	"
Petroleum	14c	14.05	"	"
Railroad bond	3c	2.72	"	"
Railroad equipment	8c	4.51	"	"
Railroad stock	10c	7.40	"	"
Steel	11c	6.90	"	"
Tobacco	6c	3.87	"	"
Utilities	8c	6.42	"	"
Investors Stock Fund	18c	----	5-21	4-30
Wisconsin Investment Company	4c	4.15	5-31	5- 6
North American Investment Corp.—				
6% preferred (quar.)	37½c	----	6-20	5-29
5½% preferred (quar.)	34⅜c	----	6-20	5-29
York Corp. common	25c	18½	7- 1	6-13
4½% preferred (quar.)	56¼c	44½	7- 1	6-13

*Payable in Canadian funds; tax deductions at source. Non-resident tax 15%; resident tax 7%.

Continued from page 2

The Security I Like Best

ent $0.60 annual dividend rate increased somewhat before long, although with further plans for expansion, we would not be inclined to expect more than an 80% payout at this time. The company's expansion program calls for a further expenditure of approximately $18 million during 1952 and 1953. Assuming that all of the debentures are converted into common stock, which seems likely in view of the higher earnings trend and the prospect of an increased dividend, financing can be accomplished by means of retained earnings and the sale of senior securities. Thus, no further dilution appears likely for at least the next two years.

Returning to the matter of dividends, there is a point of special interest for long-term investors. Although the company reports a substantial earned surplus at the year end, due largely to the fact that depreciation charged for tax purposes exceeds that charged for corporate purposes, and credits taken for interest charged to construction are not taxable income, earned surplus for tax purposes was insufficient to completely cover dividends paid during the year. Therefore, 40.19% of the dividend disbursed to the common shareholders last year is considered to be a return of capital. Furthermore, due largely to similar circumstances, varying portions of dividends over the past 12 years have been non-taxable. The record follows:

Year—	Dividend	% Non-Taxable
1951	$0.60	40.19
1950	0.56	19.5393
1949	0.52	9.9045
1948	0.52	37.4071
1947	0.52	11.902
1946	0.51	----
1945	0.48	2.461
1944	0.53	15.54
1943	0.68	10.9103
1942	0.68	15.7475
1941	0.74	94.8317
1940	0.80	14.09231

While it is difficult to project with any degree of accuracy, it would appear that a portion of dividends to be disbursed in 1952 may also be considered a return of capital on the same basis. Since credits for interest charged to construction will be smaller, however, and earnings will be higher, the percentage of dividends nontaxable this year will likely be smaller than in 1951. Looking ahead to 1953 and 1954, when the company's expansion will again be accelerated, interest charged to construction should increase and it is likely that in those years, unless depreciation accounting for tax purposes is altered, the portion of dividends considered a return of capital should increase from the percentage so considered in 1952.

Beyond that, the company has received permission to accelerate amortization of 40% some $11 million of new facilities. Thus the company has the privilege of increasing its depreciation charge for tax purposes at the rate of about $800,000 annually for five years. Since the new facility is scheduled to go on the line in late 1954, the tax advantages would accrue for the years 1955 through 1959. Thus, if the option to accelerate is utilized and the tax laws remain unchanged, a still larger proportion of dividends in the years 1955 through 1959 could be considered a return of capital.

Public Utility Securities

By OWEN ELY

North American Company and Union Electric Company

North American Company recently announced a plan to distribute its holdings of common stock in Union Electric Company of Missouri, its major remaining asset, and eventually to dissolve in compliance with the Utility Holding Company Act. The plan contemplates distribution of 1/10th share of Union Electric to stockholders of North American as soon as the plan is approved by the SEC (and presumably by a Federal Court). The company presented the plan informally to the commission several months ago and filed it on April 18; it is hoped that approval by both the staff and the commission, as well as by a court, can be forthcoming in time to place the plan in effect by Jan. 1, 1953 (or perhaps by Oct. 1, 1952).

Another distribution of 1/10th share of Union would be made a year later and at the end of the two-year period a full share would be distributed, making a total of one and one-fifth shares of Union distributed for each share of North American (for this purpose, Union Electric's outstanding stock would be reduced to 10.3 million shares).

The new plan is also designed to furnish equity funds for Union Electric to balance senior financing and provide the large necessary amounts for the big construction program. Union recently sold $30 million bonds, making its capital set-up approximately as follows:

	Millions	Percentage
Long-Term Debt	$197	54%
Preferred Stock	59	16
Common Stock Equity	110	30
	$366	100%

According to a recent letter to North American Company stockholders, during the four years 1952-'55 Union Electric will need about $120 million construction money, of which at least $30 million should be equity money. The present $30 million bond sale (of which $8 million will apply against bank loans incurred prior to Jan. 1) will probably take care of the company until about the time when the two-year plan is expected to become effective.

During the two-year period Union expects to issue $20 million Serial Notes, of which $5 million will mature each six months after their sale, being paid off principally out of current earnings. This will really be delayed equity financing. In order to take care of this out of retained earnings, Union proposes to pay dividends of $1.20 (the cash rate now being paid by North American) **only** on stock in the hands of the public. In other words only about 12c a share on its total stock will be disbursed in 1953 and 24c in 1954. Assuming that earnings cover the $1.20 dividend rate with a moderate margin during the two years, this will mean that there will be about $20 million of retained earnings, or the amount needed to pay off the notes.

Union will also receive from North American an estimated $10-15 million—probably closer to the latter figure—representing miscellaneous assets as they are gradually converted into cash. North American had about $4 million net cash assets at the end of 1951. Its ownership of North American Securities Utilities Corp. has for some time been involved in litigation with minority holders of the common stock, but a compromise has now been proposed to the SEC for paying this minority stock $9 a share in order to give North American Company undisputed ownership of the assets of NAUS. The investment trust has a well diversified list of marketable holdings which can be converted into about $10 million cash without much difficulty.

There are other North American assets which may be more difficult to liquidate, such as the large building at 60 Broadway, Hevi Duty Electric Company, an interest in Muzak, etc. Assuming that these might work out at around $4 million, this would mean that by the end of 1954 (as envisaged under the plan) some $34 million equity money from retained earnings plus North American's assets will have become available to Union Electric. It may also be necessary to issue some $20 million of debt during this period. Based on these assumptions, the capital structure of Union at the end of 1954 might look as follows:

	Millions	Percentage
Long-Term Debt	$217	51%
Preferred Stock	59	14
Common Stock Equity	146	35
	$422	100%

Last year Union Electric earned about $1.12 per share after adjusting to the 10.3 million shares to be outstanding under the plan. This included about 10c tax savings due to filing a consolidated return with North American, which benefit will disappear as soon as the first distribution of Union stock is made by North American (though the loss might be offset by income tax savings due to accelerated plant amortization). The 1951 earnings were adversely affected by the heavy construction program. The management expects to earn about $1.31 in 1952 and somewhat larger amounts in 1953-'54, reaching at least $1.50 in 1955, which might warrant an increase in the $1.20 dividend rate in that year.

Assuming a yield basis for the new stock of about 5½% with a $1.20 dividend rate, this would mean a market price of 22, on which basis the corresponding break-up value of North American in 1954 would work out at 26½. Against this, however, must be considered the loss of $2.04 in cash dividends during the two-year period by a stockholder of North American who retains his position. This would reduce the 1954 estimated value of North American to around 24½, as measured against the recent price level (since the announcement of the plan) of around 21-2.

This estimate of future potential value is of course purely theoretical. It does not make allowance for the fact that if a holder of 100 shares of North American should wish to sell the two 10-share lots of Union Electric stock to be received under the plan as dividend distributions, he could consider the proceeds as capital gains—an important factor for those in the higher tax brackets, particularly during the present period of high Federal income tax rates. Just how much this "plus factor" is worth marketwise is, of course, difficult to determine.

Continued from first page

Our Dwindling Sovereignty

tionary Fathers stood, who fought for, and gained, our independence — Washington, Jefferson, Adams, Madison, Monroe — who, with their associates, set up our government under the Constitution; I stand with Lincoln and Seward, who stood for the principle during the Civil War; with Cleveland and Olney, who voiced the principle during some international troubles in Venezuela; and with Theodore Roosevelt, in the beginning of this century.

It was during this first century and a quarter of our history, that America, our great America, was built — politically, industrially, economically—the America which has made possible the riot — domestic and foreign—which is now raging; the America which would never have been built under the policies—domestic and foreign—which now dominate us.

I am pro-Constitution, pro-government, as it was established under the Constitution, pro-free institutions, as they have been developed under and through the Constitution, pro-liberty, pro-freedom, pro-full and complete independence and sovereignty, pro-local self-government, and pro-everything else that has made us the free country we had grown to be in the first 130 years of our national existence.

It necessarily follows that I am anti-internationalist, anti-interventionist, anti-meddlesome-busybodiness in our international affairs. In the domestic field, I am anti-Socialist, anti-Communist, anti-Welfare State. I am what the kindlier ones of all these latter people with whom I am denying any association or sympathy, would call a rabid reactionary (I am not, in fact, that). . . .

As I proceed, some will say, "Oh, he is talking about the past; but this is a new world, new conditions, new problems," and so on. To this I will content myself with answering — human nature does not change; in its basic elements it now is as it was at the dawn of history, as our present tragic plight shows. Even savages inflict no greater inhumanities than are going on in the world today.

In the mad thrusting of ourselves, with a batch of curative political nostrums, into the turmoil and tragedy of today's world, we are like a physician called in to treat a virulent case of smallpox, and whose treatment consists in getting into bed with his patient. That is not the way to cure smallpox.

Washington, as you know, took his oath of office as first President of the United States on April 30, 1789. Within two months the Bastille fell and the French Revolution was on. Then trouble began to loom for us. . . .

We were starting from scratch in government, in industry, in agriculture, in commerce, in national defense.

I would like here to recommend to all of you that you read the first two paragraphs and the last paragraph of the Declaration of Independence for the purpose of getting a view as to why this government was set up. It was not set up as an eleemosynary government to feed and clothe and nurture all the rest of the world. It was set up for the purpose of establishing a government which should bring peace and prosperity to the people of this nation. And when you have read those paragraphs, read the Preamble to the Constitution itself.

The French Revolution brought war in Europe. France, remembering that we had a treaty of alliance with her, began to take steps to realize upon it. . . .

The French Revolution continued, it grew worse. The French revolutionary generals gained great victories, and then one day Napoleon came. Thereafter, with some little interim while he grew a bit, he took over France.

As soon as the war broke, it became necessary for Washington and his Cabinet to determine whether or not these two treaties which they had made with France made us an ally of France so that we must join France in the war with the rest of Europe, or whether the treaty obligations were of a character that would permit us to be neutral. After a very careful consideration, Washington and his Cabinet decided that the treaties did not require us to join France in her war and that we would be neutrals.

Now, remember, we were going to be neutral in a war between the great powers of Europe, and with a treaty running against us, which the other party to the treaty, France, was going to consider binding upon us and giving to them certain exceptional rights.

They sent to us a representative, Genet. All of you students of history remember about him. John Bassett Moore made a very clever observation about Genet. He says that Genet set out on his mission "gurgling with the fermentation of the new wine of the revolution."

Miscalculating somewhat his popularity, Genet began openly to criticize Washington. He undertook to recruit a force of men, soldiers, here, to make war against our neighbors. He maligned Washington in a way that finally irritated Washington almost beyond endurance. But still we steered our course. Weak as we were, defenseless as we were, we went forward with our neutrality. The neutrality proclamation that was issued at that time has been characterized by Hall, a great international lawyer, a Britisher, as constituting an epoch in the development of the usages of neutrality and as representing the most advanced existing opinion as to what neutral obligations were. . . . With that neutrality proclamation as a basis of principle and policy, we went forward in our international relations for the next century and a quarter.

As we have noted, Napoleon took over France, and he and England began exchanging blows, not only on the field of battle, but also in the matter of issuing orders destructive of commerce.

The British and Napoleon began to issue, the one the Orders in Council, and the other the Decrees from Milan and Berlin. Russia and England are reported to have agreed, when they began seriously to undertake to overthrow Napoleon, "to ignore all the rules and usages of international law in this contest with France and to compel other nations to do likewise." They fairly succeeded as pertains to commerce affecting us. This was in 1793; we were only four years old; we had all Europe to contend with, yet we went forward, maintained our positions, weak as we were, and made great progress.

Washington went all through this; he endured the harsh criticism that came to him. But he never wavered or varied his course. He was as true to his course as the compass to the North Pole.

Before he became President, Washington had written to a friend:

"I hope the United States of America will be able to keep disengaged from the labyrinth of European politics and wars; and that before long they will, by the adoption of a good national government, have become respectable in the eyes of the world, so that none of the maritime powers, especially none of those who hold possessions in the New World or the West Indies, shall presume to treat them with insult or contempt. It should be the policy of the United States to minister to their wants without being engaged in their quarrels. And it is not in the power of the proudest and most polite people on earth to prevent us from becoming a great, a respectable, and a commercial nation if we shall continue united and faithful to ourselves."

What a vision and what a prophecy!

The same thought was in the minds of others. Jefferson, writing to Washington at about the same time, said:

"I am decidedly of the opinion we should take no part in European quarrels, but cultivate peace and commerce with all, yet who can avoid seeing the source of war, in the tyranny of those nations who deprive us of the natural right of trading with our neighbors? . . . If the new government wears the front which I hope it will, I see no impossibility in the availing ourselves of the wars of others to open the other ports of America to our commerce, as the price of our neutrality."

Thus Jefferson, the political idealist, could see and espouse a cause that was intensely practical and earthy.

There are other expressions of our statesmen of the time that show they were thinking along the same lines. It is, therefore, not surprising that in his Farewell Address (Sept. 17, 1796), Washington should have incorporated in that benign document that well became a final message from the Father of his Country to his fellow countrymen the following advice and counsel on this subject:

"Against the insidious wiles of foreign influence (I conjure you to believe me, fellow citizen) the jealousy of a free people ought to be constantly awake, since history and experience prove that foreign influence is one of the most baneful foes of the republican government. But that jealousy, to be useful, must be impartial, else it becomes the instrument of the very influence to be avoided, instead of a defense against it. Excessive partiality for one foreign nation and excessive dislike of another cause those whom they actuate to see danger only on one side, and serve to veil and even second the arts of influence on the other. Real patriots who may resist the intrigues of the favorite are liable to become suspected and odious, while its tools and dupes usurp the applause and confidence of the people to surrender their interests."

I am sure he had in mind there the villification that came to him as the result of his stand in favor of neutrality as against France.

"The great rule of conduct for us in regard to foreign nations is, in extending our commercial relations, to have with them as little political connection as possible. So far as we have already formed engagements let them be fulfilled with perfect good faith. Here let us stop.

"Europe has a set of primary interests which to us have none or a very remote relation. Hence she must be engaged in frequent controversies, the causes of which are essentially foreign to our concerns. Hence, therefore, it must be unwise in us to implicate ourselves by artificial ties in the ordinary vicissitudes of her politics or the ordinary combinations and collisions of her friendships or enmities.

"Our detached and distant situation invites and enables us to pursue a different course. . . .

"Why forego the advantages of so peculiar a situation? Why quit our own to stand upon foreign ground? Why by interweaving our destiny with that of any part of Europe, entangle our peace and prosperity in the toils of European ambition, rivalship, interest, humor, or caprice?

"It is our true policy to steer clear of permanent alliances with any portion of the foreign world, so far, I mean, as we are now at liberty to do it; for let me not be understood as capable of patronizing infidelity to existing engagements. I hold the maxim no less applicable to public than to private affairs that honesty is always the best policy. I repeat, therefore, let those engagements be observed in their genuine sense. But in my opinion it is unnecessary and would be unwise to extend them."

Thus was the great and wise policy of isolation formally framed and announced.

We very early realized however, that it would not do for Europe to be shuffling the transfers of property among themselves, where the territories bordered us, hence the Monroe Doctrine.

Situation Leading to Monroe Doctrine

Approaches were made to us in 1819-1820 that we join the League of Peace that was proposed during the Conference at Aix la Chapelle and the conferences that followed. Secretary Adams instructed Mr. Middleton, our Minister to Russia, that we could not participate. After commenting upon the detached situation of Persia and Turkey, Secretary Adams said:

"The political system of the United States is also essentially Extra-European. To stand in firm and cautious independence of all entanglement in the European system has been a cardinal point of their policy under every administration of their government from the Peace of 1783 to this day. If at the original adoption of their system there could have been any doubt of its justice or its wisdom, there can be none at this time. Every year's experience rivets it more deeply in the principles and opinions of the nation."

After some further analysis, Secretary Adams makes these concluding observations:

"But independent of the prejudices which have been excited against this instrument in the public opinion, which time and experience of its good effects will gradually wear away, it may be observed that for the repose of Europe as well as of America, the European and American political systems should be kept as separate and distinct from each other as possible. If the United States, as members of the Holy Alliance, could acquire a right to ask the influence of its most powerful member in their controversies with other States; the other members must be entitled in return to ask the influence of the United States, for themselves or against their opponents. In the deliberations of the League they would be entitled to a voice, and in exercising their right must occasionally appeal to principles which might not harmonize with those of a European member of the Bond. This consideration alone would be decisive for declining a participation in that league, which is the President's absolute and irrevocable determination, although he trusts that no occasion will present itself rendering it necessary to make that determination known by an explicit refusal."

How great is the wisdom of this repeatedly declared policy!

The point I want again to make is that we were a young, weak nation, relatively, and yet we were speaking to the great European powers on terms of equality, telling what we would do and what we would not do; we were speaking to them as equals, and we were maintaining our complete independence of them. These were great days in our diplomacy. We were wholly free from entanglement in European problems. We kept so.

I wish there were time, as there is not, for me to trace briefly even, what I regard as the greatest achievement of the United States in its international relations, and that is, the actual implementation on our part of the peaceful adjustment of our international disputes.

We had only had three wars in all of our history, foreign wars, up until the time that we entered World War I, and those three wars were: the first, the War of 1812, to which I have already alluded; the next, the war with Mexico, and I never like to discuss that very much, I do not think that the war with Mexico shed any very great credit upon us; and the last, the war with Spain, and I have often thought of that as more or less of an accident, for if we had not had that incident in Havana Harbor, the explosion or the blowing up of the Maine, I think we might have gotten away without that one.

Every other dispute we have had with any nation, we have been able to settle by peaceful means.

By our aloofness during all these years, we escaped all the wars in Europe, we did not participate in any of them; we had no alliances; we moved along the course that we thought we should follow, unhampered by the dictation of anybody else. . . .

America, up to World War I, had nothing essential in her history that was not a step forward in her march of progress. And all of this was possible because our interests and our destiny were not entangled with those of any other country.

Our Diminishing Sovereignty

I want now to come—my time has nearly gone—to a few observations under the title of the talk. If I have made myself clear at all up to this point, it is to the point that during the time that we were traveling on our own, unhampered by entangling alliances, we made the greatest growth that has ever been made by any nation at any time, in the whole history of the world.

I shall now say a few things about our dwindling sovereignty. . . .

This will show you some consequences of our abandonment of our traditional policy and of our once more entering into entangling alliances with Europe.

Every engagement with a foreign nation which, if met, deprives us of the power to determine our own course at the moment of implementation, impairs our sovereignty.

Every treaty of alliance, bipartite or multipartite (the United Nations Charter is of the latter class) impairs our sovereignty, because every alliance requires a surrender of rights, since mutual aid in strictly non-sovereign interest, is the purpose of the alliance.

Alliance treaties, for our purpose tonight, may be classed as:

First: Alliance arrangements made during a war and relating to its conduct; these normally end with the war. These are often called, in European parlance, coalitions. It took six of them to eliminate Napoleon. These alliances may meet disaster, but they are not usually permanently crippling.

Second: Permanent military alliances providing for mutual aid in case of future international conflicts. The North Atlantic Treaty of 1949 (April 4) is of this type. Normally, these may have little peacetime significance, but they bind the independent action of a nation when the contemplated belligerency begins. They definitely impair sovereignty. Our alliance with France of 1778 was this kind of treaty, and it almost precipitated war with France under the treaty.

Third: Permanent alliances, always with a strong, and sometimes with a predominant, military flavoring. These usually have some benign provisions — wise or unwise—to make them more palatable to the peoples involved, the majority of whom almost never understand their full significance and are rarely fully informed about them.

The Covenant of the League of Nations (one of this type) was rather fully explained to the people, and they rejected it. Since it never became operative for us, we shall not now trouble ourselves about its terms.

The United Nations Charter (of this same type) had practically no explanation made of it to the people, and they did not reject it. The chronology of its consideration is interesting.

The San Francisco Conference was almost exactly two months in framing it (April 25-June 26, 1945). Signed on June 26, 1945, it was submitted to the Senate on July 2. The Foreign Relations Committee began its consideration on July 9; it began formal hearings on July 11, and closed them on July 13; the Senate gave its advice and consent to ratification on July 28, 1945. A deliberate plan, carefully worked out, to adopt the Charter before the people could study and understand it, could not have worked more effectively to this end. We were so launched into a world organization about which neither the peoples of the world, nor ourselves, had any adequate knowledge; they and we had less understanding.

With the impairment of sovereignty involved in the first class, military coalitions and alliances for the period of a belligerency, we shall not here concern ourselves. Normally, they cease with the end of hostilities.

North Atlantic Pact

Concerning the impairment of sovereignty involved in the second class—we may note that by the North Atlantic Pact or Treaty we agree that if any of the parties signatory are the victims of an "armed attack" we join them as an ally against the attacker. We have no right, under the treaty, to enquire as to the cause of the attack, nor as to who, in fact, was the aggressor. The one who strikes the first blow is not necessarily the aggressor, either in fact or law. So far as the treaty goes, we must come to the rescue, even if our ally was the aggressor in the conflict. We may make no treaty in conflict with this treaty. The treaty remains in force for a definite period. The treaty is obviously, in its effect, a defensive alliance against Russia. No matter what the cause, or how important or significant, if Russia strikes one of the allies, under the treaty we must go to war, if we meet our treaty obligations.

One can easily perceive many, many trivial, more or less, matters that might produce a situation between some of the Western European powers and Russia that could cause a political explosion leading to war, and remembering Sarajevo, one knows how small a cap can set off a giant stick of dynamite. This treaty impairs our sovereignty in the matter of all North Atlantic problems, because they cease to be adjustable according to our interests and desires, if the other parties do not agree. . . .

Now as to the third class: we may note three important impairments of sovereignty that come to us through the United Nations set-up.

We should, in the first place, observe that what I will call the interior lines of communication among the various Charter provisions are so numerous and so exceedingly intricate, some of the lines are so indistinct as to be traceable only with difficulty, the descriptions of the lines are so often traced in language that conceal, rather than clarify, the thought, there are so many places in the lines where the drafters seem not to have dared to put down their true course—so many of all these that one cannot be too sure of his ground, nor too certain of his conclusions. But the conclusions reached here are believed to be reasonably accurate.

UN Charter Limits Nation's Sovereignty

We may observe that, under the United Nations Charter, we have lost the right to make the treaties we may wish. All treaties we make must conform to the provisions of the United Nations Charter. Existing treaty provisions that are out of harmony with the Charter must apparently fall. Having in mind the complicated provisions of the Charter touching international trusteeship systems, we may well find that we shall be greatly hampered in the development of our own international trade and commerce when we surrender the Santa Claus role and seek to get some compensating advantage for ourselves. We have not yet plumbed the depth of this impairment of sovereignty in our treaty-making powers.

Another impairment: We have lost the sovereign power to adjust our own international difficulties—a power which has enabled us to live as the most peace-loving nation in the world, and to build up a record of achievement in the peaceful adjustment of international disputes unequalled by any other great nation in the world.

Under the Charter we are under obligation to attempt a peaceful solution of our difficulties. This we have always done. By the Charter the Security Council, if it "deems necessary," could call upon us to settle our troubles peacefully. Such a call would, under all the Charter machinery, amount to a virtual command, with penalties for failure to heed the call.

If our progress towards a pacific settlement did not satify the Security Council they might "at any stage of a dispute" intervene and recommend what we should do, taking into consideration that, if the issues are legal, the matter should go to the International Court of Justice. The Security Council's recommendations do not fall far short of commands, with attaching sanctions.

If we failed to settle the dispute peacefully, and if the Security Council had not intervened, as just described, then we must refer it to the Security Council, which may either recommend the reference of a legal dispute to the International Court of Justice, or recommend other appropriate procedures, or it may "recommend such terms of settlement as it may consider appropriate." That is, the Security Council may tell us what settlement we are to make.

If we did not choose to follow the recommendations of the Security Council, or if, following them in form, we did not in fact settle the difficulty, then, if the resulting situation was, in the opinion of the Security Council, a threat to peace, the Council might move to the imposition of sanctions to compel us to do its bidding. First, the Security Council would call upon us to comply with prescribed provisional measures, the Council taking account of any failure by us to comply with these provisional measures. In case of non-compliance to this call the Security Council would decide on what measures short of force—that is, economic sanctions provided in the treaty—it would use against us, including severance of diplomatic relations. If these measures failed, then it might use force against us—air, land, or sea forces, or all.

Thus our sovereignty is seriously impaired by depriving us of the right to manage our own foreign affairs, one of the highest attributes of sovereignty. The Security Council, not the State Department, becomes, in the last analysis, the agency to direct our foreign relations.

It will not do for us to be so naive as to assume that the Security Council will have a near-divine sense of justice and be guided thereby in cases of international differences. If our dispute were with a small power, we shall not properly estimate our position if we do not visualize the possibility — almost probability — that most small nations in the world (which would include those on the Security Council itself) might be against us, in sympathy at least, and would exert their influence against us in our difficulties. No fact in international relations is better evidenced than this disposition of small powers vis-a-vis great ones. Again we must not be so naive as to assume that the Security Council will be sitting as a court of justice, untouchable by outside influence. The Security Council will be of the earth, earthy. Human experience proves this also. Reports of the Council's present operations are a demonstration thereto. We may not quiet our fears with the thought—they can't or won't do anything to us.

If two great powers come to grips—say the United States and Russia—the rest of the world will either sit by and watch, or get in with their choice as to the winner.

To give point to our vulnerability as a party disputant, it may be observed that the Security Council need not wait either for ourselves or for the other disputant to invite the Council's intervention. The Council may act on its own motion. Furthermore, any member of the United Nations may bring a dispute to the attention of the Council or the General Assembly, which will then be under some obligation (as it would seem) to assume some jurisdiction of the matter.

One more impairment of sovereignty under the charter — we have surrendered, by the Charter terms at least, those great attributes of sovereignty, upon which the very existence of sovereignty depends: the power to declare war (subject to the right to take temporary self defense measures, pending action by the Security Council), the power to decide against whom we shall make war, and the power to make peace and to determine its terms. We apparently have not lost the power to raise and support armies or to provide and maintain a navy, subject, however, to the right of the Security Council and the Military Staff Committee to regulate armament and possible disarmament.

The Charter provides that the members must, under an agreement, or agreements, apparently entered into with the Security Council, make available to the Security Council armed forces—sea, land, and air, as well as other military facilities. The air force to be furnished by each member must be maintained in constant readiness for use.

When the Security Council decides upon the use of force, it calls upon the members for their quotas, which of course, the members are bound to provide.

But until such special agreement is made, the Security Council has no right to call upon a nation for armed forces, and then only as stipulated in the agreement.

The "plans for the application of armed force shall be made by the Security Council with the assistance of the Military Staff Committee." Thus the direction of the military operations are under the Security Council, which for "the strategic direction of any armed forces placed at the disposal of the Security Council," looks to the Military Staff Committee. This Committee is to be made up of the Chiefs of Staff of permanent members of the Council.

Obviously, the end of hostilities and the terms thereof will be determined, mediately or immediately, by the Security Council.

Thus we raise and equip our forces, sea, land, and air, but the Security Council, with the Military Staff Committee, determines when and where the forces shall go, who commands them, how many go, for how long, in what cause, and against whom. So, subject to temporary measures of self-defense, pending Security Council action, our boys shall fight and die, and the Security Council, not ourselves, will send them into that fight.

In saying these things we are not overlooking that the United States has a favored position as a permanent member of the Security Council, nor are we overlooking the provisions that, with the exceptions noted in the Charter, decisions of the Council are to be determined by the vote of seven members, "including the concurring votes of the permanent members," of whom we are one, though it seems we may not vote on questions in dispute to which we are parties and as to which the Security Council has assumed its Charter prerogatives to secure settlement.

How effectively protective of ourselves these provisions may be, one is hardly safe in venturing a definite opinion. But, having in mind what the United Nations has been and is apparently doing without the assenting vote of Russia, a permanent member of the Council, and seemingly against her so-called "veto," we can see that if the concept, sympathy, and atmosphere of the United Nations organization should change and be against us, we might be placed in a desperate situation. We can rest assured that when we cease to be the big-brother-Santa Claus, we shall lose much of our presently expressed popularity, and the hatred which many nations now have for us will be openly expressed and acted upon.

We might observe that there is practically no essential idea or principle in the United Nations Charter that was not found in the League of Nations Covenant, and that as a document embodying a constitution, the Charter is inferior to the Covenant.

Defects of UN Charter

The Charter has these two basic defects: It has been too largely framed without a careful consideration of how it might affect us and our welfare, if our position suffers any essential international change; and, next, it has the fault which has been the curse of all similar plans heretofore framed, beginning with the Grand Design of Henry IV of France, namely, that it is aimed and framed with one power in mind and with a view to exercising a definite control thereover, to the point of its humiliation, if not extermination.

Our adventure into world politics contrary to the principles that were framed by the good sense and, I think, inspiration of our Founding Fathers, has levied upon us a tribute leading almost to the brink of disaster, and so far as ordinary human foresight can determine, we are by no means yet to the end of the road.

As pointed out, we face the balance of our journey with our sovereignty impaired in three great fundamental matters: the right to make treaties; to manage our foreign affairs; and to declare war (subject to our temporary right of self-defense), to choose our enemy, to direct and command our armies, and to make such terms of peace as we may desire, or be forced to accept. . . .

I think I have shown you that we do have a dwindling sovereignty. One dare not—I dare not — look over the edge and see where we may drop.

What is the cure? I do not know. One thing we might and should do, and this is very essential—make it absolutely sure that none but patriotic men and women are in places of responsibility. If we might believe the records of courts and articles in magazines and papers, it would seem that Benedict Arnold is not going to be lonely hereafter.

There is another course, and that is, the nations have the power of amendment of the Charter, and I am quite sure that further study, further deliberation in a calm atmosphere, devoid of the urge to mete out military punishment, could result in our so amending this Charter, that it might be helpful.

God grant that it may be so.

First Boston-Blyth Underwrite Northwest Bancorporation's Offer

Northwest Bancorporation is offering to its common stockholders rights to subscribe at $50 per share for 103,185 shares of new 4.20% convertible preferred stock of $50 par value at the rate of one share for each 15 shares of common stock held of record on May 5, 1952. The subscription warrants will expire at 3 p.m. (CST) on May 20, 1952. The offering is being underwritten by a group headed by The First Boston Corp. and Blyth & Co., Inc.

The new preferred stock is convertible at any time into common stock of the corporation at the rate of 1¼ shares of common for each share of preferred.

It is subject to redemption at $52.50 per share on or before May 25, 1954 and thereafter at prices decreasing to $50 per share.

The corporation does not now have under consideration any bank acquisitions. No plans have been formulated with respect to what portion of the proceeds of the sale of the preferred stock will be used to provide additional capital for affiliated banks, which banks may be provided with additional capital or in what amounts. These matters will be determined having regard to the ratio of capital funds to risk assets, the ratio of capital funds to deposits, loan limits, gross potentialities and other factors.

Proceeds of the sale, with other funds of the corporation, will be available to provide additional capital funds to affiliated banks and for other purposes.

Northwest Bancorporation, organized in 1929, holds in the aggregate more than 97%, in net tangible asset value, of the outstanding stock in a group of 70 affiliated banks, which with 21 branches are located in 79 cities and towns in Minnesota, Iowa, Nebraska, South Dakota, North Dakota, Montana and Wisconsin.

During the past nine years total assets of the affiliated banks have increased from $802,407,000 to $1,475,101,000; deposits from $752,094,000 to $1,367,901,000 and capital stock and surplus of the corporation, from $41,593,000 to $72,551,000, equal to $46.88 per share of common stock.

The largest bank in the group, Northwestern National of Minneapolis, has deposits of around $393,737,000.

Continued from page 6

Outlook for Non-ferrous Metals

tional copper markets unless checked. The checking process can be accomplished in three ways: (a) by increased world copper production, as has been mentioned; (b) by a narrowing of the price differentials, particularly between copper and aluminum; and (c) by a falling off of extraordinary demands. Stabilizing influences in the domestic market are: the stretching out of the military program; the stockpile deficiency; and the accumulating backlog arising from the current heavy diversion from normal civilian channels.

Turning to the components of the industry, we find three companies (Kennecott, Anaconda, and Phelps Dodge) control the greater part of the country's known domestic reserves, of refined output, and a sizable percentage of known foreign reserves. A substantial part of their output goes to fabricating affiliates, and the same three companies are estimated to control 65% of the country's brass and wire mill facilities.

At this point, the analyst might well ask why look any further in selecting representation in this field. It is not that easy. Besides the factors just mentioned, consideration must also be given to production trends, new discoveries, location and development of reserves, type of mining, quality of ore, relative activity as a smelter, other production, investments, and the usual statistical factors to determine relative market worth of the equity in question.

To illustrate, so far as copper production alone is concerned there have been major changes in the domestic and foreign production figures of individual companies. These tend to be lost in the dollar sales figures, particularly during a period of rising prices or in the case of companies with varied activities. In comparison with 1937 the 1950 domestic copper production figures of Phelps Dodge showed a gain of nearly 56%; Kennecott, 40%; and Anaconda, a decrease of 64%. On a combined domestic and foreign production basis, Kennecott showed a gain of 26% over 1937 and Anaconda a decrease of 27%. Of the leading foreign producers, Mufulira was up 81%; Katanga, 17%; Noranda (including custom ores), 67%; and International Nickel was down 29%.

On the other hand, Anaconda in addition to ranking second as a world copper supplier is the second largest producer of silver in the world, and is now venturing into the production of aluminum ingot. International Nickel is better known as the only important producer of nickel than as the world's fifth largest copper company. Kennecott, the leading copper producer, also extracts substantial quantities of molybdenite, zinc and, in terms of dollar sales, a fairly sizable amount of gold and silver. It owns two-thirds of Quebec Iron & Titanium Corporation, which last year began production of iron and titanium slag, the latter to be used initially in the manufacture of pigment (titanium dioxide) and potentially in the production of titanium metal. The largest smelter and refiner of non-ferrous metals and scrap, American Smelting & Refining Company, has world-wide interests. American Metal Co., Ltd., largely a custom smelter and refiner of ore, has substantial investment holdings, particularly in African copper mines, and expects to start potash operations by the end of 1952.

Marketwise, copper equities have behaved as satisfactorily as could be desired from the lows of mid-1949 through the end of 1951, moving steadily upward and even out-performing the general market in the fourth quarter of last year. Individual gains over the two-and-a-half-year period ranged from 75% to nearly 500% for the more speculative issues, while the shares of the three leading companies recorded an average increase of 126%. Thus far in 1952, the reverse has been true. Copper stocks, along with other non-ferrous metal commons have been subject to substantial realizing. The leading equities have lost from slightly more than one-quarter of the preceding two-and-a-half-year gain and the more speculative issues up to 50%, while the general market is still close to its highs. This setback reflects a number of influences such as the Moscow peace offensive, the Korean truce negotiations, the stretching out of our defense program, and the possibility of some reduction of earnings from higher costs. The fact that revenues and profits of copper producers and other non-ferrous companies ordinarily are highly cyclical has undoubtedly contributed to investor profit-taking. Like many market movements, they have a tendency to go to excess, and in this instance the extent of the decline does not appear consistent with the volume of business and profits likely to be reported for 1952, excepting possibly some of the companies with heavy foreign production and dependent on markets outside the United States. Any further setbeck in the market prices of domestic copper shares, in our opinion, would provide an opportunity to acquire representation in strongly situated companies with good earning power, high yields, large and even excess working capital, and in many instances little or no debt.

Lead: The United States relies on three principal sources for its lead: production from domestic mines; secondary production (new and old scrap); and net imports (imports less exports). Over the years major shifts have occurred in the relative contribution of these three sources, a process which was accelerated by the demands of World War II and the lack of any important new lead discoveries within the country as an offset to long-term depletion. On a tonnage basis domestic mine production of lead postwar averaged but 61% of that reported over the 1926-1930 period. In the face of nearly a 35% interim gain in estimated consumption, the industry has had to place increased reliance on secondary recovery and on imports. Secondary recovery in terms of volume has now become the most important source of lead in the United States, exceeding domestic mine production by a substantial figure. Whereas in the earlier period the United States exported susbtantial quantities of lead, over the past decade this has dwindled to a mere trickle and imports have risen sharply. To sum up the relative contributions to net available supply, domestic mine production since the late '20s has decreased from 66 to 34%, secondary recovery (new and old scrap) has increased from roughly 30 to 44% and net imports have gained from 4 to 22%. The latter figure is low due to the decreased flow of foreign lead to the United States last year. An average of 28% of net available supply as shown for 1946-1950 is probably a better measurement of relative foreign dependency.

On the other hand, the net available supply of lead from all sources, except for brief periods, has been fully adequate to meet domestic needs. This is shown in the following table which compares estimated consumption with net available supply on the basis of five-year averages. Part of the excess of supply over consumption undoubtedly can be traced in part to duplication in the figures for secondary recovery, but in the main it illustrates the over-all balance which fundamentally prevails in the domestic lead picture.

This industry in 1951, like copper, was subjected to severe dislocations from the government buying program and imposition of controls established by the amended Defense Production Act of 1950. While total world supply was believed in balance with actual world consumption, the effect of governmental policies and speculative foreign buying resulted in world lead prices reaching a high of 35c per pound as against a 19c per pound domestic selling price. The result was an artificial shortage in domestic markets, as foreign production flowed to those markets willing to pay the higher premiums.

Lead was the earliest of the non-ferrous metals to show price weakness in international markets. Heavy accumulation had resulted in excess lead stocks in European markets and in late Fall foreign prices began to show weakness and have now reached the U. S. price of 19c per pound. As an aftermath, foreign lead is now beginning to appear in quantity in the domestic market. This was heralded by an initial purchase of 30,000 tons from the British Government for the United States stockpile with additional purchases intimated. An added stimulus for increased imports of foreign metal is the current elimination of the tariff above 18c per pound. Further indication of the easing in the lead picture was the recent removal of controls over the use of lead in the production of tetraethyl lead gasoline.

Lead also has its own particular uses for which no satisfactory substitute has been found to date. The principal outlet is storage batteries which in 1951 accounted for approximately 32% of total domestic consumption of 1,182,000 tons. Other major markets for lead are pigments, cable coverings, and tetraethyl lead. These four uses combined accounted for about 65% of total lead consumption in 1951.

The government's expansion goal for lead—including domestic production of ore, scrap recovery, and imports—is to provide an annual supply of 1,342,000 short tons by 1955, and thus far Federal assistance has been given for about 47,000 tons of additional lead production annually. By 1955, U. S. mine production is expected to total 417,000 tons of lead a year including new mine output, scrap production is expected to be around 430,000 tons, and imports to account for an additional 420,000 tons. This makes a total supply of 1,267,000 tons, which according to the Defense Production Administration is 75,000 tons short of the anticipated need. However, net imports in 1950 were nearly 100,000 tons greater than DPA's 1955 projection and scrap generation in the past two years apparently has been greater than the 1955 estimate, so the anticipated deficiency may well turn out to be a surplus. Again outside of major conflict, no real stringencies seem likely to develop for this metal in the near future.

There are considerably fewer lead companies with securities outstanding than in the case of the copper industry. Even some of the so-called lead companies can not be solely classified as lead producers. For example, St. Joseph Lead Company, the second largest producer, in the past two years has shown more gross earnings from zinc than from lead, and it includes 195,000 shares of New Jersey Zinc among its investments. Consolidated Mining & Smelting Company, reputedly the largest and lowest cost lead-zinc producer in the world, is also the leading silver miner, and in addition produces gold and other metals, and ranks as a major fertilizer producer in Canada. Marketwise, lead company common stocks have also been subjected to heavy profit taking, which in individual instances seems overdone despite the probability of lower earnings this year.

Zinc: The supply-demand story of zinc is similar in many respects to that of the other heavier non-ferrous metals. For many years the American zinc industry was self-sufficient and, except for extraordinary conditions, imports and exports were at a minimum. In fact, it was not until World War II that our net export position could be said to have been really terminated and there have been occasional periods since when a favorable zinc balance has been restored. Subsequent dependence on imports has been less a measure of progressive depletion of reserves than of an expanding level of consumption for the metal. As with the other metals, a table has been inserted in the text showing changes in domestic sources of supply averaged by five-year periods and in this instance based on the production of zinc as metal only.

The restoration of former relationships between domestic and foreign markets should largely, if not entirely, cure the present shortage of slab zinc. The total world zinc supply is believed approximately in balance with total world consumption and the industry feels that there is no need to fear any shortage of zinc in a free market responsive to the laws of supply and demand. Neither does the industry believe that the long range outlook for zinc is discouraging, or that ore reserves in this country or in the world will be dangerously diminished or exhausted in the foreseeable future. At a meeting of the Institute of Metals held in London on Oct. 17, 1951, world reserves were estimated to have increased from 43 million metric tons in 1940 to 70 million tons in 1948. Measured reserves between this period have increased substantially despite an accelerated rate of production. Improved operating techniques and practices in mining, milling and smelting are providing greater yields of contained metals in the ores and the industry points out there are still substantial mineralized areas on this continent remaining to be explored by modern methods.

Consumption of slab zinc in the United States for the ten-year period 1941-1950 averaged 820,000 tons. With increased flow of foreign concentrates to United States smelters, it has been estimated that domestic slab zinc production in 1952 will surpass 1,000,000 tons as against an all-time peak reached in 1943 of 990,000 tons. The most important outlet for slab zinc is its use in galvanizing. It is "by far the best protective metallic coating for the rust-proofing of iron and steel." Zinc alloy die casting, the second largest market for zinc, is finding increasing acceptance and application. The largest mine producer of zinc is Consolidated Mining and Smelting Company, with New Jersey Zinc second, followed by Anaconda Copper Mining and St. Joseph Lead. Other companies such as American Metal, American Smelting and Refining, Eagle Picher and American Zinc are active in the field with operations concentrated largely on smelting. New Jersey Zinc is also a partner with Kennecott in the production of iron and titanium slag through the Quebec Iron & Titanium Corporation previously mentioned. Marketwise, the common stocks of zinc companies also have given up considerable ground during the first four months and should begin to attract investor attention.

Summary: In summary, the following conclusions might be reached regarding the heavier non-ferrous metals:

(a) the 1951 shortages were real, but were also exaggerated in that normal laws of supply and demand were upset by governmental purchase programs and price controls;

(b) the present distortions are rapidly being corrected as a result of over accumulation of stocks by foreign countries and increased problems of exchange;

(c) the decline in world prices in addition to loosening up foreign supplies for American markets is also freeing domestic scrap which had been withheld in hopes of high prices;

(d) the world supply picture for copper, lead and zinc is fundamentally sufficient to take care of United States domestic requirements and even abnormal requirements should be met by 1955;

(e) the common shares of many of the leading non-ferrous companies in losing from 30 to 60% of their maximum gain from 1949 lows would appear to have, in a number of instances, excessively discounted the 1952 earnings outlook and can again be selectively accumulated for long-term holding.

* * *

Now as to fissionable materials, the profit possibilities in the field initially at least seem likely to be limited by a number of factors. These include the handling problems connected with radioactive elements which means extra capital costs, the employment of skilled technicians, and the maintenance of close controls. The actively licensed companies in the field are becoming special equipment designers and manufacturers serving a highly technical market. These companies also have a common characteristic in that they are richly endowed with scientific

PRODUCTION AND CONSUMPTION OF LEAD
(In Short Tons)

Annual Averages	Estimated Consumption	Production From Domestic Mines	Secondary Production	*Net Imports	Net Available Supply
1926–30	878,000	636,000	286,000	45,000	967,000
1936–40	661,000	416,000	253,000	63,000	732,000
1941–45	1,075,000	444,000	351,000	356,000	1,151,000
1946–50	1,092,000	390,000	460,000	331,000	1,181,000
1951---	1,182,000	390,000	498,000	248,000	1,136,000

*Imports less exports.

PRODUCTION OF ZINC AS METAL
(In Short Tons)

Annual Averages	From Domestic Ore	From Foreign Ore	Total Primary	Total Secondary Distilled	Total Slab Zinc Production	Imports	Exports
1926–30	576,000	11,000	587,000	43,000	630,000	-----	29,000
1936–40	512,000	23,000	535,000	45,000	580,000	21,000	18,000
1941–45	584,000	274,000	858,000	52,000	910,000	58,000	70,000
1946–50	537,000	258,000	795,000	58,000	853,000	111,000	58,000
1951---	*605,000	*281,000	886,000	46,000	932,000	88,000	27,000

*Estimated.

talent, but are short of managerial skill. For these reasons, until one or two companies begin to emerge clearly as profitable enterprises, investment participation in this field probably need not be hurried

* * *

As to aluminum, as some of you know, I am one of its most ardent champions. While in common with other industries it is not immune to depression, its aggressive development of new markets, the overall appeal of the metal, and the firm backlog of government purchase contracts for five years' production of the new facilities provide strong cushionary and recuperative power. Through rapid amortization permitted for tax purposes on 80 to 85% on the cost of construction in the United States and through extra capital cost allowances in Canada, and through retained earnings, the four North American producers will be able to extinquish the additional debt incurred in the construction of the new facilities and at the same time add substantially to working capital.

The fact that over one billion dollars worth of facilities will, in effect, have been provided through depreciation and retained earnings over the next several years should not be lost sight of by investors, but should be given full consideration in appraising the value of aluminum shares. For example, Aluminium Limited in 1951 reported earnings per common share of $7.03, deducting prior thereto the equivalent of $6.74 per common share in depreciation charges, which in turn was stepped up by $3.25 per share from the year previous. For the long term investor willing to forego current additional income, and understanding the current flattening effect of these capital cost allowances on earnings, common stocks of the aluminum companies provide outstanding attraction as long term commitments at current levels.

Continued from first page

As We See It

many points and places today. We have repeatedly suffered from it in the coal industry where one man, or at most a "little group of wilful men," have the industry by the throat. The public has again been sharply and sadly reminded within the past few weeks that in this respect, the steel industry is but little better off.

Not Interested

But does the Administration have anything to say about this state of affairs? Does it evince any inclination whatever to do anything about it? To ask such a question is to answer it. Neither do we hear a great deal about this basic evil from any other influential political quarter. The most important question raised in the steel industry, or presented by the steel industry, is, in our judgment, that which concerns the dictatorial powers claimed by the President. That is a fundamental matter of our very existence as a free people.

But this labor monopoly, which has entered politics even as the older trust leaders were alleged to do, is a matter which we can continue to neglect at our own very grave risk. This monopoly was brought into existence not only without governmental objection or opposition, but with the sponsorship of the Government of the United States which again and again and again expressed the wish that it develop to a point even further than has now come to pass.

The idea in the earlier days was part and parcel of the totalitarianism then prevailing. Through the ill-fated NRA somewhat the same sort of concept was to be applied to industry. The farmers, of course, already had their organizations, and were exempt from the antitrust laws. A small group of politicians were to run the country, and it was taken for granted that they could do a much better job than private enterprise had done. Of course, the whole matter had its political overtones from the very first. It involved combining the labor vote with the farm vote to keep the Roosevelt regime in power indefinitely.

This latter political aspect of the matter is probably dominant today. Of course, the support of both the unions and the farmers has to be bought and paid for. And it is. As to the remainder of the community — well it is of secondary importance, so it is thought, in view of the fact that the organized sections representing the unions and the farmers seem to hold the balance of power. Here is a situation which the people themselves, and only the people themselves, can do much about—or will do much about. The professional politicians in Washington and elsewhere are too much engrossed, particularly in this election year, in garnering in or keeping the votes to give it any serious thought. The President himself has evidently knuckled under, and we have heard of no one around him giving evidence of a recognition of this basic problem or of any willingness to face it. While here and there in both major parties, there may be individuals of some influence who are ready to do battle in this area, they do not seem to have many followers. We can in the nature of the case escape with a whole hide from the steel or any of the other broadly similiar situations arising from time to time only if we go to work seriously and effectively upon this basic evil.

Inexcusably Bad Debt Management

And now to the second situation—the matter of Treasury debt management — which in seriousness is to be likened unto the steel case. It is scarcely necessary to expatiate at length in this place upon the sins of the past. Since the early days of the New Deal it has been the settled policy to finance all the deficits—and they have been legion — through monetary and credit intrigue and by dealing with the investment public as if it were either moronic or a slave to the powers that be. When war came to us in total form at the end of 1941, there was no change in ideas about how to deal with deficits.

The general program worked out for obtaining the funds required to prosecute a total war was about as bad as could be devised short of merely printing all the money needed. Treasury deficits were placed in staggering amounts in the portfolios of the commercial banks and even the Reserve banks. That part of the deficits financed with savings bonds was made redeemable at will of the holder, which was about the same thing as adding these issues to the money supply. Other bond issues were "pegged" at artificially high prices. All in all we ended the war with an inflationary potential never before dreamed of in this country. Much, but not all, of that potential was converted into real inflation in the years that have followed. Today an almost unbelievable proportion of the staggering national debt is in short-term form or redeemable at the will of the holder—and vast proportions of it are still in the hands of the banks.

Yet about neither of these evils does the Treasury apparently intend to do anything at all. If indeed a $10 billion cash deficit is in the offing, we may expect to pay through the nose unless the Treasury very quickly comes to its senses.

Continued from page 14

A Defense of the Wage Stabilization Board

contracts. Of 63 companies operating basic steel plants, including companies involved in the Steel case, 27 have agreed to some form of union shop. Several of the largest steel companies involved in the dispute have union shop agreements covering employees in their subsidiaries which operate railroads, coal mines, shipyards or shipping. Several of the railroad contracts are of very recent origin.

The Board did not recommend any particular type of union shop agreement, but left the form or type and conditions to be worked out by the parties. There are various forms of union shop agreements, including those under which old non-union employees are exempt, and new employees who are required to join are given an opportunity to "withdraw" or "escape" from the union if they are not satisfied with their union membership.

It should be noted that the recently expired steel contracts contained a "maintenance of membership clause" under which employees who join the union are required to maintain their membership for the duration of the contract. These clauses originated through directive orders of the War Labor Board during World War II. They constituted a much more drastic innovation at that time than the union shop recommended by the Board in the Steel case. They required a union member to maintain his membership under all circumstances and permitted a forfeiture of his job if he lost his membership in the union for any reason whatsoever.

Under some circumstances, the War Labor Board recommended even a union shop or a closed shop. One of the reasons why it did not recommend that new members be compelled to join was that at that time there were no rules to govern the conditions under which applicants can obtain admission to the union. In adopting the Taft-Hartley Act, however, Congress has required an "open union" and protection of a union member against loss of his job by reason of loss of union membership for any reason other than non-payment of his dues or initiation fees.

It is evident from this brief recital of the facts that the recommendation of the majority in the Steel case on the union shop issue was far from unreasonable, however opinions may differ on the merits, and was clearly within the Board's jurisdiction and authority.

I believe that this statement presents the issues involved in the Steel case in proper perspective.

In my opinion, the Wage Stabilization Board has made a notable contribution to the stabilization of wages and labor relations in this critical defense period. I have referred to the record to support this opinion.

Kraus Automatic Machines Stock Sold

The recent offering of 199,900 shares of Kraus Automatic Machines Corp. Common stock has been completed, it was announced on May 6. The financing of this issue has been arranged through Israel & Co., New York City. The stock was priced at $1.50 per share.

The net proceeds will be used for advances to Kraus Design, Inc., a wholly-owned subsidiary, who will use the funds for equipment and working capital.

Giving effect to this financing, the Kraus firm will have outstanding 559,900 shares out of an authorized issue of 2,000,000 shares, par 15 cents each.

Van Cortlandt Eliot

Van Cortlandt S. Eliot, associated with Hayden, Stone & Co., New York City, passed away at the age of 55 after a brief illness.

Tomorrow's Markets Walter Whyte Says—

By WALTER WHYTE

The stock market and those theoretically interested in it, are seemingly having a vacation. Up to the time this went to print it was a stand-off; the market moved fractionally in both directions; the public didn't move in any.

* * *

The lack of enthusiasm for participation in the shenanigans of a market that is subject to so many influences, is understandable. Basically your average trader or investor doesn't like a change; at least not sudden changes. Such things confuse and bewilder him. There's nothing that's so conducive to losses, or what is almost as bad—a pathological fear of losses—as uncertainties. It doesn't take any great courage to buy them, particularly when you can get a lot of supporting statements to justify your purchase.

* * *

But when the facts you see no longer square with the statements you've read, heard and been told; when the stock market starts to slide; that's the time that fear comes in. What you can do to lick it is a problem maybe your psychiatrist can help with. I don't have the faintest idea of what to do about it.

* * *

It is my opinion that the steels are a much better buy than the screaming headlines indicate. Of course they'll have more trouble. For all I know the U. S. Supreme Court may come out and pat the President on the shoulder, or it may use a boot and aim it at a portion of the anatomy south of the shoulder. But whatever is done I think the steel companies will get a boost and their profits will continue.

* * *

It doesn't take any courage to buy them when things look rosy pink. Neither does it take any guts to get out when everybody else is doing so and things look lousy anyway.

* * *

That's about all for this week. Look to next week for more gems.

[*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.*]

Chicago Analysts to Hear

CHICAGO, Ill.—Duncan Meriwether, Executive Vice-President, and F. Otto Hass, Vice-President of Rohm & Hass Co., will address the luncheon meeting of the Investment Analysts Club of Chicago today (May 8) at the Georgian Room of Carson Pirie Scott & Co.

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)	May 11	Not avail.	100.6	62.3	103.7
Equivalent to—					
Steel ingots and castings (net tons)	May 11	Not avail.	2,090,000	1,294,000	2,073,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	Apr. 26	6,370,800	6,365,500	6,401,650	6,154,000
Crude runs to stills—daily average (bbls.)	Apr. 26	‖6,600,000	6,501,000	6,590,000	6,236,000
Gasoline output (bbls.)	Apr. 26	20,903,000	21,303,000	21,837,000	19,876,000
Kerosene output (bbls.)	Apr. 26	2,517,000	2,720,000	2,750,000	2,698,000
Distillate fuel oil output (bbls.)	Apr. 26	9,236,000	9,123,000	9,712,000	8,061,000
Residual fuel oil output (bbls.)	Apr. 26	9,034,000	8,958,000	8,846,000	8,747,000
‡Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished and unfinished gasoline (bbls.) at	Apr. 26	155,367,000	157,392,000	158,695,000	145,987,000
Kerosene (bbls.) at	Apr. 26	18,546,000	17,321,000	16,179,000	17,021,000
Distillate fuel oil (bbls.) at	Apr. 26	51,274,000	49,358,000	48,445,000	47,852,000
Residual fuel oil (bbls.) at	Apr. 26	38,526,000	36,828,000	37,049,000	36,991,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	Apr. 26	779,402	735,097	725,423	824,662
Revenue freight received from connections (no. of cars)	Apr. 26	652,363	616,434	672,762	702,581
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	May 1	$288,192,000	$371,079,000	$345,654,000	$270,573,000
Private construction	May 1	152,267,000	186,185,000	191,279,000	166,513,000
Public construction	May 1	135,925,000	184,894,000	154,375,000	104,060,000
State and municipal	May 1	70,209,000	130,664,000	101,826,000	70,210,000
Federal	May 1	65,716,000	54,230,000	52,549,000	33,850,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	Apr. 26	9,730,000	*9,195,000	9,865,000	10,444,000
Pennsylvania anthracite (tons)	Apr. 26	983,000	683,000	697,000	725,000
Beehive coke (tons)	Apr. 26	112,800	*106,000	132,400	139,700
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	Apr. 26	105	97	101	101
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	May 3	§6,985,000	*7,134,844	7,218,831	6,559,700
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	May 1	150	168	185	163
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	Apr. 29	4.131c	4.131c	4.131c	4.131c
Pig iron (per gross ton)	Apr. 29	$52.72	$52.72	$52.72	$52.69
Scrap steel (per gross ton)	Apr. 29	$42.00	$42.00	$42.00	$43.00
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	Apr. 30	24.200c	24.200c	24.200c	24.200c
Export refinery at	Apr. 30	27.425c	27.425c	27.425c	24.425c
Straits tin (New York) at	Apr. 30	121.500c	121.500c	121.500c	142.000c
Lead (New York) at	Apr. 30	18.000c	19.000c	19.000c	17.000c
Lead (St. Louis) at	Apr. 30	17.800c	18.800c	18.800c	16.800c
Zinc (East St. Louis) at	Apr. 30	19.500c	19.500c	19.500c	17.500c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	May 6	98.98	98.70	97.17	97.62
Average corporate	May 6	110.34	110.15	109.97	111.62
Aaa	May 6	114.66	114.46	114.08	115.63
Aa	May 6	113.12	113.12	112.75	114.27
A	May 6	109.60	109.60	109.06	110.70
Baa	May 6	104.14	104.14	104.14	106.04
Railroad Group	May 6	107.62	107.44	106.92	108.16
Public Utilities Group	May 6	109.60	109.60	109.42	111.44
Industrials Group	May 6	113.70	113.89	113.50	115.24
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	May 6	2.57	2.59	2.70	2.66
Average corporate	May 6	3.15	3.16	3.17	3.08
Aaa	May 6	2.92	2.93	2.95	2.87
Aa	May 6	3.00	3.00	3.02	2.94
A	May 6	3.19	3.19	3.22	3.13
Baa	May 6	3.50	3.50	3.50	3.39
Railroad Group	May 6	3.30	3.31	3.34	3.27
Public Utilities Group	May 6	3.19	3.19	3.20	3.09
Industrials Group	May 6	2.97	2.96	2.98	2.89
MOODY'S COMMODITY INDEX	May 6	433.2	427.8	437.5	515.4
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	Apr. 26	183,440	163,623	189,705	202,342
Production (tons)	Apr. 26	206,373	196,697	198,922	248,326
Percentage of activity	Apr. 26	83	81	84	105
Unfilled orders (tons) at end of period	Apr. 26	363,173	389,115	380,443	646,878
OIL, PAINT AND DRUG REPORTER PRICE INDEX— 1926-36 AVERAGE = 100	May 2	140.6	140.8	141.0	153.9
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	Apr. 19	26,180	23,247	29,249	29,067
Number of shares	Apr. 19	750,793	659,376	830,857	856,153
Dollar value	Apr. 19	$45,718,392	$30,197,111	$37,899,500	$38,528,573
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	Apr. 19	25,988	19,578	24,650	27,239
Customers' short sales	Apr. 19	192	108	131	202
Customers' other sales	Apr. 19	26,180	19,470	24,519	27,037
Number of shares—Total sales	Apr. 19	741,786	541,842	684,140	749,387
Customers' short sales	Apr. 19	9,007	3,874	4,181	7,066
Customers' other sales	Apr. 19	750,793	537,968	679,959	742,321
Dollar value	Apr. 19	$32,480,652	$23,415,126	$29,231,928	$31,433,463
Round-lot sales by dealers—					
Number of shares—Total sales	Apr. 19	193,180	158,800	176,350	223,650
Short sales	Apr. 19	------	------	------	------
Other sales	Apr. 19	193,180	158,800	176,350	223,650
Round-lot purchases by dealers—					
Number of shares	Apr. 19	443,100	251,560	311,620	328,800
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	Apr. 12	174,870	230,590	265,040	346,830
Other sales	Apr. 12	5,137,460	7,783,790	7,525,650	9,028,970
Total sales	Apr. 12	5,312,330	8,014,380	7,790,690	9,375,800
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS					
Transactions of specialists in stocks in which registered—					
Total purchases	Apr. 12	528,160	830,560	785,620	913,600
Short sales	Apr. 12	95,540	130,490	143,260	157,840
Other sales	Apr. 12	453,520	744,740	618,120	743,650
Total sales	Apr. 12	549,060	875,230	761,380	901,490
Other transactions initiated on the floor—					
Total purchases	Apr. 12	109,700	255,440	202,100	270,220
Short sales	Apr. 12	6,700	16,700	19,400	25,600
Other sales	Apr. 12	117,900	268,700	234,760	275,070
Total sales	Apr. 12	124,600	285,400	254,160	300,670
Other transactions initiated off the floor—					
Total purchases	Apr. 12	263,396	368,777	280,534	369,380
Short sales	Apr. 12	31,060	35,650	40,470	46,310
Other sales	Apr. 12	242,417	457,490	371,759	412,110
Total sales	Apr. 12	273,477	493,140	412,229	458,420
Total round-lot transactions for account of members—					
Total purchases	Apr. 12	901,256	1,454,777	1,268,254	1,553,200
Short sales	Apr. 12	133,300	182,840	203,130	229,750
Other sales	Apr. 12	813,837	1,470,930	1,224,639	1,430,830
Total sales	Apr. 12	947,137	1,653,770	1,427,769	1,660,580
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR—(1947-49 = 100):					
Commodity Group—					
All commodities	Apr. 29	111.2	111.3	111.4	------
Farm products	Apr. 29	106.7	106.7	107.6	------
Processed foods	Apr. 29	107.4	107.7	108.3	------
Meats	Apr. 29	110.7	111.4	111.5	------
All commodities other than farm and foods	Apr. 29	113.0	113.1	112.9	------

*Revised. †Not available. ‡On new basis. §Preliminary figure. ‖Includes 546,000 barrels of foreign crude runs.

	Latest Month	Previous Month	Year Ago
BUSINESS INCORPORATIONS (NEW) IN THE UNITED STATES—DUN & BRADSTREET, INC.—Month of March	7,902	*7,138	7,643
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD — Month of April (000's omitted):			
Total U. S. construction	$1,180,340	$1,042,851	$1,053,434
Private construction	585,909	549,395	558,498
Public construction	594,431	493,456	494,936
State and municipal	407,291	365,223	264,860
Federal	187,140	128,233	230,076
CONSUMER CREDIT OUTSTANDING—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM — Estimated short-term credit in millions as of March 31:			
Total consumer credit	$19,557	*$19,716	$19,711
Instalment credit	13,149	*13,184	13,246
Sale credit	7,047	*7,158	7,200
Automobile	3,891	3,927	3,935
Other	3,156	*3,231	3,265
Loan credit	6,102	6,026	6,046
Noninstalment credit	6,408	*6,532	6,465
Charge accounts	3,855	*3,967	3,927
Single payment loans	1,449	*1,448	1,437
Service credit	1,104	*1,117	1,101
CONSUMER PRICE INDEX FOR MODERATE INCOME FAMILIES IN LARGE CITIES— 1935-39=100—Adjusted as of March 15:			
All items	188.0	187.9	184.5
All foods	227.6	227.5	226.2
Cereals and bakery products	191.2	190.9	187.5
Meats	268.8	270.8	271.9
Dairy products	215.7	217.0	204.6
Eggs	161.3	166.5	195.2
Fruits and vegetables	232.1	223.5	217.1
Beverages	347.1	347.1	342.6
Fats and oils	145.6	150.9	177.3
Sugar and sweets	184.3	185.1	186.0
Clothing	203.5	204.3	203.1
Rent	140.5	140.2	134.7
Fuel, electricity and refrigerators	145.3	145.3	144.2
Gas and electricity	97.9	97.9	97.2
Other fuels	206.8	206.7	205.0
Ice	156.5	156.3	154.4
House furnishings	207.6	208.6	210.7
Miscellaneous	170.7	170.2	164.3
EMPLOYMENT AND PAYROLLS—U. S. DEPT. OF LABOR—REVISED SERIES—Month of February:			
All manufacturing (production workers)	12,807,000	*12,771,000	13,186,000
Durable goods	7,292,000	*7,267,000	7,371,000
Nondurable goods	5,515,000	*5,504,000	5,815,000
Employment Indexes (1947-49 Avge.=100—			
All manufacturing	103.5	103.3	106.6
Payroll Indexes (1947-1949 Average=100)—			
All manufacturing	131.1	*130.7	128.5
Estimated number of employees in manufacturing industries—			
All manufacturing	15,836,000	*15,777,000	15,978,000
Durable goods	8,990,000	*8,950,000	8,877,000
Nondurable goods	6,846,000	*6,827,000	7,101,000
FACTORY EARNINGS AND HOURS—WEEKLY AVERAGE ESTIMATE — U. S. DEPT. OF LABOR—Month of March:			
Earnings—			
All manufacturing	$67.20	*$67.03	$64.57
Durable goods	72.38	*72.27	69.30
Nondurable goods	60.20	*60.12	58.40
Hours—			
All manufacturing	40.7	40.8	41.1
Durable goods	41.6	41.8	41.9
Nondurable goods	39.4	39.5	40.0
Hourly earnings—			
All manufacturing	$1.651	*$1.643	$1.571
Durable goods	1.740	*1.729	1.654
Nondurable goods	1.528	*1.522	1.460
MOODY'S WEIGHTED AVERAGE YIELD OF 200 COMMON STOCKS—Month of April:			
Industrial (125)	5.87	5.54	6.35
Railroad (25)	6.05	5.85	6.12
‡Utilities (24)	5.62	5.50	5.85
Banks (15)	4.58	4.41	4.74
Insurance (10)	3.41	3.37	3.41
Average (200)	5.77	5.49	6.18

‡Not including Amer. Tel. & Tel.

Securities Now in Registration

★ INDICATES ADDITIONS SINCE PREVIOUS ISSUE
● ITEMS REVISED

● **Alabama Gas Corp. (5/13)**
April 17 filed $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). To be opened at 11:30 a.m. (EDT) on May 13.

Aluminum Co. of Canada, Ltd. (5/20-21)
April 29 filed $90,000,000 of sinking fund debentures due 1970 (to be guaranteed by Aluminium, Ltd., parent, and payable in U. S. dollars). **Proceeds**—For expansion. **Underwriter**—The First Boston Corp., New York.

American Can Co. (5/8)
April 17 filed 989,599 shares of common stock (par $12.50) to be offered for subscription by common stockholders at rate of one such share for each 10 shares held as of May 8; rights to expire May 26. **Price**—To be supplied by amendment. **Proceeds** — For expansion and working capital. **Underwriters**—Morgan Stanley & Co. and Clark, Dodge & Co., New York. **Offering**—Expected today.

American Hard Rubber Co.
March 28 filed 96,655 shares of common stock (par $12.50) to be offered for subscription by stockholders at rate of one new share for each four shares of preferred stock or two shares of common stock held (with oversubscription privileges). **Price**—To be supplied by amendment. **Proceeds**—For plant additions and construction. **Underwriter**—Blair, Rollins & Co. Inc., New York. **Offering**—Temporarily postponed.

American Machine & Foundry Co.
March 27 filed a maximum of 255,467 shares of common stock (no par) being 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 to expire on May 23, unless extended. **Dealer-Manager**—Reynolds & Co., New York. Statement effective April 21.

Applied Research Laboratories, Glendale, Calif.
April 23 (letter of notification) 33,000 shares of capital stock (par $1). **Price**—$9 per share. **Proceeds**—To repay loan and for working capital. **Office**—3717 Park Place, Glendale, Calif. **Underwriter**—Lester, Ryons & Co., Los Angeles, Calif.

Arkansas Oil Ventures, Inc., Oklahoma City, Okla.
April 22 (letter of notification) 1,999,000 shares of common stock (par one cent). **Price**—15 cents per share. **Proceeds**—For drilling expenses and working capital. **Underwriter**—Tellier & Co., New York.

● **Ashland Oil & Refining Co.**
April 16 filed 599,560 shares of no par value $1.50 cumulative second preferred stock, series of 1952, convertible prior to June 15, 1962. They are initially offered for subscription by common stockholders of record May 6 on a 1-for-9 basis, with rights to expire on May 22. **Price**—$30 per share. **Proceeds**—For capital additions and improvements and working capital. **Underwriter**—A. G. Becker & Co., Inc., Chicago, Ill.

★ **Astoria Plywood Corp., Astoria, Ore.**
April 11 (letter of notification) 12,000 shares of preferred stock. **Price**—At par ($25 per share). **Proceeds**—For working capital. **Office**—173-23rd St., Astoria, Ore. **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.

★ **Boston Fund, Inc., Boston, Mass.**
April 30 filed 1,000,000 shares of capital stock. **Price**—At market. **Proceeds**—For investment. **Underwriter**—Vance, Sanders & Co., Boston, Mass.

Bridgeport Brass Co., Bridgeport, Conn.
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 at rate of one preferred share for each seven and one-half shares of common held. **Price**—To be supplied by amendment. **Proceeds**—To redeem outstanding 3¾% serial debentures and repay 2½% notes. **Underwriters**—Hornblower & Weeks and Stone & Webster Securities Corp., New York. **Offering**—Indefinitely postponed. **Meeting**—Stockholders to vote May 26.

★ **Bug Drilling Co., Inc., Philadelphia, Pa.**
May 1 (letter of notification) 1,500 shares of common stock to be offered on May 8 for subscription by stockholders of record Jan. 14, 1952, on a share-for-share basis (with an oversubscription privilege); rights to expire on May 15. **Price**—At par ($100 per share). **Proceeds**—For drilling expenses. **Underwriter** — None. **Office**—2717 Fidelity-Philadelphia Trust Bldg., Broad and Sansome Streets, Philadelphia 9, Pa.

★ **California Pacific Title Insurance Co.**
May 2 (letter of notification) 3,700 shares of common stock (valued at $80 per share) to be exchanged for a maximum of 14,800 shares of Land Escrow and Safe Deposit Company stock valued at $592,000. **Underwriter**—None. **Office**—148 Montgomery St., San Francisco 4, Calif.

NEW ISSUE CALENDAR

May 10, 1952
Southern Union Gas Co., Dallas, Tex.______Common
(Offering to stockholders)

May 13, 1952
Alabama Gas Corp.______Bonds
(Bids 11:30 a.m. EDT)
Firestone Tire & Rubber Co.______Debentures
(Harriman, Ripley & Co., Inc.)
Worcester County Electric Co.______Bonds
(Bids noon EDT)

May 14, 1952
Central RR. of Georgia______Equip. Trust Ctfs.
(Bids noon EDT)
Crane Co., Chicago, Ill.______Debentures
(Morgan Stanley & Co. and Clark, Dodge & Co.)
Elliott Co., Jeanette, Pa.______Preferred
(F. Eberstadt & Co., Inc.)
Food Machinery & Chemical Corp.______Common
(Kidder, Peabody & Co. and Mitchum, Tully & Co.)
Fort Worth & Denver Ry.______Bonds
(Bids 11 a.m. CDT)
International Bank for Reconstruction and and Development ("World Bank")______Bonds
(Morgan Stanley & Co. and The First Boston Corp.)
Iowa Power & Light Co.______Common
(Smith, Barney & Co.)
Lion Oil Co.______Common
(Blyth & Co., Inc.)
New York State Electric & Gas Corp.______Common
(The First Boston Corp.)
Skiatron Electronics & Television Corp.______Common
(Coffin, Betz & Co.)

May 19, 1952
Central Vermont Public Service Corp.______Bonds & Common
(Bids 11 a.m. EDT)
Davison Chemical Corp.______Preferred
(Alex. Brown & Sons)

May 20, 1952
Aluminum Co. of Canada, Ltd.______Debentures
(The First Boston Corp.)
Hammermill Paper Co.______Common
(A. G. Becker & Co. Inc.)
Island Air Ferries, Inc.______Common
(Hunter Securities Corp.)
National Fuel Gas Co.______Debentures
(Bids to be invited)

May 21, 1952
Iowa Power & Light Co.______Bonds
(Bids 11 a.m. EDT)
New British Dominion Oil Co., Ltd.______Common
(Allen & Co.)

May 22, 1952
Kwikset Locks, Inc.______Common
(Paul H. Davis & Co. and Lester, Ryons & Co.)
Seaboard Air Line RR.______Equip. Trust Ctfs.
(Bids noon EDT)

May 26, 1952
Dallas Power & Light Co.______Preferred
(Bids noon EDT)
Virginia Electric & Power Co.______Common
(Stone & Webster Securities Corp.)

May 27, 1952
National Steel Corp.______Bonds
(Kuhn, Loeb & Co., Harriman Ripley & Co., Inc. and The First Boston Corp.)
Tennessee Gas Transmission Co.___Preferred & Com.
(Stone & Webster Securities Corp. and White, Weld & Co.)

May 28, 1952
Long Island Lighting Co.______Preferred
(W. C. Langley & Co.)

June 2, 1952
Metals & Chemicals Corp., Dallas, Tex.___Common
(Beer & Co.)

June 3, 1952
Consolidated Natural Gas Co.______Common
(Offering to stockholders)
Tampa Electric Co.______Preferred & Com.
(Bids 11 a.m. EDT)

June 4, 1952
Baltimore & Ohio RR.______Equip. Trust Ctfs.
(Bids to be invited)

June 10, 1952
Kansas Gas & Electric Co.______Bonds & Stock
(Bids noon EDT on bonds; 10:30 a.m. EDT on stocks)
Northern States Power Co.______Bonds & Common
(Bids to be invited)

June 17, 1952
American Gas & Electric Co.____Debs. & Common
(Bids to be invited)
Kentucky Utilities Co.______Bonds
(Bids to be invited)
Public Service Electric & Gas Co.______Debentures
(Bids to be invited)

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)

Cambridge Hotels, Inc., Cambridge, Mass.
April 25 (letter of notification) $250,000 of 10-year 7½% convertible debentures due May 1, 1962, and 25,000 shares of class A common stock (par $1), of which stock 2,500 shares are being issued with the debentures to be sold in units of one $1,000 debentures and 12 shares of common stock, and 22,500 shares are being reserved for issuance upon conversion of the debentures. **Price**—$1,000 per unit. **Proceeds** — To purchase Continental Hotel Building and two apartment buildings and for operating expenses. **Underwriter**—Clayton Securities Corp., Boston, Mass. The letter of notification also covers 10,000 shares of class B common stock (par $1), of which 3,000 shares will be issued to the underwriter in the event that not less than 220 units have been sold as compensation and 7,000 shares will be issued to Chauncey Depew Steele, Jr., for services.

★ **Capella Copper Co., Phoenix, Ariz.**
May 2 (letter of notification) 250,000 shares of common stock (par 25 cents). **Price**—20 cents per share. **Proceeds**—For drilling expenses. **Office** — 909 North First St., Phoenix, Ariz. **Underwriter**—None.

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.

Case (J. I.) Co., Racine, Wis.
April 4 filed 377,058 shares of common stock (par $12.50) being 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. **Price**—$24.50 per share. **Proceeds**—To repay bank loans. **Underwriters**—Morgan Stanley & Co. and Clark, Dodge & Co., New York. Statement effective April 24.

Celon Co., Madison, Wis.
April 17 (letter of notification) $110,000 of convertible subordinated debentures due 1965. **Price**—At par ($100 each). **Proceeds** — For working capital. **Office** — 2034 Pennsylvania Ave., Madison, Wis. **Underwriter**—None.

● **Central Vermont Public Service Corp. (5/19)**
April 23 filed $1,500,000 of first mortgage bonds, series H, due May 1, 1982, and 108,900 shares of common stock (par $6). The latter issue is 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); W. C. Langley & Co. and Hemphill, Noyes, Graham, Parsons & Co. (jointly); Union Securities Corp. (2) For stock, Coffin & Burr, Inc. and First Boston (jointly); Blyth & Co., Inc.; Harriman Ripley & Co., Inc.; Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane (jointly); A. C. Allyn & Co., Inc. **Bids**—Expected to be received up to 11 a.m. (EDT) on May 19.

Century Acceptance Corp., Kansas City, Mo.
April 14 (letter of notification) $250,000 of 15-year 6% junior registered sinking fund debenture notes due April 1, 1967, and 24,500 shares of class A common stock (par $1). **Price**—Of notes, at par (in denominations of $100 each), and of stock, $2 per share. **Proceeds** — For working capital. **Office**—1334 Oak St., Kansas City, Mo. **Underwriter**—Wahler, White & Co., Kansas City, Mo.

★ **Century Natural Gas & Oil Corp.**
April 30 (letter of notification) 80,000 shares of common stock (par 10 cents). **Price**—40 cents per share. **Proceeds**—To Robert M. Allender and Judson M. Bell, two selling stockholders. **Underwriters**—Blair F. Claybaugh & Co., Harrisburg, Pa., and Goodbody & Co., New York.

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Continued from page 37

C. I. T. Financial Corp., New York
April 25 filed 150,000 shares of common stock (no par) to be offered pursuant to a restricted stock option plan for key employees to certain employees of the company and its subsidiaries. **Underwriter**—None.

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.

★ **Commonwealth Stock Fund, San Francisco, Calif.**
May 6 filed 250,000 shares of common stock (par $1). **Price**—At market. **Proceeds**—For investment. **General Distributor**—North American Securities Co., San Francisco, Calif. **Offering**—Expected in August.

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 Natural Gas Co., New York (6/3)**
April 30 filed 409,254 shares of capital stock (par $15) to be offered for subscription by stockholders of record June 3 at rate of one share for each eight shares held (with an oversubscription privilege); rights to expire on June 20. **Price**—To be supplied by amendment. **Proceeds**—To purchase securities of company's operating subsidiaries, which in turn will use the funds for property additions and improvements. **Underwriter**—None.

Consolidated Underwriters Investment Corp.
March 26 (letter of notification) 30,000 shares of class A common stock. **Price**—At par ($10 per share). **Proceeds**—For working capital. **Office**—507 Spring Street, Shreveport, La. **Underwriter**—None.

● **Continental Radiant Glass Heating Corp.**
April 16 (letter of notification) 100,000 shares of cumulative convertible preferred stock (par $1) being first offered for subscription by stockholders of record April 8 on a pro rata basis; rights to expire May 14. **Price**—To stockholders $2.70 per share and to public $3 per share. **Proceeds**—For expansion of sales and working capital. **Office**—1 East 35th St., New York, N. Y. **Underwriter**—Aetna Securities Corp., New York.

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.

Crane Co., Chicago, Ill. (5/14)
April 23 filed $20,000,000 of 25-year sinking fund debentures due May 1, 1977. **Price**—To be supplied by amendment. **Proceeds** —To repay short-term notes and for working capital. **Business**—Manufacture and distribution of plumbing fixtures, and accessory equipment for aircraft. **Underwriters**—Morgan Stanley & Co. and Clark, Dodge & Co., of New York.

Crossett (Ark.) Lumber Co.
April 22 (letter of notification) 9,350 shares of common stock (par $5). **Price** — $32 per share. **Proceeds** — For working capital. **Underwriter** — Equitable Securities Corp., Nashville, Tenn.

★ **Crown Finance Co., Inc.**
April 30 (letter of notification) $50,000 of 5% subordinated debentures due March 1, 1982. **Price**—At par (in denominations of $1,000 and $500 each). **Proceeds**—For expansion and working capital. **Underwriter**—Hodson & Co., Inc., 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 about the middle of May.

★ **Dakota Williston Oil Corp., Oklahoma City, Okla.**
April 28 (letter of notification) 1,999,000 shares of common stock (par 1 cent). **Price**—15 cents per share. **Proceeds**—To drill well. **Address**—c/o H. L. James, Fidelity Bank Bldg., Oklahoma City, Okla. **Underwriter**—Tellier & Co., New York. **Offering**—Now being made.

Dallas Power & Light Co. (5/26)
April 21 filed 100,000 shares of cumulative preferred stock (no par). **Proceeds**—To repay advances from Texas Utilities Co., parent, and for new construction. **Underwriters** — To be determined by competitive bidding. Probable bidders: Harriman Ripley & Co. and Kidder, Peabody & Co. (jointly); The First Boston Corp.; Lehman Brothers; Union Securities Corp.; White, Weld & Co. and Equitable Securities Corp. (jointly). **Bids**—Expected to be received at noon (EDT) on May 26.

Davison Chemical Corp. (5/19)
April 29 filed 128,533 shares of cumulative convertible preferred stock, series A (par $50) to be offered for subscription by common stockholders at rate of one preferred share for each five common shares held. **Price**—To be supplied by amendment. **Proceeds**—From sale of stock, plus funds to be received from insurance company on a $15,000,000 long-term loan to mature May 1, 1967, for refunding of $4,300,000 outstanding 3½% notes and for expansion program. **Underwriter** — Alex. Brown & Sons, Baltimore, Md.

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.

Deardorf Oil Corp., Oklahoma City, Okla.
April 14 (letter of notification) 2,000,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For working capital. **Office**—219 Fidelity Bldg., Oklahoma City, Okla. **Underwriter**—None.

Deerpark Packing Co., Port Jervis, N. Y.
March 21 (letter of notification) 235,000 shares of common stock (par 10 cents). **Price**—$1.25 per share. **Proceeds**—To repay RFC loan of $41,050 and for working capital.

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. **Office** — Suite 839, 60 East 42nd St., New York 17, N. Y. **Underwriter**—Gardner & Co., White Plains, N. Y.

Dixonville Coal Co. (Pa.)
April 17 (letter of notification) $100,000 of 10-year 7% first mortgage convertible sinking fund bonds due June 1, 1962. **Price**—At 98% of principal amount. **Proceeds**—For improvements. **Underwriter**—Arthur L. Wright & Co., Inc., Philadelphia, Pa.

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.

Elliott Co., Jeanette, Pa. (5/14)
April 24 filed 120,000 shares of 5% cumulative second preferred stock (par $50-convertible through April 1, 1961). **Price**—To be supplied by amendment. **Proceeds**—For expansion program and working capital. **Business**—Manufacture of steam turbines and electric motors. **Underwriter**—F. Eberstadt & Co., Inc., 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.

Firestone Tire & Rubber Co. (5/13)
April 23 filed $75,000,000 25-year debentures due May 1, 1977. **Price**—To be supplied by amendment. **Proceeds**—For plant expansion and working capital. **Underwriter**—Harriman Ripley & Co., Inc., New York.

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.

★ **Flek Corp., Los Angeles, Calif.**
April 28 (letter of notification) 13,500 shares of capital stock (par $10), of which 9,000 shares will be sold at par to a group of 20 individuals, and the balance of 4,500 shares are to be issued to three directors in the ratio of one share for each two shares sold to said individuals in consideration of promotion services rendered to company. **Proceeds** — For working capital. **Office** — 609 South Grand Ave., Los Angeles, Calif. **Underwriter**—None.

● **Food Machinery & Chemical Corp. (5/14)**
April 22 filed 300,000 shares of common stock (par $10. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Underwriters**—Kidder, Peabody & Co., New York, and Mitchum, Tully & Co., San Francisco, Calif.

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.

★ **Glendive Leaseholds, Inc., Glendive, Mont.**
April 21 (letter of notification) 200,000 shares of common stock (no par) to be offered to owners of mineral rights in certain lands near Glendive in exchange for leases of mineral rights on lands on basis of one share for each acre so leased. **Underwriter**—None.

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

Gyrodyne Co. of America, Inc.
April 22 (letter of notification) 3,000 shares of class A common stock (par $1). **Price**—$5 per share. **Proceeds**—For working capital. **Office**—Flowerfield, St. James, N. Y. **Underwriters**—Company and Jackson & Co., Boston, Mass.

Hamilton Land Co., Reno, Nev.
April 14 (letter of notification) 300,000 shares of capital stock. **Price**—At par (10 cents per share). **Proceeds**—To acquire ore dumps and for oil leases and royalties. **Office**—139, North Virginia St., Reno, Nev. **Underwriter**—Nevada Securities Corp.

Hammermill Paper Co. (5/20)
April 30 filed 200,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—For plant improvements and working capital. **Underwriter** — A. G. Becker & Co. Inc., Chicago, Ill.

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.

● **Husky Oil Co., Cody, Wyo.**
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. **Offering**—Expected about the middle of May.

Imperial Brands, Inc., Inglewood, Calif.
April 24 (letter of notification) 112,600 shares of capital stock. **Price**—At par ($1 per share). **Proceeds**—To pay outstanding obligations. **Underwriter** — None. but sales will be made through V. L. Oberman, J. A. Hunter and R. J. Prower.

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.

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.

Iowa Power & Light Co. (5/14)
April 25 filed a maximum of 226,929 shares of common stock (par $10), to be offered for subscription by common stockholders of record about May 14 at rate of one share for each seven shares held; rights to expire May 28. **Price**—To be supplied by amendment. **Proceeds**—For new construction. **Underwriter**—Smith, Barney & Co., New York.

Iowa Power & Light Co. (5/21)
April 25 filed $10,000,000 of first mortgage bonds due 1982. **Proceeds**—For new construction. **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.; White, Weld & Co.; The First Boston Corp.; Kidder, Peabody & Co. **Bids**—Tentatively expected to be opened on May 21 at 11 a.m. (EDT).

● **Island Air Ferries, Inc. (5/20)**
April 18 (letter of notification) 284,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—To purchase two transport aircraft and for working capital. **Office**—MacArthur Airport, Bohemia, N. Y. **Underwriter**—Hunter Securities Corp., New York.

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.

★ Kansas Gas & Electric Co. (6/10)
April 30 filed $12,000,000 first mortgage bonds due 1982. **Proceeds**—For construction program and to repay bank loans. **Underwriter**—To be determined by competitive bidding. Probable bidders: 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. **Bids**—Expected to be received up to noon (EDT) on June 10.

★ Kansas Gas & Electric Co. (6/10)
April 30 filed 200,000 shares of common stock (no par). **Proceeds**—To repay bank loans and for new construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Union Securities Corp.; Lehman Brothers; Merrill Lynch, Pierce, Fenner & Beane, Kidder, Peabody & Co. and White, Weld & Co. (jointly); The First Boston Corp.; Blyth & Co., Inc. **Bids**—Expected to be received up to 10:30 a.m. (EDT) on June 10.

★ Kern Mutual Telephone Co., Taft, Calif.
May 1 (letter of notification) 5,000 shares of 6% cumulative preferred stock. **Price**—At par ($25 per share). **Proceeds** — To retire notes. **Underwriter** — Bailey & Davidson, San Francisco, Calif.

Kirby Petroleum Co., Houston, Texas
April 17 (letter of notification) 11,400 shares of preferred stock (par $10). **Price**—At market (not less than $8.50 per share). **Proceeds**—To W. T. Moran, the selling stockholder. **Underwriter**—Harris, Upham & Co., New York.

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.

★ Kwikset Locks, Inc., Anaheim, Calif. (5/22)
May 2 filed 125,000 shares of common stock (par $5), of which 25,000 shares are being offered by the company and 100,000 shares by a selling stockholder. **Price**—To be supplied by amendment. **Proceeds** — For working capital. **Business**—Design, manufacture, assembly and sale of residential locksets. **Underwriters**—Paul H. Davis & Co., Chicago, Ill., and Lester, Ryons & Co., Los Angeles, Calif.

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.

★ Link-Belt Co., Chicago, Ill.
May 5 filed 21,636 shares of common stock (par $5), to be offered to a select group of officers and employees of the company and its subsidiaries. **Price**—$35 per share. **Proceeds**—For working capital. **Underwriter**—None.

Lion Oil Co. (5/14)
April 23 filed 400,000 shares of common stock (no par). **Price**—To be supplied by amendment. **Proceeds**—From sale of stock, together with funds from placement of $15,000,000 of debentures with an insurance company, to be used to pay for construction of new plant. **Underwriter**—Blyth & Co., Inc., New York.

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.
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.

● Long Island Lighting Co. (5/28)
April 30 filed 100,000 shares of preferred stock, series B (par $100). **Price**—To be supplied by amendment. **Proceeds**—For construction program. **Underwriter** — W. C. Langley & Co., New York.

Martin (Glenn L.) Co.
March 21 filed voting trust certificates for 2,434,230 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. Statement effective April 3.

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.

★ Mercantile Acceptance Corp. of California
April 28 (letter of notification) $37,000 of 10-year 5% junior subordinated debentures to be offered to public in "various denominations." **Proceeds**—For working capital. **Office** — 333 Montgomery St., San Francisco, Calif. **Underwriter**—Guardian Securities Corp., San Francisco, Calif.

Michigan Spring Co.
April 18 (letter of notification) 9,744 shares of common stock. **Price**—$13.50 per share. **Proceeds**—For working capital. **Office**—2700 Wickham Drive, Muskegon, Mich. **Underwriter**—None.

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.

★ Minerals Milling & Mining Corp., Reno, Nev.
April 24 (letter of notification) 300,000 shares of common stock. **Price**—$1 per share. **Proceeds**—For construction and exploration. **Office**—139 North Virginia St., Reno, Nev. **Underwriter**—None.

★ Morrow (R. D.) Co., Inc., Pittsburgh, Pa.
May 5 (letter of notification) 10,000 shares of 5% cumulative convertible preferred stock. **Price**—At par ($10 per share). **Proceeds**—For financing of Master TV antenna systems in apartment houses on a lease basis and for additional working capital. **Underwriter**—Graham & Co., Pittsburgh, Pa.

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 Fuel Gas Co. (5/20)
April 18 filed $18,000,000 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**—To be opened on May 20.

★ National Steel Corp. (5/27)
May 7 filed $55,000,000 of first mortgage bonds due 1982. **Price**—To be supplied by amendment. **Proceeds**—To redeem $40,000,000 outstanding 3% first collateral mortgage bonds due 1965, and for general corporate purposes, including expansion program. **Underwriters** — Kuhn, Loeb & Co., Harriman Ripley & Co., Inc. and The First Boston Corp., New York.

★ Nebraska Consolidated Mills Co., Omaha, Neb.
April 30 (letter of notification) 21,430 shares of common stock. **Price**—At par ($10 per share). **Proceeds**—For working capital. **Office**—521 No. 16th St., Omaha, Neb. **Underwriter**—None.

★ Nevco Petroleum Co., Las Vegas, Nev.
May 1 (letter of notification) 3,000,000 shares of class A common stock. **Price**—At par (10 cents per share). **Proceeds**—To drill oil and gas wells. **Office**—223 Freemont St., Las Vegas, Nev. **Underwriter**—None.

● New British Dominion Oil Co., Ltd. (5/21)
April 28 filed 1,000,000 shares of capital stock (par 40 cents—Canadian) and an additional 150,000 under option to the underwriter. **Price**—To be supplied by amendment. **Proceeds**—For exploration and development of prospective and proved oil and gas lands. **Office**—Calgary, Alta., Canada. **Underwriter** — Allen & Co., New York, for part of issue; balance by Canadian underwriters.

● New England Electric System
April 9 filed 920,573 shares of common stock (par $1) to be offered for subscription by common stockholders of record May 8 at rate of one share for each eight shares held; rights to expire May 26. **Price**—$12.62½ per share. **Proceeds**—For construction program. **Underwriters**—Blyth & Co., Inc., Lehman Brothers and Bear, Stearns & Co. (jointly) were highest bidders on May 7.

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. Statement effective April 5 through lapse of time. Amendment necessary.

New York State Electric & Gas Corp. (5/14)
April 23 filed 300,000 shares of common stock (no par). **Price**—To be supplied by amendment. **Proceeds**—For new construction. **Underwriter**—The First Boston Corp., New York.

★ Northern States Power Co. (Minn.) (6/10)
May 1 filed $21,500,000 first mortgage bonds due June 1, 1982. **Proceeds** — For construction program. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Smith, Barney & Co.; Equitable Securities Corp.; Union Securities Corp.; The First Boston Corp.; Glore, Forgan & Co.; Lehman Brothers and Riter & Co. (jointly); Merrill Lynch, Pierce, Fenner & Beane, Kidder, Peabody & Co. and White, Weld & Co. (jointly). **Bids**—Expected to be opened on June 10.

★ Northern States Power Co. (Minn.) (6/10)
May 1 filed 1,108,966 shares of common stock (par $5) to be offered for subscription by common stockholders of record June 5 at rate of one share for each 10 shares held. **Proceeds** — For construction program. **Underwriters**—To be determined by competitive bidding. Probable bidders: Smith, Barney & Co.; Lehman Brothers & Riter & Co. (jointly); Merrill Lynch, Pierce, Fenner & Beane, Kidder, Peabody & Co. and White, Weld & Co. (jointly). **Bids**—Expected to be opened on or about June 10.

● Northwest Bancorporation, Minneapolis
April 16 filed 103,185 shares of convertible preferred stock (par $50) being offered to common stockholders at rate of one preferred share for each 15 common shares held as of May 5; rights expire May 20. **Price**—$50 per share. **Proceeds**—For general corporate purposes. **Underwriters**—The First Boston Corp. and Blyth & Co., Inc., New York.

Northwest Plastics, Inc., St. Paul, Minn.
April 18 (letter of notification) 2,100 shares of common stock (par $2.50). **Price**—$8.75 per share. **Proceeds**—To two selling stockholders. **Underwriters**—M. H. Bishop & Co., Minneapolis, Minn., and Irving J. Rice & Co., Inc., St. Paul, Minn.

Peoples Finance Corp., Montgomery, Ala.
Dec. 19 (letter of notification) 15,000 shares of common stock (par $1). **Price**—$3 per share. **Underwriter**—Carlson & Co., Birmingham, Ala. **Proceeds**—To expand business. **Office**—5 South Court St., Montgomery, Ala.

Petroleum Finance Corp.
Feb. 5 (letter of notification) 60,000 shares of common stock (par $1) and 30,000 warrants to purchase 30,000 shares of common stock (warrants exercisable at $7.50 per share on or prior to April 1, 1954). Each purchaser of two common shares will receive one warrant. **Price**—$5 per share. **Proceeds**—For working capital. **Office**—Oklahoma City, Okla. **Underwriter**—George F. Breen, New York.

Pittsburgh Coke & Chemical Co., Pittsburgh, Pa.
March 28 filed 142,129 shares of common stock (no par) being offered in exchange for 118,441 shares of Great Lakes Steamship Co., Inc., common stock, held by others than Pittsburgh Coke, which owns an additional 61,109 shares. The offer, which is on a 1.20-for-1 basis, will expire on June 4. **Dealer-Manager** — Hemphill, Noyes, Graham Parsons & Co., New York. Statement effective April 18.

★ Plastic Heel Manufacturing Co. of America
April 30 (letter of notification) 13,600 shares of 5% preferred stock (par $10) and 100,200 shares of common stock (no par). Of the latter issue, 22,600 shares are to be transferred to Plastic Patents, Inc., for a license of patent and lease of certain equipment and 64,000 shares are to be offered first to stockholders of Plastic Patents, Inc. **Price**—For preferred $10 per share and for common, $1 per share; purchasers of preferred may buy one share of common with each share of preferred. **Proceeds**—To increase inventory and for working capital. **Office**—6821 Corbitt Ave., University City, Mo. **Underwriter**—None.

★ Power Condenser & Electronics Corp.
May 2 (letter of notification) $285,000 of 10-year 5% income notes due May 1, 1962, and 11,400 shares of common stock (par $1), to be sold in units of one $1,000 note and 30 shares of common stock. **Price**—$1,000 per unit. **Proceeds**—For working capital. **Office** — 60 State St., Boston, Mass. **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. Statement effective April 3.

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.

★ Rural Gas Service, Inc., Westfield, Mass.
April 27 (letter of notification) $150,000 of 6% subordinated convertible debentures due 1962 (37,500 shares of $1 par reserved for conversion). **Price**—At par. **Proceeds** —For working capital. **Underwriter** — Tifft Brothers, Springfield, Mass.

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★ Securities Acceptance Corp., Omaha, Neb.
May 2 (letter of notification) 10,000 shares of 5% cumulative preferred stock (par $25). **Price**—$26 per share. **Proceeds**—For working capital to finance loan business. **Underwriters** — The First Trust Co. of Lincoln, Neb.; Cruttenden & Co., Chicago, Ill.; and Wachob-Bender Corp., Omaha, Neb.

★ Shawmut Association, Boston, Mass.
April 30 (letter of notification) 200 shares of common stock (no par). **Price**—At market (approximately $19 per share). **Proceeds**—To Walter S. Bucklin, the selling stockholder. **Underwriter**—Paine, Webber, Jackson & Curtis, Boston, Mass.

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.

★ Skiatron Electronics & Television Corp. (5/14)
May 5 (letter of notification) 10,000 shares of common stock (par 10 cents). **Price**—At market ($2.75 to $2.87½ per share). **Proceeds**—For working capital. **Underwriter**—Coffin, Betz & Co., Philadelphia, Pa., who is purchasing this stock for its own account at $2.37½ per share.

● Sonoco Products Co., Hartsville, S. C.
April 15 filed 150,000 shares of common stock (par $5) being offered for subscription by stockholders of record March 21 at rate of "slightly in excess of one share for each two shares held"; rights to expire on May 17. **Price**—To stockholders $16.50 per share and to public $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.

● Southern Union Gas Co., Dallas, Tex. (5/10)
April 8 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 (with an oversubscription privilege); rights to expire May 28. **Price**—$17.50 per share. **Proceeds**—For new construction. **Underwriter**—None.

Southwestern Virginia Gas Service Corp.
April 18 (letter of notification) $30,000 of 5½% debentures, series C, due Feb. 1, 1976. **Price**—95% of principal amount. **Proceeds**—For working capital. **Office**—Martinsville, Va. **Underwriters**—Bioren & Co., Philadelphia, Pa., and C. T. Williams & Co., Inc., Baltimore, Md.

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. Statement effective April 15.

★ Standard Oil Co. of California
May 5 filed $55,000,000 of interest in the Stock Plan for Employees of company and participating companies, together with 1,000,000 shares of capital stock of the company in which Plan funds may be invested. **Underwriter**—None.

Standard Oil Co. (Ohio)
April 24 filed $2,025,000 interests in the Sohio Employees Investment Plan together with 30,000 common and 6,750 preferred shares of the company which may be purchased pursuant to the terms of the plan.

Stanley Works, New Britain, Conn.
April 22 (letter of notification) 6,000 shares of common stock (par $25). **Price** — Approximately $50 per share. **Proceeds** — For working capital. **Office**—Lake Street, New Britain, Conn. **Underwriter**—None.

Sun Oil Co.
April 29 filed 13,000 memberships in the stock purchase plan for employees of company and its subsidiaries, together with 96,000 shares of common stock. In addition, 169,262 shares of outstanding stock to be offered "for possible public sale" by 11 selling stockholders. **Underwriter**—None.

● Superior Plywood Corp., Crescent City, Calif.
March 17 filed 1,775 shares of class A voting common stock (par $10), 295 shares of class B non-voting common stock (par $5,000) and 8,980 shares of 6% cumulative preferred stock (par $100), of which 1,475 class A shares and 295 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); 300 class A shares to be offered in exchange for Standard common stock on a share-for-share basis; and all of 8,980 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.

★ Tampa Electric Co. (6/3)
May 2 filed 50,000 shares of series A cumulative preferred stock (par $100) and 60,000 shares of common stock (no par). **Proceeds**—To repay bank loans and for new construction. **Underwriters**—To be determined by competitive bidding. Probable bidders: Blyth & Co., Inc.; Kidder, Peabody & Co.; Stone & Webster Securities Corp.; Goldman, Sachs & Co. **Bids**—To be received up to 11 a.m. (EDT) on June 3 at 49 Federal St., Boston, Mass.

★ Teller Mining Co., Inc., Renton, Wash.
March 17 (letter of notification) 121,301 shares of common stock. **Price**—50 cents per share. **Proceeds**—For development and exploration. **Office**—910 Third Ave. (P. O. Box 90), Renton, Wash. **Underwriter**—None.

★ Tennessee Gas Transmission Co. (5/27)
May 6 filed 100,000 shares of cumulative preferred stock (par $100) and 250,000 shares of common stock (par $5). **Price**—To be supplied by amendment. **Proceeds**—To repay short-term notes and for expansion program. **Underwriters** — Stone & Webster Securities Corp. and White, Weld & Co., New York.

Texas Co.
April 18 filed $30,510,000 of participations under the Employees Savings Plan together with 526,034 shares of capital stock (par $25) which may be required by the Trustee under the Plan.

★ Tobin Packing Co., Inc., Rochester, N. Y.
May 2 (letter of notification) 11,400 shares of common stock. **Price**—$8.75 per share. **Proceeds**—To John J. Krez, trustee under trust agreement. **Underwriter**—George R. Cooley & Co., Inc., Albany, N. Y.

★ Torrington (Conn.) Water Co.
April 30 (letter of notification) 800 shares of capital stock (par $25). **Price**—At market (approximately $25 per share). **Proceeds** — To Union & New Haven Trust Co., trustee for benefit of Buell Alvord. **Underwriter**—Wood, Struthers & Co., New York.

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.

★ Trans-Canada Petroleums, Ltd., Montreal, Canada
May 1 filed 1,000,000 shares of common stock (par $1). **Price**—$1.50 per share. **Proceeds**—For exploration and drilling. **Underwriter**—Mallinson Weir, 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.

Utah Home Fire Insurance Co.
April 15 (letter of notification) 10,000 shares of common stock (par $10) to be offered first to common stockholders for subscription. **Price**—$20 per share to stockholders; approximately $25.75 per share to public. **Proceeds**—To enlarge company's operations as an insurance carrier. **Office**—47 West South Temple, Salt Lake City 1, Utah.

● 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 any day.

★ Virginia Electric & Power Co. (5/26)
May 1 filed 494,642 shares of common stock (par $10) to be offered for subscription by common stockholders of record May 23 at rate of one share for each 10 shares held (with an oversubscription privilege); rights to expire on June 9. **Price**—To be supplied by amendment. **Proceeds** — For construction program. **Underwriter** — Stone & Webster Securities Corp., New York.

★ Warren (Ohio) Telephone Co.
April 30 (letter of notification) 3,000 shares of $5 dividend preferred stock (no par) to be offered to stockholders in ratio of 0.21676 shares for each share already owned. **Price**—At $100 per share and accrued dividends. **Proceeds** — To reimburse treasury for capital expenditures already made. **Underwriter**—None.

Weisfield's, Inc., Seattle, Wash.
April 17 (letter of notification) 5,184 shares of common stock. **Price**—$54.25 per share. **Proceeds**—For working capital. **Office** — 1511 Fifth Avenue, Seattle 1, Wash. **Underwriter**—None.

Western Pacific Insurance Co., Seattle, Wash.
April 21 (letter of notification) 13,018 shares of common stock. **Price**—$20 per share. **Proceeds**—To qualify company as a multiple line insurance carrier and to increase surplus. **Office**—Artic Bldg., 3rd and Cherry Sts., Seattle, Wash. **Underwriter** — Daugherty, Buchart & Cole, Seattle, Wash.

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.

Worcester County Electric Co. (5/13)
April 15 filed $4,000,000 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. Statement effective May 5.

● 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 on April 17; rights to expire on May 16. **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. **Underwriter**—None. Statement effective April 16.

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.

★ American Barge Line Co.
April 28 it was announced stockholders on May 27 will vote on increasing authorized common stock (par $5) from 330,000 to 430,000 shares and on approving a waiver of preemptive rights to subscribe for any of the additional shares. **Proceeds**—To finance purchase of equipment and terminal and warehouse facilities. **Traditional Underwriter**—F. Eberstadt & Co., Inc., New York.

● American Gas & Electric Co. (6/17)
April 30 company announced company plans to register with SEC on or about May 21 an issue of $20,000,000 sinking fund debentures due 1977 and 170,000 additional shares of common stock. **Proceeds**—To be invested in equity securities on the operating subsidiaries of the company and used by them in connection with their construction program which will amount to about $319,000,000 in the three-year period ending Dec. 31, 1954. **Underwriters** — To be determined by competitive bidding. Probable bidders: (1) On bonds — Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.; First Boston Corp.; Union Securities Corp.; Harriman Ripley & Co., Inc.; Salomon Bros. & Hutzler. (2) On stock—Blyth & Co., Inc. and Goldman, Sachs & Co. (jointly); First Boston Corp.; Union Securities Corp. **Bids**—Tentatively scheduled to be received on June 17.

★ American Investment Co. of Illinois
May 5 it was announced directors soon intend to file a registration with the SEC covering 100,000 shares of cumulative preferred stock (par $50). **Proceeds**—To repay bank loans and for general corporate purposes. **Underwriters**—Kidder, Peabody & Co., New York, and Alex. Brown & Sons, Baltimore, Md.

American Telephone & Telegraph Co.
April 16 stockholders approved a proposal to authorize a new issue of not to exceed $550,000,000 of convertible debentures. Last issue of debentures was offered to stockholders at par without underwriting.

Arkansas Power & Light Co.
March 14 it was reported company plans sale in October of $12,000,000 first mortgage bonds. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Equitable Securities Corp., and Central Republic Co. (Inc.) (jointly); Lehman Brothers and Stone & Webster Securities Corp. (jointly); Union Securities Corp.; Merrill Lynch, Pierce, Fenner & Beane; Blyth & Co., Inc.

★ Atlantic City Electric Co.
April 29 it was reported company may sell about $4,000,000 of preferred stock some time this Fall. **Proceeds**—For construction program. **Underwriters**—Probably Union Securities Corp. and Smith, Barney & Co., New York.

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.

Baltimore & Ohio RR. (6/4)
April 23 it was reported company plans issue and sale of $3,870,000 equipment trust certificates on or about June 4. Probable bidders: Halsey, Stuart & Co. Inc.; Bear, Stearns & Co.; Salomon Bros. & Hutzler.

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.

Canadian Palmer Stendel Oil Corp.
April 18 it was reported that 1,820,857 shares of common stock are to be offered for subscription by stockholders of Palmer Stendel Oil Corp. on a 1-for-2 basis. **Price**—At par (25 cents per share). **Underwriter**—Burnham & Co., New York.

● Central of Georgia Ry. (5/14)
Bids will be received up to noon (EDT) on May 14 at the office of J. P. Morgan & Co. Incorporated, 23 Wall St., New York, N. Y., for the purchase from the railroad company of $2,325,000 equipment trust certificates to be dated May 1, 1952, and to mature in 15 equal annual instalments of $155,000 each from 1953 to 1967, inclusive. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler; Bear, Stearns & Co.

Central Hudson Gas & Electric Corp.
March 25 stockholders voted to increase authorized preferred stock (par $100) from 150,000 shares (130,300 shares outstanding) to 225,000 shares to enable company to meet future capital requirements. There are no immediate plans for sale of any additional preferred stock. March 4 it was reported company plans the sale this Fall of about $5,500,000 first mortgage bonds. Latest bond financing was done privately in March, 1951 through Kidder, Peabody & Co.

Citizens Utilities Co.
April 14 it was announced stockholders will vote May 13 on increasing authorized common stock from 400,000 shares (par $1) to 2,000,000 shares (par 33⅓ cents) in order to provide for a 3-for-1 split-up of the present outstanding 283,729 shares of common stock and to permit the company to take advantage of any opportunities which may develop for property acquisitions requiring the issuance of common shares. **Traditional Underwriter**—Lee Higginson Corp., New York.

Cleveland Electric Illuminating Co.
April 22, Elmer L. Lindseth, President, announced that it will be necessary for the company to sell additional securities either later this year or early in 1953. Present plans are to sell either preferred or common stock, the choice depending upon relative market conditions at the time.

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.

Creameries of America, Inc.
April 14, G. S. McKenzie, President, stated that the company may do some long-term borrowing in about two months to finance expansion program. **Traditional Underwriters** — Kidder, Peabody & Co. and Mitchum, Tully & Co.

★ Detroit Bank, Detroit, Mich.
April 29 stockholders voted to increase the common stock by issuing 50,000 additional shares (par $20) at $60 per share to stockholders of record that date on basis of one share for each 6½ shares held; rights to expire May 14. **Underwriters** — Watling, Lerchen & Co. and First of Michigan Corp., Detroit, Mich.

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.
April 24 the FPC authorized the company to issue up to $2,500,000 in short-term promissory notes to mature not later than Dec. 31, 1953. Proceeds will be used to reimburse the company's treasury in part for construction expenditures heretofore made, and to provide a portion of the funds required in the interim to finance its construction program for 1952, pending permanent financing prior to the maturity date of the notes.

Empire District Electric Co.
April 8 stockholders increased authorized common stock from $550,000 shares to 750,000 shares and voted to change the limitation of the unsecured indebtedness from 10% to 20%. New financing may be necessary in connection with the company's plans to spend in the next three years about $14,000,000 for new facilities. **Underwriters** — Probably The First Boston Corp.; G. H. Walker & Co.

First National Bank of Portland
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.
April 16 it was announced stockholders will vote May 12 on approving the creation of an issue of up to 350,000 shares of preferred stock (par $100), to be sold from time to time to finance the company's construction program. **Traditional Underwriter**—Merrill Lynch, Pierce, Fenner & Beane, New York.

● Fort Worth & Denver Ry. (5/14)
Bids will be received until 11 a.m. (CDT) on May 14 for the purchase from the company of $17,000,000 first mortgage sinking fund bonds to be dated May 1, 1952, and to mature May 1, 1982. **Proceeds**—To be used to refund certain bonds and notes of company and bonds of Colorado & Southern Ry. **Underwriters**—To be determined by competitive bidding. 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 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.
April 9 ICC authorized company to issue and sell $25,000,000 4¼% consolidated mortgage bonds, series D, due 1982, without competitive bidding. **Proceeds**—To meet 1952-1955 bond maturities and to replace depleted working capital. It is expected the bonds will be placed privately.

April 10 it was announced stockholders will vote May 21 on increasing the authorized common stock from 1,390,511 shares (par $100) to 3,500,000 shares (no par) in order to facilitate possible future financing by means of convertible debentures.

● International Bank for Reconstruction and Development ("World Bank") (5/14)
April 29 it was announced bank will issue and sell $50,000,000 of 23-year bonds about the middle of May. **Underwriters**—Morgan Stanley & Co. and The First Boston Corp.

Kansas City Power & Light Co.
Jan. 4 company announced that it plans to issue and sell in 1952 about $12,000,000 principal amount first mortgage bonds (this is in addition to present preferred and common stock financing. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Glore, Forgan & Co.; Blyth & Co., Inc. and Lazard Freres & Co. (jointly); The First Boston Corp.; White, Weld & Co. and Shields & Co. (jointly); Smith, Barney & Co.; Kuhn, Loeb & Co., Salomon Bros. & Hutzler and Union Securities Corp. (jointly); Equitable Securities Corp.; Lehman Brothers and Bear, Stearns & Co. (jointly); Harriman Ripley & Co., Inc. **Proceeds**—For new construction.

● Kentucky Utilities Co. (6/17)
April 30 it was reported company plans to issue and sell $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); The First Boston Corp. and Lehman Brothers (jointly); Blyth & Co., Inc.; Union Securities Corp. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Equitable Securities Corp. **Bids**—Tentatively expected to be received on June 17.

Lone Star Gas Co.
April 1 the FPC authorized the company to acquire additional properties at a cost of $5,598,129 and to build an additional 69.5 miles of transmission line at a cost of $4,010,200. It is also planned to spend about $31,000,000 in 1952 for additions to plant. Previous financing was done privately.

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. (6/2)
May 1 it was announced company plans registration of 200,000 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. **Offering**—Expected around June 2.

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.

★ Midwest Pipe & Supply Co.
April 30 it was reported early registration was expected of 155,000 shares of common stock, of which about two-thirds would be offered to public and the balance to company's employees. **Proceeds**—To selling stockholders. **Underwriters**—G. H. Walker & Co., New York.

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 Cylinder Gas Co., Chicago, Ill.
April 24 stockholders authorized an increase in the common stock (par $1) from 1,500,000 to 2,000,000 shares. Charles J. Haines, President, said "the company has no present plans for the issuance of any additional shares of common stock, but it is desirable to have them for further expansion, if and when deemed wise by the board of directors." **Traditional Underwriters** — Paine, Webber, Jackson & Curtis and F. S. Moseley & Co.

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.

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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.

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**—Central Republic Co. (Inc.), who arranged private placement.

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.

Oklahoma Natural Gas Co.
April 14 it was reported company plans sale of preferred stock (par $50). **Proceeds**—For construction program. **Underwriters**—To be determined by competitive bidding. Probable bidders: Kuhn, Loeb & Co., Harriman Ripley & Co. Inc. and Lehman Brothers (jointly); Stone & Webster Securities Corp.; Shields & Co.

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.

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.

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.

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.

Potomac Electric Power Co.
April 16, R. R. Dunn, President, announced company plans to raise about $40,000,000 of new money in connection with its $62,000,000 construction program in the years 1952, 1953 and 1954. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers, Stone & Webster Securities Corp. and Union Securities Corp. (jointly); First Boston Corp.; Kidder, Peabody & Co., Merrill Lynch, Pierce, Fenner & Beane, White, Weld & Co. and Salomon Bros. & Hutzler (jointly); Kuhn, Loeb & Co. and Blyth & Co. Inc. (jointly); Dillon, Read & Co. Inc.; Harriman Ripley & Co.. Inc.

Pressed Steel Car Co., Inc.
April 17 stockholders approved a proposal to increase 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 Electric & Gas Co. (6/17)
April 28 it was reported company plans to issue and sell $40,000,000 of debentures due 1972. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co., Drexel & Co. and Glore, Forgan & Co. (jointly); Kuhn, Loeb & Co. **Bids**—Expected about June 17.

• Scott Paper Co.
April 24 stockholders approved a proposal to increase 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.

★ Seaboard Air Line RR. (5/22)
Bids will be received up to noon (EDT) on May 22 for the purchase from the company of $15,000,000 equipment trust certificates, series L, to be dated June 1, 1952 and to mature in 30 equal semi-annual instalments. Probable biddes: Halsey, Stuart & Co. Inc., Salomon Bros. & Hutzler; Bear, Stearns & 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.
May 5 company requested SEC authority to issue and sell 1,004,510 shares of common stock (par $5) and to offer such stock for subscription by common stockholders at rate of one new share for each 16 shares held. **Price**—To be later fixed by company. **Proceeds**—To increase investments in subsidiaries in furtherance of their construction programs. **Underwriters**—To 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.

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.

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.

Waltham Watch Co.
April 25 it was announced stockholders of record April 24 will be mailed rights on May 5 to subscribe for additional shares of common stock (represented by voting trust certificates), at the rate of one new share for each three shares held (with an oversubscription privilege). Rights will expire on June 11. State Street Trust Co., Boston, Mass., is subscription agent. **Price**—At par ($1 per share). **Underwriter**—None.

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 Lincoln, Neb.

Bankers Offer Chicago & Western Ind. RR. Bds.

An underwriting group headed jointly by The First Boston Corp. and Halsey, Stuart & Co. Inc. is offering $64,239,000 Chicago and Western Indiana RR. Co. first collateral trust mortgage 4⅜% sinking fund bonds, series A, due May 1, 1982. The bonds are priced at 102.10% and accrued interest.

Proceeds from the sale of the series A bonds will be used to pay at maturity $50,000,000 principal amount of consolidated mortgage 4% bonds due July 1, 1952; to redeem $11,739,000 principal amount of first and refunding mortgage 4¼% bonds, series D, on Sept. 1, 1952, at 102½%; and the balance will be used for capital expenditures heretofore made and to be made during 1952 for additions and betterments to the Western Indiana's properties, including those leased to the Belt Railway Co. of Chicago. The authorized issue of series A bonds will be $65,000,000, of which $761,000 principal amount of first and refunding mortgage bonds, series D, now pledged to secure a short-term bank loan of $622,820, incurred for additions and betterments, which will be paid off from the proceeds of the series A bonds. The $761,000 series A bonds so issued will be held in the treasury of Western Indiana.

Regular redemption of the bonds may be made at receding prices from 106⅛% to par. Sinking fund redemption prices range downward from 104⅛% to par.

Midwest Exch. Members

CHICAGO, Ill.—The Executive Committee of the Midwest Stock Exchange has elected to membership the following:

H. Gerald Nordberg, Blair, Rollins & Co., Inc., Chicago, Illinois; John F. Egan, First California Company, San Francisco, California; Paul E. Allison, Faroll & Company Chicago, Illinois; and William P. Sullivan, Sullivan-Brooks Co., Inc., Wichita, Kansas.

Mildred Guinn Joins Eppler, Guerin Firm

FT. WORTH, Tex.—Miss Mildred Guinn, leading woman investment and securities dealer in the Southwest, has become an associate of Eppler, Guerin & Turner, and will head the organization's Fort Worth office, 1417 Sinclair Building.

Miss Guinn, is Mrs. Pierre Mire in private life. Mr. Mire also is in the investment business.

Elected Director

Harold Barnett has been elected a director of Pittsburgh Railways Company.

Mr. Barnett is a partner of the New York Stock Exchange firm of Chase, Meyer, Barnett & Company. He was a director of the Atlantic & Danville Railway Company which he helped to reorganize.

In New Quarters

A. G. Edwards & Sons, members of the New York Stock Exchange and other principal exchanges, have moved their New York office to new quarters at 501 Lexington Avenue. This office will be under the direction of Gordon D. Stott, resident partner.

The firm's main office is in St. Louis. Branch offices are located in Clayton, Missouri; Houston, Texas; and Springfield, Illinois.

Our Reporter's Report

The corporate new issue market continues to reveal tremendous powers of absorption even though there are some indications that the secondary market is just a trifle toppy.

True, occasional issues prove to be "workers" in the parlance of the Street, but by and large new undertakings have been moving out quickly for most part.

Underwriters were treated yesterday to one of those spectacular performances which sees a large-scale operation carried through with a rush and the security involved briskly sought after at a sizable premium.

Bankers brought out $35,000,000 of Union Oil Co. of California's 3⅛% convertible debentures, with a 20-year maturity. A negotiated deal, the price of 100 was "right," as the saying goes, and demand was intense to put it mildly.

Subscription books were not open very long and there were reports of potential buyers bidding as much as two points over the offering price for the debentures.

Although not, perhaps, as spectacular, it was indicated that Chicago & Western Indiana Railroad's $64,239,000 of first collateral sinking fund, 30-year bonds, due out today, would give a good account of themselves.

Preliminary inquiry suggested that while this issue might not command such an impressive premium as the Union Oil debentures, it had all the earmarks of a "hot" one.

N. J. Bell Telephone

Bidding was close for New Jersey Bell Telephone Co.'s $20,000,000 of 32-year debentures, with less than 15 cents per $100 separating the winning bid from the lowest with a difference of only about four cents in the bid of the runners-up. The top bid was 102.174 for 3¼s.

It was not surprising, accordingly, that dealers found this issue, aided by the high rating of Bell credit generally, being well taken by investors.

The successful syndicate put a reoffering price tag of 102.824 on the debentures for an indicated yield of 3.11% to the buyer, and in spite of resistance which developed to such returns this issue moved out well.

Good Week Ahead

A run-down of the corporate new offering calendar for next week discloses that at least eight of the deals scheduled to reach market in that period will be of the negotiated variety.

Both underwriters and dealers naturally are partial to this type of financing since it provides the sponsors with better opportunity to know their wares than is the case under competitive bidding.

The major undertaking on tap for next week is Firestone Tire & Rubber Co.'s $75,000,000 of 25-year debentures slated to reach market on Tuesday.

Other Issues Ahead

Provided there is no revision in present plans the new week will bring out another International Bank for Reconstruction and Development (World Bank) flotation of $50,000,000 which will appeal largely to institutional buyers.

And Crane Co.'s $20,000,000 of 25-year debentures is on schedule for Wednesday, the same date that the Fort Worth & Denver Railway will open bids on $17,000,000 of bonds.

Several small utility offerings are on the list for bids, but other sizable offerings are comprised of equities, with Food Machinery Corp. due to market 300,000 shares of new common; the Elliott Co., 120,000 shares of preferred; Iowa Power & Light, 226,928 shares of common; and Lion Oil Co. 400,000 shares of common.

Bankers Offer Texas Electric Service Bds.

Kuhn, Loeb & Co., Blyth & Co. Inc., and Lehman Brothers, jointly are offering $8,000,000 of Texas Electric Service Co. first mortgage bonds, 3¼% series due 1982 at 101.931% and accrued interest. The group's bid of 101.49% won the award of the bonds at competitive sale on Tuesday.

Proceeds from the sale of the bonds, together with other funds, will be applied by the company to its construction program which, it is estimated, will cost $19,560,000 for 1952 and $25,175,000 for 1953.

Texas Electric Service Co., a subsidiary of Texas Utilities Co., was organized in 1929 to bring together in one unit properties then being separately operated in northwest Texas and west Texas and in the Fort Worth area. Fort Worth, one of the four largest cities in the State, is the normal financial, marketing and trade center of the area served by the company. With its general offices located in Fort Worth, the public utility is engaged in the generation, purchase, transmission and distribution of electricity. Area served by the company has an estimated population of 783,000.

The company's net income for the 12 months ended Dec. 31, 1951, amounted to $6,528,068 compared with $5,444,444 in the preceding 12-month period; total operating revenues were $31,686,266, against $25,111,659.

Continued from page 8

Dealer-Broker Investment Recommendations & Literature

McGraw Electric Company—Analysis—Kidder, Peabody & Co., 17 Wall Street, New York 5, N. Y.

Missouri Pacific Railroad Co.—Data—Oppenheimer, Vanden Broeck & Co., 40 Exchange Place, New York 5, N. Y. Also in the same bulletin are data on **Arkansas Natural Gas Corp.**, **Boston Edison Company**, and **Mississippi River Fuel Corp.**

National Supply Company — Special Report — Drexel & Co., 1500 Walnut Street, Philadelphia 1, Pa.

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

New England Public Service Co.—Analysis—Ira Haupt & Co., 111 Broadway, New York 6, N. Y.

Newport Steel Corporation—Bulletin—L. H. Rothchild & Co., 52 Wall Street, New York 5, N. Y.

Norwich Pharmacal Company—Analysis—Stanley Heller & Co., 30 Pine Street, New York 5, N. Y.

Ohio Match—Highlights—Troster, Singer & Co., 74 Trinity Place, New York 6, N. Y. Also in the same bulletin is data on **Time, Inc.**

Oxford Electric Corporation—Analysis—Republic Investment Company, Inc., 231 South La Salle Street, Chicago 4, Ill.

Phillips Petroleum—Analysis—Walston Hoffman & Goodwin, 265 Montgomery Street, San Francisco 4, Calif.

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

Standard Oil Company (New Jersey)—Annual Report—Standard Oil Company, Room 1626, 30 Rockefeller Plaza, New York 20, N. Y.

Transcon Lines — Memorandum — Morgan & Co., 634 South Spring Street, Los Angeles 14, Calif.

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

Walter Kidde & Company, Inc.—Analysis—Van Alstyne, Noel & Co., 52 Wall Street, New York 5, N. Y.

Westmoreland Coal Co.—Analysis—H. Hentz & Co., 60 Beaver Street, New York 4, N. Y.

NSTA Notes

CLEVELAND SECURITY TRADERS ASSOCIATION

The Annual Spring party of the Cleveland Security Traders Association was held April 30 at the Allerton Hotel.

A high-light of the meeting occurred when "oldtimer" John P. Witt, John P. Witt & Co., was presented with a golden hour clock. A citation accompanying the clock, signed by 90 members, read, ". . . to record 1,000,000 golden hours in your future."

Photographs taken at the party, which appear elsewhere in today's issue of the "Chronicle," were taken by Corwin Liston of Prescott & Co.

Washington . . . And You

Behind-the-Scene Interpretations from the Nation's Capital

WASHINGTON, D. C.—One of the more subtle effects of the President's seizure of the steel industry has been its tendency to paralyze the leadership of government.

Harry Truman, of course, has been losing prestige with Congress for a long time. By the steel industry seizure, however, he appeared to lose even the last vestiges of prestige—that given to him for the office he holds—except for an insignificant following of the extreme left wing.

But Congress has developed no man or group of men to replace even that tarnished leadership, and the situation is said to be illustrated best by what is going on in the way of a reaction to the unpopular seizure.

Congress is angry with the President and determined to do something about it, yet the anger at the President and the positive disposition to try to set the situation to rights has so far produced nothing but a simultaneous flying in three or four directions at the same time.

Some want to amend the Defense Production Act to eliminate expressly any power for the Wage Stabilization Board to handle wage disputes or recommend the union shop. Others want to impeach the President, a procedure which history suggests is not likely to lead to success. A third approach has been the Smith bill to put seized industries under a court receiver at the initiative, in some cases, of Congress. A fourth approach will be to outlaw industry-wide bargaining.

It now looks at though Congress will have a great deal of difficulty trying to get a majority behind any single solution of the problem.

* * *

Just put down that little $46 billion defense spending limit voted by the House as a clever piece of legislative "collective bargaining," whose usefulness is not diminished simply because the nature of the strategy becomes understood.

It is recalled that the House voted some $4.3 billion in specific cuts for defense items, and then on the floor adopted an amendment which would, if enacted, have seemingly prohibited the Defense Department from spending more than $46 billion on all accounts, a cut of nearly $7 billion.

The story on that is that the House for years has been faced with the fact that the Senate raises appropriations above those approved by the House. In the normal give and take in conference committee there is a compromise between the House and Senate figures. If in the instant case, for example, the House having specifically cut $4.3 billion from definite appropriations and the Senate restored $2 billion, then the compromise would be a cut of something between $2 billion and $4.3 billion.

When the Defense Department talked about this flat spending ceiling, it let out an awful yelp. It is probably true that with a continuing three- to four-year procurement program, a flat spending ceiling is administratively impractical.

And it is probably true that the Senate will wipe out this spending ceiling. Nevertheless, it will be an issue in conference and if the Senate should turn out to be as liberal as before, then the spending ceiling will be a wonderful bargaining weapon for the House conferees. Go back to the $4 billion of cuts we made or we won't give way on the spending ceiling, the House conferees will say.

Author of this strategy is Rep. Howard Smith, the conservative Virginia Democrat whom the left-wing crowd have been trying to retire from Congress for some 16 years.

* * *

So far it is only speculation but some of the wise boys think that if the Senate is controlled by Democrats—as is most likely to be in 1953 barring a GOP landslide at the November election—Senator Walter F. George will move over to the chairmanship of the Senate Foreign Relations Committee.

With Senator Tom Connally of Texas retiring, the chairmanship of Foreign Relations would go to Senator Theodore F. Green, Rhode Island Democrat, who is more than friendly to the causes of foreign relief and aid. If Green declined it, on the other hand, it would go to another strong friend of the foreign recipients of U. S. money, Senator Brien McMahon of Connecticut.

Since George is senior to Green, he can elect to assume the chairmanship of Foreign Relations and relinquish the chairmanship of Finance, which then could go to Senator Harry F. Byrd of Virginia, who ranks next to Mr. George on Finance.

Under such a shift George would still remain a member of Finance. However, the Southerners would thereby retain control of both these powerful committees and, incidentally, conservatives as well would be in control of both.

* * *

You may be hearing soon of the volume and cost of "junkets to Mecca," by which is meant nice plush trips to Europe sponsored by the Pentagon, the State Department, and ECA, ending at SHAPE headquarters.

These three agencies have been taking "leaders of public opinion," meaning well-placed newspaper and magazine editors, and others in organizations and industries, on junkets to Europe. The prime purpose of these expeditions in foreign travel and release from duties at home, of course, has been to sell the customers on the worth of more and more appropriations for defense, the State Department, and ECA.

While these junkets have had such a parochial motive, however, they have had other effects. In particular they have given General Eisenhower a wonderful chance, as one anonymous Republican put it, "to fertilize his political pastures without having to go to those pastures; instead the pastures have come to him."

For the *piece de resistance* of all these junkets was a visit to SHAPE headquarters and a stop at the feet of Mohammed.

As various members of Congress see it, Mohammed can lay hands on the visiting pilgrims, and since he positively cannot discuss anything for the record, all his views must be personal, intimate, and off the record, and the pilgrims are enjoined, on pain of ex-communication, not to quote what Mohammed says.

Several members of Congress, speculating about the remarkable fact that editors of almost completely pink and completely conservative journals have come home and endorsed Eisenhower, have begun to put the finger on these junkets as responsible.

Furthermore, note these observers, most of the endorsements, whether of pink or priggish editors, all seem to carry the same line: This an endorsement of what a wonderful, wonderful man is General Eisenhower and how well equipped he is to "clean out this mess in Washington." They all seem to be alike in mentioning nothing of the General's stand on specific issues other than, perhaps, the aid to Europe.

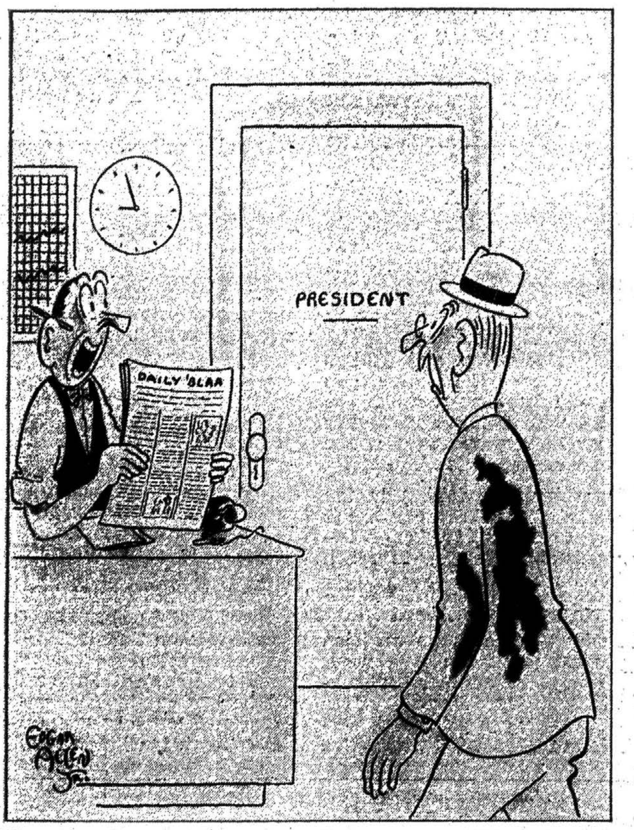
While having only an incidental effect on the Eisenhower candidacy, another State and Defense Department practice of widespread use has laid a solid foundation for acceptance of the defense and foreign policy premises of these two key departments, premises with which it is assumed the not so reluctant Eisenhower is in accord.

That other practice is the domestic junket. Both the Pentagon and the State Department have well-organized staffs to keep the customers rolling around, in Washington or in the country, getting the plush treatment, getting the supposed "low-down off the record" background from "high officials," and going back home wined, dined, and filled full of delicately (?) dished out official propaganda.

The State Department has the toughest time because it doesn't own an air force or navy, and has to get the customers to come to Washington. The Pentagon, on the other hand, can give the children lovely plane and ship rides with exciting views of military installations, relaxing cocktail parties at officers' clubs presided over by the prettiest brass, and it can organize regional junkets for those customers whose duties don't allow them to take time off to go to Washington, or to Europe.

(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



"Morning, Boss—Did you read about some silly old goat putting his coat down in a mud puddle so a dizzy blonde could cross?"

With Conrad, Bruce & Co.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Langdon F. Parrill and Hermon K. Powell have joined the staff of Conrad, Bruce & Co., 530 West Sixth Street. Mr. Powell was previously with William R. Staats & Co.

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How Effective Is Moscow's Economic Propaganda?—May

offers, particularly in its blandishing of capital equipment on a grand scale before the hungry underdeveloped Asiatic areas. The Soviet Union actually has been experiencing serious difficulties in meeting the requirements of itself and its satellites for many categories of raw materials and industrial equipment; and has been actually trying to import from European suppliers precisely those items of capital equipment with which it is trying to outpromise us in the underdeveloped countries.

Meanwhile, the trade dependence of the West on the Soviet fortunately is becoming negligible. As this week's ECE reports show, even timber can now be adequately supplied by the United States and Canada.

But the crux of the East-West situation is that in the underlying political sphere, there is every indication that the Kremlin will not let down the bars and cooperate in any way—and in the absence of a proper political climate, these trade representations must necessarily remain a complete sham.

Doremus & Co. Adds Norman Byron to Staff

Doremus & Company, 120 Broadway, New York City, has retained Norman Byron as Art Consultant to the agency. Mr. Byron was formerly Vice-President and senior art director of Benton & Bowles.

With Cruttenden & Co.

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—William E. Miller has become associated with Cruttenden & Co., 209 South La Salle Street, members of the New York and Midwest Stock Exchanges. He was formerly with the Republic Investment Co. and Julien Collins & Co.