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EDITORIAL

As We See It

The American people have ample reason, we believe, to suspect that the economic planners in Washington have grown uneasy about the course of business during the remainder of this, an election year. At the beginning of 1951 and for a number of months thereafter it was taken for granted along the Potomac that the country faced the danger of a vast inflation as a result of rearmament expenditures. Indeed it took very nearly a year, if indeed not fully a year, after the "lull" set in during the spring of 1951 before there was any evident official recognition that matters had not worked themselves out according to plan.

In fact, the Administration still talks about the danger of inflation in the months to come. It has not openly admitted that it has any worries about what is known as deflation. Its little group of wise men, consisting of the President's Council of Economic Advisers, did, however, as early as last January concede that the attitude and behavior of the consumer were puzzling to it.

But one could scarcely expect politicians to admit that their appraisal of the situation, upon which was based the elaborate system of controls and regulations, had been faulty in the extreme. They are more than reluctant to recognize that even before rearmament outlays reach a maximum, there arises a danger of recession and unemployment sufficiently severe to be embarrassing in an election year. But one scarcely need have much doubt that fears of this sort are felt in Washington at this time.

They Changed Their Tune

The suspension, one after another, of this and that control, speaks eloquently of what is going

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Price Bargaining Now a Legal Hazard to Buyers

By H. THOMAS AUSTERN*

Covington & Burling, Attorneys, Washington, D. C.

Warning recent rulings of Federal Trade Commission and the courts saddle industrial buyers with burden of proving they are not getting a lower price than other customers through coercion or collusion, Washington attorney sees danger in this of making price bargaining a "legal hazard." Says ruling will foster a "one price economy," unless U. S. Supreme Court decides against this interpretation of the Robinson-Patman Act.

Even an invited legal intrusion into your Convention program warrants some explanation. The reason lies not with your Association but with the Federal Trade Commission. For during the past year the Commission has prevailed upon at least one court to adopt a new rule that may well make lawyers and law-breakers out of each of you. Even recognizing that those two categories are not always mutually exclusive, I have been asked briefly to unfold that very unhappy prospect.

H. Thomas Austern

You will recall that back in 1936 when the Robinson-Patman Act was passed, few businessmen appreciated its coverage. It had been pressured through Congress by wholesale grocers. Some thought it limited to the grocery trade. Others believed it would have impact only on the pricing of goods sold in finished form for direct resale.

Though at the time few people realized it, the Robinson-Patman Act also included a short provision on the buyer's responsibility for taking an illegal price. This was considered, however, to be of very minor importance. It

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*An address by Mr. Austern before the 37th Annual International Convention of the National Association of Purchasing Agents, Atlantic City, N. J., May 27, 1952.

Electronics: Promise Has Become a Reality

By DR. W. R. G. BAKER*

Vice-President and General Manager, Electronics Division, General Electric Company

In speaking of future of electronics, Mr. Baker warns it will not render us inviolate in war, but will give us edge of superiority. Stresses complexity of electronic mechanism as handicap, but sees electronics as device for greater industrial productivity through "automation." Lists as factors hastening use of electronics: (1) its value in meeting foreign aggression; (2) its effect in raising living standards; (3) its value in reducing production costs and (4) in increasing number of highly skilled workers, thus adding to nation's purchasing power.

For some years a favorite topic for speeches by anyone connected with the electronics industry has been the "electronic revolution." In the immediate postwar period the Sunday supplements were filled with promises of a "bright new world." There is some evidence now that the public at large has grown weary of holding its breath as well as the strings to its purses, waiting for the promises to turn into reality. The public is getting along with ranges that cook with just plain old-fashioned electricity instead of high frequency radio waves, or doorbells that you have to push with your finger instead of being welcomed by loud-speakers when your approach is sensed by microwaves, or telephones you have to answer in the old-fashioned way instead of by a device which tells the caller that you've gone across the street to visit the Joneses. I imagine that to the man in the street this means that the electronic revolution still is around the corner but we are surrounded

Dr. W. R. G. Baker

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*An address by Mr. Baker before the Robert Morris Associates, Syracuse, N. Y., May 14, 1952.

IN NEXT WEEK'S ISSUE The "Chronicle" of June 12 will feature proceedings of the Edison Electric Institute Convention in Cleveland, and contain candid pictures taken at Bond Club of New York outing on June 6.

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.)

ALVIN O. CRABBE
Director of Investment Research,
Joseph Faroll & Co.
Members, New York Stock Exchange

Phelps Dodge Corp. (common)

When you come upon the stock of a company producing an economically essential product; a stock that represents the equity in substantial natural resources and a wealth of working capital acquired and administered by a management outstanding in its field; when you come upon that stock at a price substantially below that which properly reflects its basic assets and earning power and reflecting not at all a very real growth factor in new fields, you have come upon an outstanding investment value. *Phelps Dodge* common at around 36 is that kind of value.

Alvin O. Crabbe

To establish this stand, it is necessary to recognize the significance of only a few basic circumstances. First, there is the matter of the price structure for copper which the company produces. It is submitted here that the price volatility, so characteristic of copper in the past, will never again recur in its historical amplitude. A profile of the record is shown in Table I.

Because the buying stoppages are temporary, the decline in the annual average price for copper is considerably less than that in the extremes. Meanwhile, in the stoppage itself are the means of correction which lift the price sharply once users come to the point of having to go into the market when inventories are exhausted. The behavior of fabricators and consumers in 1949 was conditioned more by habit born of the past than by sensible business procedure based on fact (Table II).

The reason that it is sensible to expect greater stability in the future price structure is that the supply-demand relationship for copper has changed permanently.

Our dependence upon imports is obvious in these data. Actually, the improvement in relative reliance in 1951 is more apparent than real, for our imports were lower as high world prices lured copper away from us, thus causing a shortage and producing a better domestic statistic than would otherwise have prevailed.

Referring to absolutes it might be sensibly asked—considering the fact that copper sold at 17 cents in 1937 does the present price of 24½ cents (up 45%) represent an excessive discount of the inflation and costs frozen into the economy since that time? The answer certainly is—No. Meanwhile, look at the price of copper in relation to other metals (Table III).

On this basis copper at 24½ cents is comparable to its relative price in the 1936-40 period. In contrast, lead at 15 cents (down from 19 cents) is 40% higher, and zinc at 19½ cents is 51% higher. In opposite contrast iron and steel is about 18% lower and aluminum is 55% lower. The performance of aluminum is what might be expected in an industry that is in its early stages of growth, having only recently emerged from its initial high-cost period of development.

It is suggested then that the present "ceilinged" price of copper (24½ cents, restrained from probably 30 cents to 35 cents) is probably the future average price of copper rather than an abnormally high price. Suggesting this is that the government has entered into several long-term contracts to purchase capacity production of copper 1954-61 at prices ranging from 22 cents to 25½ cents if the negotiating companies cannot sell their new production privately at better prices. This new production (roughly 20% to 25% of '51 output) thus cannot come into the market to depress prices below 24½ cents.

Phelps Dodge then stands to sell all the copper it can produce at or exceeding current prices. On this basis the company, one of the lowest, if not the lowest, cost producers (perhaps 11 cents to 12 cents), should display a basic earning power of at least $4 per share on an all-common stock capitalization. And the dividend payout should be liberal, for working capital far exceeds operating requirements.

At the 1951 year-end net working capital was $122.3 million. Cash items of $153 million were just short of twice total current liabilities. The only major plans for capital expenditure involve $25 million for the development of the East Bisbee ore body (copper ore in Arizona) in the next 2 or 3 years. Thus, the 1952 dividend payout should be liberal in relation to earnings which should approximate $4 per share; $3 or more is a reasonable expectation. Yield on only $3 would be just under 8.5%.

A clue as to the company's estimate of reserves is hidden on page 24 of the 1950 Annual Report—Note H (a) Depletion Policy. "It is believed that the overall rate is sufficient in amount to provide for the amortization of mines on or before the exhaustion of mines." Because depletion is on an "overall unit rate applied to the pounds of copper sold from the company's own production," the $2.3 million depletion charge becomes significant. Mining properties were carried at $54.4 million (net) on Dec. 31, 1950. The $2.3 million rate of depletion applying to 490 million lbs. of copper indicates that the company's estimate of reserves is 24 years at that rate of production—not including the new East Bisbee ore body.

Phelps Dodge is not only one of the two lowest cost producers of copper along with Kennecott, but it is also a major factor in the fabricating industry via its copper products subsidiary.

This is a capsule account of basic industry and company conditions as they affect the old-line operation—*Phelps Dodge's* mining-refining-fabricating activities. And one need go no further to establish the investment quality of the stock. However, there is an added fillip which can develop impressively in the future. Only recently it was announced that some of the company's funds would be used to acquire oil and gas properties. Displaying its traditional good sense the management has made exploration and development arrangements with an SO of N. J. subsidiary and Continental Oil. This brings together competent oil and gas property management, and *Phelps Dodge's* substantial cash reserves. Meanwhile, new technological methods for extracting copper from the ore, said to be imminent, should not threaten *Phelps Dodge* earning power, for the company has ample cash on hand to finance any sensible conversion designed to lower costs. At the 1951 year-end the net depreciated accounts for all building, machinery, mine equipment, refineries and manufacturing plants totaled $71.5 million. Surplus was $130 million. Only a small part of total plant and equipment woud need to be written off in any major program of conversion.

The prospects are that over the next few years investor regard for *Phelps Dodge* common will continue to grow. There are few opportunities today to invest equity funds at such a liberal return while enjoying the prospects of substantial long-term capital gains.

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TABLE I
DEPRESSION EXTREMES
Electrolytic Copper in N. Y.

	F.R.B. Production Index Decline		Cents Per Pound	Decline High to Low	Decline in Annual Average Price
1929		High	23.875		
1932	47.5%	Low	4.875	79.6%	55.0%
1937		High	16.875		
1938	22.0	Low	8.875	50.3	24.0
1948		High	23.375		
1949	8.0	Low	15.875	22.0	12.4

Source: American Metal Market.

TABLE II
Smelter Production from Domestic Ores As a % of Consumption

1935-1939	1940	1941-1945	1948	1950	1951
107.4	90.0	61.5	69.5	61.0	65.0

TABLE III
THE RELATIVE PRICE OF COPPER

	Avg. Ann. Price (Copper)	Copper	Lead	Zinc	Alum.	Iron & Steel
	—Prices Adjusted to the Wholesale Price Index—					
	(cents per lb.)					($ per 100 lbs.)
1952	24.20	21.2	13.2	17.1	16.6	$3.70
1941-45	11.87	18.3	9.5	13.1	23.6	3.56
1933-40	11.08	21.2	9.5	11.3	37.4	4.50
1931-35	7.67	16.4	7.9	8.9	47.8	4.21
1926-30	14.60	23.7	10.7	10.5	40.8	3.60
1921-25	11.63	18.1	9.1	10.2	40.0	3.75

This Week's Forum Participants and Their Selections

LETTERS TO THE EDITOR:

More Letters Commenting on "Our Dwindling Sovereignty"

Provision made in today's issue for additional comments on J. Reuben Clark's article in which former Undersecretary of State and Ambassador to Mexico criticized our policy of alliances with European powers, including membership in the United Nations, as main cause of diminishing sovereignty of the United States. Tracing American foreign policy from days of Washington and Jefferson, Mr. Clark argued that departure from our original policy of isolationism was responsible for our involvement in European conflicts.

In our issue of May 29, on page 3, we published a number of letters received in connection with the views expressed by J. Reuben Clark, Jr. in the article "Our Dwindling Sovereignty" which appeared on the cover page of the "Chronicle" of May 8. We are able to accommodate today some of the additional communications that have come to hand and these are given further below.

Relative to Mr. Clark's paper, it may be noted that the former Undersecretary of State and Ambassador to Mexico, and presently Director of the Equitable Life Assurance Society and of Western Pacific Railroad Co., contended that the policy of non-entanglement in European affairs, initiated by Washington and abided by during the first century and a quarter of our history, made possible the great development of America—politically, industrially and economically. Conversely, he asserted, we would never have achieved our pre-eminent status "under the policies—domestic and foreign—which now dominate us."

Actually, said Mr. Clark, the departure from our former policy of isolationism and abstention from entangling alliances caused our involvment in European conflicts and is responsible for our constantly diminishing sovereignty. As a result of our membership in the United Nations, Mr. Clark averred, we have lost the power to determine our own course in world affairs and have impaired our sovereignty 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."

As previously noted, the "Chronicle" has received many letters commenting on the views expressed by Mr. Clark, some of which were given in the May 29 issue. Additional communications follow:

EDWARD M. POOLEY
Editor, El Paso Herald-Post

I was very much interested in Mr. Clark's speech on "Our Dwindling Sovereignty" and was very much in agreement with it.

I wish I could be an isolationist like Mr. Clark, but I do not see how an American can be while the world is in its present condition.

I wish Mr. Clark had said something about how and why he thinks it is possible to be an isolationist with Russia on the march.

Like him, I have about given up all hope for the United Nations. It is a sort of eunuch and I never expect it to accomplish anything.

ERNEST T. WEIR
Chairman of the Board, National Steel Corporation

I have read Mr. Clark's article with great care, and believe the principles set forth by him are entitled to the very serious consideration of all thinking people in this country. That we have gone to an extreme in distributing money throughout the world for various purposes, and entirely unjustified by our own financial resources, I think is becoming more evident all the time. Those in authority in our Administration, and who have been conducting our foreign affairs, of course, appear to feel there is no limit to our ability to finance any movement in the avowed effort to prevent the spread of communism and through the use of money. Personally, I believe we can bankrupt ourselves and still fall far short of the intended purpose.

Ernest T. Weir

I hope you have sent a copy of Mr. Clark's statement to each Member of Congress because the question of how far we should go in financing the balance of the world is now a matter of great discussion there.

SMITH W. STOREY
President, General Portland Cement Company

I enjoyed Mr. Clark's comments and believe that he has done a good job in expressing his observations. Certainly I agree with him that our country is losing many of the characteristics which made it a great nation, and certainly I agree with him that our nation today needs men of great vision and of great patriotism.

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Articles and News

Regular Features

*Mr. May's eighth article in the series on the International Economic Conference in Moscow, which he attended as an accredited correspondent, appears this week.

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The Industrial Market And Price Outlook

By ROBERT C. SWANTON*

Director of Purchases, Winchester Repeating Arms Co.
Chairman, Business Survey Committee, National Association of Purchasing Agents

Mr. Swanton reports, on basis of recent monthly surveys of N.A.P.A. Business Survey Committee, falling volume of back orders, sagging commodity prices, and gradually lowered inventories. Says buying policies of purchasing agents are on restrictive basis, with view to falling prices and a more positive "buyers' market." Lists, however, four "rosy tints" in business situation.

I wish it were possible for me to stand here this morning and speak only words of optimism regarding the industrial market and price outlook, but that is not in the cards, and it is not now nor has it been in the reports to me of our 200 colleagues comprising the Business Survey Committee of N. A. P. A.

Robert C. Swanton

From the time a year ago at the Convention, when I had the privilege of speaking to you, until now, the statistics, comments and policies reported by these men have clearly shown a slight over-all recessional trend from the peaks of the Korean war scare.

I wish, too, that I could have the vision to cut through the confusion created by our economic controllers and stabilizers in tinkering with the proven processes of free enterprise under the guise of controlling inflation and providing for a defense program scheduled to take but a small percentage of our gross national product.

To point up the factors that support the trend of industrial business decline, let's look at the record, as Al Smith used to say. In May of last year our Survey reported 17% with production declines. This May it is 28%, more than half again as many as a year ago, and this is in spite of the outpouring of defense orders over the year. And remember, May is usually a production pick-up month.

In May of 1951, 30% reported falling back orders, and declines have exceeded increases every month but one since that time. May of this year reports 35% with reduced order books, which is 20% more than a year ago.

Industrial commodity prices sagged from last May until September, when the price ceilings began to be effective. From then until January of this year prices firmed up. The past five months have shown a steady decline. Lower prices were reported by 25% in April—35% this month. Of significance is the comment that many more quotations below ceiling prices would be made if suppliers were assured the reduced price would not be interpreted as a new ceiling price by OPS, and there again, as in World War II, the ceiling price is becoming the floor price and the supply-demand effect on prices is nullified to some extent.

Industrial inventories—(and by that we mean purchased unworked materials not in process and finished goods in the warehouse) — these inventories have been gradually reducing the past year. 23% reported lower in May, 1951—50% this month. This is a 100% change on the down side in 12 months. The two important factors that are causing this down trend are the increasing availability of materials — (we reported 16 basic materials on our critical list a year ago, and the report this month is 8)—and the lack of confidence in the price structure. We all remember the drastic price reductions of 1949 during the so-called inventory recession. Many of the factors I am discussing have a similarity to those that immediately preceded that recessional period.

Employment is another factor that we use in determining the composite opinion of purchasing. A year ago, 16% reported lower pay rolls, but twice as many—32% reported higher. That is reversed today. 9% report greater employment this May, and 24% lower. Overtime, employed quite generally during the two scare periods following the start of Korea, has pretty well disappeared from our reports, and short time and layoffs appear to be taking its place.

Now all of the five categories we have just considered lead to the determination of buying policy. Let's see how that has reacted to the impact of the others. Last May, 83% were holding their principal purchases to a range of "hand-to-mouth" to 90-day coverage, with the accent on the 60 to 90 day brackets, considered at that time to be a very conservative policy. Today, 97% —17% more—are within the 90-day range, and the accent is on the 30 to 60 day bracket rather than on the 60 to 90 day. That's quite a drop in one year's time. The causes — production decline, falling order books, shaky price structure, inventory liquidation, lower employment, easing availability — all justify this short-range view of the markets.

Trend of General Industrial Business

Your Survey Committee members were asked this month—and for the purpose of this talk—to forecast the trend of general industrial business and prices as far ahead as they could see the light. With the usual hedges on war, peace, defense preparations, possible governmental stimulants and strikes, here is a digest of their replies.

The prevailing forecast opinion of price trend is down, 56% holding that view. 33% think that price movement will be sidewise —and only 11% believe prices will increase. Of particular interest is the comment most often made in this survey—that we are rapidly moving into a buyers' market; that price increases which might be justified by a wage pattern resulting from the steel muddle would be nullified by the availability of materials, capacities to produce, and growing competition. You purchasing men seem to react to the scare-heads of strikes, shortages, and price rises with a laconic "So what?".

The forecasts on general industrial business conditions fall into two categories as to time. 55% could not venture beyond the third quarter. 45% would go as far as the end of the year. In the short-term bracket, 32% expect improvement during the third quarter — 26% no change — and 42% a continuing down-trend during the period. These forecasts indicate a rather sluggish Summer for industry.

The 45% forecasting for the balance of the year are a bit more optimistic. 25% look for improvement — 50% can see no change up or down—and 25% are thinking in terms of declining activity for the rest of 1952. By combining the figures of the short- and long-term forecasts we soften up the third quarter picture a bit, showing two-thirds in a range of no change to better business, and one-third still in a declining cycle of business activity. It is important to note that the comments considered there would be no violent up or down swings; rather the changes are expected to be gradual. These forecasts do, I think, support the jaundiced view of the price structure, the policies of inventory reduction, and the short range of future commitments which have been the predominant trends for several months.

Rosy Tints in Sky

So far, I have said nothing optimistic about the market and price outlook. I have not tried to be deliberately pessimistic either. Perhaps there is a little rosy tint in the business sky if we consider these facts:

(1) This year-long trend to lower business activity has come with very little distress—no panic —no sharp, drastic plunge toward a depression. So far we may call it orderly. Despite all the ballyhoo of last year that the bogeyman of inflation was going to get us, we have been traveling on a deflation line.

(2) To me one of the most important and significant facts was the report in our April Survey that 87% of the purchasing agents questioned were in favor of either complete elimination or modification of price and material controls. 67% were for complete elimination and 20% for modification, principally by the use of a simple priority system to cover direct defense needs. I hail as a most healthy business sign the fact that the great majority of you purchasing men hold the opinion that your industries would be better off if you could return to the "give and take" of free competitive markets, and that opinion must be respected. There appears to be no question that the controllers greatly underestimated our productive capacity and the speed with which additional capacities could be created.

(3) Then, too, we must remember that we have been receding from an unrealistic high demand, created by two spasms of scare buying following the start of the trouble in Korea. We may be getting back by degrees to a more normal, sound business basis.

(4) Government requirements for defense are large. As presently scheduled, they are not the dominant business factor. They have not taken up the slack of industrial activity, but they are having a cushioning effect on the decline and will probably continue to do so.

Looking back at the forecasts, there is nothing very alarming in them. By comparison with normal years our over-all business is at a very high rate and can continue to stay so even with the declines forecast. I think we are facing a long overdue period of adjustment from unnatural business booms. Facts and figures do not make depressions. They record something that has already happened. People make depressions, and if people can make them, people can stop them or cure them. By cautious, careful planning of our purchasing activities, we can be a big factor in preventing a real depression.

*An address by Mr. Swanton before the 37th Annual International Convention of the National Association of Purchasing Agents, Atlantic City, May 26, 1952.

Kidder, Peabody Co. Tests Commercials

The Mutual Funds department of Kidder, Peabody and Company, investment brokers, is testing a series of one minute commercials via WGHF-FM, New York.

Their 15 minute program "Your Money at Work" on WOR, Sundays, has been extended through the month of July. The program is now being aired also on WHDH, Boston, and WGN, Chicago.

Doremus and Company, New York, is the agency.

Irving Weis Co. to be NYSE Member Firm

Irving Weis & Company, 60 Beaver Street, New York City, members of the New York Curb Exchange, will become members of the New York Stock Exchange on June 12, when Arthur Mark a partner in the firm, acquires the membership of Percy L. Hance.

Mulligan in Trading Dept. of Goodbody

Correction

In the "Financial Chronicle" of May 29, in reporting that Frank E. Mulligan had become associated with Goodbody & Co., 115 Broadway, New York City, members of the New York Stock Exchange, it was stated that Mr. Mulligan would act as manager of the firm's trading department. This was in error, as Mr. Mulligan is joining Goodbody & Co.'s trading staff.

Harold Allen Receives Honorary Degree

ITHACA, N. Y.—Harold Allen, partner in the firm of Allen and Company, underwriting investment corporation, 30 Broad Street, New York City, was awarded the honorary degree of Doctor of Laws by Ithaca College at its 57th commencement Saturday.

Mr. Allen also was elected to the board of trustees.

Two With Cohu Co.

Joseph Loeb, Jr. and Stanley H. Sichel have become associated with Cohu & Co., 1 Wall Street, New York City, members of the New York Stock Exchange, as registered representatives.

Jerome Katzin to Direct SEC Division

Chairman Donald C. Cook of the Securities and Exchange Commission has announced the appointment of Jerome S. Katzin as Director of the SEC Division of Public Utilities, succeeding Morton E. Yohalem, whose resignation becomes effective July 1, 1952.

Mr. Katzin's appointment carries with it a directive by the Commission to press with all diligence an accelerated program for prompt disposition of the remaining problems under Section 11 of the Holding Company Act. To date, some $16 billion of utility and non-utility properties have been divested from particular holding company systems in conformance with the integration and simplification requirements of Section 11. In this process, the number of companies subject to SEC regulation under the Act has been reduced from 2,175 to 444 comprising 40 systems with assets of approximately $13 billion. It is estimated that at the conclusion of the Section 11 program approximately 20 integrated, regional holding company systems with aggregate assets of $7 billion will remain subject to the Commission's continued regulation.

Mr. Katzin became Associated Director of the Division of Public Utilities in December, 1950, after having served for a year as Executive Assistant to former Chairman Harry A. McDonald. First appointed to the Commission's legal staff in 1941, he gained extensive training and experience during his several years of service with the Commission, which was interrupted only for three and one-half years of military service during World War II.

The State of Trade and Industry

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

Continuing the advance of recent weeks, total industrial output moved slightly higher in the period ended on Wednesday of the past week. It held close to the level of a year ago, but was approximately 10% under the all-time high attained during World War II. Defense production rose steadily and material shortages were much less evident than a few months ago.

Claims for unemployment insurance benefits continued to be moderately higher than the year before.

On Monday of the current week the United States Supreme Court ruled 6 to 3 that the Government's seizure of the steel industry on April 8, last, was unconstitutional. Immediately following the decision, Philip Murray, head of the United Steel Workers Union, ordered the workers to strike. Thus far, it is the second steel strike this year.

The steel industry took measures to end the strike with the steel union by calling a meeting of executives in New York on Wednesday to outline strategy.

As to the effects of the strike on the country's economy, manufacturing industries should not be hurt too badly if the steel strike doesn't last more than two or three weeks, according to "The Iron Age," national metalworking weekly. Steel consumers' inventories generally range between 30 and 45 days' supply. Some manufacturers have less than 30 days' supply on hand, while a few have as much as 60 days' or more.

An "Iron Age" check of inventories in major steel consuming centers shows an operating inventory (including all steel items) for most firms ranging between two and six weeks. Extensive manufacturing cutbacks are not expected for at least two or three weeks, but if the strike should last more than three weeks, manufacturing cutbacks would start coming quickly, states this trade authority.

The automotive industry appears to have enough steel on hand for about four or five weeks' production, but it might be necessary for auto firms to use part of their steel inventory to bail out some of their parts suppliers who may be hard hit by the strike.

Warehouses rate their inventories about 55% of "normal," the highest they've been for many months.

Some consumers are displaying real ingenuity with quick plans to get the most out of their steel inventory. The most critical steel items are carbon bars, heavy plates and structurals, forgings, seamless steel tubing and some special alloys. Special alloys will prove troublesome because of the long lead time between placing of orders and actual shipment. Delivery of such items might be stretched out much longer than the actual number of days lost by the strike, declares this trade journal.

The strike proceeded in a fairly orderly manner with pickets surrounding some Midwest steel mills minutes after the Supreme Court decision was made public. Less than an hour after the Court announcement Philip Murray, President of the United Steel Workers, issued the strike call. He directed local unions to provide workers to help close the mills without undue damage, and to provide necessary maintenance during the shutdown.

President Truman was expected to make another strong effort to obtain legislation which would enable him to legally seize the industry. In view of the heat of controversy, rapid passage of such legislation did not seem likely, the "Iron Age" declared. The President could also use a Taft-Hartley injunction to keep the steel workers on the job if he so desired, concludes this trade weekly.

The Memorial Day holiday caused a drop in production of all car makes but two, last week, compared with the previous week, it was reported.

Seventeen auto makes had production drops the past week. DeSoto's production, however, rose about 7% and Crosley made one more car than in the preceding week.

"Ward's Automotive Reports" stated General Motors Corp., Chrysler Corp., the Ford Motor Co. and Nash-Kelvinator Corp. will be mainly responsible for the industry turning out about 150,000 more cars this quarter than the N.P.A. quota of 1,050,000 units.

Manufacturers' sales in April rose to $23,000,000,000, the United States Department of Commerce reveals. This was 5% above the March level and 2% higher than in May, 1951. New orders received by manufacturing firms in April sagged 1% under the preceding month. Their inventories on April 30 were valued at $42,500,000,000, compared with $42,300,000,000 at the end of March.

Steel Output Scheduled to Decline Sharply on Steel Strike

Uncertainty is mounting in the steel markets as the midyear approaches, says "Steel," the weekly magazine of metalworking. The pulling and hauling attending the play of opposing influences in a highly sensitive economy are making for indecision in business circles on a widening scale. This is being translated into increasing buying hesitancy, even order cancellations, and accompanying sluggishness in various areas of production and consumption.

The Supreme Court's delay in ruling on the legality of President Truman's steel plant seizure in the wage-price dispute, this trade journal noted, was a potent force for caution in determining current business policies.

Continuing, it stated that in existing circumstances the mixed sentiment in the steel markets is understandable. Barring labor trouble following the Supreme Court's ruling in the steel plant seizure case, on Monday last, producers of such major steel products as carbon bars, sheared plate, shapes, pipe and tubing, and

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ANTI-SOVIET EFFECTIVENESS

By A. WILFRED MAY

This is the eighth in a series of articles by Mr. May following his attendance at the International Economic Conference in Moscow, which he covered as an accredited correspondent.

What attitude shall we follow in combating the Soviet offensives in the political and economic spheres? Shall we pursue the line of our so-called "liberal" leaders who have traditionally based their advice on strictures about getting our own house in order? In their speeches and writings they dwell on depicting the selfish phases of our behavior abroad; invariably finding themselves without space or time to justify *ourselves*. Supposedly—we are the villains!


A. Wilfred May

"America is too often associated not with the forces of liberation, but with the forces of repression," says Justice William O. Douglas (at a commencement address at the New School for Social Research June 3). And, continues the Justice: "if we must choose between an unfair oil deal by the British in Persia, on the one hand, and a Mossadegh who, true to democratic tradition, leads the revolt against British exploitation, on the other, we must support Mossadegh. If we cast our lot the other way, we begin to lose the political contest for men's hearts. And that contest is the key to the political struggle in the Middle East and in Asia."

This specific quotation, and the "liberal" philosophy underlying it overlooks the fact that in this realistic atomic world we may well be blown off the face of the earth while "contesting for men's hearts."

Ridicule vs. the Kremlin's Offensive

On the other hand, the instrument of *ridicule* is being tried against the Russians in some quarters here. Thus, one of our most popular contemporaries, in its coverage of the recent International Economic Conference in Moscow, publishes a highly amusing autobiographical account of the undignified antics, at the Russian hosts' expense, of an American volunteer "delegate," self-ascribedly there for the ride on his spring vacation.

While there is no doubt that such treatment provides highly popular reading, it would be most unfortunate for our national interest at this crucial time if it should unwittingly encourage the American public to belittle the highly dangerous politico-economic offensive launched through the Moscow parley. Let us not be unmindful of our previous error in initially laughing-off its strategic prototype in the diplomatic sphere, namely, the Kremlin's blandishing of unification and rearmament before the Germans!

Observation of the actual impact of the Soviet's strategy of dangling trade and economic-aid bait in our Allied and the United Nations' councils, as well as at the Moscow Conference with its 450 participants from 47 countries, admits of no doubts about its serious import.

To combat the continuing pressure against us, affirmative measures must be adopted and vigorously pursued.

Effectiveness of Our Diplomatic Representation

What are the chances for something effective coming from the advent of our able new Russian-speaking Ambassador in Moscow, George F. Kennan? It must be realized that our diplomats' meeting with Stalin and the other high Russian officials is limited to almost nil; that their contact with the local community is severely restricted by the Police State, so that the Western diplomatic corps live in a vacuum largely confined to speaking to each other; and that, despite recent relaxation, their travel throughout the country is still severely limited—in fact, their freedom of movement is narrower than that afforded to the ordinary sightseeing visitor.

Hence it is my conclusion that the fruits from the undoubtedly very great abilities of our new Ambassador will be largely confined to those of highly intelligent reporting under the imposition of very strict limitations.

Citing the Facts

One of the best constructive services we can perform by way of counter-offensive is to teach the economic facts of life to the vulnerable and gullible communities. The answer to the Kremlin propaganda-line which alleges our shortcomings in aid to the world's underdeveloped areas, particularly in capital goods, might well follow the incontrovertible facts as masterfully presented before today's (June 4) meeting of the UN's Economic and Social Council by Isador Lubin, the United States representative. Allaying previously-expressed qualms concerning the making of increased sacrifices by the industrial nations, he pointed out that notwithstanding the heavy burdens of defense, actually an enlarged volume of grants and loans has been made available to the underdeveloped parts of the world by the United States, the British Commonwealth, and Norway. Specifically laying the ghost of U. S. stinginess with capital goods, Mr. Lubin showed that every major underdeveloped area of the free world—Africa, Asia and Latin America—received more capital goods from the United States in 1951 than it did, not only before Korea, but than it did in 1950.

Specifically naming the categories of goods, Mr. Lubin cited figures to show that during the last half of 1951 the value of such goods shipped to Latin America increased by 54% over the preceding year's equivalent period; that our shipments to Africa were 34% greater, and that despite the cut-off of shipments to China pursuant to UN policy, our exports of capital goods to the countries in Asia as a whole were at a rate 26% higher in value than before Korea; and this trend is continuing.

Though our *specific choice* of counter-offensive weapons may be open to some question, in any event surely, a laugh does not provide the answer!

An incidental unfortunate result of cavalier and spoofing journalistic treatment of a dead serious matter is that when it is in bad taste, it may tend to lend some credence to the Russians' charges of journalistic "flipness" as the reason for barring visiting American correspondents.

Salembier Joins Bache & Co. Dept.

Bache & Co., 36 Wall Street, New York City, members of the New York Stock Exchange and other leading stock and commodity exchanges, announced that Richard V. Z. Salembier has become associated with the firm's Japanese Trading Department as specialist in raw silk. Mr. Salembier formerly was vice-president in charge of sales of Salembier & Villate, Inc., New York City, raw silk importers and dealers. He is a former member of the board of governors of the Commodity Exchange, Inc.

Bache & Co. represents Daiichi Bussan Kaisha, Ltd., one of the leading Japanese trading firms and a successor to Mitsui & Company, Ltd. Raw silk operations of Daiichi Bussan Kaisha, are directed by Takeo Ito, formerly head of the raw silk division of Mitsui & Company, Ltd. in New York City.

Fin. Div. Elects

The Financial Division of the Special Libraries Association has elected Mrs. Elizabeth J. Gibson as Chairman for the coming year at the annual business meeting held at the Hotel Statler. Mrs. Gibson is Librarian of the investment house of Merrill Lynch, Pierce, Fenner & Beane. Other incoming officers are Mrs. Louise L. McElroy, Librarian of Clarke, Dodge & Company, Vice-Chairman, and Nettie Pappier, Librarian of Empire Trust Company, Secretary-Treasurer.

Television to the Fore

By DR. COURTNAY PITT*
Vice-President in Charge of Finance, Philco Corporation

Philco Corporation official reveals recent growth of television and estimates 17 million television receivers are now in use. Points out impact of television is from five to ten times as great as radio, and predicts favorable effect on industry from coming coverage of political conventions. Lauds lifting of the freeze on new television stations, and points out difficulties in producing color television. Says microwave relays in televisions have many advantages.

It is a great pleasure to have this opportunity of talking to the Security Analysts of Philadelphia again about television. The forward march of this great industry has continued apace since I had the privilege of addressing you three years ago.

Courtnay Pitt

1952 is the year in which television is coming of age politically, and we believe that the impact of television is going to have a great effect on the forthcoming Presidential campaign.

Today there are about 17,000,000 television receivers in use. If we assume that the average number of viewers is four per set, this means that as many as 68,000,000 men and women, boys and girls may witness the highlights of the national political conventions, and the Presidential campaign.

You will recall the tremendous part that radio played in Mr. Roosevelt's career. His fireside chats brought the sound of his voice into many million American homes.

The impact of television is anywhere from five to ten times as great as radio, for it appeals to our eyes as well as our hearing. So it is no exaggeration to say that television will have quite a bearing as to who will be elected President of the United States next November.

Philco Convention Coverage

Some months ago Philco decided that the public interest in these political conventions would be so great that we ought to sponsor them on the air. Hence, we have made arrangements to present the national conventions, the important campaign speeches and the election returns over the National Broadcasting Company television and radio networks. We will in this way be invited guests in millions of American homes and be able to tell the story of our products in a far more effective fashion than ever before.

There are now 109 television stations in the United States serving 64 major markets. Thanks to a remarkable job by the telephone company, 106 of these stations in 61 markets will be linked together in various networks by the time the Republican Convention opens in Chicago, July 7.

The following cities are being connected by coaxial cable or microwave links in the near future: Tulsa, San Antonio, Miami, New Orleans, Houston, Dallas, Fort Worth and Oklahoma City.

Seattle will be tied in at the beginning of July.

The only three stations that will still be unconnected are Phoenix, Albuquerque and Brownsville, Texas.

To measure the magnitude of this accomplishment, recall that it was less than two years ago that Chicago was connected with the East, and that the transcontinental link was opened as recently as last September to let the country witness the signing of the Japanese Peace Treaty.

As a sidelight on the sales importance of the political conventions, you may be interested to know that many financial friends who have been too busy to look at TV up to this point, are so interested in the 1952 elections and the possible candidates that they are now in the market for sets to be ready for July 7.

Lifting of the Freeze

One of the most important milestones in the history of television was the recent lifting of the freeze by the FCC on new television stations. This freeze on all pending applications for TV construction permits was imposed by the Commission in September, 1948. Its initial cause was interference that had developed between the telecasts of certain VHF stations on the present band. The Commission wanted time to review the channel allocation plan then in effect.

The original problem of co-channel and adjacent channel interference, in the terminology of the engineers, was long since overcome, but then the question of color came into the discussions and instead of lasting six months, as first thought, the freeze dragged on for 3½ years.

Now that the freeze has been lifted, new station applications are again being received by the Commission and they will begin to be processed after July 1.

The number of new stations that can be expected to go on the air this year is limited—perhaps 20-25 at best. But the lifting of the freeze will become increasingly important in 1953 and 1954 opening up important new markets for the industry. Congress is seriously considering an additional appropriation of $800,000 for 20 "examiner teams" to process these applications, which would considerably speed up the arrival of new stations on the air.

It is a logical assumption that there will be at least five times as many television stations on the air in 1957 as there are today and that television service will then be within range of at least 85% of the people of this country. When you realize that only about 55% of our population have any chance of getting a television picture where they live today, you get some appreciation of the new horizons that we see ahead.

Then when you add to this the fact that millions of the receivers in use today are 7, 10 and 12 inch sets, which are far too small by today's standards, you get a further idea of the expansion possibilities. Finally, we have just begun to see evidence of a second television set going into some homes, and I predict this trend is going to become of increasing importance in the next few years. If you have had the problem that we have in our home—with our 4½ year old wanting to look at the cowboys when the rest of the family was interested in something else, you can understand the motivation for that second set.

1952 Volume

At the beginning of this year, many estimates were made of television industry unit volume for 1952. Most of these forecasts ranged between 4 million and 4½ million receivers. Philco at that time believed and said that the industry would make and sell 5 million TV sets. We still do. The actual production pace of the industry for the first four months of the year was not up to that rate, but from August to December is the most important part of the season and we believe that our forecast will be realized.

This anticipated volume would compare with:

1947	180,000
1948	1,000,000
1949	3,000,000
1950	7,500,000
1951	5,300,000

Color Television

Probably by this time you are wondering why nothing has been said about color television. The reason is that it is still well in the future. The public has been promised color television in the very near future by certain interests for at least five years now. Yet it still is not available. Why? The answer is a very simple one: Color television is not yet perfected to the point where any large manufacturer with a valuable brand name to protect could offer it to the public for the home. Nothing I know of can get out of kilter faster than a whirling disk scanning system, and when it does the color is terrible. Color has to be good or it is awful.

In the judgment of every first-class electronics specialist I have talked with, good color will require an all-electronic, compatible system with a tri-color tube. Some such tubes have been made in the laboratory but at a cost far higher than you might imagine. They are still not able to be mass produced or sold in a mass market.

The best hope for an adequate color system lies in the NTSC, to which many leading companies have contributed their talents and their ideas. The National Television System Committee has developed standards—like the gauge on a railroad — for an all-electronic compatible system far superior to any other. This is now being field tested and then further improvements can be made on the basis of these tests. At the present time color research work can be continued, because among other things, it has many military applications, but order M-90 prohibits the production of color receivers because of the drain on critical materials. This order may be changed any day now, but even if it is, I don't believe it will change the color timetable, which still looks about two years away. As we have found out, government just cannot compel invention or change the basic facts of life.

Government Business

Under a war or semi-war economy, the television and electronics industry is in a fortunate position. More and more military uses of electronics are being developed, and if the tempo of defense needs increases, the industry will be in a position to step up its government production. The best estimate we have is that government electronic output amounted to $3¼ billion in the fiscal year just ending, and it is likely to be at least as much in the 1953 fiscal year.

According to Secretary of Defense Lovett, the dollar value of deliveries of electronic equipment to the military during March was 3.8 times the rate of a year ago.

The Secretary again pointed out the official policy of getting the initial equipment needed for a military force of the present size and broadening the base of military production so that output can be rapidly stepped up in case of emergency.

The major defense assignments will continue to go to the companies that have substantial research and engineering organizations in electronics, and you can almost number them on the fingers of your two hands. There are not very many "copy" jobs under today's conditions. What the services want and need are sources who can take an idea or a partially developed equipment and make a new and valuable weapon out of it.

Philco believes we are in a dual economy for several years — with civilian production and defense production both continuing. Hence immediately after Korea, we set up separate facilities for government production to keep our other manpower and facilities available for our normal business. This has proved to be a very sound policy. We have a separate organization staffed with some of our most capable people heading our government division. Both civilian and government have gone forward together.

Backlog figures may be misleading and for that reason we have not released any since our Annual Meeting just a year ago. The government recently published a list of leading defense contractors and included Philco with $160,000,000 of orders at the end of 1951 and we have received additional orders in the intervening months. Our production is gradually building up, with each quarter showing substantial gains over the one before. On the basis of present schedules and what we see ahead, our government volume should be considerably greater in 1953 than it will be this year.

Microwave Radio Relays

Judging from our callers, our correspondence, and the questions we are asked, there is a tremendous amount of interest in industrial applications of electronics. Some of those that receive the most publicity are required in such small volume that they mean little to the manufacturer.

One of the applications that seems to us to hold very great promise and in which Philco has pioneered is microwave radio relays, and I'd like to tell you a little about them.

Microwave radio relay equipment is used for point-to-point communications, including telephone and telegraph services, and television and sound broadcasting network facilities. The microwave relay stations which replace land wire lines, and cables, consist of terminals and repeaters with their associated towers and parabolic antenna systems which focus the radio energy into narrow beams of radiation. These beams are relayed between towers spaced from 25 to 35 miles apart, depending on the terrain.

Microwave Relays Offer Many Advantages

Microwave relays are particularly attractive compared to wire and cable facilities because of their greater reliability during conditions of sleet storms, tornadoes, and other emergency and disaster situations. They are more flexible in that 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, teleprinter and supervisory control functions. This additional reliability and greater flexibility can be provided, in general more economically than with comparable wire line facilities.

Philco Contributions to the Art

Philco Corporation has pioneered in research, development and production of relay equipments since 1941 when we opened the first television relay link in regular operation to transmit programs from New York to Philadelphia. Subsequently, Philco provided television relay links for the Western Union Telegraph Company and the American Telephone and Telegraph Company. Today we believe Philco is the largest independent supplier of microwave voice communications equipment in the world. Our equipment is now being used by the commercial communications companies, pipe lines, railroads, utilities, and the United States Armed Forces. As an example of the scope of this work, the Platte

Continued on page 29

*An address by Dr. Pitt before the Security Analysts of Philadelphia, Philadelphia, Pa., May 29, 1952.

New Issue

June 5, 1952

$326,000,000

STATE OF OHIO

3¼% TURNPIKE REVENUE BONDS, PROJECT NO. 1

Payable solely from the Revenues of Ohio Turnpike Project No. 1

Dated: June 1, 1952

Due: June 1, 1992

The bonds may be redeemed on 30 days' published notice, in whole on any date not earlier than June 1, 1959, at the option of the Commission, from any moneys that may be made available for such purpose, and in part, by lot, on any interest payment date not earlier than June 1, 1956, from moneys in the Ohio Turnpike Project No. 1 Interest and Sinking Fund, at their principal amount and accrued interest, plus a premium of 3% if redeemed on or prior to June 1, 1962; of 2½% thereafter and on or prior to June 1, 1967; of 2% thereafter and on or prior to June 1, 1972; of 1% thereafter and on or prior to June 1, 1982; and without premium thereafter.

Principal and semi-annual interest (June 1 and December 1) payable at The Ohio National Bank of Columbus, Columbus, Ohio (Trustee), The National City Bank of New York, New York, N. Y. (Co-Trustee), The Northern Trust Company, Chicago, Illinois, Union Bank of Commerce, Cleveland, Ohio, Central Trust Company, Cincinnati, Ohio, The Toledo Trust Co., Toledo, Ohio, Bank of America National Trust & Savings Association, San Francisco, California and Los Angeles, California. The bonds are issuable as coupon bonds, registerable as to principal, in the denomination of $1,000, and as registered bonds without coupons in denominations of $1,000 and any multiple thereof approved by the Commission. Registered bonds without coupons may be exchanged for coupon bonds and coupon bonds may be exchanged for registered bonds without coupons, as provided in the Trust Agreement.

Interest on the bonds is exempt, in the opinion of counsel, from all present Federal Income Taxes under existing statutes and decisions. The Turnpike Act provides that the bonds, their transfer and the income therefrom (including any profit made on the sale thereof) shall at all times be free from taxation within the State of Ohio.

Pursuant to the Turnpike Act, the bonds are issued under and secured by a Trust Agreement, dated as of June 1, 1952, between the Ohio Turnpike Commission and The Ohio National Bank of Columbus, Columbus, Ohio, as Trustee and The National City Bank of New York, New York, N. Y., as Co-Trustee. Under the Trust Agreement, the Commission covenants, in the name of the State of Ohio, that it will promptly pay the principal and interest on the bonds and any premium required for their retirement solely from tolls and other revenues derived from the ownership and operation of the Turnpike, which tolls and other revenues are thereby pledged to the payment thereof in the manner and to the extent therein particularly specified. The bonds are not a general obligation of the Commission or of the State of Ohio and nothing in the bonds or coupons or in the Trust Agreement shall be construed as pledging either the faith and credit or the taxing power of the State of Ohio or any political subdivision thereof for their payment.

The Trust Agreement further provides, among other things, for the issuance of $326,000,000 bonds to pay the cost of the Turnpike and for the issuance of such additional bonds as may be necessary to provide additional funds for paying any balance of the cost of the Turnpike, under the limitations therein set forth, and fully defines the duties and responsibilities of all parties with respect to the construction of the Turnpike, the maintenance and operation thereof, the conservation and application of all funds and investment thereof, the security for moneys on hand or on deposit, the reserve for replacements and the setting aside of funds for paying the interest on and the principal of all bonds.

Price 100 and Interest

The bonds are offered when, as and if issued and received by the Underwriters, subject to the unqualified approval of all legal proceedings by Mitchell and Pershing, New York, N. Y., Bond Counsel to the Underwriters, and Squire, Sanders & Dempsey, Cleveland, Ohio, Bond Counsel to the Ohio Turnpike Commission. The offering of the bonds is not being made hereby. The offering is being made only by means of the Official Statement of the Commission, copies of which may be obtained in any state from such of the several underwriters, including the undersigned, as may properly distribute such Official Statement in such state. It is expected that Bonds in temporary form will be ready for delivery on or before September 4, 1952, exchangeable for Definitive Bonds.

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Stern Brothers & Co. — Stroud & Company Incorporated — Thomas & Company — Wood, Gundy & Co., Inc. — Yarnall & Co.

Dealer-Broker Investment Recommendations & Literature

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

Aircraft Manufacturers—Analysis—In current issue of "Market Pointers"—Francis I. du Pont & Co., 1 Wall Street, New York 5, N. Y. Also in the same issue is a brief analysis of **Finance Companies** and **Union Carbide & Carbon** and a list of interesting depressed stocks and of low labor cost companies. In the current issue of "Gleanings" is a discussion of **Hollinger Consolidated Gold Mines** and a list of **Switch Suggestions** and **Inflation-Deflation Hedges.**

American Roads—Survey in current issue of "Investor's Reader"—Merrill Lynch, Pierce, Fenner & Beane, 70 Pine Street, New York 5, N. Y.

Coal Mining—Analysis of the industry in Japan with particular reference to **Mitsui Mining Co., Mitsubishi Mining Co., Hokkaido Colliery & Steamship Co.,** and **Seika Mining Co., Nomura Securities Co., Ltd.,** 1,1-chome, Kabutocho, Nihonbishi, Chuo-ku, Tokyo, Japan. Also in the same brochure is a discussion of the re-revaluation of corporate fixed assets of Japanese companies.

Copper—Analysis of outlook—Van Alstyne, Noel & Co., 52 Wall Street, New York 5, N. Y.

Eastern Railroads—Review—H. Hentz & Co., 60 Beaver Street, New York 4, N. Y.

Investment Terms and Definitions—Booklet explaining terms and principles of investing in stocks and bonds—20c per copy—Investment Dealers Association of Canada, 11 Jordan Street, Toronto 1, Ont., Canada.

It Takes More Than Good Intentions—21 page study covering estate planning and administration — United States Trust Company, New York City.

Market Performance—Tabulation of various Canadian industries—The Western City Company, 544 Howe Street, Limited, Vancouver, B. C., Canada.

New York City Bank Stocks—Ten-year survey of 17 New York City Bank Stocks—Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

New York Stock Exchange—Booklet about the work of the Exchange and its contribution to the growth of the country issued in commemoration of the Exchange's 160th anniversary—New York Stock Exchange, Broad and Wall Streets, New York 5, N. Y.—paper.

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.

Philadelphia Bank Stocks — Comparison of eleven largest Philadelphia Banks—Stroud & Company, Incorporated, 123 South Broad Street, Philadelphia 9, Pa.

Private Placements — Report — Lehman Brothers, 1 William Street, New York 5, N. Y.

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

* * *

Admiral Corporation—Analysis—Faroll & Company, 209 South La Salle Street, Chicago 4, Ill. Also available is an analysis of **Reynolds Tobacco Co.**

Alliance Manufacturing Co. — Analysis — d'Avigdor Co., 63 Wall Street, New York 5, N. Y.

Atchison, Topeka & Santa Fe — Review — Dean Witter & Co., 14 Wall Street, New York 5, N. Y.

Botany Mills, Inc. — Bulletin—de Witt Conklin Organization, 55 Liberty Street, New York 5, N. Y. Also available is a bulletin on **Eastern Industries, Inc.,** and **Shoe Machinery Corp.**

Chicago Title and Trust Company—Analysis—Central Republic Company, 209 South La Salle Street, Chicago 3, Ill.

Columbian Carbon Company—Review and Reappraisal—Sutro Bros. & Co., 120 Broadway, New York 5, N. Y.

Kropp Forge Company—Bulletin—O. B. Motter & Associates, 500 Fifth Avenue, New York 36, N. Y.

Missouri Pacific "A" Income Bonds — Bulletin—Ira Haupt & Co., 111 Broadway, New York 6, N. Y.

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

Peoples Gas Light and Coke Company—Analysis—Freehling, Meyerhoff & Co., 120 South La Salle Street, Chicago 3, Ill.

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

Reserve Oil and Gas Company—Bulletin—The Hughes Organization, 251 Post Street, San Francisco 8, Calif.

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

Rockwell Manufacturing Company—Analysis—R. M. Horner & Co., 52 Broadway, New York 4, N. Y.

St. Louis San Francisco Railway Company—Analysis—Vilas & Hickey, 49 Wall Street, New York 5, N. Y.

Tejon Ranch — Analysis — Dempsey-Tegeler & Co., 210 West Seventh Street, Los Angeles 14, Calif.

Twentieth Century Fox—Data—Stanley Heller & Co., 30 Pine Street, New York 5, N. Y.

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

White Eagle Oil Co. — Memorandum—Rotan, Mosle & Moreland, 705 Travis Street, Houston 2, Tex.

NSTA Notes

NATIONAL SECURITY TRADERS ASSOCIATION, INC.


Harold B. Smith


Edward H. Welch


Walter G. Mason


Lester J. Thorsen


Winton A. Jackson


John F. Egan


Sidney J. Sanders


Henry Oetjen

The National Security Traders Association announces the appointment of the following members who were nominated as Chairmen of the various committees:

Advertising Committee—Harold B. Smith, Pershing & Co., New York.

Convention Committee—Edward H. Welch, Sincere & Co., Chicago.

Legislative Committee—Walter G. Mason, Scott, Horner & Mason, Lynchburg.

Membership Committee—Lester J. Thorsen, Glore, Forgan & Co., Chicago.

Municipal Committee—Winton A. Jackson, First Southwest Company, Dallas.

Nominating Committee—John F. Egan, First California Company, San Francisco.

Publicity Committee—Sidney J. Sanders, Foster & Marshall, Seattle.

Public Relations Committee—Henry Oetjen, McGinnis & Company, New York.

SECURITY TRADERS ASSOCIATION OF NEW YORK

The Annual Bowling Dinner of the Security Traders Association of New York will be held tonight, June 5, 1952 at the Antler's, 67 Wall Street, at 5:30 p.m. Any non-bowler is welcome. The price for non-bowlers is $8 per person. See Sidney Jacobs, Sidney Jacobs & Co., for reservations.

The following winners will receive prizes:

Team Prize	Sweepstake Prizes	High Game Prize
Willie Kumm	1. Richy Goodman	
Ghegan	2. Willie Krisam	George Leone
R. Montanye	3. S. Dawson Smith	
J. Kassowich		
J. Manson		

High Average Prize	Best Improved Bowler
Arthur Burian	Nathan Krumholz

BOND CLUB OF DENVER

The Bond Club of Denver and Rocky Mountain Group of the Investment Bankers Association will hold their annual summer party on Aug. 22. In addition there will be a buffet Calcutta on Aug. 21.

COMING EVENTS

In Investment Field

June 5, 1952 (New York City)
Security Traders Association of New York Bowling League dinner.

June 6, 1952 (Baltimore, Md.)
Bond Club of Baltimore annual outing at the Eldridge Club.

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 11-13, 1952 (Boston, Mass.)
Boston Security Analysts Society Regional meeting and field trips.

June 11, 1952 (New York City)
New York Curb Exchange 5 & 20 Club annual golf tournament at Sunningdale Country Club, Scarsdale, N. Y.

June 12, 1952 (New York City)
Municipal Forum of New York conference at Hotel Commodore.

June 13, 1952 (Atlanta, Ga.)
Georgia Security Dealers Association summer meeting at the new Standard Town and Country Club.

June 13, 1952 (Milwaukee, Wis.)
Milwaukee Bond Club summer outing at Oconomowoc.

June 13, 1952 (New York City)
Municipal Bond Club of New York annual outing at the West-

chester Country Club and Beach Club, Rye, N. Y.

June 13, 1952 (Philadelphia, Pa.)
Investment Traders Association of Philadelphia summer outing at the Whitemarsh Country Club.

June 16-17, 1952 (Detroit, Mich.)
Bond Club of Detroit-Security Traders Association of Detroit & Michigan joint summer outing—June 16 at the Detroit Boat Club; June 17 at the Lochmoor Country Club.

June 17, 1952 (New York City)
New York Stock Exchange annual golf tournament at the Winged Foot Golf Club, Mamaroneck, N. Y.

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

June 20-22, 1952 (Minneapolis, Minn.)
Twin City Security Traders Association annual summer outing "Operation Fishbite" at Grandview Lodge on Gull Lake.

June 27, 1952 (Cleveland, Ohio)
Cleveland Security Traders Association summer outing at the Westwood Country Club.

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

June 27, 1952 (New York)
Investment Association of New York annual outing at the Sleepy Hollow Country Club.

June 27, 1952 (New York City)
New York Security Dealers Association annual outing at Hempstead Golf Club, Hempstead, Long Island.

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

Aug. 22, 1952 (Denver, Colo.)
Bond Club of Denver-Rocky Mountain Group of IBA Summer Frolic at the Park Hill Country Club.

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

Oct. 6, 1952 (Los Angeles, Calif.)
Association of Stock Exchange Firms Board of Governors Fall meeting in Los Angeles and San Francisco.

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

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

NY Women's Bond Club Elects New Officers

At the annual meeting of The Women's Bond Club of New York held on May 27, the following officers and board members were elected for the ensuing year:

President: Mrs. Jacob Riis of Shearson, Hammill & Co.

Vice-President: Jane Baldwin of Irving Trust Co.

Secretary: Helen M. Garvey of Union Service Corp.

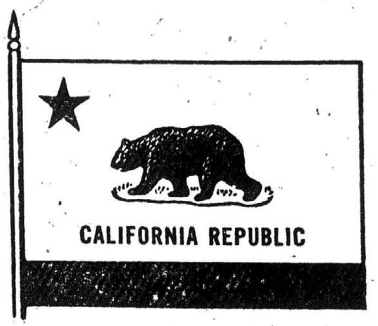
Treasurer: Virginia Farnham of J. Henry Schroeder Banking Corp.

Board Members: Mrs. Margaret E. Kennedy of Margaret Kennedy Co.; Catherine S. Pepper of The National City Bank of New York; Harriet V. Vought of The Chase National Bank; Mrs. Florence W. Stephens of F. W. Stephens & Co.

NEW ISSUE

$50,000,000
State of California

4%, 1½% and 1¾%
State School Building Bonds, Series E



Dated May 1, 1952 — Due May 1, 1954-78, incl.

Principal and semi-annual interest (May 1 and November 1) payable at the office of the Treasurer of the State of California in Sacramento, California, or at the option of the holder at the office of any duly authorized agent of the State Treasurer, including the agent of the State Treasurer in New York City. Coupon bonds in denomination of $1,000 registerable only as to both principal and interest.

Bonds maturing on and after May 1, 1974, are subject to redemption at the option of the State, as a whole or in part, on May 1, 1973 (but not prior thereto) and on any interest payment date thereafter, at the principal amount thereof and accrued interest thereon to date of redemption. Publication of notice of redemption shall be once a week for two weeks not less than 30 days or more than 90 days prior to said date of redemption, in each of the Cities of San Francisco, Sacramento and Los Angeles. If less than all the bonds should be redeemed, they shall be called in inverse numerical order, the part so called not less than the bonds maturing in any one year.

In the opinion of counsel, interest payable by the State upon its bonds is exempt from all present Federal and State of California Personal Income Taxes under existing statutes, regulations and court decisions.

We believe these bonds will meet the requirements as legal investments for Savings Banks and Trust Funds in New York, California and certain other states and for Savings Banks in Massachusetts and Connecticut and will be eligible as security for deposit of public monies in California.

These bonds, to be issued for school purposes, in the opinion of counsel will be valid and legally binding general obligations of the State of California payable in accordance with their terms out of the General Fund of the State, and the full faith and credit of the State of California is pledged for the punctual payment of both principal and interest. Under the enabling statute the State is obligated to collect annually, in the same manner and at the same time as other state revenue is collected, such sum in addition to the ordinary revenue of the State as shall be required to pay principal and interest on the bonds as the same become due. The bonds were authorized by the electorate on November 8, 1949 for the purpose of providing aid for school construction in the State, the amounts thereof to be repaid, in whole or in part, by the districts receiving aid.

AMOUNTS, RATES, MATURITIES, YIELDS AND PRICES
(Accrued interest to be added)

Amount	Coupon Rate	Due	Yield or Price†
$1,600,000	4%	1954	1.05%
1,600,000	4	1955	1.10%
1,600,000	4	1956	1.125%
1,600,000	4	1957	1.15%
1,600,000	4	1958	1.20%
1,800,000	4	1959	1.25%
1,800,000	4	1960	1.30%
1,800,000	1½	1961	1.40%
1,800,000	1½	1962	100
1,800,000	1½	1963	1.55%
2,000,000	1½	1964	1.60%
2,000,000	1½	1965	1.65%
2,000,000	1½	1966	1.70%
2,000,000	1½	1967	1.75%
2,000,000	1¾	1968	100
2,200,000	1¾	1969	1.80%
2,200,000	1¾	1970	1.85%
2,200,000	1¾	1971	1.90%
2,200,000	1¾	1972	1.90%
2,200,000	1¾	1973	1.95%
2,400,000	1¾	1974*	1.95%
2,400,000	1¾	1975*	2.00%
2,400,000	1¾	1976*	2.00%
2,400,000	1¾	1977*	2.00%
2,400,000	1¾	1978*	2.00%

*Bonds maturing 1974-78, subject to call at par May 1, 1973.

†Yield to maturity.

The above bonds are offered when, as and if issued and received by us and subject to approval of legality by Messrs. Orrick, Dahlquist, Neff & Herrington, Attorneys, San Francisco, California.

Bank of America N. T. & S. A. — **The National City Bank** of New York — **The Chase National Bank** — **Blyth & Co., Inc.** — **Harriman Ripley & Co.** Incorporated — **Harris Trust and Savings Bank**

R. H. Moulton & Company — **American Trust Company** San Francisco — **C. J. Devine & Co.** — **Goldman, Sachs & Co.** — **Union Securities Corporation**

Merrill Lynch, Pierce, Fenner & Beane — **Weeden & Co.** — **The First National Bank** of Portland, Oregon — **Seattle-First National Bank** — **Security-First National Bank** of Los Angeles

California Bank Los Angeles — **Dean Witter & Co.** — **William R. Staats & Co.** — **Equitable Securities Corporation** — **Reynolds & Co.**

J. Barth & Co. — **B. J. Van Ingen & Co. Inc.** — **Coffin & Burr** Incorporated — **A. C. Allyn and Company** Incorporated — **Harris, Hall & Company** (Incorporated)

Heller, Bruce & Co. — **Bache & Co.** — **Barr Brothers & Co.** — **Kaiser & Co.** — **A. G. Becker & Co.** Incorporated — **Ira Haupt & Co.** — **Hayden, Stone & Co.**

G. H. Walker & Co. — **Bacon, Whipple & Co.** — **F. S. Smithers & Co.** — **Shearson, Hammill & Co.** — **Trust Company of Georgia**

E. F. Hutton & Company — **The First National Bank** of Memphis — **Wood, Struthers & Co.** — **The Ohio Company** — **Wm. E. Pollock & Co., Inc.**

Andrews & Wells, Inc. — **Schaffer, Necker & Co.** — **A. M. Kidder & Co.** — **Stein Bros. & Boyce** — **Folger, Nolan Incorporated** — **Courts & Co.**

Julien Collins & Company — **Field, Richards & Co.** — **Cruttenden & Co.** — **Hayden, Miller & Co.** — **Robert Winthrop & Co.**

The National City Bank of Cleveland — **The National Bank of Commerce** of Seattle — **Detmer & Co.** — **McCormick & Co.** — **William Blair & Company**

The Milwaukee Company — **Burns, Corbett & Pickard, Inc.** — **H. V. Sattley & Co., Inc.** — **Northwestern National Bank** of Minneapolis — **Fulton, Reid & Co.**

R. D. White & Company — **Scott, Horner & Mason, Inc.** — **Wachovia Bank & Trust Company** — **Clement A. Evans & Company** Incorporated

Lawson, Levy & Williams — **Janney & Co.** — **Rockland-Atlas National Bank** of Boston — **Bosworth, Sullivan & Company, Inc.** — **Prescott & Co.**

Peoples National Bank Charlottesville, Va. — **Gregory & Son** Incorporated — **Ginther & Company** — **Foster & Marshall** — **Sills, Fairman & Harris** Incorporated — **Wagenseller & Durst, Inc.**

A. G. Edwards & Sons — **Wurts, Dulles & Co.** — **Stone & Youngberg** — **Bartow Leeds & Co.** — **Davis, Skaggs & Co.** — **Seasongood & Mayer**

The Weil, Roth & Irving Co. — **Doll & Isphording, Inc.** — **The Continental National Bank and Trust Company** of Salt Lake City — **Kenower, MacArthur & Co.**

Stubbs, Smith & Lombardo, Inc. — **Magnus & Company** — **Walter, Woody & Heimerdinger** — **Thornton, Mohr & Co.** — **Stern, Frank, Meyer & Fox**

H. E. Work & Co. — **Walter Stokes & Company** — **Arthur L. Wright & Co., Inc.** — **Hooker & Fay** — **Fred D. Blake & Co.** — **J. B. Hanauer & Co.** — **C. N. White & Co.**

June 5, 1952

Let's Have a Look at the Records

By IRA U. COBLEIGH

Author of "Expanding Your Income"

A brisk resume of phonograph record productions, profit and speeds; together with some account of the leading companies producing same.

Today's title may easily be recognized as a twist on the famous slogan of the late Governor Alfred Smith, but it will, by your leave, sound here a musical, rather than a political note. This article really began to be written way back in 1877, when Thomas Edison built a machine to capture and reproduce sound in grooves of varying depth cut in wax cylinders. Ten years later, one Emile Berliner invented the disc record (and the matrix record from which limitless duplicates might emerge) and the machine he built to play these primitive discs, was called then a gramaphone—it still is, to this day, by the British. The flat record proved lots handier than the Edison cylinder, and launched the fabulous platter industry of today — an industry we become acutely aware of every time we turn on a radio, eat in a diner, or, as old grads, return at this season of the year, to the dorms or frat houses of our ivied Alma Maters.

Ira U. Cobleigh

From first orchestral recordings in 1913, phonograph records zoomed till the early twenties, when radio seemed to offer a lethal threat. By 1926, however, improved and lower cost electronic sound recording revived the record trade, and names like Rudy Vallee, Paul Whiteman, Guy Lombardo, Cliff Edwards and Gene Austin sparked popular platter sales into the multi millions. Nineteen forty was memorable in the trade principally for a violent price war. There were casualties, of course, but the long range result of this price dipping was increased sales volume, and new era of prosperity for the record industry, especially during the war years. Nineteen forty-seven was big, about 400 million records sold (roughly 40 for each player in U. S. A.) with Decca's "Jolson Album" going over a million copies. Nineteen forty-seven is cited as a key year, the last in the long exclusive reign of the 78 R.P.M. discs. In 1948 numerous producers offered lower speed records, the advantages being to compress a whole symphony into a single disc, to offer a classic rendition uninterrupted by record changing, greater tone fidelity, a saving of storage space by dealer and buyer; and much lower shipping and mailing charges. The new records also were of plastic, unbreakable — in much the same sense that a permanent wave is permanent!

There was, indeed, a revolution in records in 1948-49. Nobody knew for sure whether the 33⅓, the 45 or some other speed would become standard; long hairs and hep-cats scurried for attachments or players with variable speed mechanisms. The "78" was still around but it had a lot of competition. Then, too, because the new records cost far less to produce (an album selling at $13 in 1938 costs around $5 today) many newcomers entered the trade; and the 24 record companies of 1948, have increased to over 120 today. But in the last two months there's been another price war, and some unsound enterprises may be, in due course, recorded among the missing as a result.

Well enough of this background music—let's get on with the record of producing companies. How do they divide up all the business, 40% in classicals and the balance in a wide assortment of swing, bop, hill-billy, dixie land and musicomedy, novelty tunes—everything from John Charles Thomas to Johnny Ray.

Most eminent in record production is Radio Corp. of America, which through RCA-Victor, its manufacturing division, turns out not only radio and television sets but untold millions of records a year. Its roster of recording artists, through the years, has been almost a Who's Who of the music world running from Sousa and Caruso down to Dinah Shore and Perry Como (whose 7th million record was sold only last week).

Radio Corp. is so vast that that record production, big as it is, accounted for probably less than 5% of the $597 million gross. So if you seek in RC an investment vehicle for representation in the record business, you have a good one all right, but it's sort of like buying General Electric because you think toasters have a great future. Radio common, after a fabulous market swing in the 1929-32 era, sold as low as 2¼ in 1941. Gross has expanded 150% since 1946 and dividends have been paid in each year since 1940. There are many grounds for belief that RC is a forward looking equity today at 25; among them its leadership in records.

The second big name in recording also does it as a side line—Columbia Broadcasting. It's a little hard to find out just how much spinning platters contribute to this enterprise with its 196 station radio network (7 wholly-owned, the rest under contract) and 61 TV stations (2 wholly-owned). Columbia Records, Inc., is operated as one of six divisions of CBS. Currently, one Johnny Ray (the Prince of Wails, as he's called in a current magazine article) who contorts as he sings, is gunning up Columbia record sales. His "Cry" record alone already has passed, in a few weeks, the million mark.

Columbia Broadcasting System has been a highly successful and well managed enterprise almost since inception, paying dividends from 1931, including a 5-for-1 split in 1934 and 2-for-1 in 1937. Stock appears to represent a good value currently, but there are those who feel present dividend rate of $1.60 (paid last year) is rather highly appraised at $34 a share. As a major radio and TV item, and incidentally an important record creator, you may want to keep your eye on CBS.

We now come to a company where records are (or at least have been) the main show, Decca Records, Inc. This company makes 78, 45 and 33⅓ RPM discs and does a $20 million business selling same through distributors, dealers, and juke box operators, here, and in a number of foreign countries. Business is competitive and volatile, with net sales in the past decade as low as $10 million (1942) and as high as $32½ million (1947). A lot depends on getting the right, and the popular vocalists and "name" bands signed up. For example, Bing Crosby, through the years, has done Decca a lot of good. Records are sold under the "Brunswick," "Coral," or "Decca" labels, and a line of phonographs and needles is also offered.

In 1951 Decca branched out a bit and acquired 28% of Universal Pictures. Potentially this could broaden earning power, through a wider entry into the entertainment field, but just how the records and pictures will complement each other is not too clear at the moment. (M.G.M. did it the other way—from pictures into records.)

For the stock minded Decca common is listed on the Stock Exchange in the amount of 776,650 shares, and preceded on the balance sheet by a $4 million bank loan due 1957. DKA sold at 37⅝ in 1946 and does not appear inflated at 8, although 1952 profit margins may be thinner. Per share was $1.08 in 1951.

The fourth major record renderer is Capitol Records, Inc., which can produce 40 million records a year in its own plant at Scranton, Pa. and 6 million at a sublet plant in Los Angeles. Capitol turns out all three record speeds, and offers a complete line of popular classical and children's records.

Over-the-counter, its common stock issue of 476,230 shares is traded around $4, with dividend of 25c paid in 1951. Wide earnings swings have in the past 6 years oscillated the common from a high of $29 in 1946 to a 1950 low of $3. If you don't mind swings, and swing music, Capitol may appeal to your more speculative instincts.

The four treated today together represent roughly 75% of the whole industry output, and their shares, I believe, are the only record ones enjoying general market activity.

Characteristic of the whole trade is wide variation in sales from year to year, caused by shifting popularity in music types, occasional price wars, and recently considerable confusion due to the three different record speeds. Increased production and sales costs, as well as consumer spending power are also factors. Further, since LP records, entry into production has required less capital and some newcomers have done quite well. For instance, Tennessee Record Co. has prospered with hill-billy tunes; and this special field of "mountain music" accounts today for over 40% of all popular music sales.

While classics, and such perennial favorites as "White Christmas" and "Easter Parade" supply a steady backlog to the platter purveyors, special items like the Duke of Windsor's Abdication speech, or MacArthur's Address to the Congress, can deliver a lot of extra earning power to this $180 million industry. Whether or not you take a speculative spin in this field, it's always in the public ear. You may not wish to have a look at the record, but you can't help hearing it!

From Washington Ahead of the News

By CARLISLE BARGERON

The Supreme Court's decision against the President's seizure of the steel industry is being hailed rather generally as a mighty historic event in the concern of a free people against the gradual usurpation of power by the President. As Vice-President Jack Garner used to say when he invited his visitors to have a drink, "Let's strike a blow for liberty."

Carlisle Bargeron

It is ironic that the man who led this liberty striking blow, the one who read the majority finding, Justice Hugo L. Black, started out on the court under as great a cloud as any man ever named to that august tribunal. As a Senator he had been a hard hitting, clever, "New Deal" politician. As Chairman of the famous or infamous Senate Lobby Committee, he hit ruthlessly at the critics of the New Deal. He had a clever trick when questioning a hapless witness before his committee of pretending to be looking at the witness' income tax return or at some other revealing paper. It took a most hardy man and an exceptionally honest one not to wilter under such tactics and shake like a leaf. In the great game of politics he believed everything was fair. He was the last man in the world you would pick out to have a judicial or objective mind.

It had been generally assumed by Washington newspapermen that he had come to the Senate under the auspices of the Ku Klux Klan. He denied this while his nomination to the Supreme Court was under consideration. Then, several months after he had been confirmed, it was proved he had been a member of the hooded order and he admitted it.

The historians will undoubtedly record that it was the Great Roosevelt's embarrassment over this that caused him to take his first step into internationalism and the Second World War. He had been out on the Pacific Coast and was now returning to Washington knowing he had to face a battery of newspapermen with the question of what he intended to do about Hugo Black when there was nothing he could do insofar as getting him off the court was concerned.

Roosevelt had to stop in Chicago and make a speech, advance copies of which had been distributed to the accompanying newspapermen. The late Harold L. Ickes boarded the train and sold him on the idea of making an attack on "aggressors" (the famous "quarantine the aggressors" statement) as a means of diverting attention from Black. It served the purpose and immediately started a controversy of whether Roosevelt was trying to lead us into war.

Be that all as it may, Black has turned out to be one of the most studious and independent members of the Court. He is a "liberal" but one with a depth and with no feeling of allegiance to any group. Several decisions of his on nonsegregation have outraged his fellow Southerners; yet in not going whole hog on this general subject, he has disappointed the "liberals." Certainly his decision on the steel seizure is not popular with the CIO. To say the least he has called the shots as he sees them, although generally he has not called them as I would like to have them called. But he didn't call them just to suit the man who appointed him to the Court and he hasn't called them to suit that man's successor.

Even as a Senator he was not a socialite or a goer in Washington's social rounds, as most of the other justices are. On one occasion or another I have met every one of the other justices. Black seems to have gone further into his shell.

In contrast to Black's career, Justice Stanley Reed, one of the three dissenters in the steel seizure decision, has never been a crusader, a controversialist or a politician. He goes about socially in Washington in a dignified way; he is, indeed, the essence of pleasant dignity. In talking with him you would get the impression of a solid, dependable citizen, church-going and conservative. The last thing in the world you would think about him would be that he is a radical or a "liberal." Yet, if since his appointment to the Court by Roosevelt, he has once voted against the Administration, against a single one of the revolutionary reforms, it has escaped me. Incidentally, he was brought to Washington from Kentucky by Hoover to be General Counsel of the old Farm Board.

It was quite a game in Washington legal and political circles while the steel seizure was pending before the Court to guess which way the justices would vote. There were few, if any correct guesses on either Black or Reed. The guessers had them just the other way around. I don't know why, either, and I might add that I picked up a few dollars in the guessing business. I should also say that I lost on Minton, and thinking it over, I don't know why.

Finally, after the great issue has been settled, Senate leaders are trying, as this is written, to work out an amendment to the pending extension of the defense production controls act which would, under specified circumstances, authorize the President to seize an industry. Watch and see if within a few days we are not practically back where we started.

A. J. Cortese With Faroll Co. in NYC

A. J. Cortese on June 2 joined Faroll & Co., 67 Wall Street, New York City, members of the New York Stock Exchange, as stock market analysts. Mr. Cortese was formerly a registered representative for W. E. Hutton & Co.

G. C. Haas & Co. Adds Harris Fisher

G. C. Haas & Co., 63 Wall Street, New York City, members of the New York Stock Exchange, announce that Harris B. Fisher, Jr. is now associated with the firm. In the past Mr. Fisher was with Fahnestock & Co.

No Real Shortage of Copper

By WHIPPLE JACOBS*

President, Phelps Dodge Copper Products Corporation

Executive of large copper concern, after reciting statistics of copper production and forecasting prospective increase in supply in next four years, concludes there is no "real" shortage of copper metal, because (1) copper is world commodity and, without price control, supply increases with higher prices; and (2) without present government allocations, copper users would not hoard supplies as they are now doing. Looks for price of copper to settle between 19c-24c per pound.

It is always a pleasure to renew my acquaintanceships with you gentlemen of the purchasing profession, not only because of our long relationships over the years, but because of my feeling that my experience as a purchasing agent was one of the most valuable in my business career.

Whipple Jacobs

Your Chairman and our good friend, Vince Goubeau, caught me in an unguarded moment some time ago and I agreed to appear on your program—but it was not until I received the program release of April 30 that I knew the title of my talk.

The statistics on copper are pretty much a matter of common knowledge. However, in spite of the risk of boring you with figures, I will review the supply picture from the published figures to date, taken from official data of the United States Department of Commerce, The Copper Institute, and the U. S. Copper Association.

Copper Tonnage

For the five years 1947-51 inclusive, the average tonnage of copper available annually was as follows:

	Short Tons
Primary Domestic	879,860
Secondary Domestic	109,020
Net Primary-Unmanufactured Imports	374,370
Total (Average)	1,363,250

This average happens to be about the same as the 1951 supply.

For 1952 and the succeeding three years, we estimate the supply, based on new projects under way, will be:

In 1952: 1,530,000 Short Tons or 11.6% over 1951.

In 1953: 1,660,000 Short Tons or 21.0% over 1951.

In 1954: 1,690,000 Short Tons or 23.3% over 1951.

In 1955: 1,855,000 Short Tons or 35.0% over 1951.

If historical comparisons carry any weight in your thinking, this amount of copper could support a Federal Reserve Board index of industrial production of 270, an increase of 45% over the index figure for the first half of 1950.

Barring strikes, war, or acts of God, these figures seem to be of reasonable expectancy.

So much for "How Much and When!"

No Real Copper Shortage

Now I want to give you some of my personal thinking on the subject of copper, based on more than 25 years of experience as a buyer—exactly the same category that you gentlemen are in today. As a student of the market over these years I have a deep interest in it. I pass these thoughts on to you for what they may be worth.

Currently, there is an "apparent" great shortage of copper, and undoubtedly there is some *real* shortage. However, I feel that it is more "apparent" than real—for two reasons:

First—Copper is a world commodity. Today, due to government interference with the free market, there are at least three prices, the 24½c ceiling for domestic production, the 27½c ceiling for copper imported into the United States, and a world price somewhere between 30c and 40c. Whenever obstructions are placed in the free pricing of a commodity, or to put it another way, when the market is compartmented, as these three prices do compartment it, it must, of necessity, create an unbalance in the supply.

Second—Where we are operating under a system of allocation, everyone must also of necessity accept their allocation at regular intervals, whether it is immediately needed or not, for fear of not receiving, in the future, what they may need if their demand situation changes. This, I am sure, has resulted in *accumulation*. As proof, I can point to our own experience. A substantial part of our products are sold on returnable containers, that is, on spools and reels. The number of our spools and reels outstanding in the hands of consumers has steadily increased for the last 15 months, and by a *substantial amount*, indicating that these containers are not being emptied promptly. In addition, in a number of instances, our customers have had to defer deliveries because their inventories have reached the maximum set by the government planners, necessarily an arbitrary figure applied to widely varying situations. This too creates an unbalance in the supply.

The Price Situation

Price-wise, there are three points I want to call to your attention. First, that copper is among the most volatile of metals. We only have to go back to March of 1949, when another apparent shortage existed, but in a period of ten weeks, from March 29 to June 17, the market declined from 23½c to 16c, and government purchases for stockpiling fell off just as sharply as the requirements of private purchasers. In spite of the omnipotence of the planners, they did not foresee the quick turnabout that was to occur during the last half of that year and the first half of 1950 (pre-Korea). In four months, from July 5, 1949 to Nov. 4, 1949, the market recovered 2½c, and in seven weeks in 1950, from April 17 to June 6, an additional 4c. In a period of 14 months the price fluctuated downward 7½c, or 32%, and upward 6½c, or 40%.

Second, because of its wide price swings, copper has always been a tempting speculation for the average buyer. I believe this is true not only because of its wide price movement, but because to many users it is not a major factor in the profit and loss statement. As a result, because all of us have a bit of the gambler in us, there has been a tendency to "take a flyer" in copper for a thrill and the hoped-for *profit*. This is not said in any way as a criticism, it is only an experienced observation.

Back in the days when copper was sold at a firm price for 90-day delivery (when I was selling for the Belden Company), I was always interested to note that purchases on a rising market tended to increase geometrically as the price went up. In other words, a ¼c advance might mean bookings of a million pounds for the next 90 days. Two weeks later another ¼c advance would bring in bookings of two million pounds; and within 30 days of the first advance a still further advance would increase bookings sometimes to as much as three million additional pounds. I do not believe the foreseeable demand had increased in that amount, in such a short period, but the fact that the market was on the increase made for larger and larger commitments.

These buying waves, taking the country as a whole, meant that the largest tonnage was booked at the highest price, and then when buying dried up and the market started to decline, these commitments had to be worked off over a substantial period of time and almost invariably at a loss before additional buying came back into the market.

I firmly believe that our present policy of selling at price in effect at time of shipment can ensure a more healthy market.

We used to talk about the supply of copper above ground as representing so many days, weeks or months of consumption. When this supply above ground was at its lowest, the market would always be high, and when this supply above ground was the largest, the price would always be low. In appraising the future a few buyers took into consideration the amount of copper in the hidden inventories in the hands of both users and consumers — the high market and heavy commitments converted the stocks above ground into inventories and created an apparent shortage. The reverse was true when prices were low—inventories were also low and while the supply above ground seemed high, all the working stocks of the country were at a minimum, accentuating the visible surplus.

Third, I want to point out to you that both zinc and lead, which were officially considered "critical" only a few months ago, are now in free supply and selling below ceiling prices. It is interesting to note in the case of lead, for instance, that the minute the world price receded to the American ceiling, lead became in free supply, and today, only a short time later, there is an excess of supply over demand.

I do not recall at any time when the principal non-ferrous metals moved divergently price-wise, not that they all move simultaneously or in the same amount, but I do not recall when two moved "down" while one moved "up," or vice-versa, in any combination. To me it is only a matter of time, and the date is delayed by price and allocation controls, when the copper supply will balance demand, and that time, in my opinion, will come before all the expected increased supplies are available. The statement that copper would be in short supply for a ten-year period, made not so long ago, seems to me completely unrealistic if not irresponsible.

In conclusion, and at the risk of sticking my neck out, my guess is that the future normal price of copper, which we used to call between 10c and 13c, will settle in the 19-24c area in the "post war," "post emergency," "post planning" period. These are, of course the cents in today's depreciated dollar. However, this does not mean that it will not fluctuate above and below these limits, for the reasons I have already given you.

While accumulations below 19c might be profitable, and accumulations above 24c would tend to be dangerous, I want to give you a formula for insuring that the cost of the copper in your products at the time of shipment will most accurately represent the market price at that time. This formula will, in the long run, result in the most advantageous average price that you can obtain—it is very simple. *Avoid trying to outguess the market; shun speculation; at all times buy only for requirements.*

*An address by Mr. Jacobs at the 37th Annual International Convention of the National Association of Purchasing Agents, Atlantic City, N. J., May 26, 1952.

Keller & Co. Is Formed in Boston

BOSTON, Mass.—Joseph P. Keller has formed Keller & Co. with offices at 50 State Street to act as dealers and brokers in listed and unlisted securities, bank stocks, mutual fund shares, and municipal bonds. Mr. Keller was formerly with H. C. Wainwright & Co. and du Pont, Homsey & Company.

With Shields & Co.

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Edwin M. Campbell is now affiliated with Shields & Company, 24 Federal Street. He was formerly with Robert Hawkins & Co., Inc. and J. H. Goddard & Co.

Maryland Bankers Elect New Officers

Maryland officers of the American Bankers Association were elected at the first session of the Maryland Bankers Association's Atlantic City convention, May 26.

Those elected were:

Harvey E. Emmart, Vice-President-Cashier, Baltimore National Bank, member, executive council for a three year term dating from the ABA 1952 convention; W. R. Milford, President, County Trust Company of Maryland, Baltimore, Maryland member of the ABA nominating committee; and W. Russell Howard, Cashier, Second National Bank, Hagerstown, alternate member of the ABA nominating committee.

More than 650 Maryland bankers attended the two-day meeting. The following State Association officers were elected May 27:

President — Charles A. Piper, President, The Liberty Trust Company, Cumberland.

First Vice-President — Thomas E. McConnell, Vice-President, Maryland Trust Company, Baltimore.

Second Vice-President—Hubert F. Burdette, President, First National Bank, Mount Airy.

Third Vice-President — Joseph N. Shumate, President, Farmers National Bank, Annapolis.

Matthias J. Reese, Secretary of the organization since 1934, was named Secretary-emeritus.

William B. Elliott, the association's Assistant Secretary, who has served in that capacity since 1940, was elected Secretary-Treasurer.

Collins, Byerly, Steinfeldt Join Staff of White & Co.

(Special to THE FINANCIAL CHRONICLE)

BLOOMINGTON, Ill.—Paul H. Collins, Richard A. Byerly and Harry A. Steinfeldt have become associated with White & Company of St. Louis. Mr. Collins was formerly Vice-President of L. B. Jackson & Co., Inc., with which Mr. Steinfeldt was also associated. Mr. Byerly was previously with C. E. Bohlander & Co.

H. C. Wainwright Adds

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—Malcolm C. Newell is with H. C. Wainwright & Co., 60 State Street, members of the New York and Boston Stock Exchanges.

What's Ahead in Credit and Business

By HENRY H. HEIMANN*

Executive Vice-President, National Association of Credit Men

Asserting we are living in a "political economy," leading Credit Association executive sees no immediate let down in level of business or softening of interest rates. Says we have paid a high price for tinkering with money rates, since pegged rates constituted major inflation factor. Holds impact of tax load is bound to ultimately slow up the economy.

The spring let-up in demand for money has caused many people to believe that interest rates may turn soft. Before reaching any such conclusion it is well to look ahead at the probable deficit in our Federal budget and the effect of relinquishing controls on credit in the housing and consumer fields. It is more than likely that the demand for money, even though it may not be as high as it was a year ago, will still be maintained on a rather strong basis.

Henry H. Heimann

The tremendous financing program the Federal Government must meet and its unwillingness to face facts and try to get a realistic maturity program on its securities, makes for an artificiality that is difficult to analyze. The claim that is frequently made that through artificially low rates the government and the public are saving considerable money on the servicing of the debt, is not based on facts. Artificially low interest rates are highly inflationary in character and since the government does more buying than any other institution in the United States it is forced to pay an inflated price for its procurements. A good deal of this inflationary price is due to its own folly in trying to circumvent the natural law of supply and demand with respect to the cost of hiring money. Its recent action on a change of rate on the larger E Bonds is a practical move that should have been made long ago.

The need of a sound banking system and a profitable one is understood by all who recognize the important character of the banking business. It is not a comfortable thought to realize that investments in the banking industry, one of the most important in the United States, have been consistently selling at a discount. It is even less comfortable to find that the larger banking institutions are faced with a restricted tax law that practically prevents them from making the earnings essential to capital increases so that they might serve our growing economy.

No one will ever know the price that has been paid in our economy for the tinkering with money rates. It is one of the major factors contributing to our inflation which has aided in the depreciation of the purchasing value of the dollar.

This artificially low interest rate, in addition, is naturally bound to develop a trend in our social economy that certainly does not square with the concepts of the economy that has made this nation so great. The small earnings possible under artificially low interest rates, naturally make for extraordinary care and caution by banks in loaning policies. There is no profit left available for those marginal risks which can normally be accepted with a calculated risk of loss when such a loss can be absorbed from reasonable profits. Under an artificially low interest rate, however, the growing needs of the country cannot be so well served. The result is that the political influence comes into play and the banking business finds itself in competition with the government. The government in effect uses the tax money it collects from corporations, individuals and the banking business to pursue a course of making loans which are usually unjustifiable. The competition of government with the banking business must be checked if we are to maintain a privately owned sound banking system. We know the maintenance of such a system is essential to our nation's welfare.

There is little need for government competition. Government loans are generally based upon grants to those who cannot qualify under the normal standards of credit acceptance, or upon an interest rate well below the going market.

Usually in the past the government, in handling such dealings, was more inclined to demand a higher standard than the banks. That was our history for over a century. More recently, however, the standard is largely gauged by political consideration. In truth we are living in a political economy.

The world-wide recession in commodity prices and the difficult situation in certain of our own industries has caused some people to feel that we might be heading for a serious recession. This seems unlikely in a political year when we are living in a political economy. The inventory situation is better than it was and the scare buying after Korea has been largely liquidated. It would appear that the second half of 1952 would be better for business than the first six months of this year. The net earnings of business for the year, however, will decline substantially due to the tax impact. This decline in net earnings will restrict the further expansion of business and indeed the investment in plant and new equipment will decline in the months ahead.

The impact of the present tax load is not as yet fully realized. The long range effect of it is bound to slow up our economy and it is questionable whether business can continue to carry this load and still be the dynamic influence in our economy that has made it the envy of the world.

The truth is that the cost of government reaches into every purse and affects our daily lives in every way and manner. The higher the cost of government the less freedom we enjoy. The greater the government personnel the more controls and regulations. Controls and regulations are never initiated to create a higher standard of living. They are based on a scarcity, an attempt to distribute less goods than the people normally want and need. It is questionable in view of our high production whether they should be continued.

The dividends of business companies will undoubtedly decline in the year ahead. The evaluation of stocks on the public exchange is presently meeting two opposite forces. One, a certainty that business earnings will decline and that dividends will be reduced which would normally make for a considerable recession in the price of stocks. The other, the realization that with deficit financing facing us with all of its potential inflationary character the dollar may further depreciate and that common stocks representing physical assets and natural resources may eventually prove some hedge against the constant decline of the dollar.

Because we have doubled our production facilities in the course of the past 13 years, whereas our normal needs would have called for an increase of but 40%, many business managers are concerned over the future. They feel that if the defense program is stabilized or if peace should by any manner or means come, whether it be real or synthetic, that American business would go into a tailspin and that we would be facing the worst depression we have ever experienced. These gloomy predictions need not be realized if we have a constructive program on the part of government. Such a program means that business should have the freedom to meet the problem and that business and individuals should be asked to absorb a lower tax load so that their buying power might be increased and that controls and regulations be eliminated and a fairer attitude toward business be established.

If business is given a favorable climate in which to live in the post-defense era it will, as it has done in the past, solve the excess production problem. It has accomplished this in the past through promotional programs and technological improvements that have lowered costs and it has thus stimulated buying desire and power among the consuming public. Business has time and again in America had its productive capacity developed well in advance of its consumption. In the past when it has solved these problems so successfully it has enjoyed the freedom under which it could accomplish such a result. That is the crux of the problem in the post-defense economic period. Given this freedom you can rest assured that, outside of a temporary let-up, we will not over a long range period of time face a serious depression. Without this freedom we can expect the worst.

*A summary of address by Mr. Heimann before the Maryland Bankers Association, Atlantic City, May 26, 1952.

Orvis Brothers & Co. Opens New Forest Hills Office

Orvis Brothers & Co., members of the New York Stock and Curb Exchanges and principal commodity exchanges, announced the opening of a new branch office at 113-29 Queens Boulevard, Forest Hills, L. I. during the week of its 80th anniversary.

The new office will provide complete investment facilities and will be under the management of Miss Miriam Minden, who will have associated with her Mr. Walter J. Scheideberg.

Founded 80 years ago by Joseph Upham Orvis and his two sons, the firm first assumed prominence in the financing of America's railroads and the oil and coal industries. Since that time members of the Orvis family have always been active in the business. Warner D. Orvis, present senior partner, is a grandson of the founder.

Alfred Young With Baker, Weeks & Harden

Baker, Weeks & Harden, 1 Wall Street, New York City, members of the New York Stock Exchange, announce that Alfred W. Young is now associated with the firm in its institutional department. Mr. Young was formerly Assistant Manager of the New York office of J. C. Bradford & Co.

Salaried Workers

By ROGER W. BABSON

Expressing concern over financial plight of white-collar workers, Mr. Babson sees middle-class standards declining. Contrasts position of salaried workers with that of wage earners, and holds, because of relatively lower earnings, salaried workers are losing interest in their work.

I am much concerned about the financial plight of some white-collar workers. I am talking about small business managers, schoolmasters, bookkeepers, sales clerks, doctors, and the clergy. These have been our community leaders. They have represented much of what has been best in our communities. To destroy them financially is to destroy an important segment of our American way of life; and that is what is happening.

Roger W. Babson

Middle-Class Living Standards Decline

This is the group of people who from 1935 to 1939 earned salaries ranging from $2,500 to $3,500. Only last week I talked with a salaried executive of one company. In 1939 he was making $3,000 per year. Raises since that time have brought his salary to $4,000. In 1932 he took out insurance policies which would pay $500 per year toward each child's education. The college to which he planned to send his children then cost $950 per year. Today the charges are $1,500.

With inflation and increased taxes, this man cannot afford the education he had planned for his children without going into debt. It is this segment of our population whose bank accounts have shrunk, who have been forced to cash in war bonds and insurance policies—not for television sets and new cars, but to pay the food, clothing, and shelter bills. Yet, this executive is probably getting pay above what the average reader of this column receives.

Here's What Happened

The 1935-39 $2,500-a-year male school teacher would need much more today to maintain his 1935-39 living standards. How many school committees have raised their teachers as much as they should? The result is that our teachers have constantly had to pull in their belts for the education of their children, hospitalization, and their old age. This explains why there is a shortage of teachers. Those teachers whose salaries have increased most are the young college instructors, who have had an average rise from $1,900 in 1940 to about $3,000 today—an increase of 58%.

This unfortunate situation is not wholly due to inflation. Some of the troubles are due to the school teachers and parents themselves. They have failed to instill into the youth a love for work and a desire to be of real service. Our communities are now suffering from this neglect of fundamental training. Perhaps the school teachers are themselves partly to blame for their present predicament.

Salaried Workers vs. Wage Earners

Wage earners, on the other hand, through group pressure—namely, labor unions — have gained ground fast. During the 1935-39 period, manufacturing workers earned, as a group, about $23 per week. Today they make about $66 per week. This represents an increase of approximately 187% in wage earnings. Now I don't begrudge these workers this increase—not at all. They're not going to live too riotously even at $66. I am glad they have benefited. By way of contrast, however, the most fortunate college professor in a relatively small number of colleges has received an increase of only 40% during the same period.

What I am concerned about is that those white-collar workers in our community who, by the nature of their training and experience, have been our leaders have not received the same kind of treatment as the production-line worker. Does this mean that the only way to get the problem recognized is through group pressure? If top management does not realize the inequities to this group of workers, I am afraid they are inviting disaster.

Looking Into the Future

Perhaps the one consoling factor for the white-collar worker is that commodity prices and Federal taxes will probably not increase further in 1952. This, however, is small encouragement for a substantial block of our most solid citizens. On the other hand, all should realize that raising wages is not the cure for the disease or the answer to the problem. Too many white-collar workers have lost interest in their work and are trying to do as little as possible rather than as much as possible. Only when employers and all their workers forget themselves and again earnestly co-operate for the good of everyone will the inflation problem be solved.

Ethan Allen Partner In Brady, Baird, Garvin

Brady, Baird & Garvin, 115 Broadway, New York City, members of the New York Curb Exchange, announce that Ethan S. Allen, the only living direct descendant of General Ethan Allen of Revolutionary War fame, has been admitted to general partnership in the firm. Mr. Allen was formerly with Lawrence Turnure & Co.-Blyth & Bonner and J. R. Williston & Co.

John Mack Joins Hoppin Bros. & Co.

Hoppin Bros. & Co., 120 Broadway, New York City, members of the New York Stock Exchange, have announced that John A. Mack has become associated with the firm. Mr. Mack was formerly Treasurer of Fulton Trust Co. of New York and Assistant Treasurer of New York Trust Co.

Joins W. F. Rutter Staff

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—Leon C. Stanley is now with W. F. Rutter, Inc., 19 Congress Street. He was formerly with Draper, Sears & Co.

With Townsend, Dabney

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Andrew L. Shaw has become affiliated with Townsend, Dabney & Tyson, 30 State Street, members of the New York and Boston Stock Exchanges.

Rewards of Financial Success Will Be Smaller

By IRVING S. OLDS*
Former Chairman, United States Steel Corporation

Speaking at a college commencement, retiring head of U. S. Steel Corporation points out, despite many opportunities for success, financial rewards in future will be diminished by high taxes, by inflation and by discriminations against thrift. Refers to increasing series of social controls and to adverse political attitude toward success. Holds emergencies, however critical, can be solved within limits of Constitution, and scores trespassing upon "God given rights of your neighbors" in hope of gaining some temporary advantage.

In the economic sense, at least, survival is no problem in America today. In many other countries on this earth, it is a heartbreaking, hopeless struggle, but here, thank God, opportunity is unlimited. It is not reserved for the members of any one economic group, or of a favored social class, or of a preferred political party. Science and industry, working together, are opening up whole new worlds of endeavor with every passing year, and no generation in history, probably, has ever enjoyed so many opportunities in so many different fields as you will find around you.

Irving S. Olds

What you make of those opportunities when you find them, of course, is entirely up to you. If you have the good judgment to select as your life work the particular job for which you are best qualified—the kind of work in which you find real pleasure and a sense of honest pride—then success is almost inevitable. But whatever measure of success you may achieve—whether it be great or small—will depend upon you and upon your willingness to work for it. And when, finally, you come to the end of your journey, and look back critically over those thousand miles, what you will really see is the picture of your own handiwork. You may view it with regret or satisfaction; but in either case—if you are honest with yourself—you will be forced to say: "This I have done. This is my own."

So I salute you young men and women today, not only with profound admiration for your scholastic accomplishments; but with abiding confidence in your future success. For more than a hundred years, the graduates of Roanoke College have won positions of eminence in virtually every major walk of life; and no one can doubt, I think, that you in your turn will add luster to their brilliant record; for you have every qualification that they possessed and many advantages which they did not.

But in one respect, at least, you are at a great disadvantage and you labor under a heavy handicap which did not burden the members of the graduating class in my day. And I am not speaking—as you might suppose—of the overshadowing prospect of another war; for war is a threat which is by no means unique in your generation. It is one of those major disasters which have beset almost every generation of man since the beginning of time.

The special disadvantage of which I speak today, however, is uniquely yours. It stems from a danger which is more insidious than war because we are not alert to it—a danger which lies right here at home, and which has developed to a menacing degree even in your lifetime.

I refer to the fact that while your chances of winning success are greater than those which any generation before you has enjoyed, your chances of reaping the rewards of success are much smaller. You will seek to provide for the security of the family you will one day establish, and for the future welfare of your own children; but you will not be able to do so as readily nor as fully as could the members of earlier generations.

Today, Success Is Politically Unpopular

It is your misfortune to have been born at a time when success is politically unpopular—when it is frowned upon and viewed with deep suspicion. You have been born in an age that worships the golden calf of mediocrity, and that is ever ready to inflict the severest penalties upon those who dare to raise their heads above the level of the so-called "common man." The more successful you become, the heavier will be the penalties imposed upon you.

If you are very successful, financially if you contribute tremendously to the welfare or happiness of your fellow men, and if you receive from them a reward commensurate with your contribution you will then be compelled to serve as the slave of the Federal Government for as much as ten and a half months out of every year. Everything that you earn during those ten and a half months will be confiscated. The tax collector will not leave you so much as a single penny to spend even on the barest necessities of life — on food, clothing, shelter, medicine or fuel for yourself or for your family. So you must prepare in that event to live for an entire year on what you earn during the other six weeks.

And if, by rigorous self-denial, you manage to save, out of your six weeks' earnings, a sum sufficient to protect you against adversity and to provide security for your family in your old age, you will quickly discover that the penalties imposed upon thrift are even heavier than the penalties upon success; for thrift, of course, is the characteristic symbol of success.

There is always the danger, first, that your savings may be eaten away by inflation which stems initially from the profligate fiscal policies of the government; and if, in an effort to protect yourself against inflation, you invest your savings in the tools of production by purchasing common stocks, for example, you will then be marked as a special target for financial persecution.

Where other income is taxed but once, the income from your savings will be taxed twice—first in the hands of the company in which you invested your money, and, second when your dividends are distributed to you.

Then in times of emergency—real or imagined—your company will be subjected at once to a series of socialistic controls carefully designed to squeeze its profits and to reduce still further the income from your investment. And as that income dwindles under government pressures of varied and devious kinds, so too, in all probability, will the market value of your securities themselves. Thus again your savings may be largely eaten away by the time you need them.

But if—in spite of all those disadvantages—you manage to build up a substantial estate, you will still be prevented from passing it along, intact, to your children for their future protection and security. Much of it will be confiscated by ruinous inheritance taxes—not so much because the government needs the money, but chiefly because of a peculiar philosophy which holds that inheritance is a kind of social evil and that there is something terribly wrong about trying to provide for the future welfare of your own children.

Well I believe in inheritance, even though our government may not; and I believe especially in one particular inheritance — the greatest heritage that the people of any nation on earth have ever received from their forefathers; the Constitution of the United States. That is the instrument—the last will and testament—by which the founders of this Republic sought to hand down to their children and to you, the precious liberties upon which we, as a nation, pride ourselves so complacently.

But that estate, too is being taxed and eaten away rapidly under the modern social philosophies which actuate our government. Behind the convenient cloak of constant crisis, the infringement of our liberties has been accomplished so stealthily that many of you may not be aware of it at all; but the fact is that I, in my day, enjoyed freedoms which you do not now possess in the same degree; and none of them probably, has been abridged to a more shocking extent in the course of your own lifetime than your constitutional freedom to acquire, to possess and to use your own property.

That freedom to enjoy the rewards of success, and to pass them on to your children if you wish, is being taken away from you not only by the orderly and honorable method of Constitutional Amendment, but chiefly by the devious process of erosion and the skillful use of semantics.

Human Rights and Property Rights

How often these days have you heard men in public life talk about "human rights versus property rights"—as if they were two separate and distinct things, wholly antagonistic to each other. How often have you heard it said that property rights must always be secondary to human rights?

Yet, of course, the fact is that the right to acquire property lawfully and to enjoy the use of it, is one of the greatest and most fudamental of all human rights. The bread and the meat that you earn by your labor are your property. So is the clothing that you wear, and the home that you will build for your family. But if everyone had the "human right" to take the food from your table, the clothing from your back, and the roof from over your head, what human right, in Heaven's name, would then be left for you? The right to starve or freeze to death? The right to prey upon your fellow men in similar fashion?

Of course not! One of the primary functions of government is to protect us in our human right to possess property. That is why we have police forces, fire departments, and a national defense program. That is why the law gives us the right to defend our property, by force if necessary; and to defend it against all comers —except, of course, the government. In this case at least, the only thing we have to fear is government itself.

Now I am well aware of the fact that anyone who talks about our lost liberties is almost automatically regarded as a mossbacked reactionary, a tool of the interests, or an old fuddy duddy. I am also aware that the Constitution is supposed by many to be an interesting but outmoded relic of the past. It is argued that our forefathers—when they wrote the Constitution, 165 years ago—could not possibly have foreseen the emergencies which we face today, nor anticipated the breakneck speed at which we move through modern life. It is said, therefore, that we have no time to amend the Constitution through the slow and antiquated methods provided by its authors, but must short-circuit it in moments of crisis.

Well, my friends, that's a beautiful argument, and it sounds so logical; but don't ever fall for it. It's as phony as a three-dollar bill.

There are no new emergencies. The major problems that we face today are as old as time itself. The three greatest crises which have confronted us in your lifetime — inflation, depression, and war—have been repeated throughout all the course of history, and the authors of our Constitution knew them well.

Let me read you something. It was written by a man who lived to be 98 years old and who therefore had an unusual opportunity to observe and comment upon the changes that had taken place in his lifetime. He said:

"People nowadays do not look at things in the same way as those who lived in former times; for when I was a boy, wealth was regarded as a thing so secure, and so admirable, that almost everyone pretended to own more property than he actually possessed, because he wanted to enjoy the standing which it gave. But now a man has to defend himself against being wealthy as if it were the worst of crimes; for it has become far more dangerous to be suspected of being well off than to be detected in crime. Criminals are pardoned, or let off with slight penalties, but the successful are ruined utterly, and it will be found that the number of men who have been despoiled of their property is greater than those who have been punished for their misdeeds."

That sounds very much like what I have been saying here today, doesn't it? But it was written more than 2,300 years ago, in Athens. It is a passage from the Antidosis of Isocrates.

And here is a paragraph which I found the other day in a standard history of the world. It was not written about New Deal America—as you might suppose —but about the Roman Empire under the Emperor Diocletian in the year 301 A.D. It says:

"The establishment of four government offices where one had existed before, and the increased number of officials in consequence, necessarily increased the

Continued on page 33

*An address by Mr. Olds at Roanoke College, Salem, Va., June 1, 1952.

Prospects of Office Buildings in Central Cities

By S. W. TOOLE*

Second Vice-President, Prudential Insurance Co. of America

Mr. Toole, in addressing building owners on their stake in the "City of Tomorrow," reviews causes of rapid growth of metropolitan areas and concentration of general office buildings in central cities. Cites advantages of large cities for location of general offices, and predicts the office building in the central city "is here to stay."

Before attempting to evaluate our stake in the "City of Tomorrow," we must try to determine what lies ahead for the central city. Is it going to continue to grow? Is it going to play the dynamic role in the economy of the future that it has in the past?

S. W. Toole

When we have answered those questions, we can turn to the consideration of our stake as owners and managers of the buildings which house the brains and the hands that guide the commerce and industry of the greatest nation in the world.

Before trying to answer any of these questions, let's first be sure we have the proper perspective. I am a great believer in the idea that the best way to obtain proper perspective is by looking back and reviewing what has happened in the past. By doing so, we can avoid many pitfalls and misinterpretations. The results should enable us to be more objective in our thinking and more accurate in our estimates of what lies ahead.

The Growth of Cities

I think our review should start at the turn of the century—well ahead of the start of the automobile age. Most of you will concede, I'm sure, that if we were not a nation on tires I wouldn't have been assigned this subject today. As proof of this, witness the age-old cities of Europe and Asia. They are hundreds of years older than our cities, yet there is apparently no question in anyone's mind about their continued importance. The only basic difference between these cities and our own is the extent to which our people and our business are dependent upon the automobile and the truck.

Assuming that 1900 is a reasonable time for beginning, let us review the reasons given then for the growth of our great cities. The reasons given by the economists of that period went something like this—and of necessity I shall be brief.

The industries that we Americans engage in, said the economists, may be divided into four broad groups: (1) the extractive industries, primarily agriculture and mining; (2) the distributive industries, including wholesale and retail trade, transportation, communication and the like; (3) manufacturing; and (4) the service industries. The latter includes domestic servants, government employees, professional men and women, students, etc. The effect these industries have on our cities was explained something like this.

The first of these, the extractive industries, particularly agriculture, generally require the dispersion of personnel. By its very nature agriculture could not well be prosecuted by persons residing in large groups. As a matter of fact, improvements in transportation facilities have tended to promote the dispersion of the agricultural population by permitting the cultivation of land in what otherwise would have been very remote areas.

The distributive industries, on the other hand, were distinctly centralizing in their effects upon the population engaged in them. It was felt that as methods of distribution improved and the economy continued to expand, the tendency toward concentration would increase. It was stressed that the production of wealth was increasing by leaps and bounds. This pointed up the fact that as our wealth increased, the process of distribution would require a growing percentage of all the workers for its efficient prosecution and this would, of course, tend to increase the concentration of our population.

The story was slightly different with manufacturing. We were told that while manufacturing industries did tend toward concentrating the population, the improvement of transportation facilities and, in some cases, excessive rents had caused the management of a few industries to abandon cities in favor of the suburb or small town. We were told that one reason this movement would not eventually result in complete decentralization was because production on a large scale is the goal toward which all industries were aiming, and production on a large scale requires, as a rule, an adequate source of labor and the grouping of allied trades.

The fourth group, the service industries, follows the distributive and manufacturing industries. Those engaged in the professions of rendering personal service must, of necessity, reside near the consumers of their products; in other words, where people are numerous and money is plentiful.

Thus, our economists of that period seemed to agree that the efficient industrial organization of the nation on modern lines required the concentration of population in virtually all the industries except agriculture.

The Record of Population Concentration

These were the fundamentals given us back in those days. Do actual growth statistics indicate that they were basically sound? Let's look at the record.

From 1900 to 1950, our U. S. population increased from 76 million, in round figures, to 151 million—almost double.

In that same period, the 36 cities which had at least 100,000 population in 1900, found their population increasing from 14 million to 31 million, or about 24% more than the country as a whole. To be fair, let me give you the entire picture of population growth, decade by decade:

	Entire U.S.	36 Cities
1900-1910	21.0%	31%
1910-1920	14.9	24
1920-1930	16.1	21
1930-1940	7.2	4.4
1940-1950	14.5	9

During those five decades, 70 more cities climbed above the 100,000 mark.

Another way to look at it is this. If total population doubled in the first half of the century, then a city of 50,000 was as large, relatively, in 1900, as a city of 100,000 is now. Back in 1900 there were only 66 cities in our whole country with a population of at least 50,000. Their total population was 16 millions, or 21% of the national figure.

In 1950 there were 106 cities with 100,000 or more people, and their total population was 44 millions, or 29% of the national figure.

These are impressive figures for the cities when you consider that some cities long ago overflowed their boundaries. They are even more impressive when you consider that the movement to the suburbs has been under way since World War I. Improved transportation facilities made this great and continuing migration possible. Of the principal means of transportation, I would ascribe the most importance to automobiles. While buses, trolleys and railroads have been used in varying degrees, the migration out of the central city would have been substantially less without the car to drive to stations, bus routes, or city. The automobile made this movement possible, but what made it desirable—what gave it the impetus?

The Industrial Revolution, which really began with the War Between the States, brought people flocking to the cities. In 1790, only 5% of our population of 4,000,000 lived in the cities; 100 years later the percentage was seven times higher. Housing, which was already inadequate, was made more so by the influx of millions of immigrants. Cities grew so fast that zoning, which is nothing more than a tool of planning, was either neglected or totally inadequate.

Prices and taxes on city real estate went up and up, thus forcing owners to develop every inch of land to the maximum it would stand. When the crowding and discomfort became too great and the transportation facilities became available, the gradual exodus to the suburbs got under way. This exodus often left rundown, neglected and blighted areas commonly known as the slums.

This review now brings us up to the metropolitan areas which, during the last few decades, have come to be well known, and which are quite important in our discussion. The central city with its satellite towns, known as the metropolitan area, has become the most vital thing in our economy. In the last decade, four-fifths of the total population increase occurred in metropolitan areas. This seems to narrow our question down to an analysis of the part the central city will play in these great and fast-growing metropolitan areas.

Up until now the suburbs have consisted primarily of residential areas, manufacturing plants, and enough stores and shops to take care of local needs. In recent years we have observed in the East that quite a few research laboratories and pharmaceutical plants have moved out of the city.

Because of the fast growth of the metropolitan areas, most of the major department stores in the country are well advanced in a program for develping peripheral or branch stores in outlying suburbs or in planning great regional shopping centers immediately contiguous to their suburbs.

The suburbs of the metropolitan areas have not as yet witnessed an influx of general offices from the central city. There has been no trend of this sort comparable to the opening of feeder outlets by the large department stores. I do know of a few cases, such as the Jewel Tea Company which moved out of Chicago nearly 20 years ago. Recently, I read in the paper that the General Foods Company had decided to move its general offices out of New York to White Plains, a suburb of New York. This involves 1,100 to 1,200 employees, and represents one of the largest office moves I have heard of.

I have no complete list of companies which have moved out of central city locations in the last 15 or 20 years, nor do I have a list of those moving in. It would be my opinion, however, that the latter would exceed the former. One of the most notable, of course, is Lever Brothers. This company recently moved from a suburb of Boston to Park Avenue, New York.

This brings us down to the question whether the next development in the metropolitan area will be a movement of general offices out of our office buildings in the central city to the periphery. Suppose we look at some of the reasons why this might happen, and then at the reasons why it might not happen. Then we can weigh one against the other.

Any attempt to analyze the disadvantages of the central city must start with the automobile and with traffic congestion—and this congestion isn't confined to the central city itself. It starts out in the suburbs with all of the main arteries leading into the city. Our highways, streets, boulevards and parkways are simply not adequate to take care of the 55 million cars, buses and trucks which are on the roads today.

When you get into the city, parking facilities are insufficient. Traffic is terribly congested, and many concerns would no doubt like to get away from this congestion. The desire to get away from the crowds during rush hours may be another reason why executives might want to leave the city.

One company moved because they wanted to be as close to the homes of their employees as possible. The expectation of getting a better grade of employees has been advanced by one company considering such a move.

The desire to have a building of their own, surrounded by green grass, many trees and a beautiful parking lot also may be the dream of many.

As one New York concern wrote in a report, a suburban location "seems to achieve, and to secure for the future, much of the charm and ease of living to be found in smaller communities, without losing to any marked degree the advantages of a location near the heart of the central city."

Now suppose we look at the other side of the picture and see what the city has to offer general offices to stay.

Advantages of Large Cities for General Offices

I hesitate to mention the ordinary advantages of the city for you all know them so well. Briefly, however, for the record, the city has the following to offer:

(1) Good labor market—both as to quality and quantity.

(2) Accessibility to banks, financial institutions, legal firms, advertising agencies and business libraries.

(3) Accessibility to business associations, groups and clubs.

(4) Good local transportation and good transportation coming into the city from every direction.

(5) Accessibility to railroad terminals and airports.

(6) Accessibility to adult specialized business training.

(7) Good stores, good hotels and recreation facilities.

(8) Availability of good maintenance and repair service to office and business machines.

(9) Good police and fire protection.

(10) Office space to rent at reasonable rates without headaches of ownership.

(11) Good mail service—one of the most important of all the favorable factors. Rapid service to the customer is the keynote of American business today, and it is impossible to provide without the benefit of good mail service.

The most compelling reason of all I have saved for the last—it is more economical to stay in the city than to move out. Let us assume the firm moving out is a tenant in an office building. The move to the suburb means constructing a building of their own because no office space is available. The site selected will be fairly large because they will want plenty of parking space. Usually that will mean land some distance from the railroad station. The construction of the building will prove expensive because building mechanics who have plenty of work in their own territory are not going outside the city unless there are premium wages or overtime to make it attractive. This makes the cost of the structure greater than normal. There is your first disadvantage. The next one occurs after the building is ready for occupancy. I mean personnel problems, and they can take many forms. It may be the employees have to sell homes and buy or rent new ones in order to be near the new office. This means moving expense, legal fees and real estate commissions. You may be sure that the employer will find it necessary to contribute liberally toward these expenses. Not all of the employees will move, however; some will commute. Chances are the employer will have to run station wagons or buses to the suburban station to pick up employees in the morning and take them back again after work.

In most moves of this kind, some of the corporate functions remain in the city. Perhaps it is the President, the board of directors and the sales organization. Regardless of who stays, it means added telephone expense, transportation and mail expense. It might even be necessary to run station wagons back and forth all day hauling supplies. In most cases, it will be difficult to get suitable help to operate the building, and once more premium wages may be necessary. Adding it all up you have increased costs—initially and continuously. This is something the average businessman would not want to jump into, particularly when there are stockholders to please. Some may argue that in these days of high taxes the government is paying most of the expense. I ask you, however—do your tenants willingly give you big rent increases

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*An address by Mr. Toole at the Convention of the National Association of Building Owners and Managers, Chicago, Ill., May 22, 1952.

Analysis of Investment Policies of Trade Unions

By NATHAN BELFER
Assistant Professor of Economics, Pennsylvania State College

Dr. Belfer analyzes balance sheets of trade unions and estimates their total assets are about a billion dollars. Finds bulk of assets invested in government bonds, since only a few unions have special holdings in controlled institutions. Sees need of investment specialists to serve unions so as to obtain larger income yield from their funds, and reviews investment problems arising out of trades unions' beneficiary funds.

Trade unions have become today an integral part of the American scene. Their influence in political, economic and social matters both at home and abroad is considerable. They have a membership of almost 16 million and have accumulated substantial funds in their treasuries. Unions are also very keen students and watch economic and social trends closely. It may therefore be surprising to find that in the investment of their own funds unions have not participated fully in American industrial development.


Nathan Belfer

It is difficult to obtain precise figures on the total assets of American trade unions. It can reasonably be stated, however, that the total assets of national unions, local unions, joint boards, district councils and state and local federations is somewhere in the neighborhood of $1 billion. An analysis of the balance sheets of 40 major national unions reveals that assets are distributed as follows:

Cash	10.2%
Government Bonds	74.0%
Stock	1.5%
Real Estate	2.3%
Mortgage Holdings	5.3%
Savings Accounts	0.8%
Special Investments in Controlled Institutions	0.6%
Loans	4.6%
Miscellaneous	0.7%

Government Bonds Preferred

A word of interpretation concerning some of these items is necessary. Bond holdings consist almost entirely of obligations of the United States Government. There are also some small holdings of Canadian and municipal bonds. There are fairly substantial holdings of non-negotiable Series F and G bonds. The figure on stock holdings is somewhat misleading. Most unions hold no stock at all. One union—the National Brotherhood of Operative Potters—has over 70% of its total assets invested in common and preferred stocks. If their stockholdings were to be eliminated from this compilation, stock held by unions would shrink to three-tenths of 1% of total assets. Some unions such as the United Automobile Workers, the United Steelworkers, and the United Rubber Workers hold one share of stock in some of the companies with which they have collective bargaining relationships. This presumably is to enable them to attend stockholder meetings and to receive annual reports of the company's operations. A good many unions hold stock in the Union Labor Life Insurance Company, a company organized in 1925 by the American Federation of Labor for the purpose of writing group and individual insurance policies for unions and their members. Real estate consists largely of union owned headquarters. The Carpenters' Union owns a rest home in Forida. The Brotherhood of Locomotive Engineers owns a hotel in Cleveland. Mortgage holdings are not to be placed in a category of commercial investments. They consist mainly of mortgages on union headquarters and union sponsored housing projects. The International Ladies' Garment Workers' Union has recently announced that it will sponsor a low rental housing project of 1,600 dwelling units in the East Side of Manhattan. The Union's pension fund will invest $7,500,000 in the project in the form of a 3½% insured mortgage.

Investments in Banks

Unions have some money on deposit with savings banks and savings and loan associations. The Amalgamated Clothing Workers own two banks — the Amalgamated Trust Company in New York and the Amalgamated Trust Company in Chicago, which together have resources close to $80 million. The figure for "special investments in controlled institutions" consists of the stockholdings of the Amalgamated Clothing Workers in these two banks. It was reported in April, 1949, that the United Mine Workers Union had purchased 51% of the stock of the National Bank of Washington. This item is not included in this compilation as the United Mine Workers has refused to divulge any information on this matter. The item "loans outstanding" is accounted for by the fact that unions frequently make loans to other unions for purposes of mutual aid and assistance.

Operating Beneficiary Funds

In recent years unions have made determined efforts to secure health, welfare and retirement benefits for their membership. The unions have won numerous employer financed funds for such purposes. In many cases an insurance policy is purchased from an insurance company which collects premiums, disburses benefits and invests surplus funds. In other instances a bank is named as trustee and invests the assets of the pension and welfare funds. There are a few cases, however, where the administration and investment of the funds are left to a joint union-management committee. The United Mine Workers and the International Ladies' Garment Workers' Union have such joint administration of welfare funds. An inspection of the balance sheet of the United Mine Workers' Welfare and Retirement Fund indicates that as of June 30, 1951, 29% of assets were in cash and 71% in U. S. Government securities; total assets were almost one hundred million dollars. In the case of the International Ladies' Garment Workers' Union Retirement Fund 2.2% of the assets were in cash and 97.8% in government bonds. Total assets as of Dec. 31, 1950 were over $39 million. The Health and Vacation Fund of the same Union had its total assets of over $50 million distributed as follows: cash 15.0%, savings accounts 0.6%, government bonds 77.8%, loans and investments in health centers 1.7%.

Policy of Universities

The picture that emerges from these data is an interesting one. Unions are self-governing institutions; there are no legal restrictions on the investment of their funds such as are imposed by law on banks and insurance companies. Yet, unions have voluntarily chosen to invest the bulk of their resources in government bonds. In fact, many union constitutions state that union funds shall be invested only in government bonds. Stock holdings are insignificant and restricted to the Union Labor Life Insurance Company and companies with which the union has contractual relationships. This policy is in marked contrast to that of such self-governing institutions as universities and foundations. A recent survey indicated that the Carnegie Corporation had 29.2% of its assets in equities, Harvard University 52.1%, the Massachusetts Institute of Technology 46.2%, and the Rockefeller Foundation 76.1%.

Factors in Present Policy

What accounts for this extreme reluctance of unions to invest in equities? The basic reasons are probably lack of knowledge and fear of criticism on the part of union leaders. A union leader gets elected to his top position because of his leadership abilities and his following among the membership. His political capacities are well developed. A knowledge of investment markets is definitely not a prerequisite for union leadership. There is no reason why the leadership of a union should know anything about investments. However, as unions grow in strength and power, the leadership discovers that it has substantial funds at its disposal. Their union experience has not prepared them for the task of wise investment of their funds. Furthermore there may be a suspicion of banks, brokerage houses and other financial institutions. The safest thing to do therefore for the average union leader is to invest in government bonds. They are safe and require no special thought or financial "know how." The leadership thus doesn't have to concern itself with the investment problem. It also does not have to be apprehensive about criticisms from the membership about declining market prices such as might occur with investment in equities. There is also an over-emphasis on the need for liquidity which is reflected in large holdings of cash and governments. This stressing of liquidity is unnecessary as in normal times current cash inflow from membership dues and initiation fees is usually sufficient to meet all current expenditures.

An Unduly Conservative Investment Policy

By pursuing such an unduly conservative investment policy unions are obviously sacrificing a considerable amount of yield income. In the case of pension funds it has been estimated that an increase of 1% in yield will make possible an increase in benefit payments of approximately 25 to 30%. This situation represents a real challenge to the investment community. Brokers, banks and investment advisers will be performing a service which will be profitable both for themselves and the unions if they can persuade union officials of the desirability of investing some portion of union funds in equities and corporate bonds.

There are a few indications of some changes in union thinking on this matter. The National Brotherhood of Operative Potters has 72% of its assets invested in equities, 5% in cash, 13% in governments, 6% in savings accounts and 4% in real estate. The equity holdings are confined almost entirely to banks, insurance companies and public utilities. A few unions have purchased some shares in open-end mutual investment trusts. Last year the Texas Federation of Labor (the group representing American Federation of Labor unions in the state of Texas) decided that it would be of great educational value for the membership if the Federation were to buy some common stock in a company. It was hoped that this would enable union members to better understand what happens on the management side of business. The Texas Federation of Labor bought a two-thirds controlling interest in the Insurance Company of Texas. This Company in turn bought out the Continental Fire and Casualty Company and the Home Life and Accident Company. These three companies have combined total assets of $3 million.

Unique Investment Problems of Unions

It is necessary to emphasize the fact that unions have some unique financial problems of their own. The union has its own funds to control and in some cases it has a voice in the investment of health and retirement funds. The union's own funds are divided up between the national organization and the local unions, joint boards and district councils. The locals, district councils and joint boards frequently have more funds in their treasury than does the national organization. In some cases the central national body has only slight control over the funds held by the subdivisions of the unions. In others the centralized control may be very tight and rigid.

The need for a centralized investment policy can perhaps be met by the establishment of an open-end mutual investment trust by the national union. Each local union can then invest its funds by purchasing shares in the national union's investment trust. This policy is frequently pursued by church and fraternal groups. Unions generally do not have on their staffs individuals who are qualified to give judicious and informed investment advice. The investment community can perform a real service for the unions by directing the investment policy of such investment trusts and giving other needed investment counsel. There are great variations in size between unions. Some unions have very large memberships and substantial treasuries.

An investment trust approach is feasible for such unions. Direct investment under qualified supervision is also possible. Other unions have memberships of only several thousand and relatively small treasuries. In such cases investment in some outside independent investment trust may be desirable.

There is also a tendency on the part of unions to hold and accumulate an excessive amount of cash. As membership dues and initiation fees are collected they are usually allowed to lie idle in bank accounts. Such idle excess cash could readily be invested in short-term Treasury notes. (It is interesting to note that the State of New Jersey now buys short-term commercial paper with excess idle funds.) Over-all financial planning by the unions would make possible the investment of funds at regular intervals in accordance with some definite investment policy.

Pension Fund Investments

Health, welfare and retirement funds present some special problems. The welfare funds of the United Mineworkers and the International Ladies' Garment Workers' Union are almost entirely in government bonds. This is in marked contrast to the policy pursued by most pension trusts. Pension funds can plan for the long run, they have time on their side. They will usually not have to sell securities to raise cash be-

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Our Negative Foreign Policy

By WILLIAM G. LIGHTBOWNE*

Calling our "containment and boycott" foreign policy negative and fruitless, Mr. Lightbowne sees in it a blind alley from which we can escape only by a humiliating retreat or by war. Says outcome of present policies will be war which may well destroy everything we are supposed to be defending.

A discussion of United States foreign policy would properly begin with a brief historical review to explain how those policies came to be adopted. That would give me a chance to refer to the devious course of Soviet diplomacy, and why it is that the present rulers of Russia are so thoroughly distrusted by the rest of the world. But the time allotted to me this evening is so brief that there is not time for such an approach, and I shall have to plunge at once into a discussion of the salient points I hope to lay before you.

Wm. G. Lightbowne

The first thing that strikes me in considering our foreign policy is that it seems to be based primarily on fear—fear of Russian aggression and fear of Communist subversion—and that fear leads us to be always against something rather than for something. In other words, it is a negative policy rather than a positive one. We talk a lot about a bold new policy of economic cooperation and aid for the under-developed regions of the world, but what we do is quite different, and the world judges us by our acts and not by our words. It reminds me of the old saying, that what you do speaks so loudly we can't hear what you say.

This is well illustrated by the current national budget. In this fiscal year we propose to spend something like $50 billion to arm ourselves, about $6 billion to arm our allies, and less than $1½ billion for what we call foreign economic aid. But of this latter sum—less than ½ of 1% of our national product—the greater part is to be used to bolster the rearmament of Europe and for the procurement of strategic raw materials.

We call our activities a defense program, and of course, none of us wants war. But if we did want war, or if we felt sure that war was inevitable, I can't think of anything we would do different from what we are actually doing.

We have adopted a military policy called containment, and in its name we have undertaken to prevent further Russian expansion and the spread of Communist influence at whatever cost. For that purpose we have established American naval and air bases around the whole periphery of the Soviet bloc, which we are arming with our latest long-range bombers. We have made regional alliances with the countries in Western Europe, South America and the Pacific, and are negotiating similar arrangements in the Middle East. We have embarked upon a vast rearmament program, not only for ourselves, but for all our allies. We have adopted conscription and are debating universal military training. We plan to have 3,500,000 men under arms by next year. We are training 8,000 foreign officers in American military schools. We have 20,000 American air force men in England alone, and other thousands scattered all over the globe. We already have a large army in Europe and are sending over more men. We have made a treaty with Japan that makes of that country an advanced American base. We have numerous other bases in the Philippines, Okinawa and the mandated islands. We are committed to defend Japan and the Philippines across 6,000 miles of water, and that involves not only the military logistics but the responsibility for feeding a hundred million people cut off from their natural sources of food supply. We have undertaken to defend the frontiers of Western Europe at the River Elbe, in Central Germany. We have promised to defend Norway, Demark, Italy, Yugoslavia, Greece and Turkey, and are now talking about defending Egypt and the Middle East.

There are many people, even among the military, who believe we have taken on too many commitments—that we have bitten off more than we can chew. Competent and responsible American observers have brought back reports from Europe that many leaders of public opinion among our allies have grave doubts of our ability to make good on all our promises. I have much material along that line which the severe limits on my time will not permit me to present to you this evening.

It is obvious that this policy of containment not only puts a terrific strain upon our resources, but results in scattering our forces at widely separated points all around the 25,000 mile periphery of the Communist world, while Russia, operating on inside lines, is left free to choose where and when, and through what intermediaries, she will strike, if it suits her purposes to do so. Korea is a case in point. Not a single Russian soldier has been committed, while we have lost thousands of men and billions in money and are still stalemated at the 38th parallel. And if the French draw out of Indo-China as has been hinted of late, we may have another Korea down there.

James Warburg in an excellent study of this situation, has this to say: (I quote)

"The consequences of adopting such a negative policy are easy to see:

"1. It surrenders all initiative to the enemy.

"2. It preempts the resources which might be used in furthering our own purposes.

"3. It causes us to choose our friends and allies solely on the basis of the wartime yardstick—are they against the enemy. Once again we find ourself talking about a fight for freedom and attempting that fight hand and hand with such enemies of freedom as Tito and Franco. Worse than that, we find ourselves imploring the Germans to forget all about our democratic, anti-militaristic teachings of the past six years and to rearm themselves as quickly as possible.

"4. Finally, and worst of all, our preoccupation with stopping evil instead of accomplishing something good tends to make us become more and more like the evil we are fighting. It tends to make us adopt not only the

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*Opening statement by Mr. Lightbowne in a panel discussion on our Foreign Policy, April 23, 1952.

Bank and Insurance Stocks

By H. E. JOHNSON

This Week—Insurance Stocks

After a considerable period of hesitation and fluctuation within a relatively narrow range, insurance stocks in the last few weeks have begun to move ahead again.

Although there has not been anything particularly dramatic in the market action of the shares, there has been sustained strength for the various issues. This in turn has succeeded in pushing the general price of the group to a new high.

As measured by "Barron's" Group Stock Averages, the insurance index reached 154.63 for the week ended May 29, 1952. This compares with a range for the year of a high of 154.63 and a low of 145.97.

"Barron's" insurance stock index started the year at 146.30. For the next two and a half months shares worked irregularly higher and the index reached 153.63 in the latter part of March.

From this point and under the stimulus of the decline in the general market, the insurance group average declined to a new low for the year reached on April 17 of 145.97, although only slightly below the level prevailing at the beginning of the year. In subsequent weeks the index has moved steadily upward and attained new highs for 1952 in each of the past two weeks.

In comparison with this performance the Dow-Jones Industrial Average started the year at 270.38. The high for the period was reached Jan. 22 when the index was 275.40. The low of 256.35 was made May 1. At the end of May the Dow-Jones Industrial Average was 262.94.

It is interesting to note that the industrial average made its high in January and is now roughly midway between the high and low of the year. The insurance group on the other hand has only recently established its high for 1952.

There does not appear to have been any special news or other development which has caused a sudden change in the attitude of people with respect to insurance stocks. Rather it seems to have been a gradual improvement in the investment sentiment as regards these shares.

The annual reports, for the most part, showed unsatisfactory underwriting results for 1951 and this may have had a depressing influence upon insurance shares in the first part of the year. At the same time efforts were being made to obtain adjustments in rates on the unprofitable lines. In the last two months it appears that these efforts have been achieving some success as there have been numerous increases in rates particularly on the automobile lines.

These adjustments have been accompanied by signs that prices were moving downward. Reduction in both consumer durables and non-durables have been frequent and in some instances even metals which have been in scarce supply have now yielded to pressure of larger supplies.

While these factors are favorable from the long-term operating standpoint, their effect upon immediate operating earnings will be relatively minor. They do, however, strengthen the position of the industry and give encouragement about the outlook.

Also, when it is realized that investment earnings are still in an upward trend, there is a basis for expecting a gradual improvement in dividends. Last month in fact, Continental Insurance and Fidelity-Phenix Fire Insurance, two of the leading institutions in the industry, increased their quarterly payments to 65 cents from 50 cents.

It is these considerations combined with the realization that insurance stocks are selling at substantial discounts from equity values and provide reasonable yields on the basis of earnings, that is believed to have resulted in the improvement in investment sentiment with respect to these shares in the last month.

The prices of 24 insurance stocks at the end of May and at the beginning of this year together with the range for the year so far are presented in the following tabulation. Needless to say all of the stocks listed do not conform to the general trend and some are actually below the Jan 2 price. Most, however, do show a gain.

	Market Bid Price Jan. 2, 1952	Market Bid Price May 29, 1952	1952 —Price Range—
Aetna Fire	54½	54	55 — 51½
Agricultural Insurance	67½	69½	70 — 67½
American Insurance	22	24¼	25⅜— 22
American Surety	51½	50	52¾— 47¾
Boston Insurance	62¾	65½	67 — 62¾
Continental Casualty	63½	76¾	77 — 63½
Continental Insurance	72¼	72¼	76 — 68⅝
Federal Insurance	87	89	90½— 87
Fidelity-Phenix	70	75	75¼— 68¾
Fire Association Philadelphia	56¼	61	61 — 55½
Fireman's Fund	55¾	56½	57¼— 51¾
Firemen's (Newark)	23	23¾	24½— 22⅞
Glens Falls Insurance	53	55½	59 — 53
Great American Insurance	34	36½	37¾— 33
Hanover Fire	32½	34¾	35 — 32
Hartford Fire	132	137	141 —131
Home Insurance	35¼	37¼	37¾— 34⅜
Insurance Co. of No. America	70	78	78 — 70
Phoenix Insurance	84½	86¾	87¾— 81
St. Paul Fire & Marine	32	32	32½— 30½
Security Insurance	31¼	33¾	34¼— 31¼
Springfield Fire & Marine	44	47¾	47¾— 44
United States Fire	41¼	44½	44½— 38
Westchester Fire	21¼	23½	23¾— 21¼

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Investment Policies Of Trade Unions

cause only a small percentage of funds will have to be paid out at any one time. Cash outgo can usually be met by the current income of the fund. No great attention has to be paid to current market conditions. Generally, therefore, the bulk of pension funds are going into corporate bonds and high quality preferred and common stocks.

A typical pension trust diversification may show a pattern of approximately 60% in bonds, 15% in preferred stocks, and 25% in common stocks. The bonds will include both government and corporate obligations. The common stocks will usually be represented largely by defensive issues and blue chips. By confining their investments entirely to governments unions are sacrificing a considerable amount of yield. They are thus performing a disservice to their membership as higher yields would make possible larger retirement benefits for more members. The investment community can provide a real service in this area too by guiding unions in a sound policy of diversification of the assets of health, welfare and retirement funds.

Conclusion

The purpose of this article has been to highlight the more salient aspects of union investment policy. Unions today have accumulated a substantial amount of assets. Their investment policy, however, is largely a negative one. It is one of confining the investment of the union's assets to cash and government bonds. Such a policy is outmoded in this day of sophisticated and informed investment planning. There is a needless sacrifice of yield and potential capital gain. This policy is mainly the result of fear and lack of knowledge on the part of union officials. There is no reason, of course, why union officials should be experts on investment matters. Thus their policy is one of extreme and unnecessary overcaution. Financial experts are usually not present on the staffs of most unions. In fact, many unions would probably not know where to go if they did desire expert investment advice. The investment community should be able to provide this service for the unions. It should be borne in mind, however, that while unions may move in the direction of greater diversification of their assets they will only do so slowly and cautiously. A potential investment adviser will have to be patient with the traditional conservative thinking of unions on financial matters. Investment advisers will also have to win the confidence of union leaders if they are to be effective.

Open-end mutual investment trusts are a possible outlet for union funds. This is particularly true for small unions which have only limited funds and therefore could not afford regular expert investment advice. This, however, is only a suggestion; the general need is for informed expertness in the handling of union funds.

A New Look at Our Foreign Policy

By WILLIAM F. EDWARDS*

Dean, School of Commerce, Brigham Young University, Provo, Utah

Stating "if we don't believe our foreign policy is wrong, shouldn't we at least doubt it is right?" Dean Edwards holds foreign relations problems today are due to yesterday's errors. Decries wars and preparations for war, and points out economic and moral strength is the best defense of nation. Warns high taxes can weaken us, and says we need not fear Russia, which "shows many signs of weakness."

I have been asked to speak about the nation's foreign policy. I am not a foreign expert. I have never sailed the high seas. I find it difficult to gather pertinent facts, and I don't pretend to have all of the answers. Nevertheless, being endowed, I hope, with average horse sense, some experience, a little knowledge of history, and a keen interest in this vital subject, I am deeply concerned over the road that we are following.

Dr. Wm. F. Edwards

A serious error often made in life is to establish certain assumptions and then proceed to act as though these assumptions are correct only to find out to one's ultimate sorrow that they are wrong and hence what we have done is wrong. We are spending billions of dollars on the war in Korea and for our so-called defense program. The boys are dying daily, and the money is being spent on the assumption that this is the only, or at least the best way to maintain our way of life, bring peace to the world, and to make the world safe for democracy.

Think how tragic would be the error, how deep the sorrow if we should some day find that our assumptions, and hence our policies, were wrong, that after this heartrending cost, we contributed to the destruction of the very things we sought to preserve. In order to reduce the risk of this error, I plead that we take a new look at our foreign policy. Have we considered carefully enough the alternatives to the foreign policy we are pursuing? Are we sure that we are right?

Man standing alone is weak. His power of understanding may not match the life and death importance of the problem at hand. Ere any of us appear to be wise, may we always remember the inspired words of Paul: "Let no man deceive himself. If any man among you seemeth to be wise in this world, let him become a fool, that he may be wise. For the wisdom of this world is foolishness with God. Therefore, let no man glory in men."

In that spirit, I desire to re-examine with you the assumptions and the policies that make up our foreign policy. I plead that each of you may approach the subject with an open mind and with only a desire to come to the right conclusion.

*An address by Dean Edwards delivered at the Brigham Young University Devotional Program, Provo, Utah, May 13, 1952.

America's Original Foreign Policy

George Washington, the father of our country, was a man of courage and faith. He had an insight into the age-old conflicts that involved Europe, and he was blessed with considerable wisdom. President Washington took the stand that the United States should not take part in European wars. In 1793, when France and England renewed their long struggle for supremacy in Europe, America declared neutrality.

World War I

When World War I broke out in Europe in 1914, President Woodrow Wilson found an unbroken precedent of 121 years for proclaiming neutrality. That European wars should involve the United States was scarcely to be imagined. To keep out of such a conflict seemed proper.

The American public in general believed that war was wrong. They held to this belief even though they had taken part in certain struggles; sometimes we ourselves even were responsible for the conflict. Here was the melting pot of the western world. Our population included many good folk from Germany and also from Great Britain. And then there were the Irish, who believed that Great Britain could never do anything that was right. Heartstrings extended back to almost every land that was involved in the conflict.

However, strong forces soon commenced to influence public opinion. Communications were severed with Germany, and she was unable to tell her story. On the other hand, Great Britain was given every opportunity to justify her position. The sinking of the Lusitania brought emotions to almost fighting heat, and we launched a preparedness program for defense.

President Woodrow Wilson campaigned for re-election in 1916 on a peace platform. He appealed to the support of the people because he had "kept us out of war." President Wilson was inaugurated for his second term on March 4, 1917. Congress was called into a special session April 2, at which time they were told by the President that "war had already started." Congress declared war on April 6, only one month and two days after the inaugural of the "peace" President. And the declared purpose of entering the war was "to make the world safe for democracy."

While poppies grew in Flanders Field, troubles commenced to reappear as if to prove to those who participated in World War I that "guns and bayonets may bring truces but never peace that endures."

World War II

When Germany invaded Poland and the cry of war was sent around the world, America again declared neutrality. As the months went by, we again adopted a defense program. President Franklin Delano Roosevelt sponsored the policy that we should aid the cause of those who had been attacked or were forced to enter the struggle, that we should abstain from war. The American public supported these policies, and their confidence in the President's ability to keep us out of war and yet yield influence that would bring peace to the world caused them to break with the sacred traditions of the past and re-elect President Roosevelt for a third term. However, events were already controlling our destiny as a future belligerent.

In January, 1941, President Roosevelt proclaimed to the world the broad principles that this nation was committed to support. He said that the United States looked forward "to a world founded upon four essential human freedoms":

"The first is freedom of speech and expression — everywhere in the world.

"The second is freedom of every person to worship God in his own way—everywhere in the world.

"The third is freedom from want, which, translated into world terms, means economic understandings which will secure to every nation a healthy, peacetime life for its inhabitants — everywhere in the world.

"The fourth is freedom from fear, which, translated into world terms, means a world-wide reduction of armaments to such a point and in such a thorough fashion that no nation will be in a position to commit an act of physical aggression against any neighbor —anywhere in the world."

Our ambitions and stated objectives in entering World War II were more noble than the lofty ideals expressed at the outbreak of World War I. Now followed the most destructive war in history. And what was accomplished? Almost before the poppies could be planted, the world became divided into war camps.

If the Korean War were to end tomorrow, this war would have lasted longer than our participation in World War I. It has already cost more money than the total cost of World War I. With a casualty list of American soldiers of well over 100,000, this can truly be called World War III, which started in less than five years after "victory."

Reward—Fear and Loss of Freedom

The world is engaged in a gigantic armament race. The North Atlantic nations recently announced a program of spending $300 billion during the next three years to strengthen their defenses. The United States will be called upon to furnish the lion's share of this stupendous sum. It is more than twice the total expenditures of our government from the founding of the republic until the outbreak of World War II in 1940. And the western world contemplates spending on armaments during each of the next three years a sum greater than the total expenditures of our government from the inaugural of George Washington until the inaugural of President Franklin D. Roosevelt in 1933. Oh war where is thy victory?

This is America in 1952 after the victories of World War I and World War II. Every physically fit young man is required to enlist in the armed forces or be drafted. We are striving to recruit as many civil defense volunteers as we had soldiers and sailors in World War II. Teams of shelter specialists are visiting the larger cities that have been classified as "target cities" to assist in planning shelters in event of an enemy attack. We are establishing a system of alert key points to provide warning in case of attack. We are stockpiling medical and other supplies in order to be prepared should we be attacked. Industries are being encouraged to locate plants in dispersed sites in order to minimize the effects of possible atomic attacks. In some of the leading cities such as New York, bomb shelters have already been designated, and signs have been placed along the avenues in order to direct the pedestrians should there be a sudden attack.

It is doubtful if the world has ever been less safe for democracy since democracy became a way of life in some of the leading nations. Hundreds of millions of people, more people that at any time since the industrial revolution, have lost their freedom of speech and their freedom to worship God according to the dictates of their own heart. Unsatisfied wants and poverty exist to even a greater degree in the world, and many people live in fear and sorrow and suffering.

By the tests of the four freedoms that were proclaimed in 1941, let us ask these questions: Does war bring peace? Does war make the world safe for democracy? Does war bring to more peoples the freedom of speech and expression? Does war give man the freedom to worship God in his own way? Notwithstanding the terrific costs of millions of lives and billions of dollars, the end of World War II found us further away from those freedoms, as if to again prove that "permanent peace will never come to the world from the muzzle of a gun."

Present Foreign Policy

The announced objective of our present foreign policy is to build up military strength in the hope that it will preserve peace but, in event of war, to assure us of "victory." Twice in the lifetime of most of the mothers and fathers in this nation, we have tried and, failed to preserve peace or to achieve what might be truly called victory from war. In view of the past, if we don't believe that our foreign policy is wrong, shouldn't we at least doubt if it is right? The more frankly and fully the issue is discussed, the more confidence I shall have in the right policy prevailing.

In appraising the good that we might accomplish with our great military power, we would be wise to recognize the limited wisdom of man standing alone. Atomic energy is symbolic of our power. Twice in a generation we have earned the title "Arsenal of Democracy." There should be no doubt, there need be no doubt, that America is the strongest nation in all the world. But fears over the use of the atomic bomb may be symbolic of our lack of wisdom.

Today's Problems Yesterday's Errors

We are not honest with ourselves unless we recognize that most of the present acute problems are the consequence of our own errors during recent years. Our conduct toward Russia has confused the world and weakened us within.

In recognizing Russia in 1933, we gave communism respectability. We encouraged people at home and abroad to accept many of its destructive doctrines. During World War II, we spoke of Russia as one of the "great democracies of the world." At the close of the war, we addressed Mr. Stalin affectionately as 'Uncle Joe." We supplied Russia with materials, equipment, know-how, and even armaments to help make her a mighty threat to ourselves and the rest of the world.

We must assume much of the blame for conditions that exist in China. War broke out between China and Japan in 1937. We came to the aid of the Chinese with sufficient supplies to let them continue in the fight. At the same time, we continued to supply Japan with an important part of the steel that she used to prosecute the war against China. After World War II, we sent representatives to the Chinese Nationalist Government and attempted to persuade them to take communists into their government. It appears that when they refused to follow this policy we withdrew most of our support, and China was lost. The supply base for the destruction of China was Manchuria, and we literally handed Manchuria to Russia.

Korea is a cancer in our side. There are many well-informed men who believe that this war could have been avoided, that our fighting there is all in vain. We should recognize that we are primarily responsible for the division of Korea between the North and the South, and again for the existence of communist Manchuria as the supply base from which the enemy continues the war.

The most serious cause of trouble in Europe is the division of Germany between the East and the West, and here again we must assume much of the responsibility. Many of you will recall the circumstances in the closing weeks of the European war. Our soldiers were approaching Berlin when orders were issued that they should stop, that the Russians should "conquer" Berlin. It was later decided that we should have troops in Berlin, but Russia was not willing to accede to this request. Therefore, we bought our way back into Berlin, without even a dependable supply line, by withdrawing our troops from a considerable part of Eastern Germany and turning this territory over to the Russians.

Hate and Revenge When Love and Understanding Needed

It was America that announced to the world the policy of "unconditional surrender." This was an inhuman act contrary to all of the principles that we had stood for as a mighty nation. It appears that it resulted in prolonging the European war, in untold avoidable destruction, and the unnecessary continuation of the reign of death.

At the close of the European war, we committed another tragic error in adopting the so-called Morgenthau Policy. This was a policy of revenge. It provided that Germany should be reduced to the status of an agrarian state, that she should never be per-

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Sam Green 22 Years With Pledger & Co.

LOS ANGELES, Calif. — On June 1, 1932, Sam Green joined the firm of Pledger & Co. and upon the death of Mr. Pledger in March of 1931, came the sole proprietor.

Sam Green

Pledger & Co. has been specializing in unlisted securities since 1926, and has been publishing its famous Monthly Green Sheet of unlisted securities since that time.

In addition to dealings in unlisted securities, Pledger & Co. is a member of the Los Angeles Stock Exchange and also trades listed and unlisted Canadian Securities.

Allen & Co. Handles Private Placements

Allen & Co. has placed privately $12,500,000 first mortgage bonds, 4¼% series A, due 1977 and $2,000,000 of 4¼%-4½% notes, due serially 1953 to 1957, of New Jersey Natural Gas Co., it was announced yesterday (June 4).

Early in May, Allen & Co. offered 106,000 shares of cumulative preferred stock, 6% series with common stock purchase warrants attached and 212,000 shares of common stock of New Jersey Natural Gas Co. The stock was offered in units of one share of preferred (with one warrant attached) and two shares of common, and was priced at $50 per unit.

Vilas & Hickey Admit; New Correspondent

Vilas & Hickey, 49 Wall Street, New York City, members of the New York Stock Exchange, announce that Franklyn Boutelle has been admitted to general partnership in the firm. The announcement also started that the firm has become the New York correspondent of Brainard-Judd & Co., and now has a direct wire between New York and Hartford, Conn.

Canadian Securities

By WILLIAM J. McKAY

The boom in Canadian securities, which has created a speculative interest in the United States, Great Britain and continental Europe during the past two years, resulting in millions of foreign capital flowing into Canada, has led to considerable comment regarding the effect of the situation on Canadian economy. The interest centers chiefly on the impact on Canadian balance of payments and the forces affecting the exchange value of the Canadian dollar.

Concerning these matters, the current issue of the "Business Review" of the Bank of Montreal finds the picture much more complex than the brief factual statements indicate. To understand the background of the situation and to put underlying influences in their proper perspective, the "Business Review" starts out with an analysis of the overall current account dealings of Canada with other countries and the role of capital inflow in relation thereto. Canada's balance of payments in years 1950 and 1951 is first summarized as follows:

	1950	1951
Exports of Goods and Services	$4,243,000,000	$5,176,000,000
Imports of Goods and Services	4,572,000,000	5,700,000,000
Deficit on Current Account	$329,000,000	$524,000,000
Net Capital Inflow	1,023,000,000	563,000,000
Consequent Increase in Official Holdings of Gold & U.S. Dollars	$694,000,000	$39,000,000

Commenting on these figures the "Business Review" states:

"The overall deficits on current account, as above shown, were the first experienced by Canada since the early 1930's. They did not stem from declining exports but from the fact that imports, over the two years as a whole, were even more buoyant than the rising export trade. The import curve was sustained throughout the period by purchases of machinery and equipment needed in domestic plant expansion but was particularly strong from mid-1950 through the third quarter of 1951, reflecting both the post-Korean buying boom in civilian goods and the heavy initial dependence of Canada's defense program on U. S. components.

"It is important to note, therefore, that the deficit in 1951 was concentrated in the first half of that year. The deficit in the third quarter was nominal and was more than offset by a surplus in the last quarter. On the basis of incomplete data available it would appear that a near-balance was recorded in the first quarter of 1952. In other words, for at least six months to the end of March this year Canada has again been paying her way in current international transactions, a factor which is of considerable significance in accounting for the recent strength of the Canadian dollar.

"In both 1950 and 1951 the lion's share of the net capital inflow came from the United States, the net inward movement from this source being $960 million and $560 million respectively, although it is possible that some of these funds were really overseas-owned. But, unlike the situation prevailing in 1950, the *capital movement from* the United States in 1951 was far from sufficient to balance our *current account deficit with* the United States, as the following tabulation, for 1951, illustrates:

Transactions, in Millions of Dollars, with—	Current Account Surplus (+) Deficit (—)	Net Capital Movement Inward (+) Outward (—)	Balance Required (—) Provided (+)
United States	—955	+560	—395
Sterling Area	+191	— 17	+174
Other Countries	+240	+ 20	+260
All Countries	—524	+563	+ 39

"Thus the net result of Canada's current and capital transactions with the U.S.A. last year was a shortage of funds in the amount of $395 million. The sterling area, conversely, was itself short by $174 million of the amount required to square accounts with Canada, and had to provide that sum, in convertible exchange, from its own hard currency reserves. Similarly, Canada's other customers were required to find $260 million to balance their Canadian ledger. In short, even after having received $560 million in capital funds from the U.S.A., Canada still needed nearly $400 million to meet the remainder of her current deficit with that country last year and was dependent for these funds on the ability and willingness of overseas countries to buy substantially more from us than we bought from them.

"The persistence of these large contrary balances under conditions of continuing dollar stringency overseas remains as a vulnerable element in Canada's trading structure. This vulnerability may well be accentuated by the necessary and determined efforts now being made by sterling area countries to shore up their own weakened hard currency reserves by cutting purchases from Canada and the U.S.A."

Regarding the impact of the balance of payments situation on the inflow of capital into Canada, the Bank of Montreal analysis follows:

"Probably about half of the billion dollar inflow in 1950 had its origin, through abnormally large purchases of outstanding securities and short-term capital transactions, in speculative anticipation of an upward movement of the Canadian dollar. By contrast, nearly all of the capital inflow in 1951 was of a long-term and consequently more stable nature. External sales, mainly in the New York market, of new security issues by Canadian borrowers, principally provinces and municipalities, amounted to $411 million, or $227 million more than the retirements of existing Canadian securities maturing abroad. In the preceding year such new issues in the amount of $210 million, were $73 million less than retirements. Foreign direct investment in Canadian industry, i.e. transfer of funds for investment in plant and equipment by foreign parent concerns, reached a peak figure of $296 million last year as compared with $221 million in 1950.

"As one might expect, the bulk of this fresh capital for direct investment in industry has come from the United States, and oil has been the major attraction. Of the total flow of new direct investment from the United States in the last four years, which swelled from $67 million in 1948 to $84 million in 1949, $199 million in 1950 and $259 million last year, slightly more than half went into the exploration, development and refining of petroleum.

"To bring the foregoing facts into perspective it should be pointed out that the $296 million of new money that entered Canada for direct investment purposes last year amounted to only one-tenth of all new capital investment of an industrial nature made in this country in 1951, excluding governmental capital outlays of a nonbusiness type, institutional capital expenditures and housing.

"Taking a broader view, it is officially computed that 'the net contribution by nonresidents and foreign-controlled companies to the savings used for all types of investment in Canada was only about one-seventh in 1950 and 1951.' For the purposes of this calculation, however, there has been added to incoming capital the concurrently reinvested earnings of foreign-controlled enterprises.

"Over the years, the inflow of fresh capital, together with profits that have been left in Canada by external owners, has grown to a substantial sum. At the end of 1951 the book value of the accumulated foreign investment stake in Canada had reached $9.4 billion.

"The growth and ownership of this investment may be summarized as follows:

FOREIGN INVESTMENT IN CANADA

Held in—	1939	1950	1951
United States	$4,151,000,000	$6,565,000,000	$7,235,000,000
United Kingdom	2,476,000,000	1,723,000,000	1,772,000,000
Other Countries	286,000,000	358,000,000	417,000,000
Total	$6,913,000,000	$8,646,000,000	$9,424,000,000

"The marked decline in the United Kingdom's investment in Canada since 1939 is attributable, of course, to the exigencies of wartime finance which involved a heavy liquidation of Britain's external assets. It is noteworthy, however, that British investment in this country has in recent years been gradually building up from the low point of $1,593 million reached at the end of 1948. The $7,235 million of U.S.-owned investment in Canada at the end of 1951 comprised $3,900 million directly placed in industrial enterprises in which a majority of the capital is U.S.-owned. The balance of $3,335 million was of a 'portfolio' nature, being U.S.-owned minority holdings of Canadian debt or equities."

Railroad Securities

Chicago & North Western and N. Y. Central

Misfortune seems always to strike those in the poorest position to stand it. In the postwar years there have been few roads in the country so hard pressed in their efforts to control costs and sustain earning power than Chicago & North Western and New York Central. Again this year this year both have been hit hard by outside forces. New York Central started out the year with results running substantially above the low earnings of the first two months of 1951. Then in March it was hit hard by a strike—the only road so affected. It is estimated that this strike cost the road about $5 million. While it cut into the gains of the first two months it by no means completely offset them and April again witnessed a sharp jump. Earnings for the four months were well ahead of 1951.

Chicago & North Western was not hit by any strike on its own lines. Its trouble this year, as it has been on and off in the past, has been very severe weather conditions. The extent of the road's troubles was highlighted in a letter sent to stockholders, signed by Mr. E. A. Vik, Secretary, under date of May 23. The letter summarized remarks made by the President at the annual meeting, and was for the benefit of those who had not been able to attend. First it was brought out that there had been new records for snowfall in several important areas since the beginning of 1952. These included a large territory in South Dakota and Nebraska, and in the Chicago area. This latter, where the company has its most extensive operations, was a particular strain on efficiency.

These record snows were followed, perhaps as a natural corollary, by disastrous spring floods. These were particularly severe in the Missouri River Valley but also extended into the Mississippi River Valley. It was stated in the letter that the company's principal physical damage occurred in the vicinity of Council Bluffs and Missouri Valley, Iowa, where the crest was six feet higher than ever before recorded. On April 13 main line operations into Council Bluffs were halted by erection of dikes across the main line and freight yards. The dikes were not removed until April 21 and even then service on this important transcontinental route was restored only on a restricted basis.

During the interval it was necessary to detour North Western trains over other railroads and this involves considerable expense. In addition to this disruption of operations on the system's most important main line there were other washouts on other sectors. It was stated that the company estimates the cost of restoring lines to normal condition at approximately $500,000. This of course, is only part of the story. Obviously this disruption of operations also had a serious affect on traffic volume during the period covered by the storms and floods. The extent of harm from this source is, of course, impossible even to estimate.

Earnings have been running consistently below the levels of a year ago. For the first four months the road sustained a net operating deficit of $1,937,000 and a net loss, before sinking funds, of $3,547,000. In the first four months of 1951 the net loss before funds amounted to $1,797,000. For all of last year the company earned only $3.55 a share on the preferred stock before funds and $2.55 after funds. The latter is the one on which earnings available for dividends are calculated. The preferred is cumulative only to the extent earned so the full $2.55 from last year's earnings was distributed early this year. The management has expressed confidence that, barring a substantial decline in traffic in the coming months, results for the full year 1952 will show improvement over those of last year despite the poor start. Many analysts do not share in this optimism even though it is recognized that crop conditions in most of the area are quite favorable.

The Spectre of Inflation

By JOSEPH MAYER*
Head of Department of Economics,
Miami University, Oxford, Ohio

After explaining the processes of inflation and the relationship of fluctuating money supply to business activity, Professor Mayer lists as methods of reducing purchasing power in present quasi-war economy: (1) high taxes; (2) increased bond purchases by individuals, and (3) induced savings. Also adds as anti-inflationary measures, monetary controls and wage-price freezes.

In Lewis Carrol's "Phantasmagoria," the "hero" after an evening of inebriation comes home to find a Ghostly Thing occupying the study and engages in quite an argument with It about this and that, pacing the floor the while, until he grows so furious that "the simple heat scorched both his slippers off his feet!"

Joseph Mayer

For the past year and a half there has been considerable heated discussion about inflation. I don't know whether anyone got his slippers burnt in the process, but quite evidently many people think that we have been arguing about a phantom. To some in fact it has thus far been not an undesirable phantom or spectre but an elfish sprite, quite delightful to have around. John Harriman of the Boston "Globe" expressed this point of view in part of his "Atlantic Monthly" article in January, 1952, as follows: "It looks as if we all want inflation" —the first breath has seemed so sweet. (Of course, the teaching profession is not among those of this persuasion.)

Are statesmen and economists wrong when they insist that inflation is a present-day menace—a spectre that stalks among us, bent on disrupting the economy? Stalin is reported to have said that the best way to destroy the United States is through inflation. But there is very little evidence of this spectre today. Has it gone? Is the danger over? Should we now abolish all price-wage-credit controls as some are urgently insisting?

Let us look at a few preliminary facts. In 1950-51, following Korea, there was for about 8 months an upsurge of prices, mainly of basic commodities but also of consumer goods, which alarmed the country and resulted in the inauguration or tightening of various controls, monetary, fiscal, and directly applicable to prices and wages. At the same time, industrial production in physical terms rose about 10%.

Then the situation changed markedly. Prices of basic commodities fell off sharply, prices of consumer goods continued to advance very slowly, industrial production on balance rose no further. As J. Marvin Peterson, formerly of Miami University, so well expressed it in the January, 1952 "Review" of the Federal Reserve Bank of Minneapolis, "Arrested Inflation Characterized 1951."

Various explanations are given for this change, some of which will be touched on presently, if only in passing. The major question here is, of course, what is going to happen during the rest of 1952 and during 1953 when our production of military goods is supposed to reach its peak? Do the current steel negotiations mark the beginning of another wage-price spiral? Is an ominous inflationary gap developing as war output is stepped up and consumer goods are curtailed at the same time that consumer purchasing power mounts? As John Harriman suggests in the article already referred to, the post-Korean inflationary zephyr of 1950 may have been pleasant to some people but everyone had better watch out for the typhoon that may be forming in the months ahead.

*An address by Prof. Mayer before Kiwanis Club, Oxford, Ohio, April 8, 1952.

Three Basic Variables

This inflation business seems very confusing, but let's try to tackle it in terms of several basic concepts, using a homely and all-too-simple illustration.

The tire on your automobile needs a certain amount of inflation, say 30 lbs. of air, in order for the car to run smoothly. Too little air and the sidewalls collapse; too much and you may have a blow out. And so with the economic system. It needs a certain amount of money in it for smooth running. This is our **first variable** and the analogy suggests that the real problem here is **over** (and under) inflation, **not mere** inflation. Nor have we any simple push-button gauge for determining when the amount of money in the system is **right** for smooth running. Also, putting money in or taking it out is not as quick and easy as some believe. The valves are usually sticky, and the necessary psychological adjustments are often unpredictable.

The **second variable**, to continue the tire analogy, we might call "temperature." On a hot day the pressure in your tire goes up even though you have added no more air. A physicist would say that the molecules of air have become excited and strike the inner tube more rapidly, thus increasing the pressure. Well, does anything similar go on with respect to money? Most decidedly. People usually go about receiving and spending money in some customary way. Economists call this "rate of turnover," which points up an interesting and very important fact. Money is not consumed in serving its purpose as a medium of exchange (and when it is worn out it is simply replaced). The fellow receiving the money you have spent can readily do the same with it, and so on. In the course of a year, money turns over many times in serving its purpose. And some forms of money (say dimes) turn over much faster than others (like $50 bills). In fact, it is the product of two variables (the quantity of money times the rate of turnover) which affects prices. The British have a quaint way of emphasizing this compound fact when they say that "a nimble farthing is worth a lazy crown."

Now a significant consideration as bearing on the inflation of the second half of 1950 was that money got "hotter," and not in any underworld sense! As prices went up, people got rid of their money faster. Their "liquidity preference" fell off. They preferred goods to money as prices rose. "Scare buying" took place. Inventories piled up all along the line. The rate of turnover of money increased around 10%; and this, be it noted, had the same theoretical effect on prices as a 10% increase in the quantity of money with the rate of turnover remaining steady.

Possibly at this point you may be seeing a bit of light. I hope so, even though there is a third basic variable bearing on price changes still to be considered. Certain it is that both of the monetary variables just discussed must be fairly evaluated if a proper understanding of price changes is to be had.

At the end of 1950, however, even economists were confused, some stressing the first of these variables and others emphasizing the second. A memorandum circulated at the time by a group of University of Chicago economists stated:

"The price rise of the last six months could almost certainly have been largely or wholly avoided. Prices would probably be little above their level in May (1950) if the Federal Reserve System had kept its holdings of government securities unchanged instead of adding to them,"—such an addition meaning the same thing as adding to the supply of money.

Soon after this a group of economists at the National City Bank of New York stressed the velocity factor rather than the supply factor. They stated:

"The major part of the (price) increase . . . has been financed not as much by new additions to money as by more active use of existing money"—that is, by an increased rate of turnover.

The **third variable** to be considered here has to do with changes in the economic tire **itself**. The economic system is also subject to expansion and contraction, and this acts inversely to the other two variables mentioned. Which is to say that, when the economic system itself is expanding (and be it remembered that industrial production increased 10% the second half of 1950), a complication enters which might in large part, if not entirely, neutralize the effect of the other two variables, even though they are also expanding. This is what people like Charles E. Wilson have in mind when they say that increased production is the cure for inflation. Such a conclusion, however, is too hastily drawn with respect to the present situation as we shall see. Increased production did not prevent inflation the second half of 1950. But let us go back a moment to our tire analogy to make the matter a bit clearer.

Suppose, like Alice in Wonderland, you looked at your car in the morning and found the wheels twice as big in diameter, with the tires correspondingly larger, but with no more air in them than before. Well, you would expect the tires to be quite flat. To restore normal pressure apart from increases in "temperature," would require more air.

If the economic system is expanding, it ordinarily requires an increase in the supply of money to keep the pressure "right" and the wheels of industry and trade running smoothly. Over the years, a number of factors have contributed to such an expansion and increased need for money. Among these factors are increases in population (i.e. more mouths to feed, etc.); increases in technology and productivity (i.e. more goods and services for each person to enjoy); increases in things going to market and thus requiring more money (e.g. more meals in restaurants rather than prepared at home); and an increase in roundaboutness or in the number of steps between raw materials and finished product. Such an increased need for money in an expanding economy should not bring on a rise in prices as the required new money is added. But a rise in prices will frequently also require an addition to the money supply and may thus be the **cause** of the monetary expansion rather than the **effect** of it. . . .

There are thus at least three basic variables to be held in mind with respect to "inflation": the quantity of money, its rate of turnover, and the size and complexity of the economic system. Starting with a given amount of money, we may get an over-expansion or over-inflation (i.e. an increase in prices) either by increasing the money supply unduly or by stepping up the rate of turnover or both, provided the economic system is not **itself** being enlarged. If the system itself is expanding, more money or faster moving money will be required if the price level is to be kept intact or is not to decline. While these three variables may move in the same direction without any effect on prices, they are frequently not in step, and this may bring about changes in the price level. A source of misunderstanding at this point is a failure to take all three variables into account in evaluating a given situation with respect to price changes. A still more important source of misunderstanding, however, is to take into account these three variables **only**. This is especially true at a time when labor and strategic materials are growing scarcer and our output of military goods is being stepped up, as Charles E. Wilson's final report indicated but which a recently prepared study (for the Joint Congressional Committee on Internal Revenue) shows is at present slowing down again.

Importance of Non-Monetary Forces

Our tire analogy really illustrates the money-price relationship in an over-simplified way or, at any rate, as a special case.

If the pressure in an automobile tire of a given size is raised from 30 to 40 pounds by adding more air, the original pressure can be readily restored by simply letting out the requisite amount of air. Similarly in an economic system of a given size, there are times when added money or more rapid turnover will cause a rise in prices, as in a period of panicky buying; and on the other hand, after a period of heated buying has stopped, when prices will cease rising or even go down. However, such a direct relationship is exceptional and may hold (when it does exist) for only a short period of time. Complications frequently enter which tend to destroy any such simple relation, especially during a period of continued mobilization. We will now deal briefly with several of these complications as they apply particularly to the next two or three years.

First, if a rise in prices for whatever reason continues long enough to bring about **a rise in wages**, a situation may develop which no mere monetary manipulation can counteract. This is especially true, as was the case after Korea, if the rise in wages then brings about an additional rise in prices, which in turn results in still further wage increases, and so on. Obviously no mere reduction in the amount of money in the system will suffice to put an end to such a wage-price spiral. Under such circumstances, if the supply of money and the higher prices are to be reduced, one must surely think in terms of reducing also the higher wage costs to the businessman. But no one seriously contemplates wage reductions at the present time, and so the difficulty remains. After wages have gone up, it is as though one had substituted a truck tire for a pleasure-car tire with heavier walls in the casing and other structural features different in the new tire. By a mere reduction of air in the truck tire, one would not expect to have it change back again into a pleasure-car tire. Similarly, mere monetary deflation is not the answer to the wage-price spiral.

A pertinent question here has to do with the possibility of increasing wage rates without at the same time increasing prices unduly, which is one of the considerations involved in the present steel negotiations. Such a situation can consistently come about only, unless profits are reduced, when output per manhour is increasing. This might be regarded as a normal situation in a peacetime economy, but in the partial shift to war output, delays and waste and reduced efficiency are frequently encountered. This was true during World War II, and in many industries involved in our present mobilization program, the situation may not be markedly different now.

Second, as mobilization proceeds we shall continue to have **an expanding national output.** There was an over-all 22% rise in the physical volume of industrial production during 1950, and although on balance there was no increase in 1951, the rise will undoubtedly continue as the economy expands to include more and war goods. Here again some increase in money or its rate of turnover or in both will be required to cover the larger volume of transactions, as already suggested.

There was talk last year about freezing the volume of bank credit for the alleged purpose of holding down prices; but if such attempts were made, it might then become impossible for the economy to cover all the additional payments required for the larger volume of transactions at the higher wage and materials costs. Here we encounter factors with respect to which the Treasury and the Federal Reserve have limited ultimate control. Without any compensatory increase in output per manhour, these non-monetary forces during further mobilization probably will require that the supply of money be increased. Bank credit could not thus be frozen at some previously existing level, nor could it be safely reduced below the expanded requirements. This is not to say, of course, that monetary controls are useless, for necessary credit expansion under inflation begets abnormal and unnecessary credit expansion, and it will continue to be desirable that the Federal Reserve exercise judgment as to what is dangerous and unnecessary, and to keep a tight curb on non-essential activity.

Coupled with such contingencies is a **third** non-monetary influence of outstanding importance as we move further into a partial war economy. The output of **civilian goods will be increasingly curtailed** while purchasing power will advance; and this pressure of increasing ability to buy, against a shrinking supply of civilian goods, will inevitably have the effect of pushing prices upward despite monetary controls. A period of mobilization results in an abnormal economy. Some people are employed in making goods for the purposes of war. These they can neither eat nor wear, nor otherwise use in civilian life. At the same time, people get wages and other income from the turning out of war goods, and such increased income when spent must be applied to whatever civilian goods are available. Evidently, under such circumstances the basic problem of rising prices is not primarily monetary but is due to the push of increasing demand against a limited supply.

Remedial measures in the end must here be focused upon a reduction of purchasing power. Some of these measures frequently mentioned are a greater buying of U. S. bonds by the public, and high taxes that are not generally shifted into price. Another expedient sometimes mentioned is induced savings. This might take the form of additional selective withholdings from wages,

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Revival of Protectionism— A Menace to United States

By A. M. STRONG*
Vice-President, American Bank and Trust Co., Chicago, Ill.

Commenting on what appears to be revival of protectionism in the U. S., Midwest banker contends movement threatens progress in our international relations and handicaps economic recovery of European and other allied nations.

There is a revival of an anti-import attitude in our country. There are indications of increasing efforts to restrict United States imports through quotas, higher tariffs and other devices. Last year a special clause (Section 104) was inserted in the Defense Production Act which restricted the importation of cheese, peanuts and other products "for the protection of essential security interests and the economy of the United States in the existing emergency in international relations."

A. M. Strong

The amendment was put through without hearings to satisfy a group of producers who are endeavoring to eliminate competition. As a result of the amendment, the importation of certain dairy products into the United States is now restricted. I am not a military specialist, but I cannot conceive how, by the wildest stretch of the imagination, the importation of cheese and peanuts can affect our security.

An increasing number of special groups are now endeavoring to limit, in one form or another, imports of many types of products. The applications to restrict imports under the "Escape Clause" of the General Agreement on Tariffs and Trade are steadily increasing and now include jeweled watches, motorcycles, blue-mold cheese, wood screws, spring clothespins, garlic, bicycles, glaced cherries, tuna fish, certain types of china, tobacco pipes, dried figs and others. In May of 1952 the Senate requested the U. S. Tariff Commission to undertake an investigation on low priced imported table-ware and kitchen-ware. This is the first such request the Senate has made since 1940.

There are several bills now before Congress to restrict imports, to give the President blanket authority to enforce controls over imports and also to put quotas on imports of products containing certain raw materials. An amendment was introduced earlier this year to limit imports competing with American-made articles to 50% of pre-Korean volume when the products in question contain any material under priority or allocation.

Effects of New Protectionism

What effect will these restrictions have on our international commerce and on our relations with other nations? What effect will they have on our postwar foreign policies?

The best answer is the reaction of other nations to these measures. I quote from a note recently presented to our State Department by the Italian Government concerning the economic, social and psychological repercussions of the United States import restrictions:

"The effects and implications of the new situation are so vast, and its ramifications so extensive, that it becomes desirable, and indeed essential, that each of the main aspects of economic relations between the nations of Western Europe and the United States be reviewed afresh, in the light of current conditions and requirements. One such aspect is foreign trade, which is of obvious and paramount significance with respect to both the major objectives of the current effort of the United States and its allies, i.e. rearmament and the maintenance of domestic and international economic stability.

"It is hardly necessary to recall that the current mutual defense effort is based, so far as Western Europe is concerned, on the foundations built by the ECA program. In turn, the ECA programs were deeply concerned with the establishment of the freest possible flow of trade among the participating nations and throughout the free world. One of their major purposes was to make a frontal attack on the so-called 'international dollar gap,' or 'dollar shortage' problem on the assumption that only an expanding and well balanced pattern of foreign trade could give stability to Europe and strengthen America's first line of defense across the ocean. Consequently, it was the declared purpose of the ECA program to help reduce the unbalance in the world trade due to the 'dollar shortage' stemming in turn from the chronic excess of United States exports over imports.

"It was consequently hoped that the new trend in United States foreign trade policies—already heralded prior to the Second World War by the adoption of the Reciprocal Trade Agreements policy—was here to stay, and that the anomalies and inconsistencies which still existed with respect to their practical implementation would disappear as rapidly as possible.

"There have been, however, indications in recent months that, while the American Government continues to be fully committed to the principle of trade liberalization, renewed recourse is being made to restrictive practices, and that the inconsistencies between principle and practice, far from disappearing, are once more increasing. Should this new trend continue unchecked, a very serious situation would result."

Australia, Canada, Denmark, Finland, France, Italy, The Netherlands, New Zealand and Norway, filed a joint protest charging that this country was acting inconsistently with its Trade Agreement Undertakings. The Dutch, Belgian and Luxembourg governments are considering retaliatory measures against American goods.

Canada's Finance Minister, Douglas C. Abbott, in a recent address at the annual meeting of the Chamber of Commerce of the U. S. said that if recent U. S. import restrictions develop into growing restrictionism it is possible that serious consequences for commercial relations between the U. S. and Canada might result. This would surely be the height of folly in view of the immense volume of mutually profitable trade between the U. S. and Canada. Mr. Abbott noted that additional barriers recently announced by the U. S. could lead other countries to most unfortunate conclusions; most European countries find it difficult to understand policies which encourage them to produce and export on the one hand, and on the other impose restrictive measures which make it impossible for them to sell their goods in the U. S.

During the postwar years, we encouraged foreign countries to sell more goods to the United States. With taxpayers' money we financed numerous trips of European businessmen to the United States to acquaint them with our methods of production and our marketing procedure, so that they could export more to our country. We have persuaded foreign producers to export goods to the United States in preference to other markets. They are now viewing our import restrictions as a breach of faith.

Our government leaders realize the seriousness of the situation. In a recent article the Department of State commented that France, Denmark, Italy, The Netherlands, the United Kingdom, and Belgium among other nations with whom we are trying to create a unified defense against Soviet aggression find it difficult to understand why the United States, the largest creditor nation in the world, puts obstacles in the way of those to whom we sell our goods and who must sell us in turn to live.

If the United States, the leader in urging the building of a strong, unified, economic, political and military effort among the nations of the free world, reverts to a restrictive trade policy, the Europeans will never be convinced that other nations will not take similar action. Trade restrictions have an effect on East-West trade. If we refuse to buy the products of our allies the pressure to trade with the Soviet bloc will increase, bringing with it a danger to the world security.

The United States Senate Committee on Banking and Currency recommended the repeal of section 104 of the Defense Production Act which limits the importation of certain goods, giving among other reasons the following:

"(3) The President, the Department of Agriculture, the Department of State and the Economic Cooperation Administration oppose Section 104 as harmful to the interests of the United States.

"(5) United States agricultural exports exceed United States agricultural imports, especially in the field of dairy products. Our agricultural exports are likely to suffer from action under Section 104.

"(6) Depriving other countries of a source for dollars through trade will result in a reduction of their imports from the United States, or in the alternative will increase the need for grants and loans by the United States to such countries.

"(7) Section 104 is inconsistent with United States world leadership in attempting to reduce trade barriers.

("(8) Ten nations have already protested enactment of Section 104, claiming it violates the law and spirit of the General Agreement on Tariffs and Trade."

Notwithstanding the recommendation, the Senate sent the repeal bill back to the Committee, and no action has so far been taken.

If the present restrictive policies are continued we may expect an era of international economic conflict, and economic warfare. The good will built up among nations will be destroyed and the defense efforts impaired. We cannot be a leader among nations if our integrity and sincerity are questioned. We cannot ask for cooperation and sacrifices when we are ready to succumb to the pressure of special interest groups.

We are straining our economy and are taxing our people to the highest degree; we are submitting to controls and restrictions; we are mortgaging the income of our future generations; all to create a unified front against Communist aggression. We cannot permit any group or individual to impair this effort. We must maintain the good will and confidence of our allies.

*An address by Mr. Strong at the Annual meeting of the Importers' Association, Chicago, Illinois June 2, 1952.

Stieglitz & Co. Opens in New York

Announcement is made of the formation of Stieglitz & Co., 40 Wall Street, New York City members of the New York Stock Exchange and associate members of the New York Curb Exchange. Partners in the new firm are: Arnold Feldman, formerly President of Hettleman Corporation; Ernst B. Kaufman, formerly partner of Hettleman & Co.; John Munroe, member of the New York Stock Exchange, formerly unaffiliated; and Marcel H. Stieglitz, formerly Secretary of Wilson & Marx, Inc. Edward Naumburg, Jr., will be associated with the company as manager of its investment department.

Two Coast Agencies Announce Merger

SAN FRANCISCO, Calif.—Under the style of D'Evelyn Wadsworth Guggenheim two San Francisco advertising agencies are joining forces as of June 1: D'Evelyn & Wadsworth, dating from 1927, and Richard F. Guggenheim, who entered the field in 1946. The consolidated office will be temporarily at 405 Montgomery Street, where the first-named agency was a charter tenant.

A former New York agency account executive and an instructor in advertising at the City College of New York and the University of California extension division, following 3½ years in the Navy, Guggenheim returned to San Francisco in 1946 to re-engage in advertising. He has a professional background in industrial relations.

Norman F. D'Evelyn, the other principal, entered the agency business on his own account June 1, 1921.

Sports Program for Bond Club Field Day

An all-embracing sports program ranging from golf tournaments to fly casting contests will provide relaxation for contestants and spectators at this year's annual Bond Club Field Day, it was announced by Edward Glassmeyer, Blyth & Co., Inc., Field Day Chairman. The outing takes place Friday at the Sleepy Hollow Country Club, Scarborough, N. Y.

Wall Street's athletes will be afforded a chance of displaying their physical prowess in the golf tournament, the horseshoe pitching contest, a tennis tournament, and a hole-in-one contest. In addition there will be a horse race and a flycasting exhibition and contest.

More than 150 golfers will be on the fairways this year competing for the widest assortment of prizes and cups ever offered in the 28-year history of the outing according to John W. Dayton, Jr., Golf Committee Chairman. The tournament will be a two-ball foursome, selected drive medal play tournament, a variation of the Scotch foursome. At stake will be the traditional Bond Club trophies—the Ex-Presidents' Cup for low gross, the Candee Cup for low net, and the Christie Cup for match play against par. Prizes are also being offered for the longest drive on the second hole, the most birdies, players with the most threes, fives, and sevens, and there will be a "kickers" handicap. The golfers' nerves will be soothed by a group of strolling Tyrolean musicians who will range the course.

The annual hole-in-one contest will be played in the afternoon with hopeful acers limited to the first six shots for competition.

While the golfers are swarming over the fairways, the tennis tournament will be underway. This year's entries in this tournament more than double last year's number. Two brackets will be drawn in the doubles contest and the playoffs will take place in the afternoon.

Another athletic feature will be a fly casting competition and exhibition. Two teams of experts from the Southern New York Fish and Game Association will compete and there will be an exhibition by individual fly casters, including Joan Salvato of North Haledon, N. J., a leading woman fly caster.

This year's horse race will be an innovation, with six midgets astride shetland ponies named for leading Presidential contenders from the Republican and Democratic stables.

Weber-Millican Offers Trans-Am. Pet. Shares

Weber-Millican Co., New York City, are offering publicly an issue of 599,000 shares of Trans-American Petroleum Corp. common stock (par one cent) at 50 cents per share, as a speculation.

The net proceeds will be used by Trans-American to drill a test well on the T. L. Hurst tract, for drilling of additional wells and for working capital.

Trans-American was organized Dec. 27, 1951 in Delaware for the purpose of exploring for gas and oil, and the development of likely gas and oil prospects. It has acquired from Robert E. Robinson, its President, oil and gas leases covering approximately 1,200 acres, more or less, located in Shelby County, Texas, near the town of Center.

International Secs.

Petros P. Tatanis is engaging in a securities business from offices at 135 Broadway, New York City, under the name of International Securities Service.

P. J. Montalbo Opens

HOUSTON, Tex. — Philip J. Montalbo has opened offices in the State National Building to engage in the securities business.

With Courts & Co.

(Special to THE FINANCIAL CHRONICLE)

LA GRANGE, Ga. — John H. Barnett has become associated with Courts & Co., Colonial Hotel.

Renyx, Field Adds

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Robert E. Berry has been added to the staff of Renyx, Field & Company, Inc., 810 East Colfax Avenue.

G. R. Davis Opens

ST. PETERSBURG, Fla.— George R. Davis is engaging in the securities business from offices in the Royal Palm Hotel Building. Mr. Davis was formerly with Cohu & Torrey.

Two With Metropolitan

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo. — Frank J. Obermeier and Albert J. Rosborough are with Metropolitan St. Louis Co., 718 Locust Street, members of the Midwest Stock Exchange.

With Curtis Lipton

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — Anthony J. Cialeo is now with Curtis Lipton Co., 338 South Western Avenue.

Problem of Sterling Convertibility

N. Y. University's Institute of International Finance, in bulletin prepared by Dean G. Rowland Collins, Director, and Dr. Marcus Nadler, Research Director, contend many obstacles remain to be overcome before free convertibility of the pound sterling can be realized. Says basic improvement in British economy is prerequisite.

Many obstacles still remain to be overcome before the aim of the free convertibility of the pound sterling can be realized, according to a Bulletin entitled "The Prob-

Marcus Nadler G. Rowland Collins

lem of the Pound Sterling," issued on June 2 by Dean G. Rowland Collins, Director, and Dr. Marcus Nadler, Research Director, of the Institute of International Finance of New York University.

Should the recent improvement in the balance of payments be continued and the various measures taken by the sterling area to eliminate the dollar deficit prove successful, the bulletin states, free convertibility of the pound sterling in current transactions might be feasible in the relatively near future. Some of the sterling area countries, however, as well as some important non-sterling nations, such as France, have curtailed imports not only from the dollar area but also from Great Britain. This will create additional difficulties in finding outlets for British products.

In particular, the bulletin adds, it may not be easy to find new markets for consumer goods, especially if international tension should abate and military expenditures by the United States and other Western nations should decline. Already in many countries a transition from a sellers' to a buyers' market can be noted. Not only have prices of basic raw materials witnessed a material decline but the demand for both soft and durable consumers' goods is beginning to slacken. Furthermore, competition from Western Germany and Japan, where labor costs are lower than in England, is bound to increase. If the Western world should enter a period of general disinflation, the task of expanding the sale of British commodities abroad may be even more difficult than at present.

Basic Improvement Needed in British Economy

According to the report, correction of Great Britain's balance-of-payments difficulties will require basic improvements in the British economy. Adjustments in the exchange value of the currency, as has been suggested in some quarters, might provide temporary relief. As past experience has shown, however, so long as the fundamental causes of the trouble remain, the crises are again likely to recur whenever world market conditions take an unfavorable turn. In view of Britain's great dependence on foreign raw materials and foodstuffs, a solution based mainly on reduction of imports would also be unfeasible. The principal requisite is an increase in production of manufactured goods in order to make possible expanded earnings from exports. It is significant that manufacturing output increased only 3% and coal output only 2% in 1951 while production of steel actually declined by 3%.

Considerable progress has been made in the postwar period in increasing exports, which in physical volume are now about 60% above the 1937 level. In view of the reduced importance of invisible earnings in the balance of payments, aggravated during the past year by the Iranian oil controversy, the deterioration in the terms of trade, and increased armament requirements, this growth has been inadequate. In 1951 the increase in physical volume of shipments abroad slowed down to 3% as against increases of nearly 16% in 1950 and 10% in 1949. This trend reflects in part the increasing difficulty in selling textile and other consumer goods, due to the decline in world demand, and in part to the slowing down of the growth of capital goods exports, due to inability to meet the demand.

The recession in consumer buying in the United States that followed the abnormally heavy buying after the outbreak of hostilities in Korea spread to many other parts of the world and affected particularly the demand for British textiles and apparel. This situation aggravated the already poor conditions in the depressed textile industry, which in the postwar period has been operating far below prewar levels. Because of the world-wide depression in textiles and the increased competition from Japan and India, the prospects for expanded foreign-exchange earnings from this source are not promising. The same is true, although to a somewhat lesser extent, as respects the market for durable consumer goods, especially in view of the rapid industrial recovery of Germany and Japan.

In view of the continuing high demand for capital goods in world markets, the opportunities in this direction are considerable. In particular, an expansion of capital-goods exports to the sterling area countries, where they are urgently needed, would help alleviate their dollar shortages. This in turn would require a curtailment of capital investments in plant, machinery, and vehicles in order to make more equipment available for the export markets. The government is attempting to achieve this objective by restricting supplies of metals for domestic investment and consumption and by a tighter credit policy. The shortage of steel and the increasing defense needs have also made necessary a reduction in construction activities. At the same time, care must be taken not to impair the production of equipment for essential industries and the rearmament program. Because of the bottlenecks in steel and coal and the necessity for diverting manpower and materials from civilian to defense industries, this may not be an easy task.

Bad Policies Followed

In analyzing Britain's postwar economic policies, the bulletin remarks: The policies followed by the British Government since the end of the war have not always been conducive to remedying the serious balance-of-payments difficulties confronting the country. Notwithstanding the policy of austerity and the rationing of basic necessities of life, the country continued to live beyond its means and to import more than it could pay for through exports and services. In part, this was due to the social-security program and the extreme fear of unemployment. Furthermore, low money rates were maintained during most of the postwar period, which encouraged increased borrowing from the joint-stock banks and expanded capital expenditures by business and public authorities.

The nationalization program adopted by the Labor Government injected elements of uncertainty in the minds of many industrialists. The handling of the frozen sterling balances also weakened Britain's balance-of-payments position. By releasing funds to be used for purchases of British commodities exports were stimulated, but this did not bring in foreign exchange. Moreover, it made it possible for British exporters to dispose of their products easily without the need for developing new markets outside the sterling area and particularly in the hard-currency countries. In addition, there was a considerable outflow of British funds to other sterling area countries. While under other conditions an outflow of capital from Great Britain to underdeveloped areas would no doubt be economically desirable, in recent years it has aggravated the balance-of-payments situation. To some extent, at least, the investments abroad constituted a flight of capital.

The factors leading to a constant increase in production in Great Britain necessitated expanding imports, since a large proportion of the raw materials and foodstuffs consumed has to be purchased abroad. Imports could be held down only at the expense of reconstruction and development of industry or housing and the general standard of living. So long as it was the policy of the government to expand productive capacity, to construct a large volume of new homes and public works, and through subsidies and otherwise to maintain domestic consumption and a relatively high standard of living, imports could not be sufficiently curtailed to prevent deterioration in the balance of payments, an increase in foreign indebtedness, a loss of monetary reserves, and a depreciation of blocked sterling on foreign markets.

In discussing the recent measures taken by the British Government to restore equilibrium in the balance of payments, the New York University study places special emphasis on the raising of the Bank of England discount rate from 2½% to 4% last March. Such a steep rise in the bank rate has occurred only in periods of major crises and is always regarded, the bulletin states, as a significant danger signal. An increase in the bank rate is followed by a rise in open-market rates and leads to higher money rates in general and the adoption of a more cautious lending policy by the banks. Toward the end of April, interest rates on commercial bank loans, which early in 1951 had ranged between 2% and 4½%, advanced to between 4% and 5%. Perhaps of even greater significance is the fact that the special Bank of England rate for seven-day loans against Treasury bills has been raised to 3½% from the 2% rate established on Nov. 8, 1951, and the ½% rate that had prevailed since 1945. This marks the first time in many years that the British Government has adopted orthodox credit restrictive measures in order to combat inflation and to reduce domestic demand. The measure was also designed to counteract the inflationary effects of the reduction in annual imports of £600 million decided on for 1952.

Whether the budgetary and other anti-inflationary measures will be sufficiently drastic to produce the desired results is problematical. It seems likely, however, that the higher money rates will lead to a decline in capital expenditures by corporations and to decreased building activity, thus reducing the demand for imported commodities and making more goods available for exports. In the past, orthodox credit controls have sometimes proved effective in meeting balance-of-payments problems, the recent examples of Germany and the Netherlands being cases in point. It may well be that they will have similar salutary effects in Great Britain.

Our Reporter on Governments

By JOHN T. CHIPPENDALE, JR.

With the exchange offer out of the way, the government market has taken on a more professional tone even though switches and other adjustments are still being made in fairly sizable amounts, when as and if conditions are favorable for them. The big point of concern in the money market at the moment is the amount of new money that will be raised by the Treasury through the conversion offer. A sizable amount of new cash for the Treasury would no doubt have a favorable psychological effect upon the market. On the other hand, a small amount of new money for the Treasury from the exchange offer would have just the opposite effect. Rumor has it that the response to the non-marketable 2¾% bond was weak. This probably means marketable financing in the near future through short- or medium-term obligations. The answer will not be long in coming.

Market Acting Well

Despite near-term uncertainties, such as new money from the exchange offer, the June 15 tax payments, and the influence they have on the money markets, there is a good undertone in the market, which is conducive to switches and swaps, which appear to be more aggressive now in the bank-eligible field.

Commercial banks continued to add to their holdings of the longer government issues, even though these operations have been overshadowed by the recent offer of the Treasury to convert the last four restricted bonds into the non-marketable 2¾s due 1975/1980. While there is no question but what the switches, swaps and adjustments that have been made in the ineligible list have been much larger, both in the number and size of the transactions, there have been nevertheless some very important changes and acquisitions made among the bank eligible securities. It is evident that changing economic conditions are in no small way responsible for the current developments in the eligible end of the list.

Long Maturities in Favor

The swing-over from a buyers' to a sellers' market is having an uneven effect upon the banking system as a whole. According to advices, it is bringing about a rolling type of adjustment in the business of individual banks. As a result, not a few of these institutions are finding themselves with funds that are being put into the longer government market in order to maintain earnings. This demand is being reflected particularly in purchases of the newly eligible 2½s due 1962/67. The addition of a 2½% bond, which commercial banks can buy, has also brought about a sizable amount of switching from the other marketable eligible obligations. According to reports, the 2½s due 1956-58 and the 2¼s of 1956/59 are being used by many deposit banks as mediums for acquisition of the 2½s due 1962/67. Also some of the 2% obligations are being sold with the proceeds being put into the recently eligible 2½s. The lengthening of maturities appears to be hitting some of the shorter-term issues, because advices also seem to indicate that these securities are being exchanged for the higher income eligibles.

The quiet but evidently persistent changes that are being made in bank holdings, while favoring the 2½s due 1962-67, has not meant that the longest eligible 2½s have been entirely forgotten. There is a fair amount of money being transferred into the September 1967/72s from the switch and swap angle. The move into the higher income government issues by the commercial banks appears to be a rather general one as far as areas are concerned, even though the institutions in the far west and the large money centers seem to be the leaders at the present time.

Near Eligible 2¼% Bond Getting Attention

The approaching eligibility of the 2¼s due June 1959/62, has not had an adverse influence upon this issue. While there is no question but that eligibility does not have the same appeal as it did have in the past, it does have value even under existing conditions because there are still many deposit banks that will have to move into the higher income issues in order to maintain earnings. This should bring not only new money purchases of the June 1959/62s, but also switches from other bank obligations. The 1956/58s and the 1956/59s, according to reports, will again give way in many instances to the 2¼s of June 1959/62 when they become eligible on the 15th of the month.

The 2⅜s due 1957/59 continue to have more than a passing amount of buyers, although the acquisitions of this bond have not been as vigorous as they were a short time ago. The talk about a medium-term obligation for new money has beyond doubt taken some of the purchasers out of the market as far as this issue is concerned.

Savings Banks Active

Savings banks, in many instances, continue to make adjustments in their holdings even though the exchange offer for the non-marketable 2¾s has been closed. There have been a number of sales of the 2¼s due June 1959/62 and more will be made after the eligible date. It seems as though the 2½s due 1963/68 and the June 1964/69s have been the most popular mediums for the reinvestment of funds that have been obtained from sale of the near eligible obligation.

Savings deposits continue to increase and while there is no great rush yet by these banks to acquire Treasury bonds, there is however, a much better, even though spotty demand, especially for certain issues, from the new money standpoint. Pension funds are making somewhat enlarged purchases of selected restricted issues as well as newly offered corporate bonds.

Problem of Restoring British Free Markets

By PAUL EINZIG

Dr. Einzig calls attention to reluctance of Britain's Conservative Party Government to restore free commodity markets, as promised before election. Cites failure to reopen Liverpool Cotton Exchange, and explains compromise measures resorted to for purposes of keeping controls, while moving toward complete free commodity markets.

LONDON, Eng.—One of the main points in the election program of the Conservative Party in October, 1951, was the undertaking to remove controls over trade at the earliest possible moment. After assuming office, however, the Conservative Government found that it was not in a position to implement that undertaking, at any rate for the time being. The balance of payments position was much worse than it had been expected and assistance from the United States was less readily forthcoming than it had been under the Socialist Government. In the circumstances the government did not feel justified in running any avoidable risks by restoring free dealings in commodities, the import of which had to be paid for largely with dollars or other hard currencies. It was possible to restore free dealing in wool, tin and rubber because these commodities are imported mainly from the sterling area. On the other hand cotton, lead, zinc and copper had to be kept under government control.

Dr. Paul Einzig

Many supporters of the government strongly resented the government's decision not to reopen the Liverpool Cotton Exchange and not to restore free dealings in the metals mentioned above. There was particularly strong feeling about cotton since the reopening of the Liverpool Cotton Exchange was specifically mentioned in the Conservative Election Manifesto. The government decided, however, that the dollar position did not justify the resumption of free dealings in these commodities. It was feared that as a result of free dealings on the Cotton Exchange and on the metal market foreign holders of sterling might buy up large supplies of commodities imported from the dollar area and that this would constitute an additional drain on Britain's dollar resources. The view was held not only in official circles but also by many business men that free dealings in these commodities should not be resumed unless and until there is reason to assume that there is no danger of a deterioration of the dollar position. It is felt that should free dealings be resumed and should a subsequent increase of the dollar gap compel the government to restore controls such a relapse would be a major disaster. Rather than risk it many of the government's advisors prefer to play for safety and postpone the restoration of free dealings.

Nevertheless, something had to be done to demonstrate the government's determination to make progress toward restoring freedom in dealings in commodities. Accordingly, a compromise solution has been adopted both in respect of cotton and in respect of the government-controlled metals and other materials.

Although the Liverpool Cotton Exchange remains closed the government has now authorized textile manufacturers and cotton merchants to import cotton on their own account. The government's cotton purchasing agency remains in existence and each firm has the option of covering its requirements either through direct purchases or through the government agency. They have to declare their option however, for a whole year. The government agency provides, moreover, facilities for hedging against price fluctuations for the benefit of those who prefer to buy their cotton privately.

As far as lead, zinc, jute and various other commodities are concerned a different formula of compromise has been put into operation. The government retains its powers of exclusive importer of these commodities. On the other hand arrangements have been made to adjust the selling price of the commodities sold by the Minister of Materials to the prices prevailing in the free markets abroad. In the case of lead and zinc for instance the government's selling price is now approximated to the New York market prices allowance being made for the cost of transport, insurance, storage, handling charges and interest on the funds employed by the government for these transactions. This means that although the government remains the sole seller the prices will now fluctuate substantially in the same way as they would fluctuate if there were free dealings. Hitherto the system pursued was that the government had endeavored to sell the commodities without a loss. To that end the official selling prices were not allowed to follow too closely the free market prices abroad. During periods of rising prices British industrial firms stood to benefit by the operation of this system because the government's selling prices lagged behind the rise in free market prices. On the other hand during periods of falling prices British firms were at a great disadvantage because the government was reluctant to incur losses by adapting its selling prices to the lower level of prices prevailing in the world markets. It could not hold out indefinitely against the trend but there was a time lag during which British industrial firms were handicapped against their foreign competitors who were able to buy their raw materials in the free market at lower prices. Thanks to the change this handicap has now disappeared.

The application of the new formula means, however, that the government is exposed to considerable losses as a result of the fall in prices. Moreover, the merchants and manufacturers remain deprived of the possibility of covering themselves against losses arising from a further fall in commodity prices between the time they have bought their supplies and the time they can sell their manufactures. The normal method of covering such risk is to sell commodities for future delivery. Under the present arrangements there are no facilities for this. Nor are there any facilities except in cotton for buying commodities for future delivery as a safeguard against a possible rise in prices. The state of affairs is thus far from ideal. Nevertheless, in business circles it is considered to be a great improvement compared with the previous system. Beyond doubt the new system is less artificial. Judging by the position of the balance of payments it may take a long time before the government will feel justified in taking the next step by restoring free dealings in commodities.

U. S. Supreme Court Holds Truman's Seizure Of Steel Industry Was Unconstitutional

Nation's highest court, in 6-3 decision, holds President had no authority, "implied" or otherwise, to seize the mills, and Chief Executive's power to issue orders must stem either from Act of Congress or the Constitution. Decision accompanied by renewal of strike by Steelworkers' Union.

The United States Supreme Court in a 6-3 decision handed down on June 2, ruled that President Truman's seizure of the steel industry on April 8 was unconstitutional. The majority opinion, delivered by Justice Hugo L. Black, held that "There is no statute that expressly authorizes the President to take possession of property as he did here, nor is there any Act of Congress to which our attention has been directed from which such a power can fairly be implied. . . ."

Shortly after the court's decision, President Truman issued a directive to Secretary of Commerce Charles Sawyer, nominal head of the industry under the seizure order, to return the mills to their owners. And within minutes after the decision became known, Philip Murray, President of the CIO United Steelworkers, ordered the approximately 650,000 union members to cease work. This marked the second strike of the union this year, the previous stoppage having occasioned the taking over of the steel mills.

Herewith is text of the Supreme Court's decision invalidating the President's seizure of the industry:

We are asked to decide whether the President was acting within his Constitutional power when he issued an order directing the Secretary of Commerce to take possession of and operate most of the nation's steel mills.

The mill owners argue that the President's order amounts to lawmaking, a legislative function which the Constitution has expressly confided to the Congress and not to the President.

The Government's position is that the order was made on findings of the President that his action was necessary to avert a national catastrophe which would inevitably result from a stoppage of steel production, and that in meeting this grave emergency the President was acting within the aggregate of his constitutional powers as the nation's Chief Executive and the Commander in Chief of the armed forces of the United States.

The issue emerges here from the following series of events:

In the latter part of 1951, a dispute arose between the steel companies and their employees over terms and conditions that should be included in new collective bargaining agreements. Long-continued conferences failed to resolve the dispute.

On Dec. 18, 1951, the employees' representative, United Steelworkers of America, CIO, gave notice of an intention to strike when the existing bargaining agreements expired on Dec. 31. Thereupon the Federal Mediation and Conciliation Service intervened in an effort to get labor and management to agree.

This failing, the President on Dec. 22, 1951, referred the dispute to the Federal Wage Stabilization Board[1] to investigate and make recommendations for fair and equitable terms of settlement. This board's report resulted in no settlement.

On April 4, 1952, the union gave notice of a nation-wide strike called to begin at 12:01 a.m., April 9.

The indispensability of steel as a component of substantially all weapons and other war materials led the President to believe that the proposed work stoppage would immediately jeopardize our national defense and that governmental seizure of the steel mills was necessary in order to assure the continued availability of steel.

Reciting these considerations for his actions, the President, a few hours before the strike was to begin, issued Executive Order 10340, a copy of which is attached at the end of this opinion as an appendix. The order directed the Secretary of Commerce to take possession of and operate most of the steel mills throughout the country.

The Secretary immediately issued his own possessory orders, calling upon the presidents of the various seized companies to serve as operating managers for the United States. They were directed to carry on their activities in accordance with regulations and directions of the Secretary.

The next morning the President sent a message to Congress reporting his action. "Congressional Record," April 9, 1952, Page 3962. Twelve days later he sent a second message. "Congressional Record," April 21, 1952, Page 4192. Congress has taken no action.

Obeying the Secretary's orders under protest, the companies brought proceedings against him in the District Court. Their complaints charged that the seizure was not authorized by an act of Congress or by any Constitutional provisions. The District Court was asked to declare the orders of the President and Secretary invalid and to issue preliminary and permanent injunctions restraining their enforcement.

Opposing the motion for preliminary injunction, the United States asserted that a strike disrupting steel production for even a brief period would so endanger the well-being and safety of the nation that the President had "inherent power" to do what he had done — power "supported by the Constitution, by historical precedent, and by court decisions."

The Government also contended that in any event no preliminary injunction should be issued because the companies had made no showing that their available legal remedies were inadequate or that their injuries from seizure would be irreparable.

Holding against the Government on all points, the District Court on April 30 issued a preliminary injunction restraining the Secretary from "continuing the seizure and possession of the plant . . . and from acting under the purported authority of Executive Order No. 10340." 103 F. Supp. 569.

On the same day the Court of Appeals stayed the District Court's injunction. Deeming it best that the issues raised be promptly decided by this court, we granted certiorari on May 3 and set the cause for argument on May 12.

Two Crucial Issues

Two crucial issues have developed:

FIRST. Should final determination of the Constitutional validity of the President's order be made in this case which has proceeded no further than the preliminary injunction stage?

SECOND. If so, is the seizure order within the Constitutional power of the President?

I

It is urged that there were non-Constitutional grounds upon which the District Court could have denied the preliminary injunction and thus have followed the customary judicial practice of declining to reach and decide Constitutional questions until compelled to do so.

On this basis it is argued that equity's extraordinary injunction relief should have been denied because (A) seizure of the companies' properties did not inflict irreparable damages, and (B) there were available legal remedies adequate to afford compensation for any possible damages which they might suffer. While separately argued by the Government, these two contentions are here closely related, if not identical.

Arguments as to both rest in large part on the Government's claim that should the seizure ultimately be held unlawful, the companies could recover full compensation in the Court of Claims for the unlawful taking. Prior cases in this court have cast doubt on the right to recover in the Court of Claims on account of properties unlawfully taken by government officials for public use as these properties were alleged to have been. See e. g., Hooe v. United States, 218 U. S. 322, 335-336; United States v. North American Co, 253 U. S. 330, 333. But see Larson v. Domestic & Foreign Corp., 337 U. S. 682, 701-702.

Moreover, seizure and governmental operation of these going businesses were bound to result in many present and future damages of such nature as to be difficult, if not incapable, of measurement. Viewing the case this way, and in the light of the facts presented, the District Court saw no reason for delaying decisions of the Constitutional validity of the orders.

We agree with the District Court and can see no reason why that question was not ripe for determination on the record presented. We shall therefor consider and determine that question now.

II

The President's power to issue the order must stem either from an act of Congress or from the Constitution itself. There is no statute that expressly authorizes the President to take possession of property as he did here. Nor is there any Act of Congress to which our attention has been directed from which such a power can fairly be implied.

Indeed, we do not understand the Government to rely on statutory authorization for this seizure. There are two statutes which do authorize the President to take both personal and real property under certain conditions.[2]

However, the Government admits that these conditions were not met and that the President's order was not rooted in either of them. The Government refers to the seizure provisions of one of these statutes (Sect. 201 (B) of the Defense Production Act) as "much too cumbersome, involved, and time-consuming for the crisis which was at hand."

Moreover, the use of the seizure technique to solve labor disputes in order to prevent work stoppages was not only unauthorized by any Congressional enactment; prior to this controversy, Congress had refused to adopt that method of settling labor disputes.

When the Taft-Hartley Act was under consideration in 1947, Congress rejected an amendment which would have authorized such governmental seizures in cases of emergency.[3]

Apparently it was thought that the technique of seizure, like that of compulsory arbitration, would interfere with the progress of collective bargaining.[4]

Consequently, the plan Congress adopted in that act did not provide for seizure under any circumstances. Instead, the plan sought to bring about settlements by use of the customary devices of mediation, conciliation, investigation by boards of inquiry, and public reports.

In some instances temporary injunctions were authorized to provide cooling-off periods. All this failing, the unions were left free to strike if the majority of the employees, by secret ballot, expressed a desire to do so.[5]

It is clear that if the President had authority to issue the order he did, it must be found in some provisions of the Constitution. And it is not claimed that express Constitutional language grants this power to the President.

The contention is that Presidential power should be implied from the aggregate of his powers under Article II of the Constitution. Particular reliance is placed on the provisions which say that "the executive power shall be vested in a President . . ."; that "he shall take care that the laws be faithfully executed"; and that he "shall be Commander in Chief of the Army and Navy of the United States."

The order cannot properly be sustained as an exercise of the President's military power as Commander in Chief of the armed forces. The Government attempts to do so by citing a number of cases upholding broad powers in military commanders engaged in day-to-day fighting in a theatre of war.

Such cases need not concern us here. Even though "theatre of war" be an expanding concept, we cannot with faithfulness to our Constitutional system hold that the Commander in Chief of the armed forces has the ultimate power as such to take possession of private property in order to keep labor disputes from stopping production.

This is a job for the nation's lawmakers, not for its military authorities.

Nor can the seizure order be sustained because of the several Constitutional provisions that grant executive power to the President. In the framework of our Constitution, the President's power to see that the laws are faithfully executed refutes the idea that he is to be a lawmaker.

The Constitution limits his functions in the lawmaking process to the recommending of laws he thinks wise and the vetoing of laws he thinks bad. And the Constitution is neither silent nor equivocal about who shall make laws which the President is to execute.

The First Section of the First Article says that "all legislative powers herein granted shall be vested in a Congress of the United States. . . .

After granting many powers to the Congress, Article I goes on to provide that Congress may "make all laws which shall be necessary and proper for carrying into execution the foregoing powers and all other powers vested by this Constitution in the Government of the United States, or in any department or officer therefor."

The President's order does not direct that a Congressional policy be executed in a manner prescribed by Congress—it directs that a Presidential policy be executed in a manner prescribed by the President.

The preamble of the order itself, like that of many statutes, sets out reasons why the President believes certain policies should be adopted, proclaims these policies as rules of conduct to be followed, and again, like a statute, authorizes a government official to promulgate additional rules and regulations consistent with the policy proclaimed and needed to carry that policy into execution.

The power of Congress to adopt such public policies as those proclaimed by the order is beyond question. It can authorize the taking of private property for public use. It can make laws regulating the relationships between employers and employees, prescribing rules designed to settle labor disputes and fixing wages and working conditions in certain fields of our economy.

The Constitution did not subject this law making power of Congress to Presidential or military supervision or control.

It is said that other Presidents without Congressional authority have taken possession of private business enterprises in order to settle labor disputes. But even if this be true Congress has not thereby lost its exclusive constitutional authority to make laws necessary and proper to carry out the powers vested by the Constitution "in the Government of the United States, or any department or officer thereof."

The founders of this nation entrusted the law-making power to the Congress alone in both good and bad times. It would do no good to recall the historial events, the fears of power and the hopes for freedom that lay behind their choice. Such a review would but confirm our holding that this seizure order cannot stand.

AFFIRMED

Mr. Justice Frankfurter.

Although the considerations relevant to the legal enforcement of the principle of separation of powers seem to me more complicated and flexible than may appear from what Mr. Justice Black has written, I join his opinion because I thoroughly agree with the application of the principle to the circumstances of this case.

Even though such differences in attitude toward this principle may be morely differences in emphasis and nuance, they can hardly be reflected by a single opinion for the court. Individual expression of views in reaching a common result is therefore important.

Appended to the majority opinion was the text of President Truman's order of April 8 directing seizure of the steel industry.

FOOTNOTES

1 This board was established under Executive order 10233, 16 Federal Register 3503.

2 The Selective Service Act of 1948, 62 Stat. 604, 624-627, 50 U. S. C. App. (Supp. IV) Section 468, the Defense Production Act of 1950, TIT. II, 64 Stat. 798 as amended, 65 Stat. 138.

3 93 Congressional Record 3637-3645.

4 93 Congressional Record 3835-3836.

5 Labor Management Relations Act, 1947, 61 Stat. 136, 152-156, 29 U. S. C. (Supp. IV), Sections 141, 171-180.

Joins A. M. Kidder Co.

(Special to THE FINANCIAL CHRONICLE)

DETROIT, Mich.—John T. Eschels has become associated with A. M. Kidder & Co., 600 Griswold Street.

With Manley, Bennett

(Special to THE FINANCIAL CHRONICLE)

DETROIT, Mich.—John J. Fallon is now with Manley, Bennett & Co., Buhl Building, members of the New York and Detroit Stock Exchanges. He was previously with Baker, Simonds & Co.

Sirs, The Constitution!

"The President's order does not direct that a Congressional policy be executed in a manner prescribed by Congress—it directs that a Presidential policy be executed in a manner prescribed by the President.

"The preamble of the order itself, like that of many statutes, sets out reasons why the President believes certain policies should be adopted, proclaims these policies as rules of conduct to be followed, and again, like a statute, authorizes a Government official to promulgate additional rules and regulations consistent with the policy proclaimed and needed to carry that policy into execution.

* * *

"The Constitution did not subject this law-making power of Congress to Presidential or military supervision or control.

"It is said that other Presidents without Congressional authority have taken possession of private business enterprises in order to settle labor disputes. But even if this be true Congress has not thereby lost its exclusive constitutional authority to make laws necessary and proper to carry out the powers vested by the Constitution 'in the Government of the United States, or any department or officer thereof.'

"The founders of this nation entrusted the lawmaking power to the Congress alone in both good and bad times."—The Supreme Court of the United States.

At long last!

Continued from page 19

The Spectre of Inflation

etc., which would belong to the wage-earner or other income recipient but which he could not use for the time being or until some time after the period of mobilization had ended.

The Need for Direct Controls

How then shall we view this problem of increasing prices during a war or semi-war economy? To begin with, since such increases are evidently not primarily monetary in origin, monetary controls cannot alone hope to cope with them. Direct measures may again in the near future become of first importance. Among these are **wage and price freezes** to put an end to any new wage-price spiral as quickly as possible. The further such a spiral goes, the more stresses and inequities are created and the more difficult fair adjustments become. Not, to repeat, that monetary measures of control over credit expansion should be neglected, but rather that their significance under abnormal war or near-war conditions should be seen in proper perspective.

From opinion polls taken early last year it appeared that many people in the United States favored wage-price freezes at the time. Such freezes, however, even when they seem definitely indicated, are the beginning not the end of economic wisdom in a war economy. They merely clear the way for more fundamental controls. They are palliatives, not cures. When the emergency ends and wages and prices are unfrozen, the vicious wage-price spiral will again be in evidence unless in the meantime effective measures have been imposed to reduce or at least to hold back the accumulation of war-time purchasing power. It should also be held in mind that effective wage-price controls take time. During World War II it was only after 15 months of inconclusive effort that the hold-the-line policy became effective.

High taxes, to bring some semblance of balance into the Federal budget, bear directly upon the increase in purchasing power not matched by an increase in civilian goods. Such an approach is fundamental since it eliminates inflationary pressure rather than merely suppressing it for the time being. It is not a matter of indifference, of course, what kind of taxes are levied. They should be for the most part direct taxes. Moreover, it should be held in mind that even direct taxes are to some extent readily shifted into price, particularly through parity arrangements with farmers and escalator clauses in collective bargaining agreements with labor. Such a shift into price continues to aggravate the wage-price spiral and thus threatens to destroy any direct price-control program.

It also becomes desirable to go a step further as a precautionary measure and induce people to purchase U. S. government bonds and in other respects engage in an accelerated form of savings, whether compulsory or voluntary. **Bond-buying and other voluntary savings** afford only temporary relief, however, since it is ordinarily possible at any time to turn U. S. savings bonds and time deposits into purchasing power.

The control measures thus far considered are essentially nonmonetary in character. It is, in addition, necessary to exercise **control over non-essential credit expansion** as has been indicated. Such controls have already been applied, as in tightened margin requirements for security loans, increased down-payments and shortened maturities with respect to installment and real estate loans, increases in reserve requirements, and certain voluntary credit restraints. Important among such controls over credit are open market operations by the Federal Reserve, a powerful credit control measure which the Treasury-Federal Reserve agreement of a year ago served to restore to the Federal Reserve System.

Conclusion

In conclusion we may compare three methods of reducing purchasing power in a quasi-war economy: high taxes, increased bond purchases by individuals, and induced savings.

High direct taxes reduce purchasing power most effectively and may render deficit financing unnecessary, but they are lost to the tax payer.

Increased bond holdings give the individual greater assets which, however, can be turned into increased purchasing power at almost any time. In this connection, the huge volume of liquid assets already in the public's hands must not be lost sight of.

Induced savings, so circumscribed that they cannot be used during the mobilization period and for some time thereafter, would belong to the income recipient and later on, when normal income and output are restored and inflationary pressures have subsided, would be available to the individual for his use, provided, of course, that the attainment of our military potential doesn't take too long!

All these measures are important and should be used as part of a composite program, along with monetary controls and wage-price freezes, if we hope to keep the spectre of inflation from becoming a serious menace in the next two or three years.

Addendum

Since the foregoing was written, the Federal Reserve has removed consumer credit controls, probably in large part because of an unexpected lag in consumer buying coupled with another lag in military spending. This would seem to be a temporary expedient and not a permanent reversal of policy. The upward trends and inflationary stresses outlined above should reassert themselves as the bottlenecks are cleared and our mobilization program takes on added momentum.

In this connection, a Federal Reserve Central Bank official, who read the present analysis, made the following comment:

"Try as I do, I simply cannot successfully separate the monetary factor from other factors causing inflation during the past six years, although both monetary and non-monetary factors must necessarily have been present. They seem to me to be inextricably entwined. Surely, however, the injection of $74 billion of new privately-held money from the end of 1941 to the end of 1945, and $35 billion more since that time has induced factors, some of which are designated as 'non-monetary' in character, to operate in the direction of inflation. I am not sure that non-monetary forces during further mobilization will require that the supply of money be further increased. That the larger volume of transactions at higher wage and materials cost necessitates a further expansion of bank credit (and hence more money) and begets still more expansion is the vicious price-cost-credit spiral into which we have become enmeshed and from which we must somehow become disentangled. Maybe this spiral is a first-cousin, if not a twin-brother, of the wage-price spiral which is usually associated with demands for higher wages through strikes or threats of strikes, or decisions of WSB, or whatnot.

"Whatever is the correct analysis, in terms of cause and effect relationships, of what has happened in our economic system during the postwar period, I am much relieved over the fact that Federal Reserve holdings of government securities have not increased from April of last year to April of this year."

Securities Salesman's Corner

By JOHN DUTTON

Here Is a Tried and Tested Plan for Building New Accounts and Servicing Old Ones.

If you are interested in building up your clientele you will agree, I am sure, that there is no better method of accomplishing it, than by offering outstanding service. Not very long ago, but long enough now to test the soundness of the plan, the firm of Ira Haupt & Co., of 111 Broadway, New York City, who are members of the New York Stock Exchange, decided that they would test out a plan to help investment dealers who were not members of the New York Stock Exchange. They were aware of the penalties which unlisted dealers must face when they execute orders in listed stocks and are forced to do so at a loss. Since no member firm can share commissions with non-members, the Haupt firm came up with the idea of paying in service for that which could not be recompensed in dollars.

A Plan That Is Sound

A study was made of the methods which would be the most effective in assisting unlisted dealers to better serve their customers. Every step in the program has been worked out so that those investment firms which now use the "Dealer's Watching Service" have protection for their own accounts. Secondly, the scope of the information which is supplied to them is so broad that a constant stream of information is coming through the mill every day, but despite this, there is practically no weighty detail and extra work that is placed upon the dealer who uses the service.

Investors Are Paying $150 a Year For Less Than This

The basis for investment success, we all admit, is comprehensive, factual, and up-to-the-minute information regarding what is going on in the world which affects securities. This plan sets up a research department that covers the Business Press, the Trade Journals, the Financial Journals, and at the present time 13 statistical and financial services and statistical sources, Trade Associations and Government Bureaus. The Haupt organization has a complete staff of research men who scan the whole business world every day. As fast as news happens it is relayed to dealers who use this service.

If a leading statistical source issues a research report on a security that is held by one of your customers, you receive the report and can send it to the client on a bulletin which carries the dealer's imprint (who uses the service). If important news develops which you, or your customer may not otherwise see, you will receive it automatically. If a research organization changes its advice because of changing conditions, you receive the bulletin all set up and ready to mail to your customer. If an officer, director or mutual fund buys or sells a substantial quantity of a company's stock, you receive the bulletin for mailing—all made up and ready to go. News items or opinions on industries in which your customers have invested are sent to you.

In addition, you receive opinions of leading statistical organizations through the watching services. "Switches" that have been recommended by unbiased research firms are passed on to you.

And if this were not enough, there are ideas for building your mailing list, for letters, for using this service which are furnished to dealers who wish to try the plan. There are a substantial number of firms who are not members of the New York Stock Exchange who will attest to the fact that this plan works. Even some Trust Companies and Banks are using the Haupt Service. A statistical department that keeps you advised in the management of your business as an investment dealer, is certainly an asset if it is properly conducted. But if you can put the combined research of a comprehensive group of the best statistical agencies in the country behind your efforts, and in addition, you can give your customers a "watching service" which they must appreciate you have the basis for building a business that should be rewarding to you in a most substantial way.

What Does It Cost?

It will cost nothing more than the postage that you will need to cover the mailings to your clients. How do they do it? The Haupt firm says, "We only ask our dealers to be fair with us. And they are doing it. When you have listed business we would like to handle it for you. This way both parties to the team benefit. We don't even ask for all of your listed business, but we have confidence in the plan and it is bringing results—both for our dealers and for us."

Steinbugler, Others Join F. I. Du Pont

Lawrence J. Steinbugler, James J. Quinn, Gilbert M. Haas and other associates of Mol & Co. will shortly become associated with Francis I. du Pont & Co., 1 Wall Street, New York City, members of the New York Stock Exchange.

A. A. Mol and I. S. Mol will continue as an investment counsel firm with offices in Hohokus, New Jersey, but will discontinue the brokerage business.

V. V. Hackley Opens

SOUTH BEND, Ind.—Virgil V. Hackley is engaging in the securities business from offices at 911 West Colfax Avenue.

Two With Coburn & Middlebrook

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — William E. Wheeler and Adolph P. Wolf have become associated with Coburn & Middlebrook, Inc., 75 State Street. Both were formerly with J. Arthur Warner & Co.

New York Stock Exch. Weekly Firm Changes

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

Mol & Co. retires as an Exchange member firm on May 31st.

Gordon L. Keen will withdraw from partnership in Bioren & Co. on May 31st.

Ernst B. Kaufman retires from partnership in Hettleman & Co., May 31st.

Thomas A. Portway will retire from M. J. Meehan & Co. on May 31st.

Joseph F. Gleicher, member of the Exchange, will withdraw from partnership in Nielsen, Gordon & Co., May 31st.

Interest of the late Robert Struthers in Wood, Struthers & Co. ceased May 10th.

Reserve Head Decries Deficit Financing

In address before Bankers Club of Chicago, Wm. McC. Martin, Jr. points out in current times of peak level personal incomes, pay-as-you-go principle in taxation is exceedingly important factor in stability. Urges "prudent trimming" of government expenditures in order to avoid deficit financing.

Speaking to the Bankers Club of Chicago on May 28, Wm. McC. Martin, Jr., Chairman of the Board of Governors of the Federal Reserve System, expressed opposition to deficit financing during this time of peak personal incomes, and urged "prudent trimming" of government expenditures along with taxes as means of promoting stability and balancing budget.

W. McC. Martin, Jr.

"The stability which has characterized our economy for the past 12 months in the face of continuing international tension, expanded defense spending, and substantial adjustments in the output of civilian goods is one of the most encouraging aspects in the long-run economic prospects for the nation," Chairman Martin stated. "It is doubtful whether we have ever made so many adjustments in the space of a single year during peacetime and still kept the economic ship on a comparatively even keel."

"That it has been possible to achieve such stability can be attributed in large part to the prompt and effective application of fiscal and monetary, as well as direct, measures of restraint," the Reserve Chairman added. "In times like these when employment, production, and personal incomes are at peak levels," he stated, "the importance of the pay-as-we-go principle cannot be overemphasized. Prudent trimming of government expenditures should accompany the taxes, in order to avoid deficit financing."

So far as the Federal Reserve System is concerned, its primary efforts to offset inflationary pressures have been through discount and open market operations—the traditional tools of a reserve banking system. These actions were effectively supplemented, in Mr. Martin's view, by selective regulation of stock market, consumer instalment, and real estate credit, as well as by the Voluntary Credit Restraint Program. The lenders of the Nation have reason to take satisfaction in their contribution to the successful operation of this voluntary program which has recently been put on a standby basis.

Looking ahead, Chairman Martin said, there are some who feel that the danger of a resumption of the inflationary spiral is slight. With all of the uncertainties in the situation today, however, it is an extremely hazardous occupation to predict what will happen in the months ahead. Accordingly, credit and monetary instruments, which have proved effective in helping to maintain stability, should not be discarded. The Federal Reserve Board has recognized the need for flexibility in monetary and credit measures, particularly in the field of selective regulations, as evidenced by a series of actions during recent months. If there were to be another flare-up of inflationary pressures, the restraining intruments which have proved effective during the past year should again be made available.

Chairman Martin also called attention to the significant changes in the government's financing program announced recently by the Secretary of the Treasury. All financial institutions, he said, have a responsibility to see that the public has every opportunity to learn about these offerings and to appreciate the advantages which accrue to the buyers of the various types of new bonds. One of the most important tasks which bankers face in the next few months is to aid the efforts of the Treasury in obtaining the funds it needs from private, nonbanking sources.

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Prospects of Office Buildings in Central Cities

because of the tax angle? After all, the lower you keep your expenses, the higher your profits will be both before and after taxes, and that is what businessmen strive for.

A Look Ahead

After reviewing the pros and cons, we are now ready to return to the first portion of this talk. The reasons given for the growth of cities back in the early 1900's are still true today. The distributive industries are necessarily located where large concentrations of people are, and that means we now have stores and shops both in and outside the central city. This seems nothing more than an economic law at work, and should not cause any real concern. The president of the largest department store in Newark feels that the super retail center in the city will continue to grow because of the wide selections of merchandise, the congregation in a single center of a number of large stores, and the amusement and recreational activities which a large center affords. He told me than 85% of their charge accounts and 70% of their dollar volume come from outside the city. I think this is amazing proof of the strength of the city. This is particularly true when you consider that Newark has for many years been completely surrounded by suburbs of substantial proportions, all of which have attractive business and shopping districts. Despite this, here is a central city store doing a $50 million business—of which 70% comes from the suburbs.

I was told by another executive, in this case the Executive Vice-President of a large New York department store which has several attractive suburban branches, that these branches actually increase sales in the main store in New York. It works like this. When people open charge accounts in the local branches, they are told that the accounts will, of course, be honored in New York. Many of these charge account customers then go to the main store when in the city and use the charge account facilities while there. Because many of these people never before shopped in the New York store, it has helped to swell the sales volume in the central location.

And so the distributive industries still favor the city. Manufacturing is unchanged. Plants are still locating in cities, in the suburbs and in small towns. If you think, however, that the majority are locating in the suburbs, may I point out that during the years 1939-1947 over three times as many plants located in Chicago as in the metropolitan area were outside of the city. The same is probably true in other big cities.

Now what about the service industries? Has there been any change here? The service industries will continue, in my opinion, to favor the central city. Can you imagine the large accounting firms, the big advertising agencies, the prominent law firms moving out to the periphery? I can't. While selling is a part of the distributive industries, can you picture large selling organizations locating in the suburbs? I can't. The same is true of many, many others, including the large instalment lending institutions.

No, an impartial survey will lead one to conclude that from the standpoint of cost and all of the other facts adduced here, it seems completely illogical for general offices of any size to seriously consider leaving the city. Anyone who thinks it through will also conclude that if many offices were to move out, they would eventually be confronted with the same headaches they had in the city. It is naive to think that one can shop in suburban stores and avoid the crowded condition of the city store. If the peripheral stores are not crowded, they are not profitable and hence would not be there.

Taxes in the country will also go up if many firms move out, for it is inevitable that expanded municipal service must be provided sooner or later. This is particularly true with respect to water supply, sewers, street openings and paving, fire and police protection and perhaps added school facilities. Traffic congestion likewise is bound to follow the crowd. You can alleviate it, but I have yet to see how you can abolish it.

I think we have to admit, however, that regardless of cost some concerns will move out. Perhaps the top executive wants to see his company located convenient to his own estate so he won't have to ride the trains or buck the traffic. They will go, for one reason or another, in limited numbers. That brings me down to this point—that we should not be complacent just because the odds favor the central city. The local building owners and managers associations should not only support but take active part in the movements to solve some of the real problems facing the city today. They may not be identical, but fundamentally they are pretty much the same in every city.

First, there are the slums that I touched on earlier. Many of the cities that have overgrown their boundaries could get back on the upward trend with redevelopment programs of their slum areas. Other cities with room yet to grow would be better off without them. It is expensive I grant you and it present many problems. Most experts agree, however, that when we consider the cost of getting rid of slums we should also consider the far higher costs of putting up with them.

The next thing on your list should be traffic relief. Most authorities on highway and traffic problems seem to agree that the bulk of our traffic has its origin and destination within the metropolitan areas and that our toughest problem is to provide facilities through rather than between cities—and that bypassing cities is not the answer. Due to neglect of this principle in the past, it is now necessary to correct critical urban arterial deficiencies.

We need more parkways, throughways, express highways or whatever you choose to call them. In New Jersey, we are so pleased with the results of a north and south toll turnpike that I think the program is going to be expanded. After you correct these arterial deficiencies, we still have the problem of parking in the city — parking for the all-day worker and parking for the transient shopper or salesman and others making business calls. There are many ways of taking care of parking and much progress has already been made by many cities. The Parking Authority or Commission has been tried by some cities with results reported as good. I know that the City of New York favors a parking authority. Under the plan proposed, they would install parking meters for both regulation and revenue and do it on a wholesale basis. The revenue, and this seems important to me, would be used to support a large bond issue, the proceeds of which would build public garages and parking fields wherever needed. Such facilities would serve many purposes, that is, both civilian defense and ordinary use, and would possibly justify Federal aid and priorities as well as state help.

New York City has estimated that between $60 and $100 million will, before long, be required to provide adequate off-street parking. The city officials realize that no such capital sum can be obtained directly from the city by ordinary appropriations or by sale of municipal bonds backed by general city credit. Therefore, it is felt that the bonds of an authority must be sold, secured only by revenues collected by the authority and not backed by public credit. My only comment is that, if the success of the Port of New York Authority, the Turnpike Authorities and other toll systems is any criterion, the plan outlined will be highly successful.

While time does not permit me to outline what other cities are doing or proposing to do, I would like to mention that Chicago with its proposed underground garages is meeting the issue squarely and will solve the problem satisfactorily.

A more forceful and aggressive administration is a prime need of many cities. Re-zoning for business, industry and residence is also necessary. Up-to-date building codes are needed in some cases. Cities must be made more attractive as a place to live, as well as to do business. Sound economical city government and sound taxes are fundamental to attracting new business and holding what we have. These are some of the conditions calling for remedy and your assistance in solving them is greatly needed. We are prone to let-the-other-fellow-do-it in matters of this kind, but I say that your great and expanding stake in the city of tomorrow makes it compulsory for you to give, individually and collectively, of your time and energy in meeting them.

A Promising Stake

Yes, I think that your stake, the stake of the office building in the city of tomorrow, is a promising one. I am not alone in my faith in the city of the future. The number of large office buildings that have been constructed since World War II is very considerable. The owners of these buildings quite apparently are not too seriously concerned about the future. While I am not speaking officially for my company, I have discussed the question with the executives of our Mortgage Loan Department, and to show their faith in the central city they merely point to some of our investments. Recently, we purchased the land under the Empire State Building and then made a mortgage on the leasehold. It was only a year or so ago that we purchased the Lincoln Building in the Grand Central area of New York. Here in Chicago we have loans on such buildings as the Merchandise Mart and the Field building. I might also mention that under our decentralization program, we are now completing plans for a 41-story building to go up over the Illinois Central tracks at Randolph Street—right outside the loop. I am sure that most of you are familiar with some of our downtown investments in your own city.

The central city and the suburbs are interdependent. The city needs the population of the suburbs to fill their employment needs and as good customers for its stores. My company, for example, draws its 11,000 employees from over 200 towns and cities in North Jersey and New York. The suburb needs the big city payroll to support its residents and the big city stores to provide the wide selection of merchandise that local stores can't carry. The suburbs need the ball games, the museums and many other facilities which the city has and which the suburb can't afford. Insofar as stores are concerned, I cannot get too disturbed over the rapid increase of department store branches. It is obvious to me that the convenience and accessibility of the suburban store exercises a strong pull against wider assortments and selections in the central city store. I think this is healthy for it is the sort of competition this country has grown up on.

There are some things you can't prove, but I have two ideas regarding the future of office buildings which seem logical to me. The first is this: in manufacturing, it is possible to step up productivity through new machinery and technological advances at a faster rate than you can in clerical or paper work. We have had many advances and improvements in office machines, notably, punched card machines, but that helps primarily in bookkeeping and record work only. We can't use machines to administer and supervise. We can't use machines to sell or produce advertising copy. In other words, in general office work there are many functions where machines cannot be substituted for manpower and for this reason the needs for general office space should increase. Governmental red tape and normal requirements of big business growing ever bigger should keep the demand for office space strong.

The second thought goes like this: since 1940, we have been in a seller's market almost without interruption. That means selling staffs have not found it necessary to go out and sell. They have been taking orders. There are many signs today, however, which indicate that supply has caught up with demand. If that is so, then wont it require more salesmen and more aggressive selling than we have had for many years in the highly competitive period ahead? If that proves correct, big sales organizations should expand and more office space will be required. Since 1950, The Prudential has opened 45 new insurance offices. They are the usual small offices of an insurance company but they do illustrate the type of expansion I refer to.

I don't think it necessary to stress the importance of keeping your buildings modern. Having been a reader of "Skyscraper" for 15 years, I know how much attention you are giving this. As new office buildings go up it should not cause too much concern on the part of the managers and owners of older buildings. There will be need for both old and new. The older buildings will have lower rates which will appeal to the great majority of tenants. The new buildings will have to charge several dollars more per square foot than the older buildings but will find tenants who either have to have more space or who, for advertising and other reasons, will want the most modern space available and be willing to pay the price.

The office building of the central city is here to stay. It became popular for economic reasons — it spread building and operating costs and taxes among many tenants who were glad to share those costs in order to have the advantages of a central city location. Those economic reasons are still valid today.

The central city is the axis around which the whole metropolitan area revolves. The part to be played by the office building in the central city is as permanent as the concrete and steel of which it is built. That is why I have every confidence in the continuing value of our stake in the city of tomorrow.

Mitchell Pres. of Municipal Forum

John N. Mitchell, of Caldwell, Marshall, Trimble & Mitchell, New York City has been nominated President of The Municipal Forum of New York to succeed Frederick L. Bird, Director of Municipal Research, Dun & Bradstreet, Inc.

Fred D. Stone, Jr., Vice-President, of The Marine Trust Company of Western New York has been named for Vice-President; Duncan C. Gray, of B. J. Van Ingen & Co., Inc. for Secretary and George B. Gibbons, Jr. of Geo. B. Gibbons & Co., Inc. Treasurer for the ensuing year.

In addition to the nomination of officers, Rollin C. Bush, Assistant Vice-President, of National City Bank and William E. Bachert, Assistant Treasurer of the Bank of New York have been nominated to serve on the Forum's Board of Governors for a three year term.

Election of officers and two Governors will take place at the Forum's annual meeting on Friday, June 27 at the Lawyers' Club.

The Nominating Committee consists of Messrs. William H. Morton, E. Norman Peterson, Harold H. Hahn, P. S. Russell and Harold C. Taylor.

Curb 5 & 20 Club Golf Tournament

The Five and Twenty Club of the New York Curb Exchange will journey to the Sunningdale Country Club, Scarsdale, N. Y., on Wednesday, June 11, where the organization's sixth annual golf tournament will be held. Jacob Feinstein, President of the club, which is composed of Curb members who have held their seats for 25 or more years, announced that the club championship now held by Emil Mosbacher will be at stake and that the Chairman of the board's trophy will be awarded to this year's low gross winner. The President's trophy, presented to Joseph F. Reilly last year, as low gross scorer among Curb Exchange members, will also be among the prizes which include guest awards.

Philip H. Diamond, Chairman of the golf committee, stated that over 200 club members, Exchange members and guests would participate in the day's activities which will be high-lighted by a dinner in the evening.

Assisting Mr. Diamond on the committee are George J. Bernhardt, Leonard C. Greene, Marcus Kaufman, Charles Leichner, Edward A. O'Brien, Milton E. Reiner and Francis X. Gaudino.

Public Utility Securities

By OWEN ELY

New England Electric System

New England Electric System, a registered holding company with 34 active subsidiaries, is the largest electric-gas utility system in New England. The company was recapitalized under the Public Utility Holding Company Act on June 3, 1947 at which time it merged with four subholding companies. The new company had $85 million parent company funded debt and about 6.7 million common shares, which have now increased to 8.3 million (including a recent issue of 920,000 shares). The present consolidated capital structure is approximately as follows:

	Millions	Percent
Funded Debt (including amounts due in 1952)	$191	59%
Preferred stocks of subsidiaries	17	5
Minority Interests	8	3
Common Stock Equity*	108*	33
	$324	100%

*Excluding reported intangibles of about $66 million. The latter amount includes about $62 million investments in shares of subsidiaries in excess of the relative net assets shown by subsidiary books, which figure may be subject to adjustment. As provided by the Plan of Simplification beginning in 1953 and continuing through 1977 (unless the SEC permits discontinuance) NEES will appropriate net income of $1,250,000 a year to be credited to a general reserve relating to investments.

System revenues in 1951 approximated $105 million, of which 87% were electric, 13% gas and a small amount miscellaneous. The system's transportation properties were disposed of in 1950 and the company is currently planning to sell its gas properties. The electric properties are interconnected, constituting a coordinated system. Electric service is provided at retail by 19 subsidiaries in 193 municipalities, of which 141 are in Massachusetts, 27 in Rhode Island, 21 in New Hampshire and four in Connecticut. The total area served is about 4,500 square miles, and the total population 2,135,000. Electric service at wholesale is supplied by two large generating companies to affiliated companies and others for resale, and also to industrial and other large consumers.

In 1951 the system generated about 71% of its power requirements, and purchased (largely from Boston Edison) 29% at a cost of merely $12 million. Of the company's own generated power last year 39% was from hydro stations and 61% from steam. Hydro generation was increased because of the better-than-average water conditions on the rivers, and also due to the new Wilder plant. 1951 capability of generating plants, plus available purchased power, aggregated 1,113,000 kw as compared with 970,000 kw maximum hourly demand, indicating a reserve margin on this basis of about 15%.

Share earnings in the calendar years 1948-51, based on average shares outstanding, have been as follows:

1951	$1.31	1949	$1.41
1950	1.42	1948	1.08

Earnings in the first quarter of 1952 (favored by good water conditions) were 38c vs. 36c last year, despite a substantial wage increase. President Moore has estimated informally that, for the calendar year 1952, earnings may exceed $10 million, equivalent to about $1.27 on the average number of shares to be outstanding. Similarly, the figure for next year is projected at $1.33 on average shares, while in 1954 about $1.45 on outstanding shares is forecast. These estimates are based on normal water conditions and do not assume any rate increases. Naturally, they are "subject to change" due to many fluctuating factors, but they represent the management's best guess at this time.

New England Electric System has a general merger program underway which should eventually reduce the large number of subsidiaries to one wholesale and five or six retail companies, compared with the present 32. This will effect some administration savings.

While the deal developed last year has fallen through, the management still hopes to sell the gas properties if they can realize the desired price. However, they are in no hurry, since a better price may be obtainable by permitting earnings to increase over the next year or so; 1953 should show the full effects of natural gas, which will begin coming in this summer. The cost of converting customers' gas facilities to higher BTU, estimated at $4 million, will be amortized over the next 10 years. Most of the Massachusetts subsidiaries will be served by Northeastern Gas Transmission Co., but two small Massachusetts companies and the Rhode Island companies will be served by Algonquin Gas Transmission Co. The system cost of manufactured gas now averages about $1.52 per million BTUs; the cost of natural gas will be only about 53c (reflecting a rise from 46c due to a rate increase now in effect under bond). By the end of 1953, it is thought that the gas companies may realize a 6% return on the rate base, which is estimated at around $27 million.

The increase in New England Electric's annual dividend rate to a 90c rate on April 1 this year is considered an intermediate step toward eventual restoration of the former $1 dividend rate, which the management hopes to effect as soon as practicable.

The stock has been selling recently around 13¼ (range 13⅝—12 in 1952), to yield 6.8% based on a 90c dividend rate.

With Conrad, Bruce

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Thomas T. Ellsworth has become affiliated with Conrad, Bruce & Co., 530 West Sixth Street. He was formerly for many years with Morgan & Co.

N. J. Doerner III Opens

WASHINGTON, D. C.—Norman J. Doerner, III is engaging in the securities business from offices at 107 Sixth Street, N. E. He was formerly with First Securities Co., Blair, Rollins & Co., Inc. and Euler & Co.

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A New Look at Our Foreign Policy

mitted to rebuild her industries. In accordance with this policy, we agreed to Russia withdrawing equipment from the factories of Germany as reparation payments. We soon saw the error of our ways, and it has been announced that while we were sending some $25 billion worth of equipment into Germany to rebuild her industries, Russia under this agreement was withdrawing some $25 billion of equipment from Germany in order to strengthen her production of industrial goods and implements of war. In effect, we were sending this equipment to Russia.

If only we had remembered the lessons of history and conducted ourselves as a Christian people, today's troubles might be less intense, the world more secure, and the prestige of America a greater influence for good. Our boys might remain at home in desirable and worthy pursuits rather than be drafted as soldiers!

One of the most destructive wars recorded in history was that between the Lamanites and the Nephites on this, the American continent. Moroni, the son of a great general, Mormon, was the only one of his people to survive. He had witnessed the destruction of all of his friends and his loved ones, and he knew that his life might soon come to an end. Oh, how great must have been the sorrow. How intense could have been the desire for revenge! But these are the final words he wrote: "And I write unto you my brethren, the Lamanites . . . Behold, I would exhort you that when ye shall read these things, if it be wisdom in God that ye shall read them, that ye would remember how merciful the Lord had been unto the children of men, from the creation of Adam even down unto the time that ye shall receive these things, and ponder it in your hearts. And when ye shall receive these things, I would exhort you that ye would ask God, the Eternal Father, in the name of Christ, if these things are not true; and if ye shall ask with a sincere heart, with real intent, having faith in Christ, he will manifest the truth of it unto you, by the power of the Holy Ghost."

This is the spirit that we should have had at the end of World War II. This is the love that should have been in our hearts for all of the peoples of the world. This is the spirit by which we could have accomplished our lofty and noble objectives.

We have in our history another example of appropriate conduct at the close of war. At last, after a long and destructive war, Lee's army was surrounded. They were short of food and supplies, and, in keeping with the spirit that prevailed in the closing months of World War II, "They were ready for the kill." But General Grant, anxious to stop further shedding of blood, sent a communication to General Lee expressing the desire to negotiate. In contrast to the spirit of unconditional surrender, General Grant insisted on one condition: "Men and officers surrendered shall be disqualified from taking up arms against the United States." General Lee responded with the proposal to surrender his army. Then Grant, the victor, asked Lee, the vanquished, for suggestions as to where they might conduct their interview. While drawing up the terms of surrender, General Grant observed the sword that Lee was wearing, and he put into the agreement the provision that all officers of the Confederate army should retain their side arms, baggage, and horses. At the conclusion of the negotiations, General Grant asked General Lee if he had further suggestions. General Lee, being concerned over the welfare of his men, asked that they might retain their horses, and General Grant issued instructions that the men might retain their horses so that they could be used on the farms. This is the spirit that should be manifested in all of the policies of this great nation.

During the years following World War I, America took the lead in an effort to establish treaties that would protect the world from war, but, in event of war would tend to humanize the conduct of belligerents. Our effort was to confine the destruction in case of war and to protect the non-combatants — the old, the mothers, and the children. This was all forgotten when we dropped the atomic bomb on Hiroshima. Again we had resorted to the tactics that horrified us when committed by the enemy. Unless history fails to repeat itself, these acts will stand to plague us at important moments in the future.

These experiences during World War II and the condition of the world today causes me to again ask: If we don't believe that our foreign policy is wrong, shouldn't we at least doubt if it is right?

Our Economic Strength

We hear so much about the threats to our safety and the need of building up our military strength that we may have forgotten how really strong this nation is. Steel is the basic raw material of an industrial nation. Whether at peace or at war, you can't hide a steel mill. The operation cannot be dispersed into small units in secret areas. The Russians probably know almost to the ton our capacity to produce steel, and we have very good estimates of her capacity. In terms of the B. Y. U. student body of about 5,000, the capacity of Russia and Eastern Europe to produce steel is represented by about 750 students, while the capacity of the United States and the so-called western world is the equivalent of 4,250 students.

The operation of machinery in peace or in war is dependent upon oil. Here again the relative strength of the United States and Russia may not be appreciated. During 1951 the United States alone produced 52% of the world's oil. Russia alone accounted for about 8%. In terms of the B. Y. U. student body, Russia and her satellites are represented by about 500 while the United States and nations friendly to us are the equivalent of 4,500. In the end, the outcome of World War I and World War II was controlled by the industrial strength of America. Russia is acquainted with this as well as the rest of the world.

The economic and moral strength of the people within a country ultimately determines the strength of the country. Here again the contrast between the United States and Russia should be recognized. In the United States we have one automobile for each four people. It is estimated that in Russia there is one automobile for each 250. Here we have one telephone for each five people, while in Russia the large majority of the people possibly never use a telephone. The average working man in America earns sufficient pay in half an hour to buy a pound of butter. It is estimated that it takes nearly six hours of work in Russia to earn a pound of butter. About 20 minutes of the work will earn the income necessary to buy a dozen eggs in America. In Russia the average workman must work nearly five hours in order to earn the money to buy a dozen eggs. These figures not only indicate that this is a blessed land, but they measure strength and power. If only we had the wisdom to use that power for the good of ourselves and for the good of the world!

Political freedoms are also a measure of strength. It is estimated that in Russia only about 3% of the population are members of the Communist party. This small minority controls the masses, and the masses live on an economic plane below the comprehension of most Americans. There it is only the relatively few who enjoy a satisfactory standard of living, while here the average American is better off than the ruling kings of only a few years ago.

A Lesson From the Past

In terms of economic strength and enduring power, Russia is smaller than the faithful David and we are larger than the challenging Goliath. This being true might not we learn a lesson by reviewing the battle between these two men?

This event occured at a time when the armies of the Israelites and the Philistines were engaged in war. David's older brothers were in the army while David remained home to take care of the sheep. One day his father sent him to the battle front that he might take food and also bring back a report. While David was with the soldiers, the mighty Philistine came out and challenged the army of the Israelites, and the army "were sore afraid." But David was not. He thought of the power of the Lord against the power of Satan and he was not afraid. "And Saul armed David with his armor and he put an helmet of brass upon his head; also he armed him with a coat of mail. And David girded his sword upon his armor. . . ." In the best judgment of the men of the day, David was being properly prepared for war. The Philistine wore armor; therefore, David should wear armor. The Philistine carried a sword; therefore, David should have a sword.

But what did David do? "And David said unto Saul, I cannot go with these; for I have not proved them. And David put them off him. And he took his staff in his hand and chose him five smooth stones out of the brook and put them in his shepherd's bag which he had . . . and his sling was in his hand; and he drew near to the Philistine." The story goes that when Goliath saw David he was angry: "Am I a dog, that thou comest to me with staves?" When the Philistine arose and came toward David, David didn't shrink but ran toward the giant. "And David put his hand in his bag and took . . . the stone, and slang it, and smote the Philistine. . . . " David would surely have lost the battle had he attempted it in Goliath's way. With the help of the Lord, he struck Goliath where he was weak.

How Russia Can Weaken Us

There are strong indications that Russia realizes our economic strength. Surely she delights in everything we do that weakens us. Karl Marx, the spiritual founder of communism, recognized this when he said that the way to destroy capitalism is to "tax, tax, and tax." Each time a family of five sets down to a meal, they should prepare three empty plates on the other side of the table. This would be symbolic of the uninvited guest, the tax collector, who has already consumed that portion of their income. If a corporation was earning $100,000 before Korea and earnings before taxes increased to $200,000, Federal income taxes would amount to about $138,000 leaving only some $62,000. Part of the remaining earnings would need to be retained in the business, and there would be left no more than $20,000 or $30,000 in the hands of the owners after paying all income taxes. High taxes weaken the ability to save and lessen the incentive. It may well be that taxes have already reached such a high level that if these rates continue indefinitely they will weaken the economy as Karl Marx foresaw.

Lenin, the George Washington of Russia, made the prediction that "someday we shall force the United States to spend itself into destruction." More nations have been destroyed through inflation and over-spending on the part of the government than through military conquest. If you were to allot 10 minutes studying the Federal Budget for each $1 million that will be spent during the current year and discontinued your job in order that you could devote all your time to this study, it would require over seven years to read the budget. Taking one minute for each $1 million and devoting half your time to reading the budget, it would still require more than a year to review what will be spent this year by the Federal Government. And let us remember that a million dollars is a lot of money. If we had a personal income of $100 per day, including the Sabbath, for 52 weeks a year, it would require 27 years, or from the age of 23 to 50 to have an income equal to $1 million. A freight train loaded to capacity extending from Ogden to Denver and back to Ogden again would be required to haul an amount of silver equal to one year's budget. We must put our fiscal house in order and preserve our economic strength if we wish to help the world establish peace and render service to our fellow men.

How to Have Lasting Peace

Russia shows many signs of weakness. We should not try to match her in willingness to let our soldiers be killed and in creating misery and poverty. She has apparently denied the right to attack us as David did Goliath with the help of the Lord. She is not a match for our economic strength and she is weak internally. No nation defying God and man's freedom can long endure. In time she will decay and crumble. In the meantime, we should be patient, and preserve our strength, and aid and encourage other nations that they may also grow in strength.

I bear you my testimony that these words are true that were spoken by an ancient prophet: "Behold, this is a choice land, and whatsoever nation shall possess it shall be free from bondage, and from captivity, and from all other nations under Heaven, if they will but serve the Lord of the land, who is Jesus Christ. . . ." If we fail to remain on the side of the Lord, we shall lose regardless of the size or the equipment of armies. On the other hand, if we remain on the side of the Lord, we shall succeed regardless of the military might of any other nation or combination of nations. The Lord has decreed that we shall remain a free people and be a light unto the world if only we will keep His commandments. He has also decreed that we shall lose our freedom if we fail to keep His commandments.

The prophet Paul told us the only road to liberty when he said: "Where the spirit of the Lord is, there is liberty." The only road to freedom is to follow the plan of the Prince of Peace: "I am the light, the life and the way." The only way that we can bring peace to the world is by following the precepts of His Gospel. We must love our enemies, not hate them. We must desire to save them, not to destroy them. We must pity them when they do wrong and not build within our hearts the desire for revenge.

I recently attended an inspection of the ROTC unit on our campus. As the boys paraded on the field, my first reaction was decidedly unfavorable. I thought of the armies of Europe prior to World War II: Germany, Italy, and other nations who put their trust in this tool of Satan. The Devil was then in the driver's seat. Those nations were facing destruction.

As I thought more about it, I commenced to see the virtue in having that unit on our campus. So long as our armies are used as an instrument of foreign policy, what a golden opportunity it presents. Here are 1,200 men who will be officers in the Air Force, who otherwise might be privates in one of the divisions of our military establishment. This will increase their prestige and power to be an influence. And if they go forward with the spirit of missionaries, seeking every opportunity through words and actions to spread the Gospel of the Prince of Peace, they can be a mighty influence for good. We encourage these men to train themselves that they may become the best possible officers, thus increasing their influence and power to serve their fellow men.

I pray that they and all of us will remember that history has proved false the old doctrine that the way to insure peace is to build up large armies. These may postpone wars, but the balance of evidence indicates that they lead either to war or to economic destruction.

There is only one way to bring the world to peace, and that is to bring the world to an understanding of love of Christ. It can come in no other way. "If you unify the intellectual and spiritual forces of the world, the political forces of the world will become one." This is not a unique doctrine of any one group of Christian people. We find it echoed in the words of great and wise men of the past. "Men must be governed by God, or they will be ruled by tyrants" are the words of William Penn. "He who shall introduce into public affairs the principle of primitive Christianity, will revolutionize the world." These words were true when they were spoken by Benjamin Franklin, and they are still true. George Washington, in his Farewell Address, admonished the nation that "Of all the dispositions and habits that lead to political prosperity, religion and morality are indispensable supports."

The great, God-fearing man, Abraham Lincoln, who guided this nation through one Civil War and who never lost sight of the ultimate objective, has told us how we might gain wisdom: "I have had so many evidences of His direction, so many instances when I have been controlled by some other power than my own will, that I cannot doubt that this power comes from above. . . . It is never well with the man who heeds it not. I talk to God, my mind seems relieved when I do, and a way is suggested. I would be the most shallow and self-conceited blockhead, in my discharge of the duties that are put upon me in this place, if I should hope to get along without the wisdom that comes from God."

I hope and pray that as a nation we will turn to the Lord for guidance. May we so live that we will be worthy of His help and His blessings! We must not follow the policies of men when they go contrary to the principles of the Prince of Peace. If we do, we shall only learn to our sorrow the truth of the words spoken by the Master when He said: "If the blind lead the blind, they both shall fall into the ditch."

Continued from first page

Electronics: Promise Has Become a Reality

by evidence that the electronic evolution, if you wish to call it that, is well under way.

The presence of the electronic evolution is indicated by the fact that the F-86, the jet fighter now used in Korea requires 23,000 feet of electrical wiring and 495 vacuum tubes; that a B-36 has 2,143 vacuum tubes; that total broadcast revenues for the television industry totaled $329 million in 1951; that there are 17 million television sets in use.

There is nothing I would like better than to spend the next 30 minutes telling you what the impact of electronics has been upon the United States but I think that you are fairly well acquainted with those facts. At least, those of you who have children know what the impact of television has been. I suspect many of you know what electronic business machines are doing to speed business and accounting procedures; what two-way radio is doing for the utilities, what microwave communications is accomplishing for the oil and natural gas industries.

Since I suspect you know these things, with your permission I would like to take a broader look at what I believe is the place that electronics holds in our future.

Place of Electronics in Future

To most persons the adjective most commonly associated with the word electronic is complex, or perhaps complicated. As compared to a gasoline engine, for example, they consider anything electronic as being capable of being understood only by engineers and perhaps television service men. And there is some basis for this belief.

Ivan Driggs, who is director of the Research Division of the Navy's Bureau of Aeronautics, spoke before the Institute of Aeronautical sciences at Los Angeles on "Complexity, Cost, Catastrophe." In essence he said that if the tendency toward greater weight and complexity in military aircraft continues, we will really have the truly safe airplane. It will not fly.

"Fortune" magazine, in an article on weapons asks whether complexity has gone too far. The article stated, and I quote, "Very few Americans have seen the new face of war; an F-86 and a MIG-15 closing on each other at 2,000 feet a second. 'Complex' electronic devices are inevitable when war is fought at such speeds. Very few indeed are competent to judge whether the F-86 is too complicated (conceivably it isn't complicated enough); among them, however, are some who raise the question."

The article sums up by stating, "The kind of debate now going on among the experts themselves, the top research men, engineers and designers, military and civilian—is proof enough that there is such a thing in U. S. arms as wasteful witless complexity, side by side with indispensable complexity."

In defense of electronics let me say that although I am no judge of the merits of various military aircraft one device designed at Electronics Park and now manufactured in quantities by General Electric is credited by ranking Air Force officers with being a major factor in the high ratio of MIG-15 losses in aerial combat with the F-86.

But I read the excerpts from "Fortune" to show that not everyone is convinced that electronics is a magic wand which will make our enemies bite the dust. Radar such as we have to warn of aircraft approaching the north American continent, can't read the minds of an enemy's chiefs of staff.

Electronics is a valuable tool that can guide missiles, direct gunfire, compute positions and perform many other valuable services. It may give us an edge of superiority but it will not render us inviolate.

Interesting as the story of military electronics is, I believe you are more interested in the other side of the picture, in what effect electronics is going to have on our economy and on our lives. I'm sure you are well acquainted with what the economists predict for our future, for example that by 1960 we will have a population of 171 million in the United States, up 20 million from 1950; that by 1960 we will have 49 million households, up more than six million from 1950 and that we will have a gross national product of $390 billion by 1960, up more than $110 billion from 1950.

A quick glance at the figures show that while population will rise 13% and households 14%, the gross national product will increase 39% or three times as rapidly as the population. The labor force, which stood at 65 million in 1950 is projected at 71 million in 1960, up only 9%. This increase in goods and services, without a corresponding increase in the nation's employable population can only be accomplished by greater productivity.

To me these figures are indicative of several trends that have a direct effect upon the future of electronics, and, in reverse, may be directly affected by electronic developments. The ratio between the increase in population and the increase in gross national product indicates the need for sizable increase in productivity. "Factory" magazine in an issue devoted entirely to the factory of the future says, "Studies show clearly that by 1960 our population will shoot up rapidly, but the civilian work force within that population will rise less fast. So, if we want to go on increasing our standard of living, we'll have to make large gains in productivity."

What is the factory of the future? As the editors of "Factory" magazine describe it, it is a highly automatic plant. "It carries us a big step forward," the magazine says, "on the way we have been moving toward relieving workers of tasks that machines can do better. Most mechanization," I'm still quoting, "so far has been taking the heavy muscle work out of human labor. Today we still use the sensory mechanisms of men and women as control devices. In the future, we'll have more and more machines for this sensory perception. We'll save men and women to make decisions, to do thinking."

I'm not going to describe in detail this factory of the future, because we have bits and pieces of it in operation today, in many industries. There are electronic devices for guiding, testing, weighing, sorting, communicating and controlling.

They relieve workers of fatiguing repetitive tasks as they perform jobs that cannot be done by human beings because of intense heat, high speed, or presence of acids or other conditions that would be dangerous, to life or safety. Integration of these devices into an electronic team results in what is now being called automation.

Factors Hastening Trend Toward Greater Use of Electronics

Since bankers are notable for taking a look at the economic feasibility of a project, and as such are the antithesis of many government planners, I feel I should explain why I believe there are strong economic as well as sociological and political factors which will hasten the trend toward the greater use of electronic devices.

First: we are carrying on an experiment in "pulling ourselves up by our bootstraps," an experiment in intended growth in productive strength, in order that we may meet the threat of foreign aggression.

Second: We are attempting to increase our standard of living at least at the same rate it was increased from 1940 to 1950. To accomplish this, output of goods and services per worker must rise 43% between 1950 and 1960.

Third: The ever increasing pressure to reduce the real cost of goods and services, the technological advancements since the war, the increase in population and therefore the broadening of markets have not only made it practical but necessary to increase the capital investment per worker. Confiscatory taxation could, of course, make it impossible to do so.

Fourth: The increase in the number of highly skilled and even professional employees, due both to complexity of products and to increased mechanization in industry, tends to raise the average purchasing power, creating even greater demands for goods and services. As an interesting example, 8.4% of all employees in military electronics work are engineers while 4.7% of all employed persons in the radio and television industry are engineers well above the average for all industry.

Uses of Electronics

These are a few, but not all of the reasons why I believe there will be an increasing electronic content in industry. But beyond indicating that there is, and will be increasing use of electronic devices that will icrease productivity, I realize that I haven't broken this down into areas in which electronics may play the greatest part in revolutionizing the task of creating goods and getting them into the hands of the public.

First to feel the greatest effect will be the continuous process, unchanging product factory. Next, I believe, or even concurrently, will be the industries with long run mass production of a relatively few products. Third, I believe will be the job lot plant, with electronic devices even here taking over the monotonous repetitive jobs.

Perhaps equally as important as electronic controls will be the increased use of electronic communication and the integration of communications with both production and distribution.

Again, as in electronic controls, we have many of the bits and pieces that can make up an integrated electronic business system. We have closed circuit industrial television, microwave and facsimile for transmission of business information, electronic memory devices and computers, telemetering for reading gauges at long distances, electronic business machines.

A broad application would be a complete nationwide order service and warehouse inventory with all paper work performed automatically by electronic business machines and with business information relayed from point to point by coaxial cable or microwave. Another would be an electronic method of reading household watt-hour meters, transmitting that information automatically to electronic business machines which would make out bills and compile a complete and continuous record. Such applications, although costly, become feasible as industry and commerce seek methods of cutting the real cost of services, as well as goods.

I said in the beginning that we do not have too much evidence yet of the electronic gadgetry which many persons would associate with the coming of the electronic era. True, we haven't yet come up with a Dick Tracy two-way wrist radio, although such a device may be made possible as we learn more about germanium and other semi-conductors.

But there are automatic headlight dimmers now on the market, devices which turn on streetlights as dusk falls, tone controls which permit a dispatcher to select one out of thousands of radio receivers and talk to it along while others tuned to the same wavelength remain silent. Other applications will be engineered as the state of the art progresses and when they become sufficiently useful so that a market can be created for them. Gadgets for gadgets sake have no future, as many an engineer has discovered the hard way. Whatever the gadget is, it must perform a useful or entertaining task better and more economically than can be done any other way. Electronics cannot make a living on the glamor of its name alone, any more than can chemistry or any other field of science.

Effects on Civilization

The electronics industry is in large part a component industry. With the exception of such areas as broadcast radio and television, it manufactures little black boxes which enable mechanical devices to perform work that they could not otherwise perform, but these little black boxes, with their wires and tubes and transistors, are going to have a profound effect upon our civilization and upon our economy.

Not even in the area of television do we yet feel the full effect. But we are beginning to feel it. Never before have so many millions of American voters had a close look at the candidates for Presidential nomination, nor heard them express their views. Television is in this year bringing national politics closer to the "town meeting" form of democracy than ever before possible. This has resulted in a grass roots demand for a preference type of primary which in time may change some archaic estate laws and lessen the power of professional politicians to select a nominee in a "smoke-filled room."

Television Possibilities

Television will give millions of voters a front seat for the Presidential race and I believe, could actually have a decisive effect on the outcome of the election.

Because I believe television has tremendous possibilities for instructing, as well as entertaining I am deeply interested in the experiments in educational television which will get underway as use is made of the 242 ultra high frequency allocations which have been set aside for this purpose. One of the most comprehensive plans has been suggested by the New York State Board of Regents. Experiments like these may lead not only to improved teaching methods in the schools but may bring extension courses to many thousands of Americans.

By 1960 it is expected there will be approximately 48 million wired homes in the United States and market research experts tell us that there can be as many as 53 million television receivers operating in 1960 with perhaps seven to ten million homes having second sets.

Broadly, this is the promise the electronics holds for us. It offers us a means to increase productivity and therefore our standard of living. It offers us quicker and better methods of communication in all areas of industry, commerce, education and entertainment. It offers us a way of making better use of our skills. It offers us a way of bolstering our defense against aggression.

These promises will not turn into reality automatically and without effort on our part.

They call for investment on our part not only of capital funds but of human resources. We must make it possible for greater numbers of young men and women to receive the education and the training that will permit them to participate in this more highly technical civilization and to contribute to its continued growth. We must continue to invest in research, to broaden the base of knowledge on which we can build a stronger economy. The true return on the investment will be measured in the advancement of civilization.

$326,000,000 Ohio Turnpike Bonds Offered

Largest revenue issue in history underwritten by nationwide syndicate of 410 investment firms managed jointly by Blyth & Co., Inc. and B. J. Van Ingen & Co.

Marking the largest issue of revenue bonds ever brought out for any purpose, $326,000,000 State of Ohio Turnpike revenue bonds, project No. 1, are being offered for public sale by a nationwide syndicate of 410 investment dealers managed by Blyth & Co., Inc. and B. J. Van Ingen & Co. Inc. The bonds, bearing an interest rate of 3¼% and maturing June 1, 1992, are priced at 100 plus accrued interest.

The bonds were awarded to the syndicate on June 4 by the Ohio Turnpike Commission, which was created by an Act of the General Assembly of Ohio. The bonds were issued to finance the construction of Ohio's projected superhighway which will connect with the western terminus of the Pennsylvania Turnpike System and extend across northern Ohio for 241 miles terminating at the Indiana line in the northwestern corner of Ohio near the point where U. S. Route 20 intersects the border. Construction will start immediately and completion of the turnpike is expected by May 1, 1955.

Under the Turnpike Act the bonds are issued in the name of the State of Ohio by the Commission and are payable solely from revenues from the turnpike. The bonds are subject to redemption at 103% if redeemed on or prior to June 1, 1962 and at prices decreasing to the principal amount if redeemed after June 1, 1982. The bonds will have the benefit of a sinking fund which is calculated, based on traffic estimates prepared by Parsons, Brinckerhoff, Hall and Macdonald, to retire the entire issue by July 1, 1971. Interest on the bonds is exempt from all present Federal income taxes and from taxation within the State of Ohio.

Christopher D. Smithers

Christopher D. Smithers passed away at his home at the age of 87. Prior to his retirement in 1921 he was senior partner of F. S. Smithers & Co., New York City.

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Price Bargaining Now a Legal Hazard to Buyers

had been added largely as a Congressional afterthought.

Yet it is that cloud, which in 1936 looked no bigger than a man's hand, that has today perhaps come to darken your entire horizon.

The original and erroneous impression of the American businessman that the Robinson-Patman Act covered only groceries or goods sold for retailing should by now be thoroughly dissipated.

For the last 16 years, despite the prolonged prevalence of a sellers' market, have made clear the ubiquitous reach of this law against price discrimination. It has immediate and comprehensive effect upon every sale in interstate commerce. It is not limited to monopolies or to those who conspire to fix prices. It has impact, in the form of a Trade Commission proceeding or a treble damage suit, upon every business, large or small, wholly apart from its size, its relative position in an industry, the importance of the products it buys or sells, or whether the goods are sold for resale or for use in further manufacturing.

Historically, it is true that action by the Commission first began against those who sold finished products for resale, either to wholesalers or to retailers. But none of you needs to be reminded of the rapid extension of Commission complaints and orders to embrace those who sold commodities or components to industrial consumers for use in the manufacturing process. The **Glucose** cases, in which the Supreme Court held "phantom freight" to be an unlawful price discrimination, had their chief effect on raw materials purchased by men in this hall. The **Cement** case of 1948, and the resulting shift of f.o.b. mill pricing in steel and other industries, brought differing costs and new problems primarily to industrial purchasing agents. Important cases now before the Commission and the courts involve charges of price discrimination in the sale of component parts to manufacturers. Only the most obtuse businessman today can fail to know that the Robinson-Patman Act is of almost universal application.

Primarily, however, and until recently, Trade Commission enforcement concerned sellers. Up to 1950 there had been only a few complaints against buyers, usually in uncontested cases. Little attention was paid to the provision of the Robinson-Patman Act that, for the first time, had created buyer responsibility that made it unlawful for a purchaser—

"**knowingly** to induce or receive" a **prohibited** "discrimination in price."

Those who bothered to examine that provision covering buyer conduct thought it clear, and possibly applicable only to extreme and unusual situations.

For on its face it required that two conditions be met: First, that the lower price received be in fact unlawful. Second, that the buyer know of the illegality.

If you look back to what Congress had said, the buyer provision appeared largely designed to be a defensive shield for a small manufacturer in dealing with large chain store buyers. It would enable the small manufacturer to tell the buyer who insisted upon an illegal concession that the law was being violated and thus make the buyer equally guilty.

Except in these rare cases where the buyer coerced or browbeat a seller into giving him an inside price, that obviously never could be justified by cost or competition, it seemed that those whose daily job it was to purchase materials were not required to underwrite the seller's honesty and legality. The buyer was not required, at his peril, to pass judgment as to whether the supplier was meeting the broadly applicable but vastly complex requirements of the Robinson-Patman Act.

Beyond argument, none of you imagined that whenever you bought goods you were always buying a potential prosecution, or that unless you paid the highest price charged, or took the smallest volume discount given, by the seller, you did so at your peril lest it later turn out that the seller, without your knowing it, was violating the Act.

Instead, most lawyers advised their purchasing agent friends that the law required merely a rule of good faith and prudent conduct. Despite our normal instinct to hedge, we were ready always to say that where the buyer in good faith asked the seller whether the price was legal and was assured that it was, in a situation where there was no reason for disbelief, the buyer was fully protected against any charge of violation.

Unfortunately, it now turns out that we were wrong, that this rule of good faith conduct on the part of a buyer is not enough, and that whenever any of you take a price lower than you know another fellow is getting, you will be in grave legal peril.

Today the Trade Commission firmly insists that no distinction between a buyer and a seller can be made. As a buyer, you may always be presumptively a lawbreaker whenever you take a lower price.

In short, the Commission interprets the law today to put the buyer in the seller's shoes. To understand your new position—to perceive how awkwardly you stand—and how difficult it may now be for a buyer to walk a lawful path—let us first see how these Robinson-Patman Act shoes have been fitted to the seller of goods.

In the first place, almost all lawyers—and by their express admission many courts — do not know what the Robinson-Patman Act means as applied to many common selling practices. Its broad reach is matched only by its incredibly inept drafting. Of its language, one judge informally remarked, "The damn thing doesn't even parse." In interpreting that language, the Commission has wobbled from confused certitude to crystal clear confusion.

Even today—on the selling side—there are vast areas of argument about functional discounts, goods of like grade and quality, comparable transactions, freight equalization, and the good faith meeting of competition.

In short, for the seller to know when and whether his prices and pricing practices are lawful is not easy for him or for his lawyer. The penalty of error is a Commission complaint and cease and desist order—or a costly treble damage judgment.

Primarily, these difficulties flow from what the Commission and the courts have done to the law. Fifteen years ago you might fairly have been told that the Robinson-Patman Act, despite its ambiguities, would be applicable only where discriminatory price substantially hurt another fellow, and that even where it did, there were available clean-cut justifications such as cost savings or meeting competition.

It is perhaps important now for you to know how this has come to be changed.

To begin with, not all price differences for the same goods are unlawful. The basic idea was that only those price differences that **may** substantially injure competition could be challenged. That requirement may have been eroded by the Supreme Court in the **Morton Salt** case, and much debate continues as to whether competitive injury need be merely "possible" rather than "probable."

But for the Federal Trade Commission this requirement of competitive injury is wholly academic. It deals in inferences and presumptions. If a man sells the same product at different prices, in competition with another seller, or to customers who compete with each other, the Commission simply **presumes** that competition will be injured. All price differences, therefore, become presumptively unlawful.

That idea of a legal presumption ought to intrigue you. It is an old shortcut to say that if one thing is found, the existence of another will be presumed unless the contrary is shown. Ordinarily, presumptions operate to establish legality or regularity of conduct. Many of us will never forget the law student who mistakenly observed—on the presumption of legitimacy—that whenever a married woman gave birth to a child, and her husband was anywhere in the country, the child was presumed to be **hers!**

But presumptions of illegality are a novelty. To say that different prices given to competing customers are always presumptively illegal is a drastic rule indeed.

There is no use in objecting that on this basis every published quantity discount becomes presumptively illegal. You will find only administrative agreement that it does.

For as against a seller, the Commission has made its position clear: A different price to two competing customers, or where the seller is competing with anyone else for the particular business, is enough to **presume** competitive injury and unlawful pricing. It is then up to the seller to disprove the presumption, to prove that none of his competitors, and no competitor of the favored customer, could have been economically injured.

Indeed, in a pending case to be argued in the Supreme Court next Fall the Commission appears to be contending for an even more drastic rule. It argues that where there is substantial difference in price the presumption that competition may be injured can never be rebutted.

Of course, in most cases proving a negative, establishing that a basically undefined effect is impossible, is beyond the competence of most mortals. The net result is that the element of competitive injury has substantially been read out of the Act. The seller must look elsewhere in the law, must seek to prove that his price differences were cost justified, or had been given in good faith to meet competition.

While I briefly recite the seller's troubles in attempting to show these justifications, please consider whether you as buyer might have even a more difficult job in doing so.

As to cost justification, the statute provides that price differences can be justified by the seller's showing that they make only due allowance for savings in the cost of manufacture, sale or delivery. To take a random example, if one buyer purchases a product boxed and another takes the same product in unpackaged form, the price to the bulk buyer can reflect the saving in packaging costs.

Superficially, it might appear relatively easy to show cost justification. In actual practice, under the principles laid down by the Commission, for a seller to show cost justification is a long, arduous and expensive task. Some years ago it was aptly termed a trial by the ordeal of cost accounting.

Cost accounting, particularly distribution cost accounting, is not a fully developed science. Even after months of work by the seller's accountants, the Commission accountants may insist, and the Commission agree, that entirely wrong theories of allocation were employed. In one case the needed cost study took eight outside accountants and a company staff nine months—comprehended manufacturing costs, number of invoices, lines per invoice, branch office costs in five cities, deliveries, warehousing — all of which ended on IBM cards for a 100-page cost report, that the Commission finally rejected. Often it is doubtful whether a seller can, with precise exactitude, ever know his selling costs.

Never can he be certain, in advance, that the Commission will accept his determination. For the seller, cost justification is a difficult if not an illusory defense.

As to meeting competition, the Commission, as you know, fought to the Supreme Court its insistence that a seller should not always be permitted in good faith to meet competition. That view was rejected by the Supreme Court in January, 1951, in the **Indiana** case. But only last month the Commission announced its further view that anyone who meets a lower price given by everyone else, or does so regularly over a period of time, cannot ever be acting in good faith. Even on this defense of meeting competition—so vital to any concept of a truly competitive economy — sometimes you see it, more often you cannot. Congressional efforts to clarify the confusion, to enact specifically the good faith rule of the **Indiana** and other cases, appear to be stymied.

For the reasons that I have so hastily and inadequately outlined, it is, therefore, always difficult for a **seller** to know whether his pricing is or is not lawful. As we have seen, the law is extraordinarily complex: new interpretations are constantly developing to enshroud in illegality more and more recognized pricing practices. The requirement that a price difference have some adverse competitive effect has for all practical purposes been abolished by the Commission's use of the presumption that any different price to competing buyers is *prima facie* illegal.

Few sellers can afford or survive the ordeal of justification by cost accounting and even those who make this venture can never know until the end of a prolonged proceeding whether they have been acting legally or illegally. One who seeks lawfully and in good faith to meet competition may, at this time at least, encounter only legalistic confusion.

Lest your sympathy for those who **sell** goods overwhelm you, or your conviction crystallize that the best future for your children is to train them as Robinson-Patman Act lawyers, let us turn again to the provision concerning your responsibility as buyers.

Up to last year it was assumed —I dare say by most lawyers— that the buyer in his daily work need not hazard these legal pitfalls that beset the seller. On the score of practicality, any other view would have been rejected. Your job of buying materials, components and supplies is necessarily as skilled and as sensitively important to the success of the enterprise for which you work as the correlative tasks of manufacture and sale. Every day, in myriad interstate transactions you bargain with particular sellers over prices. You have been expected to do so by your companies, by your competitive philosophy and, until now at least, by our legal system.

To suggest that these ambiguities as to what is or is not a lawful price—these uncertainties and all of these vagaries of administrative interpretation — were applicable to encompass in the same cloud of confusion all those whose job it is to buy goods, would have been fantastic.

The provision about buyer responsibility was always thought by most of us to embody the concept of a reasonable buyer acting in good faith.

As to whether a purchasing agent **knows** he is getting a different price, realism suggests that he always will know that much. If he is knowledgeable about the market—if he has canvassed all available sources of supply—if he is reasonably informed—in short, if he knows his job—he will know fairly closely what he is paying compared to others. If he takes advantage of an available volume discount, he necessarily knows that he is paying less than others buying smaller quantities. Only where the seller adheres to a one-price policy would a purchasing agent be assured that he was paying the highest price paid by anyone else.

Since the Patman Act, in both text and legislative history, recognized that the economies of mass production and mass buying, of all savings in the cost of sale or distribution, could be reflected in pricing, any alert and expert purchasing agent would be expected to see to it that they were so reflected in what he bought.

Hence if the requirement that the buyer act "knowingly" meant merely that he knew only that he was not paying the seller's highest price, it was obviously meaningless. The required knowledge had to be more—had to be knowledge that the lower price he got was **in fact unlawful.**

Since no buyer could be certain that two different prices were lawful, that the seller could later justify them from his books, the supposed standard was that of a reasonable man in the position of the buyer. He could not blind himself to the obvious, by asking and taking a lower price that any reasonable businessman should know could never be justified. He could not be deaf to what a seller told him and reasonably was believable; for example, that the lower price given was below cost. Nor could a buyer use his buying power as coercion, and blackjack a seller into a lower price which the supplier warns him is illegal.

But that is not the usual case. The professional purchasing agent is equally as interested in continued quality, reliable performance, and certainty of supply as he is in price. Fairmindedly, he knows that over the long pull these are feasible only where the supplier makes a fair return.

The buyer usually does **not** know the seller's detailed costs—of manufacture, selling and delivery. These are closely guarded in most businesses. They vary from time to time. At best the buyer knows the practice of the trade, the range of discount feasible, the scope of saving possible. Even more important, he should be permitted to rely upon his seller's honesty and not have to underwrite the legality of another man's activities.

Hence the reasonable operating rule was thought to be that the buyer would be guilty only where he knew or should have known that the lower price was in fact unlawful. This seemed to be what the law plainly demanded — knowledge of a **prohibited** price discrimination.

Moreover, the rule of the

"reasonable and prudent businessman" conformed to the legal precedents, and fitted all analogies in commercial law. These universally recognized that trade and commerce could not long survive—in a complicated and integrated economy—if one had to be absolutely certain that another fellow was acting lawfully before dealing with him. Everywhere there was a demonstrated unwillingness to hamstring commercial dealing by requiring more certainty than good faith, reason, and prudence can produce.

I could burden you endlessly with the learning on holders in due course of negotiable instruments, or of bills of lading, or the certifications under the Wage and Hour Law and other statutes, and many other instances in which the rule of good faith is applied.

Undoubtedly, you are familiar with the most recent example where last July your Association got an OPS ruling that a buyer acting reasonably and in good faith is not responsible for ceiling price violations—because, the OPS recognized ceilings are often based on labor or material costs "beyond the knowledge of the buyer or purchasing agent."

Thus on language, logic, common sense, precedent, and analogy —lawyers advised their purchasing agent friends to follow this rule of good faith and prudent conduct.

We thought it reasonable.

Reasonable, perhaps to us, but utterly wrong, said the Federal Trade Commission in 1950, and the Federal Court of Appeals in Chicago agreed with it in 1952.

The decision was that all of the presumptions of illegality, and the burden of proving the seller's cost justification, apply to the buyer precisely as they apply to a seller. If the buyer takes a lower price, he acts at his peril. A Commission complaint, or perhaps even a treble damage suit, can be instituted against him.

If it turns out that the seller was pricing in violation—if the buyer cannot get the seller to produce his cost accounts to permit the buyer to escape the presumed illegality—the result is an order.

That order blanketly prohibits future buying at any price lower than the price given any competitor, or given to anyone else where the supplier competes with another supplier for your business.

You may remember that in "Oliver Twist" Mr. Bumble says with vigor:

"If the law supposes that, the law is an ass and an idiot."

Incidentally, Mr. Bumble also was talking about a legal presumption, that a wife always acts under the direction of her husband, and observed further:

"If that's the eye of the law, the law's a bachelor; and the worst I wish the law is that his eyes may be opened by experience."

Unfortunately, and seriously, the Commission does not agree with Charles Dickens.

Under the Patman Act it says it cannot distinguish between a buyer and a seller, it perceives no difference in what the buyer or the seller should know about the seller's pricing and costs, it has no difficulty in requiring that the buyer act at his peril and be required to underwrite the legality of what the seller charges him.

Let me briefly tell you how the Commission got there.

It brought a complaint against the **Automatic Canteen Company**, a large lessor of vending machines, who also sold the vending machine merchandise to its lessees, charging that it had induced and received unlawful price discriminations from about 80 different candy manufacturers.

The buyer insisted that the Commission prove that the lower prices were not cost justified, that it would be impossible for him to produce 80 suppliers with their books and records.

The Commission held, however, that all it had to prove against the buyer was the receipt of a lower price, that it could infer competitive injury merely because the buyer refused to purchase from other fellows charging higher prices. It ruled that the buyer had to bring his sellers into the proceeding or in some other way prove cost justification.

This the buyer refused to do, and stood on the words of the law. Accordingly, the Commission issued its order prohibiting that buyer from knowingly taking any "net price" lower than the seller was giving other customers, whenever either the seller or the buyer was competing with others.

The order went on to provide that the buyer could, if he were able, show compliance by himself proving in the future, to the satisfaction of the Commission, that the seller who supplied him had cost justification for any lower price.

The rule is absolute: Knowledge means knowing only that you are paying less than a competitor, as anyone taking a volume discount would know. Everything else automatically follows to make you guilty, unless you can prove your seller's costs or his good faith in meeting competition.

Since an order cannot exceed the statute, this means, of course, that the same rule applies in determining violation in the first place. A buyer taking any lower price now acts at his peril and must be prepared to defend what the seller is doing.

The Commission, of course, is not the last word. There are the courts. The buyer-respondent appealed. Others joined and urged that the rule of the reasonable businessman be announced, that if all of the legal mumbo-jumbo of the Patman Act were thus applied to buyers, the results would be far-reaching in the important field of purchasing, that the idea that a buyer must know his seller's exact costs or else act at his peril was fantastic, and that the Commission's interpretation was wrong and, if followed, would hamstring trade.

All of this was unavailing. The court treated the problem as a technical question of the burden of proof. It told the buyer he could not complain about the burden of justifying what his 80 sellers had done, because he hadn't tried. When the buyer later asked to present evidence that the job was impossible, he was told that he had elected his theory of not trying, and was stuck with it.

By using judicial blinkers, and relying on this ground that the buyer was precluded by his own theory, the court upheld the Commission without ever really facing up to the basic issue of the application of the reasonable buyer rule of good faith. All that touches on this question in the opinion is a very short dictum.

I am not wholly clear about what it means but I give it to you. Said the court:

"It is no doubt true that it is more difficult for a buyer to establish his seller's cost justification than it is for the seller from whom he bought. But we cannot say that it is unreasonable or arbitrary to expect a buyer who induces or knows he is receiving prices substantially lower than his competitors to make some good faith effort to ascertain that such lower prices are justified by lower costs in the sales to him. Nor can we assume that the Commission will be so arbitrary or unreasonable as to the quantum of proof required of the buyer . . . as to deprive him of due process."

Like most legal talk, this means what you want to make of it. Given proper effect, it might mean that the courts will recognize prudent, good faith action by a buyer as a defense. But do not assume that the dictum means you can satisfy the Trade Commission merely by asking your seller and being told by him that his prices are lawful. For even after the court spoke, the Trade Commission reiterated its view that "where you have knowledge of the discriminatory nature of the prices" you are guilty irrespective of any assurance given you by a supplier. For the Commission, a price difference remains presumptively, always an illegal price discrimination.

Next Fall the Supreme Court will be asked to review this new interpretation that whenever a buyer takes a lower price—and merely knows that it is lower—he always hazards a lawsuit in which he can be held guilty unless he can prove the legality of his seller's conduct. The Supreme Court may measure whether there is any difference between what the seller and the buyer knows about the seller's costs. Perhaps, too, there may be an echo of Holmes' observation that no rule of law, not even the suffrage amendment, could obliterate the difference between a man and a woman.

In another case now pending, the buyer has asked the Commission to permit him to bring marketing experts to prove that a buyer does not know—and cannot know— enough about his seller's costs to determine legality, and that it is unreasonable to hold him to this rule. Whether the Commission will listen to this argument —will revise its theories—is not yet known.

Nor may you assume that these two pending cases are isolated instances. Other identical complaints have issued and like orders entered. True, they have by and large concerned buying of goods for resale. But logically—and in the Commission's view—the same rule applies to the purchasing of raw materials for manufacture of components and of supplies for industrial consumption. The history of Patman Act enforcement is the story of rules evolved on goods sold for resale applying with equal force to commodities sold for manufacture.

It is, therefore, no exaggeration to say that this new concept that you buy at your legal peril applies almost universally to the purchasing activities of every man in this hall.

Why, you may finally ask, are such weird rules evolved to plague your daily job?

The only explanation I can give you is that the Trade Commission and its staff are obsessed with the force of price alone. In their view, price alone determines and almost solely motivates business conduct. They believe sincerely in the principle of indifference, that on like goods at the same price, a seller is utterly indifferent as to who purchases his wares, and a buyer equally indifferent as to the source of his supply.

As a corollary, they are convinced that any change in price among sellers will always shift the business.

Of course, if that is really true, a great deal of good liquor has been poured out by some salesmen to no useful purpose.

Yet wholly foreign, perhaps, to many of these administrative folks, is any understanding of the purchasing agent's job, of his responsibility for keeping the factory wheels turning without hazardous inventory risks, of his necessary interest in quality, in dependability of supply, in timely service, and, of course — but neither cardinally nor solely—in economical cost. The NAPA Handbook and your Association's Bulletins ought to be—but alas are not — required reading for the Commission and its staff.

Because of that obsession with price alone, because they seem to believe that only one-price selling is fair and holy, Trade Commission people have a basic suspicion of anyone who obtains a lower price. Doing so is thought reprehensible, and they are not loath, but enthusiastically willing, to urge that any buyer who does not pay the highest price, in the words of the Commission briefs, "takes the risk" of violating the law. He must be certain of his seller's costs. He invites a complaint, and must meet the presumption of illegality.

No longer is the buyer, or the man from whom he got a lower price, presumed to be innocent until proved guilty. The lower price alone supports against either the presumption of illegality.

Whether the Supreme Court will countenance this new rule, or even whether the Supreme Court will be willing to review the case, one cannot predict. If the rule is sustained to become the law of the land, the practical consequences are primarily for you to forecast.

I remain unconvinced that one-price selling is necessarily good for the economy, that realizable savings cannot safely be reflected in lower prices without saddling the buyer with the risk of a legal proceeding and little hope of defending it.

I am convinced that you cannot make bargaining about price a legal hazard without threatening real competition.

Clearly, you cannot do so without creating inflationary pressures. The Commission's position will, I think, inescapably set a floor under prices. In any period of potentially dangerous inflation, the effect will be to prevent the legitimate bargaining that often helps hold prices in line.

Nearer to home, however, for each of you may be the direct impact of this new rule on your daily activities. I cannot envisage a purchasing agent becoming wholly indifferent to price. I do not see each of you insisting, in order to be legally safe, on paying the highest price charged anyone else.

The result may well be that each of you will have to become legal experts — indeed, become proficient in doing what few lawyers would try—determining at a glance in the dynamics of the market place who may or may not be violating the complex, confounding, obscure, and obfuscated provisions of the Robinson-Patman Act.

Perhaps in the end — as Plato said of philosophers and kings—all purchasing agents will have to become lawyers, or only lawyers be permitted to serve as purchasing agents. Either prospect is awesome to contemplate.

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Television to the Fore

Pipe Line Company is installing a thousand-mile Philco system to control the automatic dispatching, metering and control of petroleum products on its new pipeline from Casper, Wyoming, to Wood River, Illinois.

Because of the many advantages offered by microwave systems, their growth possibilities are very substantial. Every large organization with a long right-of-way and a need for high-speed communications facilities is a potential customer. The growing network of turnpikes, pipelines, waterways and decentralized industry plants offer special opportunities for growth.

The lifting of the freeze on construction of new television stations by the Federal Communications Commission, will create a demand for very large quantities of microwave relay equipment to link the new stations into network facilities.

During the past four years, Philco has attained a position of great importance in the development of transistors, an electronic device which may eventually be as significant a development as the three-element vacuum tube. Scarcely larger than a lead pencil eraser, transistors may be substituted for tubes in military equipment; will make possible lighter and more efficient battery-operated and portable radio receivers, and will benefit television—both black-and-white and color — by increasing reliability and decreasing cost.

Their major contribution, however, will be to extend the applications of electronic equipment to new fields and to greatly extend the present frontiers of communication.

Obviously, such a fundamental new development in electronics has a profound effect on our present actions and planning. We are greatly expanding our transistor program in both the military and commercial fields. Because of our background in solid-state physics and semi-conductor work, Philco has been selected by the government to carry out an important part of the urgent military program for research on transistors and the transistorizing of military equipment. This program should lead to tremendous physical reductions in size and weight and equally important improvements in the reliability of the complex electronic systems used for military communications, detection and control.

No Substitute for Tubes

Transistors cannot just be substituted for tubes. The entire equipment must be redesigned. The job is of the same relative magnitude as changing from steam to diesel power in a locomotive.

The availability of transistors will make possible the eventual marketing of new Philco products in the fields of communication and industrial controls as well as new and improved consumer products. Over the next several years, the pioneering that we are doing in transistors should add substantially to our total volume of business and also add to the usefulness and value of the products we are already manufacturing.

In these days, it sometimes seems to me that there is too much discussion of industries—not enough of individual companies.

Which companies are doing the research work?

Which companies have well-rounded organizations?

Which companies have good distribution organizations?

Which companies have substantial management ownership?

The refrigeration business today is a good case in point. You have read of many companies drastically reducing prices and curtailing production. On the other hand, Philco is offering the public a line with new features and great values and our business is so good that we increased production last week, and we have a big back order position from our customers.

Conclusion

The opportunities are greater today than ever before. The science of electronics is going ahead at tremendous speed. Think of the transformation that television has wrought in our ways of living in five short years. I predict that there will be equally marked changes in the years just ahead of us. I am often reminded of those words of Robert Browning spoken about an earlier age, "It was great to be alive and to be young was heaven itself." I believe this conviction is held by everyone privileged to be associated with the electronics industry.

Mutual Funds

By ROBERT R. RICH

Funds To Contest Ruling Preventing Plan Insurance

Mutual funds which have been selling periodic payment plans with life insurance coverage said yesterday they would definitely contest in court a New York State ruling which prevents them from using such life insurance provisions.

The ruling, which was made Monday by New York State Attorney General Nathaniel L. Goldstein at the request of the Insurance Department, says that group insurance cannot be issued by organizations selling securities to customers on an instalment basis in which each payment completes a purchase in itself with no further indebtedness on the part of the investor, or in a case in which the organization would buy back the securities upon the death of the insured.

The State Insurance Department said that the Group Insurance Law, which defines those groups in New York State to whom insurance can be sold, would only permit the sale of group insurance to periodic plan investors if the investor was legally obliged to complete the plan or if the estate, in the event of his death, was obliged to complete the purchase of securities for the balance of the plan.

Mutual fund officers in New York expressed surprise at the suddenness of the ruling, since periodic plans of this type have been sold in New York State for nearly twenty years.

Beginning in the early 'Thirties, Financial Independence Founders Plan Corporation was selling periodic plans with such insurance coverage. These contracts were in 1940 taken over by First Investors Corporation, which has continued to use both Connecticut General Life Insurance Company and United States Life Insurance Company. Connecticut General has been offering this group insurance coverage since 1932 and U. S. Life since 1935.

First Investors said that today only one-third of all their monthly payment plans are covered by insurance and that of this amount only one-third is in New York State. Ten years ago, nearly two-thirds of the monthly payment plans were insurance-covered.

The ruling by the Attorney General does not affect group insurance now in force on periodic payment plans.

Fund Places Report In Larger Setting of Free Enterprise

Manhattan Bond Fund is believed to be the first investment company to include in the official document of a semi-annual report a statement to its shareholders explaining how the operation of the fund is related to the American market economy.

Extracts From the Report: "Your investment in shares of Manhattan Bond Fund was made with money you earned and saved, or—if you were especially fortunate—with money someone else earned and saved for you. Our system of private ownership and free enterprise made this possible. . . . Interest payments [from corporate bonds] are the source of income of Manhattan Bond Fund and are therefore *the* source of dividends on your shareholdings in funds. . . . Our system of private ownership and free enterprise gives well-managed corporations the opportunity to borrow money, to earn and pay interest on what they borrow, and to repay their borrowings at maturity. In turn, this permits corporations to improve their products or services, to create new ones, to reduce costs, to employ more people and to pay better wages." Obviously, your interests, the interests of other Americans and the interests of the American system of private enterprise are identical.

Although editorial comment in this column on the operation of any particular mutual fund is rarely given, the recognition by a fund of its obligation to explain to its "owners," many of whom have never been shareholders before, the simple mechanics of our enterprise economy as it relates to their own interests is certainly praiseworthy, and it is not surprising that this should first be done by one of the Hugh W. Long funds which, with others, has been keeping to a rather high standard of operation.

Mutual funds, as business entities, are not difficult to understand, and they readily yield to the apparatus of various economic analyses, including unit cost studies, the functions of their prices, and the relationship to the economy of the demand for their shares.

However, mutual funds, more so than other businesses, if they continue the rapid rate of their growth, are one day going to change perceptibly the political complexion of this country and, as pipelines, may become the most important source of equity capital in this economy whose income distribution is becoming increasingly egalitarian. Hugh W. Long did not start too early.

Natural Resources Fund of Canada Begins Offering

General public offering of 1,966,383 shares of capital stock of Natural Resources of Canada Fund was begun yesterday at $3.50 per share by Frank L. Valenta & Co. A total of 1,966,383 shares of the Fund's capital stock was registered recently by the Securities and Exchange Commission. Since the effective date of the registration, 53,206 shares have been distributed. The Fund's net assets on May 29 were $308,865.

Mr. Valenta said that Natural Resources of Canada Fund is the only American managed open-end mutual fund registered with the SEC which will concentrate its investments in the securities of companies, wherever organized, operating in Canadian natural resource fields.

He pointed out that Canada's great and expanding reserves of raw materials are in worldwide demand and that Canada possesses greater supplies of many natural resources than many other nations.

Canada is recognized as the world's leading exporter of non-ferrous metals. It ranks first in the production of nickel and asbestos and is a leader in the output of copper, lead, zinc, gold, platinum and uranium, as well as many other metals. Canada is also one of the world's largest refiners of aluminum because of its low-cost water power, although the ore comes from other sources. Since the end of World War II a new titanium industry has been developed.

Only four other areas, United States, the Middle East, U.S.S.R. and Venezuela have larger oil reserves than Canada. That country has immense timber reserves and vast high-grade iron deposits.

The portfolio of Natural Resources of Canada Fund, according to Mr. Valenta, will include the shares of such companies as Imperial Oil, British American Oil, McColl-Frontenac Oil, Anglo Canadian Oil, Calan Consolidated Oil & Gas, Central Leduc Oils, Del Rio Producers, Federated Petroleums, Hudson Bay, Hollinger Consolidated Gold Mines, Placer Development, Dome Mines, Hudson Bay Mining & Smelting, Kerr Addison Gold Mines, the Mining Corporation of Canada, Noranda Mines, Canada Cement, Canadian Celanese, Canadian Pacific Railway, Shawinigan Water & Power, Abitibi Power & Paper, Canadian Western Lumber and St. Lawrence Corporation, among others.

Financial Tax Bill Goes to Board of Estimate Next Week

New York City's bill to increase the annual levy on financial businesses from the present ⅖ of 1% to a proposed ⅘ of 1% will be considered by the city's Board of Estimate on June 12. The bill passed the City Council on Tuesday of this week.

After the bill passes the Board of Estimate, the Mayor must advertise for five days a public hearing, after which it will become law. Leaders in the financial district said there was no hope of any relief being granted at the city level. Efforts will be concentrated on the State level next January where an attempt will be made to have the New York State Legislature amend its original amendment to article 2B of the General City Law which among other provisions authorized the city to increase its taxes on financial business.

Taxes at the new rate will be payable in June, 1953, on the gross receipts for the entire calendar year 1952. Taxes at the new rate for financial businesses will be four times greater than those paid by other businesses and 800% greater than the tax level of early 1946.

Mutual Fund Notes

CANADA'S WEALTH of natural resources plus the wisdom of her government and industrial administration makes this northern neighbor an attractive area of investment opportunity, according to Calvin Bullock, New York investment management company. This is not alone due to Canada's current industrial expansion, the company adds, but equally because of the hard core of its traditionally sound economic development.

"Furthermore," states the company in a current study, "in our present and probably continued 'garrison state' it is indeed comforting to realize that Canada has the same basic Western political and social philosophy as we do and also has tremendous untapped natural resources."

Highlighting the factors attendant upon the phenomenal growth during recent years of the Canadian economy, the study reviews Canada's land and people; its gross national product; the Canadian fiscal policy; the country's natural resources and basic industries; its oil and natural gas, and the foreign trade and foreign capital inflow of the Dominion.

From a fiscal standpoint, Calvin Bullock finds, the Canadian economy is unique—it is the only major country in the postwar period that each year has had a surplus and reduced its debt.

"Perhaps the most indicative index of the fundamental strength of Canada's current economic position," according to the study, "is the fact that its dollar, which was selling at a 10% discount as recently as September, 1950, is now commanding a premium."

THE SHIFT from Wall Street to Main Street in the ownership of American industry was graphically illustrated by a survey of the shareholder list of a leading mutual investment fund. Released in connection with the 12th annual report of National Securities Series by Henry J. Simonson, Jr., President of National Securities & Research Corporation, the study revealed that 44,208 small investors holding an average of only 221 shares each, owned over 65% of the trust's net assets. At recent prices, the average investment of these small shareholders, none of whom own as much as 1,000 shares, would be around 1,200.

There were larger shareholders too. Holders of 1,000 shares or more numbered 3,025. This group held an average of 1,689 shares each, which represents an average investment of about $9,000 at recent prices. Shareholders also included 229 fiduciaries and 53 institutions and foundations.

The wide geographical distribution of some 53,000 shareholders was equally striking. Every state in the Union, the District of Columbia, the U. S. Territories and Possessions, Canada and other foreign countries were represented. Less than 5% of the shareholders reside in New York City.

It is interesting to note that there are 19,700 women shareholders of National Securities Series which exceeds by 50% the 12,033 men shareholders. There are also 14,668 registrations in joint names such as husband and wife, husband or wife and a child, etc.

The shareholders range in age from one to 101. Mrs. Josephine H. Hopper, age 101, of Port Henry, New York is believed to be the oldest shareholder of National. The youngest of the shareholders is believed to be Steven Newman of Radnor, Pennsylvania, at age one.

Net assets of National Securities Series as of the fiscal year-end on April 30, 1952 were reported at $93,793,058 as compared to $83,080,412 a year earlier and $2,599,555 10 years earlier.

Shareholders of National Securities Series now number 53,806 as against 45,310 a year earlier and only 1,732 10 years earlier.

MORE THAN one-third of the total liquid assets held by Americans at the end of 1951 were in corporate securities, Grady Clark, Vice-President and general sales manager of Investors Diversified Services said today.

Individual holdings of corporate securities totaled about $210 billion at the close of 1951 representing more than 38% of the country's total estimated liquid assets of $550 billion.

"This means that for every man, woman and child of our 155,000,000 population there was invested an average of $1,355 in the securities of the industries we must rely upon to keep supplying us with the goods, the services, the jobs and wages and taxes that keep our economy functioning," Clark said.

"This is the kind of 'public ownership' that can and must be aggressively encouraged, as an integral part of our capital enterprise system. When we sell this kind of participation in the system by more Americans we are strengthening the system itself in the most practical possible way."

Clark predicted that assets of the country's mutual investment funds, which enable the average investor to purchase in a single security a broadly diversified investment in a wide list of corporations in many different industries, will approach or exceed the $4 billion mark at the end of 1952, if sales continue at present levels.

MONTHLY SALES of the mutual funds department of Ira Haupt & Co. exceeded the half-million dollar mark for the first time, it was announced by Anthony M. Reinach and Charles E. Bacon, partner-in-charge and manager, respectively, of the department.

For the month of April 25 to May 24, the firm's mutual fund sales totaled $503,746. The sales force at present consists of 45 sales representatives. Ira Haupt also has 12 additional men under a sales training program who will join the force shortly. The firm is currently interviewing for a new sales training program, Mr. Bacon added.

JOHN A. MUNRO, Vice-President of National Securities & Research Corporation, in charge of the Economic and Investment Department, addressed the luncheon meeting attended by over 100 members of the Corning Rotary Club on Thursday on the "Business Outlook for the Remainder of 1952."

"A review of economic trends," Mr. Munro said, "shows that by and large, we have not been going down hill but rather largely moving in a sideways pattern."

"The basis of our economy today is largely a high level of civilian activities with the spending for rearmament superimposed to create an almost all-time high level when measured on a physical basis."

"The Gross National Product," Mr. Munro stated, "is estimated at $344 billion for 1952, which is higher than the $327.8 billion all-time record high of 1951.

"Personal income was," said Mr. Munro, "estimated at $260 billion for 1952 and will top the $251 billion for 1951, the previous all-time high. Accordingly, 1952 will not be a poor year for business volume."

In summarizing, Mr. Munro stated, "that business should improve in the last half of 1952 and the first quarter of 1952 will prove to be the low quarter of the year. The business outlook appears 'good' for the balance of the year."

WITH ABOUT 60% of total net assets invested in securities selected for their price stability, the Fully Administered Fund of Group Securities continues in its most conservative position. Holdings in this category included top-quality electric light and power bonds, government bonds and cash.

The balance of the fund was invested in common stocks of good quality with public utility stocks comprising about one-quarter of those currently held. Tobacco stocks, selected for their good return and relative stability, represent another one-eighth of the stock position. The balance is widely diversified in other good quality stocks.

Profits were realized by The Fully Administered Fund during the period. The common stocks of Celanese Corporation of America, The North American Company and Parke Davis & Co. were sold. The common stock of Middle South Utilities was added to the utility holdings and subsequently has increased its dividend and advanced in price.

ONLY EIGHT percent of American families directly own common stocks, and "this figure should be closer to sixty percent," said Merrill Griswold, Chairman of Massachusetts Investors Trust, Boston, Sunday, in the "Your Money at Work" series over WOR. Mr. Griswold suggested that the average family, after accumulating savings of half a year's wages, and taking out adequate insurance, should invest regularly in the mutual fund best suited to individual needs. The radio talks are sponsored by Kidder, Peabody and Company.

TWO DEPARTURES from the routine type of "tombstone" advertisement used in the sale of new issues of securities are contained in an advertisement offering shares of Natural Resources of Canada Fund. The unique features are the return coupon which potential purchasers may use to obtain a copy of the offering prospectus, and the use of a gray tone background for illustration and copy.

NEW PROSPECTUSES

JOHN H. LEWIS Fund on May 15, 1952, released a new prospectus. Available from 63 Wall Street, New York 5, N. Y.

FOUNDERS MUTUAL FUND on May 9, 1952, released a new prospectus which can be obtained from First National Bank Building, Denver, Colo.

NATION-WIDE Securities Company has just prepared for dealers a new prospectus, dated May 10, 1952. Available from Calvin Bullock, One Wall Street, N. Y. City.

NATURAL RESOURCES of CANADA Fund is distributing its initial prospectus, dated May 19, 1952. Available from Frank L. Valenta Company, 52 Wall Street, New York, N. Y.

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The Security I Like Best

NORMAN de PLANQUE

W. E. Hutton & Co., New York City
Members, New York Stock Exchange and Other Exchanges

Hussmann Refrigerator Company

Hussmann Refrigerator common stock, listed on the New York Stock Exchange and selling around 18½, would appear to offer the patient investor an above-average current return and an excellent opportunity for capital gain through the anticipated further growth of the company.


Norman de Planque

Hussmann is the largest unit in the expanding commercial refrigerator business. The growth of super-markets and the distribution of frozen foods in the past 15 years has seen this company's sales expand from $2.5 million in 1937 to $19.6 million in 1951. Net income for the same periods increased from $301,000 to $1,420,000.

The food retailing industry, the basis for Hussmann's business, is a colossal enterprise, entailing tremendous tonnages of products and a 1951 sales volume estimated at more than $30 billion. It has been characterized historically by intense competition, heavy inventory turnover and low profit margins. Changes in merchandising methods have been adopted very slowly simply because of the ponderous character of the industry.

Food retailing has always been faced with a multiplicity of problems, all of which have stemmed from the basic concept of successful merchandising — getting the greatest volume of profitable sales from each unit of counter and display space.

The development of the open-top self-service refrigerated display cabinet in the late 1930s solved a great many merchandisings problems. Through self-service principles, labor is devoted to productive preparation and stocking of foods, rather than wasteful customer attending. Foods are readily available for the shopper's inspection and choice. The merchant is able to move a greater proportion—65%—of sales in the more profitable perishable foods than he could before its introduction. The cabinets themselves are adaptable over a wide range of humidity and temperature conditions to permit their use with foods varying from ice cream to fresh fruits and vegetables.

This development led to a revolution in food merchandising methods. Super-markets have increased their share of the total food business from 19% in 1940 to an estimated 42% in 1951, and super-markets comprise only 3.4% in number of all grocery stores. Even more amazing is the growth in the self-service application from 15% of sales in 1940 to an estimated 76% in 1951.

These amazing figures still do not tell the full facts about the further potential growth for the commercial refrigerator industry. Recent surveys show that less than 60% of food stores have facilities for the preservation or display of frozen foods; that fewer than one-third in number of these stores have modern self-service display cabinets; and that almost one-third of these "modern" cabinets are in need of replacement. Industry sources place much of the blame for recent gluts and price wars in frozen foods on the lack of refrigerated cabinet space at the retail level.

With this strong statistical background for the further growth of Hussmann Refrigerator's business —both in original equipment and for replacement—it is easy to pass over such temporary harassments as the recently-lifted NPA ban on commercial building, which only slowed for a time the rapid expansion of super-market construction. With its lifting, clear sailing ahead would be indicated for Hussmann's commercial refrigerator business.

To the commercial business must be added a considerable volume of government work of a similar nature—large walk-in coolers for the Armed Forces—and a new venture in airframe construction as a subcontractor for several major aircraft manufacturers. First shipments under the latter program were made only recently from a converted warehouse now turned factory, and volume production (equal in fact to domestic refrigerator dollar volume) is expected before the end of 1952. This new division in no way curtails refrigerator sales, and will serve as an excellent hedge in our half-war, half-peace economy.

Hussmann common stock is selling near its three-year low at 18½. It sells at only 5.5 times 1951 per share earnings, and at only 4.5 times five-year average earnings. Dividends have been paid regularly each quarter since 1936, and on the regular dividend of $1.20, the stock affords a current return of 6.5%, and based on 1951 payments of $1.50, the return is 8.1%. The book value, conservatively stated, was $21.15 per share at Dec. 31, 1951, and net current assets were in excess of $13.30 per share. The EPT exemption base is about $3.44 per share, after normal and surtax and deduction of the small preferred stock dividend.

Continued from first page

As We See It

on in the minds of those at the helm. The willingness, not to say positive eagerness, to see wages rise as evidenced virtually every day; the invitation to State and local governments to go ahead with their spending plans; a similar abandonment of the so-called voluntary credit controls as applied to private borrowers; the suspension of curbs on instalment borrowing; and the lack of interest by the Treasury in getting its obligations out of the banks into the hands of nonbank lenders—these are some of the more recent indications of a change of heart at the nerve centers of the Federal Government and of the Democratic party managers.

This, of course, is not the first time the wiseacres in Washington have of late years proved not to know or to understand what is going on in the business community—and here is one of the many reasons why we have no faith whatever in the ability of a politically chosen few to manage the economy. The reader will readily recall how badly awry official ideas were about what would take place after the end of the fighting in World War II. The planners sought to justify their erroneous forecasts by talking about premature removal of controls and all the rest, but the fact is that along with many, many others, their thinking was largely under the influence of World War I experience, and some sort of drastic "shake out" was all but inevitable, according to many official observers for a good while.

But continued activity of a feverish sort, and persistently rising prices, caused some of the economists, whose duty it was to tell the President what to think, to feel more confidence—more confidence buttressed by the doctrine then in vogue that consumer expenditures were controlled by consumer income and by little else, and that the state of business could not be other than good so long as consumer expenditures kept at such a rate. We were at length safe at least for the time being from the hazards and sufferings of under-consumption. Investment outlays were going well, too, and so were the gifts sent abroad by a liberal American Government.

Explaining Rearmament

A certain lull in 1949 caused some uneasiness in breasts grown confident that the business cycle had been thoroughly analyzed and brought under control, but even before the outbreak of trouble in Korea at the middle of 1950, the state of business and the outlook had so improved that confidence was pretty solid in Washington. After a period, during which preoccupation with purely military difficulties all but smothered out other considerations, the prognosticators set to work to tell the country what the economic effects of Korea were destined to be.

It was perhaps natural that World War II was taken as a working model. We had to go to work producing enormous quantities of war goods, at the very time that we had to build up our armed forces by drawing millions of men (and women) from the labor force. Materials, too, had to be shunted from peacetime goods to war goods. After a short time scarcities of this and that would put in their appearances. Controls were required and were put into operation to make sure that the rearmament program would not suffer from undue competition from the private sectors of the economy. It would require official controls to prevent prices from rising—and all the rest.

For a time, events followed some such pattern as this. Some shortages arose—as much from government action and from private practices inspired by government policies as from any other causes—but they developed here and there. Prices rose fast enough in all conscience because the consumer, supposing that government spokesmen knew what they were talking about, rushed into the market place, particularly for items which had proved difficult if not impossible to obtain during World War II. And so the group of managers in Washington, while bungling badly almost everything they undertook to do, gave the impression to the unthinking that they knew what was in store for us.

But they had reckoned without the behavior of the rank and file of the people. Officialdom had fallen victim to that queer species of ultra-modern economic theory that the consumer is a sort of automaton who always can be relied upon to spend a certain relatively fixed proportion of what is known as personal income for consumption goods. Here is where a big mistake was made.

He Fooled Them!

The man in the street may not be widely or deeply read in the theory of this or that. He may not know what John Maynard Keynes said he would or would not do. But when he got over his temporary panic, when he found his stock of ordinary goods pretty comfortably built up, and when he came to his own conclusion that prices were too high, he simply stopped buying. It was certainly not because he lacked funds. It was not for want of current income. He just decided that the time had come to wait on price reductions—and he did.

And the planners are in a quandary!

News About Banks and Bankers

CONSOLIDATIONS
NEW BRANCHES
NEW OFFICERS, ETC.
REVISED
CAPITALIZATIONS

Frank A. Howard has been appointed a Vice-President of the **Chase National Bank of New York**, it is announced. He will be associated with Thomas M. Findlay, Vice-President in charge of Chase's three branches in Cuba. Mr. Howard, who has been a member of the bank's staff for more than 30 years, served its affiliate, The Chase Bank, in Hong Kong, British Crown Colony, for almost 20 years before that office was closed early last year.

* * *

At the regular meeting of the Board of Directors of **The National City Bank of New York** held on June 3, Ralph D. Standish was appointed an Assistant Vice-President. Mr. Standish has been Manager at the Osaka, Japan, branch since 1947 and will now be stationed at the Bank's Head Office in the Far Eastern District.

* * *

The conversion of the **National Bank of Orange County at Goshen, N. Y.** into **The Bank of Orange County**, with a capital of $220,000, has been approved both by the Comptroller of the Currency and the New York State Banking Department as of May 15.

* * *

The New York State Banking Department approved on May 8 a certificate whereby the **State Bank of Pearl River at Pearl River, N. Y.** will increase its capital from $70,000 to $100,000, the stock consisting of $10,000 shares of $10 par each.

* * *

The Howard National Bank & Trust Co. of Burlington, Vt. through the sale of new stock to the amount of $600,000, has increased its capital, effective May 28, from $600,000 to $1,200,000.

* * *

Action will be taken this month by the stockholders of the **Westfield Trust Co. of Westfield, N. J.** and the **Cranford Trust Co. of Cranford, N. J.** to merge the institutions as the **Central Union Trust Co.**, with corporate offices at Westfield. This is learned from advices to the Newark "Evening News" of May 28 by a staff correspondent at Westfield, which said that the proposal will be put before stockholders in Westfield June 23 and in Cranford June 24, the account adding in part:

"The announcement was made today by Frank E. Betz and Robert E. Crane, Presidents of the Westfield and Cranford banks, respectively, following approval of the plan by their boards of directors. Besides a stockholder OK, approval of State Banking and Insurance Commissioner Gaffney would be necessary for the merger. They said the personnel of both banks would be retained and that branch offices of the Westfield bank would be continued in Scotch Plains and Garwood."

"The merger would bring together two old institutions serving the heart of Union County. The Westfield Trust Co. was formed in 1892 and the Cranford Trust in 1904. The combined banks would have assets in excess of $30,000,000 and total capital funds in excess of $1,900,000, including reserves."

* * *

Thomas C. Boushall, President of **The Bank of Virginia of Richmond, Va.** has been named National Councillor of the Chamber of Commerce of the United States, representing the Richmond Chamber in the activities of that organization. As National Councillor, Mr. Boushall will serve as Chairman of the delegation from the local Chamber to the annual meeting and special meetings of the U. S. Chamber. He will be a member of the Nomination Committee to fill vacancies on the board of that organization, and will report to the Richmond Chamber on matters of importance that come to his knowledge in his capacity as Councillor.

* * *

As a result of a stock dividend of $250,000 the **Mid-City National Bank of Chicago, Ill.** has been increased, effective May 29, from $500,000 to $750,000.

* * *

The Birmingham National Bank of Birmingham, Mich., has been enlarged to the extent of $125,000 by the sale of new stock to that amount, increasing it as of May 28, from $375,000 to $500,000.

* * *

John M. Block, Vice-President of Southwestern Bell Telephone Company, has been elected a member of the Board of Directors of **Boatmen's National Bank, of St. Louis, Mo.** it was announced on May 13 by Harold T. Jolley, President of the bank, it was made known in the St. Louis "Globe Democrat," which noted that Mr. Block, a native of Pasadena, Cal., has been affiliated with telephone companies in the Bell System since 1921, principally in California. He located in St. Louis last July.

* * *

Effective May 14, the capital of the **First National Bank of Missoula, Mont.** was increased from $200,000 to $250,000 by a stock dividend of $50,000.

* * *

The Wendell National Bank of Wendell, Idaho, with a capital of $50,000, was placed in voluntary liquidation on May 10, having been absorbed by **The Idaho First National Bank of Boise, Idaho.**

* * *

The sale of new stock to the amount of $250,000 has served to increase the capital of the **First National Bank of Delano, Cal.** from $150,000 to $400,000, as of April 30.

* * *

As a result of the growth of its business in Sacramento, **the Anglo California National Bank** will open another office, its fourth in that city, it was announced on May 29 by Allard A. Calkins, Chairman of the Board. The new unit, to be named the Midtown Office, will be located at Twenty-first and O Streets on a lot, negotiations for the purchase of which have just been concluded. Preliminary plans are now under way for a modern bank building construction of which will start as soon as practicable after the National Production Authority has approved the project, Mr. Calkins said. Anglo Bank at present has three banking offices in Sacramento; the bank operates three additional offices in the Sacramento Valley, located at Chico, Red Bluff and Redding, and 25 other offices, located in the San Francisco Bay Area and in the San Joaquin Valley.

* * *

The appointment of Lt.-Col. John C. MacKeen, as a director of **The Royal Bank of Canada** (head office Montreal) is announced. He is President of Nova Scotia Light & Power Co. Ltd. and subsidiaries, and Moirs Limited, and Vice-President of Cossors (Canada) Limited. He is a director of a number of companies, including Eastern Trust Company, Mersey Paper Co. Ltd. and Eastern Canada Savings & Loan Co. Col. MacKeen's father, the Hon. David MacKeen, was a director of the bank from 1896 to 1916.

Midwest Stk. Exchange Elects Officials

CHICAGO, Ill.—Homer P. Hargrave, partner of Merrill Lynch, Pierce, Fenner & Beane, Chicago, was reelected to serve as Chairman of the Board of the Midwest Stock Exchange at the annual election of the Exchange held today. Merrill M. Cohen of J. M. Dain & Co., Minneapolis was elected to serve as Vice-Chairman of the Board, succeeding John A. Isaacs, Jr. of St. Louis.

Homer P. Hargrave Merrill M. Cohen

New members of the Board of Governors elected today were:

From Chicago: John J. Griffin; Walter E. Kistner, A. C. Allyn & Co. and James M. Pigott, Central Republic Company.

From Cleveland: Daniel M. Hawkins, Hawkins & Company.

From Minneapolis: Charles L. Grandin, Jr., Piper, Jaffray & Hopwood (Mr. Grandin was reelected).

St. Louis: A. V. L. Brokaw, Friedman, Brokaw & Co.

The following were elected members of the 1953 Nominating Committee:

William A. Fuller, Chairman, William A. Fuller & Co., Chicago; Clemens E. Gunn, Gunn, Carey & Co., Cleveland; Thomas E. Hosty, Sincere & Company, Chicago; Henry W. Meers, White, Weld & Co., Chicago; Irving J. Rice, Irving J. Rice & Co., St. Paul; Alfred E. Turner, Chicago; Edwin R. Waldemer, Stix & Co., St. Louis; Robert C. Wilson, Chicago.

Continued from page 13

Rewards of Financial Success Will Be Smaller

rate of taxation which was already exceedingly burdensome. The provinces were almost crushed under the burden of the imposts laid upon them; and the taxes were exacted from the people with the most extreme difficulty. In consequence, industry sank beneath this system which deprived it of all its earnings. Production steadily diminished, and a rise in the prices of all commodities followed. Diocletian attempted to remedy this evil by a decree fixing the maximum price for all the necessaries, and many of the luxuries, of life. But this violent interference with the natural laws of trade thwarted its very design, and simply aggravated the evils it was intended to remedy."

Problems We Face Are Not New

And so, my friends, you see that the problems we face today are really not new at all. Our forefathers could and did anticipate these problems because they had the whole recorded history of man to guide them. Names and dates and places may have changed; but human nature itself has remained very much the same since the Garden of Eden. And throughout the ages, the leaders of nations—whether they have been called Kings, or Emperors, or Dictators, or Presidents, have had a natural inclination to grasp more and more power for themselves, and to extend that power ever further over the lives and affairs of the people.

That is why Thomas Jefferson said:

"Do not talk to me about the integrity of public officials. I say chain the politicians to the limitations of the Constitution itself." And that is what the authors of our Constitution sought to do.

But it has been said that a successful politician is a man who can rock the boat himself, and persuade everybody else that there is a terrible storm at sea. So if the boat rocks violently enough, and if people are thoroughly frightened, they will agree to jettison the chains of which Jefferson spoke. And after that, it is only a matter of time until the politicians—thus released—forge new and stronger chains with which to bind the people.

Emergencies Can Be Solved Under Constitution

Yet in spite of all the boat-rocking and the *mal-de-mer* that we have suffered in this country, I think it can truthfully be said that never in the history of our Republic has there been any emergency — however critical—that could not have been met successfully and completely within the strict limitations of the Constitution. I do not believe that the safeguards in that document which protect our individual liberties have ever really posed the slightest threat to our national security.

The idea of a government which should forever be dedicated to human freedom and the dignity of man was just something that our forefathers dreamed up on the spur of the moment in 1787. The Constitution in which they embodied that idea was based on 180 years of experience here in Colonial America. It went back hundreds of years beyond that to Runnymede and the Magna Charta. It went back thousands of years beyond that to the laws of Moses: and it went back an eternity beyond that to what William Blackstone called the "natural law" — the law of God Himself.

Blackstone pointed out that when the Supreme Being created man out of dust, He impressed certain principles upon that dust from which it can never depart and without which it would cease to be. He declared that no human laws can be of any validity if they contravene those God-given principles; and he held therefore that the primary end of all human laws must inevitably be to maintain the absolute rights of individuals.

And of all the individual rights which our forefathers handed down in their legacy to us, none perhaps has been greater nor more fruitful to our society than the traditional right of every American NOT to be mediocre—the right to use and enjoy his individual freedom; and the incentive to develop to the highest possible degree his personal creative talents.

Yet on all sides of us we now find men who are willing — or even eager — to surrender the God-given rights of their neighbors in the hope of gaining some temporary advantage for themselves — some handout from the State, some grant of personal power, or some political favor. Believe me, my young friends, you cannot afford to let anyone surrender your freedom in that fashion.

You cannot afford it because, in a nation which makes political obeisance to the common man, you have deliberately chosen to become uncommon men and women. In an age which frowns upon success, you have chosen to equip yourselves for the achievement of success. And in a world where minorities are often persecuted, you have chosen to join that very small minority of highly-educated men and women who are qualified to assume positions of leadership and who are prepared to suffer the penalties which attach to leadership in any field of endeavor.

Not so many years from now—along about 1975 perhaps — most of you will be attending another commencement. Possibly you will be sitting right here on this self-same campus, watching proudly as your own sons or daughters walk up to receive their diplomas. But with how much confidence will you be able to look upon the future of those young men and women? What will be their chances of success? What hope will they have of achieving security for themselves and their families? Will you even be able to tell them truthfully — as I have told you today — that economic survival is no problem in America?

Well that depends on you. It depends on your ability to pass along to them, undiminished, the great heritage of individual freedom which our forefathers willed to us. It depends upon the skill and the determination with which you fight to prevent the further erosion of our Consitutional liberties and to regain those which have already been taken away from you. It depends, first, last and always, upon the wisdom and the energy with which you discharge your civic and political obligations to your fellow citizens.

Many of you will be eligible this year to vote for the first time in a national election; and so you will take your first—and possibly the most important step of all—on your long journey through life.

Stretching out before you are many roads, with gaudy signposts painted in attractive colors; but the one particular road which you must find has three distinguishing characteristics: It is the spiritual road to peace; the economic road to real security, and the political road to freedom. Nor can you trust the signposts; for all of them will speak invitingly of peace, security and freedom.

But if you use the Constitution as your beacon—if you will ally yourself firmly with those who fight to defend it, and if you will claim as your mortal enemies those who would weaken and destroy it—you will find in it a compass that will lead you safely and surely to the road you seek.

Consult that compass at each step of the way and follow it with confidence; and if by chance you find somewhere along the way that you have lost your course, then above all, have the courage to turn back and to retrace your steps, for there is no true progress save in the right direction, and the best of roads can be the worst of roads if it leads to the wrong destination.

But I must delay you no longer. The time has come for you to start on your journey. I wish you Bon Voyage. May you go with the guidance of God, the wisdom of Solomon, the patience of Job, and the courage of your own convictions!

Halsey Stuart Group Offers Equip. Tr. Ctfs.

Halsey, Stuart & Co. Inc. and associates are offering $3,960,000 Baltimore and Ohio RR 3⅛% serial equipment trust certificates, series EE, maturing June 1, 1953 to 1967, inclusive at prices to yield from 2.15% to 3.25%. Issued under the Philadelphia Plan, the certificates are being offered subject to authorization of the Interstate Commerce Commission.

The certificates are secured by 1,000 50-ton steel hopper cars estimated to cost $4,950,000.

Other members of the offering group are: R. W. Pressprich & Co.; A. G. Becker & Co. Inc.; Freeman & Co.; The Illinois Co.; Wm. E. Pollock & Co., Inc.; and McMaster Hutchinson & Co.

B. G. Phillips & Co. Offers Camco Oil Shs.

B. G. Phillips & Co. of New York City are today (June 5) offering publicly a new issue of 300,000 shares of common stock of Camco Oil Corp. at par ($1 per share) as a speculation.

Camco Oil Corp. is a recently formed New York corporation which has been assigned leases on certain prospects in the Wilcox Pool area in Creek County, Oklahoma, and in the Carter Oil Simsboro prospect in Lincoln Parish, Louisiana.

Jas. Stilwell Opens

OKLAHOMA CITY, Okla.—James F. Stilwell has opened offices at 4015 North Classen Street to conduct a securities business.

Thornton Opens Office

BROOKLYN, N. Y.—Emily A. Thornton has opened offices at 221 Avenue S to engage in the securities business. Mrs. Thornton was formerly a partner in Fruin & Thornton.

3 With Waddell & Reed

(Special to THE FINANCIAL CHRONICLE)

ATLANTA, Ga. — James C. Moore, Wiley L. Moore, and Wiley L. Moore, Jr. have joined the staff of Waddell & Reed, Inc.

With Reynolds & Co.

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Joseph A. Luger has become connected with Reynolds & Co., 39 South La Salle Street. He was formerly with Faroll & Company.

Continued from page 16

Our Negative Foreign Policy

methods, but the premises of the enemy, thus leading us to betray at home and abroad the cardinal principles of the free society we seek to defend."

So much on the military side. But there is an even more important economic side to the picture. As part of our policy of containment, we have set up an economic blockade of the Communist countries. Not only do we refuse to trade with them ourselves, but we use the power of the purse to forbid our allies to do so. Thereby, the heavily industrialized, densely populated Western Europe countries, which have to import a large part of their food supply anyway, are cut off from their natural markets in the predominantly agricultural regions of the Soviet zone. In consequence, there is a deficit in the economies of all the Western European countries which the United States has had to make good by direct subsidy or doubtful loans, all at the expense of the American taxpayer.

This is an artificial situation which obviously cannot go on indefinitely without overstraining the American economy. Meantime, the **permanent recovery and rehabilitation** of the European economy, which depends upon the free flow of trade between East and West, and between Europe as a whole and Asia, is being delayed. If we withdraw our subsidies, the consequent poverty and distress would undoubtedly create conditions under which communism would spread, instead of being contained. Our European allies know this, and while I would not suggest that they would use this knowledge to blackmail Uncle Sam, I do maintain that this situation increases their bargaining power and puts us at a corresponding disadvantage. In fact, the sources I referred to before, report British and French leaders as saying frankly that we would not dare to shut off our subsidies because in that case they would have to make a deal with Russia.

When we turn to Asia, the situation is equally threatening. In the name of containment we have cut off the flow of trade between Japan and the Asiatic mainland, principally China, with her 450,000,000 people, rich in raw materials but needing everything necessary for industrial development. Japan on the other hand, whose 80,000,000 people are crowded on a few islands and have less arable land than our one state of California, can only support herself by importing raw materials and exporting manufactures. The principal source of her raw materials and the greatest market for her products has always been China. How is Japan to feed her people if we forbid her to trade with China and Siberia? For the present we are meeting that situation also by subsidies and by the expenditures of the American army in the Japanese market. But that, too, is an artificial situation. We cannot afford indefinitely to underwrite the food deficit of 80,000,000 Japanese, and it seems very doubtful that Japan, which is a proud nation, when once she gets her freedom, will continue to take orders from us on a matter so vital to her very existence. Furthermore, if Japan is barred from the Chinese market, it is certain to intensify her competition in India and other countries, to the obvious and great disadvantage of the English and other European exporting countries. This matter has already been the subject of anxious debate in the British Parliament.

All in all the policy of containment and boycott would seem to be a blind alley from which we can escape only by a humiliating retreat—or by war.

I won't have time to discuss the several other points in which I believe our foreign policy to be mistaken. There are limits to what one can crowd into a ten-minute address. But there is one more point I would like to bring up.

Some time in 1953 or 1954 we and our allies are supposed to reach the peak of our military strength. The cost of rearmament may then taper off somewhat, but the best estimates are that the mere cost of maintenance of our military establishment will be at least $30 billion a year from then on—some say much more. What do we do then? How long must we continue to support that burden of armaments **and at the same time subsidize our allies and former enemies to keep them from trading with the Communists and thus breaking our economic blockade?** How long will our allies remain willing to take orders from us in matters affecting their vital economic interests **and their national self-respect?** And another thing — **suppose the Communists declare peace instead of war,** and just sit tight and wait for us to crack under the strain of our own policies? They've always believed, you know, that the capitalist system would some day collapse of its own weight.

One reason why arms races have always ended in war is that, having climbed to the peak of one's military strength, there is no way to climb down again without either going to war or disastrously losing face. Also, at the peak of an arms race there are so many people who have an economic reason for NOT making peace that the job becomes doubly difficult.

How do we climb down from that point to the place where we can disarm and so rid ourselves of the crushing twin burdens of armaments and subsidies? I see nothing in our present foreign policies that offers any hope of such disarmament. We seem to be coasting along on a wing and a prayer, to use the words of the old song—the wing being the false and temporary prosperity generated by the arms race, and the prayer a fervent hope that our enemy will crack up before we do.

If we try to meet the problems facing us primarily in terms of force, there is grave danger that we will end up as a garrison state, with no more personal liberty than exists in the police states of our opponents.

If the alternative to war means standing idly by while our precious arms, which we shall have bought at such a heavy price, become obsolescent, as they certainly will, I fear the temptation to seek a solution through war will become too strong to be resisted.

There are alternatives to the doctrine of force, but that is beyond my assignment tonight. I hope my colleagues will deal with that side of the subject, and I stand ready to be corrected and to change my opinions in the light of what they may have to contribute to this discussion. So far, however, unless the United States makes a radical change in its approach to this whole complex problem, I see no other outcome from our present policies except a war which may well destroy everything we are supposed to be defending.

Bennett Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

HOLLYWOOD, Calif.—Augustus A. Ward, Sr. is with Bennett & Co., 6253 Hollywood Boulevard.

Continued from page 3

More Letters Commenting on "Our Dwindling Sovereignty"

HARRY A. BULLIS
Chairman of the Board, General Mills, Inc.

J. Reuben Clark's article on "Our Dwindling Sovereignty" is an able explanation of the viewpoint of the protectionists, a viewpoint held by many illustrious individuals in the past and by many able and patriotic Americans of the present time.


Harry A. Bullis

However, I am not sure that we can apply to the present situation the same criteria that were applied a hundred years or more ago. As you perhaps know, I am a supporter of the United Nations, even though it is far from perfect. Also, I believe that if we can enlarge world trade we shall have better understanding between the people of the many nations, because trade brings about contacts which generate mutual respect. In order to have satisfactory trade with other nations we must buy as well as sell. Therefore, I hope that over the years we shall be able to adjust ourselves gradually to become better customers of many nations whose friendship is essential to us.

G. COTTERILL
Maplewood, N. J.

Your paper is the most illuminating one that I read and I must compliment you on the people who write your fine articles. I agree with Mr. Clark's "Our Dwindling Sovereignty" and I hope that we will become wise before we are a bankrupt nation.

I shall read this week's columns with great interest.

Russia may win the war by letting us be "fooled" into becoming a bankrupt nation.

L. W. LANDMAN
President, Parmelee Transportation Company

Relative to Mr. Clark's article, the only comment I have to make is that I wish I were the author of these remarks. I thoroughly believe everything he says on the subject of our sovereignty.

A. C. MATTEI
President, Honolulu Oil Corp.

I am convinced that there is no more important matter today for political discussion that the question of our foreign policy, which has sneaked up on the American people in such a manner that they do not understand what we are being pulled into abroad.

I believe I can say that I heartily subscribe to all of the views that Mr. Clark has on this subject.

H. J. McKENZIE
President, St. Louis Southwestern Railway Lines

I have read the article with a great deal of interest and am in accord with some of Mr. Clark's views. Our meddling in foreign affairs has always appeared to me to be somewhat ridiculous in view of the fact that we have tried to protect our own part of the group with the Monroe Doctrine, and then seem to think that the other nations of the world do not have the same right to protect their own country or continent in a like manner. I think our United States would be a much better place to live in if we had more clear thinking and men that are willing to express their views, such as Mr. Clark has done in this article.

S. W. LODEWICK
Box 1171, Roswell, New Mexico

The article by Mr. Clark reflects my sentiments perfectly. I am thankful that we have men who have the "guts" to acknowledge that they are isolationists and explain why. Should we be blessed by having Robert Taft as our next President I think a concerted effort should be made to acquaint the people with the dangers of internationalism.

JOHN HARPER
President, Harper Oil Co., Inc.

There is much truth in Mr. Clark's remarks, and I admire him for being so outspoken in a vein which does not appear to be too popular at the moment.

JOHN W. BARRINGER
President, Chicago, Indianapolis & Louisville Railway Company

Mr. Clark's article is a very clear presentation which contains many provocative thoughts. However, I think that its interest could have been heightened materially if Mr. Clark had set forth a detailed elaboration of the question, "What Is the Cure?" appearing in the third last paragraph.

CRAWFORD H. ELLIS
President, Pan-American Life Insurance Company, New Orleans, La.

I quite agree with all the conclusions reached by Mr. Clark.

H. C. MURPHY
President, Burlington Lines

I have read with interest "The Commercial & Financial Chronicle" paper by J. Reuben Clark, Jr., former Undersecretary of State and Ambassador to Mexico.

I subscribe wholeheartedly to much, if not all, that Mr. Clark says. I too think the time has arrived, as a matter of fact it is much overdue, when we should put the interests of America first.

F. W. MAGIN
President, Square D Company

I thoroughly agree with Mr. Clark. I think it is an excellent address and believe it would be helpful if your paper and others would print more articles similar to this one of Mr. Clark's.

E. E. STEWART
President, National Dairy Products Corporation

I like the businessman's approach Mr. Clark has taken in this fine paragraph:

"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 share Mr. Clark's observation that we lack great statesmen in places of responsibility who, having the power to cure the defects in the UN Charter, have in the face of our sad experience failed to do so, and thus have failed to be helpful in a grave crisis.

You are to be commended for publishing such a forthright statement.

O. J. LACY
President, California-Western States Life Insurance Co.

There are many statements Mr. Clark makes with which I am heartily in accord. In the last paragraph he refers to changes and this I certainly would like to see brought about.


O. J. Lacy

Right now if the United Nations sanctions a measure and our President agrees, it becomes a treaty and therefore the law of the land if approved by a ⅔ vote of our Senate, even if it conflicts with our Constitution. There are measures before both the Senate and the House to remedy this situation.

Senator Bennett of Utah, assured me a short time ago that there are enough Senators pledged to bring it before the Senate, even if it is not recommended out by the committee.

I believe by all means that this bill should be passed before Congress adjourns and should be submitted to the several States for ratification. We cannot act too quickly on this measure.

BERKELEY WILLIAMS
Richmond, Virginia

"The decadence of a nation," declares Montesquieu in "The Spirit of Man," "begins when it loses sight of the principles on which it is founded."


Berkeley Williams

Hon. J. Reuben Clark, Jr., has rendered a public service in sounding his warning in crystal clear terms that our decadence has begun because we have lost sight of the principles of our founding fathers, Washington, Jefferson, Adams, Madison and Monroe, which were to avoid entanglement in European affairs. For 20 years our foreign policy has been one of global trickery and mass deception. The foreign policy of the Roosevelt Administration pointed straight to war while it talked of peace. Mr. Clark has presented overwhelming evidence that in the past 20 years by meddling with other nation's affairs we have simply been led into a series of dead-ends, Panmunjom, Formosa, Indo-China, Middle Europe and others in all parts of the world; that we have sacrificed lives of thousands of our finest youth, caused millions of casualties and burdened ourselves with such a staggering debt no one has any idea of how it will be paid off.

Result, our survival is now in serious doubt.

"Our Dwindling Sovereignty" should be required reading for principals and students of every high school, trustees and boards of visitors and students in every college and university in America.

If our present Washington Administration has any principles, they are solely those learned in the Pendergast School of corruption, all of which are embraced in the single sentence, "Feed 'em and you can vote 'em."

It never heard the opinion of the Supreme Court of the United States in U. S. v. Lee, 106 U. S. 196, p. 220, 221:

"No man in this country is so high that he is above the law. No officer of the law may set that law in defiance with impunity. All the officers of the government, from the highest to the lowest, are creatures of the law, and are bound to obey it."

If it has heard that opinion, the Administration should be impeached.

UN is anything but a United Nations. Subject to a Russian veto, it has degenerated to a sounding board for Russian propaganda, and an open door for foreign spies.

COLA G. PARKER
President, Kimberly-Clark Corporation

It would be very helpful in my opinion if the many people who believe as Mr. Clark does were fully as forthright in their statements.

J. H. CARMICHAEL
President, Capital Airlines

Mr. Clark's article is very interesting and thought-provoking, and consistent with the high standard of editorial content that has always characterized "The Commercial and Financial Chronicle."

ROGER SMITH
Roger Smith, Coloma, Michigan

The article by J. Reuben Clark, Jr., pleased me greatly. To know that there is at least one isolationist beside myself still left in the country, highly inflated my ego.

Mr. Clark is a voice crying in the wilderness, but I hope it will be heard and heeded. We have to a large extent become almost slaves. Much of our personal liberties have already disappeared. Incentive to work is gone to many of us.

It is my sincere hope that something may still be done by such men as Mr. Clark to bring us back again to our freedom.

Has the "Government of the people, by the people and for the people," perished from the earth?

HENRY HAZLITT
Contributing Editor, "Newsweek" Editor, "The Freeman"

I had already shared Mr. Clark's misgivings about where our present foreign policy was leading us, but his paper gives a more documented and better reasoned basis for these misgivings than I have hitherto seen in any such compact space.


Henry Hazlitt

I met Mr. Clark when I was in Salt Lake City, and this only adds to my respect for his ability and integrity that I gained at our short meeting.

HON. USHER L. BURDICK
U. S. Congressman from North Dakota

For the most part, I heartily agree with Mr. Clark's statements and analysis of our present situation.

I have been vigorously in favor of our withdrawal from the United Nations and am strongly opposed to our involvement in this organization and its affiliated agencies. I think the best thing for the United States of America to do is try to attend to its own business and look after the interests of its own people first.

HON. CHRISTIAN A. HERTER
U. S. Congressman from Mass.

I have read J. Reuben Clark's statement with great interest. As an analytical document it makes a good deal of sense up to the last three paragraphs. When it gets there, it breaks down completely.


Christian A. Herter

With some of Clark's premises I agree; with others I disagree entirely. What I particularly disagree with is his assumption that someone who calls himself an isolationist is a better and more patriotic American than one who feels that there is a greater hope of peace and international stability through common action than through individual action.

HON. BLAIR MOODY
U. S. Senator from Michigan

I read Mr. Clark's speech with some interest and more dismay. I am glad that a minority of the members of Congress subscribe to his viewpoint. The world is a much smaller place than Mr. Clark imagines.

HON. W. F. NORRELL
U. S. Congressman from Arkansas

I have taken the opportunity to read Mr. Clark's article, and I think a great deal of it is quite good. To some of his statements I can heartily subscribe but there are others to which I cannot.

KENNETH K. DuVALL
President, Merchandise National Bank of Chicago, Illinois

Mr. Clark makes a good case for isolationism, but the cause is one for which I have no sympathy. In my view the world has changed and the United States has no choice but to try fitting into the pattern of today. Nineteenth century thinking is interesting when related to nineteenth century problems. It is a curiosity when applied to twentieth century problems.


Kenneth K. DuVall

GAVIN K. MacBAIN
Treasurer, Bristol-Myers Co.

I happen to be the opposite of Mr. Clark and am anything but a "confirmed isolationist." To me this bespeaks somewhat of an ostrich-like point of view.

In my estimation there is no justification in this day and age for arch-isolationism, nor on the other hand is there proper substantiation for internationalism. If our great country is to continue to maintain the respect of the rest of the world and to help it, we must understand other countries' problems, try to assist them to as reasonable an extent as our economy may permit, and by all means show evidence of maturity capable of carrying out a leading position in the world.

I quite agree with Mr. Clark in his conclusion that we must have patriotic men and women in places of government responsibility. I go a step further and say that they must be completely honest and extremely capable.

ORVAL W. ADAMS

Executive Vice-President, Utah First National Bank of Salt Lake City, Utah

Your publication carrying President Clark's address came to my desk yesterday. That frank and open discussion, having to do with our foreign policy, will excite a lot of interest I am sure. In my opinion it is one of the most scholarly analyses I have read.


Orval W. Adams

HON. LESTER C. HUNT

U. S. Senator from Wyoming

I much prefer constructive suggestions for the future. Second guessing is a waste of every person's time.

ALFRED E. LYON

Chairman of the Board, Philip Morris & Co. Ltd. Inc.

I have read the paper by Mr. J. Reuben Clark, Jr. with a great deal of interest. . . . I am not in complete agreement with Mr. Clark's outlook.

T. H. BLODGETT

Chairman of the Board, American Chicle Co.

With minor reservations, by inclination and with the example of five generations of Americans, I stand with Mr. Clark.

JOHN D. EAST

Assistant to the President, Kennecott Copper Corporation

I read the article by Mr. Clark with much interest and profit.

HAROLD G. MOULTON

President, The Brookings Institution, Washington, D. C.

I was glad to have the opportunity of reading the address by Mr. J. Reuben Clark, whom I well recall from his days in the State Department. He was a very efficient public servant over many years.


Harold G. Moulton

However, I certainly could not go along with him in his isolationism. If we had followed the policy he indicates Germany would undoubtedly have won the first World War, and in my judgment would now be in control of all of South America—which was always one of the ultimate objectives of high German policy.

Mr. Clark does not appear to have sensed the meaning of the modern age which has made isolationism impossible and destroyed the old security afforded by the Atlantic Ocean and the British Navy. However much we may long for the "good old days" of the nineteenth century, they are gone forever.

It is noteworthy in this connection that many men like Vandenberg and even Taft came to recognize in the thirties and forties that we can no longer live in splendid isolation. There is, of course, room for wide differences of opinion as to specific procedures and policies; but not many could agree with Clark that the conditions which guided Washington in his thinking are the same as those which exist today.

WALDO E. PIERSON

Chairman of the Board, The First National Bank of Cincinnati

Mr. Clark's position with reference to our foreign policy is very much my own. Notwithstanding the slurring manner in which the word "isolationist" is so frequently applied these days, I have never felt on the defensive in believing that we should have a strong and free America first and always.

As to the United Nations, we may be a big member now but there could be the danger of our being bound down, I am afraid, as was Gulliver by the Lilliputians.

H. W. BALGOOYEN

Secretary, American & Foreign Power Company, Inc., New York

Although I am not entirely in agreement with the extreme isolationist viewpoint Mr. Clark espouses, he makes as good a case for it as I have seen.

Continued from page 5

The State of Trade and Industry

hot and cold-rolled sheets anticipate an active third quarter. They hold heavy order backlogs in these products for the period. Gradual shaking down in demand is currently in evidence, however, with warm weather and vacations likely to exert an easing effect on consumer requirements.

At present the steel producers anticipate some readjustments in third quarter rolling schedules should soft spots continue to appear in requirements for such products as wire, strip-plate, terneplate and various specialties. Despite steel labor trouble in the weeks ahead little in the way of protective buying has developed to date, except for possibly hot and cold-rolled sheets, and this latter largely on automotive account.

Under pressure to provide as much steel as possible as quickly as possible, the mills maintained a high rate of operations over the holiday weekend. Curtailments were limited to a few points, "Steel" declared.

The American Iron and Steel Institute announced on Monday, June 2, prior to the Supreme Court's ruling on the seizure of the steel industry, that the operating rate of steel companies having 93% of the steelmaking capacity for the entire industry will be at 101.6% of capacity for the week beginning June 2, 1952, equivalent to 2,111,000 tons of ingots and steel for castings, or a decrease of 0.7 point below the previous week's actual production of 2,091,000 tons, or 102.3% (actual) of rated capacity.

A month ago output stood at 85.5%, or 1,775,000 tons.

Electric Output Falls From High Level of Week Ago

The amount of electric energy distributed by the electric light and power industry for the week ended May 31, 1952, was estimated at 6,810,727,000 kwh., according to the Edison Electric Institute.

The current total was 335,477,000 kwh. below that of the preceding week when actual output amounted to 7,146,204,000 kwh. It was 365,986,000 kwh., or 5.7% above the total output for the week ended June 2, 1951, and 1,178,793,000 kwh. in excess of the output reported for the corresponding period two years ago.

Car Loadings Move Higher in Latest Week

Loadings of revenue freight for the week ended May 24, 1952, totaled 761,647 cars, according to the Association of American Railroads, representing an increase of 7,274 cars, or 1.0% above the preceding week.

The week's total represented a decrease of 50,152 cars, or 6.2% below the corresponding week a year ago, and a decrease of 19,279 cars, or 2.5% below the comparable period in 1950.

U. S. Auto Output Declines Due to Memorial Day Holiday

Passenger car production in the United States the past week, according to "Ward's Automotive Reports, totaled 75,897 units, compared with the previous week's total of 92,475 (revised) units, and 84,818 units in the like week a year ago.

Total output for the past week was made up of 75,897 cars and 21,025 trucks built in the United States, against 92,475 cars and 25,308 trucks (revised) last week and 84,818 cars and 26,960 trucks in the comparable period a year ago.

Business Failures Decline for Third Week

Commercial and industrial failures dipped to 136 in the week ended May 29 from 145 in the preceding week, Dun & Bradstreet, Inc., reports. This third consecutive week of decline brought casualties to the lowest level since February. While slightly heavier than in the similar week of last year when 132 occurred, they fell below the 1950 total of 168 and were off sharply, 45%, from prewar level of 249 in 1939.

All of the decrease centered in failures with liabilities of $5,000 or more which declined to 95 from 119 a week ago and 109 in the corresponding week of 1951. On the other hand, small casualties, those involving liabilities under $5,000, jumped to 41 from 26 and were almost twice as numerous as last year.

Food Price Index Dips Following Five Weeks Of Rising Prices

A drop of 3 cents in the Dun & Bradstreet wholesale food price index last week marked the first downward movement in the past five weeks. The index for May 27 fell to $6.45, from $6.48 a week previous. It compared with $7.16 on the corresponding date a year ago, or a decline of 9.9%. The 1952 high was $6.64 on Jan. 1, while the low was $6.31, touched on April 22.

The index represents the sum total of the price per pound of 31 foods in general use, and its chief function is to show the general trend of food prices at the wholesale level.

Wholesale Commodity Price Index Eases in Latest Week

The general average of commodity prices moved slightly downward during the past week. The daily wholesale commodity price index, compiled by Dun & Bradstreet, Inc., finished at 296.65 on May 27. This compared with 297.84 on May 20, and with 320.38 on the like date a year ago.

Grains were irregular with prices averaging somewhat lower than a week ago. Wheat turned downward at the close, largely reflecting fair to good rains in the Spring wheat Northwest and western Canada.

With harvesting about to commence in some areas, prospects for the new Winter wheat crop remained excellent.

Weakness in corn stemmed from the large stocks overhanging the market and liberal marketings of government owned corn. Oats declined as the result of heavy receipts and further substantial imports from Canada. Volume of trading in all grain futures on the Chicago Board of Trade last week averaged 37,900,000 bushels per day, against 33,300,000 the previous week and 45,700,000 bushels a year ago.

Flour prices were fairly firm. Business in the domestic market continued slow with most large users still holding moderate balances and showing little disposition to enter the market at current levels. Some improvement was noted in shipping directions of hard wheat bakery flours. Cocoa futures were irregular with spot prices unchanged at ceiling levels.

The coffee market continued firm, aided by active buying of green coffees by roasters and importers at the week-end.

Reflecting the continued arrival of unsold quantities of raw sugar, prices in both the futures and spot markets declined sharply last week. The demand for refined sugar continued light and the undertone appeared somewhat easier. Trading in lard was more active with prices holding in a narrow range. The three-week rise in hog values was halted toward the close of the week due to increasing supplies.

Prices turned lower after reaching the highest level in nine months.

Steers were also in better supply with prices trending easier.

Domestic cotton prices finished moderately lower following early firmness. Strength in the early part of the week reflected a spurt in activity in the goods business, which, however, proved to be short-lived. Demand from foreign sources improved and sales for export increased moderately. Mill buying was confined largely to small lots to cover nearby needs. Reported sales in the ten spot markets increased sharply to 90,700 bales, from 56,400 the previous week, and 37,100 in the corresponding week last year. Mill consumption of cotton per working day during April, as reported by the Bureau of the Census, averaged 33,900 bales, against a daily rate of 36,800 bales in March, and 39,900 in April a year ago.

Trade Volume Edges Upward Influenced by Seasonal Factors

There was a mild seasonal rise in retail trade in many parts of the nation in the period ended on Wednesday of last week. Most merchants reported their receipts as about equal to those of a year earlier. Aggressive promotions, extended shopping hours, and easier credit terms helped to spur shopper interest. The stimulating effect of the lifting of the credit curbs were more in evidence the past week, especially among automobile dealers and appliance stores.

Retail dollar volume in the week was estimated by Dun & Bradstreet to be from 2% below to 2% above the level of a year ago. Regional estimates varied from the levels of a year earlier by the following percentages:

New England —1 to +3; East 0 to —4; South —3 to +1; Midwest 0 to —4; Northwest 0 to —4; Southwest +3 to +7, and Pacific Coast —2 to +6.

Apparel stores sold slightly more last week than in the prior week or the similar week a year ago as rising temperatures lifted the interest for many seasonal items. Particularly in demand were women's lightweight dresses, lingerie, and sportswear. Consumers bought more shoes than in the comparable 1951 week.

The dollar volume of wholesale trade last week held close to that of the prior week but did not quite match the high level of a year earlier. Recent reductions in inventories in some lines encouraged buyers to place more long-term orders than in recent months. Buyers' interest continued to be hesitant in some consumer soft goods.

Department store sales on a countrywide basis, as taken from the Federal Reserve Board's index for the week ended May 24, 1952, rose 4% above the like period of last year. In the preceding week no change was registered from the like period a year ago. For the four weeks ended May 24, 1952, sales rose 2%. For the period Jan. 1 to May 24, 1952, department store sales registered a decline of 5% below the like period of the preceding year.

Retail trade in New York last week showed a decline in sales volume of 21% under the like 1951 period. The unfavorable comparison was attributed mainly to heavy sales last year as a result of the price war.

According to the Federal Reserve Board's index, department store sales in New York City for the weekly period ended May 24, 1952, decreased 7% below the like period of last year. In the preceding week a decline of 8% was recorded from that of the similar week of 1951, while for the four weeks ended May 24, 1952, a decrease of 6% was registered below the level of a year ago. For the period Jan. 1 to May 24, 1952, volume declined 10% under the like period of the preceding year.

Douglas Reed Director

Douglas S. Reed, partner of the San Francisco investment firm of Davies & Co., has been elected a director of California Eastern Airways, Inc. Mr. Reed's firm is a member of the New York Stock Exchange and the San Francisco Stock Exchange. Mr. Reed has been associated with Davies & Co. since 1941 and has been engaged in the investment securities field for 28 years.

Three Join Staff of Schirmer, Atherton Co.

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—Frank H. Mansell, George H. Polley and Dennis B. Sullivan have become associated with Schirmer, Atherton & Co., 50 Congress Street, members of the New York and Boston Stock Exchanges. All were formerly connected with J. Arthur Warner & Co., Inc.

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)	June 8	‡101.6	*100.7	85.5	103.2
Equivalent to—					
Steel ingots and castings (net tons)	June 8	‡2,111,000	*2,091,000	1,775,000	2,063,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	May 24				
Crude runs to stills—daily average (bbls.)	May 24				
Gasoline output (bbls.)	May 24				
Kerosene output (bbls.)	May 24				
Distillate fuel oil output (bbls.)	May 24				
Residual fuel oil output (bbls.)	May 24	NOT AVAILABLE DUE TO OIL STRIKE			
‡Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished and unfinished gasoline (bbls.) at	May 24				
Kerosene (bbls.) at	May 24				
Distillate fuel oil (bbls.) at	May 24				
Residual fuel oil (bbls.) at	May 24				
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	May 24	761,647	754,373	779,402	811,799
Revenue freight received from connections (no. of cars)	May 24	637,049	628,754	652,363	681,913
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	May 29	$307,813,000	$237,861,000	$288,192,000	$373,745,000
Private construction	May 29	133,465,000	140,699,000	152,267,000	201,519,000
Public construction	May 29	174,348,000	97,162,000	135,925,000	172,226,000
State and municipal	May 29	120,186,000	59,976,000	70,209,000	83,508,000
Federal	May 29	54,162,000	37,186,000	65,716,000	88,718,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	May 24	8,980,000	*8,390,000	9,750,000	9,740,000
Pennsylvania anthracite (tons)	May 24	752,000	720,000	983,000	857,000
Beehive coke (tons)	May 24	110,800	109,900	113,100	131,400
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	May 24	104	99	105	100
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	May 31	6,810,727	7,146,204	6,948,598	6,444,741
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	May 29	136	145	150	132
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	May 27	4.131c	4.131c	4.131c	4.131c
Pig iron (per gross ton)	May 27	$52.77	$52.77	$52.72	$52.69
Scrap steel (per gross ton)	May 27	$42.00	$42.00	$42.00	$43.00
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	May 28	24.200c	24.200c	24.200c	24.200c
Export refinery at	May 28	27.425c	27.425c	27.425c	27.250c
Straits tin (New York) at	May 28	121.500c	121.500c	121.500c	139.000c
Lead (New York) at	May 28	15.000c	15.000c	18.000c	17.000c
Lead (St. Louis) at	May 28	14.800c	14.800c	17.800c	16.800c
Zinc (East St. Louis) at	May 28	19.500c	19.500c	19.500c	17.500c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	June 3	98.30	98.45	99.00	97.38
Average corporate	June 3	110.15	110.15	110.34	111.07
Aaa	June 3	114.46	114.46	114.66	115.04
Aa	June 3	112.75	112.93	113.12	114.27
A	June 3	109.42	109.42	109.60	110.15
Baa	June 3	104.31	104.31	104.14	105.52
Railroad Group	June 3	107.44	107.62	107.44	107.98
Public Utilities Group	June 3	109.60	109.60	109.60	111.07
Industrials Group	June 3	113.50	113.50	113.70	114.66
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	June 3	2.61	2.60	2.57	2.67
Average corporate	June 3	3.16	3.16	3.15	3.11
Aaa	June 3	2.93	2.93	2.92	2.90
Aa	June 3	3.02	3.01	3.00	2.94
A	June 3	3.20	3.20	3.19	3.16
Baa	June 3	3.49	3.49	3.50	3.42
Railroad Group	June 3	3.31	3.30	3.31	3.28
Public Utilities Group	June 3	3.19	3.19	3.19	3.11
Industrials Group	June 3	2.98	2.98	2.97	2.92
MOODY'S COMMODITY INDEX	June 3	434.3	432.9	432.5	492.8
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	May 24	165,162	181,601	183,440	209,194
Production (tons)	May 24	205,632	205,276	206,373	244,937
Percentage of activity	May 24	83	83	83	102
Unfilled orders (tons) at end of period	May 24	360,887	388,381	363,178	638,760
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1926-36 AVERAGE = 100	May 30	139.8	139.9	140.6	152.5
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	May 17	23,084	24,686	36,513	36,502
Number of shares	May 17	631,418	694,773	1,035,320	1,076,763
Dollar value	May 17	$27,801,830	$31,039,809	$45,718,392	$43,960,115
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	May 17	20,185	21,370	26,180	28,568
Customers' short sales	May 17	94	131	192	315
Customers' other sales	May 17	20,091	21,239	25,988	28,253
Number of shares—Total sales	May 17	536,288	575,448	750,793	814,654
Customers' short sales	May 17	3,623	4,545	9,007	11,750
Customers' other sales	May 17	532,665	570,903	741,786	802,904
Dollar value	May 17	$32,200,684	$24,463,941	$32,480,652	$35,102,075
Round-lot sales by dealers—					
Number of shares—Total sales	May 17	163,080	157,210	193,180	237,940
Short sales	May 17				
Other sales	May 17	163,080	157,210	193,180	237,940
Round-lot purchases by dealers—					
Number of shares	May 17	246,420	293,480	443,100	451,050
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	May 10	216,040	260,800	174,870	332,040
Other sales	May 10	5,670,510	6,520,070	5,137,460	9,609,300
Total sales	May 10	5,886,550	6,780,870	5,312,330	9,941,340
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS					
Transactions of specialists in stocks in which registered—					
Total purchases	May 10	620,610	690,170	528,160	937,470
Short sales	May 10	121,150	138,590	95,540	181,240
Other sales	May 10	456,690	605,950	453,520	788,100
Total sales	May 10	577,840	744,540	549,060	969,340
Other transactions initiated on the floor—					
Total purchases	May 10	134,100	146,850	109,700	237,570
Short sales	May 10	11,600	14,800	6,700	13,800
Other sales	May 10	150,500	160,510	117,900	271,700
Total sales	May 10	162,100	175,310	124,600	285,500
Other transactions initiated off the floor—					
Total purchases	May 10	228,605	231,663	263,396	414,402
Short sales	May 10	38,390	34,390	31,060	50,880
Other sales	May 10	310,126	278,441	242,417	454,240
Total sales	May 10	348,516	312,831	273,477	505,120
Total round-lot transactions for account of members—					
Total purchases	May 10	983,319	1,068,683	901,256	1,589,442
Short sales	May 10	171,140	187,780	133,300	245,920
Other sales	May 10	917,316	1,044,901	813,837	1,514,040
Total sales	May 10	1,088,456	1,232,681	947,137	1,759,960
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR—(1947-49 = 100):					
Commodity Group—					
All commodities	May 27	111.9	112.0	111.2	------
Farm products	May 27	109.6	110.6	106.7	------
Processed foods	May 27	109.1	108.7	107.4	------
Meats	May 27	114.9	113.9	110.7	------
All commodities other than farm and foods	May 27	113.1	113.0	113.0	------

*Revised. ‡Estimates made prior to steel strike.

	Latest Month	Previous Month	Year Ago
AMERICAN PETROLEUM INSTITUTE—Month of February:			
Gas consumption—Grand total, U.S. (gallons)	3,361,099,000	3,349,455,000	2,955,486,000
Daily average, U.S. (gallons)	115,900,000	108,047,000	105,553,000
BUILDING PERMIT VALUATION — DUN & BRADSTREET, INC.—215 CITIES—Month of April:			
New England	$35,249,093	$23,734,964	$22,374,199
Middle Atlantic	89,934,949	75,177,630	58,073,503
South Atlantic	40,096,944	26,600,025	32,519,020
East Central	38,883,606	81,251,996	79,621,489
South Central	69,327,616	62,408,618	68,367,098
West Central	23,473,164	18,254,853	29,430,523
Mountain	14,389,885	10,132,597	20,299,028
Pacific	64,662,004	53,820,598	61,818,270
Total United States	$416,017,261	$351,381,281	$372,503,130
New York City	53,123,323	31,535,059	27,351,774
Outside of New York City	362,893,938	319,846,222	345,151,356
BUSINESS FAILURES—DUN & BRADSTREET, INC.—Month of April:			
Manufacturing number	171	148	119
Wholesale number	83	69	76
Retail number	375	371	365
Construction number	93	72	81
Commercial service number	58	55	52
Total number	780	715	693
Manufacturing liabilities	$12,633,000	$13,046,000	$5,894,000
Wholesale liabilities	4,250,000	2,233,000	2,200,000
Retail liabilities	7,050,000	6,905,000	5,647,000
Construction liabilities	3,853,000	2,485,000	2,268,000
Commercial service liabilities	1,744,000	4,563,000	1,055,000
Total liabilities	$29,530,000	$29,232,000	$17,064,000
FACTORY EARNINGS AND HOURS—WEEKLY AVERAGE ESTIMATE — U. S. DEPT. OF LABOR—Month of April:			
Earnings—			
All manufacturing	$66.24	*$67.19	$64.70
Durable goods	71.84	*72.55	69.68
Nondurable goods	58.71	*60.09	58.16
Hours—			
All manufacturing	40.0	*40.6	*41.0
Durable goods	41.1	41.6	42.0
Nondurable goods	38.5	*39.3	39.7
Hourly earnings—			
All manufacturing	$1.656	*$1.655	$1.578
Durable goods	1.748	*1.744	1.659
Nondurable goods	1.525	*1.529	1.465
FAIRCHILD PUBLICATIONS RETAIL PRICE INDEX — 1935-39 = 100 (COPYRIGHTED) AS OF MAY 1:			
Composite index	105.6	105.8	107.2
Piece goods	97.5	97.7	101.7
Men's apparel	106.2	106.4	105.7
Women's apparel	101.3	101.5	103.1
Infants' & Children's wear	105.9	105.9	106.1
Home furnishings	108.4	108.6	111.9
Piece goods—			
Rayon and silks	90.7	90.7	92.8
Woolens	110.5	110.7	112.8
Cotton wash goods	94.6	94.9	104.0
Domestics—			
Sheets	102.2	103.0	113.0
Blankets and comfortables	121.7	122.2	123.6
Women's apparel—			
Hosiery	95.3	95.6	100.6
Aprons and housedresses	97.5	98.5	100.2
Corsets and brassieres	107.9	107.9	108.0
Furs	96.8	96.8	98.0
Underwear	100.2	100.6	102.3
Shoes	109.2	109.2	109.1
Men's apparel—			
Hosiery	106.6	106.6	105.8
Underwear	110.6	110.7	110.2
Shirts and neckwear	102.4	102.4	102.4
Hats and caps	100.2	100.2	100.4
Clothing, including overalls	104.5	104.8	103.6
Shoes	108.6	109.0	112.8
Infants' and Children's wear—			
Socks	102.9	102.9	102.0
Underwear	102.9	102.9	102.7
Shoes	112.3	112.3	112.2
Furniture	108.2	108.2	106.7
Floor coverings	118.9	118.9	126.0
Radios	102.8	103.0	103.2
Luggage	101.8	101.8	104.3
Electrical household appliances	106.3	106.4	107.4
China	100.7	100.7	102.9
METAL OUTPUT (BUREAU OF MINES)—Month of March:			
Mine production of recoverable metals in the United States:			
Copper (in short tons)	78,449	72,564	83,171
Gold (in fine ounces)	136,244	135,963	158,571
Lead (in short tons)	33,573	34,337	36,655
Silver (in fine ounces)	3,512,052	3,374,928	3,759,181
Zinc (in short tons)	60,765	59,098	60,564

Securities Now in Registration

★ INDICATES ADDITIONS SINCE PREVIOUS ISSUE
● ITEMS REVISED

★ Admiral Corp., Chicago, Ill.
June 2 filed 41,669 shares of capital stock (par $1) to be offered in exchange for common stock of Canadian Admiral Corp., Ltd., at rate of one share of Admiral stock for each two shares of Canadian Admiral stock held. **Dealer-Manager**—Dempsey & Co., Chicago, Ill.

★ Ameranium Mines, Ltd., Toronto, Canada
May 28 filed 2,079,871 shares of capital stock (par $1), of which 908,845 shares are to be offered to public by company, 108,847 shares by underwriter and 666,171 shares to be reoffered under rescission offer. **Price**—70 cents per share. **Proceeds**—For prospecting, drilling expenses, etc. **Underwriter**—I. Nelson Dennis & Co., Toronto, Canada.

American Gas & Electric Co. (6/18)
May 21 filed $20,000,000 of sinking fund debentures due 1977, and 170,000 shares of common stock (par $10). **Proceeds**—To be invested in common stocks of Appalachian Electric Power Co. and Ohio Power Co. and to repay bank loans. **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**—To be received up to 11 a.m. (EDT) on June 18.

● American Investment Co. of Illinois (6/10)
May 16 filed 100,000 shares of cumulative prior preferred stock (par $100). **Price**—To be supplied by amendment. **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. (6/26)
May 22 filed between $490,000,000 and $510,000,000 of 12-year 3½% convertible debentures, due July 31, 1964 (convertible through July 31, 1962, into common stock beginning Sept. 30, 1952, at $136 per share, payable by surrender of $100 of debentures and $36 in cash), to be offered for subscription by stockholders of record June 16 at rate of $100 of debentures for each seven shares held; rights to expire July 31, 1952. Rights will be mailed on or about June 26. **Price**—At par. **Proceeds**—For advances to subsidiary and associated companies. **Underwriter**—None.

American Telephone & Telegraph Co.
May 26 filed 3,000,000 shares of common stock (par $100) to be offered pursuant to "Employees' Stock Plan" to employees of company and related companies. **Price**—$20 below average market price for month in which payment is completed or next succeeding month (whichever is lower). **Proceeds** — For property additions and improvements and other corporate purposes. **Underwriter**—None.

Andowan Mines, Ltd., Port Arthur, Ont., Canada
May 8 filed 500,000 shares of common stock (par $1). **Price**—38 cents per share. **Proceeds**—For exploratory drilling and improvement on present holdings. **Underwriter**—Frank P. Hunt & Co., Inc., Rochester, N. Y.

★ Armstrong Rubber Co., West Haven, Conn.
May 26 (letter of notification) 1,000 shares of class A common stock (no par). **Price**—At market (estimated at $22 per share). **Underwriter**—Gruntal & Co., New York. **Proceeds**—To Frederick Machlin, President, who is the selling stockholder.

★ Associated Telephone Co., Ltd., Santa Monica, Calif.
June 4 filed 350,000 shares of 5% cumulative preferred stock, 1947 series (par $20). **Price**—To be supplied by amendment. **Proceeds** — To repay bank loans and for new construction. **Underwriter**—To be named by amendment. Previous preferred stock financing was handled by Paine, Webber, Jackson & Curtis; Stone & Webster Securities Corp., and Mitchum, Tully & Co.

Babbitt (B. T.), Inc.
May 9 (letter of notification) 9,670 shares of common stock (par $1). **Price**—At market (about $7.12½ per share). **Proceeds**—To Elizabeth M. Blatner, the selling stockholder. **Underwriter**—None, but Bache & Co., New York, will act as broker.

★ Blue Jacket Mining Co., Boise, Ida.
May 26 (letter of notification) 100,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—To develop mining property. **Office**—103 N. 10th St., Boise, Ida. **Underwriter**—Dean Kloepfer, Burley, Ida.

Boston Edison Co. (6/24)
May 27 filed $15,000,000 of first mortgage bonds, series D, due July 1, 1982. **Proceeds**—To repay bank loans and for capital expenditures. **Underwriters** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co. and Goldman, Sachs & Co. (jointly); Lehman Brothers; The First Boston Corp.; Harriman Ripley & Co. Inc. **Bids**—Tentatively expected to be received on or about June 24.

● 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. **Withdrawal**—Request to withdraw statement filed May 28.

NEW ISSUE CALENDAR

June 5, 1952
Minneapolis, St. Paul & Sault Ste. Marie RR. — Equip. Trust Ctfs.
(Bids noon CDT)

June 9, 1952
Island Air Ferries, Inc. — Common
(Hunter Securities Corp.)
Montex Oil & Gas Corp. — Common
(I. J. Schenin & Co.)

June 10, 1952
American Investment Co. of Illinois — Preferred
(Kidder, Peabody & Co. and Alex. Brown & Sons)
Kansas Gas & Electric Co. — Bonds & Stock
(Bids noon EDT on bonds; 10:30 a.m. EDT on stocks)
Northern States Power Co. — Bonds
(Bids 10:30 a.m. CDT)

June 11, 1952
Devon-Leduc Oils, Ltd., Winnipeg, Canada — Bonds
(McLaughlin, Reuss & Co.)
Federated Petroleums, Ltd. — Common
(Wood, Gundy & Co., Ltd.; Kidder, Peabody & Co.; Dominick & Dominick)
Public Service Electric & Gas Co. — Common
(Morgan Stanley & Co.; Drexel & Co.; Glore, Forgan & Co.)
Rochester Gas & Electric Co. — Bonds
(Bids 11 a.m. EDT)

June 12, 1952
Chicago & North Western Ry. — Equip. Tr. Ctfs.
(Bids noon EDT)
Leitz (E.), Inc. — Common
(Bids 3 p.m. EDT)

June 16, 1952
Oklahoma Natural Gas Co. — Preferred
(Bids 11 a.m.)
Pacific Gas & Electric Co. — Common
(Blyth & Co., Inc.)
Public Service Co. of New Mexico — Common
(Allen & Co.)
Tri-Tor Oils, Ltd. — Common
(Peter Morgan & Co.)
West Virginia Production Co. — Preferred
(Allen & Co. and Shea & Co., Inc.)

June 17, 1952
Bristol-Myers Co., New York — Debentures
(Wertheim & Co.)
Kentucky Utilities Co. — Bonds
(Bids to be invited)
Public Service Co. of Indiana, Inc. — Preferred
(Blyth & Co., Inc.)
Public Service Electric & Gas Co. — Debentures
(Bids 11 a.m. EDT)

June 18, 1952
American Gas & Electric Co. — Debs. & Common
(Bids 11 a.m. EDT)
Houston Lighting & Power Co. — Debentures
(Halsey, Stuart & Co., Inc.)
Midwest Pipe & Supply Co., Inc. — Common
(G. H. Walker & Co.)
Southern Co. — Common
(Bids 11:30 a.m. EDT)

June 19, 1952
Martin (Glenn L.) Co. — Common
(Offering to stockholders)

June 23, 1952
Central Louisiana Electric Co., Inc. — Bonds
(Bids 11 a.m. EDT)
Public Service Co. of New Hampshire — Preferred
(Bids 11 a.m. EDT)
Storer Broadcasting Co. — Common
(Reynolds & Co. and Oscar E. Dooley & Co.)
Texas Eastern Transmission Corp. — Preferred
(Dillon, Read & Co., Inc.)

June 24, 1952
Boston Edison Co. — Bonds
(Bids to be invited)
Gulf Power Co. — Bonds
(Bids 11 a.m. EDT)
Public Service Co. of Indiana, Inc. — Bonds
(Bids 11 a.m. CDT)
Southern New England Telephone Co. — Debentures
(Bids to be received)

June 25, 1952
California Water Service Co. — Common
(Dean Witter & Co.)
Empire District Electric Co. — Common
(The First Boston Corp. and G. H. Walker & Co.)
New England Power Co. — Bonds
(Bids noon EDT)
Smith (S. Morgan) Co., Inc., York, Pa. — Common
(The First Boston Corp.)

June 26, 1952
American Telephone & Telegraph Co. — Debentures
(Offering to stockholders)

June 30, 1952
Metals & Chemicals Corp. — Common
(Beer & Co.)

July 8, 1952
Georgia Power Co. — Bonds
(Bids 11 a.m. EDT)

July 15, 1952
Commonwealth Edison Co., Chicago, Ill. — Bonds
(Bids to be invited)

● Bristol-Myers Co., New York (6/17)
May 28 filed $5,000,000 of 25-year debentures due June 1, 1977. **Price**—To be supplied by amendment. **Proceeds**—For expansion program. **Underwriter**—Wertheim & Co., New York.
May 28 filed 199,937 shares of common stock (par $2.50) to be offered for subscription by common stockholders of record on or about June 17 at rate of one share for each seven shares held; rights to expire on or about July 1. **Price** — To be supplied by amendment. **Proceeds**—For expansion and general corporate purposes. **Underwriter**—Wertheim & Co., New York.

● California Water Service Co. (6/25-26)
May 27 filed 50,000 shares of common stock (par $25). **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans and for new construction. **Underwriter**—Dean Witter & Co., San Francisco, Calif.

Calvert Funds, Inc., Wilmington, Del.
May 19 (letter of notification) 300,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For acquisition, holding and sale of options on listed and unlisted securities and on commodities. **Office**—407 Shipley Street, Wilmington 1, Del. **Underwriter** — Calvert Securities Corp., Wilmington 1, Del.

★ Camco Oil Corp. (N. Y.)
May 27 (letter of notification) 300,000 shares of common stock. **Price** — At par ($1 per share). **Proceeds** — For drilling expenses and working capital. **Underwriter**—B. G. Phillips & Co., New York. **Offering**—Now being made.

Cardiff Fluorite Mines, Ltd., Toronto, Canada
May 22 filed (amendment) 300,000 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.
May 14 (letter of notification) 1,000 shares of common stock (par $1). **Price**—At market (about $3.12½ to $3.25 per share). **Proceeds**—To two selling stockholders. **Underwriter**—Eisele & King, Libaire, Stout & Co., New York.

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 Louisiana Electric Co., Inc. (6/23)
May 22 filed $4,000,000 of first mortgage bonds, series D, due 1982. **Proceeds**—For construction program. **Underwriters** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Equitable Securities Corp.; White, Weld & Co., Shields & Co. and Kidder, Peabody & Co. (jointly); Lehman Brothers; The First Boston Corp.; Glore, Forgan & Co.; Salomon Bros. & Hutzler. **Bids**—To be received up to 11 a.m. (EDT) on or about June 23.

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.

★ Certified Grocers of Illinois, Inc., Chicago, Ill.
May 29 (letter of notification) 2,500 shares of common stock to be sold in units of five shares each. **Price**—$100 per share. **Proceeds** — For general corporate purposes. **Office**—4800 S. Central Ave., Chicago, Ill. **Underwriter**—None.

Cinecolor Corp., Burbank, Calif.
May 9 filed $452,350 of five-year 5% subordinated sinking fund debentures due May 1, 1957 (with common stock purchase warrants attached) to be offered for subscription by common stockholders at rate of $1 of debentures for each two common shares held. **Price**—At par. **Proceeds**—To purchase voting control of Cinecolor (Great Britain), Ltd. and for working capital. **Business**—Two-color film process. **Underwriter**—None. **Warrants** — Will entitle holders to purchase 452,350 shares of common stock at par ($1 per share). They are exercisable to May 1, 1955.

Cities Service Co.
May 28 filed $4,090,000 of participations in the Employees Thrift Plan of Cities Service Co. and participating subsidiary companies and 40,000 shares of common stock purchasable under the plan. **Underwriter**—None.

Continued on page 38

Continued from page 37

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.

★ **Columbine Drilling Corp., Denver, Colo.**
May 26 (letter of notification) 416,000 shares of common stock (par one cent). **Price**—10 cents per share. **Proceeds**—For oil and gas leases and development. **Office**—1031 15th St., Denver, Colo. **Underwriter**—None.

★ **Commodore Productions & Artists, Inc.**
May 27 (letter of notification) 100,000 shares of capital stock (par 50 cents). **Price**—$2 per share. **Proceeds**—For general corporate purposes, primarily for production of radio and television programs. **Office**—1350 N. Highland Ave., Hollywood 28, Calif. **Underwriter**—Edmund J. Sampter, Los Angeles, Calif.

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**
April 30 filed 409,254 shares of capital stock (par $15) being 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**—$52 per share. **Proceeds**—To purchase securities of company's operating subsidiaries which in turn will use the funds for property additions and improvements. **Underwriter**—None. Statement effective May 27.

Continental Oil Co., Houston, Tex.
May 14 filed $26,000,000 of interests in The Thrift Plan for employees of this company, together with 400,000 shares of capital stock (par $5) purchasable under terms of the plan. **Underwriter**—None.

Continental Royalty Co., Dallas, Tex.
March 18 (letter of notification) 120,000 shares of common stock (par $1). **Price**—$2.50 per share. **Proceeds**—To purchase royalties and mineral deeds, oil and gas. **Office**—740 Wilson Building, Dallas Texas. **Underwriter** Southwestern Securities Co. and Hudson Stayart & Co., Inc., of Dallas, Texas.

★ **Cup Brew Coffee Bag Co.**
May 29 (letter of notification) 2,400 shares of common stock (no par). **Price**—$4.25 per share. **Proceeds**—For general corporate purposes. **Office**—1715 Logan St., Denver, Colo. **Underwriter**—None.

★ **Davis Aircraft Engineering Inc.**
May 29 (letter of notification) $88,500 of sinking fund debentures and 2,065 shares of preferred stock (no par) to be issued to capitalize and fund outstanding claims of creditors. **Office**—Woburn St., Lowell, Mass. **Underwriter**—None.

Dean Co., Chicago, Ill.
April 10 (letter of notification) 4,000 shares of common stock (par $10). **Price**—$16.50 per share. **Proceeds**—To T. A. Dean, trustee under the will of J. R. Dean. **Office**—666 Lake Shore Drive, Chicago 11, Ill. **Underwriter**—Boettcher & Co., Denver, Colo.

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 indefinitely. New financing plan being worked out.

● **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** — Indefinitely postponed. New financing plan under consideration.

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.

Devon-Leduc Oils, Ltd., Winnipeg, Canada (6/11)
May 23 filed $1,000,000 of 10-year 5% convertible sinking fund mortgage bonds, due June 1, 1962. **Price**—100% of principal amount. **Proceeds**—To repay bank loans and for general corporate purposes. **Underwriter**—McLaughlin, Reuss & Co., New York.

★ **Doman Helicopters, Inc. (6/9)**
June 2 (letter of notification) 25,000 shares of common stock (par $1) to be offered directly to company's stockholders and business associates. **Price**—$3 per share. **Proceeds**—For working capital. **Office**—545 Fifth Ave., New York 17, N. Y. **Underwriter**—None.

★ **Duggan's Distillers Products Corp. (6/10)**
May 29 (letter of notification) 94,807 shares of common stock to be offered first for subscription by present stockholders, each purchaser of 100 shares to receive a bonus of 50 shares from the holdings of Charles A. Massis, who is the principal stockholder. **Price**—75 cents per share. **Proceeds**—For working capital. **Office**—248 McWharton St., Newark, N. J. **Underwriter**—None.

★ **Duquesne Natural Gas Co., Washington, Pa.**
May 28 (letter of notification) a maximum of 92,783 shares of common stock (par one cent) to be offered for subscription by stockholders of record June 13 at rate of one new common share for each five common shares held, two new common shares for each preferred share held and six new shares of common stock for each share of preference stock held (with an oversubscription privilege). Rights expire July 15. **Price**—$1 per share. **Proceeds** — For working capital. **Underwriters** — Bioren & Co., Philadelphia, Pa.; Hourwich & Co., New York; and C. T. Williams & Co., Inc., Baltimore, Md. Unsubscribed shares (not exceeding 75,000 shares), will be publicly offered at $1.25 per share.

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.

★ **Ellicott Drug Co., Buffalo, N. Y.**
May 27 (letter of notification) $72,200 of 6% debentures due July 1, 1957. **Price**—At 100% and accrued interest. **Proceeds**—For working capital. **Office**—127 Cherry St., Buffalo, N. Y. **Underwriter**—None.

★ **Empire District Electric Co. (6/25)**
June 3 filed 150,000 shares of common stock (par $10). **Price**—To be supplied by amendment. **Proceeds**—For new construction. **Underwriters**—The First Boston Corp., New York, and G. H. Walker & Co., St. Louis.

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.

Federated Petroleums, Ltd. (6/11)
May 19 filed 1,000,000 shares of common stock (no par), 500,000 shares of which will be offered in Canada and 500,000 shares in the United States. **Price**—To be supplied by amendment. **Proceeds** — For exploration and expansion program. **Underwriters**—Wood, Gundy & Co., Ltd. (in Canada), and Kidder, Peabody & Co. and Dominick & Dominick (in United States).

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.

★ **First National Life Insurance Co.**
May 29 (letter of notification) 26,630 shares of common stock. **Price**—$10 per share. **Proceeds**—To stock account and surplus. **Office**—807 W. Washington St., Phoenix, Ariz. **Underwriter**—None.

★ **Fixzit System, Inc. (Fla.), New York**
May 23 (letter of notification) $250,000 of 20-year 3½% income notes due April 1, 1972. **Price**—At 100%. **Proceeds** — For general corporate purposes. **Office** — 2337 S. W. 15 St., Miami, Fla. **Underwriter**—None.

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.

★ **Florists Telephone Service Inc.**
May 28 (letter of notification) 3,000 shares of preferred stock. **Price**—At par ($100 per share). **Proceeds**—For expansion and working capital. **Office**—Suite 505, 481 Main St., New Rochelle, N. Y. **Underwriter**—None.

★ **Fluor Corp., Ltd., Los Angeles, Calif.**
May 28 (letter of notification) 6,450 shares of capital stock (par $2.50). **Price**—At market. **Proceeds**—To John S. Fluor, President, the selling stockholder. **Underwriter**—William R. Staats Co., Los Angeles, Calif.

★ **Food Center Supermarkets, Inc., Peekskill, N. Y.**
May 27 (letter of notification) $300,000 of 7% convertible debentures due June 30, 1962. **Price**—At par (in denominations of $100 each). **Proceeds**—To repay RFC loan and for expansion and general corporate purposes. **Office**—1037 Main St., Peekskill, N. Y. **Underwriter**—None.

Gar Wood Industries, Inc., Wayne, Mich.
May 23 filed 95,460 shares of common stock (par $1) to be offered in exchange for United Stove Co. common stock at rate of one share of Gar Wood for each three shares of United. **Underwriter**—None.

General Contract Corp. (formerly Industrial Bancshares Corp.), St. Louis, Mo.
May 26 filed 110,000 shares of common stock (par $2), 15,500 shares of preferred stock (par $100) and 50,000 shares of preferred stock (par $20) to be offered in exchange for stock of Securities Investment Co. of St. Louis at rate of 1 1/10 shares of common stock and one-half share of $20 par preferred stock for each S.I.C. common share and one share of $100 par preferred stock for each S.I.C. $100 preferred share. **Underwriter**—None.

★ **General Guaranty Insurance Co., Winter Park, Fla.**
May 19 (letter of notification) 7,000 shares of common stock (par $10). **Price**—$20 per share. **Proceeds**—For capital and surplus. **Underwriter** — Security Associates, Winter Park, Fla. **Offering**—Now being made.

★ **General Public Utilities Corp.**
June 4 filed 531,949 shares of common stock (par $5) to be offered for subscription by common stockholders on the basis of one new share for each 15 shares held. **Price**—To be supplied by amendment. **Proceeds**—To repay notes, invest in common stocks of domestic subsidiaries and for other corporate purposes. **Underwriter**—None.

★ **Greencastle (Pa.) Packing Co.**
May 29 (letter of notification) $240,000 of 6% debenture notes dated June 1, 1952 and due June 1, 1962 and 1,100 shares of common stock (par $10). **Price**—At par for notes (in denominations of $500 each) and at $50 per share for stock. **Proceeds**—To liquidate loans and for working capital. **Underwriter**—None.

Gulf Power Co., Pensacola, Fla. (6/24)
May 23 filed $7,000,000 of first mortgage bonds due 1982. **Proceeds**—For new construction. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.; 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 at 11 a.m. (EDT)

Hahn Aviation Products, Inc.
May 20 (letter of notification) 12,500 shares of common stock (par $1). **Price**—$3.25 per unit. **Proceeds**—For engineering, acquisition of machinery, and other corporate purposes. **Office**—2636 North Hutchinson St., Philadelphia 33, Pa. **Underwriter**—None.

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.

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.

★ **Horder's, Inc., Chicago, Ill.**
May 28 (letter of notification) 5,000 shares of common stock (no par). **Price**—$14 per share. **Proceeds**—To three selling stockholders. **Office**—231 S. Jefferson St., Chicago 6, Ill. **Underwriter**—Paine, Webber, Jackson & Curtis, Chicago, Ill.

★ **Houston Lighting & Power Co. (6/18)**
May 29 filed $14,265,550 of 3¼% convertible debentures due June 30, 1967 to be offered for subscription by common stockholders of record June 18 at rate of $50 principal amount of debentures for each 16⅔ shares held. **Price**—100% of principal amount. **Proceeds**—To repay bank loans and for new construction. **Underwriter**—Halsey, Stuart & Co., Inc., Chicago and New York.

● **Huyck (F. C.) & Sons**
May 16 filed 60,000 shares of cumulative convertible prior preferred stock (par $50). **Price**—To be supplied by amendment. **Proceeds**—To redeem $5 class B preferred stock and for working capital. **Business** — Mechanical fabrics for industry and blankets and apparel cloth. **Underwriter**—Kidder, Peabody & Co., New York. **Offering**—Postponed indefinitely.

Illinois Bell Telephone Co. (6/4)
May 15 filed 682,454 shares of capital stock being offered for subscription by stockholders of record May 29 at rate of one share for each four shares held; rights to expire July 1. **Price**—At par ($100 per share). **Proceeds**—To repay advances from American Telephone & Telegraph Co., the parent (owner of 99.31% of Illinois Bell stock). **Underwriter**—None. Statement effective May 29.

Industrial Wire Cloth Products Corp.
May 16 (letter of notification) 1,700 shares of common stock. **Price** — $7.50 per share. **Proceeds** — To Kenneth Foust, the selling stockholder. **Office**—3927 Fourth St., Wayne, Mich. **Underwriter**—Manley, Bennett & Co., Detroit, Mich.

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.

Instant Beverage, Inc., Omaha, Neb.
May 6 (letter of notification) 30,000 shares of common stock (no par). **Price** — $5 per share. **Proceeds** — For working capital. **Office**—2716 Country Club Avenue, Omaha, Neb. **Underwriter**—None.

International Technical Aero Services, Inc.
Feb. 15 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For working capital. **Office**—International Terminal, Washington National Airport, Washington, D. C. **Underwriter**—James T. DeWitt & Co., Washington, D. C.

● **Island Air Ferries, Inc. (6/9)**
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.

★ **Justheim Petroleum Co., Salt Lake City, Utah**
May 26 (letter of notification) 1,000,000 shares of common stock (par five cents). **Price**—Six cents per share. **Proceeds**—For acquisition and development of oil and gas properties. **Underwriter** — Harrison S. Brothers & Co., Salt Lake City, Utah.

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. Statement effective May 28.

● **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: Glore, Forgan & Co. and Goldman, Sachs & Co. (jointly); 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. Statement effective May 28.

Kentucky Utilities Co. (6/17)
May 19 filed $12,000,000 of first mortgage bonds, series D, due June 1, 1982. **Proceeds** — For new construction. **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.

★ **Kentucky Water Service Co., Louisville, Ky.**
May 19 (letter of notification) 2,000 shares of 6% cumulative preferred stock (par $25) to be offered to public and 10,000 shares of common stock (par $5) to be offered to common stockholders in proportion to their holdings. **Price** — Of preferred, $26.50 per share; and of common stock, at par. **Proceeds** — For extensions and improvements. **Underwriters**—For preferred stock—The Bankers Bond Co., Smart, Clowes & Phillips, Inc. and Wagner, Reid & Ebinger, Inc., all of Louisville, Ky.

★ **Kerite Co., New York**
May 29 (letter of notification) 7,261 shares of common stock (par $10), to be offered for subscription by common stockholders at rate of one share for each 20 shares held on May 23; rights expire on June 20. **Price**—$20 per share. **Proceeds**—For expansion. **Office**—30 Church St., New York 7, N. Y. **Underwriter**—None.

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.

★ **Kroehler Mfg. Co., Naperville, Ill.**
May 29 (letter of notification) 9,036 shares of common stock (par $5) to be sold to 28 executives. **Price**—$28.59 per share. **Proceeds**—For general corporate purposes. **Underwriter**—None.

Lapaco Chemicals, Inc., Lansing, Mich.
March 18 (letter of notification) 200,787 convertible notes (each note convertible into $1 par class B stock). **Price**—90 cents each. **Proceeds** — For working capital and investment. **Office**—1800 Glenrose Ave., Lansing 2, Mich. **Underwriter**—None.

★ **LaPointe-Plascomold Corp., Windsor Locks, Conn.**
May 29 filed 230,485 shares of common stock (par $1), of which 190,485 shares are to be offered for subscription by stockholders at rate of one share for each share held, and 40,000 shares are to be issued upon exercise of stock options by officers and employees. **Price** — $2.75 per share. **Business**—Manufacture of television accessories. **Underwriter**—None.

● **Lincoln Telephone & Telegraph Co.**
May 19 (letter of notification) 10,002 shares of common stock (par $16.67) being offered for subscription by common stockholders at rate of one share for each 16 shares held as of April 30; rights to expire on June 24. **Price**—$25 per share. **Proceeds** — To increase working capital. **Office**—1342 M St., Lincoln, Neb. **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. **Withdrawal** — Statement withdrawn May 27.

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.

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.

★ **Lubrication Engineers, Inc.**
May 27 (letter of notification) 1,000 shares of common stock, to be issued when increase in capital stock is authorized by the Secretary of State. **Price**—At par ($100 per share). **Proceeds**—For financing increased volume of sales. **Office**—2809 Race St., Fort Worth 11, Tex. **Underwriter**—None.

Magar Home Products, Inc., Geneva, Ill.
May 22 (letter of notification) 3,000 shares of common stock (par one cent). **Price**—At market (approximately 75 cents per share). **Proceeds**—To T. E. Myers, the selling stockholder. **Office**—15 South First Street, Geneva, Ill. **Underwriter**—Reynolds & Co., New York, and Chicago, Ill.

● **Market Basket, Los Angeles, Calif.**
May 14 (letter of notification) 19,181 shares of common stock (par 50 cents) to be offered to employees. **Price**—$11.50 per share. **Proceeds**—For general corporate purposes. **Office**—6014 South Eastern Ave., Los Angeles 22, Calif. **Underwriter**—None.

★ **Martin (Glenn L.) Co. (6/19)**
May 29 filed 761,859 shares of common stock (par $1) to be offered for subscription by stockholders of record on or about June 19 at the rate of nine shares for each 10 shares held; rights to expire on July 11. **Price**—$6 per share. **Proceeds**—To repay convertible notes. **Underwriter**—None.

Matheson Co., Inc., East Rutherford, N. J.
May 22 (letter of notification) $18,000 of first mortgage bonds dated March 1, 1952 and due March 1, 1967. **Price**—At par and accrued interest. **Proceeds**—For building program. **Underwriter**—Mohawk Valley Investing Co., Inc., Utica, N. Y.

★ **Metals Recovery Equipment Corp., N. Y.**
May 26 (letter of notification) $48,000 of 5-year 5% unsecured notes and 2,000 shares of common stock (par $1) to be offered in units of a $2,400 note and 100 shares of stock. **Price**—$2,500 per unit. **Proceeds**—For construction of silver recovery machines and general operations. **Office**—Suite 3000, 63 Wall St., New York, N. Y. **Underwriter**—None.

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.

● **Midwest Pipe & Supply Co., Inc. (6/18)**
May 19 filed 100,938 shares of common stock (no par). **Price**—To be supplied by amendment. **Proceeds**—To go to selling stockholders. **Underwriter**—G. H. Walker & Co., St. Louis and New York.

★ **Mineral Investment Corp., New Orleans, La.**
May 29 (letter of notification) 1,114 shares of common stock (no par). **Price**—$85 per share. **Proceeds**—To increase working capital. **Office**—317 Baronne St., New Orleans, La. **Underwriter**—None.

Montex Oil & Gas Corp., Baytown, Tex. (6/9)
May 12 (letter of notification) 1,200,000 shares of common stock (par 1 cent). **Price**—25 cents per share. **Proceeds**—For drilling and exploration expenses and working capital. **Underwriter**—I. J. Schenin & Co., New York.

Monty's Stores, Inc., Seattle, Wash.
May 16 (letter of notification) $100,000 of 7% 10-year convertible bonds (in denominations of $500 and $1,000 each) and 10,000 shares of common stock (par $10). **Price**—At par. **Proceeds**—For working capital and expansion. **Office**—208 Third Ave., South, Seattle, Wash. **Underwriter**—National Securities Corp., Seattle, Wash.

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.

Motion Picture Advertising Service, Inc.
May 22 (letter of notification) 20,487 shares of common stock (no par) to be offered first to stockholders. **Price**—To stockholders, $8 per share, and to public, $8.50 per share. **Proceeds**—For expansion of film production. **Office**—1032 Carondelet St., New Orleans, La. **Underwriter**—Howard, Weil, Labouisse, Friedrichs & Co., New Orleans, La.

● **National Alfalfa Dehydrating & Milling Co.**
April 7 filed 69,800 shares of common stock (par $1) being 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. Statement effective May 22.

● **National Chlorophyll & Chemical Co.**
April 7 filed 349,000 shares of common stock (par $1) being 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. Statement effective May 22.

● **New England Power Co. (6/25)**
May 28 filed $5,000,000 of first mortgage bonds, series E, due June 1, 1982. **Proceeds**—To repay bank loans and for new construction. **Underwriters**—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). **Bids**—To be received up to noon (EDT) on June 25.

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.

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 at 10:30 a.m. (CDT) on June 10. Statement effective May 23.

● **Northern States Power Co. (Minn.)**
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 (with an oversubscription privilege); rights to expire June 23. **Price**—$10.12 per share. **Proceeds**—For construction program. **Underwriters**—Lehman Brothers and Riter & Co. (jointly) who were awarded the issue on June 4. Statement effective May 23.

★ **Oil Finance Corp., Jersey City, N. J.**
May 27 (letter of notification) 2,400,000 shares of common stock (par one cent). **Price**—12½ cents per share. **Proceeds**—To purchase property and for working capital. **Underwriter**—West & Co., Jersey City, N. J.

Oklahoma Natural Gas Co. (6/16)
May 21 filed 160,000 shares of cumulative preferred stock, series B (par $50). **Proceeds**—To reduce bank loans and for new construction. **Underwriter**—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. **Bids**—Tentatively scheduled to be received up to 11 a.m. on June 16.

Pacific Gas & Electric Co. (6/16)
May 21 filed 2,271,300 shares of common stock (par $25) to be offered for subscription to stockholders of record June 10 in ratio of one share for each five shares held; rights to expire July 2. Warrants will be mailed about June 13, with subscription period to open June 16. **Price**—To be supplied by amendment. **Proceeds**—For construction program. **Underwriter**—Blyth & Co., Inc., San Francisco and New York.

Peoples Finance Corp., Montgomery, Ala.
Dec. 19 (letter of notification) 15,000 shares of common stock (par $1). **Price**—$3 per share. **Underwriter**—Carlson & Co., Birmingham, Ala. **Proceeds**—To expand business. **Office**—5 South Court St., Montgomery, Ala.

Petroleum Finance Corp.
Feb. 5 (letter of notification) 60,000 shares of common stock (par $1) and 30,000 warrants to purchase 30,000 shares of common stock (warrants exercisable at $7.50

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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, was scheduled to expire on June 4. **Dealer-Manager**—Hemphill, Noyes, Graham Parsons & Co., New York. Statement effective April 18.

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.

★ Prudential Petroleum Corp., Dallas, Tex.
May 14 (letter of notification) 200,000 shares of common stock (par 10 cents). **Price**—$1.50 per share. **Proceeds**—For drilling oil and gas wells. **Underwriter** — J. F. McBride Co., Inc., New York. **Offering**—Made on May 22.

● Public Service Co. of Indiana, Inc. (6/17-18)
May 28 filed 800,000 shares of cumulative preferred stock (par $25). **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans and for new construction. **Underwriter**—Blyth & Co., Inc., New York.

● Public Service Co. of Indiana, Inc. (6/24)
May 28 filed $25,000,000 of first mortgage bonds, series J, due July 1, 1982. **Proceeds**—To repay bank loans and for construction program. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co., Salomon Bros. & Hutzler and Union Securities Corp. (jointly); Blyth & Co., Inc.; The First Boston Corp.; Glore, Forgan & Co.; Merrill Lynch, Pierce, Fenner & Beane, Kidder, Peabody & Co. and White, Weld & Co. (jointly); Harriman Ripley & Co. Inc. **Bids**—To be opened at 11 a.m. (CDT) on June 24.

● Public Service Co. of New Hampshire (6/23)
May 28 filed 50,000 shares of preferred stock (par $100). **Proceeds**—For new construction and to repay short-term borrowings. **Underwriter**—To be determined by competitive bidding. Probable bidders: The First Boston Corp.; Kidder, Peabody & Co. and Blyth & Co., Inc. (jointly); Harriman Ripley & Co., Inc. **Bids**—To be received up to 11 a.m. (EDT) on June 23.

● Public Service Co. of New Mexico (6/16-19)
May 28 filed 173,136 shares of common stock (par $5) to be offered for subscription by common stockholders at rate of one new share for each seven shares held. **Price**—To be supplied by amendment. **Proceeds**—For new constiuction. **Underwriter**—Allen & Co., New York.

Public Service Electric & Gas Co. (6/11)
May 21 filed 700,000 shares of common stock (no par). **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Underwriters** — Morgan Stanley & Co.; Drexel & Co.; and Glore, Forgan & Co.

Public Service Electric & Gas Co. (6/17)
May 21 filed $40,000,000 of debenture bonds due June 1, 1972. **Proceeds**—For new construction and general corporate purposes. **Underwriters** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co., Drexel & Co. and Glore, Forgan & Co. (jointly); Kuhn, Loem & Co. **Bids**—To be received up to 11 a.m. (EDT) on June 17 at 80 Park Place, Newark, N. J.

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.

● Rochester Gas & Electric Co. (6/11)
May 15 filed $6,000,000 of first mortgage bonds, series N, due 1982. **Proceeds**—For new construction. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers; The First Boston Corp.; Union Securities Corp. and Equitable Securities Corp. (jointly); Salomon Bros. & Hutzler. **Bids**—To be received up to 11 a.m. (EDT) on June 11.

★ Rose's 5, 10 & 25-Cent Stores, Inc.
May 26 (letter of notification) 4,370 shares of common stock (par $10). **Price** — $45 per share. **Proceeds**—For working capital. **Office**—218 C. Garnett St., Henderson, N. C. **Underwriter**—None.

★ St. Louis Midwest Co., St. Louis, Mo.
May 29 filed 55,000 shares of common stock (par $1) to be offered to a limited group of persons active in the management and affairs of Midwest Piping & Supply Co., Inc., St. Louis, Mo. **Price**—To be supplied by amendment. **Proceeds**—To purchase 55,000 shares of Midwest Piping common stock owned by the trustee under the wills of Hugo F. Urbauer and Ina C. Urbauer, deceased. **Underwriter** — G. H. Walker & Co., St. Louis, Mo., for unsubscribed shares.

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.

★ Smith (S. Morgan) Co., Inc., York, Pa. (6/25)
May 29 filed 100,000 shares of capital stock (par $10), of which an unspecified number of shares are to be offered initially to stockholders who have not waived their preemptive rights to subscribe thereto. **Price**—To be supplied by amendment. **Proceeds** — From sale of stock, together with $3,500,000 to be received from private sale of an issue of sinking fund notes, to be used to repay bank loans, for expansion of plant facilities and for working capital. **Underwriter** — The First Boston Corp., New York.

● Socony-Vacuum Oil Co., Inc.
May 9 filed $15,000,000 of interests in Employees Savings Plan and 300,000 shares of capital stock purchasable under the plan. **Underwriter**—None. Statement effective May 29.

Southern Co., Wilmington, Del. (6/18)
May 16 filed 1,004,510 shares of common stock (par $5) to be offered by company for subscription by common stockholders of record June 19 at rate of one share for each 16 shares held; rights to expire on or about July 10. **Price**—To be fixed by company on June 16. **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); The First Boston Corp.; Harriman Ripley & Co. Inc. **Bids**—To be received up to 11:30 a.m. (EDT) on June 18.

Southern New England Telephone Co. (6/24)
May 27 filed $15,000,000 of 33-year debentures due July 1, 1985. **Proceeds**—To repay indebtedness to American Telephone & Telegraph Co. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co. and Kidder, Peabody & Co. (jointly); Blyth & Co., Inc., The First Boston Corp.; Lehman Brothers and Salomon Bros. & Hutzler (jointly); Morgan Stanley & Co.; Merrill Lynch, Pierce, Fenner & Beane. **Bids**—Tentatively scheduled to be received on June 24.

★ Soya Corp. of America
May 27 (letter of notification) 6,400 shares of common stock (par one cent). **Price**—50 cents per share. **Underwriter**—Jacquin, Stanley & Co., New York, who will retain entire proceeds in payment for services rendered.

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.

● Storer Broadcasting Co. (6/23-26)
May 19 filed 215,000 shares of common stock (par $1), of which 200,000 shares are being sold by certain selling stockholders (170,000 to be offered publicly and 10,000 to certain employees; and 20,000 shares to the underwriters under option agreement) and the remaining 15,000 shares being reserved for sale by company to certain employees. **Price**—Of first 200,000 shares, to be supplied by amendment; of 15,000 shares by company, $10.62½ per share. **Proceeds**—For general corporate purposes. **Underwriters**—Reynolds & Co., New York, and Oscar E. Dooly & Co., Miami, Fla.

★ Supreme Sunrise Food Exchange, Inc.
May 23 (letter of notification) 1,550 shares of common stock (par $1). **Price**—$6 per share. **Proceeds**—To selling stockholder. **Underwriter**—Childs, Jeffries & Thorndike, Inc., New York.

Tennessee Gas Transmission Co.
May 26 filed $800,000 of employees funds, plus contributions of the company to be invested in two plans, viz: Class A, consisting of U. S. Savings Bonds; and Class B, consisting of investments in Tennessee Gas Transmission Co. securities and securities of other companies and investment funds. **Underwriter**—None.

★ Texas Eastern Transmission Corp. (6/23)
June 2 filed 250,000 shares of cumulative convertible preferred stock (par $100). **Price** — To be supplied by amendment. **Proceeds**—For expansion program. **Underwriter**—Dillon, Read & Co., Inc., New York.

★ Texas General Production Co., Houston, Tex.
June 4 filed 2,500,000 shares of common stock (par 50 cents). **Price**—To be supplied by amendment. **Proceeds**—To buy property for oil prospecting. **Underwriter**—None.

Tiger Tractor Corp., Keyser, W. Va.
May 13 (letter of notification) 180,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For working capital. **Office**—East and Mozelle St., Keyser, W. Va. **Underwriter**—None.

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 Petroleum Co., Inc.
May 19 (letter of notification) 300,000 shares of common stock (par 25 cents). **Price**—$1 per share. **Proceeds**—For oil well development in New Mexico. **Office**—407 Shipley St., Wilmington 1, Del. **Underwriter**—Calvert Securities Corp., Wilmington, Del.

● Tri-Tor Oils, Ltd., Montreal, Canada (6/16)
May 9 filed 1,000,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For construction and drilling expenses. **Business**—Production of oil and natural gas. **Underwriter**—Peter Morgan & Co., New York.

Uarco Inc., Chicago, Ill.
May 5 (letter of notification) 2,800 shares of common stock (par $10). **Price**—At market (estimated at $20.50 per share). **Proceeds**—To George Buffington, the selling stockholder. **Underwriter**—Kidder, Peabody & Co., New York.

★ United Metals Corp., Globe, Ariz.
May 28 (letter of notification) 300,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For mining operations. **Address**—P. O. Box 776, Globe, Ariz. **Underwriter**—None.

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.

● Virginia Electric & Power Co.
May 1 filed 494,642 shares of common stock (par $10) being 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**—$21.75 per share. **Proceeds**—For construction program. **Underwriter**—Stone & Webster Securities Corp., New York. Statement effective May 23.

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.

★ Washington Urban Redevelopment Corp., Washington, D. C.
May 28 (letter of notification) 3,000 shares of capital stock, of which 1,000 shares will be offered to public. **Price**—At par ($100 per share). **Proceeds**—For improving real estate within District of Columbia. **Underwriter**—None.

★ Washoe Development Corp., Reno, Nev.
May 27 (letter of notification) 2,500 shares of common stock. **Price**—$100 per share. **Proceeds**—For ski lifts and development of winter recreational area in Reno bowlslide mountain area. **Address**—P.O. Box 1706, Reno, Nev. **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.

● West Virginia Production Co. (6/16-19)
May 28 filed 300,000 shares of 10-cent cumulative preferred stock of $1 par value (convertible after Dec. 31, 1955) to be offered for subscription by common and preferred stockholders of West Virginia Water Service Co. **Price**—To be supplied by amendment. **Proceeds**—To drill wells and acquire acreage. **Underwriters**—Allen & Co., New York; and Shea & Co., Inc., Boston, Mass.

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.

Workers Loan Co., Du Bois, Pa.
May 16 (letter of notification) $200,000 of 10-year 6% convertible subordinated debentures due May 15, 1962. **Price**—At par (in denominations of $500 each) and accrued interest. **Proceeds**—For working capital. **Office**—19 West Long Ave., Du Bois, Pa. **Underwriter**—Blair F. Claybaugh & Co., Harrisburg, Pa.

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.

Allis-Chalmers Manufacturing Co.
May 12 it was reported company may do some financing, the nature of which has not yet been determined. **Underwriter**—Blyth & Co., Inc.

American Barge Line Co.
May 27 stockholders approved a proposal to increase the authorized common stock (par $5) from 330,000 to 430,000 shares and approved 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.

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 bid-

ders: 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 28 it was announced 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. Debt financing for approximately $3,000,000 planned in 1953.

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.

Bailey Selburn Oil & Gas Co., Ltd.
May 20 it was reported this company, which will be the result of a merger of Selburn Oil Co., Ltd., and six other oil companies operating in western Canada, may issue and sell approximately 1,000,000 shares of common stock. **Underwriters**—Reynolds & Co., New York (for about 60% of the issue) and McLeod, Young, Weir, Inc., New York (for about 40% of issue). **Registration**—Expected in near future.

Banff Oil Co., Ltd. (Canada)
May 6 it was reported company plans to issue and sell an issue of about 1,000,000 shares of common stock. **Proceeds**—For drilling and exploration costs. **Registration**—Expected early in June with offering later in month. **Underwriter**—Lehman Brothers, New York.

California Electric Power Co.
May 8 it was reported company plans to issue and sell between $4,000,000 and $4,500,000 first mortgage bonds by competitive bidding and about $2,500,000 of preferred stock and $2,500,000 common stock probably through negotiated sale. Probable bidders for bonds: Halsey, Stuart & Co. Inc. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Salomon Bros. & Hutzler. Underwriters for stock: Probably William R. Staats & Co.; Lester, Ryons & Co.; and Walston, Hoffman & Goodwin.

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.

★ Carolina Natural Gas Corp.
May 19 company sought FPC authority to a new 40-mile transmission line estimated to cost $3,150,000, to be financed by the issuance of $1,600,000 first mortgage bonds, $750,000 15-year debentures and $800,000 common stock. **Traditional Underwriter** — R. S. Dickson & Co., Charlotte, N. C.

Central Hudson Gas & Electric Corp.
March 4 it was reported company plans the sale this Fall of about $5,500,000 first mortgage bonds. Latest bond financing was done privately in March, 1951 through Kidder, Peabody & Co.

Central Maine Power Co.
May 15 stockholders increased authorized common stock (par $10) from 2,500,000 shares to 3,250,000 shares and preferred stock (par $100) from 300,000 shares to 330,000 shares. It is estimated that additional financing necessary this year will be in excess of $8,500,000.

Chicago & North Western Ry. (6/12)
May 16 company sought ICC permission to issue and sell $6,555,000 of equipment trust certificates to be dated July 1, 1952, and to mature in 15 annual instalments. Probable bidders: Halsey, Stuart & Co. Inc.; Bear, Stearns & Co.; Salomon Bros. & Hutzler. **Bids**—To be received up to noon (EDT) on June 12 at 400 West Madison Street, Chicago 6, Ill.

Cincinnati Enquirer
May 16 it was reported that a bid of $7,500,000 cash will be made for this newspaper by a group of its former employees, to be raised through the sale of $6,000,000 of bonds through Halsey, Stuart & Co. Inc., and by sale of an estimated $2,500,000 of common stock in addition to about $910,000 already pledged by certain employees. It was stated that more than $500,000 has been pledged outside the paper. The Cincinnati "Times-Star" has also made a bid of $7,500,000.

Citizens Utilities Co.
May 13 the stockholders approved a proposal to increase the 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.

Columbus & Southern Ohio Electric Co.
April 26 it was announced company expects to enter the permanent financing market about the middle of 1952 with not less than 200,000 shares of new common stock. **Proceeds** — For construction program. **Underwriter** — Dillon Read & Co., Inc., New York.

Commonwealth Edison Co., Chicago, Ill. (7/15)
May 27, Charles Y. Freeman, Chairman, announced that it may be advisable to make an offering of mortgage bonds about the middle of July. **Proceeds**—For new construction. **Underwriters** — May be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Glore, Forgan & Co.; The First Boston Corp.

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.

Copperweld Steel Co.
April 30 stockholders approved a proposal to increase the authorized indebtedness from $5,000,000 to $15,000,000 (none presently outstanding) and the authorized preferred stock (par $50) to 137,727 shares from 37,727 shares, which are all outstanding. **Traditional Underwriter**—Riter & Co., New York.

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.

Duquesne Light Co.
May 13 it was announced stockholders will vote July 8 on increasing authorized preferred stock (par $50) from 800,000 shares to 1,000,000 shares. **Underwriters**—To be determined by Competitive bidding. Probable bidders: The First Boston Corp.; Kuhn, Loeb & Co. and Smith, Barney & Co. (jointly); Lehman Brothers; Kidder, Peabody & Co., Merrill Lynch, Pierce, Fenner & Beane and White, Weld & Co. (jointly).

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.

Food Fair Stores, Inc.
May 20 it was announced stockholders will vote Aug. 19 on increasing authorized indebtedness from $12,000,000 to $25,000,000 and to increase the authorized common stock from 2,500,000 to 5,000,000 shares. No immediate issuance of either debt securities or of common stock is contemplated. **Traditional Underwriter**—Eastman, Dillon & Co., New York.

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)
May 27 company sought SEC approval to issue and sell $20,000,000 of first mortgage bonds due 1982. **Proceeds**—For new construction. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; 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 at 11 a.m. (EDT). **Registration**—Expected on June 6.

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.

Honolulu (City and County of)
May 20 it was announced it is planned to issue and sell $6,000,000 bonds for construction of the Kalihi tunnel, $5,000,000 bonds for public school program, $1,600,000 bonds for public improvements and $1,000,000 for flood control.

Idaho Power Co.
Feb. 27 T. E. Roach, President, announced that the company's present plans consist of the sale this summer of about 225,000 additional shares of common stock (par $20), but no preferred stock. **Price**—At a minimum of $35 per share net to company. **Underwriters** — Latest common stock financing in April, 1949, was handled by Blyth & Co., Inc.; Lazard Freres & Co.; and Wegener & Daly Corp. **Proceeds**—To repay bank loans and for construction program.

Illinois Central RR.
May 21, stockholders approved proposal to increase 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.

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.

★ Laclede Gas Co.
See Mississippi River Fuel Corp. below.

Leitz (E.), Inc., New York (6/12)
May 14 it was announced that Office of Alien Property, 346 Broadway, New York 13, N. Y., will up to 3 p.m. (EDT) on June 12 receive bids for the purchase from the Attorney General of the United States of the corporation's 400 shares of no par common stock (total issue outstanding). **Business** — Manufactures and distributes photographic equipment and supplies. **Bidders**—May include Allen & Co., New York.

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.

Maracaibo Oil Exploration Corp.
May 5 stockholders voted to increase the authorized $1 par value capital stock from 500,000 to 600,000 shares. No financing presently planned. No underwriting was involved in offer to common stockholders last October.

McCarthy (Glenn), 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.

Mercantile National Bank of Chicago
May 22 stockholders approved offer to common stockholders of record May 19 of 25,000 shares on a 1-for-2½ basis; rights to expire June 23. **Price**—$25 per share. **Proceeds**—To increase capital and surplus. **Underwriters**—Glore, Forgan & Co., New York, and The Illinois Co., Chicago.

Metals & Chemicals Corp., Dallas, Tex. (6/30)
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 30.

Middle East Industries Corp., N. Y.
Oct. 31 it was announced company plans to expand its capitalization in the near future and to register its securities with the SEC preliminary to a large public offering, the funds to be used to build new industrial projects in Israel.

Minabi Exploration Co., Houston, Tex.
March 21 it was reported early registration is expected of 125,000 shares of common stock. **Proceeds**—To go to certain selling stockholders. **Underwriter** — Moroney, Beissner & Co., Houston, Tex.

Minneapolis, St. Paul & Sault Ste. Marie Railroad (6/5)
Bids will be received by the company at Room 1410, First National-Soo Line Building, Minneapolis 2, Minn., up to noon (CDT) on June 5 for the purchase from it of $2,850,000 equipment trust certificates to be dated July 1, 1952 and due semi-annually to July 1, 1967, inclusive. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler; Bear, Stearns & Co.

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.

★ Mississippi River Fuel Corp.
W. G. Marbury, President, on May 26 announced that company will attempt to acquire control of Laclede Gas Co. as authorized by directors on May 22. This acquisition would cost about $20,000,000, with Laclede stockholders being offered cash or stock of Mississippi River Fuel Corp. in exchange for their holdings. If control cannot be acquired, Mississippi then will sell the 248,400 Laclede shares it now holds. **Underwriter**—Probably Union Securities Corp., New York.

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Nevada Natural Gas Pipe Line Co., Las Vegas, Nevada
Feb. 8 company applied to FPC for authority to construct a 114-mile pipeline from near Topock, Ariz., to Las Vegas, Nev., at an estimated cost of $2,400,880, to be financed by sale of $1,600,000 first mortgage bonds, $500,000 preferred stock and $402,500 common stock.

New England Telephone & Telegraph Co.
Dec. 20, F. A. Cosgrove, Vice-President, said a permanent financing program will have to be undertaken in 1952 to repay about $43,000,000 short-term bank borrowings. **Underwriters**—For bonds may be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co. In case of common stock financing there will be no underwriting.

New Jersey Power & Light Co.
April 8 it was reported company plans tentatively to issue and sell $3,200,000 of bonds, $1,000,000 of preferred stock and $400,000 of common stock (latter to be sold to General Public Utilities Corp., parent). **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc. (bonds only); Kidder, Peabody & Co.; Smith, Barney & Co.; Union Securities Corp.; Carl M. Loeb, Rhoades & Co.; Salomon Bros. & Hutzler.

New York Central RR.
May 5, it was reported company may issue and sell $12,000,000 of equipment trust certificates to mature annually 1953-1967, inclusive. Probable bidders: Halsey, Stuart & Co. Inc.; Bear, Stearns & Co.; Salomon Bros. & Hutzler.

Niagara Mohawk Power Corp.
May 6 stockholders voted to increase authorized common stock by 1,500,000 shares (11,094,663 shares presently outstanding). This places company in a flexible position with respect to formulation of future financial programs. Earle J. Machold, President, said bank loans, totaling $40,000,000 to be outstanding at Dec. 31, 1952, will be permanently financed early in 1953. **Underwriters** — To be determined by competitive bidding. Probable bidders: Morgan Stanley & Co. and The First Boston Corp. (jointly); Merrill Lynch, Pierce, Fenner & Beane.

Northwest Natural Gas Co.
Jan. 7 company filed amended application with FPC in connection with its plan to build a natural gas transmission system in the Pacific Northwest to transport gas from Canada to markets in Idaho, Washington and Oregon, with a portion to be returned to Canada for use in British Columbia. The estimated overall cost of the project is approximately $92,000,000. **Underwriter**—Morgan Stanley & Co., New York. **Financing**—Not expected until after Provincial elections in April.

Pennsylvania Electric Co.
Jan. 5 it was announced that company plans to spend about $26,000,000 for expansion in 1952, to be financed in part, by the sale of about $9,000,000 first mortgage bonds, $4,500,000 of preferred stock and $4,500,000 of common stock (the latter issue to parent, General Public Utilities Corp). **Underwriters**—For bonds and preferred stock to be determined by competitive bidding. Probable bidders: (1) for bonds—Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co.; Union Securities Corp. and White Weld & Co. (jointly); Kuhn, Loeb & Co.; A. C. Allyn & Co., Inc.; Equitable Securities Corp.; Shields & Co and R. W. Pressprich & Co. (jointly). (2) for preferred—Smith, Barney & Co. and Kidder, Peabody & Co (jointly); W. C. Langley & Co. and Glore, Forgan & Co (jointly); Kuhn, Loeb & Co.; Lehman Brothers and Salomon Bros. & Hutzler (jointly); Harriman Ripley & Co., Inc. **Offering**—Expected in mid-year.

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.

Pubco Development Co.
May 15 it was announced that company plans to issue and sell to present warrant holders additional warrants to purchase 605,978 shares of common stock at $1 per share on a one-for-one basis. **Price** — $2 per warrant exercisable on or before Jan. 1, 1955. **Proceeds** — For purchase and development of natural gas and oil leases. **Underwriter**—Allen & Co., New York.

Safeway Stores, Inc.
May 22 it was announced stockholders will on June 23 vote on authorizing directors to issue and sell publicly not in excess of 200,000 shares of convertible preferred stock. **Traditional Underwriter**—Merrill Lynch, Pierce, Fenner & Beane, New York. **Offering** — Expected late June.

★ St. Joseph Light & Power Co.
May 21 stockholders authorized an increase in funded indebtedness by $1,500,000 as needed by Dec. 31, 1954, to finance the company's construction program in part. It is also planned to issue 5,000 authorized shares of preferred stock (par $100).

Sapphire Petroleums, Ltd.
May 20 it was reported company may do about $2,000,000 of new financing (including an issue of convertible debentures). **Proceeds** — For acquisition of properties and for development expenses. **Underwriters** — To include Frame, McFadyen & Co., Toronto, Canada.

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.

Southern California Edison Co.
April 18 it was reported company plans to obtain between $25,000,000 and $28,000,000 of new capital through the sale of additional securities. **Proceeds**—For new construction. **Underwriters** — Probably The First Boston Corp.; Harris, Hall & Co. (Inc.) **Offering**—Expected in Fall.

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.

Standard Forgings Corp.
April 25 stockholders approved an increase in authorized common stock from 266,000 shares to 350,000 shares. **Traditional Underwriter**—Shields & Co., New York.

Texas-Ohio Gas Co., Houston, Tex.
Oct. 17 company applied to FPC for authority to construct a 1,350-mile natural gas transmission line extending from Texas into West Virginia. The project is estimated to cost $184.989,683. **Underwriter**—Kidder, Peabody & Co., New York.

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.
May 5 stockholders of record April 24 were mailed rights to subscribe for 400,000 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. **Offering**—Of about 150,000 common shares expected in June.

Washington Water Power Co.
Jan. 9 company applied to the SEC for authority to make bank borrowings of $40,000,000, the proceeds to be used to finance contemporarily, in part, the company's construction program. Permanent financing expected later this year. Probable bidders: (1) For stock or bonds: Blyth & Co., Inc.; Smith, Barney & Co. and White, Weld & Co. (jointly); W. C. Langley & Co. and The First Boston Corp. (jointly); (2) for bonds only: Halsey, Stuart & Co. Inc.

Western Light & Telephone Co., Inc.
April 11 stockholders increased authorized common stock from 400,000 to 500,000 shares, the additional shares to be issued as funds are needed for new construction. **Dealer-Managers**—Harris, Hall & Co. (Inc.), Chicago, Ill., and The First Trust Co. of Linclon. Neb.

Our Reporter's Report

Had it not been for the flotation of the huge Ohio Turnpike offering, which came to market today, this would have been an extremely light week in the new issue field.

As it turned out, the corporate end of the business was pretty much at a standstill with only a sprinkling of new undertakings, mostly small, occupying the time of the underwriters.

The secondary market remained in the doldrums, with investors definitely not in a buying mood. Governments, the key section, failed to offer any cue to what the Treasury may have in mind though the Street heard talk of plans for another venture into the money market.

Meanwhile there were indications that some sections of the market were sprucing up a bit. Reports had it that Burroughs Adding Machine's new 3⅜s were really moving with the prospects bright for early cleaning up of the small balance remaining.

On the equity side there was good news too, and the manner in which Tampa Electric Co.'s new preferred stock was spoken for suggested that it fitted nicely into certain institutional portfolios.

At any rate the stock, brought out at a price to yield 4.22% in dividend return, was the center of brisk demand with one big institution taking down a block reported to run to 10,000 shares or 20% of the total offering.

Private Placements

In the heat of the discussion surrounding private placements as a medium of corporate financing the banking firm of Lehman Bros., 1 William St., New York City, which is active in both public distribution and in the aforementioned line, comes out strongly in its defense in a pamphlet entitled "Private Placements."

The bankers cite the basic changes which have come about in the field during the last generation and note the importance assumed by direct placements in the interval. Both methods are needed, it says, and then notes that private placement no longer involves big insurance companies alone but has come to embrace pension funds and other major investment agencies as well.

The issuer, it holds, is guided by his own situation in deciding upon the method selected. During the past 17 years, Lehman Bros. has handled 147 such transactions ranging from $300,000 to $150,000,000 for an aggregate of $1,300,530,000.

Backlog Building Slowly

Although there is a formidable backlog of new issues waiting to reach market when conditions are right, it is noticeable that additions to the registered schedule have been a bit on the slow side recently.

This week, for example, has brought few new registrations and these have been largely projected new equity undertakings. Largest is Texas Eastern Transmission Corp.'s 250,000 shares of new convertible preferred stock which is a negotiated operation to raise funds for expansion,

Two other negotiated operations were included, namely, 150,000 shares of new common stock filed by Empire District Electric Co., for public offering, and 100,000 shares of capital stock of S. Morgan Smith Co., builders of hydraulic turbines.

Ohio Turnpike 3¼s

The municipal market was turned over almost exclusively to the Ohio Turnpike Commission's vast $326,000,000 of revenue bonds for which a giant banking syndicate submitted its price and terms on Tuesday.

It was expected that unless some revisions were to develop, the bonds would be on the market today at a price of par to yield 3.25%.

With more than 400 investment firms comprising the nationwide syndicate formed to handle the business it was reported that a quick closing of the books was indicated providing the bankers' projected terms were accepted.

Tomorrow's Markets Walter Whyte Says—

By WALTER WHYTE

The Supreme Court decision was the big news this week. It caused a lot of talk, and because it was the big talk for so long, its effect, when it finally became a reality, was comparatively unimportant. The steels went up and that was about all.

The advance of the steels was not surprising. They reacted to the news in a pat fashion. The chances are that now that the Court has ruled, the steels will stay up there for a while and then go off again. Had the decision gone the other way my guess is that the steels would've gone off comparatively little and then gone up again.

Basically, however, the market continues to look and act nervous. Here and there some stock gets a shot in the arm and has a temporary move. But there's nothing sustained. All of it seems the result of a surface manifestation. There's nothing deep seated that points to any new major advance. Last week you saw the picture stocks fade away based on a convenient reason that one major outfit cut its dividend. The majority of picture products in the past few months have been so poor that grosses, the life blood of the rental system for the studios, have dwindled to almost new lows. A picture company without some television prospects is to be avoided.

Inflation will again be in the limelight before long. I doubt if any further cheapening of the dollar will have any improved effect on the stock market. The basis of the new inflation will be the expected deficit borrowing by the U. S. Treasury from commercial banks on a short-term basis. This expected pump priming will increase the amount of money and thereby reduce its value by further increasing the price of commodities and consumer goods.

Chief reason for the new expected financing is that the Treasury, in selling securities to the banks, is to overcome the results of the poor sales of savings bonds direct to the public. The reasons for this failure are many and have no direct bearing at the present time. But in the long run the propaganda mills with their subway card slogans "Beat Inflation" will not increase buying power one iota.

This tightening of purchasability is already being noted in the automobile industry, refrigerator, washing machine and similar fields. With taxes taking a huge slice and buying dwindling, third and fourth quarter reports will be dismal. The market is now anticipating these possibilities.

When the reaction runs deeper the chances are that stocks will have already reflected the events which later will become news. It is then that the market will be a buy again. Until then just sit back and wait.

[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.]

$50 Million Bonds of State of California Offered to Investors

Bank of America N. T. & S. A. and associates are offering $50,000,000 State of California 4%, 1½% and 1¾% State School Building Bonds, Series E due May 1, 1954-78, inclusive. The bonds are priced to yield from 1.05% to 2% according to maturity.

Other members of the offering group include: The National City Bank of New York; The Chase National Bank; Blyth & Co., Inc.; Harriman Ripley & Co.; Harris Trust and Savings Bank; R. H. Moulton & Company; American Trust Company; C. J. Devine & Co.; Goldman, Sachs & Co.; Union Securities Corporation; Merrill Lynch, Pierce, Fenner & Beane; Weeden & Co.; The First National Bank of Portland, Oregon; Seattle-First National Bank; Security-First National Bank of Los Angeles; California Bank; Dean Witter & Co.; William R. Staats & Co.; Equitable Securities Corporation; Reynolds & Co.; J. Barth & Co.; B. J. Van Ingen & Co. Inc.; Coffin & Burr Incorporated; A. C. Allyn and Company Incorporated; Harris, Hall & Company (Incorporated); and Heller, Bruce & Co.

N. Y. Municipal Club "Daily Bond Crier"

The 1952 edition of "The Daily Bond Crier," official publication of The Municipal Bond Club of New York, will be placed on sale for the first time this year, it was announced by the Club. The new edition, with its professional treatment of cartoons, advertisements, pictures and editorial content, is expected to run from 12 to 16 pages.

Copies of "The Daily Crier" will be available (at 50c each) at the offices of C. J. Devine & Co. in New York simultaneously with the 19th Annual Field Day of The Municipal Bond Club on June 13 at the Westchester Country Club in Rye, the announcement stated.

One of the features of the Club's annual field day will be a water polo game to be played in the outdoor pool at the Beach Club before dinner, the announcement added. The game will be a pre-Olympic try-out between two New York Athletic Club teams, and has been sanctioned by the Amateur Athletic Union.

FHLB Notes on Market

Public offering of $66,650,000 Federal Home Loan Banks 2% series B-1953 consolidated notes, noncallable, dated June 13, 1952 and maturing Feb. 16, 1953 was made on June 3 through Everett Smith, fiscal agent, New York City. The notes were priced at par.

Purpose of the offering is to provide funds required for the payment at maturity on June 13, 1952 of $63,000,000 of 2.20% series F-1952 consolidated notes, and for making available credit by the Federal Home Loan Banks to their member institutions.

Upon completion of the financing, outstanding obligations of the Federal Home Loan Banks will aggregate $262,550,000.

Delivery of the notes will 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.

DIVIDEND NOTICES

AMERICAN METER COMPANY
Incorporated
1513 RACE STREET
Phila. 2, Pa., May 29, 1952

A dividend of Fifty Cents ($.50) per share has been declared on the Capital Stock of the Company, payable June 16, 1952, to stockholders of record at the close of business June 2, 1952.

W. B. ASHBY, *Secretary.*

THE ATCHISON, TOPEKA AND SANTA FE RAILWAY COMPANY
New York, N. Y., May 27, 1952

The Board of Directors has this day declared a dividend of One Dollar and Twenty-five Cents ($1.25) per share, being Dividend No. 107 on the Preferred Capital Stock of this Company, payable August 1, 1952, out of undivided net profits for the year ending June 30, 1952, to holders of said Preferred Capital Stock registered on the books of the Company at the close of business June 27, 1952.

Dividend checks will be mailed to holders of Preferred Capital Stock who have filed suitable orders therefor at this office.

D. C. WILSON, Assistant Treasurer,
120 Broadway, New York 5, N. Y.

CANCO AMERICAN CAN COMPANY

PREFERRED STOCK

On May 27, 1952 a quarterly dividend of one and three-quarters per cent was declared on the Preferred Stock of this Company, payable July 1, 1952 to Stockholders of record at the close of business June 18, 1952. Transfer books will remain open. Checks will be mailed.

EDMUND HOFFMAN, *Secretary.*

AMERICAN BANK NOTE COMPANY

Preferred Dividend No. 185
Common Dividend No. 175

A quarterly dividend of 75¢ per share (1½%) on the Preferred Stock for the quarter ending June 30, 1952 and a dividend of 25¢ per share on the Common Stock have been declared. Both dividends are payable July 1, 1952 to holders of record June 9, 1952. The stock transfer books will remain open.

LINCOLN C. BROWNELL
May 28, 1952 Secretary

ANACONDA
DIVIDEND NO. 176
May 29, 1952

The Board of Directors of Anaconda Copper Mining Company has today declared a dividend of Seventy-five Cents ($.75) per share on its capital stock of the par value of $50 per share, payable June 27, 1952, to stockholders of record at the close of business on June 7, 1952.

C. EARLE MORAN
Secretary and Treasurer
25 Broadway, New York 4, N. Y.

DIVIDEND NOTICES

CALUMET AND HECLA CONSOLIDATED COPPER COMPANY
DIVIDEND NO. 72

A dividend of fifteen cents ($0.15) per share will be paid on June 25, 1952, to holders of the outstanding Capital Stock of the Calumet and Hecla Consolidated Copper Company of record at the close of business June 9, 1952. Checks will be mailed from the Old Colony Trust Company, Boston, Massachusetts.

J. H. ELLIOTT, Secretary
May 27, 1952
Boston, Massachusetts

The Colorado Fuel & Iron Corporation

At a meeting of the Board of Directors of The Colorado Fuel and Iron Corporation, held on May 31, 1952, the regular dividend in the amount of thirty-seven and one-half cents per share was declared on its common stock payable June 30, 1952 to stockholders of record at the close of business on June 10, 1952.

D. C. McGREW, Secretary

B. T. Babbitt INC.

94th CONSECUTIVE QUARTERLY DIVIDEND

The Board of Directors of B. T. Babbitt, Inc. has declared a quarterly dividend of 5c per share on the Common Stock of the Company, payable on July 1, 1952 to stockholders of record at the close of business on June 16, 1952.

LEO W. GEISMAR, *Treasurer*
June 3, 1952

Bayuk Cigars Inc.

A dividend of fifteen cents (15c) per share on the Common Stock of this Corporation was declared payable June 25, 1952, to shareholders of record June 10, 1952. Checks will be mailed.

John A. Snyder
TREASURER
Philadelphia, Pa.
May 29, 1952

PHILLIES
America's No1 cigar

BENEFICIAL LOAN CORPORATION ANNOUNCES

100th Common Stock Dividend

Dividends have been declared by the Board of Directors as follows:

COMMON STOCK
Quarterly Dividend of $.50 per share

CUMULATIVE PREFERRED STOCK
$3.25 Dividend Series of 1946
$.81¼ per share
(for quarterly period ending June 30, 1952)

Both dividends are payable June 30, 1952 to stockholders of record at close of business June 13, 1952.

PHILIP KAPINAS
May 28, 1952 *Treasurer*

OVER 700 OFFICES Beneficial Loan SYSTEM IN U. S. AND CANADA

DIVIDEND NOTICES

St. Louis, Rocky Mountain & Pacific Co.
Raton, New Mexico, June 2, 1952.
COMMON STOCK DIVIDEND No. 110

The above Company has declared a dividend of 50 cents per share on the Common Stock of the Company to stockholders of record at the close of business June 14, 1952, payable June 30, 1952. Transfer books will not be closed.

P. L. BONNYMAN, Treasurer.

LONG ISLAND LIGHTING COMPANY

Notice of Quarterly Dividend

Preferred Stock, 5.25%, Series A

The Board of Directors has this day declared a quarterly dividend of $1.3125 per share on the Preferred Stock, 5.25%, Series A, of the Company, payable July 1, 1952 to stockholders of record at the close of business June 20, 1952.

VINCENT T. MILES
May 28, 1952. *Treasurer*

ROBERTSHAW-FULTON CONTROLS COMPANY

Greensburg, Pa.
COMMON STOCK

A regular quarterly dividend of 37½¢ per share on the Common Stock has been declared, payable June 20, 1952 to stockholders of record at the close of business June 10, 1952.

The transfer books will not be closed.

WALTER H. STEFFLER
Secretary & Treasurer
May 28, 1952.

New York, June 4, 1952

The Board of Directors has this day declared a quarterly dividend of Three Dollars and Fifty Cents ($3.50) per share on the Capital Stock of this Company for the quarter ending June 30, 1952, payable on July 15, 1952, to stockholders of record at the close of business June 13, 1952.

STUART K. BARNES, Secretary

Guaranty Trust Company of New York

International Minerals & Chemicals

Mining and Manufacturing
Phosphate • Potash • Plant Foods • Chemicals
Industrial Minerals • Amino Products

Dividends were declared by the Board of Directors on May 22, 1952, as follows:

4% Cumulative Preferred Stock
41st Consecutive Regular Quarterly Dividend of One Dollar ($1.00) per Share.

$5.00 Par Value Common Stock
Regular Quarterly Dividend of Forty Cents (40¢) per Share.

Both dividends are payable June 30, 1952, to stockholders of record at the close of business June 20, 1952.

Checks will be mailed.

Robert P. Resch
Vice President and Treasurer

INTERNATIONAL MINERALS & CHEMICAL CORPORATION
General Offices: 20 North Wacker Drive, Chicago 6

Washington . . . And You

Behind-the-Scene Interpretations from the Nation's Capital

WASHINGTON, D. C.—Congress has become enveloped in a state of apathy, bordering on demoralization, the like of which has not been observed, except for very short intervals, for almost a generation.

With major issues due to be settled, so to speak, tomorrow, the day after tomorrow, or next week, the great majority of members simply have not got around to thinking what they will do about those issues. Furthermore, they talk privately as though they don't much care about them.

There is, for instance, the matter of the character of "wage stabilization" provisions which shall be incorporated into the House version of the Defense Production Act extension. About that there has been almost no thinking or planning. Maybe the House Committee, unlike the Senate committee, will kill off Regulations W and X, or maybe not. Such is the state of mind.

It is probably this sort of a situation which explains the extraordinary action of the Senate with respect to the bill opening the floodgates of the Treasury to funds for mortgages for defense housing.

The original Maybank bill, written by the housing officials, proposed two principal things. One was an increase of $1 billion in the total aggregate of mortgages FHA could insure. The other was a boost of also $1 billion in the amount of advance commitments the Federal National Mortgage Association could give to purchase mortgages on defense housing programmed by the housing officials.

Even a few weeks before this bill was brought out, "Liberals" indicated privately that they thought $500 million would be sufficient, instead of the $1 billion proposed by the Maybank bill.

When the bill was reported out, however, the fund for mortgage purchases was trimmed only $100 million to $900 million. Thus at the time the Treasury is contemplating the possibility of raising an additional several billions of new money for deficit financing, the housing program will require the burden to be increased by $900 million.

The FHA insurance authorization was trimmed $600 million to only $400 million, causing the sponsors of the bill to call it a $1.3 billion proposition versus a $2 billion bill. The FHA trimming will have no immediate influence on government spending, for it is a capacity of FHA to insure mortgages. The $400 million additional authorization will obviously be increased later the first day it is needed.

With this rather thin window-dressing, the bill, Senator Burnet Maybank (D., S. C.) advised the Senate, was "unanimously" reported favorably by the Banking committee. This means that in the current state of Congressional apathy, no conservative Senators came around to object to its approval in committee. And on the floor of the Senate, with no quorum present, the bill was "passed" by the voice of the presiding officer without even the formality of a vote. In other words, it was passed by unanimous consent.

Earlier in this session House conservatives were determined there would be no further big easy money housing bill. Considering the state of the Congressional mind, there is no assurance of effective opposition in the House when the measure comes up in that body.

* * *

This legislative inertia is a combination of three things.

First of all, it is the customary deterioration in Congressional interest in legislative business on the eve of two national conventions and an ensuing Presidential election. The attention of the members is particularly truant because of the unsettled prospects for Presidential candidates and the chaos in the political outlook.

Second, the demoralization is attributable, members report, in large part because of the seeming surrender by Mr. Truman of any obvious intent to seek a new term for the Presidency. This development might under another set of circumstances release the energies of the rank and file from the oppression of an unpopular character. What is behind this situation is that it comes without establishing the leadership, no matter how bad it may appear to some, of a successor. The most the Democrats hope for in the way of a new leader is that maybe Governor Stevenson will decide to be drafted if he thinks the run is worth it after the GOP picks its Presidential nominee.

Finally, however, the paralysis which has overtaken Congress is said in no small measure to be due to the President's handling of the steel case. The seizure has deprived the President almost of even a courtesy respect for his office, except for the comparative minority of complete left-wingers.

* * *

One of the practical problems of the current Congressional apathy is the question of adjournment.

The legislative program still unfinished is of a magnitude which, if deliberately considered, could occupy the Congress until Christmas at the pace it is going. After the foreign aid authorization comes the actual foreign aid appropriation. Most of the burden of regular appropriation bills is still ahead in the Senate, with time-consuming conferences to be held on differences between the House and the Senate. The House does not yet have its Defense Production Act extension before it.

A very good speculative case could be made, on the basis of the size of the present legislative docket, for a recess for the conventions with a short session afterward, and there is nothing tangible now in the picture to deny this prospect.

However, Congress detests coming back to work in the middle of an election campaign. At times it has been known to act with breakneck speed, passing major appropriation bills without serious debate.

* * *

Despite the apathy of the House Banking committee on the subject of "wage stabilization," it is believed, nevertheless, that if the Senate meantime has set up an "all public" WSB with no power to handle specific labor disputes, the House will go along.

Because of jurisdictional limitations, the Banking committee of the House probably won't write such a provision in the bill, as the Senate committee did. However, the Rules committee will make it possible for conservative members of the Labor committee to offer this proposition on the floor, where its chances are said to be good.

* * *

Full-time labor observers here caution against the popular assumption that organized labor will "take a walk" from a WSB denied the power to handle particular disputes. A parallel part of this assumption was that if labor refused to abide by the so-called stabilization program of the new DPA, then OPS could not regulate prices and there would be a substantive collapse of the entire wage-price hocus pocus even though Congress might finally go through the motion of extending these provisions.

This "take a walk" concept stems from the time organized labor pulled out of the WSB, the Wage board being tripartite set-up. If Congress makes the WSB an "all-public" body then labor can't take a walk; instead it is kicked out, or so point out these observers.

WSB, no matter how liberal it might be toward labor, would then be transformed from a mediator of particular labor disputes to a judge of over-all limits on wage increases. It is said that the President could ill-afford to avoid setting up such a board, the board would have to set wage standards, and organized labor hardly could afford not to abide by them.

* * *

Today, the present, begins the show-down which Senator Taft's supporters see as decisive in determining the relative popularity of their candidate and General Eisenhower because:

Today marks the beginning of the inevitable contest between the newsmen and the General as to whether the latter can maintain his ambition to avoid stating his position on specific issues in advance of the Republican national convention next month.

Following his scheduled address at Abilene, Kans., the General's schedule included a press conference in Abilene at 9 a.m. this morning. Tomorrow the General was slated to go to New York City, to remain there until he goes to Detroit for a major address on the evening of Saturday, June 14. There probably will be another press conference in New York City, in the meantime.

Few expected the General to make his stand known on specific issues prior to the press conferences, if then, for the statement only of "general principles" appeared to be his objective.

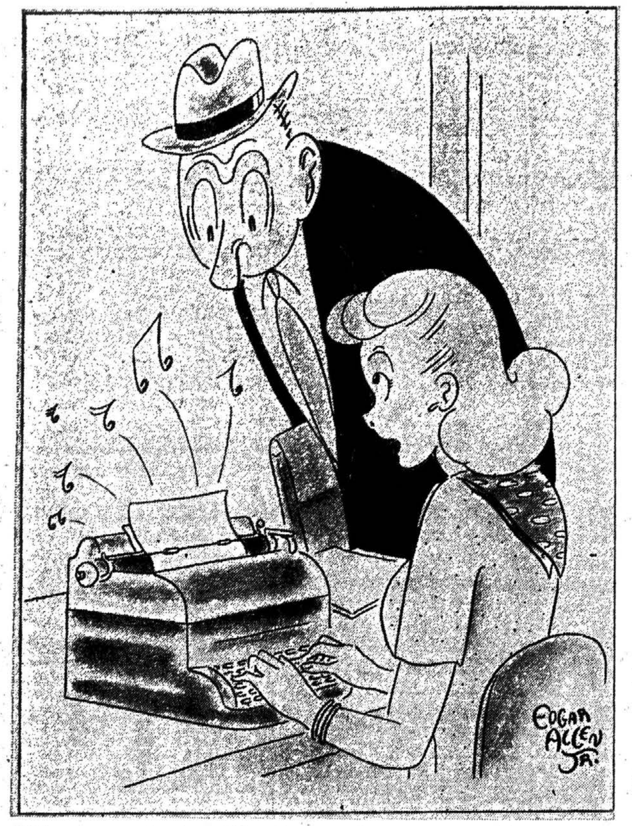
Among some of Mr. Taft's supporters in Congress, there was a confident belief that, faced with specific questions, the General would be compelled to abandon his reserve, or put himself behind the 8-ball for refusing to be forthright. On the other hand, as the General took a specific stand on each specific issue, he would antagonize those on the opposite side of the issues—or so it was hoped.

On the other hand, there are many seasoned politicians in the Taft camp who are not counting any Eisenhower public blunders until they are hatched. Noting how well the General has done so far by wrapping himself totally in political virginity, they are by no means sure he cannot still get away with it long enough either to get nominated or to stop the Ohio Senator.

This not talking issues "is a good trick if you can do it, and maybe he can and maybe he can't," one said. At any rate no press conference report will be more closely scanned this year than that first one from Abilene.

(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



"The man who repaired it used to be a piano tuner!"

Business Man's Bookshelf

Creed for Free Enterprise, A—Clarence B. Randall — Little, Brown & Company, Boston — Cloth—$2.75.

How to Make Your Savings Work for You—Business Executives Research Committee—School of Business Administration, University of Minnesota, Minneapolis 14, Minn.—Paper—25c.

Investment Terms and Definitions: An Explanation of some of the principles of investing in stocks and bonds — Investment Dealers Association of Canada, 11 Jordan Street, Toronto 1, Ont., Canada—Paper—20c.

New York Stock Exchange—Descriptive Booklet — Commemorating 160th anniversary describing the history and operation of the Exchange—New York Stock Exchange, Broad and Wall Streets, New York 5, N. Y.—Paper.

Political Terms and Definitions — Pocket dictionary — The National Research Bureau, Inc., 415 North Dearborn Street, Chicago 10, Ill.—50 copies, $7.50.

Tax Institute Bookshelf—Spring issue—Tax Institute, Inc., 457 Nassau Street, Princeton, N. J.—Paper.

Two Decades of Public Debt—In current issue of "Tax Policy"—Tax Institute Incorporated, 457 Nassau Street, Princeton, N. J.—Paper 25c (special prices on quantity orders.)