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EDITORIAL

As We See It

After signing the Defense Production Act amendments of 1952, President Truman early last week had a good deal to say about provisions which did not appeal to him. His chief objection was to the loss of power which he and his aides suffered at the hands of Congress. There appears to be a basic inconsistency between these views of the President and the acts of his Administration in recent months. The President's statement embodies utterly fallacious notions about "stabilizing" the price and wage situation and his argument in support of his views clearly reveals a deep reluctance to give up power.

Here are some of the cogent passages from the President's pronunciamento:

"Unfortunately, however, the new law weakens our ability to hold down prices and stabilize our economy. At a time when our defense production is still expanding and necessarily contributing to inflationary pressures, the Congress has weakened price controls, has limited the effectiveness of wage controls, has invited widespread abandonment of rent controls, and has virtually canceled selective credit controls.

* * *

"This law gives the American people only very limited protection against the dangers of inflation. If the Congress provides sufficient funds for proper administration of this weakened Act, and if we have no sudden worsening of the international crisis, and no panic buying, we may be fortunate enough to get through the next 10 months without serious damage to our economy. But this Act, nevertheless, forces us to take a serious gam-

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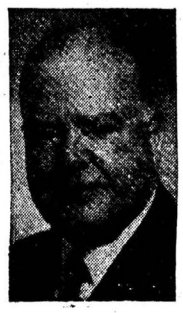
Freedom—The One Dominant Issue

By HERBERT HOOVER*
Former President of the United States

Only living Ex-President calls attention to "inch by inch destruction of ramparts of free men in U. S.", and points out in past 20 years pressure groups have been fostered and appeased by Presidential power until they intimidate and paralyze life of nation. Attacks Administration's foreign policy and condemns lack of will of Western European nations to defend themselves. Scores inflation policies which he ascribes to government spending, corruption and taxation, and urges cutting military and foreign spending. Favors expansion of air power.

This is the fifth time I have had the high honor of addressing the conventions of the Republican party. From the inexorable course of nature, this is likely to be the last time I shall attend your conventions. In our country one dominant issue overshadows all others.


Herbert Hoover

That is the freedom of men. And that today includes our relations to the rest of the world.

At each of those four-year intervals I have pointed out the inch-by-inch destruction of the ramparts of free men in the United States.

This issue far transcends in importance the transitory questions of national life. It is a matter of life itself.

Throughout the centuries of history freedom has been the constant quest of men. For this the best and bravest on earth have fought and died.

The tablets of free men, lost in the dark ages, were again handed down to the American people. Those tablets bore not only the words of the Declaration of Independence and the Constitution but they expressed the very spirit of free men.

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*An address by Mr. Hoover at the Republican Party National Convention, Chicago, Ill., July 8, 1952.

Outlook for Production of Atomic Electric Power

By EDWIN J. PUTZELL, JR.*
Secretary, Monsanto Chemical Company

Mr. Putzell, in revealing results of study of feasibility of producing plutonium and electric power by nuclear fission, recommends construction of pilot plant to test recent scientific theories. Wants legal problems surrounding ownership of reactors cleared up, and urges private industry be permitted to invest its own funds in construction and operation of full scale reactor plants for production of electric energy and plutonium. Holds private enterprise is more efficient than government operation and points out operation of nuclear reactors is in field of chemical engineering.

Recently President Truman said that an atomic reactor designed for use in a submarine has been developed at Arco, Idaho, and will be installed in a ship now building. This is an important military application of power produced from nuclear reaction.


Edwin J. Putzell, Jr.

At the same time, parallel with this development of atomic power application, another program has been taking shape in industry. Since the first atomic reactors went into operation, our ablest scientists have speculated, studied and experimented with possible applications of the heat which these piles generate. Most often, they have considered the possibilities of converting that heat to steam which would drive turbines to create electric power.

We, at Monsanto, are proud of the fact that among the earliest and most active participants in this field has been our own scientific group. Actual experimentation with plants for producing plutonium and electric power was begun at Oak Ridge's Clinton Lab-

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*An address by Mr. Putzell at the Fifth Annual Summer Institute of the University of Michigan Law School, Ann Arbor, Mich., June 26, 1952.

SECURITIES NOW IN REGISTRATION—Underwriters, dealers and investors in corporate securities are afforded a complete picture of issues now registered with the SEC and potential undertakings in our "Securities in Registration" Section, starting on page 33.

The Security I Like Best

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

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

This Week's Forum Participants and Their Selections

MELVIN FELS
Analyst, F. S. Smithers & Co., N. Y. C.
Members of N. Y. Stock Exchange

Standard Oil of California

My selection of the security I like best is one of the majors among the integrated oil companies — Standard Oil Co. of California. It is one of the strongest units in the industry with large domestic and foreign reserves and provides an opportunity for future growth while yielding a reasonable rate of return. Some of the principal factors concerning its past growth and future prospects are as follows:


Melvin Fels

(1) Since 1941 the company has increased its net crude oil production in the U. S. 175% in contrast to the industry average of 60%.

(2) Sale of crude oil and products have increased 178% since 1941 against the industry average of 71%.

(3) Exploration expenditures in 1952 will amount to approximately $140 million—the greatest amount in the company's history and $27 million more than in 1951.

(4) The company controls 11 million acres in Canada.

(5) At the end of 1951, the company's acreage in the U. S. exceeded 7 million acres which included between 1.5 million and 2 million acres in the Williston Basin.

(6) The company was among the pioneers in the petrochemical field and has a rapidly expanding and profitable business in this field of endeavor.

(7) Standard Oil of California has a young, able, aggressive and imaginative management which is all-inclusive from the supervisory to senior executive levels.

In 1941, 87% of the 106,531 barrels of crude oil produced daily in the U. S. was obtained from the State of California and 13% from the area east of the Rockies. Through extensive exploration the company has developed sufficient production to become one of the major producers in the United States east of the Rockies. In 1951, daily domestic production averaged 288,500 barrels of crude and 22,900 barrels of natural gas liquids, a total of 311,400 barrels, of which 51.5% came from the area east of the Rockies and 48.5% from California. In addition, production in Canada and Venezuela has increased from 1,233 barrels a day in 1943 to 16,745 barrels. Since 1946, Standard of California's production in states other than California advanced 115% as compared to 33% for the U. S. industry, excluding the State of California.

During 1951, the company conducted a most aggressive leasing campaign and had the largest amount of acreage under lease at the year-end in its history. Acreage in the U. S. totaled 7.7 million acres, of which approximately 1½ to 2 million acres were in the United States section of the Williston Basin. Large acreage holdings had been obtained in Alabama prevous to the recent discovery well and substantial increases were made in the company's holdings in Texas, Utah, Wyoming, Oklahoma, Louisiana, Colorado and Mississippi. In addition, large off-shore Louisiana acreage is held. Major discoveries have recently been made in Red Wash Field in Uintah County, Utah, and Coquille Bay in Plaquemines Parish, La., and seven new fields were established in Texas in 1951. Due to the greatly increased acreage as well as its expanded drilling program, the company in 1952 should be able to increase its capabilities and add to its present domestic reserves.

In Canada, California is one of the leaders in the development of the oil industry. Acreage under lease exceeds 11 million acres and ranks second to Imperial Oil Co., Ltd. Approximately 7.5 million acres are located in Alberta with the balance largely concentrated in Manitoba and Saskatchewan. In the Canadian section of the Williston Basin the acreage amounts to roughly 2½ million acres. The Acheson Field near Edmonton was definitely established in 1951 as a major Canadian oil field. Forty wells had been drilled in this area by the year-end and the field ranks as the fourth largest producer. Extensive geophysical work is being continued in 1952 and, with accelerated drilling, the company can look forward to gradually increasing production in Canada.

Conservative but well informed sources estimate Standard Oil of California's Western Hemisphere oil reserves substantially in excess of 1½ billion barrels, practically all of which is in the United States, and natural gas reserves at more than 4 trillion cubic feet. In the Eastern Hemisphere, where the company has a 30% ownership in Arabian American Oil Co., and a 50% interest in the Caltex Cos., California has an interest in oil reserves conservatively estimated between 4 and 5 billion barrels. In the United States in 1951, the company drilled 502 wells in contrast to 474 in 1950. Of the wells drilled, 81 were of an exploratory nature against 45 the previous year. The rate of success experienced by the company was above the average for the industry. Of the development wells drilled 91.9% were successful and 22.2% of the exploratory wells were productive as compared to the industry average of 83.4% and 17.4%, respectively.

In the past few years a large modernization and expansion program of refining capacity has taken place. Since 1941, Standard Oil of California has increased refinery runs 142% against 68% for the industry. The increase of 25% in 1951 was the largest annual increase in the last 10 years, due to the expansion of the Perth Amboy and Salt Lake refineries which were completed early in 1951. As a result of the enlarged refining capacity in 1951, net crude production to refinery runs declined from 85% to 72%. However, a portion of the company's equity in Middle East production is refined in the United States, and this production is not reflected in California's crude output.

The company, one of the leaders in the petrochemical field, has two wholly owned chemical subsidiaries—Oronite Chemical Co. and California Spray Chemical Corp. These two companies contributed about 7% of the total sales of the corporation in 1951 with the Oronite Co. supplying more than half of the $65 million. Oronite sells basic chemicals (1) to the soap industry for making detergents; (2) to the paint industry; (3) to the fiber industry, du Pont for its Dacron; (4) to the plywood industry; (5) to the plastic industry; (6) to industries engaged in manufacture of electronics, cables, adhesives, and many others. The field of petrochemicals is still largely unexplored and active research and development of the sales areas should provide additional sources of profits in the future. California Spray-Chemical Corp. is the largest merchandiser of chemicals for pest control, and in this field the company holds a dominant position. With the opening of new distribution outlets a continuation of its past growth is assured.

Of the large natural gas reserves of 4 trillion cubic feet, California produced roughly 150,000 million cubic feet and sold 87,000 million cubic feet, the balance being utilized by the company. The price received for the natural gas is substantially above the national average because the majority of its reserves are in California where the demand is far greater than the supply.

Standard of California's huge investment in the Eastern Hemisphere is carried on the books at $14,860,000 as compared to the net worth of these properties of $291,000,000 or over $10 a share. This valuation does not reflect any value for the 4 to 5 billion barrels of oil reserves. The company has an ownership in refineries in France, Spain, Italy, Holland, Japan and Australia, as well as Saudi Arabia and Bahrein, with additional refineries under construction or planned in the Philippines, Australia and Lebanon. In addition to Middle East production, production or exploration in Java, Indonesia, Borneo and Australia is taking place. The development of the properties in Sumatra is expected to add approximately 40,000 barrels daily of new production. Distribution of products is carried on in all countries outside of the Iron Curtain except in a relatively small section of Western Africa.

The growth of earnings since 1941 has been outstanding. Net income has advanced from $29.9 million to $173.3 million, or $1.04 a share to $6.05 a share. Due to a higher than average productivity per well the company is able to carry a larger percentage of gross income through to net than most major oil companies. The record of per share earnings and dividends is biven below.

	*Per Share Earned	*Per Share Dividends
1941	$1.04	$0.68
1942	1.07	0.68
1943	1.26	0.91
1944	1.52	0.91
1945	1.94	0.91
1946	2.34	1.04
1947	3.74	1.45
1948	5.63	1.81
1949	4.74	1.90
1950	5.26	2.50
1951	6.05	2.60

*Adjusted for 2-for-1 stock split in 1951 and 5% stock dividends in 1950 and 1949.

In 1951, the income received from companies in the Eastern Hemisphere 50% or less owned

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LETTERS TO THE EDITOR:

Additional Comments on "UN—Why It Is Doomed to Fail"

Provision made for more letters commenting on William A. Robertson's article in which he contended that the United Nations, because of its mixed and nondescript composition, among other reasons, is incapable of achieving the objectives, including maintenance of world peace, which prompted its establishment. Suggesting U. S. withdrawal from UN, Mr. Robertson argued that this country, acting independently, could accomplish more good for the world than any such body as the UN.

In our issue of July 3, on page 3, we gave some of the letters received in connection with the views expressed by William A. Robertson, member of the New York Bar, in the article "The United Nations—Why It Is Doomed to Fail" which appeared on the cover page of the "Chronicle" of June 19. We are able to accommodate in today's issue some of the other communications elicited by the article and these appear further below.

In his article, Mr. Robertson set forth the reasons for his belief that the United Nations is incapable of achieving any of its stated objectives, including the prevention of war. The very feature of the UN that was hailed as its crowning virtue—its internationalism—is, in reality, its outstanding weakness, said Mr. Robertson. Another insurmountable impediment to its success, he wrote, is "its mixed and nondescript composition," the membership thus including nations of Europe and Asia, for example, which have nothing in common and hence can hardly be expected to agree on any measures that conflict with historical behavior.

Mr. Robertson concluded that the United States would serve its own best interest and that of the entire world by withdrawing from the United Nations. Acting independently, he said, the United States could achieve more for the world than any "federation of 60 nations that do not know their own minds."

As already noted, we gave some of the letters commenting on Mr. Robertson's article in last week's issue. Additional communications follow and others will appear in subsequent issues.—Editor.

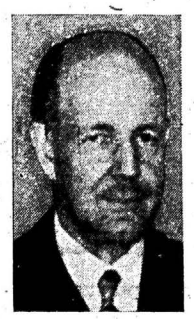
EARLE G. HINES
Chairman,
Gen. Precision Equipment Corp.

I have been asked whether I agree with the author, Mr. Robertson, in his summation of his opinion as expressed in the article: "The United Nations—Why It Is Doomed to Fail."

I can do so in a very brief manner. Often as I have been riding up the East River Drive I have seen the new United Nations building in the distance lighted by the morning or afternoon sun. At such a time, and from such a vantage point, this building looks for all the world like a gigantic tombstone and I have often thought that it probably is a headstone for the grave of Uncle Sam unless we get out of that polyglot organization.

C. P. CONRAD
President,
Iowa-Illinois Gas & Electric Co.

I agree with Mr. William A. Robertson's general conclusion that the United Nations as now set up cannot bring about world peace. The fiction that all nations are equal is untenable. I personally feel that the Christian nations of the world should form an organization and set up standards for admission to membership in this association which would give the other nations of the world a goal to work for. I realize that my suggestion will meet with a great deal of opposition. I am quite aware that a large segment of the population in the United States is not now disposed to recognize that world peace can probably be established only on Christian principles but I personally hold this view.



C. P. Conrad

One of the greatest forces now working toward the goal of world peace is Moral Rearmament. The basic principles of this movement are Christian and where they have been adopted by groups, large or small, striking progress toward peace in those groups has been achieved.

ELMER DAVIS
American Broadcasting Company,
Washington, D. C.

I have read with interest Mr. Robertson's remarks on the United Nations. They seem to me to amount to saying, What's the good of living since you are going to die anyway? I do not think the UN is worth much at present, but perhaps impotence is one of its virtues, since it could do nothing much to injure the interests of the United States. If the current tension between East and West blows up in a major war, we shall have to substitute something else after we have won it. In the meantime, this organization seems to me to serve some minor but useful purposes.

L. E. LEVERONE
President,
Nationwide Food Service, Inc.

There isn't a thing that Mr. Robertson has said with which I

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Regular Features

*See article on page 10.

†Mr. May discusses today, in special report from Chicago, the prospective Republican Party plank on return to Gold Standard.

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Climbing Banks

By IRA U. COBLEIGH

Author of "Expanding Your Income"

The current expedition of Swiss mountaineers up Mt. Everest suggested today's title; but the climbing discussed here will relate to financial altitudes—the climbing deposits and earnings of certain eminent banking institutions.

In the past ten days you simply couldn't peruse any financial page or journal without running afoul of the traditional ads showing the semi-annual balance sheets of our most opulent and elegant banking institutions; usually including rosters of the legal lions, industrial virtuosos, transportation tycoons, coupon-bearing bankers and the generally magnificently solvent, or eminent gentlemen comprising their boards of directors. The balance sheets, too, looked impressive, for there are a lot of fine, fabulously resourced, banks in America today. There ought to be, with commercial bank deposits growing 6% annually and more corporations and individuals who are good credit risks, than ever before in our history.

Ira U. Cobleigh

But these big metropolitan institutions differ importantly as to just how they go about this business of banking. Some carry on the cloistered, traditional carriage-trade kind of banking which was standard operating procedure until the dawn of the thirties—depositors mostly wealthy individuals, or big corporations, served with icy correctness by vested vice-presidents, assaying high in white pique. With this type of bank, branches are minimized and consumer financing is not generally fashionable.

The second general class of big banks is the chain store, or supermarket type, where a wide variety of financial service is offered to many thousands (in certain cases millions) of depositors. It is this class which is dynamic; it is this class which is building up what it takes to make banks grow—deposits! And, of course, a number of banks ply in the middle ground between these two genuses.

Before we touch upon actual case examples, certain current banking phenomena should be noted. First, New York City is losing ground as the banking center of America. In 1938, about 35% of all deposits were in the New York Federal Reserve District. Today, only 25% are here, with biggest increases in the South and West. New York still has 10 of the 20 largest banks, but cities like Dallas, Philadelphia and San Francisco are threatening in this department. Secondly, the big earners, and the big growers, stress extensive branch banking, personal loans, instalment credit and savings deposits. The same reasons that prompted Macy's to open suburban branches prompted the big time banks to do likewise. Waiting for coveys of millionaires to file into a hallowed, down-town marble money monolith, can no longer be relied upon as a dependable deposit builder.

Then, too, in management matters, banks differ widely. Some, in their bond portfolios lean to short maturities. Guaranty Trust in New York has Governments maturing on the average in less than two years; while the First National Bank of New York has an average government bond maturity (at 12/31/51) 7½ years away. The longer maturities obviously give larger yield but also greater market motion up or down.

Another passing note—the California banks have two big bulges over their eastern brethren, (1) they have no mutual savings banks to compete with on time deposits; (2) and they are free as birds to open branch offices.

Although bank stocks today are generally thought of as the most conservative of equities, they do follow with considerable fidelity the up and down trend of the Dow Jones Industrial Averages. While I have no personal knowledge on this point, friends of mine deeply imbued with market formulae suggest that bank shares are among the most faithful cyclical performers. They tell me that price-earnings ratios here are not the controlling factor, but yields. In their occult oscillatory system, premier bank stocks swing from approximately 6½% yields to as low as 3%. In the first phase, bank stocks (in their opinion) are an indicated "buy"; and on, or near, a 3% basis, these issues should be sold. Mind you, this is no solid formula, I present; it's merely a theory offered for your own research, acceptance or rejection. The charts of the past give it some validity, but in this baffling era of coon skin caps, mink coats, and skunky political deals, who knows how it will perform in the future?

Another thing any random student of bank stock values should note is that New York banks sell at a premium—sometimes a big premium—over inland or West Coast financial institutions. Carrying this thought just a little further, the shares of some New York banks sold during 1951, on the average, at nearly 16 times earnings, while the Cleveland Trust Co. and National Bank of Detroit shares average sales were at about 9 times earnings. Is this not too drastic a discount for inland institutions? In other words, have not investors been paying a little too heavy a premium for Atlantic Seaboard bank shares, just because they're older, better known and, through the years, far more heavily lodged in istitutional and trust portfolios? I propound no judgment; I merely ask the question.

As a classic example not only of size, but maximization of a trend toward multiple personal services to depositors, may I present to you, Bank of America National Trust and Savings Association, of San Francisco, and Los Angeles, the largest bank in the U. S. with deposits (6/30/52) of $6,881,410,176, and 527 branches throughout California also London, Manila, Tokyo, Yokohama, Kobe, Bangkok). This sprawling, but highly successful, institution is the lengthened shadow of a man—A. P. Giannini, who had such confidence in the ordinary Joe Depositor that the bank now has 4,700,000 of them. Roughly 48% of deposits are of the savings variety permitting extensive investment in high yielding mortgages.

As a tribute to Bank of America management, 1951 earnings were 15% on capital funds.

Bank of America, of which 24 million shares are extant, now sells at about 30, which, based on 1951 dividend of $1.60 yields 5.3%. Offhand that yield looks attractive, and only the high premium over book value ($17.16 per share at the 1951 year-end apparently keeps these shares from being more aggressively bought. If growth is a goal, Bank of America appears to offer it.

It seems to me Philadelphia deserves a new look, for banking purposes. As a port, this city zoomed in World War II; it is now the second largest U. S. oil refinery center; and the new Fairless Works of U. S. Steel will make it, within three years, a leading steel center. All this means more population, substantial growth of bank deposits, and heavy loan demands. It's good for banks in the area, and presents new horizons for their progress.

Of the titans of deposit in Philadelphia, I like best the Pennsylvania Company for Banking and Trusts. It has the most branches, 22; it's the most aggressive in consumer loans with $115 million out of a total loan account of $273 million at the 1951 year-end, in this category. Progressive management is indicated by 7.7% earnings on capital funds, 4.16% average rate on loans, and extensive modernization of buildings and branches. At 38, with indicated dividends of $1.80, Penna. Company shares seem a very solid value in a growing financial area.

For those seeking broader geographical diversification, without sacrifice in essential quality, and with perhaps superior provision for growth in value, look at Cleveland Trust Co., American Trust Company (San Francisco), Seattle-First National Bank, and Republic National Bank of Dallas. All these are fine, front-rank institutions.

Top quality bank stocks have proved, longer than any other major class of equities you can name (except perhaps insurance shares), their ability to survive prosper and grow, under every sort of economic condition. Bank of New York has paid dividends continuously since 1785; National City Bank since 1813; Chemical since 1828; Bank of Manhattan since 1848; Chase National (more recently founded) since 1879; and there are dozens boasting a 50-year record without a pass. And the best-run banks, in expanding sections of America, have been climbing steadily, in book value, earning power, dividends, and price. You've got to give them credit—and vice versa!

Mord M. Bogie

Mord M. Bogie, President of Schroder Rockefeller & Co., Incorporated, New York, and Chairman of the Board of International Railways of Central America, died July 8 at the age of 48.

Mord M. Bogie

Mr. Bogie was a native of Richmond, Missouri, and is an alumnus of the University of Wisconsin. He joined Schroder Rockefeller & Co., Incorporated, in 1938 and has been President for the past 11 years. Prior to joining Schroder Rockefeller, he was with H. M. Byllesby & Co. in Chicago and was well known in the utilities field.

He was Vice-President and a Director of Froedtert Corp., Milwaukee, and was on the Boards of Directors of Colonial Utilities Corp., Philippine Airlines, Rockwood & Co., Rootes Motors and Grolier Society, Inc.

Funeral services will be held today (July 10) at 4:00 p.m. at Frank E. Campbell Funeral Home, 81st Street and Madison Avenue, New York City.

Will Reason Replace Emotion in Stock Market?

By SAM GLASSER

Author analyzes nature of bull markets as revealed by past experiences, and notes "stocks do not move together," but rise and decline at diverse periods. Cites illustrations of movements in individual stocks, and says emotionalism rather than reason ruled previous upward trends. Holds question now is whether present bull market, in its final phase, will result in abandonment of caution and an expanded volume that will lift up neglected and "dawdling" issues.

The current bull move, which began in June, 1949, it now can be noted, has been described as "highly selective" by the gracious participants, and discriminatory, maddening and even disgusting by most others. Although all bull markets are "different" and "unorthodox," particularly to the trader or investor hung and heavy with laggards, they do somewhat pursue a familiar pattern.

Sam Glasser

Reviewing previous lengthy rises, one finds in each instance a slow, crawling incipience, then a slightly accelerated rate of pace and advance, and finally a boiling, perhaps frenzied orgy of both volume and price hikes. Naturally a moderate period of time is consumed during this process, and there are days and sometimes weeks when action is dull and price changes limited—as well as descending. And all through this, even when momentum and prices are advancing, little attention apparently is accorded the fundamentals.

Stocks Act Diversely

Notable throughout the performance is that old axiom—stocks do not all move together. Some make their tops early and are declining long before the indices record their highs while others are late movers and conform with the "Averages." A rotational pattern sets in which fans the emotional flame with the burning query—what's going to move next? Caution and discipline, facts and fundamentals are supplanted by something "hot on the ticker tape." Perhaps it is this attitude and consequent action that is responsible for this striking fact—at some time in the progress of a bull market each stock gets a worthwhile propulsion.

Not so the 1949——? version, to date. So far only a few groups have participated in the advance and the rise in those issues is solid and sound, logical and justified. True the demand has been dominated by the experienced investor, pension and trust funds as well as the mutual funds but the smaller buyer has also been active but prudent and wary, too.

It is not difficult to understand the attraction of the chemicals and pharmaceuticals, the oils and other natural resource issues. Earnings and dividends have improved and growth prospects are encouraging in each instance. Protection as an inflation hedge also enhances the favoritism. It is hard to reconcile the fact, however, that many big-name well situated issues have performed so poorly marketwise in comparison with previous performances under similar statistics.

Case Histories

Specifically, there's the case of Air Reduction. In the 1936-7 bull move it reached a high of around 80, earned about $2.80 per share and paid about $1.50. In the 1945-6 rise the stock attained a height of 59¾, earned around $2 and paid about $1.75 in dividends. Currently the stock is quoted at 25, earned around $2.60 for 1951 and disbursed $1.40. Then there's the case of solid Amer. Tel. & Tel. Sold as high as 196 and 200 in the two mentioned peak markets while earning and paying the same dividends as today, when it brings around 155 per share. American Tobacco is another example. Highs of 99 and 99½ were registered in the former years on lesser earnings and dividends than now when it is quoted around 58. These are only the "A's." Issues such as Chesapeake & Ohio, Coca Cola, Continental Can, General Foods, Great Western Sugar, George Helme, Int'l Shoe, International Nickel, Liggett & Myers, Macy, Pennsylvania Railroad, Pullman, Reynolds Tobacco B, Standard Brands, Timken Roller Bearing, Underwood Corporation, United Shoe Machine, U. S. Pipe, Westinghouse Airbrake and Woolworth, all fall in the same category.

In lower priced, more speculative stocks there are literally hundreds of examples. Many are selling at fractions of former highs.

It is definitely not the intention of the writer to convey the idea that the securities mentioned, or referred to, are a purchase. Perhaps their apathy is well warranted and conversely the hefty rises in previous bull markets were not justified. One fact is obvious. In other bull trends emotionalism rather than reason ruled.

Question now is will there yet be a final phase of the push when caution will be abandoned and volume will swell and reach out to lift all of the dawdling and neglected issues?

The answer might be found in the story of the very conservative poker player who for the greater part of the evening played his cards with utmost care, diligence and skill but wound up the night making a four-card draw to a slice of toast.

Herman G. Mell Joins Smith, Barney & Co.

Herman Mell

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — Herman G. Mell has become associated with Smith, Barney & Co., 39 South La Salle Street. Mr. Mell was formerly with Merrill Lynch, Pierce, Fenner & Beane.

The State of Trade and Industry

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

Total industrial production for the nation as a whole decreased for the fifth consecutive week, continuing to reflect the adverse effects of the diminishing stocks of steel. Estimates placed more than a million workers without employment as a result of the steel dispute. Compared with a year ago total output remained at a moderately lower level and was about 10% below the record attained during World War II.

Initial claims for unemployment insurance benefits rose 12% to the highest level in five weeks and were 17% higher than the year before.

The impact of the steel strike on unemployment in the Detroit area may go higher than last fall when it was considered a national problem, according to the Michigan Employment Security Commission, which estimates that by Wednesday of this week there will be 155,300 jobless workers—10.8% of the area's total work force. This compares with 149,000 out of work in November, 1949—the previous high—and with 121,900 last December.

The sixth week of the steel strike finds industry gasping for breath with no hope of early release from the steel vacuum, according to "The Iron Age," national metalworking weekly in its current summary of the steel trade. One by one manufacturing plants—both defense and civilian—are expiring from the production picture. And still nothing is being done to get production started again, it asserts.

The steel companies and the union, states this trade weekly, are as hopelessly deadlocked as ever over the non-economic issue of the union shop. The last secret meeting of the Big Six steel companies ended with a note of finality—they would never surrender to the union shop. The union case is based on a Wage Stabilization Board recommendation.

The nation's manufacturing plants are in desperate plight. Steel losses by the end of this week will total 13,200,000 ingot tons. Total losses from strikes since World War II are now placed at more than 40,000,000 tons.

By the end of this week the auto industry will be at least 70% idle, it adds. Auto companies are hustling feverishly to finish every chassis they have started. This is exhausting their parts supply lines as well as their inventory on hand. Even if the steel strike were settled immediately the auto industry would be flat on its face for at least three or four weeks.

Lake ore shipments already lost make a supply crisis late next winter appear certain.

The plan to reopen a few selected struck plants has been abandoned partly because it was not feasible and partly because of union bickering over what plants should be opened and what workers should get paid, continues this trade authority.

The union has also sabotaged the plan to ship finished steel for defense work from struck plants insisting that only union men should do this work. The companies said the regular crews should handle the steel—even though some workers did not belong to the union. Meanwhile defense production lines are grinding to a halt for lack of steel.

The only visible means of ending the strike is use of the Taft-Hartley Law by President Truman. So far the only hint from him is that he will not use it. How long he can maintain this position in the face of a wilting economy remains to be seen, it declares.

All pre-strike predictions of the steel market are now out the window. A very tight market is now expected into the first part of 1953. Steel inventories and supply lines have been drained. After the strike ends it will take at least two weeks to resume shipments—even to high priority customers. On some products new business probably can't be taken before the first quarter of 1953, concludes "The Iron Age."

Steel shortages and the Independence Day holiday cut auto output this week 30% from the previous week, states "Ward's Automotive Reports."

Production this week will fall further, it added, with about 70% of the industry's car and truck facilities idle.

"Ward's" stated that "plans are shaping to advance such holidays wherever possible to coincide with steel-enforced closedowns, mirroring industry pessimism regarding any near-term resumption in automotive production."

In the first six months this year the United States automotive industry assembled 2,199,193 cars and 636,753 trucks, against 3,109,134 cars and 785,443 trucks in the 1951 period.

Most car makers have been "stripping" their chassis and final assembly lines "to get every unit possible into dealers' hands before the steel tie-up closes it tight after mid-July," the above agency stated.

Steel Industry Enters Sixth Consecutive Week of Sharply Curtailed Output Due to Strike

The worst is yet to come. That's the outlook on steel shortages resulting from the steelworkers' strike, says "Steel," the weekly magazine of metalworking. The bulk of the steel industry has been closed down five weeks but except for random cases steel users have been able to operate without difficulty. The steel users have been living off their inventories. Now, except for rare cases, the inventories are nearly depleted, or at least unbalanced.

States this trade weekly, it will take 10 days to get mills back to capacity operations and start steel flowing from them. And there is less than the normal amount of steel on mill floors ready for shipment once the plants are opened; the strike was anticipated and every effort was exerted to make shipment, and through

Continued on page 31

GOP Offers Small Prospect for Return to Fiscal Soundness

Party's Candidates and Platform Entangled in Compromise and Me-Too-ism

By A. WILFRED MAY

CHICAGO, July 9—Observation of the goings-on here seems to reveal unmistakably that irrespective of the Convention's choice as its Presidential nominee, the GOP's direction on the important issues will be pervaded with "me-too-ism" via politics-conscious compromising in lieu of clearcut differences with the existing Administration. At most, only a change in atmosphere will result from a Republican November victory—at least on the domestic scene.

A. Wilfred May

This cynical prophecy is necessitated by this correspondent learning today of the activities of the Resolutions Committee and of the course and results of its platform-constructing deliberations, coupled with the behavior of key party leaders.

The actual state of affairs is particularly well typified here in the field of taxation and money-matters, which are considered the most undramatic and uninteresting of all by the Convention's candidates, the platform-designers' delegates, and the spectators.

Pussyfooting on Sound Money

Highlighting the seemingly inescapable urge to compromise and appease all the voters is the monetary plank (or splinter) of the taxation and monetary policy section of the platform. In the first place, despite all the castigation of the present Administration's dishonest debauchery and bankrupting of the nation's money, a return to gold convertibility is urged only with caution and reservation, as explained in an exclusive interview with this correspondent by Resolutions Subcommittee Chairman Christian A. Herter this afternoon. Whether or not the limiting word "early" in lieu of "immediate" is finally to stick in the plank's advocacy of return to gold, the former is unmistakably the sense of the context and definitely does reflect the thought and intention of the party's leaders in this field.

In other words, they feel that there shall be a return to gold only when it is practicable. Under the firm presumption that it would be wholly impractical to take the step now. Their thought is that the flow of gold is a measure of, rather than a check to, the course of a nation's financial illness. So, not so far differing from the New Deal-Fair Deal credo, the GOP's reputed fiscal reformers too are putting the cart before the horse in emasculating currency honesty as a check on spending and interventionism. From one rostrum freedom is dinned into our ears, while from another, fiscal socialization is condoned—even if but hesitatingly and *UNWITTINGLY*.

"Mr. Republican's" Indifferent Attitude

Skepticism over the GOP's sound money intentions is also importantly warranted by the attitude of Senator Taft, not because of his position as a leading candidate, but rather as a result of the socializers' sector of his party. Asked by this correspondent this morning for his reaction to the desirability of returning to gold convertibility, the conservative "Mr. Republican" manifested indifference; an indifference wholly inconsistent with his ever-ready outspokeness on so many other issues; but wholly consistent with his temporizing with a return to the gold standard and redeemable currency, as evidenced in his New York press conference of June 12, in which he barely indicated that he would be willing to go along.

The me-too-ism exhibited here on this question of money by Mr Taft is not at all inconsistent with his voting record on other fillip to socialization, from housing to education to public power.

If we get me-too-ism from Taft can we expect aught else from the Eisenhowerites or the discernible dark horses?

Other Gestures

The GOP policymakers likewise are doing their duty in inserting strictures against spending and for progressive reduction of income taxation. Here, again, as explained by Mr. Herter, "the Party of the Right" feels that, in practice, relief from the confiscatory tax burden must be gradual and will take time—particularly if the continuation of cold war is to be assumed.

Also taking time to effect, if it ever will be enacted, is the proposal adopted for the elimination of the present double taxation of corporate income, because of correlative measures which will have to accompany it. No popular political trouble from this comparatively technical matter is anticipated.

Similiarly safe—politically—is the conferring of independence on the Federal Reserve System from the domination of the Treasury and the White House. In fact, in line with the public's resentment of the Roosevelt Supreme Court packing scheme, is it prone to resent White House breaking of the traditional rules here too.

Playing the Political Game in Agriculture

Likewise on agricultural policy, the need for retaining favor with the farm vote has prompted the Republicans quite wholehearted retention of the support principle, in the face of former President Hoover's terming of the Brannan Plan as "pure Fascism mixed with give away programs."

Of course, a party's platform is a very impermanent basis for future action; and the subsequently chosen candidate will interpret and promote it as he himself sees fit, in accordance with his own philosophy and the political exigencies of the moment. As Chairman Herter himself remarked to me, a platform is something one leaves when the train departs, but in this instance, as we have shown in the foregoing, the passenger-candidate will not essentially forsake his platform if suspended in the mid-air of compromise.

Wm. A. Sholten With N. Y. Hanseatic Corp.

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — William A. Sholten is representing New York Hanseatic Corporation in Chicago. Mr. Sholten who was recently associated with Shields & Company, in the past was a partner in Sholten, Knight & Co. and Woodruff, Sholten & Co.

With Hamilton Manage.

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—Lester P. Simerson is now associated with Hamilton Management Corporation, 445 Grant Street.

Joins A. W. Benkert

(Special to THE FINANCIAL CHRONICLE)

BRADENTON, Fla.—Charles C. Mackle is now connected with A. W. Benkert & Co., Inc., of New York.

With Gordon Graves & Co.

(Special to THE FINANCIAL CHRONICLE)

MIAMI, Fla.—Peter T. Seaborn is now associated with Gordon Graves & Co., Shoreland Building.

Holmes-Sandman Add

(Special to THE FINANCIAL CHRONICLE)

STOCKTON, Calif.—Charles B. Pearson has become connected with Holmes & Sandman, Bank of America Building.

The Administration's Tragic Blunders at Home and Abroad

By DOUGLAS MacARTHUR*
General of the U. S. Army

General MacArthur accuses the Democratic Administration of leading nation into fiscal instability, political insecurity and military weakness. Points out as Republican Party Goals: (1) restoration of integrity in government; (2) government economy; (3) purging government and education of disloyal and immoral elements; (4) raising value of dollar; (5) reduction of tax burden; (6) correction of social inequities; (7) protection of both worker and industry in interest of public; (8) encouraging initiative and independence in agriculture, and (9) national rearming in way not to burden the people.

Mr. Chairman, ladies and gentlemen—

Possibly never before has a soldier been called to a rostrum such as this to participate in the deliberations of a great political party. I approach the task in a spirit of humility born of full understanding of my own marked limitations, but fortified by so solemn an obligation.

In this unusual assignment, I feel a deep consciousness of the nature and gravity of the crusade upon which we now embark—a crusade to which all sound and patriotic Americans, irrespective of party, may well dedicate their hearts and minds and fullest effort. Only thus can our beloved country restore its spiritual and temporal strength and regain once again the universal respect.

I speak with sense of pride that all of my long life I have been a member of the Republican party, as was before me my father, an ardent supporter of Abraham Lincoln. I have an abiding faith that this party, if it remains true to its great traditions, can provide the country with a leadership which, as in the days of Lincoln, will bring us back to peace and tranquillity.

Perhaps it is unnecessary here to indict the present Administration for all of its tragic blunders. For that indictment has already found full expression in the resentments which have poured from the hearts of the American people from north to south, east to west, with no distinction of race, creed, color or political affiliation.

I know. From the four corners of the land, I have seen; I have heard. It has been a spontaneous expression reflecting a deep sense of fear that our leaders, in their insatiate demand for ever more personal power, might destroy the republic and erase from the earth those mighty principles of government which brought to this land a liberty, a dignity and a prosperity never before known. It has been an expression of faith in our ultimate destiny as a free people; an acknowledgment of individual responsibility in the achievement of that destiny; a vibrant testimonial that the love of liberty still burns unquenchable in the American heart.

A Policy of Fiscal Instability, Political Insecurity and Military Weakness

Many of the people who thus register the depth of their resentments do not fully comprehend the nature and degree of the policy misdirection which has brought us to fiscal instability, political insecurity and military weakness. But, they view with dismay the failures of our leaders in the short aftermath of victory which causes us, the once proud and mighty victor, unceasingly to call upon every American mother to yield her sons in a fight for national survival; which causes us to submit to extortion and blackmail for the release of our citizens unlawfully detained by nations with which we are at peace; which causes us to deprive our beloved divisions committed to battle in Korea of the power and the means and the will to achieve victory—our country's traditional military goal.

They view with dismay the alarming change in the balance of world power, arising from the tragic decisions taken by willful or guileless men representing us at Tehran, Yalta, Potsdam and elsewhere. Those reckless men who, yielding to international intrigue, set the stage for Soviet ascendency as a world power and our own relative decline.

They view with dismay the tragic weakness of our leaders reflected in their inability to rebuild our strength and restore our prestige, even after our commitment to war in Korea more than two long years ago dramatically emphasized the inadequacy of our security preparation; reflected in their inability to conserve our resources even while they warn of national peril; reflected in their tolerance of corruption or worse in the higher positions of the public service.

They view with dismay the rising burden of our fiscal commitments, the deprivation of the opportunity to accumulate resorces for future security and family obligations, the growing tendency of government to control personal life and suppress individual freedom.

People Feel Oppressive Tax Burden

Our people are desperate for a plan which will revive hope and restore faith as they feel the oppressive burden of the tax levy upon every source of revenue and upon every property transaction; as they see the astronomically rising public debt heavily mortgaging the industry, the well being and the opportunity of our children and our children's children; as they observe the rising costs of the necessities of life impairing the effectiveness of pensions, insurance and other fixed incomes and reducing the aged and infirm to appalling circumstances.

They look to their leaders, but their protests are silenced by the grim warnings of the disaster of a possible total war. They see no sign of concern, hear no words of encouragement, find no basis for easing fear. Their every expression of hope for reduction in the tax burden is met by the angry rejoinder that taxes must go ever higher. There is no plan to transform extravagance into frugality, no desire to regain economic and fiscal stability, no prospect of return to the rugged idealism and collective tranquillity of our fathers.

They yearn to regain the religious faith and spiritual rectitude of the past. They remember the counsel of Gen. Washington when he said in his farewell address:

"Of all the dispositions and habits which lead to political prosperity, religion and morality are indispensable supports. In vain would that man claim the tribute of patriotism who should labor to subvert these great pillars of human happiness, these firmest props of the duties of men and citizens."

But the people detect no heed given this wise counsel. They witness instead only a ceaseless effort to spend and spend, to tax and tax, only a callous indifference to mounting disclosures of graft and corruption and waste in the public administration.

The religious devotion of the American people which has produced the universally reflected spirituality of the American home has been outraged by the materialism and selfishness which dominates the national administration. Public policy no longer is geared to the simple determination of that which is right and that which is wrong. The objective has been to build political strength even at the expense of the public interest. This is incomprehensible to our people, who understand fully the influence religion and morality have always exerted upon political stability. They know from the lessons of history that national strength and greatness inevitably find their true measure in existing moral and ethical standards.

Danger of Totalitarian State

But, one asks, how can it be that the party of Jefferson and Jackson, which once contributed so magnificently to the building of the republic, would now sponsor and support so tragic a cleavage from our great traditions? How could it despoil those very concepts of humanity and government upon which rested our past spiritual and temporal strength? The answer is as clear as it is distressing. That party of noble heritage has become captive to the schemers and planners who have infiltrated its ranks of leadership to set the national course unerringly toward the socialistic regimentation of a totalitarian state.

To such end they have sought to circumvent the safeguards to our liberties wisely written into the Constitution of the United States. At one stage there was even the attempt to subvert the independence of our Supreme Court by adding new members pliable to the will of the executive — at another the claim of extraordinary "inherent" power without the slightest sanction in law. They have too frequently regarded that immutable charter as an instrument of political expediency. In the hypocrisy of self-righteousness, they hail their course as true liberalism. Yet every move they make to circumvent the spirit of the Constitution, every move they make to centralize political power, every move they make to curtail and suppress individual liberty is reaction in its most extreme form.

For the framers of the Constitution were the most liberal thinkers of all the ages, and the charter they produced out of the liberal revolution of their time has never been and is not now surpassed in liberal thought. Our forefathers associated together into a sovereign State for the sole and only purpose of protecting their common liberties, not of yielding them again to a centralized Federal authority. Their concept held to the primacy of the individual's interest; that of our present leadership to the predominance of the State.

They who trample upon constitutional liberty by the undue centralization and imposition of political power are turning back the pages of history and gradually reinstituting those very excesses and abuses for which the British crown was indicted in 1776 by our Declaration of Independence. They are the dangerous reactionaries in contemporary American politics.

The Menace of Arbitrary Controls

They have trifled with that great American institution — free.

Continued on page 14

*Keynote address by Gen. MacArthur before the Republican Party National Convention, Chicago, Ill., July 7, 1952.

From Washington Ahead of the News

By CARLISLE BARGERON

CHICAGO—To the increasing miseries of those of us who would like to perserve some degree of dignity and orderliness in our public and private lives has come television. This is among my most profound impressions of the Republican convention. Television may be a great joy in the lives of millions of our citizens. To me it is a pain in the neck and another step toward complete mob rule.


Carlisle Bargeron

As I write this I hear Dick Harkness, former newspaperman, former radio commentator, but now moved into the new field of "information and culture" telling his audience again of another great stride television has made. He calls it a great stride but it could be more aptly described as another boldness in intrusion.

What he was referring to was the decision of the credentials committee, cowed by the nationwide publicity campaign in favor of "no secret sessions, no executive sessions, of doing everything in the open, in the great democratic American way," not only to let television in on its crowded hearings on contested delegates, but also to keep its executive deliberations in the full glare of the American people.

I am not arguing for back-room, smoke-filled room deliberations and there has been none of that at this Convention. But the American public has been led to believe there has been. And my complaint is that television has been a part of the demagoguery that has brought this belief about.

Take the first episode, for example, in the tremendous propaganda about this Convention. It was the meeting of the Republican National Committee to consider the hotly contested and vital delegations from Florida, Georgia, Louisiana and Texas. The hearings were public; newspapermen and photographers sat in on them and fully reported them. But television was denied and out went the hue and cry that the Convention was being conducted in secrecy. The Eisenhower managers eagerly seized upon it and made capital out of it. We will do things in the American democratic way, they shouted; everything will be in the open. So television has won the right, at this convention, at least, to follow the delegates right into the gent's room.

Make no mistake about it, this manufactured clamor against secrecy, which was basically television's fight, has had a tremendous impact upon the Convention and that impact has been against Taft. Thousands of telegrams on the order of the telegraphic barrage in favor of Willkie in 1940, have fallen upon the delegates. A substantial number of Taft supporters were so influenced by the outcry that they were afraid to vote with the Senator on the crucial question of seating just seven delegates from Louisiana. They were hardly enough to have affected the result but they would have added to the showing he made at that particular and and highly important time.

It has been my observation for many years that the agitation for letting the "American people decide" everything, every question that comes up from day to day, is the agitation of the demagogue. The one who argues against it is a reactionary, a backward looking person who can't realize that the world has changed. But the plain fact is that the road to purer and more unadulterated democracy is the road to ruin. Our form of government is not a democracy; it is a republic. But in the agitation of the times we are moving fastly away from it. I hate to see such an influential medium as television become a part of the demagogic parade.

It is an awful thing to require men who are not in the class of criminals, simply because they are delegates to a political convention, to sit for hours in the full view of a television audience. It is not required of the performers of television, those who make their living out of it. They come on for stated periods, they have opportunity to tidy up their appearance. They know they are being televised and they act for the occasion.

The delegates, or the men trying to decide important questions in committee deliberations, never know when the camera has been focused on the frown on their face, any movement they may make in what they consider their privacy. So when a 60-year old delegate who dislikes to go out to a formal dinner because he is uncomfortable, objects to doing his work for hours on end before a television camera, it is not that he wants to deny the American people anything, it is not that he wants to operate in backroom secrecy. He could very well make the point that he, unlike Bob Hope, is not being paid to perform.

With Schwabacher Co.

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Clarence E. Heller is now with Schwabacher & Co., 600 Market Street, members of the New York and San Francisco Stock Exchanges.

Two With Shaver Co.

(Special to THE FINANCIAL CHRONICLE)

ST. PETERSBURG, Fla. — Russell D. Irvine and Theodore W. Ryan have become connected with Shaver & Co., Florida Theatre Building.

California Municipal Financing —Its Problems and Prospects

By ALAN K. BROWNE*
Vice-President, Bank of America N. T. & S. A.

Predicting large volume of municipal financing in California in coming years, West Coast banker asserts California's securities dealers are capable of underwriting and distributing securities needed to absorb this forthcoming volume. Lists suggestions to dealers and brokers to aid in this objective, among which suggestions are: (1) improving customer and dealer relations; (2) participation by underwriters and dealers in civic affairs, and (3) cooperation with legislators and public officials in matters pertaining to municipal financing.

Last week the Municipal Forum of New York held its 1952 Conference. The conference topic was entitled, "Financing the $100 Billion Backlog of State and Municipal Improvements." This financing is expected to cover the estimated cost of public improvements to be constructed or acquired over the period of the next ten years. If we include all types of municipal financing, both short- and long-term, the annual amount would represent almost double the total of the postwar years' most prolific period, the year 1950. It is difficult to break down such figures into any geographical pattern with any degree of accuracy. However, we can be assured that California's share of this public debt incurrence will be substantial.


Alan K. Browne

I do not have to point out to you the impact of California's expanding economy, its increasing population and the resulting need for additional or improved public buildings, schools, bridges, highways, hospitals, water and sanitary facilities — to name a few specific purposes—and the innumerable local improvements that are so necessary in our community life. California's growth has been well documented and is a dynamic force in our country today.

I am not sure that all of us are familiar with what has been accomplished in the way of municipal finance in California since the close of World War II. There is no comparison with the prewar years. It is estimated that for the six years, 1946 through 1951, there have been 2,276 individual municipal bond issues totaling $1,501,841,619. Following the national pattern, 1950 was the year of greatest debt expansion with 440 issues totaling $323,247,600. All of these figures are exclusive of tax notes and warrants, Local Housing Authority notes and bonds and special assessment financing. This is an annual average in excess of 375 issues totaling $250 million. 1947, 1951 and 1952 to date were the only years to show a decline from previous years, explainable in part by the shortage of materials and rising costs in 1946-47 and the effect of the Korean War and Voluntary Credit Restraint during 1951-52.

Nationwide Distribution

What do these figures represent? In part, they tell that California's needs in the field of public finance have been met. Individually or as members of groups of underwriters you have done your part to the end that all necessary public financing, both state and local, has been accomplished even though we probably have fewer dealers active in municipal bonds domiciled in California than in prewar years. Institutional and individual investors have contributed to this by expanding their purchases of municipal bonds. Distribution of such securities has not been limited to the California market but has been nationwide. A good job has been done in the face of some of the widest fluctuations of record in the tax exempt market.

As we look ahead to future financing in California knowing the needs and the ramifications, can we be assured that as dealers in municipal bonds we are prepared to take all issues in stride? Do we have the organizations, the capital funds and the customers to successfully meet this challenge? In my opinion we do have the wherewithal. However, we can and should examine every possible way in which to improve our individual and collective approach to this problem. California is an important financial segment of this country. It will be a source of new issues of municipal bonds adequate to keep dealers plentifully supplied.

It is my intent in this discussion to present to you for consideration some of the problems of our business which I believe we should consider in view of California's potential public financing volume. I am also commenting on certain related subjects of interest to California's political subdivisions and some of our customers.

Dealer Problems

As dealers in municipal bonds, we can take an objective view of our responsibilities in marketing the emissions of the State of California and its political subdivisions, assisting in the maintenance of sound municipal credit and meeting the challenge of the expanding needs of our local government.

The municipal bond business is not subject to regulation in the manner of corporate securities. This was accomplished as a result of considerable effort on the part of dealers. This is an enviable position to be in. As dealers in municipal bonds we should not forget that privileges cannot be accepted without the responsibility that goes with them. It is timely to point out that exemption from the provisions of the Maloney Act does not imply that the Securities and Exchange Commission is without authority to prosecute fraud involving municipal bond transactions. They have this power and carelessness on our part could result in actions which would penalize all of us.

It is not my intent to chart a particular course to be followed or attempt to solve any particular problem but rather to point out some of the obvious situations and to discuss some of the related subjects connected with our daily business.

Customer Relations: Customers, whether professional, institutional or individual, are the source of our business. Changing times and conditions influencing interest rates, money markets and taxation will either bring our customers into the market to buy or sell or will cause them to sit on the sidelines. Death and taxes cause us to lose customers though at times creating new source of business. In the furtherance of our business we should be alert at all times to develop new outlets for municipal bonds, while at the same time understanding the problems of our regular customers and seeking ways to maintain their active interest in the market.

Geographic Credit Selection: I am sure that all of us at one time or another have found that individual customers will select one municipal credit for investment as compared to another even though we are of the opinion that both credits should merit equal consideration. Quite frequently there is a declination based on geographical location of the issuer of the securities. At other times, the investor may recall some fact connected with the credit which has left a disagreeable memory. In pointing out this daily program, I do not suggest that the customer is right or that the dealer is right Rather it is an interesting situation that frequently discourages sales.

I believe that many of us out of habit are geographically minded just as our customers are, or our memory of a particular municipal is associated with the depression years or the unsatisfactory reception of the name in the course of past business transactions.

California's land area is substantial. In comparison with the Atlantic Seaboard States, we cover quite a bit of territory. However, California's political subdivisions are relatively less numerous than many other states. The economy of the State is well diversified providing ample opportunities for diversification of credit risk. In approaching the problem of geographical credit selection I think those of us that are municipal bond dealers can well afford to spend time looking at our State and familiarizing ourselves with what has transpired in the postwar period. It will be both educational and revealing and may produce many new ideas for the development of our bond business.

Credit Analysis: Historically the development of adequate analytical and statistical reports on California's municipal credits dates back to the early thirties. Prior to that period circulars and reports were rudimentary with dealers using their own organizations to amass what data was needed or required. During and since the depression years, there has been a marked change in municipal credit analysis. Customers are more demanding and the determination of price relative to credit has been influenced to a greater extent than ever before. To meet the mounting costs of doing business and to serve the needs of investors, several statistical services have developed widely accepted municipal credit reporting services. We are most fortunate in California to have California Municipal Statistics, Inc. available to us. Many of us have worked closely with this organization in the evolution of its reporting. Customers generally accept the service as a basis for credit determination.

Relatively few of our California credits are rated by recognized statistical rating organizations. This is due partly to the restrictions placed on the size of the credit in terms of debt as a basis for a rating and partly because of lack of sufficient data being supplied to the rating organization.

Considering the overall problem, it might well be suggested that in dealing with our customers we should do more original research work. In other words, the acceptance of a statistical report or a rating without a serious effort to augment the material may result in improper conclusions either through omission or error. The growth and development in our State in recent years has completely altered various credits. These facts can be disclosed and emphasized by dealers if they will take the time and put forth the effort. Many customers will gain an entirely different impression of certain local credits and will have a substantial basis for considering your offering in an entirely new light.

Circulars: As dealers we have conditioned our customers to expect certain statistical data in the form of reports and circulars. Usually such material is extracted from other sources. In the evolution of our municipal bond business, customers have come to expect much more information than was previously considered essential. The origin of new taxing and revenue producing political subdivisions and new types of securities have further emphasized this trend. If we, as dealers, can impress our customers with our efforts to supply them with all essential facts on a particular municipal credit, we are performing one of our basic functions of full disclosure. There are probably many of us whose files and records of necessity are at a minimum. However, it may be suggested that we should not stop short of supplying customers with all data necessary for a proper analysis of a municipal credit. In other words, if underwriters will prepare and widely distribute descriptive circulars on new issues, there is an established basis for future credit reviews.

Consider the type of customer you are dealing with, particularly if a bank, public fund, insurance company or some similar institutional account. While the larger organization may well be supplied with all necessary data, many small accounts will not. The examining agencies that review the investments and transactions of such accounts will have a much better basis for their examination reports if they find adequate and up-to-date material in their ac-

Continued on page 24

*An address by Mr. Browne at the First Annual Conference, California Group, Investment Bankers Association of America, Santa Barbara, Calif., June 16, 1952.

Dealer-Broker Investment Recommendations & Literature

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

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

Canadian Investments—Analytical brochure—Merrill Lynch, Pierce, Fenner & Beane, 70 Pine Street, New York 5, N. Y.

Deflated Long-Term Dividend Payers—Tabulation—Ira Haupt & Co., 111 Broadway, New York 6, N. Y.

Electric Power Company Common Stocks—Analysis—F. P. Ristine & Company, 15 Broad Street, New York 5, N. Y.

Gold—Bulletin on gold stocks—M. A. Cleek, Paulsen Building, Spokane 1, Wash. Also available is a bulletin on **Hayden Hill Consolidated.**

Municipal Bond Market—Annual mid-year survey—Halsey, Stuart & Co. Inc., 123 South La Salle Street, Chicago 90, Ill.

New York Bank Earnings—For first half of 1952—New York Hanseatic Corp., 120 Broadway, New York 5, N. Y.

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

Population Growth Stocks—List of 40 issues whose activities have been benefited by increasing population—Francis I. du Pont & Co., 1 Wall Street, New York 5, N. Y. Also in the same issue of "Market Pointers" is an analysis of the **Brewing Industry**, data on **Eastern Airlines, Glenn L. Martin Co.** and lists of stocks to benefit by a reduction in the excess profits tax and of issues with working capital in excess of market price.

Tokyo Stock Quotations—Bulletin—Nomura Securities Co., Ltd., 1-1 Kabuto-cho, Nihonbashi, Chuo-ku, Tokyo, Japan.

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

* * *

American Hardware Corp.—Memorandum—Republic Investment Co., 231 South La Salle Street, Chicago 4, Ill.

American Telephone & Telegraph Company—Bulletin—Richard E. Kohn & Co., 20 Clinton Street, Newark 2, N. J.

Anderson-Prichard Oil Corp.—Memorandum—Smith, Barney & Co., 14 Wall Street, New York 5, N. Y. Also available are memoranda on **Delhi Oil Corp., Mid Continent Petroleum Corp., Republic Natural Gas Co., Sun Ray Oil Corp.,** and **Warren Petroleum Corp.**

Atlantic Coast Line Railroad—Data—Vilas & Hickey, 49 Wall Street, New York 5, N. Y. In the same bulletin are also data on **Florida East Coast Railway, Southern Railway Co., Grain Carriers.**

California Eastern Airways, Inc.—Analysis—Cohu & Co., 1 Wall Street, New York 5, N. Y.

Central Public Utility Corporation—Analysis—Dreyfus & Co., 50 Broadway, New York 4, N. Y.

Central Public Utility Corp.—Card memorandum—F. S. Yantis & Co., 135 South La Salle Street, Chicago 3, Ill.

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

Freeport Gulf Sulphur Company—Analysis—Stanley Heller & Co., 30 Pine Street, New York 5, N. Y.

Hoffman Radio—Circular—Raymond & Co., 148 State Street, Boston 9, Mass.

Kewanee Oil Company—Study—Troster, Singer & Co., 74 Trinity Place, New York 6, N. Y.

Lackawanna Railroad of New Jersey 1st Mortgage A 4s of 1993—Analysis—B. W. Pizzini & Co., Inc., 25 Broad Street, New York 4, N. Y.

Minneapolis Honeywell Regulator Company—Analysis—William Blair & Co., 135 South La Salle Street, Chicago 3, Ill.

Outboard, Marine and Manufacturing Company—Report—Philip Lesly Company, 100 West Monroe Street, Chicago 3, Ill.

Puget Sound Pulp & Timber Co.—Memorandum—Pacific Northwest Co., Exchange Building, Seattle 4, Wash.

Reeves MacDonald Mines Limited—Bulletin—R. E. Nelson & Co., Radio Central Building, Spokane 8, Wash.

Richardson Company—Bulletin—H. Hentz & Co., 60 Beaver Street, New York 4, N. Y.

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

United Aircraft Products, Inc.—Bulletin—de Witt Conklin Organization, 100 Broadway, New York 5, N. Y.

NSTA Notes

BOND CLUB OF DENVER

The Bond Club of Denver has set Aug. 21 and 22 as the dates for the 18th Annual Summer Frolic. On Thursday, the 21st from 4:30 to 6:30 p.m., there will be a Calcutta Buffet in the Mural Room of the Albany Hotel (this year for the first time the evening before the gold tournament). All out-of-town guests are urged to arrive in Denver by noon, Thursday, Aug. 21. On Friday, Aug. 22, the golfing will commence at 11:00 a.m. at the Park Hill Country Club, and the usual activities will take place during the day, including a luncheon on Friday and dinner at 7:00 p.m.

We are anticipating a large turnout for this year's party, and Don Campbell, Campbell, Jacobs & Company, Colorado National Bank Building, may be contacted for hotel reservations.

Federal Budget Results of Fiscal Year 1952

Secretary Snyder estimates receipts at $62,129 million and expenditures at $66,145 million, leaving deficit of slightly over $4 billion, compared with a budget surplus of $3½ billion for previous year.

Secretary of the Treasury Snyder released on July 1, the budget results for the fiscal year 1952 ended on that date. Budget receipts of the government amounted to $62,129,000,000 as compared with $48,143,000,000 in the previous year. Expenditures amounted to $66,145,000,000 as compared with $44,633,000,000 in the fiscal year 1951.

John W. Snyder

The year ended with a budget deficit of $4,017,000,000 compared with a budget surplus of $3,510,000,000 in the previous fiscal year. A comparison of budget results for the fiscal years 1952 and 1951 is shown below (in millions):

	—Fiscal Year— 1952	1951
Receipts	$62,129	$48,143
Expenditures	66,145	44,633
Surplus (+) or deficit (—)	—$4,017	+$3,510

The gross public debt on June 30, 1952, the Secretary stated, amounted to $259,105,000,000, an increase of $3,883,000,000 during the year.

The financing of the budget deficit during the fiscal year is set forth in the table below (in millions):

Increase in public debt	$3,883
Reduction in general fund balance	388
Sub-total	$4,271
Less excess of expenditures in trust fund accounts, etc.	254
Budget deficit	$4,017

The Treasury closed the fiscal year with a general fund balance of $6,969,000,000, or $388,000,000 less than the balance a year ago.

This summary statement was released prior to the publication of detailed information in the final issue of the daily Treasury statement for the fiscal year 1952, which became available in printed form on July 2.

COMING EVENTS

In Investment Field

July 22, 1952 (Des Moines, Iowa)
Iowa Investment Bankers Association Annual Field Day at the Wakonda Club (with headquarters at the Savery Hotel).

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

Sept. 19, 1952 (Chicago, Ill.)
Municipal Bond Club of Chicago annual field day at the Knollwood Country Club.

Sept. 26, 1952 (Philadelphia, Pa.)
Bond Club of Philadelphia annual field day at the Huntingdon Valley Country Club, Abington, Pennsylvania.

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

Oct. 5-7, 1952 (San Francisco, Calif.)
Association of Stock Exchange Firms Board of Governors Fall meeting at the Mark Hopkins Hotel.

Oct. 8-10, 1952 (Los Angeles, Calif.)
Association of Stock Exchange Firms Board of Governors Fall meeting at the Ambassador Hotel.

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.

Joins Louis C. McClure

(Special to THE FINANCIAL CHRONICLE)

TAMPA, Fla.—Karl S. Roverts has joined the staff of Louis C. McClure & Company, 615 Madison Street.

J. A. Hogle Adds

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Louis I. Shaine is now with J. A. Hogle & Co., 507 West Sixth Street.

Joins Curtis Lipton

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Betty Keeler has been added to the staff of Curtis Lipton Co., 338 South Western Avenue.

On Mitchum, Tully Staff

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Andrew Dunlap, Jr. is now connected with Mitchum, Tully & Co., 650 South Spring Street.

Joins Knowlton Staff

(Special to THE FINANCIAL CHRONICLE)

OAKLAND, Calif.—Mary Butom has joined the staff of Frank Knowlton & Co., Bank of America Building.

With Cons. Investments

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—George W. Robinson is now with Consolidated Investments, Inc., Russ Building.

Postwar Inflationary Trends

By MILLER H. PONTIUS
Vice-President, F. Eberstadt & Co., Inc., New York City

Author traces development of the long- and short-term inflationary trends, devoting most attention to events and situations since World War I. Concludes nearby sequence of events, up to May, 1952, indicates the immediate short-term trend is probably inflationary, backed by an expansion of credit engineered by the Federal Reserve Board.

With the objective of clarification, it seems historically feasible to make three general classifications of the activities and trends affecting the value of money, in relation to goods and commodities. For Americans this, of course, relates to the buying power of the dollar at any given time.

Miller H. Pontius

I

The Long-Time Secular Trend

The modern commercial world shows an inflationary trend over the last 500 years.

Before the days of modern banking, inflation, the gradual reduction in the value of money units in relation to goods and commodites, was effected by government clipping of gold and silver coins.

The impulse largely came from wars and their expenditures—and sporadic peacetime governmental extravagances, the spending of more money than could be readily taxed out of the people.

Long-term changes in the price level were also influenced by new acquisitions of gold in the world—such as resulted from the conquests of Cortes and Pizarro in Mexico and Peru, 1520-1535, the discoveries of gold in California, Australia, South Africa, Alaska, and Canada during the 19th Century and up to date.

The largest increment of new gold, however, probably resulted from the Roosevelt devaluation of the dollar in 1934. This action made gold mining extremely profitable all over the world, until the outbreak of World War II in 1939.

The long-term secular trend underlies all intermediate phases and there is every reason to believe it will continue.

In the United States this secular trend would seem to have a tremendous inflationary potential.

The Roosevelt devaluation scarcely had time for much effect, before the outbreak of World War II, and at present we face the gradual working out of the separate inflationary moves in peace and war over the period 1934-1952.

The enormous postwar foreign lending of the United States is considered as a part of the necessary war period inflation. It continues up to date.

The time element as to the results of these important moves affecting the value of the dollar is uncertain. Historically, this process takes years to work out.

For example, in our time the great secular inflationary factors of World War I might be expressed in the following developments:

Prior to 1914 the United States was a debtor country with about $1 billion in gold and a government debt of a few billion. By the end of 1918 we had $3½ billion in gold and were a creditor country, with a government debt of $26 billion.

In 1919 many prominent individuals, in and outside of government circles, were warning the public of the inflationary potentials of such an abrupt four-year change. Commodity prices soared in 1919 and 1920, but then came the usual first postwar adjustment, 1920 to 1923, and general deflation.

By 1926 to 1929, when the inflation was working in the stock market and in business, many of these same influential people had forgotten their earlier appraisal and warnings. They thought it was just a good business period—and there was no inflation because commodity prices were trending slowly downward. The time element with its ramification of detail misled some of the best money trained observers.

II

The Great War Cycle

Judging from the Napoleonic Wars, the American Civil War, World War I, and up to date following World War II, there is a rather definite pattern of the flow of economic forces — connected with modern war.

The pattern seems as follows:

Liquidation of securities and commodities begins about two years prior to the outbreak of war—a downtrend until the decisive battles have been fought—and an uptrend until a year after the end of the war, in the winning countries.

Then comes a peak in prices and an adjustment extending for some three years, followed by a long postwar boom. The entire postwar cycle seems to cover about 10 years.

Over the entire war period the inevitable inflation effected by the government manufacture and spending of money, faster than civilian goods and commodities can be produced, seems to flow from one segment of the economy to another, chronologically: commodities, wages, real estate, stocks and bonds.

At present, May, 1952, and based on the time element, we seem to be in the last phase of the postwar boom. This period, about seven years after a war, is characterized by gradually declining commodity prices and real estate values, by stability in wages, and with inflation beginning to seep into the securities markets. As in the past, people are saving more money, many backlogs of war have been filled, and the cost of living is due for a gradual decline.

About this time after a war, the world seems to begin to lose some of the war tension. The balance of power dislocated by a great war is gradually being restored and the nations adjust themselves to the new grooves. The usual international turmoil immediately following a great war is subsiding slowly. Under such conditions, the enormous military expenditures are curtailed and the important item of taxes can be reduced.

This is a time of slowly deteriorating economy—following the dynamism of war stimulation. Historically, it is a time of great confidence and relief, following the long period of war uncertainties and the sequence of seven or eight years of international political turmoil.

Governments are spending less money. Goods and commodities for civilian life are being produced in greater quantities than money. The world is getting back to normal peacetime production of wheat, rubber, sugar, automobiles, textiles, etc., and no matter how great the basic inflationary potentials, the enormous production facilities stimulated by the activity of a war economy and the postwar rebuilding phase, are bringing goods on the market faster than the governments are manufacturing fresh money supplies.

Historically, this phase gradually develops into the second postwar liquidating period—1825 in England after the Napoleonic War Boom, 1875 after the Civil War in the United States, and 1930 after World War I.

III

The Short-Term Trend

This phase of the economic cycle refers to trends operating over months, or a few years, and may be at variance temporarily with either one or both the long secular trend or the war cycle.

It is usually manufactured or directed by the operation of modern central banks in their effort to control the price level and business activity over short periods of time. The objective is beneficial and directed toward smoothing out too violent adjustments in the changing economic tides. It can be very effective when manipulated by far-seeing experts—but it does not change permanently either the long secular trend nor the basic war cycle, because those forces are much deeper imbedded in the economy.

During the latter half of the 19th Century, the Bank of England operated as the chief regulator of the short-term cycle in the commercial world. Managed by intelligent and experienced bankers with a world viewpoint, the Old Lady of Threadneedle Street (a term in common use for many years, but which we seldom read in print these days) bought and sold gold and raised and lowered the discount rates for money which affected business activity in half the world.

Since World War I, and more emphatically since World War II, the dollar has become the world's trading currency, supplanting the pound sterling, and the Federal Reserve Board operates in succession to the Bank of England.

In the early days of 1920, following World War 1, the Federal Reserve Board was relatively unskilled, and raised discount rates from 4% to 7% in six months' time. This abrupt change in interest rates brought on a violent liquidation in commodities and securities in 1920 and 1921.

Since 1946 the Federal Reserve Board has shown its "seasoning" in smoothing out the adjustments following World War II, by a much more gradual approach to the contraction or expansion of credit, as the economic tempo indicated signs of depression or elation, either one of which would have been dangerous if allowed to gather too much momentum.

The nearby sequence of events leading up to May, 1952 seem to be as follows:

In January, 1951 the Federal Reserve Board began a series of moves to contract credit, probably to curtail the rising spiral of commodity prices following the early stages of the Korean War and arising out of the supposition by many people that it was the beginning of World War III. The Board continued its efforts apparently until about August, 1951.

In the meantime, raw commodity prices turned down from June, 1951 and the soft goods markets became clogged with goods. The commodity price chart continued an accelerated downward trend until late March, 1952. The bond and stock markets also turned downward in their historical sequence.

About the last of March, 1952 the Federal Reserve Board changed tactics, probably for the main

Continued on page 39

Canada Restored to Normal Competitive Banking

By L. G. GILLETT*

Vice-President and General Manager, The Bank of Toronto
Retiring President, Canadian Bankers' Association

Addressing Canadian bankers, Mr. Gillett reveals success of efforts to curb inflation, and hails end of credit restrictions as restoration of normal competitive conditions to Canadian banking. Notes expansion of banking in Canada and heavy flow of fresh capital into Canadian enterprises. Says, because there has been no increase in interest rates in Canada, banks are faced with problem of offsetting higher operating costs and continuing fair return to shareholders. Concludes Canada's resources are almost unlimited, and future progress is assured by work, thrift, investment and enterprise.

From a banking point of view, perhaps the most significant event of the past year has been the program of selective credit restrictions applied by the chartered banks at the request of the Bank of Canada and its termination a month ago. The program went into effect in February, 1951, as part of the government's plan to arrest inflation and thus help preserve the buying power of the dollar in pay envelopes and shopping purses.

L. G. Gillett

Inflation in Canada became more than a threat when, after the outbreak of war in Korea, a vast defense program was added to an economy already operating close to top speed. The inevitable happened — with scare buying, prices bounded upward, bank loans increased and the volume of money reached an all-time high.

The Canadian Government chose to combat this menacing situation with monetary and fiscal measures. It operated on the basic policy that the supply of credit and consequently of money must be kept in hand, for money is the essential fuel that feeds inflation. On the fiscal side, through higher taxes over a wide field and through the device of deferred depreciation, a serious endeavor was made to restrain spending and investment of non-essentail character and to do so in a way that would not materially affect incentives to produce. On the monetary side, consumer credit terms were tightened and the chartered banks, at the suggestion of the Bank of Canada, put into effect the policy of selective credit restriction already referred to with the general target of limiting loans to the total then outstanding. In particular, the banks agreed to discourage speculative and non-essential borrowing, to eliminate the purchase of non-government securities and to stop making term loans.

For a period, loans continued to rise largely due to commitments already made, but they levelled off after a few months and the target figure was reached and maintained.

Credit Restrictions Removed

Within recent weeks the government first removed consumer credit restrictions, which was followed by an announcement from the Bank of Canada that it felt the over-all situation had stabilized to such an extent that restrictions on bank credit might, for the present, be lifted. Both were welcome steps, as they indicated a belief that inflation has been brought under some measure of control in Canada. I am sure I am speaking for the whole business community in saying that, just as everyone was prepared to cooperate speedily and completely with the government in its anti-inflation program, we welcome removal of restrictions and impediments to ordinary business practice as they become unnecessary or inadvisable.

In applying the bank credit restrictions, the banks sought to further the national interest and now we welcome a return to normal, competitive banking, so long an integral part of Canadian life. If the policy contributed to the lessening of the inflationary pressures in Canada and helped to preserve the purchasing power of the consumer's dollar, the banks are content and amply repaid for the difficulties and inconveniences involved.

From all this, it should not be gathered that all danger from inflation has been left behind. Far from it, but I will say this much: we have beaten off its initial threat and stand better prepared for whatever the future may hold.

In February of this year the banks initiated Saturday closings in selected branches, Parliament making this possible by amending the Bills of Exchange Act. We were forced to take this step because we were losing trained, competent, and well-paid employees to other institutions that were closed on Saturdays. To maintain our high standard of service and good employment relations, we were forced to follow suit because banking is one business in which it is impossible to rotate staff—the individual custodianship of cash, securities, and records in the branch offices and the time that transfers from one employee to another would take being definite obstacles.

We are grateful to the banking public for its acceptance of this innovation in Canada. We have tried to minimize inconveniences to our customers by providing extra banking hours on Fridays in most of the branches closing Saturdays, particularly for making deposits and cashing pay checks. I take this opportunity to acknowledge the splendid cooperation of bank customers in this attempt to benefit the working conditions of bank staffs.

Bank Holdups

There has been a good deal of publicity in the last few months concerning the number of bank hold-ups, although actually there were fewer in the calendar year 1951 than in 1950. In the previous year many bank robberies were committed in Montreal and vicinity but as the bandits responsible for most of them have been arrested and are serving time, bank robberies in that area have decreased.

Of the more recent robberies, many took place in Toronto and its neighborhood, largely due to the activities of three gangs of bandits. It is pleasant, however, to be able to record that as a result of excellent work and cooperation by the various police forces concerned, there were throughout Canada 45 convictions for bank robberies in 1951 on top of 44 in 1950. Moreover, 11 alleged bank robbers and others charged with having aided them are under arrest and awaiting trial for the majority of the bank robberies perpetrated in the Toronto area. Clearly, for many bank bandits, crime has not paid.

I should add that since Jan. 1, 1950, the banks have jointly paid out in rewards to citizens who, by action or information, have contributed to the apprehension of bank robbers, to police forces in recognition of outstanding courage or exceptional detective ability of their members, and in gratuities to widows of police officers and citizens who lost their lives in attempts to apprehend bank robbers a total sum of $114,295.

No Increase in Interest Rates

There is one banking problem on which I would like to dwell briefly. We all know that unlike other countries, there has been no general increase in banking interest rates in Canada for many years, but in the face of steadily rising costs, we do not know how long this can continue. Contrary to opinions that sometimes are maintained, the returns on bank stocks are not high. Shareholders are said to receive as high as 14% or 16% in dividends, but that is unreal and ambiguous because such percentages are based on the par value of bank shares.

The fact is that practically all bank stock was sold originally at a premium and when a share of a chartered bank is purchased, it is a share not only of the paid-up capital and the reserve originally paid in as a premium, but of the remaining rest or reserve funds representing profits that have been plowed back into the business over years of careful and prudent management. Statistics show that in 1951 the actual return on the shareholders' investment in the Canadian chartered banks averaged between 4½% and 4¾%, an exceedingly modest return, considering all the factors involved.

Bank earnings, however, present other problems that must precede that of providing a fair return to stockholders. We must pay our staffs adequately and provide for the tremendous expansion required in our physical equipment over the last few years, some of which was necessarily neglected during the war. We must pay our share of ever heavier taxes, municipal, provincial and Federal. As custodians of the savings of the Canadian people we must provide interest on that money. Risk is inherent in banking and if a banking system is to fulfill its appointed place in a nation's life and is to be responsive to the growing demands of an expanding economy, there must be provision for the inevitable losses.

I can further illustrate by referring to three main items of cost —salaries, taxes and interest on savings deposits. Between 1944 and 1951 the total of these three items for all chartered banks more than doubled, increasing from $95.5 million to $202.7 million, or 117.38%. In most businesses, when cost go up, selling prices follow, but that has not been true recently of interest rates in Canada. Lending rates have gone up in the United States, in Britain and in several other countries. We have tried to keep them from going up in Canada, but frankly I do not know how much longer we can succeed.

Expansion of Canadian Banking

I have referred to the physical expansion of banking in Canada. In 1941 the chartered banks had 29,199 employees and at the end of last year they had 47,088, an increase of 61.2%. In that same 10-year period, salaries and wages paid to bank employees increased from $41,739,783 to $117,141,000, an increase of 180.6%, incidentally demonstrating clearly how average salaries have gone up to a point where they compare favorably with those in any similar industry. The chartered banks now operate 3,776 branches and sub-agencies in Canada, an increase of 486 in 10 years, a clear indication that the banking system has fulfilled its duty of adding branch offices as the demands of a larger population and newly developed areas became evident.

It is not my intention today to make a general survey of economic conditions in Canada. Over the long pull Canadians have every cause for confidence, but prospects for Canadian business over the next few months are cloudy. One reason is that Canadian prosperity basically depends on foreign markets, on conditions beyond our control, and over too much of the world hangs the threat of war and near-war. Since preparations for war consume the goods and services that otherwise might swell the real wealth and heighten living standards, it can offer only the flimsiest pretense of permanent prosperity.

Some see, in the decline in prices of numerous raw materials, signs of an end of inflation and even of a decline in business everywhere. They may well be right, although our defense spending, as it picks up speed, may offset present slackened demand for the products of some industries.

The fact must be accepted that if inflation is to be stopped, this must result in a counter move toward deflation which cannot be anything but uncomfortable to many. The question now is how far will the movement go. At present it does seem that, temporarily, the opposing forces may tend to remain in uneasy balance.

Fresh Capital Flowing to Canada

I have said that Canadians have every cause for confidence in their own country over the long pull. Nothing could illustrate this better than the plans of private capital for the next few years. A fresh $1.6 billion is estimated for mineral development by 1957 and of this amount $200 million is earmarked for the Labrador-Ungava iron ore field. In the pulp and paper industries it is proposed to invest $500 million by 1955. In the expansion of the chemical industry it is proposed to lay out $250 million by 1953. The aluminum plant at Kitimat, B. C., due to begin production in 1954 and go on expanding for the rest of the decade, will cost $550 million.

Since the war, more than $1 billion has been put into Canadian oil, including $110 million for the pipeline to the head of the Lakes. By 1954, another $1 billion will probably have been spent on exploration and drilling, another $100 million on the pipeline across the Rockies, $100 million more on refining and distribution.

Many millions will undoubtedly be spent on the development of electrical power in the next few years. The St. Lawrence seaway, apart from power development, will call for several hundred millions.

These figures of future capital investment are merely scattered examples of what lies ahead in Canadian development. They illustrate the basic fact that Canada has the greatest accumulation of undeveloped natural resources in the world and that Canada is on the threshold of spectacular progress and development, the opening of a dynamic era.

Canada's Almost Unlimited Resources

Canadians have become aware of this country's greatness and almost limitless possibilities, and Canada, its resources and development, are receiving more attention today throughout the world than ever before. But is it always understood why this nation is going ahead by leaps and bounds? Is it always appreciated that it has been private enterprise that has built Canada to its present dimensions and is laying plans for such marked development in the immediate future?

Take oil development. It is private enterprise, the spirit of enterprise and initiative, that is developing the western oil fields. The same thing is true of Labrador ore. The Kitimat aluminum plant, designed as the biggest in the world and involving a power development of 1,600,000 horsepower and a powerhouse cut from the inside of a mountain — that plant will stand as a monument to private enterprise and initiative.

It is the spirit of enterprise that is on the march in Canada today. So much so, that it sets Canada apart from almost all other nations. It has given Canadians the second highest standard of living in the world and permitted this country of only 14 million people to do more, and in a shorter time, than any comparable nation. Our progress has been based on work, thrift, investment and enterprise and if we hold to those principles —and are given peace—our future progress is assured.

*An address of Mr. Gillett before The Canadian Bankers' Association, Montebello, Que., June 20, 1952.

With A. M. Kidder

(Special to THE FINANCIAL CHRONICLE)

MIAMI, Fla. — Frederick C. Moody has become affiliated with A. M. Kidder & Co., 139 East Flagler Street.

Leedy, Wheeler Adds

(Special to THE FINANCIAL CHRONICLE)

ORLANDO, Fla. — Norman C. Nagle has joined the staff of Leedy, Wheeler & Alleman, Inc., Florida Bank Building.

Steel: Forward to Shortages

By ELIOT JANEWAY
Economic Consultant

Mr. Janeway maintains burden of inventories has been overestimated, and recent rate of inventory liquidation underestimated as well as imbalance of finished goods. Prophesies inescapability of automotive and other consumer durable goods industries' shutdowns this summer before supplies can be replenished.

A casual and costly attitude toward steel has become fashionable. "Steel is coming out of our ears," any number of manufacturers have been saying for some months, "and we haven't been using our CMP tickets."


Eliot Janeway

This writer has warned repeatedly against such short-sightedness. The purpose of this article is to explain why 1952's new steel shortage will plague us for months and months to come.

While, to coin a phrase, no one in any sense "planned it this way," it is becoming apparent that the steel dispute could not be settled until a price increase could be permitted; and a steel price increase could not be imposed until the burdensome inventory of sheet and strip and wire and other temporarily "soft" products had been worked off—which is to say, the long strike which this writer has expected has all along been inescapable.

The strike is now revealing that inventories of "soft" items were not as high or as well balanced as believed at the peak of the "Defense Depression." It is also revealing that the people who have been putting greatest emphasis upon the burden of inventories have underestimated not merely the imbalance of finished steel inventories but the recent rate of steel inventory liquidation.

Indicative of the costly and short-sighted excesses resulting from the impact of waves of sentiment upon buying and selling movements, representative steel consumers up and down the country sat tight during the buyers' strike on the eve of the shutdown when instead, as is now so painfully clear, they should have been buying what they needed to balance their inventories.

1952's sales slump, and the parallel panic in psychology, caused temporary but widespread blindness to the fact, which is fundamental, that any "inventory recession" by definition liquidates inventory. What always wants to be added to this axiom is the corollary that inventory tends to be unbalanced as fast as it is liquidated — unless it is replaced and supplemented.

The explosive meaning of this phenomenon is usually hidden by the revival of buying after moderate inventory liquidation. But when inventory is liquidated below the freezing-point and when, as is happening now, a forced shutdown of production prevents even the moderate revival of buying needed to balance inventory (even if only to permit further liquidation), the result is a renewed sellers' market. This is in the making now. Too late we are awakening to the reality that inventory has been dangerously unbalanced and over-liquidated on the eve of a recovery of consumption accompanied (as a recovery of consumption rarely is) by a shutdown of production.

Consequently, the liquidation forced by the strike has already insured a strong buying wave in all steel products as soon as production resumes at the higher price level. This prospect in turn raises the twin question whether:

(1) The steel industry will manage to meet the next wave of demand even if protected against a recurrence of reckless overbuying by drastic and effective "recontrol"; or

(2) Steel supplies will support many production programs—rated as well as purely civilian—at the levels projected before the strike.

Admittedly, to raise this twin question after 1952's false alarm over shortages will be to raise the cry of "Wolf, Wolf." Shrewd and sober heads in the steel industry agree, however, that the risk and the cost of the next round of steel shortages will be magnified by the smug and dogmatic conviction that 1952's false alarm argues against any future alarm.

Reference to my "Harvard Business Review" article—"Balancing Our Metal Requirements" (November 1951)—will emphasize the danger implicit in the question whether the steel industry will be able to meet the forthcoming wave of demand. It was the thesis of this article that the steel industry is vulnerable to emergency shortage because of imbalance between its melt and its rolling facilities. Thus, while most steel consumers have had no doubt from where their steel was coming, the steel industry has not yet assured itself from where its own raw materials are coming. Indeed, as my article pointed out, our highly advertised steel capacity expansion program has aggravated this fundamental balance by virtue of adding to the steel industry's need of materials.

Disruption Between Ore Fields And Furnaces

Specifically, the strike is forcing more than the liquidation of burdensome finished steel inventories in the commercial area, and more than the exhaustion of inventory in the military area. Indeed, notwithstanding the combined civilian-military buying wave assured once the strike ends, the strike's most significant disruption is being caused not between the finishing mills and the fabricators—commercial or military—but rather between the ore fields and the furnaces. For the strike is interrupting the accumulation of iron ore inventories at what should be the peak of the shipping season.

If steel is to be produced during the winter months, iron ore must flow during the months of warm weather. It is not, which raises a large question as to how many iron and steel furnaces a summer strike will shut down for lack of raw materials when the Great Lakes are again ice-bound.

True, scrap supplies are again as easy as they were tight—such shuttling back from one extreme to another is a normal characteristic of our "Dislocation Economy"; six months ago, scrap could not be bought and today it cannot be sold. But if the normal warm weather accumulation of iron ore is interrupted for very much longer, we will learn to our cost that no backlog of scrap, however large, can substitute for the threatening iron ore shortage. In any case, come winter, we will need all the scrap now reassuring the more volatile spirits among us.

The weather, of course, will be a factor and it has a tendency to be adverse exactly when we are obliged to gamble on it being benign: an unusually long winter would put that much more burden on our new scrap surplus. Meanwhile, however, the impending shutdowns in the auto and other steel consuming and scrap generating industries will slow down the rate at which scrap will continue to pour into the national reservoir. It should be borne in mind that, as an ore shortage increases our dependence upon scrap, the endlessly thorny question of scrap grading is bound to recur, speeding the arrival of the next scrap shortage.

All the political publicity about the many long delays in the steel strike last winter ignores the obvious economic reality which, thanks to the accident of American geography, makes any winter strike in the steel industry less costly than a warm weather strike. The reason goes back to the ore squeeze: a winter strike would have permitted liquidation of burdensome inventories of steel products without any corresponding loss of ore.

Last winter, particulary, the present steel strike would have been less disruptive than now. For it would have affected liquidation of finished product inventories, which has been needed for many months, at the outset of both the "stretch-out" and the business slump. Assuming a second quarter settlement, a winter strike would have ended in a resumption of buying **simultaneously with—not after**—the present speeding up of military procurement and of business activity. This would have been less inflationary than what is now in prospect.

By the same token, the relative supportability of a winter strike makes a strike at this time insupportable—and leaves the economy exposed to the certainty of forced steel shutdowns next winter, when steel will be very badly wanted.

In this grim perspective, it is certain that, when steel and coal settlements finally permit steel production to resume, the military will not only require large priorities to cover the large tonnages lost as well as those needed in the months ahead: the military will also demand and get inventory protection which up to this point they have gone without. (Instead, thanks to CMP and to Pentagon sensitivity to its critics—especially on the score of hoarding—the military each quarter have returned to the civilian economy substantial allotments of controlled materials which they have been unable to use.) It is very likely, also, that larger corporate steel users will attempt to imitate the military, reproducing certain 1951 market conditions.

Effects of Furnace Shutdown

Given the mounting danger that steel furnaces will be shut down next winter for lack of melt materials, it follows that:

(1) The present easing of scrap supplies is temporary and treacherous—clearly, disproportionately large ratios of scrap to pig iron will be needed during next winter's iron ore famine;

(2) Steel mill finishing facilities will be rationed down to whatever level is dictated by the ingot flow — clearly, publicity about the expansion of facilities protecting the economy against a recurrence of shortages is misleading in the absence of the greater supply of melting materials required by the expansion program.

(3) Production directives will be required to route the ingot flow into bars, wide plates, alloys, and other products required by rated programs. If, as is not at all out of the question, the next round of major military procurement creates new requirements for arsenal construction, the shortage of heavy structurals will continue.

(4) Settlement of the strike, consequently, is not at all likely to bring back recent conditions of market glut in demand for sheet, strip, narrow plates, light and heavy structurals and wire, all of which have recently been in easier supply. Any shut-down of furnaces will be reflected in priority directives against these latter

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Successful Personnel Relations

A Challenge and Opportunity for American Business Leaders

By RICHARD P. ETTINGER*
President, Prentice-Hall, Inc.

Publisher asserts if business can provide for worker directly what he wants, chiefly through profit-sharing, instead of encouraging him to lean on extravagantly run Welfare State, production will be increased and everyone benefited. Declares now is time for business to act, to offset politicians' promises.

I am delighted to have the opportunity to discuss with you a subject so close to my heart. I want to talk with you about what the American worker wants and how the American enterprise system can enable him to get it.

Richard P. Ettinger

First, let us consider what the American worker wants. There have been a good many surveys on this subject, and most of them agree that the American worker wants:

(1) The right to work continuously at wages that enable him and his family to live reasonably well—to have security in his job—to enjoy peace of mind.

(2) The opportunity to advance—in a growing dynamic society and organization.

(3) The dignity of being treated as a human being, and the feeling of belonging, of participating in the business, and not merely being considered as a number on a time clock.

(4) The opportunity to accumulate something beyond immediate needs, to provide for adequate support when the time comes for retirement, and to give him security against sickness or accident or economic depressions.

How to Meet Workers' Objectives

Unless he can get what he wants from his job or his business the worker will naturally turn to the state. Indeed, he has already done this. This is evident in the socialistic trend abroad, and in the New Deal and Fair Deal programs for a welfare state.

*An address by Mr. Ettinger before business honor fraternity Beta Gamma Sigma, New York City, May 19, 1952.

It seems unnecessary to point out to a group such as that assembled here today that the state has nothing it can distribute or use to give to the workers, except that which it take away from them in taxes; and that in the process of taking it away from them and redistributing it, there is a good deal of waste. If business can provide for the worker *directly* what he wants, instead of encouraging the worker to look to an extravagantly run Welfare State, everyone will be much better off; and we shall not have an unnecessary army of government employees living off the vital lifeblood of commerce.

We know that it is only workers, producing in excess of what they consume, who can provide for themselves or others the security and welfare benefits they want.

So our problem is to give the worker an *incentive* to produce that excess. The Twentieth Century Fund made the statement that:

"Production is pretty much what the worker wants it to be. The worker must himself want to see greater production before it is realized. If he thinks that greater production means greater achievement of the things he wants—security, advancement and dignity—he will produce. If he thinks greater production will not bring him such things, he will produce only up to a standard below which he is afraid to fall."

American business has set living standards far beyond those ever before seen on the face of the earth. American business has literally changed the face of the earth, has been responsible in large part for winning two great wars, has shown the rest of the world how to produce for the benefit of all the people. American business now faces the challenge of showing the way out of the trend toward socialism and the Welfare State: a way out that will enable the worker to get more than he can *hope* to get through wasteful government agencies.

Politicians' Control

Politicians are constantly trying to keep control over the people by drawing a larger and larger share of the worker's production into a central reservoir and then channeling its distribution for political purposes. The enviable record of American business in creating the highest living standards in the world entitles it to encouragement from the government in working out plans that will enable *business* to give the worker the security and dignity he properly wants.

Business has a great opportunity as well as a real obligation to provide the incentive for these things — and to dissuade the worker from following the false hope of getting these things for "nothing" from a paternalistic government—for that can lead only to the loss of freedom, and eventually to abject slavery.

I should like to indicate briefly this evening some of the things American business can do to encourage workers to provide for themselves what they really want. This is not mere theory; it is based on what is being done successfully by enlightened management through practical, profitable plans that benefit the customer or the public (who after all is the real boss of any business), the owners of the business, and everyone else who works in the business.

Now, it must be obvious to all of you that security, growth, and whatever else is wanted must of necessity depend on whether or not the *business is making a profit.* That idea must first be thoroughly sold to the employees, as the basis for any plan. Without profits, you cannot have funds to provide for permanent employment security, and expansion with the resultant opportunity for the individual to advance.

Profits shared with the employee can provide most of the things he wants—and also increase production for the benefit of all.

There are two kinds of profit-sharing. One is current, in which a share of the profits is divided up and distributed each year. This undoubtedly provides a current incentive in encouraging employees to take a greater interest in their jobs and to have a better "team" spirit, for all are working to increase the company's profits. But it has certain disadvantages: The employee may take the plan for granted when he receives his share regularly year after year. And if his share goes down one year, he may be seriously disappointed, particularly if he has "spent" it in advance of actually receiving it.

The second kind of profit-sharing is the so-called *deferred* plan. There are a great many variations and some legal limitations of such plans. I am going to try to describe one such plan for you so you can visualize how a typical plan works and how it enables the employee to get what he wants, particularly in the way of security.

One plan I have in mind works this way: 15% of the payroll, but not in excess of 20% of the profits before taxes, is turned over to an outside profit-sharing fund trustee, who holds it in trust for the employees. No matter what happens to the corporation, this fund remains untouchable, except by the employees.

If the profit before taxes is $100,000, then 20% of it, or $20,000, is put into profit-sharing. Under the tax law, this $20,000 is a proper tax deduction. If the corporation pays a 50% income tax, the $20,000 payment to profit-sharing obviously reduces net profit *after* taxes by only $10,000.

Now assume an employee has a salary of $4,000, and the profits have been large enough to enable the corporation to put in the maximum contribution. Putting aside an amount equal to 15% of his pay means that $600 is put in for that employee. That is in addition to his salary.

Now he can leave that $600 and each subsequent contribution in the fund to accumulate until he retires, or to be paid to his beneficiaries in case of his death, or he can draw out a certain percentage each year. If he leaves before retirement or death, the part in excess of what he is allowed to draw annually (in this case 10% a year) remains in the fund for the benefit of employees who stay with the company.

Experience with this fund, invested in a variety of securities, shows that each employee's share increases over 10% a year. So at the end of five years, this $4,000-a-year employee would have $4,500 in the fund:

10th year	$9,600
15th year	19,200
20th year	34,400
25th year	59,000
30th year	99,000
35th year	162,000
40th year	280,000

One of the reasons the amount increases so rapidly is that a profit-sharing trust pays no taxes on its income. Moreover, if the individual employee waits and draws down his entire share at one time on retirement, he pays only a long-term capital gains tax which, as you know, is substantially less than the regular income tax. In fact, under the present law the *maximum* tax would be 26%.

The figures given are based on his drawing down nothing until he retires. Now he could have drawn down a substantial amount each year if he had wanted to. If, for example, the employee were a young girl, she could have drawn down a pretty good sum when she got married. Or if there were illness in the family, the fund could have been a fine emergency reserve. And, of course, if the employee died after 20 years, his family would get the $34,400. Or, if he became totally disabled from heart disease, cancer, or the like, he would have received the entire amount at the time.

Security From Business

Now that is typical of the kind of security that can be provided by business rather than by the government. Such a plan gives the employee the kind of security he wants. It gives him the feeling of belonging, of participating in the business. It encourages him to watch PROFITS, to do everything in his power to see that waste is eliminated, to increase profitable sales, and to work for his share of the profits. For here he sees the opportunity to accumulate a large sum beyond his immediate needs, to provide for adequate support when the time comes for retirement, and to get security against unexpected emergencies.

It also helps the enterprise to increase profits, which in turn may be reinvested in the business to expand it and to provide opportunity to the employee to advance in a dynamic, growing organization. The resultant success of the enterprise also enables it to provide much more steady and permanent employment for all concerned.

The truth of this is demonstrated by the fact that the corporations that have pioneered the way and have done the most in this field have been outstandingly successful. You probably are all familiar with the outstanding achievements and success of companies like Procter and Gamble, Sears-Roebuck, Pitney - Bowes, Joslyn, and Hormel—to mention only a few. And our own company, starting with nothing except an idea and a will to work and to apply these principles, has become one of the world's largest book publishers, as well as the largest loose-leaf information service organization, in a relatively few years.

The profit-sharing plan is only one method business is using successfully to implement the economic rights of the individual worker and to encourage him to look to business instead of to the Welfare State.

Thus, we and other businesses provide, *in addition* to profit-sharing, a pension plan. In some instances the employer pays all the costs; in others, part. In our case, we contribute an average of more than $2 for each $1 the employee pays for pension.

Then to encourage and help employees to acquire homes, there are home finance plans. In our case, we lend up to 90% of the appraised value of a home and charge only 2% interest. For this purpose we established a very substantial revolving fund.

We also found that younger married men with children needed more protection for their families during the early years of their participation in the profit-sharing fund than the fund provided. So we developed what we call the "Split Dollar Insurance Program." This is in addition to and separate from the customary group insurance program, under which an employee can take out a $1,000 policy at the cost of $7.20 a year. The Split Dollar Insurance Plan enables the employee to take out a substantial amount of insurance and pay less per dollar of insurance protection than under the group program. Each year the employer pays the insurance company the cash surrender value of the policy; while each year the insured employee pays only the difference between the actual premium and the amount the employer his paid—if there is any difference. On the death of the insured employee, the employer is reimbursed by receiving the cash surrender value, and the beneficiary of the insured employee receives the face value of the policy less the amount paid to the employer for reimbursement of his payment.

How this works out to the benefit of the employee is best shown by taking the typical case of a 34-year-old employee. Under this plan he would pay $24.56 per thousand dollars of insurance the first year, and thereafter he would pay:

$11.77	in the second year;
2.05	in the third year:
1.59	in the fourth year;
1.14	in the fifth year;
.72	in the sixth year;
.28	in the seventh year;
0	in the eighth year.

And for the rest of his life he doesn't have to pay anything. In short, for the first seven years he is paying an average premium of $6.02 per thousand and thereafter pays nothing and gets protection for the balance of his life. The cost to the employer is merely the cost of interest on the money it advances on the policy. This is one additional step that can be taken by business to give its employees a feeling of greater security.

As I have indicated, all these plans also encourage the employee to work hard for the growth of the business, which in turn provides the opportunity to the employee to advance in a dynamic, growing organization.

Here is a challenge and an opportunity for business to provide identical—indeed even better—welfare measures than government could dispense. Business can do it less expensively and without the threat to individual freedom. And let me tell you that this threat to your freedom and mine is more real than we seem willing to recognize.

Business leaders generally have

failed to live up to their obligations to see that the worker has had the opportunity to work continuously at good wages, and to accumulate something beyond his immediate needs; and business generally has also neglected its obligation and opportunity to provide the worker with the incentive to make this possible. So politicians have stepped in with promises of a "Welfare" State, and a benevolent government. And in that guise, politicians have even gone to the extreme of seizing private property, told business what they can sell and to whom, what prices to charge, what to pay in wages, and whom to hire and fire. These politicians have a lust for more and more power; they want to control everything and substitute a controlled and inefficient officialdom for the free enterprise that has made America great.

That is not true democracy. It is the road to socialism and something worse. In a true democracy the state is a necessary and limited evil, not a benevolent dictator. Security, progress, and happiness in a democracy come from the efforts of the individual, working for his own, his family's, and his neighbors' good. This can be accomplished by using methods such as I have outlined.

Now is the time for business to *act*—to provide the benefits the politicians are promising to offer, and will continue to promise. With bold, enlightened action, business can recapture the position of leadership in the economic social welfare field it has *almost* lost by default. This is the challenge for business to accept—because it is profitable to do so, and because it is a way to preserve the American way of life that has given America the world's highest living standards and has preserved the freedom and dignity of the individual.

With Schirmer, Atherton

(Special to THE FINANCIAL CHRONICLE)

HARTFORD, Conn.—George A. Naprstek is now associated with Schirmer, Atherton & Co., 49 Pearl Street. He was previously with Walston, Hoffman & Goodwin.

Dyer, Felton, Hughes With Clayton Secs.

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Chester W. Dyer, Robert G. A. Felton and Francis J. Hughes have become associated with Clayton Securities Corporation, 82 Devonshire Street, members of the Midwest Stock Exchange. All were formerly associated with J. Arthur Warner & Co., Inc.

Blyth Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

PORTLAND, Ore.—Jack C. Meussdorffer is now with Blyth & Co., Inc., Pacific Building.

Cyrus Lawrence Will Admit J. C. Jenks

Cyrus J. Lawrence & Sons, 115 Broadway, New York City, members of the New York Stock Exchange, on Aug. 1, will admit Jeremy C. Jenks to partnership. Mr. Jenks is Manager of the firm's Investment Research Department.

Smith, Barney Adds

(Special to THE FINANCIAL CHRONICLE)

HARTFORD, Conn.—Henry G. S. Smith has been added to the staff of Smith, Barney & Co., Hartford-Aetna Building.

Youth's 1952 Opportunities

By ROGER W. BABSON

Mr. Babson gives advice to young people just starting on their careers, and recommends they seek jobs in their own communities and not prefer large cities. Advises against being too fussy about the special business or industry one should enter.

During the past month nearly every family has had some young member finish school or college and go out into the cold world to work.

Roger W. Babson

Some of these have taken jobs away from home. The brighter lights of another city have looked good. They want to be connected with some big corporation which they have seen advertised in national magazines, forgetting that the large ones have their troubles as well as the small ones. Besides, one does not learn as much with a large company. Unfortunate is the young person who thinks his days for study and learning are over because he has "graduated" and has a "diploma."

Young people should also think of the possibility of World War III when selecting a place to settle. This means that the 12 large cities cited by the government as especially vulnerable should be avoided. These are: New York, Chicago, Philadelphia, Detroit, Los Angeles, Cleveland, Baltimore, St. Louis, Boston, Washington, and San Francisco. Surely, these cities are no places to take a young girl and start to bring up a family. Hence, stay where you now live.

Toads and Puddles

The real purpose of my little sermon this week is to commend the young people who are getting jobs in the community where they were raised — the city or town which has paid for their education —where they have relatives and friends. These graduates are doing the smart thing. The first principle of success is to build upon the foundations already constructed. These foundations for you, are in your own locality.

Thousands of young people have asked me, "What chance have I without money or capital?" I immediately reply, "You have as much chance to make friends as anyone; real friends are the best capital you can have." I have 170 people here in my Statistical Organization and we are employing more all the time. When looking up the references of applicants for jobs, I always want to know how many "contacts" they have and the character of these contacts. Other things being equal, the one with the most contacts gets the job. Your best contacts are in your home town or city. Stay where you are. Protect and increase your present contacts. Every one of them is worth $500 each to you as capital. Better be a big toad in a little puddle, than a little toad in a big puddle!

Opportunties for Growth

Statistics show that the rate of growth of some of the largest cities is already declining. The big increase in population is in the towns and smaller cities. These now offer the real opportunities to wide-awake young people. Therefore, get a job in the city where your family now lives. Marry a local boy or girl and raise some good kids. Take an interest in the schools, churches and civic organizations. They all need new blood and new ideas. Remember all the present leaders and big shots will die off some day—be one of their successors. This is the least you can do.

Don't be too fussy about the special business or industry where you are working or are going to work. Statistics show that some families are making a great success of every industry and every kind of a store. This proves there are opportunities in every factory, store and other business in your city if the management is wide awake, honest and aggressive. In fact, with a "sleepy" employer you may have a better opportunty than with some other. If you have any doubts as to who are the "wide awake" ones, apply for a job with those who advertise. This is the best barometer that I know of as to whether a concern is on its toes and headed for growth.

Watch Population of Your City

From 1940 to 1950 the net growth in population of the U. S. was about 19,000,000. If we avoid World War III, there will be a net growth in population between 1950 and 1960 of about 25,000,000. These people, moreover, will be better educated and better physically. Although we may have a temporary slump in business and employment during the next two or three years, sometime before 1960 we should witness great prosperity. This means that this year's graduates have the greatest opportunities of any young people who have ever gone forth into the world of business.

Continued from page 6

The Administration's Tragic Blunders at Home and Abroad

private, competitive enterprise, keystone to the arch of our economic strength as a nation and prosperity as a people. By the imposition of oppressive and arbitrary controls upon business and production; by exhaustive taxation which withers initiative, reduces energy and, in the end, destroys the spirit of enterprise; by spendthrift policies which stagger the imagination; by discouraging adherence to the principle of private ownership of property, they have established the prerequisites to a socialistic or even later a communistic State. And, as they thus chart a course with such reckless abandon leading toward ultimate bankruptcy, they endeavor to mislead and control the public mind by a patronage of money, by devices calculated to create an artificial appearance of prosperity and by a continuous flow of irresponsible and deceptive propaganda.

But the people in their innate wisdom are not misled by such tactics of deception. Alert to reality, they know that the value of the dollar has diminished about 50% and is still going down. They find insufficient compensation in nominally higher income, however skillfully propagandized as a mark of prosperity.

They entertain a growing fear that the same policy misdirection which has thus debased the dollar will in time so impair our economy as to imperil the nation's solvency and thus destroy our living standard. With the dollar down, prices up and taxes increased, a higher wage buys less today than yesterday. Tomorrow may be even worse. Let me read you this letter illustrating how millions of American wage earners are losing their living standard:

"In 1941, I was working as a railroad telegrapher, as I am today. My weekly wage was $38.88. Subtracting $1.17 for railroad retirement, I had $37.71 take home pay—no income tax. My weekly wage now is $71.32. But from that comes $4.46 retirement and $10.50 income tax. Net: $56.36. Also, the cost of living has gone up 189% in the meantime. My old take home pay was equivalent to $71.27 today. But my take home pay today actually is that $56.36. My loss in income is $14.91. In other words, after 11 years, and with no compensation for added experience or increased productivity due to technological developments, I have actually suffered a pay cut of about $15 per week."

And so it is with all of us.

In this march away from our traditional American standards, few of our former liberties have been left unimpaired. Rights and powers specifically reserved to State, community and individual by Constitutional mandate have been ruthlessly suppressed by a creeping Federal authority. Reckless abuse indeed has been made of that most dangerous of all sovereign powers—the power to tax. We find ourselves already past the point where higher taxes might be expected to produce higher revenue. The propaganda of fear is replacing our once dynamic initiative, well tested vision and unparalleled energy in a frantic effort to whip-lash the country into a maximum of production.

Danger of Federal Concentration Of Power

This misdirection of public policy, which so endangers survival of our traditional American way of life, finds its genesis in an alien and foreign philosophy, its application in American politics designed to further entrench a 20-year hold upon the political power. It emphasizes with startling clarity the sage warning of a wise and farseeing Democratic leader of many years ago. Senator Benjamin Hill, of the State of Georgia, who foresaw something of what has happened, but I dare say expected the responsibility would be chargeable to a Republican Administration. He cautioned on the floor of the Senate of the United States:

"I have said I do not dread (industrial) corporations as instruments of power to destroy this country, because there are a thousand agencies which can regulate, restrain and control them; but there is a corporation we may all well dread. That corporation is the Federal Government. From the aggressions of this corporation, there can be no safety if it is allowed to go beyond the well defined limits of its power. I dread nothing so much as the exercise of ungranted and doubtful powers by this government. It is, in my opinion, the danger of dangers to the future of this country. Let us be sure to keep it always within its limits. If this great, ambitious, ever-growing corporation become oppressive, who shall check it? If it become wayward, who shall control it? If it become unjust, who shall trust it? As sentinels on the country's watch tower, Senators, I beseech you—watch and guard with sleepless dread that corporation which can make all property and rights, all States and people and all liberty and hope its playthings in an hour and its victims forever."

How prophetic this warning! How far our institutions have been yielded to these very excesses of power which he so deeply feared—and this, ironically enough under the stewardship of his own party! Let none say this is but a partisan conclusion. For North or South, East or West, men and women of whatever political faith recognize the tragic truth of this circumstance.

But our failures in domestic policy can be overcome, for government takes its tone, its character, even its general efficiency from its leadership. Sound leadership can restore integrity to the public service; can economize in the public administration; can eliminate disloyal elements from public authority; can purge our educational system of subversive and immoral influence; can restore to youth its rightful heritage; can strengthen the fabric of our free economy, can raise the dollar to its true value; can reduce the tax burden on individual and industry; can regain the course of constitutional direction; can recapture personal liberties now impaired; can correct social inequities; can strengthen the position of both worker and owner in private industry, even while protecting the public interest; can fortify the initiative, energy and enterprise of the farmer so as to insure the adequacy of the production of food in lean years and its distribution in those of plenty, without being crippled by the unwarranted interference and domination of government, and can rearm the nation without undue burden upon the people. The correction of domestic evils and lapses would not be too difficult, provided the will to do so firmly exists.

A Tragic Foreign Policy

Foreign policy has been as tragically in error as has domestic policy. We practically invited Soviet dominance over the free peoples of Eastern Europe through strategic dispositions of Soviet force at the close of the European war; we deliberately withdrew our armies from thousands of square miles of hard-won territory, permitting the advance of Soviet forces to the west to plant the Red flag of Communism on the ramparts of Berlin, Vienna and Prague, capitals of Western civilization; we recklessly yielded effective control over areas of vast uranium deposits without which the Soviet might never have developed the threat of atomic power; we foolishly permitted the encirclement of Berlin by Soviet forces, rendering almost inevitable the tragically high cost we have had to pay to secure open lines of supply and communication between our zones of occupation there and in West Germany; we authored, sponsored or approved policies under which the German industrial plant was subjected to major postwar dismantling and destruction; we turned over to the Soviet for slave labor hundreds of thousands of German prisoners of war in violation of every humanitarian concept and tradition; we failed to protest the murder by the Soviet of the flower of the Polish nation; and, even after victory had been achieved, we continued to supply the Soviet with quantities of war material, despite the clear and inescapable warnings of the Soviet threat to future peace.

In the East, we gave over to Soviet control the industrial resources of Manchuria, the area of North Korea and the Kuriles pointed at the heart of the Japanese home islands. We condemned our faithful wartime ally, the Chinese people, to the subjugation of Communist tyranny. And, in the course of these moves, we proceeded with precipitate haste to divest ourselves of our own military strength. Despite the threat to our security then clearly apparent, our Executive flaunted and ignored the judgment and will of the Congress which appropriated funds for the expansion of our air arm which he arbitrarily refused to expend for such purpose.

Small wonder indeed that from the combination of these tragic decisions and events, there occurred a reversal of the balance of world power such as history has never before recorded.

Then, suddenly, with our military strength standing at possibly the lowest relativity in history—our divisions in Japan reduced from three to two regiments, our regiments from three to two battalions, our battalions from three to two companies—with our protection withdrawn from South Korea as a militarily indefensible peninsula, we there and then plunged our forces into war to defend it. Few would take exception to the impulse, however idealistic, to support the preservation of freedom where we had done so much to implant the principles and spirit of freedom, but it is fatal to enter any war without the will to win it. I criticize not the morality of the decision, but its irresponsibility and recklessness.

We defeated the North Korean armies; but, when the Communist armies of China struck, our leaders lacked the courage to fight to a military decision, even though victory was then readily within our grasp—a victory which would not only have discharged our commitments to the Korean people, but which in the long run might well have saved continental Asia from Red domination. And, after discarding victory as the military objective and thereby condemning our forces to a stalemated struggle of attrition and the Korean nation and people to progressive obliteration, we again yielded to Communist intrigue and entered into protracted armistice negotiations, even though every lesson of experience had clearly shown such negotiations to be but the means whereby such an enemy gains time to reinforce his military capabilities.

Korean Problem Unsolved

While I have not been consulted with reference to Korea since my retirement from active assignment 15 months ago, I can unhesitatingly say that a leadership which by weakness and indecision has brought about such a military dilemma lacks the soundness of vision, the moral courage and the resolute will to resolve it. Yet, resolved it must be, for we cannot long carry so intolerable a burden. We must have a leadership capable of decision, as indecision in war is but the prelude to disaster. No military problem is unsolvable. Korea stands today as the hallowed graveyard for countless American dead. We must not let it become as well a graveyard for American hope, American faith and American honor.

In Europe, and indeed throughout the world, our foreign policy approach has been equally as vacillating and negative and, for the most part, sad indeed to relate, under the domination of others. We have yielded to selfish pressures both at home and abroad and, in so doing, have unduly directed the distribution of our wealth into privileged channels, have taken sides in international disputes which were fundamentally none of our affair, and have endeavored to impose our will on other nations' purely domestic problems in an imperialistic manner. We have ignored traditional friends while showering our favors on others, and we have lost that sense of judicial fairness

which formerly characterized our relations abroad.

In our preoccupation with Europe, we have tended to discard from our concern those great people of Asia and the Middle East who historically have sought not our wealth, but our friendship and understanding. Our "good neighbor" policy with respect to the peoples of Central and South America—of greater strategic concern than all others—has been largely subordinated. Through the paternalistic attitude which has dominated our material assistance abroad, we have promoted as much weakness as strength, as much resentment as friendship.

Animated by the doubtful belief that with money alone we could erect internal bulwarks against Communism's growth, our leaders have expended much of our resorce on the area of Western Europe. Events have largely established the fallacy of this reasoning. Indeed, the history of mankind shows clearly that the love of liberty is a spiritual resource of the human heart which, if nonexistent, does not spring from money alone. None will quarrel with the impulse to do all reasonably within our power to assist the best effort of the peoples of Western Europe to prepare their bastions for self-defense, but Communism with its recently acquired strategic frontiers in Asia and Europe and its penetration elsewhere by internal minority influences, presents a world-wide problem, the solution of which involves consideration of every point of possible Communist pressure.

One would be foolhardy indeed to quench a fire in the kitchen while leaving another room aflame. The problem is global, not sectional. Nor would the free world be the gainer, if our own nation, which from its own conception in liberty has ever stood as a beacon of hope and inspiration, should so exhaust itself of spiritual and material resource as to render its own survival subject to the will of others. Such a tragedy would return civilization to the darkness of the Middle Ages and the ideal of human liberty might perish from the earth.

Administration Ignores Lessons Of History

But the present Administration ignores the lessons of history, however clear and unmistakable. It ignores the practical aspect that there is a limit even to our own vast resources. It ignores the fact that our potential strength rests not so much upon any natural advantages which we have and others have not, but upon the initiative and vision, the enterprise and courage, the sweat and toil which alone spring from the incentive of freedom. Destroy such incentive and our nation can go the way of many others toward a universal level of mediocrity—a standard of life measured by the lowest common denominator which is Communism's ultimate goal.

The Administration is obsessed by the idea that we can spend ourselves into a position of leadership abroad, just as it believes we can spend ourselves into prosperity at home. Both are based upon illusory premises. Both challenge economic and social truths, deeply rooted in the experience of mankind. World leadership can only rest upon world respect. Such respect is one of those spiritual ideals which do not result from gifts, propaganda, salesmanship or any artificial means. It is not for barter to the highest bidder. It is not within the orbit of international trade. It is influenced solely by the soundness of the ideas by which we better our own civilization, elevate to higher standards our own way of life, and strengthen the dignity of our own citizenry.

Only through the exemplification of sound ideas which in the crucible of experience have produced for us a better and more serene life may we contribute in fullest measure to the well being of others. The higher our own standard and more stable we become, the greater our appeal to less fortunate peoples and the more they will look to us and our ways of guidance and leadership. This applies equally to those behind the Iron Curtain and those still blessed by the concept of human freedom. For the whole record of civilization proves that the tyranny has not as yet been devised which can long resist a sound idea.

Spiritually and physically we possess the resource, properly conserved and realistically applied, to lead toward a world freed from the exhausting wars which have so plagued the past. This is a practical purpose, not visionary. For the destructiveness of modern war has now in the atomic age become too frightful to contemplate by even a potential victor.

What Our Foreign Policy Should Be

This then must be the direction of our foreign policy. We must, upon restoration of our military strength and spiritual balance recklessly dissipated in our headlong retreat from victory, chart from that strength a true and unequivocal course to peace and tranquillity — a peace and tranquillity which will be real, not fictitious; deep-rooted, not superficial. Our ideal must be eventually the abolition of war. Such is the longing hope of all of the masses of mankind of whatever race or tribe. Indeed, so well is this understood that even the despot, in order to assure a following, cloaks the threat or application of force with the hypocritical pretense that his purpose is to secure the peace.

But rarely has the present Administration made a major move calculated to strengthen the fabric of world peace. To the contrary, it has done much to advance the danger of global strife by its indecisive conduct of the campaign in Korea with its shameful implication that we dare not strike back at those who strike at us, by its bellicose attitude toward all who oppose it in international diplomacy, and by its pattern of collective security agreements which, without as yet having mounted either the will or the physical power to successfully meet aggression, have divided the world into armed camps and rendered us dependent, not alone upon the wisdom of our own foreign policy to keep us out of war, but upon the foreign policies and diplomatic moves of other nations as well.

We must fully understand that, once we commit ourselves to the defense of others, the issue of war or peace is no longer in our exclusive hands, for we become but another pawn in the game of international power politics—a dangerous game—in which the present Administration has demonstrated no peculiar adeptness. It has talked and pledged peace while moving toward war. Indeed, none can deny what history so clearly records—that the Democratic party has well earned the doubt-

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Money Market Fundamentals

By ROBERT VAN CLEAVE
Assistant Vice-President, C. F. Childs & Co., Inc.

Deploring lack of understanding of operation of our monetary system, Mr. Van Cleave attacks view that current new issue of $4.2 billion of new Treasury bonds provides means whereby banks may expand money supply by some multiple of that amount. Holds banks as group can only expand earnings assets and their offsetting deposit liabilities as multiple of their excess reserves, and not because of their subscription to new security issues.

Among persons who do not study regularly and continuously the technical relationships between factors affecting the money market there is an unavoidable tendency to become somewhat hazy on these matters. One then tends to think of them from the viewpoint of an individual bank only; to lose sight of the fact that deposits are liabilities and not assets, and hence cannot be spent or invested by banks; to confuse bank reserve balances with the money supply of the nation; and to believe that the acquisition of new government securities by banks in and of itself provides them with the ability to buy other securities or to make additional loans to the extent of some multiple of the newly expanded government portfolio. These ideas sometimes lead to the conclusion that the appearance of a new issue in the market itself necessarily means that outstanding issues are bound to go up in price. The present period, involving as it does a heavy tax payment to the Treasury, a re-financing of short-term certificates, and the flotation of a large new bond issue, thus appears an appropriate time to review briefly and simply some of the fundamentals.

In what follows we shall consider all commercial banks as a group. We define money supply to mean demand deposits, including the Treasury's tax and loan accounts, plus currency outside the banks, and these, of course, are interchangeable. It does not include bank reserve balances, because these are bank assets whereas deposits are liabilities. In a similar way, the banks' reserve balances are deposit liabilities of the Federal Reserve Banks. First, we present a series of six hypothetical transactions, which easily can be visualized as entries on a consolidated balance sheet.

(a) We assume first that the banks have plenty of excess reserves—an unreal assumption, but this is only for illustration. They subscribe for 10 units of new government securities, paying for them with a credit to Treasury tax and loan account. Required reserves go up 20%, or 2 units; excess reserves go down 2, leaving total reserve balances unchanged.

(b) Banks buy 10 units of government securities from non-banks. Private deposits go up 10, required reserves up 2, and excess reserves are further reduced by 2.

(c) Banks make loans to non-banks for the purchase or carry of government securities. Private deposits up 10, required reserves up 2, excess reserves down 2.

(d) Banks buy 2 units of regular Treasury bills, for which cash payment at the Federal Reserve Banks is required immediately. Excess reserves down 2, total reserve balances down 2, and no change in required reserves since no new deposit results.

(e) The Treasury withdraws 10 from its tax and loan accounts. Deposits down 10, required reserves now released by the reduction in deposits, down 2, excess reserves down 8, total reserve balances down 10.

(f) The Treasury, having added 10 and 2 or a total of 12 to its deposit balances in Federal Reserve Banks by this withdrawal and the cash sale of bills, now spends this 12 units for goods, services, or for any other lawful purpose such as interest on the public debt. To avoid unnecessary complication, we here assume banks get none of the interest payments if that is the purpose of the disbursement. Private deposits up 12, reserve balances up 12, of which 2.4 is the reserve required against the new deposit and 9.6 is excess reserves.

These results may be summarized as follows:

SUMMARY 1

Ample Excess Reserves

	Reserves			Government		
	Required	Excess	Total	Securities	Loans	Deposits
(a)	+2	—2	0	+10	0	+10
(b)	+2	—2	0	+10	0	+10
(c)	+2	—2	0	0	+10	+10
(d)	0	—2	— 2	+ 2	0	0
(e)	—2	—8	—10	0	0	—10
(f)	+2.4	+9.6	+12	0	0	+12
	+6.4	—3.4	0	+22	+10	+32

Here we see that deposits have risen 32, offset on the asset side by increases of 22 in government securities and 10 in loans. Reserve balances in total have not changed, but 6.4 which formerly was excess now has become required reserves.

If we now suppose that the banks together have no excess reserves at all—a somewhat more realistic assumption—these transactions could be carried out nevertheless by borrowing from the Federal Reserve Banks. The result in summary would be shown thus:

SUMMARY 2

No Excess Reserves, Banks Borrow

	Reserves			Government			F.R.B.
	Required	Excess	Total	Securities	Loans	Deposits	Advances
(a)	+2	0	+ 2	+10	0	+10	+ 2
(b)	+2	0	+ 2	+10	0	+10	+ 2
(c)	+2	0	+ 2	0	+10	+10	+ 2
(d)	0	0	0	+ 2	0	0	+ 2
(e)	—2	0	— 2	0	0	—10	+ 8
(f)	+2.4	+9.6	+12	0	0	+12	0
	+6.4	+9.6	+16	+22	+10	+32	+16

The differences between this and Summary 1 are that reserve balances are up 16 instead of unchanged, and this figure is offset by advances from the Federal Reserve Banks in the same amount. Instead of a decrease of 6.4 in excess reserves there is an increase of 9.6.

A third assumption is possible, and it is that banks may buy new securities and make new loans if at the same time they sell securities to the Federal Reserve Banks. Summary 3 shows the net effect upon the banks of the same set of transactions in this case:

SUMMARY 3

No Excess Reserves, Banks Sell Securities to Reserve Banks

	Reserves			Government		
	Required	Excess	Total	Securities	Loans	Deposits
(a)	+2	0	+ 2	+8	0	+10
(b)	+2	0	+ 2	+8	0	+10
(c)	+2	0	+ 2	—2	+10	+10
(d)	0	0	0	0	0	0
(e)	—2	0	— 2	—8	0	—10
(f)	+2.4	+9.6	+12	0	0	+12
	+6.4	+9.6	+16	+6	+10	+32

Here, although the banks have bought originally the same amount of government securities as before, 22, they have had to sell 16 during the process so that, after the final transaction, they wind up with only 6.

It will be seen that the results of the sixth transaction are the same in all three summaries. Also, summaries 2 and 3 are similar in the totals for the six transactions, in that in both cases the banks wind up with 9.6 of excess reserves.

There is this important difference, however. In Summary 3 they have only 6 of government securities against 22 in the first two cases. In Summary 2 this larger holding is offset in part by an indebtedness to the Federal Reserve Banks of 16. They are in position to reduce this figure by the amount of excess reserves, which is 9.6, but still will owe the Reserve Banks 6.4. They are thus not able to buy more securities or to make other loans without going still further into debt.

But in Summary 3, where the banks have added to their governments by simultaneous sales of the same or other securities to the Federal Reserve Banks, the situation is different. They have, it is true only 6 units of governments in total, but they have 9.6 of excess reserves with no offsetting indebtedness at all. It is this situation which gives some credibility to the idea that, as a result of buying some governments, banks are enabled to buy still more.

It should be noted, however, that this comes about not because they bought the securities, but because the Federal Reserve Banks supplied reserves by also buying securities for themselves. This is the indispensable prerequisite. It is obviously true that, by employing the 9.6 of excess reserves as a base for maximum further expansion of deposits, the banks could add about 48 units more to their portfolios. If they bought the securities from the Reserve Banks, it is clear that they could buy no more than they have in excess reserves, viz., 9.6. Or, if the Reserve Banks chose to sell this amount into the market, the excess reserves would be wiped out, and the banks could not further increase their holdings of securities or loans.

Thus, we arrive at some conclusions.

(1) Banks as a group are able to expand their earnings assets and their offsetting deposit liabilities only as a multiple of their excess reserves, and not in relation to or because of their subscription to new security issues.

(2) If the Federal Reserve Banks make new reserve balances available through purchases of securities, this expansion can be contracted again only if they later make sales of securities to the market. This may be slow and difficult at times, because it is an obligation of the U. S. Government which is involved, not that of a private institution.

(3) But if the Federal Reserve Banks make reserves available only on advances to commercial banks, the subsequent contraction is almost automatic, since banks as a rule do not wish to stay continuously indebted for long periods even if supervisory officials would tolerate it. Hence, where, because of general economic considerations, the Reserve System wishes to prevent or minimize an expansion in reserve balances and the possibility of a multiple expansion in the money supply, they are likely to prefer to lend to banks rather than to buy securities from them. This accounts, it may be supposed, for the emphasis in official papers lately upon inducing banks to make increasing use of the discounting privilege.

(4) Only as is shown in Summary 3 do the banks wind up such a series of transactions with more free excess reserves than they had when they started. This is the case in which the reserves are supplied through purchases of securities by the Federal Reserve Banks. In Summary 2 they have increased their excess reserves, true, but this amount is more than offset by indebtedness to the Reserve Banks.

It hardly need be said that in these immensely simplified illustrations all other factors which in addition to Federal Reserve credit tend to affect reserve balances have been ignored.

Continued from page 15

The Administration's Tragic Blunders at Home and Abroad

ful distinction of being the war party of modern American politics. The dead of World War I, of World War II and of the Korean War render mute testimony.

We must remain faithful to the commitments we have made to others, so long as they remain faithful to theirs made to us, but failure of the principle of collective security in Korea, where we have found ourselves holding responsibility without corresponding authority, plainly warns that too much must not be expected from collective security elsewhere.

Indeed, in Western Europe as in Korea, experience has shown a reluctance by many of the allies to assume a fair and rightful share of the military burden, even though in the case of Western Europe the basic purpose would be the defense of its own soil. This hesitancy does not spring from any insufficiency of manpower, nor the exhaustion of other needed resource, but rather from a seeming confident assurance that this nation's blood and treasure will be committed to the fullest extent needed to accomplish the military objective.

The free peoples of Asia and the Middle East do not ask for American garrisons to defend their soil. All they seek is the necessary military equipment beyond their own capacity of production. They have both the will and adequate men, if properly equipped, themselves to conduct their defense and to turn the tide decisively against Communism. There is no logical reason why the same solution should not apply with respect to all others. In such circumstances it should be our unalterable purpose to effect in due time withdrawal of our ground garrisons from service abroad.

Youth Is Nation's Greatest Resource

By far our nation's greatest resource is our youth. In twenty bitter campaigns, I have witnessed its magnificence in the most trying experience of all—that of the battlefield. It has never failed our faith, never failed in invincible courage, and a patriotism which subordinated life itself to duty. Yet, as it now approaches the responsibility of civic leadership, it is confronted with a situation made almost desperate by the loss of such opportunity and resource as was our own heritage from the past. This is the greatest tragedy of all—that a national administration could have so yielded to the disease of power as to betray the youth of America.

Despite stresses and strains, the fine basic character of the American people remains unimpaired. It offers hope that under the inspiration of a strong, moral leadership, the people—all the people—will hurl back insidious efforts to sow the seeds of suspicion, distrust and hatred calculated not only to stir up racial or religious strife between the several segments of our society, but to destroy the unity and common understanding which has been the cornerstone to our growth as a nation. The very survival of our liberties and, indeed, our civilization is dependent upon our citizenry of all races, creeds and colors standing firmly and invincibly together with a singleness of purpose, a mutuality of faith and a common prayer—God bless America.

It is this spiritual unity which offers assurance that the coming crusade to rechart the nation's course toward peace and security and prosperity will find an aroused countryside ready and eager to march. That crusade rests upon the humanitarian aspirations of mankind, its Constitutional rights, and the moral necessity for human happiness. It demands a purification of the nation's conscience and a refortification of its will and faith. Therein lies the Republican party's challenge to leadership.

At the close of the Constitutional Convention, George Washington remarked to Benjamin Franklin that he believed the Constitution as finally evolved was a great and noble charter of liberty upon which the several states could rally, unite and prosper. "Yes, General," Franklin responded, "if we can make it work."

We have made it work in the days of our great past. And come November, we will make it work again—so help us God!

Joins Adams-Fastnow

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Michael C. Niccoli has become associated with Adams-Fastnow Company, 215 West 7th Street, members of the Los Angeles Stock Exchange. Mr. Niccoli was formerly with Standard Investment Company of California, and Fewel & Co.

The British Battle of Wages

By PAUL EINZIG

Dr. Einzig, in commenting on wage increases in Britain and the failure of the government to persuade the Trades Union Council to exercise restraint, foresees likelihood of rise in British cost of living, and unfavorable prospects for sterling exchange and increased exports.

LONDON, Eng.—The next few months will be of decisive importance from the point of view of the prospects of sterling. During the last few months there has been an increase of wages in spite of the setback in wholesale prices of raw materials and in retail prices of certain lines of manufactures, especially textiles. The government's efforts to persuade the trade unions to exercise restraint in their wage claims have not so far met with any response. The employees of the nationalized coal industry and of the British Railways, and the Amalgamated Engineering Union, are pressing forward with their very substantial wage claims. If these claims are satisfied, the resulting increase in the cost of production and transport will accentuate the upward movement of the inflationary vicious spiral.

Dr. Paul Einzig

In his attempt to persuade the Trades Union Council to use its influence in favor of wage restraint, the Chancellor of the Exchequer, Mr. Butler, endeavored to convince the representatives of that body that the trend of prices was about to turn and that, in the absence of any large scale wage increase, the cost of living would decline in the near future. Unfortunately, exactly the same argument was used last year by his predecessor, Mr. Gaitskell, and in the meantime the cost of living has risen considerably. It is open to argument whether that rise has been the cause or the consequence of the wage increases secured during the last 12 months. It is certain, however, that unless the increase of wages can be arrested the rise in the cost of living will continue unabated.

The representatives of the industrial workers take the line that in existing conditions they do not feel justified in recommending wage restraint, because wages have not yet caught up with the recent rise in the cost of living and because, in any case, they would first like to see a cessation of the rise in the cost of living before they would feel justified in opposing wage demands. Beyond doubt, during 1950 and 1951 the rise in prices went ahead of the rise in wages. Taking June, 1947, as a basis, by May, 1952, retail prices rose 35% and weekly wage rates 29%. The discrepancy certainly does not justify many of the wage claims which, in some instances, are 10% or more. If these claims are granted the ensuing rise in the cost of production and the additional purchasing power put into the hands of the consumers is bound to lead to another sharp rise in prices; so that within 12 months or less the same trade unions would demand further substantial wage increases on the basis of the same arguments which they are using now.

The rise in the cost of living is causing grave concern among all classes. Its effect on the cost of production is bound to handicap British exports, because the margin created through the devaluation of sterling in 1949 is very nearly used up in many lines of goods. Should the balance of payments deteriorate in consequence, the government would have to impose strict austerity measures on the public, so that the working classes, among others, would have to take the consequences of their wage claims. The argument used by the unions is that prices could and should be kept down through a reduction of profits. In many instances, however, this could only be done through selling the manufactures at less than replacement cost. Profits shown by industrial firms are, to a large extent, nominal because of the higher cost at which the goods sold can be reproduced. Should profits decline the prevailing high taxation would not leave enough margin to cover wear and tear of equipment. In any case, wages are by far the most important item in the cost of production and there is no possibility of offsetting the effects of substantial wage increases on prices by means of cutting profit margins.

Admittedly, on the face of it, it does appear unfair to expect lower-income groups to bear the burden of the sacrifices needed for checking the rise in the cost of living. It is understandable that they should resent it to be singled out for that purpose. Most of them could ill-afford to put up with the rise in the cost of living over a prolonged period without being granted corresponding wage increases. Unfortunately, there appears to be no other way of breaking the vicious spiral. Even the very marked slump in raw material prices, witnessed earlier this year, was unable to check the rise in the cost of living in the absence of a prolonged wage restraint. Since the amount of the consumers' purchasing power continued to increase, any setback in the demand that followed the sharp rise in prices and their subsequent relapse was bound to be temporary. Very soon the decline in prices provoked the revival of the demand and checked the downward trend. It is impossible to get away from the fundamental fact that the purchasing power of the lower-income groups is the decisive factor determining the trend of prices.

Should the British employers—amongst them the public corporations controlling nationalized industries—yield to the pressure for higher wages, sterling would become distinctly overvalued. Should they resist the wage demands too rigidly, large-scale industrial disputes would develop and the resulting strikes would materially reduce the output. In either case exports would suffer. The only hope to avoid this would be if the trade unions could be persuaded to moderate their claims, or suspend them for a few months at any rate, until it becomes evident whether or not the rise in the cost of living can be halted. The machinery established for dealing with wage disputes operates slowly and it may take in any event a few months before the wage demands are likely to result in strikes. If during those months there should be enough evidence to satisfy the unions that the trend of the cost of living has turned, the unions might conceivably allow themselves to be persuaded to moderate their claims. Otherwise, the outlook for British industry and sterling would be far from encouraging.

Bankers Offer Staley Mfg. Co. 3¼% Debs.

Public offering of $12,000,000 A. E. Staley Manufacturing Co. 3¼% sinking fund debentures due July 1, 1977 was made on July 8 by an underwriting group headed jointly by Smith, Barney & Co. and The First Boston Corp. The debentures are priced at 100.50% and accrued interest.

Of the net proceeds from the offering $2,600,000 will be used to retire all outstanding 3% debentures due May 1, 1959. The balance of the proceeds will be used to restore the general funds of the company and will be available for general corporate purposes. The company's capital expenditures for plant facilities have totaled over $36,800,000 since Jan. 1, 1946 and funds for such expenditures were obtained from earnings and depreciation and through employment of working capital.

A mandatory sinking fund is provided for the debentures under which 74% of the issue will be retired prior to maturity.

For general redemption purposes the debentures are redeemable at prices decreasing from 103½% to par. The company also has the right to redeem debentures from funds constituting Accumulated Consolidated Net Income at prices ranging from 101¾% to par. For the sinking fund the debentures are redeemable at prices ranging from 100½% to 100⅛%, depending upon the date of redemption.

The company is the second largest corn processor in the United States, and also is engaged in the business of processing soybeans and selling soybean products, refining vegetable oils, and manufacturing of chemical derivatives and other special products made from corn and soybeans.

Net sales during 1951 totaled $155,868,369 and net income amounted to $3,667,481.

Gordon Graves Admits Fairfield S. Perry

Gordon Graves & Co., 30 Broad Street, New York City, investment bankers, have admitted Fairfield S. Perry as a general partner. Mr. Perry formerly with the Chase National Bank of New York, specialized in consultation work dealing with the financial problems of industrial concerns where the stock was closely held.

Mr. Perry's work covered corporate recapitalization for such companies, valuations in connection with tax problems and investigations and studies preliminary to contemplated sales or

In Securities Business

BROOKLYN, N. Y.—Barnet Z. Sillman is conducting a securities business from offices at 50 Court Street.

Harry Spring Elected

Harry B. Spring has been elected to the Board of Directors of Burns Bros., according to an announcement by Martin F. Shea, President of the company.

Harry B. Spring

Mr. Spring is President of the Ulen Management Corp. and Vice-President of the Ulen Realization Corp. He is also a member of the Board of the Glen Alden Coal Co. and the Delaware, Lackawanna & Western Coal Co.

Halsey, Stuart Group Offers Equip. Tr. Ctfs.

A group of investment bankers headed by Halsey, Stuart & Co. Inc., and including R. W. Pressprich & Co., The Illinois Co., Freeman & Co., and McMaster Hutchinson Co., on July 7 publicly offered an issue of $1,660,000 Illinois Terminal RR. 3% serial equipment trust certificates, series E, to mature $83,000 semi-annually Jan. 1, 1953 to July 1, 1962, inclusive.

The certificates, which are to be issued under the Philadelphia Plan, are priced to yield 2.20% to 3.50%, according to maturity.

The proceeds from the sale of the certificates represent approximately 90% of the cost of 275 new open top freight cars, delivery of which is expected within the next 60 to 90 days.

Douglas Ballin Wins Municipal Club Prize

First prize of $100 for the best contributions to the 1952 edition of "The Daily Bond Crier," published by The Municipal Bond Club of New York in connection with its Annual Field Day, has been awarded to Douglas Ballin of Hannahs, Ballin & Lee of New York, the committee announced. Additional prizes of $25 each were awarded to Harold Taylor of the Chase National Bank, Burk T. Ryan of Ryan, Sutherland & Co., of Toledo, and Henry Milner of R. S. Dickson & Co., Inc., of New York. The Annual Field Day was held on June 13 at the Westchester Country Club, Rye, New York.

Our Reporter on Governments

By JOHN T. CHIPPENDALE, JR.

The government market seems to be assuming a more sober attitude, because some of the excitement engendered by the new Treasury flotation appears to be abating. To be sure, the 2⅜% bond due 1958 is still the leading issue in the market, but the other obligations, which have been somewhat neglected in the rush to acquire the new bond, appear to be coming back into their own again. Purchases of Treasury obligations for income purposes seem to be the principal reason for the attention that certain issues are getting, whereas others are being acquired for short-term liquidity purposes.

It is believed in certain quarters that the government market, which has been definitely stimulated by the recent offering of the 2⅜% bond due 6/15/58, will continue to broaden out, with volume and activity quite likely to continue on the favorable side. Considerable switching and swopping must still be done in order to carry out the portfolio adjustments that are being made by many institutions. This should not be unfavorable to the whole market.

New 2⅜s Still Market Leader

Volume and activity continue to be constructive in the government market with the interest in Treasury obligations as a whole fanning out a bit. This is in spite of the fact that the 2⅜% bond due 6/15/58 is still the dominant obligation in the entire list. Digestion of the recently floated obligation goes on at a fairly good clip, even though the pace has been slowed to some extent because of the purchases that have already been made in this security. Nonetheless, the spark plug of the complete mechanism in the market is the 2⅜% obligation, with dealers, traders and investors still in competition for this issue and the benefits which this security can bestow upon them. Dealers have been able to make out rather well because of the trading which has been going on in the new obligation. This is in addition to the still sizable positions which they maintain (and are apparently somewhat reluctant to decrease) the proceeds of which will some day be added to their exchequer. They are, however, entitled to some kind of reward for the good job they have done in assisting the Treasury financing operation.

Commercial banks, despite their reticence in many instances to buy them in the early days of the trading in the new 2⅜s, continue to add to holdings of this obligation. It is being realized more and more by many of these institutions that here is a very desirable obligation. The coupon rate is satisfactory and so is the maturity, and the fact that it has a definite maturity date adds considerable to this security. Although there has been an advance in quotations above the original offering price of 100, the yield is still attractive and quotations could increase further, so that a cushion above current purchase prices could be built up. While there is no denying that the new 2⅜s are still in the process of finding permanent homes in many cases, a very large amount of the total that will be available for sale has already passed into strong hands. This will have a favorable influence upon the future market action of the issue.

Inflation Fears Seen Dulled

Despite the policy of the monetary authorities in relaxing some of its controls and the lessening of direct government economic controls under the new Defense Production Act, there appears to be no great fear that there will be a return of the inflation pressure which plagued the money markets in the not too distant past. With this feeling in mind, it seems as though a more constructive attitude will eventually be assumed toward the government market. While it is not expected that there will be any sharp upturn in prices of Treasury issues, a constructive and firm tone is looked for by many in quotations of government obligations. Whatever financing the Treasury has to do for a while is quite likely to be of the short-term variety. This should not interfere with the process of digesting the floating supply of the recently issued 2⅜s. Likewise, this should not be unfavorable as far as the longer-term, higher yielding Treasuries are concerned.

Broader Market Developing

Even though private pension funds, trust accounts, savings banks and other institutional investors were in for and obtained a goodly share of the new 2⅜s, and nearly all of these have been retained, there has been evidence recently that these same non-bank investors have been giving attention to other Treasury obligations for income purposes. There are reports that the two longest issues of government bonds are not without favor as far as these buyers are concerned, with indications that private pension funds and savings banks have been the most active as far as the 2½s of June and December 1967/72 are concerned. The sizable increase that is going on in savings deposits is leading many a money market follower to conclude that the savings banks will become much more important factors in the long Treasury market in the not too distant future. The recently eligible 2¼s of June 1959/62 and the 2½s of 1962/67 have been getting fair buying from commercial banks, in spite of the glamour appeal of the 2⅜s of 1958.

Joins Davies Staff

(Special to THE FINANCIAL CHRONICLE)

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

With B. C. Christopher

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo.—Charles D. Watts is now connected with B. C. Christopher & Co. of Kansas City.

With Clayton Securities

(Special to THE FINANCIAL CHRONICLE)

PORTLAND, Maine—Ralph G. Libby has become associated with Clayton Securities Corporation of Boston. He was formerly with J. Arthur Warner & Co. and Baldwin & Co.

With Trust Co. of Ga.

(Special to THE FINANCIAL CHRONICLE)

ATLANTA, Ga.—Arthur F. Rees III is now with the Trust Company of Georgia.

Savings Banks Investment Policies

Louis J. Rub, Asst. Vice-President, East River Savings Bank, New York City, says need of increased earnings should not lead banks to assume investment risks inconsistent with safety principle.

In an address at Northwestern University, Chicago, on June 23 before the Advanced Mortgage Banking Seminar, sponsored by the Mortgage Bankers Association of America and the School of Commerce, Northwestern University, Louis J. Rub, Assistant Vice-President of the East River Savings Bank of New York City, reviewed some of the factors currently influencing savings bank investment policy, and expressed the view that savings banks will add substantially to mortgage investments during the next 12 months.

Many savings banks are seeking increased earnings to meet higher dividends to depositors, mounting operating costs and the recently imposed Federal income tax, he pointed out. But Mr. Rub summarized the fine record of savings banking to support the conviction that the procurement of higher income would not be accompanied by the acceptance of risks inconsistent with the nature of savings banks.

That the type of deposits held designates the manner in which they must be invested must, according to Mr. Rub, continue to be the primary principle guiding savings bank investment policy.

Competition for individual savings between savings banks and institutions offering dissimilar services, although overemphasized, is important in motivating the search for increased earnings. Mr. Rub pointed out that savings banks offer a distinctive quality of service; that over long periods of time they have sought to pay the highest return commensurate with characteristic safety and liquidity of the depositors' funds.

Mr. Rub said it was the belief of many observers that, despite the tax advantage existing in favor of tax exempt securities and common stock, investment in these securities would not affect the savings bank mortgage investment program materially.

With 42.6% of mortgage investments consisting of FHA and Veterans' mortgages, excessive holdings of U. S. Government obligations do not seem necessary as a safety measure and some savings banks may find it advantageous to convert a portion of their holdings of such U. S. obligations into higher yielding investments.

Mr. Rub said that there was evidence of a wider use of existing mortgage lending powers by savings banks and of greater interest in conventional mortgages. The extension of nationwide mortgage lending powers to conventional mortgages was advocated as a logical step to permit savings banks to overcome the dearth of mortgages in the limited area in which they operate.

Mr. Rub estimated the amount of funds available for new mortgage investment by savings banks during the next 12 months at almost $2 billion and stated that the strong position and increasing size of savings banks make them well able to compete for savings and mortgages.

Daniel Reeves Adds

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif.—Robert I. Higgins has been added to the staff of Daniel Reeves & Co., 398 South Beverly Drive, members of the New York and Los Angeles Stock Exchanges.

Continued from page 11

Steel: Forward to Shortages

products. (Note: the mills now running are finding themselves surprised by the unexpectedly large volume of steel requirement descending on them from military contractors. Ammunition and rocket containers appear to be principal items. This may well mean that the marginal importance of the direct military requirement for steel has been generally under-estimated.)

(5) All steel users will be under pressure for months to come to measure closely not merely the volume of requirements but the tendency towards inventory imbalance and the changing requirements arising from the constant need to keep inventories in sufficient balance to support production.

(6) All steel users will be under pressure to forecast and file their requirements closely and with particular attention to specific product requirements; and, specifically, they will find themselves obliged to make use of warehouse supplies and of conversion steel for months to come.

(7) All steel users will find the allocating authorities better able to deal with inflated CMP claims than they were in 1951 — the reason being that deflated requirements were filed almost universally in the first half of 1952.

(8) A new factor inflating military requirements for steel products (especially bars) claiming priority over common commercial items is the conversion of considerable ammunition requirements from copper to steel. As is generally realized, we have not yet had a large scale ammunition program. We need one. When we get it, it will call for surprising tonnages of steel. If these tonnages are needed when steel furnaces are being shut down for lack of melting materials, rolling facilities will be withdrawn from commercial uses.

(9) The only breathing spell in sight for steel users—if not for over-all production—depends on the combined chance of a steel settlement and a coal settlement and, then, a copper and/or an aluminum and/or an electrical equipment strike. This combination of hazards would permit steel inventories to be rebuilt and rebalanced during a round of shutdowns in the non-ferrous area.

Evidence that the above is not mere theory or mere scare is being provided by a representative and growing group of the larger, mass production users of steel, particularly in the automotive field. In the week before the strike finally recurred, large automotive demand for sheet steel absorbed significant tonnages of high-cost conversion steel. At the time, the long-term significance of this was discounted on the grounds that it was merely an emergency measure of protection against the strike threat. But now the larger users of tonnages big enough to support mass production operations are clearly indicating that they intend to remain in the conversion steel market—and in the warehouse market as well — for a long time to come. They admit that, even if the strike were to end this week, they would not be able to make up the inventory position they have already lost. This is unarguable proof that last spring's assump-

tions and gossip concerning the burden of steel inventories relative to consumption were distorted and inflated by panic.

The new buying policy being adopted now by leading larger users is of far-reaching significance on another score. Traditionally, their toughness as buyers has been legendary. The larger automotive buyers, in particular, have always been respected as "price" buyers. These same buyers are no less tough-minded now than they have been in the past. Indeed, it is precisely because they are tough-minded that they are retreating from their time-honored policy of shopping and waiting for the lowest price. Instead, they are admitting to the steel mills that they are more worried about their inventory becoming frozen through chronic imbalance than about spending more money for steels needed to free their inventory and their capital. In sum, the larger users of steel are recognizing now that the price they will have to pay for some considerable time to come for balancing and moving their steel inventory is to retreat from this habit of buying steel on a price basis. Clearly, higher cost material is cheap when measured against the threat of unbalanced inventory.

The "Split Price" Situation

Specifically, not enough attention has been given to the "split price" situation which has characterized the steel business since the Supreme Court decision outlawing the basing-point. This has automatically made the integrated mill closest to any steel user the cheapest mill for it to use. Meanwhile, last year, the steel industry, reacting simultaneously to the steel mill expansion program and to the general expectation of depression, assumed that all higher cost premium mills could and would be scrapped. But now that steel users are putting top priority on balancing their inventories, higher cost steel will again be very much in demand. So long as users feel obliged to calculate the entire materials cost needed for a specific item at the point of consumption—including all grades and sizes in the calulation—they must assume that conventional buying at the lowest cost and nearest mills will not support their production.

In line with this drastic readjustment in buying pattern, larger automotive users are, as an immedite expedient, planning to take paid vacation shutdowns soon after July 1. If, however, the steel flow is not resumed during July this will merely delay the time needed to rebuild out-of-balance inventory items. In any case, as a longer-term policy, buyer after buyer is reviewing his shopping list with a view to reducing to a bare minimum (in the case of automotive users, to no more than a dozen) the sizes of sheets needed, shifting a maximum of the steel load to standard specifications. (Wide sheets, such as are used in automotive bodies, appear to be subject to greatest supply uncertainty.) Nevertheless, it appears inescapable that the automotive and consumer durable goods industries will suffer shutdowns this summer before inventories can be rebuilt.

This prospect, combined with the oncoming paid vacation season, will drastically throttle down production in this volatile and pattern-making sector of the economy at a time when:

(1) Retail inventories have been liquidated;

(2) Buying has been resumed;

(3) Credit controls have been removed;

(4) Price control appears to be temporarily breached; and

(5) Manufacturing costs are about to be increased.

Huycke to Become Partner in Bache

Bache & Co. announced that E. Douglas Huycke, Manager for 18 years of the Toronto office of the firm, has purchased a seat on the Toronto Stock Exchange and, subject to election, will become a member effective July 18. At the same time, subject to approval of the New York Stock Exchange, Mr. Huycke will become a general partner of Bache & Co., resident in Toronto, thus giving the firm membership on the Toronto Stock Exchange. Bache & Co. are members of all leading securities and commodity Exchanges in the United States.

The Toronto office, located at 36 Melinda Street, furnishes complete brokerage service to investors. It provides up-to-the-minute quotations on leading Canadian and United States securities as well as on commodities. The office is served by the nationwide private wire system of Bache & Co., one of the largest brokerage firms in the United States.

"Bache & Co. has had important interests in Canada for many years," Mr. Huycke said. "It anticipates the Dominion's continued and accelerated economic expansion." In this connection, he pointed out that the registration statement covering the pending offering of shares of Canada General Fund, Inc., a new investment company organized to invest primarily in securities of Canadian companies, names Bache & Co. jointly with Paine, Webber, Jackson & Curtis as the principal underwriters.

"Canada in recent years has shown as impressive an industrial growth and development as any country in the world. The impetus to industrialization during World War II has carried over into the postwar period and shows every promise of continuing into the indefinite future," Mr. Hucyke observed.

With Bankers Bond

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo. — Leslie B. Meyer has become associated with Bankers Bond & Securities Co., 418 Olive Street. He was formerly with Scherck, Richter Co. and Edward D. Jones & Co.

Merrill Lynch Adds

(Special to THE FINANCIAL CHRONICLE)

PALM BEACH, Fla. — David C. Gerli is now connected with Merrill Lynch, Pierce, Fenner & Beane, Bassett Building.

Cecil Abbett V.-P. Of King Merritt Co.

LOS ANGELES, Calif. — Cecil E. Abbett has become associated with King Merritt and Company, Inc., specialists in mutual fund shares, as a vice-president, the firm has announced. He will make his headquarters in Los Angeles, Chamber of Commerce Building, and will be in charge of sales in Southern California and the Southwestern Territory. Mr. Abbett was associated with Investors Syndicate of Minneapolis as a director of sales for many years. Since leaving Investors Syndicate he has headed his own company in the distribution of mutual fund shares.

Japanese Investment Opportunities Improved By New Law, Woman Financier Reports

Miss Marjorie E. Allen, Wall Street's first woman financier to visit the Orient on an investment survey since World War II, is welcomed home by two of her three brothers whom she represents as Field Representative for their firm of Allen & Company, Investment Bankers. Pictured above is Charles Allen, Jr., (left), Senior Partner, and Herbert Allen, with their sister.

Liberalization of Japan's Foreign Investment Law, effective July 1, promises to stimulate American investments in Japanese securities, according to Marjorie E. Allen of Allen & Company of New York City.

Miss Allen, who is field representative for her three brothers, Charles, Herbert and Harold Allen, who comprise the firm, just returned from a six-week visit to Japan where she reviewed their present holdings and directed the investment of additional funds in stocks of Japanese corporations. The Allen firm, long prominent in the investment banking field, is one of the largest single American investors in Japanese securities.

Miss Allen pointed out that prior to the newly amended Foreign Investment Law, only dividends accruing to foreign investment could be remitted in the foreign currency originally invested. Now, however, not only dividends but the original investment, with certain restrictions, can be repatriated, and switch-overs in stockholdings are also permitted.

Miss Allen explained that an annual remittance up to 20% of the original investment now is allowed after the lapse of a deferment period of two years, instead of five years as heretofore, with another 20% each year following. The foreign investor now may (1) dispose of his total holdings at one time, deposit the proceeds in a "foreign investor's deposit account" at any foreign exchange bank, and remit the legally allowable amount by making withdrawals from this account once a year; or (2) liquidate enough of his holdings each year to make the legally allowable amount of remittance. Dividends, which are usually paid semi-annually, may be remitted in dollars as in the past, within three months of declaration.

Miss Allen was introduced at a press luncheon last week by Murray Lavin, General Manager of Allen & Company, who announced that the Allen firm had increased its holdings in Japanese securities to 83 separate companies. Prior to Miss Allen's departure from New York in May, Allen & Company had stockholdings in 59 Japanese corporations. The firm's Japanese holdings, Mr. Lavin said, "run well into six figures," and they are divided among various industries as follows:

INDUSTRY	Percentage
Banking and Insurance	1.4%
Railway and Transportation (Shipping)	6.3
Electric and Gas	0.4
Mining and Oil	9.0
Shipbuilding and Machinery	14.7
Chemicals and Associated Lines	25.8
Lumber, Paper, Printing and Ceramics	6.6
Foreign Trade and Commerce	4.0
Metal, Iron and Steel Manufacturing	13.6
Textiles	11.3
Foodstuffs	6.9

In commenting upon the general economic outlook in Japan, Miss Allen said, "The Japanese are working hard to increase the production of goods. They speak highly of General MacArthur's policies. They are friendly toward us. They are strong on the side of free enterprise and are firmly opposed to any form of socialistic government ownership. Large-scale expansion appears to be assured for most phases of the Japanese economy, particularly for such basic industries as the steels, chemicals and shipbuilding and textiles."

Miss Allen is believed to be the first American woman financier to visit the Far East with respect to American investments. She contemplates her next foreign trip to Southern Europe and the Mediterranean in August in behalf of the Allen firm.

"I Understand!"

"I understand that a good many of the steel companies are ready to settle with the union on all issues.

"I also understand that these companies are being prevented from settling because pressure is being put on them by other steel companies.

"This appears to me to be a conspiracy against the public interest and not a labor dispute. In my opinion, it does not call for use of the national emergency provisions of the Taft-Hartley Act.

"It calls for honest collective bargaining between the individual companies and the union. Also, those companies now in agreement with the union should consummate the agreements and begin producing steel for the welfare of this country."—President Harry S. Truman.

President Truman

This seems to us to be, in many respects, a most remarkable statement for the President of the United States to make.

He is cavalierly giving voice to serious charges against leading business enterprises on an "I understand" basis — gossip apparently emanating from the union involved in the dispute!

And note well the fact that it is one union but several companies. Monopoly seems to be quite proper on one side but anathema on the other.

Securities Salesman's Corner

By JOHN DUTTON

The Brookings Institution report on the number of people in this country who own stock is now completed. Certain observations are pertinent to those who are engaged in selling securities.

6,490,000 Stockholders

Out of a total population of around 150,000,000 people, of which about 93,000,000 are adults, the reported estimate of 6,490,000 stockholders is a very impressive group. Those who own stocks are potential customers for more. Better still, they could be the radiation point for a vast increase in business for those selling securities. If every stockholder averaged only one more new stockholder, as far as radiation is concerned, this total could readily be increased to over 12,000,000 people who own securities.

Stock Ownership Is Growing

The report brings out that the purchase of stocks is becoming more popular among the people. Since 1944 two-thirds of the people have owned one or more stocks. The educational policies of the New York Stock Exchange, the Mutual Funds, and some individual firms with progressive ideas have undoubtedly helped to broaden equity ownership.

Almost half of the 6,490,000 stock owners are women. Are you getting your share of this business? If you sold any other product and you were aware that one-half of your market consisted of women, would you advertise in women's magazines? Would you go where the business was waiting for you?

Nearly one-half of the entire group of stockholders own only one issue. If you were in the life insurance business and one-half of your clients owned one policy, would you call back to see them and sell them some more, or would you go out and look for some "cold" prospects that had never become acquainted with insurance? If there is any lesson in these conclusions, then it should be a mighty simple thing to go back to over 3,000,000 people who know about stocks, who own a share in some business, who know what it means to receive a dividend check, a notice of an annual meeting, or to go to one, and do some more business with them. One-half the people who own stocks have shares only in one company. There it is.

Five States Have 54% of The Stock Owners

New York is first, Pennsylvania second and California is third, insofar as heaviest concentration of share owners is concerned. Illinois and Massachusetts come next. These states have over half of the nation's stockholders. Now notice these facts, 18% of all college graduates own stocks; high-school graduates about 7.5%. Most stock is owned by people in their fifties, only 2% in their twenties. The largest group of share holders are executives of business firms where about 45% own stocks. One out of every four professional people own stocks, but farmers are way down on the list with 7%.

If one out of every four professional people are stock buyers, possibly this would be a good market to cultivate more intensively. Selling doctors, etc., has been a specialized field that few securities men like to work. This is due to the fact that they are often difficult to approach and see at a time when you can discuss your business unhurriedly and thoroughly—but someone is selling them. One out of four professional people own stocks—are you getting your share?

People buy stocks for various reasons. About 28% said that they bought to make a profit, 22% for income, 10% because their advisor or broker told them to buy, 8% because of employment.

Mr. Keith Funston, President of the New York Stock Exchange, which sponsored the study, and the Brookings Institution have done a very valuable service by making this survey. It is the first step toward a better marketing and merchandising program for the investment business in this country. With almost six and a half million people acquainted and familiar with stock ownership, there is a nucleus of future business, and an expansion of the securities business that could be of great benefit to those engaged in the investment industry and the entire country as a whole. Widespread knowledge and ownership of American industry is a strong bulwark against creeping socialism, government dictation of private endeavor, and destructive taxation.

Possibly a study of the Brookings Institution report would be helpful to you in deciding where you wish to spend your time, and your advertising dollars in the years ahead.

* * *

P.S.—I know that it has nothing to do with selling stocks, but I wonder what political demagogues would say if they were confronted with an ultimatum from 12,000,000 American shareholders? Possibly the voices of the labor bosses wouldn't then be so compelling to them.

Lone Star Sulphur Stock at 50 Cents

B. G. Phillips & Co. and Hunter Securities Corp., both of New York City, on July 8 publicly offered a new issue of 600,000 shares of common stock (par five cents) of Lone Star Sulphur Corp. The stock, priced at 50 cents per share, is offered as a speculation.

Lone Star Sulphur Corp. was recently organized in Delaware for the purpose of starting sulphur mining on its property on Long Point Dome, Fort Bend County, Texas (on the same dome from which Jefferson Lake Sulphur Co., on two sites on the northerly and southerly flanks of the dome, is presently mining sulphur.)

Arthur Shaw (member of the firm of Associated Distributors of America, New York City), is President, and J. Bernard Gaffney (formerly field manager at the Hoskins Mound Mine of Freeport Sulphur Co., Freeport, Texas) is Chairman of the Board.

With Coburn Middlebrook

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Harvey L. Alexander and Ernest C. Soulis have become affiliated with Coburn & Middlebrook, Incorporated 75 State Street. Both were formerly with J. Arthur Warner & Co.

Joins Goodbody in Chicago

CHICAGO, Ill. — Arthur W. Bergman, Jr., formerly with Central Republic Co., is now associated with the Chicago office of Goodbody & Co., 1 North LaSalle Street, as a registered representative, Leonard J. Paidar, resident manager, has announced.

R. L. Kohns Retires

Robert L. Kohns withdrew from partnership in Hirsch & Co., New York City, as of June 30.

With Military Inv.

(Special to THE FINANCIAL CHRONICLE)

FT. GAINES, Ga. — Cecil D. Dodson and John M. Rife have become associated with Military Investment Service, 111 Bluff Street. Mr. Dodson was formerly connected with R. B. Nunnery & Co. of Little Rock.

Inv. Service Corp. Adds

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Budd R. Finch, Arthur L. MacIntyre, Randall B. Palser, and James R. Struthers have become connected with Investment Service Corporation, 444 Sherman Street.

Tomorrow's Markets Walter Whyte Says—

By WALTER WHYTE

Last week I went off into a roundelay of technical stuff that must've been as stifling as the present weather. Yet it is such stuff that the market is made of.

* * *

We have read, heard and agreed time and time again that the basic fundamentals of business management and economic trends are what really control markets. Added to these are changes in domestic and foreign policy, all having a direct bearing on what the tape clatters out as you see it up on the translux. But to attempt to cash in on such basic factors is another thing.

* * *

Basic factors influence markets very slowly. If you're an investor primarily interested in income, then a knowledge of these economic factors and how to apply them in the handling of your portfolio is important. If you're interested in profits or capital gains then such fundamentals become of secondary importance.

* * *

The ideal position is to have a knowledge of both factors. Unfortunately few possess such well-rounded knowledge. It usually requires an organization to pack all that information under one roof.

* * *

Last week I left the economic shores and headed out for the technical seas (how d'ya like those analogies!). I wrote in this space that the averages were beginning to flirt with a top area that consisted of about 285, give or take two points either way. Since that was written you've had a July 4th weekend and the Republican National Convention has started to roll. The outcome of the latter event will have a lot of influence on markets but for the time being we'll let it alone.

* * *

In any event, a long pull buyer (who has to keep that six-month capital gains tax in mind) shouldn't take any reaction from the 285 point too seriously. Just between ourselves a potential 15-point setback isn't anything I can view with equanimity, tax or no tax. If you're trading the safe thing to do is to hold up your buying until the reaction gets started. You're not going to get the bottom, except by accident. But you won't be hung up near the top figures hoping each day that you'll get even.

* * *

On the downside, I figured last week that 270 or so would mark the bottom of the next decline. On the next rally a penetration of the 300 figure was expected.

* * *

At this writing there's been no worthwhile change. So guide yourself accordingly.

[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.]

Joins Samuel Franklin

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Orin P. Walker has become connected with Samuel B. Franklin & Company, 215 West Seventh Street.

White, Weld Opens Minneapolis Branch

MINNEAPOLIS, Minn.—White, Weld & Co., members of the New York Stock Exchange and other principal security and commodity exchanges throughout the country, announce the opening of a Minneapolis branch office. The new office is located in the Rand Tower and will be under the direction of William McCartney, manager.

Since its founding more than half a century ago, White, Weld & Co. has been prominently identified with the financing of many leading corporations. In recent years the firm has been particularly active in distributing the securities of oil and natural gas companies.

In addition to its underwriting and brokerage activities, White, Weld & Co. also maintains special departments for handling commodity trading, foreign exchange, tax-exempt bonds, unlisted securities and investment advisory service.

Hasbrouck Co. Formed

ASHEVILLE, N. C.—Dean S. Hasbrouck has formed Hasbrouck & Co. with offices at 17½ Church Street to engage in the securities business. Mr. Hasbrouck was formerly with French & Crawford, Inc., in Atlanta and prior thereto with the Charlotte office of Thomson & McKinnon.

Halsey, Stuart Offers Chi., Ind. & Louis. Ctfs.

Halsey, Stuart & Co. Inc. is offering $1,500,000 Chicago, Indianapolis & Louisville Ry. Co. first equipment trust of 1952, 3¼% equipment trust certificates maturing Aug. 15, 1953 to 1967, inclusive. Issued under the Philadelphia Plan, the certificates are being offered subject to approval of the Interstate Commerce Commission at prices to yield from 2.20% to 3.40%, according to maturity.

The certificates are secured by 250 all-steel box cars and 60 all-steel covered hopper cars having an estimated cost of $1,875,000.

NEWS ABOUT BANKS AND BANKERS

CONSOLIDATIONS
NEW BRANCHES
NEW OFFICERS, ETC.
REVISED CAPITALIZATIONS

Robert G. Goelet has been elected to the board of directors of the **Chemical Bank & Trust Company of New York** it is announced by its Chairman, N. Baxter Jackson. Mr. Goelet is Vice-President and Director of Goelet Realty Company, director of City Investing Company, trustee of Brooks School and trustee of New York Theosophical Society.

Robert G. Goelet

* * *

Guaranty Trust Company of New York anounces the promotion of Benson Blake to the office of Second Vice-President in the banking department and of Edwin Furman to be Assistant Manager in the foreign department. Arthur K. Berger has been appointed as an Assistant Secretary of the foreign department.

* * *

Matthew T. Ryan has been elected a Vice - President of **Colonial Trust Company, of New York,** according to Arthur S. Kleeman, President of the banking house. Mr. Ryan, previously Assistant Vice-President in charge of the bank's Clearance Department, will continue to direct that phase of the bank's activities, at Colonial's 90 Wall Street Office. Two trust officers of the banking house have also been elected Vice-Presidents, viz.: Harold Springer and Theodore Colombo. Mr. Springer will continue in charge of the Trust Department of the bank, while Mr. Colombo has been made the managing officer of the Commercial Department in the Wall Street Office. William R. Grennan, previously Assistant Secretary and Assistant Treasurer, was named Assistant Vice-President and will continue to be associated with new business development at the Wall Street Office. Frank A. Hayes, for the past two years in charge of the Accounting Department of the bank, has been named Assistant Controller; Mr. Hayes joined the organization in 1947.

* * *

Horace C. Flanigan, President of **Manufacturers Trust Company of New York** announces that Frederick H. Viemeister of the Personal Loan Department and John Waage of the Foreign Department have been named Assistant Vice-Presidents. Mr. Viemeister began his banking career in 1919 and came to Manufacturers Trust Company as a result of the **Brooklyn Trust Company** merger in October, 1950. He is a director of the East Brooklyn Savings & Loan Association. Mr. Waage has been in the Foreign Department since he joined Manufacturers Trust Company in 1936. From 1942 to 1945 he served with the Army Air Force, attaining the rank of Captain.

* * *

BANKERS TRUST COMPANY, NEW YORK

	June 30, '52	Dec. 31, '51
	$	$
Total resources	2,113,724,243	2,171,622,285
Deposits	1,896,681,852	1,944,292,047
Cash and due from banks	600,169,723	683,260,853
U. S. Govt. security hold'gs	460,795,291	411,760,776
Loans & discts.	938,497,323	926,473,067
Undivided profs.	41,921,242	38,865,775

UNITED STATES TRUST COMPANY OF NEW YORK

	June 30,'52	Mar. 31,'52
	$	$
Total resources	187,751,975	186,719,771
Deposits	153,374,102	152,475,356
Cash & due from banks	33,879,400	31,138,521
U. S. Govt. security holdings	72,155,016	86,345,497
Loans & discts.	63,674,240	48,822,926
Undivided profits	2,915,587	2,773,431

* * *

GRACE NATIONAL BANK OF NEW YORK

	June 30,'52	Mar. 31,'52
	$	$
Total resources	131,669,835	132,254,943
Deposits	113,462,929	112,387,601
Cash and due from banks	39,102,165	35,841,131
U. S. Govt. security holdings	43,039,425	47,310,284
Loans and discts.	39,189,621	37,082,501
Undivided profits	1,302,914	1,185,604

* * *

A Quarter-of-a-Century Club was recently organized in **The County Trust Company of White Plains, N. Y.,** and an inaugural dinner was held at the Sleepy Hollow Country Club at Scarborough, where the 56 charter members were in attendance as guests of Andrew Wilson, Chairman of the Board, and Dr. Joseph E. Hughes, President. Representatives from 15 of the bank's 21 offices throughout Westchester were commended for their services to the bank and their communities. Each member of the club was given a choice of a gold watch, sterling silver tray or gold pen and pencil set as a gift from the management. Charles A. Horton, of Port Chester, who started with the bank in 1905, has the longest tenure of service. Closely following Mr. Horton is Albert G. Brieant, of Ossining, who started in 1906, while Frank Barnes of Mount Kisco and John Burling, the Assistant Chairman of the Board, have continuous service since 1907. Mr. Wilson welcomed the charter members of the club, and Dr. Hughes presented the gifts. The club is to be a continuing one and officers will be elected at an annual meeting, at which time those who will have completed 25 years of service in the current year will become eligible for membership. At the meeting just held the following officers were elected: Dominick J. Pastorelle, of White Plains, President; Charles A. Horton, of Port Chester, Vice-President; Mrs. Ethel V. O'Leary, of Hastings, Secretary. These members will serve on the Executive Committee, along with John Howard, Jr., of Yonkers, and Marguerite Bevier of Pleasantville.

* * *

Robert J. Kiesling, President announced on July 1 that the recapitalization of the **Camden Trust Company of Camden, N. J.** was completed as scheduled on June 30. One hundred twenty-five thousand shares, par $5, were offered to common stock shareholders at $20 a share. Rights to subscribe sold at a premium in the open market, it is stated. The new issue of common, involving $2,500,000, was underwritten privately by a group of the bank's directors and shareholders without any expense to the institution according to the announcement. A total of 250,000 shares of preferred stock, retirable value $10 a share, were retired. The bank's statement of condition at the close of business June 30 reflects the recapitalization, and in capital accounts shows: Preferred stock (par and retirable value $10 a share) $1,500,000, Common Stock (par $5) $2,500,000, Surplus $3,500,000, Undivided Profits $1,224,576, Reserves $509,490.

In addition, the bank, under section 23 of the Internal Revenue Code has established a reserve of $500,000, not included in capital accounts.

Total resources in the commercial department, it is stated, aggregated $109,321,394 on June 30. An item bearing on the plans to increase the capital appeared in our issue of June 26, page 2655.

* * *

Thomas D. M. Cardeza, a director of the **Fidelity-Philadelphia Trust Co. of Philadelphia,** died on June 6 at the age of 77 years. In its June 7 issue the Philadelphia "Inquirer" stated:

"A grandson of Thomas Drake, industrialist and founder of the Fidelity Trust Co., he was elected to the board of that bank in 1922 and served on it and on the board of the successor company, Fidelity-Philadelphia Trust Co., until March, 1951, when he resigned."

FIDELITY-PHILADELPHIA TRUST COMPANY, PHILADELPHIA, PA.

	June 30,'52	Mar. 31,'52
	$	$
Total resources	244,153,299	240,987,196
Deposits	213,646,532	210,977,148
Cash and due from banks	54,750,587	57,925,640
U. S. Govt. security hold'gs	56,091,958	51,642,836
Loans	99,097,149	98,754,368
Undivided prof.	4,488,271	6,357,722

* * *

In an item with reference to an increase in the capital of the **Northwestern National Bank in Philadelphia,** appearing in our issue of July 3, page 46, it was inadvertently stated that the capital had been increased from $100,000 to $200,000; it should have been stated that the capital increase was from $700,000 to $800,000, effective June 18, and that the additional capital resulted from the sale of $100,000 of new stock.

* * *

THE FIFTH THIRD UNION TRUST CO., CINCINNATI, OHIO

	June 30,'52	Dec. 31,'51
	$	$
Total resources	295,699,859	288,857,399
Deposits	272,109,122	265,832,681
Cash and due from banks	85,764,353	86,356,353
U. S. Govt. security holdings	106,261,656	94,232,900
Loans & discounts	85,016,093	88,237,460
Undivided profits	2,678,714	2,857,584

* * *

CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO, CHICAGO, ILL.

	June 30, '52	Dec. 31, '51
	$	$
Total resources	2,555,397,000	2,703,340,252
Deposits	2,331,275,571	2,480,279,725
Cash and due from banks	663,290,899	735,851,544
U. S. Govt. security hold'gs	1,076,597,084	1,179,399,354
Loans & discts.	648,770,372	623,963,025
Undivided profs.	20,202,962	31,149,560

* * *

NATIONAL BANK OF DETROIT, DETROIT, MICH.

	June 30,'52	Mar. 31,'52
	$	$
Total resources	1,588,577,281	1,597,499,971
Deposits	1,503,939,733	1,498,582,734
Cash and due from banks	369,844,952	428,059,660
U. S. Govt. security hold'gs	740,347,756	689,849,255
Loans & discts.	354,183,381	294,544,205
Undivided prof.	10,966,062	10,960,397

* * *

Following a meeting of the Board of Directors held on July 8, John A. Sibley, Chairman, announced that the **Trust Company of Georgia at Atlanta, Ga.** is establishing the first complete Foreign Department of any bank in Georgia. The Department will be under the management of John H. Plauche, an experienced international banker, who was on the 8th instant elected a Vice-President of the Trust Company. He will begin the development of the Foreign Department on Aug. 1. Mr. Pauche has recently returned from four years in the Dominican Republic, where he initiated a new currency system for that country and where he organized and managed the Central Bank, which is the official State bank of the Dominican Republic. Mr. Sibley, commenting on the need for the Trust Company's new department, emphasized the growth of international trade in the South. The three ports of Savannah, Charleston and Jacksonville, he notes, handled $263 million worth of exports and imports in one year. Of this total, $88 million went through the port of Savannah alone. Realizing that more and more manufacturers in its area are interested in foreign trade, the Trust Company is establishing the first Foreign Department in any bank in the area south of Baltimore, Md., and east of Mobile, Ala.

* * *

Following an announcement a few weeks ago that it would open a fourth office in Sacramento, the **Anglo California National Bank of San Francisco** on June 30 through its Chairman of the board, Allard A. Calkins, further announces that a fifth office will also be opened as soon as the necessary permits can be obtained and a building constructed. The new office, to be called the West Sacramento Office, will be located at the northwest corner of Jefferson Boulevard and Merkley Avenue, midway between West Capital Avenue and the new West Sacramento Freeway. The site, fronting on Jefferson Boulevard for a distance of 40 feet, with a depth of 100 feet, will be improved with a modern bank building, having front and rear entrances, safe deposit vault air conditioning system and adjacent parking facilities. The other recently announced Anglo office, to be named the Midtown Office, will be located at 21st and O streets.

* * *

Three veteran staff members of the **United States National Bank of Portland, Ore.,** retired July 1 under the benefits of the bank's retirement program. D. W. Mackay, Trust Officer, C. L. McFarland, Assistant Vice-President, and Samuel H. Goodland, vault custodian, were each presented with a gold watch by E. C. Sammons, President of the bank, at a luncheon in their honor. Mr. Mackay joined the United States National in 1930 and was named a Trust Officer in 1942. He began his banking career in Canada in 1903. In 1926 he worked in the trust department of the West Coast National Bank where he remained until it was purchased by the United States National. Mr. McFarland has been with the United States National since 1925 when that bank and the old Ladd & Tilton bank were consolidated. He had joined Ladd & Tilton in 1919; he was named as Assistant Vice-President in 1940. Mr. Goodland joined the United States National in 1911.

Deposits of National Banks Off $4 Billion

Preston Delano, Comptroller of Currency, reveals three-months' reduction of 4% as of March 31. Loans and discounts about same, but aggregate assets show decline of $3.7 billion since beginning of year.

The deposits of national banks on March 31 this year, according to Preston Delano, Currency Comptroller, were $90,000,000,000, a decrease of more than $4,000,000,000, or 4%, since the figure reported three months previously. Included in the recent deposit figures were demand deposits of individuals, partnerships and corporations of $50,606,000,000, which decreased $4,250,000,000, or 7¾%, since December, and time deposits of individuals, partnerships and corporations of $20,163,000,000, an increase of $337,000,000. Deposits of the United States Government of $3,678,000,000 were up $1,444,000,000 since December; deposits of States and political subdivisions of $6,059,000,000 showed an increase of $135,000,000; and deposits of banks amounted to $8,472,000,000, a decrease of $1,318,000,000, or 13%, since December. Postal savings deposits were $12,600,000 and certified and cashiers' checks were $1,326,000,000.

Preston Delano

Net loans and discounts on March 31 this year were $32,353,000,000, a decrease of $71,000,000 since December, but $2,012,000,000, or 7%, above the April 9, 1951, figure. Commercial and industrial loans as of the recent call date were $15,646,000,000, a decrease of $43,000,000 since December. Loans on real estate of $7,625,000,000 were up 1% in the period. Consumer loans to individuals were $4,442,000,000, exclusive of single-payment loans to individuals of $3,000 and over. All other loans, including loans to farmers, to brokers and dealers and others for the purpose of purchasing and carrying securities, and to banks, etc., amounted to $5,128,000,000, a decrease of 2% since December. The percentage of loans and discounts to total assets on March 31, 1952, was 32.67, in comparison with 31.56 on Dec. 31 and 32.18 in April, 1951.

The total assets of national banks on March 31, 1952, amounted to $99,000,000,000, Mr. Delano reported. The returns covered the 4,933 active national banks in the United States and possessions. The assets were $3,700,000,000 below the amount reported as of the end of 1951, but were more than $4,700,000,000 over the aggregate reported as of April 9, 1951, the date of the Spring call a year ago.

Investments of the banks in United States Government obligations on March 31, 1952, aggregated $33,958,000,000 (including $10,000,000 of guaranteed obligations), a decrease of $1,198,000,000, or 3%, but an increase of $774,000,000, or 2%, since April, 1951. These investments were 34% of total assets, compared to 35% last year. Other bonds, stocks and securities of $8,077,000,000, which included obligations of states and political subdivisions of $5,607,000,000, were $190,000,000, or 2%, more than in December, and $533,000,000, or 7%, more than held on April 9 last year. The total securities held amounting to $42,000,000,000 was $1,000,000,000, or 2%, below the amount reported for the end of December, last, but $1,300,000,000, or over 3%, more than the amount held on April 9 a year ago.

Cash of $1,217,000,000, reserve with Federal Reserve Banks of $12,774,000,000 and balances with other banks (including cash items in process of collection) of $9,326,000,000, a total of $23,317,000,000, showed a decrease of $2,695,000,000, or more than 10%, since December.

The unimpaired capital stock of the banks on March 31, 1952, was $2,181,000,000, including $7,000,000 of preferred stock. Surplus was $3,123,000,000, undivided profits $1,226,000,000 and capital reserves $261,000,000, or a total of $4,610,000,000. Total capital accounts of $6,791,000,000, which were 7.52% of total deposits, were $121,000,000 more than in December when they were 7.06% of total deposits.

Continued from first page

As We See It

ble with inflation, and all of us should recognize that fact."

Let it be carefully noted at the very outset that what the President is demanding is not controls but power. He and his Administration have been revealing for months past that they had grown uneasy about most of the controls which had been placed in force since the outbreak in Korea. The President himself released local governments from restraint under the so-called voluntary credit restraint program. He could scarcely have had much objection to the suspension of the several types of so-called selected credit controls which had been set up by the Federal Reserve. A good many price and other controls over commodities have likewise gone by the board since the first of the year. It is incredible that the President did not approve these steps.

So general has been this movement away from restrictions and restraints in recent months that virtually all observers have long ago reached the conclusion that the Administration had begun to fear a recession in an election year a good deal more than inflation. In point of fact, if the Administration has suffered any change of heart or mind in this matter, even yet there is little or no evidence of it. But any government once it gets power in its hands very rarely surrenders it voluntarily. So we hear once again the old, old, familiar cry asserting the need to give government power to reinstate controls when, as and if it deems it wise to do so at some time in the future—as if Congress were likely to go into permanent adjournment or cease to exist.

"Inflation" Squelched by Fiat

But apart from all this, it is disheartening to be reminded of the continued strength of the notion (at least in the President's mind) that "inflation," by which is evidently meant merely higher prices, is a disease amenable to cure or prevention by simple fiat — and an army of snoopers. It is strange that the President, and many others in public life for that matter, find it so difficult to abandon the notion that "thou shalt not" is some sort of cure for underlying ills. It is gratifying in a sense that Congress has refused to grant the President the powers he has so frequently and so emphatically demanded in this case, but he would be naive who supposed that this refusal necessarily indicated much loss by Congress of faith in fiat.

The President is a little pathetic in his complaints about the way Congress has dealt with his Wage Stabilization Board. Mr. Truman is a stubborn man, of course, and he is not likely to give up the idea that the Wage Stabilization Board was eternally right in granting to his friends and supporters all that he could well have hoped to obtain in the steel case. But in this instance at least the outrageously partisan stand of the Executive branch has evidently impressed members of Congress — as no doubt has the fact that the rank and file of the public could scarcely fail to see and understand what was going on. The President has not been an admirable figure in his dealing with the unions, now or at any other time, but it seems to us that he rather out-Heroded Herod in this steel case. He certainly is not in a good position to defend his Wage Stabilization Board or anything similar to it.

What About the Treasury?

But is the Administration really afraid of inflation in the months ahead? Does it really wish to do what it can to avoid such a development? If so, its Secretary of the Treasury gives little evidence of it. After an abortive effort to sell an issue of long-term non-marketable bonds — a venture doomed to failure from the very outset — he came forward with a very clever scheme for selling six-year bonds to "non-bank" investors. And judged by surface appearances, he made quite a success of the venture. But he would be naive indeed who supposed that this is the be-all and end-all of this affair. Whatever may be said in Washington about "tailoring" its offerings to the market, the fact is that this issue was "tailored" for the banks and for no one else. It may be, of course, that the wealthy investors who took many of these bonds (sometimes with the aid of bank loans) will continue to hold them, but the odds are that the specialists are right in saying that these professional free riders will at one time or another pass on their purchases to the banks—at a nice profit to themselves, so they hope. Is this a bona fide anti-inflation policy? To ask the question is, of course, to answer it.

The truth is, we suspect, that the President, like all the rest of the Administration at this stage of the game, is "playing politics." He will take such steps as he thinks best to "prime the pump" or in other ways to head off a depression. At the same time he will scream to high heaven about loss of power and various other actions of Congress — and be in a position to get out from under should "inflation" rather unexpectedly come.

But these are serious matters. They ought to have statesmanlike attention, not be made the football of politics or made to serve the ambitions of power-hungry public office holders. This, it seems to us, should be a most excellent time to get such issues as these before the great rank and file of the people.

Added to Hutton Staff

(Special to THE FINANCIAL CHRONICLE)

FRESNO, Calif. — William B. Deans has become affiliated with E. F. Hutton & Company, 2044 Tulare Street.

With Standard Investment

(Special to THE FINANCIAL CHRONICLE)

PASADENA, Calif. — Robert J. Garoutte is now with Standard Investment Co. of California, 87 South Lake Avenue.

Joins Eddy Bros. Co.

(Special to THE FINANCIAL CHRONICLE)

HARTFORD, Conn.—Howard H. Eddy has joined the staff of Eddy Bros. & Co., 33 Lewis Street, members of the Boston Stock Exchange.

Continued from page 7

California Municipal Financing —Its Problems and Prospects

count files. Too often a dealer sells a customer securities and at that point feels no further obligation to continue keeping his customer supplied with periodic statistical data. For those accounts that do not have ready access to up-to-date statistical data, this lack of responsibility on the part of dealers can develop poor customer relations, particularly if any material credit change should occur.

Advertising: Dealer advertising of municipal bonds may be broken down into several categories such as new issues, inventory offerings, strictly institutional, or the type pointing out the advantages of tax exemption. At best most ads are of the "tombstone type" being merely a matter of record not always understood by the non-professional. Under the leadership of the "Daily Bond Buyer" who conduct an annual contest with monthly awards and a final award being made at the Investment Bankers Association Fall Convention, much progress has been made in breaking away from the historic advertising pattern. Unfortunately very few California dealers have participated in this contest. As a matter of fact, in the course of a year one seldom finds a California dealer's ad on municipals other than new issues.

Surely there is an investment field for tax exempts that can be tapped by more thought being given to advertising. The value of tax exemption by means of thought provoking ads should develop inquiries that might lead to some interesting business. As dealers we are prone to accept the easy coverage of known individuals and institutional accounts without regard to the fact that many new situations can be developed through proper education. We also cannot overlook the fact that with the westward movement of population many individuals who are municipal bond buyers are now living among us but are still doing business with out-of-state dealers and banks. Are we so devoid of ideas that we cannot locate and develop these additional sources of business?

This suggestion is not limited to customers actual or potential living in California. As dealers, we recognize that our interests can be nationwide. As we face any new financing, we must always consider the ability of a given geographical section of the market to absorb such financing. Applying some of the suggestions outlined above for California customers can also be helpful in developing out-of-state business. It is essential that we do this so as to broaden markets and develop a wider acceptance of our good California credits.

Dealer Relations: It is essential that at all times we concern ourselves with our dealer relations. To broaden the market for securities requires continual contact with dealers in all markets.

Dealer problems are not limited to a particular market or a particular geographical area though local usages and customs play their part. Any problem local to California dealers can be found in most other markets.

In the postwar period, dealer business has been predominantly the underwriting of new issues. Secondary market trading has been at a minimum. Therefore, many of our dealer problems can be related to underwriting.

Uniform practice among dealers in municipal bonds is based primarily on the customs and usages of regional financial markets together with the mutual respect and understanding between customer, dealer and issuer of securities. Much effort has been put forth at different times to develop a code for the municipal bond business. However, for various reasons nothing formal has resulted. This does not mean that such a code is not desirable nor that it may be necessary at some future date. Self-regulation is a mixed blessing if it does not solve the specific problems which activated regulation.

I view the problem of uniform practice as a means of reducing operating costs and improving efficiency in a dealer organization. Most uniform practices deal with actual transactions. Clear-cut methods, understood by all, help new personnel assimilate the mysteries of our business and eliminate, to a great extent, misunderstanding and possible losses. Uniform practice can also point the way to arbitrate those differences not readily reconcilable by a standard rule. I think as dealers we can give serious thought to this subject and re-examine our practices. Maybe we can approach the problems with a new viewpoint and thereby develop something that will receive wide acceptance.

Historical Underwriting Accounts

Historical underwriting accounts have been the safeguard for many and the headache of the few. In the evolution of the municipal bond business, the formation and re-formation of underwriting accounts to bid on a similar credit as it appears in the new issue market has been the accepted practice. Size of an issue, the market level, policy, and the wear and tear of time on dealer organizations have brought about changes in accounts. In addition, new firms, either as a result of splinter movements or a complete break-up of older firms or formation of entirely new organizations, account for some changes.

The manager of an underwriting account in determining composition of his account must concern himself with many things. Capital funds, past performance record and contact with certain retail accounts are among the important factors in determining admittance to an account as well as continuity in an account. At times, performance in other underwriting accounts, reciprocity and collateral benefits will weigh heavily in making final decisions.

Members of an underwriting account individually may wish increased participations or reductions. They may wish to advance their claims to an improved advertising position or elect to non-appear, all of this being done before a bid is determined and finally submitted. Therefore, over a period of years, there is much movement in a large underwriting account. However, when an account is finally put together, there is no assurance of being successful in purchasing and distributing an issue. The results of an underwriting venture will then have a bearing on future account make-ups.

Looking at the problem of historical underwriting accounts, we find that in many instances a given account may seldom buy an issue or continually fails to buy. On the other hand, an account may have good buying ideas and strength and may still end up with poor distribution and a possible loss. Examination of such accounts may determine that the continued association of a group of dealers in an historical account results in a loss of vitality. In other words, while historical accounts save manager and dealer alike from having to scurry around to form new accounts on each new issue offered for sale, thereby protecting the many, the net results may not be as desired.

There is no guarantee that membership in an historical account will produce a profit for a member nor that there is an implied right to be a member of an historical account. Accounts are formed essentially to bid for, buy and distribute an issue for a profit after expenses. To accomplish this requires all of the knowledge, technique and cooperative effort of the account as a whole.

To continue to aggressively bid for municipal bond issues, underwriters may well give heed to the necessity of breaking up the historical pattern to achieve the end results desired. New combinations of dealers may solve particular underwriting problems. New firms not now associated in underwriting accounts on particular credits should not necessarily be denied the opportunity of becoming identified with an account and establishing their ability to do business, historical relations notwithstanding.

Dividend vs. Undivided Accounts

Before World War II we used to refer to Western and Eastern type underwriting accounts as descriptive of the form of liability members would incur. Western accounts were divided as to liability and undivided as to selling though on occasion specific maturities would be declared undivided. Eastern accounts were undivided as to liability and selling. Now we simply refer to accounts as divided or undivided.

Experience has shown the value of both types of accounts or combinations thereof to meet particular marketing problems. There is no happy medium as the make-up of an account for a particular credit in a given market may produce a successful result regardless of the form of account. Obviously in poor markets undivided accounts are a constant source of irritation to good producers who have more than sold their liability. By the same token other members may prefer the undivided account to insure continuous liability of all members until all bonds are distributed. Much can be said for and against either account in specific instances.

In looking at the problems of account membership and performance, dealers may well consider the desirability of changing the form of account they are used to participating in. This is one way of separating the good producers from those that take up liability without a satisfactory performance. Aside from the complications of accounting for divided account sales, no one can argue the point that good producers should not be penalized in poor markets by the failure of some members to discharge their liability. Looking at it another way, it is assumed that each member is able to sell his liability in an account. If more accounts could operate on a divided basis there would be less float of unsold syndicate account bonds in the market as dealers would be reluctant to participate in accounts unless they could sell their liability. Also, there would be some withdrawal on the part of dealers from competitive bidding if their unsold liability in open accounts became burdensome. It is thought-provoking and worthy of careful dealer consideration.

Management Fees

Very few municipal bond accounts involve management fees. Very sizable issues, particularly of the revenue bond type, have included a management fee as an expense item.

Many dealers have seriously objected to the idea of a fee charged for management of an account, feeling that the manager or managers were amply compensated for their efforts through collateral benefits. Most managers who take their responsibility seriously add something to an account which cannot be compensated for through collateral benefits. Expenses normally chargeable to an underwriting account are not completely controlled nor is there adequate compensation for the time of personnel devoted to the management function.

It is normal to expect that the manager is protecting his own interest first. Invariably, however, the manager defers his own interest to the successful conclusion of the account he is managing. Here again, success is partially dependent on the ability of a manager to properly perform his functions.

There seem to be many schools of thought as to just what a manager is supposed to do. Dealers can obtain varied ideas from a review of material received from underwriting account managers.

In determining the value of management and the success of an account, we may well consider just what we expect of a manager and are we being fair to him when we decline to compensate him for his contribution to the success of an account.

Joint Account Agreements

Most dealers have participated in several accounts headed by various managers. As you review the agreements, which I am sure are thoroughly read before signing and returning, do you understand them and does your organization comply with the terms of such agreements? Without attempting to fix the responsibility, I am sure that most of us are careless enough to not properly review agreements and, therefore, do not always comply with the terms.

In our dealer relations this often produces confusion, misunderstanding and outright antagonism. I think that we can all give this some serious thought. If agreements are not clear or do not properly cover the necessary points or are being violated by underwriting partners, shouldn't something be done about it? Possibly better agreements will produce a better understanding. In any event, we cannot afford to have this type of irritation undermining the mutual respect and business relations of dealers.

Revenue Bonds

With the expansion of debt and the peculiar needs of individual political subdivisions, the issuance of revenue-type bonds is on the increase. In California the volume has been small outside of a few large situations. There are many reasons for this small volume, including, of course, the so-called Santa Cruz case decision. Aside from this, California dealers have been accused of advocating general obligation financing in all instances unless revenue bond financing was a last resort. I am sure that over a period of years, revenue bond financing was not particularly necessary in California but in the face of debt limitations, sound revenue bond financing for self-liquidating projects to meet the needs of community life is very much a part of our future financing pattern.

Dealers can and should expose themselves to revenue bond financing so as to be familiar with problems involved. To always take the easy way out by a complete disregard of revenue bonds is not realistic. It encourages a feeling of non-cooperation among our public officials and does not help to solve particular financing problems. If we are to perform our functions as dealers, we should do our part not only to understand revenue bond financing but to deal in them.

As you know, dealer banks cannot underwrite municipal revenue bonds under existing law, though they are not prohibited from investing funds in revenue bonds. While there may be differences of opinion as to the importance of dealer banks in the field of municipal bond underwriting, we cannot overlook their contribution. Therefore, why shouldn't banks be permitted to underwrite and deal in municipal revenue bonds? Wouldn't this broaden the market and insure wider acceptance? Mind you, I do not advocate any change in bank investment requirements as to credit or amount an individual bank may purchase for investment.

Statistical Ratings

There are many opinions on the advisability and adequacy of statistical ratings on municipal bonds. I do not think this is the place to be critical of individual ratings or the process of ratings. It is sufficient to say that ratings are with us and we should recognize their value. If we do not agree with particular ratings, I am sure those who are responsible for ratings will give careful consideration to our views.

Ratings can be a snare and delusion if used in place of individual credit analysis or as a short-cut to relativity in pricing bonds. However, they save many investors and regulating bodies. They promote the sale of some securities and detract from the sale of others.

As we review the ratings on California credits, we are aware that there are not too many ratings. Frequently ratings are dropped because of lack of current data. We also have the problem of ratings being given that have some bearing on the sale of new issues of bonds, but not of general knowledge to all bidders.

If we are to be objective in facing this problem, we should recognize the importance of proper ratings. We should cooperate with rating agencies in stressing the importance to local public officials of supplying data in advance on bond sales and periodically bringing it up to date.

Financial Advisors

The growth and development in California, as in other states, has produced a type of investment service not previously considered necessary. I refer to financial advisors to political subdivisions. Many dealers qualify as financial advisors and actively seek to offer their services where they may be needed. However, it is timely to point out that financial advisory service to be effective must be rendered in such a manner that the best interests of the borrower are served. Municipal bond dealers should recognize the need for this type of service and support it. They should be thoroughly familiar with what is involved so that they can judge what the results of such service are.

Institutional Regulatory Agencies

At various times municipal bond dealers are called upon to appraise lists of securities for various institutional regulating agencies. Occasionally we may prepare reports on municipal credits or supply other information to such agencies as requested.

These services are time consuming and may involve some expense. Consider, however, some of the ramifications of this service. Failure to quote bonds or to supply information may have far reaching repercussions depending on the significance attached to the request. We are all interested in better markets for municipals and

a ready reception from our favored customers. What happens when bonds he has purchased find no ready market or credit reports are unavailable? Bonds which are supposed to meet certain statutory investment standards can easily be excluded from portfolios by careless or improper action on the part of dealers. It is suggested that a more thorough understanding of the reasons behind requests of this nature will result in less criticism of some of your customers' holdings.

Participation in Civic Affairs

Most of us are local taxpayers in one form or another and probably use public facilities which are paid for out of taxes We consider ourselves as experts in the field of municipal finance, yet how many of us actively participate in local government? It is true that we may find ourselves criticized or our own organizations improperly identified with our personal interests. However, we know enough of local government to realize that there is a crying need for expert advice. If we would do our part to participate in local government, either in an elective or appointive capacity, much could be done to direct public officials along the path of sound municipal finance and at the same time we would have a better understanding at the operation level of the many problems our public officials are facing. I believe we should thoroughly re-examine our personal approach to local government. Cooperation on our part may benefit the community and ourselves in many ways.

Interest in Legislative Matters

Municipal bonds come into being through process of law and through legislative action. Much can be done to alter or change debt incurrence and its repayment. Municipal bonds we sell to our customers may be legally sound at the time of sale. However, ultimately they may be impaired through subsequent legislative process permitting actions affecting the bonds in question. What is our responsibility in such instances? Can we profess to be ignorant of such matters? Is there an implied responsibility to our customers?

Municipal bond dealers should be more than interested in the legislative process whether at the local or state level. Through individual and collective actions, proper steps can be taken to prevent damage that would have a lasting effect on municipal credits. Such action or interest on the part of dealers is not interference but part of our democratic process. In addition, if we are designated as experts in our field, our comments and suggestions should have the consideration accorded experts. Therefore, lack of knowledge of the law should not be an excuse for failing to follow the legislative process as it affects our business and taking any necessary actions.

Participation in Dealer and Professional Organization Activities

Because of the nature of the municipal bond business, there are relatively few dealers or professional organizations representative of the broad aspects of our business. There are some groups organized on purely social or business promotion lines. However, through the Investment Bankers Association, its regional groups and national committees, there is sufficient ground for municipal bond dealers to participate in joint actions towards solving the problems of our business. Other groups, such as the Municipal Forum of New York, provide a common meeting ground for those interested in a presentation of facts of interest to the profession.

No organization, no matter how well founded, can be successful unless there is an active participation on the part of members. I am afraid that many dealers render lip service to the professional and dealer organizations to which their firms or banks long. In other words, membership does not result in a serious approach to the problems of our business nor a desire or willingness to do much about them. If we are to preserve our professional standing and have recognition in our chosen field, shouldn't we examine our individual contribution to the forward movement of our dealer and professional groups?

Relations with Public Officials

Many dealer problems result from lack of understanding or misunderstanding in dealing with public officials. Now more than ever before, we should make every effort to cooperate with public officials and bring to them an understanding of the municipal bond business as it affects their local credits and how we can help them solve their financial problems. Without much detail, I would like to discuss a few subjects that should have your serious consideration.

Debt Limitation: The laws of our state under which municipal debt can be incurred are generally sound, particularly as they pertain to debt limitation. However, rapid growth and the need for public services result in a serious problem for some of our communities, as they are limited in their borrowing. As dealers we cannot overlook this condition and should be understanding of the cause and effect. A realistic approach in keeping with sound municipal finance will often provide a solution to such condition.

Public Sale: We are most fortunate in California to operate under competitive public sale laws. This provides for the best possible bid to the borrower under existing market conditions. Whenever we see movements to either change legislation providing for public sale, or, on the other hand, actions which would to all intents eliminate competitive bidding, we should strongly oppose such actions as being contrary to the public interest.

Notices of Sale: We should encourage uniformity in notices of sale and wide distribution to insure competitive bidding.

Statistical Data: Public officials should be informed of the need for accurate statistical and financial data on the operations of their political subdivision. This may be the difference between good bids and indifferent bids. Adequate data assists statistical rating agencies and others who maintain records and files of such reports. There is a definite need for public accountants' audited reports designed to produce the figures necessary for analysis, rather than the unaudited and frequently inaccurate figures made available to the public.

Bond Attorneys: There is much misunderstanding as to the function of a municipal bond attorney and the services he can render. Proper legal advice coupled with an accepted legal opinion accompanying new issues of municipal bonds is good insurance. Dealers should continue to point this out to public officials.

Legislation: Too often legislation is sponsored to solve a particular problem, yet in the end it may create many unforeseen problems. It is timely to suggest that public officials be alert to this possibility. Once again, it is an opportunity for dealers to be of service in their professional capacity.

Lower Interest Costs: There are many ways to achieve lower interest costs. Some have been mentioned in this discussion without directly relating them to the end result. At all times we should cooperate with public officials in assisting them to achieve lower interest costs on their debt.

Public Deposit Status and Legality: The added value of bonds to an investor because they qualify as security for public deposits and are legal for various types of institutional investment can be overlooked by public officials. They should be informed of the advantages and work towards the acceptance of their bonds for such purposes.

Temporary Borrowing: Emergencies arise in the course of business of political subdivisions aside from normal tax-dry or revenue-dry periods. Dealers can be helpful during such emergencies, always keeping in mind, however, that temporary borrowing if not controlled can boomerang.

Harmful Debt Incurrence: Constitutional limitations on debt incurrence have created a high regard for the credit of California political subdivisions. At all times public officials should be warned as to the possible consequences of ill-advised borrowing in effect abrogating constitutional limitations. I refer to lease purchase agreements, non-voted bonds and the type of limited tax special assessment bonds which have been originated in recent years. The use of municipal credit for other than public improvement purposes which has been prevalent in the Southern States can result in serious debt deterioration.

Conclusions

We have discussed a variety of subjects this afternoon, but it is not difficult to arrive at certain general conclusions as follows:

(a) California's public improvement needs can be expected to be substantial for years to come.

(b) California's dealers are capable of underwriting and distributing either individually or associated with groups of dealers, both local or national, the securities necessary to finance contemplated public improvements.

(c) To assist in the distribution of municipal bonds improved customer relations can be developed through a better understanding of the securities dealt in. Also through thought-provoking individual research and advertising.

(d) Improved dealer relations will assist in the process of security distribution. Dealers can contribute to a better understanding of their problem by active participation in dealer and professional organizations.

(e) Participation in civic affairs, interest in legislative matters and cooperation with public officials will establish dealers in the professional capacity of experts. It will also bring about a better understanding of community life and form a basis for sound public finance.

White, Noble Opens Three New Branches

GRAND RAPIDS, Mich.—White, Noble & Company, Michigan Trust Building, members of the Detroit and Midwest Stock Exchanges, announce the opening of three new offices in Michigan. A new branch will be located in the State Savings Bank Building, Ann Arbor, under the direction of Dean W. Titus, formerly partner in Titus-Miller & Co.; in the Capitol Savings and Loan Building, Lansing, under the management of Beulah D. Bogue, who formerly was associated with Titus-Miller & Co. in a similar capacity; and in the Hackley Union National Bank Building, Muskegon, under the management of Leon M. Kelhofer, formerly Muskegon manager for Moreland & Co.

Bank and Insurance Stocks

By H. E. JOHNSON

This Week — Bank Stocks

Earning reports of New York City banks for the first six months of the current year indicate operating profits for most institutions higher than in the similar period of 1951.

Operating earnings published so far, or the indicated earnings, are about in line with previous expectations. Although there is considerable variation among the reports of the different banks with some showing a moderate decline in operating profits, the general trend was towards an increase in reported or indicated earnings.

One of the interesting features brought out in a comparison of the quarterly operating results, is that the trend of earnings of the New York banks appears to be leveling off. In other words, quite a number of reports showed second quarter earnings below those of the first period, although still considerably higher than the similar quarter of last year. In other instances the gain over the earlier period was small.

Whether or not these indications truly represent a leveling off of the upward trend of bank earnings which has existed for over a year, it may be too early to determine.

It may be that provision for taxes, transfers to reserves or similar charges, unduly affected operating results and that earnings in subsequent quarters will make a more favorable showing. However, reports in the second half of the year will be watched with an unusual amount of interest to determine the possible trend.

In the table below, the earnings of the 17 principal New York City banks for the first two quarters and for the first half of the current year are compared with those of the like periods of 1951. In most cases the net operating earnings are shown, exclusive of security profits or losses. Where such earnings have not been published or are not available on a comparable basis, the indicated earnings have been computed by the changes in the undivided profits and the dividends paid.

	First Quarter		Second Quarter		Six Months	
	1952	1951	1952	1951	1952	1951
Bankers Trust	$1.00	$0.80	$0.94	$0.61	$1.94	$1.41
*Bank of Manhattan	0.51	0.53	0.56	0.53	1.07	1.06
Bank of New York	6.41	6.19	6.18	6.21	12.59	12.40
Chase National	0.82	0.60	0.79	0.71	1.61	1.31
Chemical Bank	0.96	0.82	0.99	0.87	1.95	1.69
*Corn Exchange	1.19	1.22	1.17	1.21	2.36	2.43
*Empire Trust	2.40	2.06	2.83	2.41	5.26	4.47
*First National	5.53	6.08	6.87	6.79	12.40	12.87
Guaranty Trust	5.18	4.48	4.92	4.38	10.10	8.86
*Hanover Bank	1.40	1.40	1.40	1.40	2.80	2.80
Irving Trust	0.39	0.37	0.40	0.38	0.79	0.75
Manufacturers Trust	1.28	1.17	1.30	1.23	2.58	2.40
Morgan, J P	4.55	3.78	5.39	3.11	9.94	6.89
National City	0.95	0.80	0.98	0.81	1.93	1.61
New York Trust	2.11	1.95	2.17	2.08	4.28	4.03
*Public National	0.88	0.90	0.83	1.00	1.71	1.90
*U. S. Trust	4.49	3.90	4.92	4.58	9.41	8.48

*Indicated earnings.

The fundamental factors contributing to the increase in earnings for the first half of the current year were the increase in loan volume and the higher interest rates which prevailed during the period. Total loan volume averaged higher in the first half of 1952 than a year ago, and then the banks benefited from the increase in interest rates which have occurred since that time, enabling them to earn a better return on a larger volume of funds in the loan portfolio.

The substantial gain in gross income resulting from these factors enabled the different institutions to keep ahead of the rising trend of expenses. Thus, even though income from securities and other activities showed little variation, there was still an improvement in pre-tax earnings.

Higher taxes prevented the banks from showing a corresponding gain in net income, but most institutions were, nevertheless, able to report an increase in final operating results.

Of the 17 banks, 14 showed an improvement in operating or indicated earnings for the first six months of 1952, as compared with 1951.

Barber & Kane Open

CHICAGO, Ill.—Willis R. Barber and John F. Kane are engaging in the securities business from offices at 10 South La Salle Street under the firm name of Barber & Kane

Long Island Secs. Corp.

HEMPSTEAD, N. Y.—Long Island Securities Corp. has been formed with offices at 250 Fulton Avenue to engage in the securities business. Principals are Corydon M. Johnson, Alexander Leva, Selig Dresner, and William Levy.

Joins Waddell & Reed

(Special to THE FINANCIAL CHRONICLE)

KANSAS CITY, Mo. — Clinton T. Stephens is now with Waddell & Reed, Inc., 1012 Baltimore Avenue.

Mutual Funds

By ROBERT R. RICH

Two Funds Report Record Sales

Sales of National Securities' mutual investment funds were reported at $23,240,223 for the first six months of 1952, the highest for any six-month period in the history of the company. These half-year sales were larger by 40% than the $16,564,450 sales of the first half of 1951.

Net assets of National Securities Series were reported at $101,185,207 as of June 30, 1952—up 31% from the year earlier figure of $77,243,369.

"The expanding sales of National Securities Series follow the pattern of dynamic growth in the mutual fund industry as a whole," said Henry J. Simonson, Jr., President of National Securities, "in line with the ever-widening dissemination of the mutual fund story to the public. More and more people are willing to intrust their surplus cash to mutual funds because of the diversification and professional investment management they offer."

"If industry sales continue their present trend," said Simonson, "I predict $4 billion of net assets in mutual funds by the 1952 year-end." As of March 31, 1952, net assets of mutual funds totaled about $3¼ billion.

Meanwhile, Wellington Fund reported gross sales of shares to the public in the first half of 1952 of $25,625,000 for an increase of 9.5% over the like period last year when gross sales amounted to $23,410,000.

The fund added new shareholders at the rate of more than 1,500 a month during the June half-year to boost the total number at the close of the period to an all-time high of more than 86,000, compared with 75,000 shareholders at the start of 1952 and with 61,000 shareholders at the start of 1951.

In the past half-year, shares outstanding increased at the rate of more than 160,000 a month to reach the record total of 10,682,827 outstanding on June 30, last, an increase of 994,582 shares over the number outstanding on Dec. 31, 1951.

Axe Securities Raises Dealer Concession 1%

For the rest of this year, dealers will receive an extra concession of 1% on the sale of shares of Income Foundation Fund and Republic Investors Fund if the total sales in any one calendar month are $5,000 or more for Income Foundation Fund or $10,000 or more for Republic Investors Fund.

Axe Securities Corp., in announcing the dealer concession for two of the funds which it distributes, said the new schedule would be in effect from July 1, 1952 to Dec. 31, 1952.

The sales charge and the regular and extra dealer concessions will be reduced by 50% on the sale of Income Foundation Fund's shares to non-profit institutions.

Distribution of Income Foundation Fund will not be handled by wholesalers, but instead the dealers will be served directly by Axe Securities.

The new schedule of dealer concessions for Income Foundation Fund ranges from 7% to ⅜ of 1%, compared with a previous range of 6% to ⅜ of 1%.

For Republic Investors Fund, the new range is 7% to ⅞ of 1%, compared with a previous range of 6% to ⅜ of 1%.

Mutual Fund Notes

WALTER L. MORGAN reports that he has found little current investment interest in American mutual funds either in Holland or other European countries, and for this reason Wellington Fund will defer steps to list its shares on the Amsterdam or other European markets.

The Wellington Fund President recently returned from Europe where he investigated the market for American investment companies and at the same time appraised economic conditions for their possible effect on the American securities market.

Mr. Morgan did not rule out the possibility of listing Wellington Fund shares on European exchanges later, especially if foreign exchange conditions improve. "We will continue to keep in touch with conditions there and pursue the matter further," he said. Mr. Morgan pointed out that there is an increasing need among investment management and research groups for first-hand knowledge and observation of world-wide economic forces and especially in those countries in the western bloc with which the American economy is so definitely linked.

For that reason he was impressed by the signs of economic recovery in a number of European countries, particularly Norway, Italy and France. England, on the other hand, he observed, is hard hit by the loss of Empire trade and seemed by comparison to be bogged down in social experiments and high taxes. Mr. Morgan noted that the tax policies which have done so much to destroy English initiative and British business should serve as a warning to us here.

The Wellington executive cautioned that European recovery is still far from complete and that a difficult struggle still lies ahead. "For Europe's man in the street," he said, "this struggle is particularly onerous. Wages are low. They are so low that the rank and file is preoccupied from day to day with the problem of making a living."

In Mr. Morgan's view this preoccupation may explain the general lack of concern among Europeans over another war as well as their indifference to Communism. "My limited personal observation," he said, "is that so many Europeans have to work so hard just to try to make ends meet that they just don't have either the time or the energy to do much thinking about anything else."

In any event, Mr. Morgan noted, Europe is moving ahead toward the goal of a self-sustaining economy and this continuing effort cannot fail to have a favorable effect not only on this country's tax requirements, but on its entire economy.

COMMONWEALTH STOCK Fund will be offered to the public on Aug. 1 at $21.74 a share — comprised of a net asset value of $20 plus a sales charge of 8% the offering price. The investment objective of this new fund will be long-term appreciation together with an income consistent with this objective. The fund, whose shares will be generally distributed by North American Securities Company, will be managed by the same staff which has been overseeing Commonwealth Investment Company's assets since 1932.

Sales charge for the new fund will range from 8% to 2½% with the dealer discount ranging from 6% to 2%. Although in the individual sales bracket of $10,000 to $24,999, the sales charge drops from 8% to 7%, the dealer's share will remain steady at 6% in this sales category.

The fund will allow full reinvestment of dividends at net asset value.

OPEN-END REPORTS

INFORMATION released by Eaton & Howard, Boston, shows combined assets of the two Eaton & Howard Mutual Funds now exceed $100,000,000. On June 30, 1952, Eaton & Howard Balanced Fund assets totaled $86,628,000, an increase of $17,375,000 since June 30, 1951. Eaton & Howard Stock Fund on June 30, 1952, had assets of $14,639,000, an increase of $5,537,000 over a year ago.

TOTAL NET assets of Nation-Wide Securities Co. on May 31, 1952, were $19,274,379 compared with $18,689,520 on Feb. 29, last, and $16,977,919 a year ago. Net asset value per share on May 31 was $15.64, compared with $15.25 three months earlier and $15.46 a year ago.

Hugh Bullock, President, stated that as of May 31, 1952, the company held 2.02% of its total net assets in cash and equivalent; 15.99% in U. S. Government securities; 12.86% in corporate bonds; 17.84% in preferred stocks, and 51.11% in common stocks. During the preceding three

CORRECTION

In an earlier issue, "The Commercial & Financial Chronicle" reported that Wellington Fund shareholders would receive dividend payments in stock unless they specifically requested cash payments. This statement was in error. Wellington Fund dividends are payable in cash to shareholders who do not exercise the option to receive payments in stock.

months, holdings of common stock were stated to have increased about 4.6%.

New common stock acquisitions during the period included 3,000 shares of Washington Gas & Light Co., 2,000 shares each of May Department Stores Co., Louisville & Nashville Railway Co., Louisville Gas & Electric Co. and Armstrong Cork Co. Holdings of Standard Oil Co. (Ohio) were eliminated from the portfolio.

NET ASSETS of Natural Resources Fund at the end of June totaled $4,370,766, Frank L. Valenta, President, announced. This represents an increase of 71% over the $2,560,366 at the close of the last fiscal year, Nov. 30, 1951, and a gain of 234% over the $1,308,165 on May 31, 1951, the end of the first six months of the 1951 fiscal year.

Mr. Valenta said that Natural Resources Fund now has 904,311 shares outstanding, an advance of 354,224 over the 550,087 on Nov. 30, 1951, and a gain of 610,225 over the 294,086 on May 31, 1951. Shareholders residing in 38 states now total 2,848.

The Fund has invested in the securities of 85 companies operating in more than 12 different natural resource fields in the United States and Canada.

"Natural Resources Fund has invested more than 37% of its funds in the shares of American and Canadian petroleum and natural gas companies," Mr. Valenta pointed out. He advanced five reasons the management has evidenced such confidence in the oil and natural gas industry.

"These reasons," he said, "are: first, the rapid expansion in the consumption of natural gas, a product which only a decade ago was considered of little value; second, the important position which oil companies have achieved in the newly developing petrochemical division of the chemical industry; third, the fact that ownership of securities of many American petroleum companies, as well as Canadian companies, affords shareholders a participation in the rapidly expanding Canadian oil industry; fourth, the sharp increases in the marketing of petroleum products and the belief that these gains will continue as science develops new uses; fifth, the realization that 1952 earnings of petroleum companies, as a whole will equal if not exceed those of 1951, a sharp contrast to the position of companies in many other industries."

Mr. Valenta explained that as a result of this strong earnings position, 1952 dividend payments by petroleum companies should at least equal those of 1951.

GROWTH COMPANIES reported a 10.5% increase in total net assets in the first half of 1952. The increase amounted to $141,257 and boosted total resources of the fund to $1,333.715 on June 30, last, as compared with $1,192,458 at the beginning of the year.

The fund closed the semi-annual period with a net asset value of $11.46 a share on the outstanding 116,339 shares, compared with a net asset value of $11.25 a share and 106,122 shares outstanding on Dec. 31, last.

Net realized securities profits were $19,204 during the first six months and unrealized profits amounted to $95,469.

The fund was 93.7% invested in 47 common stocks and two preferred stocks on June 30, 1952. The remainder of the assets of 6.3% included cash, governments and receivables.

TOTAL ASSETS of the Axe-Houghton Funds were $58,637,723 on June 30, 1952, as compared with $41,915,569 on June 30, 1951, a gain of 39.9%.

NET ASSETS of Commonwealth Investment Company reached an all-time high of $52,026,373 on June 30, 1952, according to the company's mid-year report to be issued later this month. This is a 57% increase over June 30, 1951, when net assets were $33,132,114.

Shareholders, too, reached a new high of 31,500 also a 57% increase over June 30, 1951, when there were 20,000. The report shows 7,454,804 shares outstanding this year as against 5,147,121 at the same period last year, a 45% increase. Net asset value per share on June 30, 1952, amounted to $6.98 as compared to $6.44 on June 30, 1951.

PERSONAL PROGRESS

CECIL E. ABBOTT has been appointed Vice-President of King Merritt and Company, Inc., specialists in mutual fund shares. Mr. Abbott, whose headquarters will be in Los Angeles, will be charged with sales in Southern California and the general Southwestern territory.

DR. ANDREW BOCK has joined the investment management staff of National Securities & Research Corp., Henry J. Simonson, Jr., President, announced. Dr. Bock will be co-manager of the Industrial Division of the Economics and Investment Department.

For the past eight years, Dr. Bock was economist and security analyst with Franklin Cole & Co., investment consultants New York City. From 1928 to 1944, he was an editorial writer on economic and investment subjects with a leading financial and investment magazine.

Dr. Bock studied at the Sorbonne in Paris and other universities abroad and also at New York University. He holds a Ph.D. degree in law and economics.

HARE'S LTD., New York securities dealers, announces the appointment of Hobart Nixon Hare as General Sales Manager. Mr. Hare is Vice-President and director of Hare's Ltd. and also of Institutional Shares, Ltd., which posts he has held since 1945 when he returned from service as a pilot in the Naval Air Force. Mr. Hare is a graduate of Pomfret School and Princeton University.

Childs Director

Andrew L. Childs

Andrew L. Childs, Vice-President of A. W. Benkert & Co., Inc., New York investment securities firm, has been elected director of Detroit & Mackinac Railway Co., it has been announced.

Mr. Childs has been associated with A. W. Benkert & Co., Inc., since 1938.

Hart Smith Co. to Admit Offringa

Hart Smith & Company, 15 Broad Street, New York City, members of the New York Curb Exchange, have admitted Jesse R. Offringa to partnership.

Joins Camp & Co.

(Special to THE FINANCIAL CHRONICLE)

PORTLAND, Ore.—Grant Pyatt has become associated with Camp & Co., U. S. National Bank Bldg. Mr. Pyatt was previously with J. Henry Helser & Co.

With Foster & Marshall

(Special to THE FINANCIAL CHRONICLE)

PORTLAND, Ore. — Francis O. Gustafson has become affiliated with Foster & Marshall, U. S. National Bank Building.

Joins Braun, Monroe

(Special to THE FINANCIAL CHRONICLE)

MILWAUKEE, Wis.—Herbert H. Otto is with Braun, Monroe and Co., 735 North Water Street.

H. B. Simon Co. Formed

(Special to THE FINANCIAL CHRONICLE)

BRONXVILLE, N. Y.—Harry B. Simon has formed H. B. Simon Co., with offices at 2 Eastway to engage in the securities business.

Two With John Kinnard

(Special to THE FINANCIAL CHRONICLE)

MINNEAPOLIS, Minn. — Frederick D. Blanch and Clarence W. Johnson have become affiliated with John G. Kinnard & Co., 71 Baker Arcade.

Joins Schweickhardt

(Special to THE FINANCIAL CHRONICLE)

NEW ORLEANS, La.—George J. Bourg is now with Schweickhardt & Company, Hibernia Building.

Elliott Bradley Opens

SPRINGFIELD, Ill.—Elliott Bradley has formed Elliott Bradley & Co. with offices at 410 East Adams Street to engage in the securities business.

John L. Hall Opens

John L. Hall is engaging in a securities business from offices at 51 East 42nd Street, New York City.

Continued from page 2

The Security I Like Best

amounted to $1.67 a share after taxes. Undistributed equity in the earnings of these companies amounted to $1.55 a share before taxes. Although the earnings on foreign investments are important, they actually contributed only 27½% of the reported earnings in 1951. Currently, dividends are being paid at the rate of $0.65 a share quarterly plus an extra of $0.10, indicating a $3.00 annual rate as against $2.60 paid last year.

The financial position is strong and, despite proposed capital expenditures of $240 million in 1952, is ample to permit this outlay without resorting to outside financing. Working capital of $232 million at the end of 1951 was considerably in excess of the $190 million at the end of the previous year.

The record of achievement in the past 10 years is excellent and I expect it to continue in the future under the present capable leadership of aggressive management.

HARRY L. ZEEMAN, JR.

Carl Marks & Co., Inc., New York City

Italian Power 6½% Cumulative Liquidation Trust Certificates

The security I like best is the Italian Power Realization Trust 6½% Cumulative Liquidation Trust Certificates, listed on the New York Curb Exchange, and currently selling at approximately 68 flat (symbol IPR). This issue emerged from the 1951 reorganization of the International Power Securities Corporation which held as its principal assets first mortgages on public utility properties in Italy. It is a dollar security, and therefore, principal and interest are payable in United States currency, thus eliminating exchange problems. Moreover, although the underlying assets are foreign, this issue is actually that of an American corporation, incorporated in the state of Delaware, and the purchaser enjoys the protection of American laws and regulations.

Harry L. Zeeman, Jr.

As it is purely a liquidating proposition, in the evaluation of the IPR Certificates there is no need to concern oneself with management, income, or many of the other usual yardsticks, but only to examine the plan itself and the underlying assets. The failure of the investing public to read and understand the lengthy and involved plan is, possibly, the principal reason that this security is "behind the market."

Briefly, under the terms of the plan, $11,636,807.50 in Liquidation Trust Certificates were issued to be retired by July, 1967, in accordance with a schedule of pro rata capital repayments, bearing interest at the rate of 6½% on the unamortized principal. Funds for this purpose are to be derived from interest and principal payments on the $17,820,000 in bonds of a special issue of Italian Public Utility Credit Institute 3s, 1977, the interest and principal of which are guaranteed by the Italian Government, and which were placed on deposit with an American trustee as collateral for the Liquidation Trust Certificates. In addition to the governmental guarantee, the underlying bonds are secured by a $16,000,000 mortgage on the properties of a leading Italian public utility.

If interest and principal payments are made on the underlying bonds, the schedule of payments on the Liquidation Trust Certificates will be met. Obviously the position of the Liquidation Trust Certificates can be no worse than that of the underlying bonds.

While there is no market for the particular issue of Italian Public Utility Credit Institute bonds held by the Italian Power Realization Trust, there are three Italian dollar bonds listed on the New York Stock Exchange, one of which, the Italian Public Utility Credit Institute 3s 1977, is virtually identical to the underlying bonds. Examination of these shows the yields Italian Government dollar bonds command in the light of the current status of Italian credit.

Issue	Approx. Current Price	Current Yield	Yield to Maturity 3%—24½ Years
Italian Public Utility Credit Institute 3s due 1-1-77	43	6.98%	8.61%
Italian Republic 3s due 1-1-77	44½	6.74%	8.37%
Italian Credit Consortium 3s due 1-1-77	43	6.98%	8.61%

Compared with the above the IPR Certificates provide a current yield of 13.9% and a yield to maturity of approximately 14.9%.

On an investment of $680 I estimate that the purchaser would, over the next 15 years, receive $665.68 in interest and $996.60 of capital repayment or a total of $1,662.28.

You will note that the holder of IPR certificates enjoys a considerably shorter maturity. Actually because of repayments against principal, the buyer's average investment during the 15-year period would be substantially below his cost.

By switching into IPR Certificates, holders of the three Italian issues used for comparison above could obtain a substantial improvement in yield and a shorter maturity without weakening their position. A sizable capital gain would be realized if the yield of the IPR Certificates were brought in line with those of the other Italian dollar bonds.

To the non-holder of Italian dollar bonds, the question naturally arises as to whether or not the dollar bonds used for comparison are overvalued. A major financial service states that they are fairly priced in relation to Italy's present credit standing and prospects. The market has had ample time in which to assess these bonds in the light of the current international situation.

For these reasons, I feel that the IPR Certificates are attractive for income and appreciation. They may also present some interesting tax features depending on the buyer's situation. In addition to the principal repayments which begin in one and one-half years, there is the yet unresolved tax status of bonds purchased for foreign accounts. A ruling as to whether interest payments to foreign holders are exempt from the 30% United States withholding tax is pending and is expected to be announced shortly.

Public Utility Securities

By OWEN ELY

Standard Gas & Electric Company

Standard Gas & Electric Company on June 27 announced a new overall plan for complete liquidation of the company and the distribution of packages of its securities to all classes of stockholders. The plan reflects a compromise among all security groups. Copies of the plan itself are not yet available, so that comment must be based on the incomplete press release.

The new plan, which supersedes the present incomplete "Step I Plan" now before the SEC, makes the following allocations of securities held by Standard Gas and its sub-holding company, Philadelphia Company (which will also be liquidated):

No. of Shares Allocated to Each Share of Standard Gas & Electric

	Duquesne Light	Wisconsin Pub. Serv.	Oklahoma Gas & Electric	Pittsburgh Railways
$7 Prior Preference	2.1	4.8	2.9	--
$6 Prior Preference	1.8	4.5	2.6	--
$4 Preferred	4.0	--	--	--
Common Stock	*.5	--	--	*.24

*Estimated on basis of press release.

Mr. C. A. Johnson, Acting Chairman of the Board of Standard, stated that he was hopeful of consummating Step I of the new plan (the distribution to the prior preference stocks) by Nov. 1, this year, and an effective date for the distribution to the $4 preferred is expected to be around March 1, 1953. Timing of these steps would, however, depend on the length of time required to prepare the SEC's "Findings and Opinion," which would probably be quite voluminous, and also the time required for approval by the Federal court having jurisdiction. Of course, the SEC has not yet definitely approved the plan, but tentative staff agreement seems indicated.

The final steps would be to allocate remaining assets to the minority common stockholders (about 3%) of Philadelphia Company, and to the common stockholders of Standard Gas & Electric Co. This might require some time to work out. Philadelphia Company, despite the fact that its common stock equity is solid (as evidenced by unbroken dividend payments since 1898), formerly had a rather complicated capital set-up. Early in 1950 it had two issues of collateral trust notes and four kinds of preferred stock, together with a guaranteed preferred of a subsidiary. The notes were paid off and the $6 preference stock retired at 110, in 1950. One of the remaining issues—the 5% noncumulative preferred—has only 230 shares outstanding. The other noncallable issue, 491,140 shares of 6% preferred (par $50), has been the subject of negotiations with the SEC and with stockholders for some time; it is understood that an agreement has been reached for its retirement, along the lines suggested by the SEC. Regarding the $5 preference stock (53,868 shares, callable at 110) the new plan suggests distribution of 3.6 shares of Duquesne common stock for each share of this issue. The $5 stock is currently quoted over-counter around 102-5; on the basis of the bid price this would correspond to a valuation of nearly 28½ for Duquesne (disregarding dividend adjustments).

The allocations to Standard Gas & Electric stocks indicated under the new plan can be used to estimate break-up values. Of the four subsidiary companies, common stocks of two currently have minority amounts in the hands of the public—Oklahoma Gas & Electric on the Stock Exchange and Pittsburgh Railways on the Curb. It is necessary to estimate market values for the other two, Duquesne Light and Wisconsin Public Service.

Duquesne may be tentatively valued at 27. In the 12 months ended March 31 it earned $1.99, and when the shares are outstanding in the hands of the public it is expected to pay dividends at the rate of $1.50 or better. While the question of normal earning power may not be cleared up until a final decision is reached in the company's rate case now before the Pennsylvania courts, it appears likely that the $1.50 dividend could be sustained in any event. On this basis the price of 27 would return a yield of a little over 5½%, which seems reasonable for a stock free of the Pennsylvania four mills tax. With ample market seasoning, some analysts think that the stock can eventually sell on a 5% yield basis, or 30 if the rate is $1.50. However, for present purposes the lower figure seems more reasonable.

Wisconsin Public Service in the 12 months ended March 31 earned only $1.41 compared with $1.58 for the previous 12 months. The decline appears due to omission of a 1950 credit resulting from inclusion in a consolidated tax return. A dividend rate of $1.10 (when the stock is distributed to the public) would seem to reflect a reasonable payout. Wisconsin Power & Light, a somewhat comparable stock earning $1.66 and paying $1.12, sells over-counter around 19. A price of 18 thus looks reasonable for Wisconsin Public Service.

Applying these figures (Duquesne 27, Wisconsin 18, Oklahoma 24½, Pittsburgh Railways 7), break-up estimates work out as follows:

$7 Prior Preference	$214	$4 Preferred	$108
$6 Prior Preference	193	Common Stock	*15

*Plus potential benefits of tax claims.

Standard Power & Light, the top holding company in the system, will not be broken up according to indicated plans. If the SEC permits, it will probably be kept alive as an investment company to take advantage of its large book losses on security holdings (such losses can be transferred to the holdings of new securities when Standard Gas is broken up). While no suggestion has been made regarding a possible merger with some other company, this might be a logical development follownig the merger of American Superpower with Webb & Knapp, the former merger of National Power & Light with a company controlling Nedicks, etc. In any event, after recapitalization the company might be able to pay tax-free dividends, in which event its new common stock might have some appeal for investors in the higher tax brackets.

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Outlook for Production of Atomic Electric Power

oratories in 1946 under Monsanto's direction.

In September of that year, Charles Allen Thomas, now Monsanto's President, gave the first authoritative public look at the economics of producing electric power from nuclear energy. Addressing the American Chemical Society, he told of a survey that he and others had just completed for the United Nations Atomic Energy Committee. This study showed that electricity from a nuclear plant could be produced for little more than the cost of producing power from coal-fired generating plants. Dr. Thomas added that advances in technology should bring the cost of nuclear power down while the cost of conventional fuels for power is increasing.

In 1950, Dr. Thomas again spoke on the subject of electricity from nuclear power. In order to promote the rapid development of this program by the United States, he suggested that atomic power be developed within the framework of our industrial pattern. He outlined a plan for an atomic power plant, producing both power and plutonium, which could be constructed and operated by industry with its own funds. The power would be used or sold by the producing company; the plutonium would be sold to the government for its atomic energy program at a price that Dr. Thomas believed would be lower than it would cost the government to make plutonium in its own plants.

In mid-1951, the Commission implemented the first phase of a program to have industry participate in the study of the feasibility of atomic power. It contracted with four industrial groups—one of them a team from Monsanto and the Union Electric Company of Missouri—which, at the team's own expense, would investigate the technical and economic feasibility of producing electric power from nuclear energy.

A Chemical Engineering Operation

Some have wondered about a chemical company's role in the development and production of atomic power. There are three major reasons why Monsanto is interested and anxious to participate in the program:

First of all, the operation of nuclear reactors is essentially one of chemical engineering. Who is better equipped technologically for such operation than a long-established chemical company?

Second, chemical companies—Monsanto at least—use tremendous quantities of electric power almost as a raw material. The production of such items as elemental phosphorous and chlorine-caustic depend entirely on the large scale consumption of power. Last year, for example, Monsanto's electric bill for its manufacturing operations in the United States alone was over $7 million. The electric power thus consumed would supply the entire needs of this city of Ann Arbor for six years. Naturally, if cheaper power can be produced, Monsanto as a consumer will benefit along with all the nation's other consumers.

Third—and perhaps most important of all the factors—is that we feel we can not only produce more plutonium for our national security program, but perhaps also make it at a lower cost to the government and the nation. I should point out here that our belief that we can make plutonium cheaper in no way implies criticism of the Atomic Energy Commission or of its contractors. We believe the AEC has done and is doing a remarkably efficient job in its operations. But bear in mind that a reactor built today would benefit from all of the engineering techniques and experience evolved through the work on reactors during the past decade. And there is no gainsaying the fact that savings accrue from the techniques and methods of the free-enterprise system. The profit incentives alone give the competitive system a definite edge over governmental operation of business, no matter how efficient the latter may be.

A year ago, when we approached this study of the feasibility of a combined plutonium and electric power producing reactor, there were three broad areas of questions:

There were technical questions, there were economic questions, and there were legislative or legal questions that had to be answered.

Monsanto and Union Electric now have been able to give the AEC an only slightly qualified "yes" in answer to the question, "Is such a project technically and economically feasible?" Only recently, we reported to the Commission that the investigatory phase is virtually completed; that, in our opinion, now is the time to start the design and then the construction of a pilot plant.

I do not want to misrepresent our position: Nuclear generated electric power is still perhaps four or five years away, measured in terms of full-scale producing units. But, we are ready to commence preliminary studies and work toward a pilot plant. Having confirmed the technological answers, the economic answers are bound to follow under our competitive system.

Large Scale Electric Power From Atom

With the permission of the Commission, I would like to tell you a little about why we believe that large-scale production of electric power from atomic reactors is not far away.

The Monsanto-Union Electric team, operating under the direction of Drs. Philip N. Powers and C. Rogers McCullough, reviewed, in general, all the suggested approaches to producing electric power from atomic energy. They concluded that, in view of the available data, there is no *present* possibility of constructing a reactor that would produce power only. The manufacture of plutonium as a co-product of the reactor is also necessary at present. Moreover, this conclusion fits perfectly into what we understand to be the pressing government need for plutonium for national defense, as well as the government's desire to encourage power development.

Our scientific team likened the types of reactors now in use to Henry Ford's old Model "T" car. They knew that the ultimate goal was a power reactor which could be likened to a present-day Cadillac. The spread between the two was obviously great due to a lack of scientific data. And in that spread lay the present need for plutonium production and power development. If our team were to view reactor development solely with an eye to electric power, they would be content to wait as long as perhaps ten or more years until they could produce the prototype of the Cadillac. However, because our national defense urgently requires plutonium, they have coupled production of that critical item with electric power development. As a result, they have come up with the equivalent, in the analogy, to a Model "A" Ford. So, without turning our backs on the Cadillac-type reactor of the more distant future, we now say to the AEC that we believe there is at least one Model "A" equivalent which will produce plutonium and power.

Using the Hanford reactors as a starting point, because more is known of this type than of any other, our team concentrated on those changes and deviations which were indicated. As a result, they believe that a moderated type of reactor shows promise as a plutonium and power producer. This is the Model "A" type they have suggested to the Commission. In this connection, it is interesting to note that the recommendations of our group are similar to the conclusions of an engineering organization which also has been studying the problem.

Yet, as might be expected of good scientists, our team is not satisfied that this is the only type of plutonium and power producing reactor which might be feasible. In addition, they also want to find the Cadillac type which will produce power alone, and will continue to work toward that end. But, according to what they have learned in their studies, it appears that perhaps a decade or more of intense research and development lies ahead before such a reactor will become a reality.

A Pilot Plant Recommended

Experience in the chemical business indicates that the way to provide definite answers to unsolved questions and to provide technical data for design and construction of full-scale plants is to design, build and operate a pilot plant. In this small-scale operating unit, which can be adapted and modified as the work progresses, you get the answers you need. The modern miracles of nylon, Krilium, synthetic rubber, and the "wonder drugs" did not reach the market in volume until each underwent the pilot-planting process.

While supplying many of the short-term answers that are required, a pilot plant will also materially assist us and others who are also concentrating on the long-term prospect of a totally new type of reactor for the production of power alone. But still more important is the fact that a small-scale operating unit will make possible the obtaining of technical research and development data which is important in the continued development of the national atomic energy program, military as well as non-military.

As a result of its feasibility studies, Monsanto and Union Electric have proposed that the AEC embark upon the design of a pilot plant reactor as soon as possible. Time being of the essence, we believe the government should construct and own the plant until the question is decided whether the present law prohibits private ownership of facilities which would produce fissionable materials in the amounts which such a pilot plant would make. In addition, the technical data obtained from such a plant would be usable in the reactor development program of the Commission. Then, too, in the interest of time, the efficient use of presently existing facilities and experienced technical manpower indicates that the power plant should go forward promptly under government auspices and with its funds. For our part, we propose to have a full share of responsibility in the design, construction and operation of the pilot plant and want to cooperate with the Commission at every step in the program.

However, our desire to participate doesn't end there. We believe that once the pilot plant de-

velopmental stage is completed and the remaining technical questions answered, private industry will invest its own funds in the construction and operation of a full-scale plant for the production of power and fissionable materials. To reach that end though, several changes may have to be made in the Atomic Energy Act. I understand this subject will be considered in detail later during the Institute. Undoubtedly, the Commission and the Congress will find ways to make the necessary changes; but here again in the interest of maintaining our country's leadership in atomic energy, time is important.

At the same time that we are working with the Commission in the construction of the pilot plant, Monsanto and Union Electric would also be investing additional substantial funds in the continuing study of the other types of "Model A" reactors as well as the so-called "Cadillac" type. During the last year, we invested a considerable sum in this work; an even larger amount will probably be spent during the coming year. We have put together a highly qualified staff of scientists and technologists from our own companies, have hired qualified men to supplement them, have contracted with university professors for special studies to be conducted and generally have availed ourselves of the technology that government research has produced and which the Commission has willingly made available to us and to other industrial study teams.

Thus, in the next phase during pilot plant design and construction and continued longer range reactor research, we will have a new concept in industry-government cooperation. The government and industry would each be investing money and personnel in pushing forward the all-important program of atomic power development.

Lest I leave any erroneous impression in your mind, let me assure you that our thinking assumes that security regulations required in the national interest and safety regulations for personnel and property would continue to be the primary responsibility of the AEC, as is required by the Atomic Energy Act. At the outset, we realized that paramount security and safety requirements were to remain where the Congress has put them and where they now are. Accordingly, we have planned our possible future operations with that in mind.

The Problem of Obtaining Capital

In studying the feasibility of the industrial development of atomic power, we have also borne in mind that the project must compete with all the other possible investments which a businessman would consider in deciding where to put his available dollars. The risk in investing in atomic power development must not be much greater than normal business risks if it wants to attract those investment funds which are so scarce as a result of our high level of taxation. That means the industrial power-plutonium reactor must have a reasonably assured market for its products at fair prices during a period long enough to permit the investor to obtain a return of his funds. And unlike normal commercial operations where there there may be tens or hundreds or thousands of customers, in the case of plutonium the government is the sole purchaser. That creates a problem requiring further study and exploration, for, as you can see, the loss of the reactor's sole plutonium customer could have disastrous results.

Another new problem to which some part of the answers may be obtained from the pilot plant operations is that of the normal life of a plutonium-power producing reactor. The price of the plant's products will be influenced by the rate of depreciation and the number of years over which the plant can be amortized.

No atomic power development program can hope to succeed without continuing access to government-owned reactor information and technology. Ever since the creation of the Manhattan District, the government has been —properly so—the exclusive repository of all important atomic energy information. In this connection, let me say that the AEC has been most cooperative in supplying our security-cleared study team with any necessary information, thus providing for the fullest utilization of the research work which is conducted with public funds. This same cooperation, we are sure, will continue as the power program progresses and ultimately when the government purchases plutonium from the private industrial processor.

While no firm commitment has been made by the AEC that it will design a pilot plant reactor of the recommended type to confirm the views we have developed from our study of the available materiail, we are most encouraged by the Commission's reaction to our proposals. Meanwhile, we hope to continue our investigations in this field. The Monsanto-Union Electric team would help to develop the pilot plant design of a moderated type of reactor. At the same time it would, at its own expense, continue to give active consideration to other types of reactors. We would also plan to explore with the Commission the type and duration of an agreement under which private industry would construct and operate a plutonium-power reactor and would sell plutonium to the government at stated prices.

Legal Problems to Be Overcome

As mentioned earlier, some of the problems to be overcome lie in the sphere of legislative or legal matters. One of them is determining the scope of the prohibition in the Atomic Energy Act against private ownership of facilities for the production of fissionable material. Adequate machinery can and should be found to police private plants which would produce such material. Our Congress must have felt this possible because in the preamble to the present law, it declared the policy of the United States to be aimed at the development and utilization of atomic energy for strengthening free competition in private enterprise, among other things, subject only to the paramount objective of assuring the common defense and security of the nation. No threat to our nation's security would necessarily result from private ownership of facilities to produce plutonium and electric power under security safeguards which would be maintained by the government.

In proposing world control of atomic energy before the United Nations Organization, Bernard Baruch asked for a commitment that there be free and frequent inspection of all participating nations and their work in this field. If it is workable on a world-wide basis, it assuredly can work with private industry within the confines of this country. Legislative action making possible private ownership of reactors with adequate governmental security controls, would remove a major stumbling block in the path leading to greater benefits to mankind from atomic energy.

The Problem of Patent Protection

Another problem is the need to protect industry's inventions and other original ideas developed during the course of the plutonium-power program. Admittedly, patents and inventions dealing solely with the utilization of atomic energy for military purposes should remain the exclusive property of the government. However, in order to give maximum encouragement to industrial development of atomic power reactors, there should be a modification in the present policy which forbids the granting of patents for any invention or discovery which is useful solely in the production of fissionable material or in the utilization of fissionable material. While it is understandable that such a rule be adopted during times when almost all inventions were obtained at government expense, it seems that with the approaching possibility of major industrial programs in the field of atomic power, a review of such policy is in order. For example, should not there be some right to the protection of its inventions granted to a company which has, at its own expense and effort, done further research and development work to apply atomic reactors as direct tools and aids for use in the chemical manufacturing industry?

The Worldwide Need of Cheap Fuel and Power

We have considered some of the aspects of developing electric power from atomic energy as it applies to the chemical industry. Each of you can visualize many other promising effects of it upon our national well-being. Let me, then, comment briefly on the great potential that lies in the production of nuclear-created electric power as a tool of international diplomacy and as a weapon this country can use in its opposition to the aggression of the world's totalitarian powers. This project which will be so useful in our own country can be even more helpful in developing the resources —and the defenses—of all the free nations of the world, once the enabling legislation is adopted.

Look at England. Her economy is now such that it is almost too costly for her to produce electric power from coal mined within her boundaries. At Ruabon, North Wales, Monsanto has a chemical plant, and immediately adjacent to it is a government-owned coal mine. Some of the shafts of that mine are beneath our plant. However, on many occasions since the war that plant has had to purchase coal in the United States and ship it to England. It was cheaper to purchase the coal in New York, ship it to London and transship it to Ruabon than to purchase the coal from the mine next door. Just how great, then, is the range of possibilities, beneficial to the British economy, of power produced from atomic energy and under circumstances where adequate controls are maintained over the fissionable materials involved.

Last week the Italian Consul in St. Louis came to tell me good-by, as he was returning to Rome pursuant to his Foreign Office's rotation plan. The conversation soon got to a discussion of Italy's present economic and social conditions. The Consul stated that in his judgment most of Italy's problems stem from its lack of cheap fuel for the production of capital goods. His country has no domestic source of coal or oil; the maximum potential of electric energy from water power is in sight and there is only a limited supply of natural gas in a recently discovered field. The answer—and the only one—he said, is a type of fuel with relatively cheap raw material costs. In his opinion the only possibility in sight is power from atomic energy. In it lies the potential for transforming the Italian industrial economy and raising the living standards of 48 million people.

Similar possibilities exist in other areas, such as South America, Australia, and Africa. Abundant natural resources lie dormant in many instances because the lack of cheap electric power makes them inaccessible. Likewise, the free world has many arid regions that could be made productive for our growing populations if accessible power could pump the badly needed water.

Atomic Power and Point Four Program

There has been much talk of a Point Four Program which would send American technological advances and engineering and economic know-how to other areas of the free world. Here, in the development of nuclear-produced electric power, we have the greatest tool for contributing materially to the economic development of other nations. Imagine what the benefits from atomic power would mean to the existence—and to the morale—of the other peoples of the world who are struggling to remain free of Communist domination. Under controls such as are contained in the Baruch plan, the "Atomic Power Plant—Point Four Program" could result in greater advantages, psychologically and materially, than any other weapon in our struggle against totalitarian aggression.

America's scientists have given us the wherewithal to produce electric power in a fashion never before possible; our businessmen will provide the capital and the know-how for integrating this new type of power into our free-enterprise system; our representatives in Congress will provide what little legislation may be needed. Thus, scientists, businessmen and legislators will combine to provide the free nations of the world with new tools for building even greater standards of living for ourselves and our friends.

If nothing else has done it, the harnessing of a new form of energy for non-military uses should restore our faith in ourselves. We hear so often how decadent the present generations have become; how we've been coasting on the efforts of our forefathers; how nothing really new and worthwhile has been contributed by us. In some respects, this may be true—yet this development alone gives the lie to those who preach the gospel of despair. And we won't rest on the laurels of this contribution, either. Our future will be bright as long as we have the God-given souls to dare, the minds to think, the eyes to see, and the hands to do.

Railroad Securities

Baltimore & Ohio

Considerable speculative interest has been noted in recent weeks in the stocks of Baltimore & Ohio, although, in common with the experience of most low priced rail stocks, the buying has not been of sufficient magnitude to cause any wide price appreciation. Many rail analysts are of the opinion that even though the price performance has been desultory in recent weeks, the buying interest has been fully warranted on the basis of current earnings and the basic long-term outlook for the property. These sources point to the present low price-earnings ratio and the distinct possibility that before the year is out at least a token dividend may be declared on the common. No dividend has been paid on the junior equity since 1931.

Probably more than any other major carrier in the country Baltimore & Ohio's fortunes are tied up with the steel industry. Therefore, it is natural that the prolonged steel strike may have caused some concern as to the immediate and near-term trend of earnings. Weekend press reports should have gone far toward offsetting any such fears. According to these reports, Mr. White, President of the company, estimated that in June the steel strike cost the company some 42,000 car loads of freight and approximately $7 million in revenue. This loss is, of course, nothing to sneeze at. Nevertheless, it is not too much of a blow when it is viewed against the general background.

These same press reports placed gross revenues for the first half of the year at roughly $217 million. This would be only about $2½ million less than for the like period a year ago. This relatively modest decline in gross will be more than offset by reductions realized in the operating costs. Full details as to the operations for the six months are not yet available. For the four months through May, with gross only nominally above year - earlier levels, the transportation ratio was cut by a point and a half, to 39.5%, and the overall operating ratio at 80.0% was 2.7 points under the corresponding 1951 ratio. Presumably severe economies were instituted at the outset of the steel strike.

Net income for the first half of 1952 was estimated at just under $11 million, after all fixed charges and contingent interest, but presumably before sinking and other reserve funds. This would compare with revised earnings of $7.3 million for the opening half of the preceding year. This year-to-year gain of approximately $3.7 million is equivalent to over $1.40 a share on the 2,562,953 shares of common stock outstanding. Prospects over the remainder of the year will, of course, be largely contingent on just how long the steel strike lasts. As it continues, the adverse effects are naturally being pyramided as other industrial plants curtail production or close down because of the shortage of steel.

The general feeling is that under present worldwide conditions the steel strike can not be tolerated for too long a further period. Moreover, all of the traffic being lost now because of the shutdowns is obviously not gone permanently. Much of the lost production will have to be made up by capacity operations after the strike is ended, and the high level of steel operations will have to be maintained over a more extended future period than had been considered likely a couple of months ago. Thus, many rail analysts are still looking for earnings of between $9.00 and $10.00 per common share, before sinking and other reserve funds, for B & O this year.

A substantial portion of the earnings will be absorbed by obligatory capital and sinking funds provided for in the company's voluntary debt readjustment plan of a few years ago. Such utilization of cash itself obviously works to the long-term benefit of the common stock in its beneficial influence on the overall credit standing of the road. Also, these requirements are not such as to preclude the possibility of common dividends. This dividend possibility, added to the fact that the stock is selling at about the lowest price-earnings ratio in the field, give the stock outstanding speculative appeal in the opinion of many analysts.

Continued from first page

Freedom—The One Dominant Issue

Do you not believe the words have been distorted and their spirit violated?

The genius of our Founding Fathers which preserved this Republic longer than any Republic in history was the concept of the limitation of powers within our government. One of their strong purposes was to protect free men by restriction of Presidential power.

For 20 years we have seen constant attrition of those constitutional safeguards of free men.

I do not need recall to you the rubber-stamp Congress, the packed Supreme Court, war without approval of Congress and a score of dire secret international commitments without consent of the Senate.

And now comes, after 170 years, a new discovery in Presidential power. That is an "inherent" power to seize anything, any time. All Republican Presidents were densely ignorant of those inherent powers.

Over these 20 years we have seen pressure groups fostered and appeased by Presidents until they intimidate and paralyze the life of the nation. No man has been elected by the people to have such powers. If freedom is to live, we can no more have economic tyranny than we can have political tyranny. Representative government has not been maintained to the mastery of its own house.

Our social order does not rest upon constitutional safeguards alone. This Republic was founded on a pledge of sacred honor. Yet we have writhed under shocking disclosures of intellectual dishonesty and unpunished corruption in high places—greater in aggregate than all such sins in our history put together.

The grandeur of a people comes from their moral and spiritual character. Today that is corroded by this intellectual dishonesty and corruption among public officials. The drip, drip, drip from dishonor in high places plays a part in the increasing of crime among the people.

These acts do not make for free men.

And there have been other assassins of freedom.

Within eight years since victory, we will have seen tax-and-tax—spend-and-spend reach a fantastic total greater than in all the previous 170 years of our republic.

Ghosts Mixing Poison for American People

Behind this plush curtain of tax and spend, three sinister spooks or ghosts are mixing poison for the American people. They are the shades of Mussolini, with his bureaucratic Fascism; of Karl Marx, and his Socialism; and of Lord Keynes, with his perpetual government spending, deficits and inflation. And we added a new ideology of our own. That is government give-away programs.

I will in a few moments measure for you the blight of inflation from this mixture that has poured into every American home.

By way of the bureaucracy part of the mixture, within 20 years we have seen it grow from under 600,000 Federal officials under Republican administration to over 2,300,000 officials today—with the addition of almost a thousand of government agencies. In Fascist fashion, they dictate and give orders and favors to our citizens. Still worse, they do have a real inherent power. Their inherent power is that of all bureaucracy to lay its paralyzing hand more and more heavily upon free men. They rush headlong into its phantasies of the millennium and send the bills to the Treasury.

If you want to see pure Fascism mixed with give-away programs, take a look into the Brannan plan.

If you want to see pure Socialism mixed with give-away programs, take a look at socialized medicine and socialized electrical power.

Man was created somewhat lower than the angels, but to him the Creator gave the right to plan his own life, to dare his own adventure, to earn his own reward so long as he does no harm to his fellows.

Either we shall have a society based upon ordered liberty and the creative energy of free men or we shall have a dictated society.

I have said before now that there are immutable principles which neither the rigors of depression nor the tricks of inherent powers, nor lost statesmanship, nor wars, nor New Dealers, nor militarists can change. These immutable principles came into the universe along with the shooting stars of which worlds are made, and they have always been and ever will be true. Such are the presence of God, the laws of gravitation, and the ceaseless struggle of mankind to be free.

Shall we keep that faith? Must we condemn unborn generations to fight again and to die for the right to be free?

Our Tragic Foreign Policy

For nearly 40 years I have had need to deal with international relations. I would be less than frank if on this, my last address to you, I did not speak from my heart and from that hard experience. And I can relieve all candidates of embarrassment by stating in their behalf at once that these are my views alone.

And if I seem to stress our foreign policies, I do so because within them lies the future of freedom of men and women in America. And because in the first World War I witnessed the Communists give rebirth to slavery on earth. One Democratic and three Republican Presidents refused to recognize their government and thus admit their official agents into our household.

Over those years, I have known of a long roll of good men and women in many foreign lands, with whom I worked in intimacy to save their starving peoples, who died in Communist dungeons or dangled at the end of the hangman's rope.

For years I have protested the lost statesmanship of dealing with them would drag the world into great calamities. However, there is no satisfaction in having been proved right by disasters to the American people.

Until 20 years ago our dedication to free men was admired and aspired to by all mankind. The undertakings of our government were trusted throughout the whole earth. Today, that respect and trust have been blemished by a hundred actions.

Twelve years ago we were led into a great war crusade on the promise of freedom to men and to nations under the banner of the Four Freedoms and the Atlantic Charter. Then, at Teheran, Yalta and Potsdam, we sacrificed the freedom of 650 millions of human beings on the altar of appeasement to Communism. The souls of one-quarter of mankind have been seared by the violation of that American promise. The ghosts of the Four Freedoms and the Atlantic Charter now wander amid the clanking chains of a thousand slave camps.

Where have we arrived after this war crusade for freedom? I need not remind you that we lost the peace despite the valor and the sacrifice of our manhood on a hundred battlefields. Our bewildered statesmanship has brought no return from the sacrifices and the tears of millions of mothers and wives. There is less freedom in the world today than at any time for a whole century. Have our foreign policies over those years been a success? They certainly did not make free men.

Our opponents frequently remind me that this is all in the past. The past is the father of right now. And we have to deal with the menace they created.

Nurtured by policies participated in by our government and by Communists in the highest echelons of our Washington Administration, the Kremlin now cracks its whip over a horde of 800 million people. They are now armed with 300 divisions, 30,000 tanks and 20,000 war planes. American and British traitors have given them the atomic bomb.

Our need today is a cold and objective look at where we have got to both abroad and within the United States under the Truman-Acheson foreign and military policies dealing with the Communists.

Time tonight only permits me to appraise where we have got to on three major fronts. That is Korea, Western Europe and the United States. And I shall add some constructive alternatives.

Korea and Continental Europe

The situation in Korea was born at Yalta and nourished by American support of so-called "agrarian liberals" in China.

We joined with more than two-score of non-Communist members of the United Nations to defeat this Communist aggression. But we find ourselves furnishing 90% of the military forces sent there and taking 90% of the losses.

America's price so far is 120,000 dead, wounded and sick with 300,000 of our youth still fighting.

Gen. MacArthur well said that in war there is no substitute for victory. Instead of victory, the Administration substituted appeasement on the 38th Parallel, just where we started from. After 12 months of negotiations, the Communists so far do not seem to want to be appeased. In the meantime, they have so increased their forces that the military initiative is now in their hands. The end is not yet.

But can any one say these policies in Korea have been a great success?

We may also take a cold look at the second major area of the Truman-Acheson policies. That is —Western Europe.

Beginning six years ago with an unrepayable loan of over $3 billion to Britain, the Administration has poured $35 billion into Europe trying to build up their will power, their military strength and furnishing them an American ground army.

For six years we have listened to a multitude of plans, agreements, pronouncements and promises of great European armies. What is the net result of these efforts?

Three years ago, with the signing of the North Atlantic Pact, we were again told that great ground armies would at last spring up on that continent. And to pass that treaty, a pledge was given to the Senate by the Administration that we would not contribute more ground troops to Europe. Then we shipped them 200,000 more American boys.

Three years after the Atlantic Pact, in February of this year, there was another conference at Lisbon. It was impressively announced that by the end of this year there would be, exclusive of American and British divisions, an army of about 15 battle-worthy and 25 reserve divisions in Europe.

The London "Times," commenting on the Lisbon agreement, published an editorial entitled "A Phantom Army," The "Times" pointed out that even this small army could not possibly be ready in 1952.

Six weeks ago we witnessed the signing of a step toward freedom of Western Germany. That was a good deed. A few days later we saw the signing of the European Defense Community treaty by six continental nations. That will be advance in European unity provided it is ratified by six distracted Parliaments. But it was announced in the New York "Times" of May 28 that, by a secret agreement, these six nations would by 1954 or 1955, create 55 divisions of which 15 would be reserve divisions.

Aside from American and British divisions, this European army seems determined to keep its phantom quality.

Can anyone say that this size army even three years hence is any real deterrent in a ground war to the already six-times-greater forces of the Communist horde? Or that it could even avert a Dunkerque of the six American divisions we have placed there?

Compare this promised 50-odd-division army three years hence with the 160 effective divisions these same six Western European nations, comprising 160 million people, put in the field within 60 days in both World War I and World War II. Today their manpower and productive capacity is greater than in either of those wars. The potential is there, but we must by now realize that the will is lacking.

The only other explanation of their attitude is that these six nations of Western Europe have no stirring belief in present danger. We have heard no clamor from these countries to spend their lives, their fortunes or their sacred honor to defend their liberties. They have proclaimed no such emergencies, carried on no such propaganda of peril nor stimulated such war psychoses as have emanated from Washington, D. C.

Can any one honestly say that these policies of making great ground armies in Western Europe have been a great success?

Results of "Tax and Spend" Policy

Now let us take a cold look at the economic and social effect of these Administration policies on the United States. It is no news to you that the Federal and local governments are spending about 35% of the National income. That is more than any nation can bear.

I have long had great sympathy for the humble decimal point. He has to jump three zeros every little while. He had to make three jumps to punctuate our present deficit.

We do not need to look far to find the blazing proof in our midst that we cannot carry this economic burden.

If you think these policies are not producing an inflation which is wrecking American lives, just recall but a few things: Already after this six years of these Washington policies the American worker must have an annual income of $4,500 today to live as well as he did on $3,000 six years ago. If this does not convince you, look about you at the necessary round of wage increases going on today which means you can buy less with your money tomorrow.

Look around you and you will see millions who have earned pensions or saved to protect their old age being reduced to the tragedy of want.

Look still further and you will find not only inflation but that the intolerable taxes stifle initiative and are driving millions of our people to become more and more dependent upon the government.

Look again and you will find this tax-and-spend used as a vehicle to mix collectivism into American life.

You can look even more deeply. No government can spend such sums of money and not corrupt the spenders. And no government can levy such taxes without breeding a horde of tax dodgers and bribers.

Do you want to go on with this spending, inflation and corruption?

If free men are to survive in America, we must reduce spending and taxes. It is true we can make some cuts in spending by stopping waste, corruption and private privilege. But the total of all such reductions would not even reduce the prospective budget deficit by one-half. To say nothing of stopping inflation or reducing taxes.

It is not enough just to say we will balance the budget and reduce taxes. Or to say we will do it some years hence. We must face the grim reality of how and where to do it now.

The reality is that we cannot ever balance the budget and reduce taxes except by cutting into this military and foreign spending.

To find this how and where, and still do our part in the world, we must take a new look into these military policies.

The Administration and the Pentagon have been building up four gigantic military programs. First, they insist upon huge ground armies; second, naval forces; third, air forces, and fourth, munitions and cash subsidies to other nations. And now they propose to add huge numbers to these armies by compulsory universal military service. All this step-by-step building of great ground armies is the road to militarism. That is at its base a threat to all freedoms. That has brought ruin to freedom ever since Rome. That wrecked Germany and Japan.

Military Strength Not in Large Ground Armies

Moreover, the military strength of America does not lie today in great ground armies.

How many mistakes do we have to make before we learn that our genius lies in the invention, production and operation of great weapons? Our future is in these great weapons, not in bayonets. And we can furnish these great weapons to nations who have the will to defend themselves.

Lest you think the Pentagon is not determined on bayonets, I may mention their bulletin of Feb. 1 of this year which I quote. They say:

"The individual rifleman is the most effective and the most essential weapon against the enemy. All other services exist to support the infantry soldier."

All Americans wish to see civilization preserved in Western Europe.

But we must recognize their lack of will in preparedness which might have been a deterrent to Communist aggression. Therefore, we must determine what real deterrent America can furnish within our economic and man-power capacities.

The effective deterrent which American resources can contribute is not bayonets against overwhelming land forces, but the expansion of air power and navies to make up a great striking force, which could destroy the Communist military potential if they started any aggression anywhere. And this striking force, naturally, includes strategic bases with a stretch of water in front of them over which Communist armies cannot pass our Navy.

It is asserted today that our Air Force is now inferior to that of

Russia. Yet simply as an example we could add one-half more to our air strength and maintain it at less cost than we can recruit, train, arm, and maintain ten divisions of ground troops. And those planes, so essential to our own safety, would be a far better defense of Europe.

The American people will start no wars. But the sure defense of New York, London and Paris is the fear of counterattack on Moscow by air. The Kremlin will not be much frightened over an American ground war against their overwhelming forces. In that area of menace the military initiative is on the Communist side today.

Sometime ago when, as a mere civilian, I proposed this alternative program of less armies and an overwhelming striking force at less cost, a yell went up, "Here comes the armchair strategist." But promptly this proposal was supported by seven of our most distinguished retired Army, Navy and Air officers. It was supported by six of our most seasoned diplomats.

Such a program would restore the advantage of military initiative to us.

It would extend our effectiveness to aid all menaced countries.

It would assure American youth that their lives will not be widely interrupted and that they will not be sent into the overwhelming Communist quicksands.

It would enable us to stop this creeping Fascism and Socialism.

It would balance our budget and start to cut our taxes.

It would avoid our bankruptcy, which is Stalin's greatest hope.

It has been said that in these evil times peace can be preserved only through strength. That is true. But the center and final reserve of strength of the free world lies now in the Western Hemisphere. I am not ashamed to say that our first duty is to defend the United States. For if we fall, the freedom of men falls in the whole world.

A Reconsideration of Policies Needed

What I propose is an entire reconsideration of these policies based on the realities which have today developed both in the United States and abroad.

I do not propose that we retreat into our shell like a turtle. I do propose the deadly reprisal strategy of a rattlesnake.

The way out from the perils, begotten from this 12 years of lost statesmanship, is not easy. Certainly sane policies cannot be made amid college yells of "isolationist" or "internationalist," nor by smears and slanted news which are the ugly instruments of those who would dictate.

The Republican party must not blink at the other many difficulties of the times and the other tasks before us. Our party welcomes change in the social and economic order when it will produce a more fair, a more free and more satisfying civilization. But change which destroys the safeguards of free men and women will be only an apple of Sodom. Again I may say I have great sympathy for those who honestly seek for shortcuts to solve our complex problems. But the structure of betterment can only be built brick by brick by men and women free in spirit and mind. The bricks must come from the mould of religious faith, of justice, of integrity, of fidelity to the spirit of the Constitution. Any other mould is distorted; any other bricks are without straw.

This election may well be the last chance for the survival of freedom in America.

In a time of confusion and crisis the action of a Republican convention 90 years ago saved this nation for free men.

The Whig party temporized, compromised upon the issue of freedom for the Negro. That party disappeared. It deserved to disappear. Shall the Republican party receive or deserve any better fate if it compromises upon the issue of freedom for all men, white as well as black?

If you make free men your issue, you can again revive the call which your and my ancestors issued 90 years ago when this party was born to make all men free.

Also, there was a convention in 1776. Their declaration stirred the world with its ringing appeal for free men, its righteous recital of transgressions and its pledge of life, fortune and sacred honor.

America needs today a new declaration that will raise the hearts of our people to their spiritual purpose and their eyes into the sunlight of freedom.

Its first sentence should read: "The Republican party is determined to restore free men in the United States."

That declaration really needs nothing more to revive again hope in a frustrated people.

That is your great issue.

Yours is the task to stop this retreat; to lead the attack and recapture the citadels of liberty in the United States. Thus can America be preserved. Thus can it hold the lamp of free men aloft to a confused world. Thus can we wipe out coercion and corruption. Thus can the peace, plenty, and security be reestablished and expanded. Thus can the opportunity and the spiritual future of your children be guaranteed. And thus you will win the gratitude of posterity, and the blessing of Almighty God.

In my opening remarks I stated that from the inexorable course of nature, this is most likely the last time I will have the honor of attending your conventions. Therefore, in closing, I wish to express my deep gratitude to this great party you represent, for many honors you have bestowed upon me. If I have won some measure of your affections, it is a high reward. But the greatest glory that can come to man is to be given the opportunity to fight for free men. And I shall continue the fight for those principles which made the United States the greatest gift of God to freedom. I prayed to him to strengthen your hands and give you courage.

Continued from page 5

The State of Trade and Industry

government efforts some high-priority steel that had been strikebound was moved out to consumers. The result: It'll take 10 days to two weeks to get a full flow of steel started toward the users.

Continuing, it states, work resumption in the steel mills will set off clamors for preference in deliveries. Don't be suprised if the government requires that high-priority defense orders be given first attention. This would cause a further delay in replenishment of steel stocks of civilian goods producers.

Easing the strike's impact on metalworking plants, this trade publication observes, are their shutdowns now for a week or two of summer vacations.

Up to Monday the steel loss from the steelworkers' work stoppages this year was 10,933,000 tons, the American Iron & Steel Institute calculates.

Production in unstruck plants rose one-half point last week to 12.5% of capacity. This rate was equivalent to 260,000 net tons.

The steel work stoppages not only have disrupted production but they have delayed completion of steel industry expansion projects. This was to have been the big year for bringing new capacity into operation, "Steel" notes.

As the strike wore on it intensified the shortage of steel bars and plates, the most difficult of all steel products to get. It's likely some producers will be unable to take any more orders for this year's delivery of bars and plates. The supply stringency will be felt in varying degrees on other steel products too. Indicative of the increasing concern over steel supplies is the move by consumers to snap up offers of off-grade sheet and strip, this magazine points out. In contrast, the grades of silicon sheets used in fractional horsepower motors for appliances will be in fairly easy supply because of the lagging sales of appliances.

The American Iron and Steel Institute announced that the operating rate of steel companies having 93% of the steelmaking capacity for the entire industry will be at 14.8% of capacity for the week beginning July 7, 1952, equivalent to 307,000 tons of ingots and steel for castings. In the week starting June 30, the rate was 13.3% of capacity (revised) and output totaled 277,000 tons.

A month ago output stood at 12.2%, or 254,000 tons.

Car Loadings Advance Due to Heavier Grain and Coal Shipments

Loadings of revenue freight for the week ended June 28, 1952, which were affected by the steel strike, totaled 649,172 cars, according to the Association of American Railroads, representing an increase of 5,312, or 0.8% above the preceding week, due in the main to the increase that took place in the loading of grain and coal.

The week's total represented a decrease of 172,443 cars, or 21.0% below the corresponding week a year ago, and a decrease of 134,348 cars, or 17.1% below the comparabel period in 1950.

Electric Output Recedes Due to Independence Day Holiday

The amount of electric energy distributed by the electric light and power industry for the week ended July 5, 1952, was estimated at 6,452,959,000 kwh., according to the Edison Electric Institute.

The current total was 864,858,000 kwh. below that of the preceding week when output amounted to 7,317,817,000 kwh. It was 375,882,000 kwh., or 6.2% above the total output for the week ended July 7, 1951, and 1,073,035,000 kwh. in excess of the output reported for the corresponding period two years ago.

United States Auto Output Curtailed by Steel Shortages and Independence Day Closing

Passenger car production in the United States the past week, according to "Ward's Automotive Reports," totaled 64,400 units, compared with the previous week's total of 92,379 (revised) units, and 71,597 units in the like week a year ago.

Total output for the past week was made up of 64,400 cars and 16,150 trucks built in the United States against 92,379 cars and 23,889 trucks (revised) last week and 71,597 cars and 20,252 trucks in the comparable period a year ago.

Canadian output last week was placed at 4,444 cars and 2,058 trucks. In the preceding week 5,488 cars and 2,581 trucks were built. In the like week last year 4,480 cars and 1,758 trucks were built.

Business Failures Show Sizable Declines

Commercial and industrial failures declined to 131 in the week ended July 3 from 163 in the preceding week, Dun & Bradstreet, Inc., reports. Despite this dip, casualties were heavier than a year ago when 129 occurred, but fell slightly below the 1950 total of 138. Continuing below the prewar level, failures were down 37% from the 208 in the comparable week of 1939.

Wholesale Food Price Index Makes Sharp Advance in Latest Week

Following a two-week decline, the wholesale food price index, compiled by Dun & Bradstreet, Inc., moved sharply higher last week to stand at $6.45 on July 1. This was up 0.9% over last week's $6.39, but showed a drop of 7.9% as compared with last year's $7.00.

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 in Latest Week Drops to Lowest Level Since Mid-October 1950

The general commodity price level continued sharply downward last week, bringing the Dun & Bradstreet daily wholesale commodity price index to the lowest since mid-October 1950. The index closed at 290.21 on July 1, as compared with 291.35 a week previous, and 311.70 on the corresponding date last year.

Grain price movements continued irregular last week with wheat declining sharply toward the end of the period. Weakness in the bread cereal was due to liquidation induced by heavy rains in the Spring wheat Northwest, combined with large receipts of cash grain at southwestern terminal markets as a result of the rapid progress being made in harvesting the new crop. Export business in wheat continued rather slow.

The Department of Agriculture reported production prospects indicating wheat supplies for the 1952-1953 marketing year at about 1,606,000,000 bushels, or slightly above the record of 1,601,000,000 bushels of 10 years ago. Corn displayed independent strength on the belief that the CCC would cut down on its marketings of surplus corn in July.

Cotton prices trended lower the past week largely influenced by the rejection by the Senate Agriculture Committee of the Abernathy Bill providing for an increase in the cotton loan rate and reports of favorable progress of the crop. Export demand for cotton continued light. Interest in new crop cotton showed improvement, and a moderate volume of forward sales, chiefly to domestic mills, was reported. Trading in the ten spot markets was active, totaling 70,400 bales for the week, against 69,400 last week, and 39,600 in the like 1951 week.

Trade Volume Improved by Good Weather, Sales Promotions and Extended Credit Terms

As pleasant weather came to many parts of the nation, the recent rise in retail trade, which was interrupted by the sweltering heat of the prior week, resumed in the period ended on Wednesday of last week. The vacation preparations of many shoppers helped lift retail sales volume. Reduced-price promotions, extended credit terms and shopping hours helped many retail stores to top the sales figures of a year ago.

Retail dollar volume the past week was estimated to be from unchanged to 4% higher than a year earlier. Regional estimates varied from the corresponding 1951 levels by the following percentages: New England +1 to +5; East and Midwest —2 to +2; Northwest and Southwest +2 to +6; South and Pacific +3 to +7.

This, the largest year-to-year gain in 10 weeks, was mainly attributable to the fact that the corresponding week a year ago contained one less shopping day.

Apparel continued to be the most popular item with most shoppers. Among the items in increased demand were beachwear, lightweight dresses and slacks, casual shoes, and men's shirts. Shoppers' interest rose steadily in anticipation of the holiday.

The buying of food held at the somewhat reduced level of the prior week but housewives continued to spend slightly more for food than in the corresponding 1951 week.

The consumer interest in household goods did not vary appreciably last week; it continued to be palpably below the high level of a year ago. However, the purchasing of some goods, especially air-conditioners, fans, automobile supplies, freezers, gained steadily. More hardware and decorating materials were sold than a year ago.

Trading activity in many wholesale markets narrowed seasonally in the week. Vacation schedules and between-season lulls reduced ordering in many lines. The total dollar volume of wholesale orders did not vary markedly from the level of a year ago but was about 10% below the all-time high reached in the early part of last year when international tension led many buyers to add substantially to their stocks.

Department store sales on a countrywide basis, as taken from the Federal Reserve Board's index for the week ended June 28, 1952, rose 1% above the like period of last year. In the preceding week a gain of 6% was registered from the like period a year ago. For the four weeks ended June 28, 1952, sales rose 5%. For the period Jan. 1 to June 28, 1952, department store sales registered a decline of 3% below the like period of the preceding year.

Retail trade in New York last week continued to suffer an unfavorable comparison with the like period a year ago, as a consequence of the price war then being waged. The drop for the latest week was placed at 15%.

According to the Federal Reserve Board's index, department store sales in New York City for the weekly period ended June 28, 1952, decreased 14% below the like period of last year. In the preceding week a decline of 10% was recorded from that of the similar week of 1951, while for the four weeks ended June 28, 1952, a decrease of 12% was registered below the level of a year ago. For the period Jan. 1 to June 28, 1952, volume declined 10% under the like period of the preceding year.

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)	July 13	14.8	13.3	12.2	101.5
Equivalent to—					
Steel ingots and castings (net tons)	July 13	307,000	277,000	254,000	2,029,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	June 28	6,153,050	6,155,000	†	6,180,550
Crude runs to stills—daily average (bbls.)	June 28	¶6,949,000	6,805,000	5,573,000	6,595,000
Gasoline output (bbls.)	June 28	22,772,000	22,258,000	17,751,000	21,828,000
Kerosene output (bbls.)	June 28	2,409,000	2,179,000	1,812,000	2,080,000
Distillate fuel oil output (bbls.)	June 28	10,066,000	10,387,000	7,578,000	8,732,000
Residual fuel oil output (bbls.)	June 28	8,987,000	8,595,000	7,851,000	9,036,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished and unfinished gasoline (bbls.) at	June 28	120,902,000	121,613,000	121,894,000	136,355,000
Kerosene (bbls.) at	June 28	22,338,000	21,865,000	19,050,000	26,271,000
Distillate fuel oil (bbls.) at	June 28	64,143,000	60,905,000	50,966,000	70,001,000
Residual fuel oil (bbls.) at	June 28	44,972,000	42,822,000	38,523,000	42,046,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	June 28	649,172	643,860	697,026	821,615
Revenue freight received from connections (no. of cars)	June 28	576,503	570,570	615,824	688,042
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	July 3	$223,205,000	$365,117,000	$225,917,000	$404,655,000
Private construction	July 3	83,968,000	202,536,000	106,855,000	88,093,000
Public construction	July 3	139,237,000	162,581,000	119,062,000	316,562,000
State and municipal	July 3	96,127,000	114,564,000	99,733,000	165,609,000
Federal	July 3	43,110,000	48,017,000	19,329,000	150,953,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	June 28	8,670,000	*7,880,000	8,395,000	10,481,000
Pennsylvania anthracite (tons)	June 28	867,000	739,000	711,000	986,000
Beehive coke (tons)	June 28	20,800	*17,900	95,600	154,500
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	June 28	91	98	97	89
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	July 5	6,452,959	7,317,817	7,005,066	6,077,077
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	July 3	131	163	120	129
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	July 1	4.131c	4.131c	4.131c	4.131c
Pig iron (per gross ton)	July 1	$52.77	$52.77	$52.77	$52.69
Scrap steel (per gross ton)	July 1	$39.17	$30.50	$42.00	$43.00
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	July 2	24.200c	24.200c	24.200c	24.200c
Export refinery at	July 2	35.975c	35.700c	30.325c	27.425c
Straits tin (New York) at	July 2	121.500c	121.500c	121.500c	106.000c
Lead (New York) at	July 2	16.000c	16.000c	15.000c	17.000c
Lead (St. Louis) at	July 2	15.800c	15.800c	14.800c	16.800c
Zinc (East St. Louis) at	July 2	15.000c	15.000c	17.500c	17.500c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	July 8	98.20	98.32	98.14	97.39
Average corporate	July 8	109.97	109.97	110.15	109.42
Aaa	July 8	114.08	114.27	114.46	113.89
Aa	July 8	112.56	112.56	112.93	112.56
A	July 8	109.79	109.60	109.42	108.52
Baa	July 8	104.14	104.14	104.14	103.30
Railroad Group	July 8	107.27	107.09	107.44	106.39
Public Utilities Group	July 8	109.60	109.60	109.60	108.70
Industrials Group	July 8	113.50	113.50	113.50	113.31
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	July 8	2.62	2.61	2.62	2.67
Average corporate	July 8	3.17	3.17	3.16	3.20
Aaa	July 8	2.95	2.94	2.93	2.96
Aa	July 8	3.03	3.03	3.01	3.03
A	July 8	3.18	3.19	3.20	3.25
Baa	July 8	3.50	3.50	3.50	3.55
Railroad Group	July 8	3.32	3.32	3.31	3.37
Public Utilities Group	July 8	3.19	3.19	3.19	3.24
Industrials Group	July 8	2.98	2.98	2.98	2.99
MOODY'S COMMODITY INDEX	July 8	437.3	434.8	436.5	481.9
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	June 28	180,413	191,104	200,761	221,045
Production (tons)	June 28	200,421	210,043	188,938	244,242
Percentage of activity	June 28	82	85	79	103
Unfilled orders (tons) at end of period	June 28	352,864	374,791	374,989	547,963
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE = 100	July 4	110.57	109.67	109.20	117.00
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	June 21	22,041	25,800	25,196	27,026
Number of shares	June 21	642,683	717,829	699,578	750,440
Dollar value	June 21	$30,043,027	$37,526,319	$32,751,152	$34,973,167
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	June 21	20,045	21,888	22,119	22,709
Customers' short sales	June 21	85	99	99	176
Customers' other sales	June 21	19,960	21,789	22,020	22,533
Number of shares—Total sales	June 21	556,715	603,346	595,457	606,741
Customers' short sales	June 21	3,259	3,128	3,493	6,654
Customers' other sales	June 21	553,456	600,218	591,964	600,087
Dollar value	June 21	$23,403,151	$25,152,770	$24,761,429	$26,320,496
Round-lot sales by dealers—					
Number of shares—Total sales	June 21	157,230	182,200	164,050	176,020
Short sales	June 21	------	------	------	------
Other sales	June 21	157,230	182,200	164,050	176,020
Round-lot purchases by dealers—					
Number of shares	June 21	238,520	299,390	279,840	291,140
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	June 14	198,080	258,050	180,610	322,080
Other sales	June 14	6,714,090	6,353,400	6,668,120	6,245,740
Total sales	June 14	6,912,170	6,611,450	5,848,730	6,567,820
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS					
Transactions of specialists in stocks in which registered—					
Total purchases	June 14	615,180	695,140	487,710	730,810
Short sales	June 14	109,120	124,880	100,680	148,660
Other sales	June 14	506,460	540,770	396,710	506,570
Total sales	June 14	615,580	665,650	497,390	655,230
Other transactions initiated on the floor—					
Total purchases	June 14	126,100	165,650	72,850	176,600
Short sales	June 14	3,400	9,000	3,400	23,700
Other sales	June 14	195,750	154,760	118,900	162,040
Total sales	June 14	199,150	163,760	122,300	185,740
Other transactions initiated off the floor—					
Total purchases	June 14	260,698	256,129	180,410	251,627
Short sales	June 14	32,060	62,750	37,000	71,780
Other sales	June 14	366,866	322,790	275,844	280,485
Total sales	June 14	398,926	385,540	312,844	352,265
Total round-lot transactions for account of members—					
Total purchases	June 14	1,001,978	1,116,919	740,970	1,159,037
Short sales	June 14	144,580	196,630	141,080	244,140
Other sales	June 14	1,069,076	1,018,320	791,454	949,095
Total sales	June 14	1,213,656	1,214,950	932,534	1,193,235
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR—(1947-49 = 100):					
Commodity Group—					
All commodities	July 1	110.7	110.7	111.5	------
Farm products	July 1	107.7	105.5	109.7	------
Processed foods	July 1	108.0	108.2	109.2	------
Meats	July 1	110.1	110.9	115.5	------
All commodities other than farm and foods	July 1	111.9	112.3	112.4	------

*Revised. ¶Includes 574,000 barrels of foreign crude runs. †Was not available due to oil strike.

	Latest Month	Previous Month	Year Ago
AMERICAN PETROLEUM INSTITUTE—Month of April:			
Total domestic production (bbls. of 42 gallons each)	210,799,000	216,752,000	200,508,000
Domestic crude oil output (bbls.)	192,882,000	198,028,000	183,800,000
Natural gasoline output (bbls.)	17,878,000	18,709,000	16,702,000
Benzol output (bbls.)	39,000	15,000	6,000
Crude oil imports (bbls.)	16,170,000	15,817,000	15,319,000
Refined products imports (bbls.)	11,498,000	13,534,000	10,978,000
Indicated consumption domestic and export (bbls.)	228,884,000	238,409,000	213,605,000
Increase all stock (bbls.)	9,583,000	7,694,000	13,200,000
BUSINESS INCORPORATIONS (NEW) IN THE UNITED STATES—DUN & BRADSTREET, INC.—Month of May	7,915	8,284	7,544
CASH DIVIDENDS — PUBLICLY REPORTED BY U. S. CORPORATIONS — U. S. DEPARTMENT OF COMMERCE — Month of May (000's omitted)	$234,000	------	$200,500
COTTON AND LINTERS — DEPT. OF COMMERCE — RUNNING BALES:			
Lint—Consumed month of May	686,697	847,444	832,561
In consuming establishments as of May 31	1,421,916	1,574,399	2,078,052
In public storage as of May 31	2,424,739	3,044,205	1,636,254
Linters—Consumed month of May	96,607	98,494	114,912
In consuming establishments as of May 31	245,067	263,202	249,704
In public storage as of May 31	114,883	133,386	104,528
Cotton spindles active as of May 31	19,513,000	19,613,000	20,522,000
COTTON SPINNING (DEPT. OF COMMERCE):			
Spinning spindles in place on May 31	23,204,000	23,163,000	23,133,000
Spinning spindles active on May 31	19,513,000	19,613,000	20,522,000
Active spindle hours, (000's omitted) May	7,532,000	9,948,000	9,763,000
Active spindle hrs. per spindle in place May	415.9	424.3	533.3
DEPARTMENT STORE SALES (FEDERAL RESERVE SYSTEM—(1947-49 Average=100) Month of May:			
Adjusted for seasonal variations	107	*103	104
Without seasonal adjustment	106	*103	103
METAL PRICES (E. & M. J. QUOTATIONS)— Average for month of June:			
Copper (per pound)—			
Electrolytic domestic refinery	24.200c	24.200c	24.200c
Electrolytic export refinery	34.586c	27.908c	27.374c
Lead (per pound)—			
Common, New York	15.257c	15.731c	17.000c
Common, St. Louis	15.051c	15.531c	16.800c
Silver and Sterling Exchange—			
Silver, New York (per ounce)	82.750c	85.405c	88.439c
Silver, London (pence per ounce)	72.500d	74.761d	77.071d
Sterling Exchange (Check)	$2.78604	$2.80063	$2.80000
Zinc (per pound)—East St. Louis	15.740c	19.500c	17.500c
Tin (per pound)—			
New York Straits	121.500c	121.500c	117.962c
§§New York, 99% min.	120.500c	120.500c	116.962c
Gold (per ounce, U. S. price)	$35.000	$35.000	$35.000
Quicksilver (per flask of 76 pounds)	$195.240	$199.615	$210.000
¶Antimony (per pound) (E. & M. J.)	42.470c	45.542c	45.300c
Antimony (per pound) bulk, Laredo	39.000c	42.077c	42.000c
Antimony (per pound) in cases, Laredo	39.500c	42.577c	42.500c
Platinum, refined (per ounce)	$90.000	$90.000	$90.000
†Cadmium (per pound)	$2.25000	$2.38846	$2.55000
‡Cadmium (per pound)	$2.32500	$2.48654	$2.67500
§Cadmium (per pound)	$2.40000	$2.58462	$2.80000
Cobalt, 97%	$2.40000	$2.40000	$2.10000
Aluminum, 99% plus, ingot (per pound)	19.000c	19.000c	19.000c
Magnesium, ingot (per pound)	24.500c	24.500c	24.500c
**Nickel	56.500c	56.500c	56.500c
MOODY'S WEIGHTED AVERAGE YIELD OF 200 COMMON STOCKS—Month of June:			
Industrial (125)	5.48	5.73	6.79
Railroad (25)	5.64	5.87	7.03
††Utilities (24)	5.51	5.53	5.90
Banks (15)	4.56	4.57	4.86
Insurance (10)	3.18	3.30	3.48
Average (200)	5.45	5.65	6.55
MOTOR VEHICLE FACTORY SALES FROM PLANTS IN U. S. (AUTOMOBILE MANUFACTURERS ASSN.)—Month of April:			
Total number of vehicles	503,845	529,585	652,727
Number of passenger cars	397,836	416,155	511,938
Number of motor trucks	105,586	112,833	140,047
Number of motor coaches	423	597	742
NON-FARM REAL ESTATE FORECLOSURES—FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION—			
Month of March	1,562	1,367	1,625
PORTLAND CEMENT (BUREAU OF MINES)—Month of May:			
Production (barrels)	21,829,000	19,817,000	21,924,000
Shipments from mills (barrels)	23,282,000	21,764,000	24,867,000
Stocks (at end of month—barrels)	23,219,000	24,675,000	19,566,000
Capacity used	92%	86%	96%
REAL ESTATE FINANCING IN NONFARM AREAS OF U. S. — FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION —Month of April (000's omitted):			
Savings and loan associations	$539,834	$494,321	$445,701
Insurance companies	114,162	118,446	145,741
Bank and trust companies	293,095	282,830	280,411
Mutual savings banks	81,329	71,410	79,326
Individuals	234,945	223,840	209,854
Miscellaneous lending institutions	218,796	202,470	209,815
Total	$1,482,161	$1,393,317	$1,370,848
SELECTED INCOME ITEMS OF U. S. CLASS I RYS. (Interstate Commerce Commission) —Month of March:			
Net railway operating income	$76,638,822	$75,894,507	$80,312,072
Other income	16,899,372	16,279,736	19,916,987
Total income	93,538,194	92,174,243	100,229,059
Miscellaneous deductions from income	4,041,112	4,312,477	8,759,387
Income available for fixed charges	89,497,082	87,861,766	91,469,672
Income after fixed charges	53,133,419	52,154,361	56,364,244
Other deductions	2,894,617	2,910,608	3,038,023
Net income	50,238,802	49,243,753	53,326,221
Depreciation (way & structures & equip.)	39,675,956	38,835,544	38,973,617
Amortization of defense projects	------	------	------
Federal income taxes	55,343,676	52,343,847	48,335,174
Dividend appropriations:			
On common stock	18,745,474	28,196,207	22,577,275
On preferred stock	3,720,306	16,419,143	5,550,476
Ratio of income to fixed charges	2.46	2.46	2.61

*Revised figure. †Based on the producers' quotation. ‡Based on the average of the producers' and platers' quotations. §Based on platers' quotations. ¶Domestic, five tons or more but less than carload lot packed in cases, f.o.b. New York. **F.O.B. Port Colburne, N. S., U. S. duty included. §§Tin contained. ‡‡Decrease all stocks. ††Not including Amer. Tel. & Tel.

Securities Now in Registration

★ INDICATES ADDITIONS SINCE PREVIOUS ISSUE
● ITEMS REVISED

Abbott Laboratories, Chicago, Ill.
June 26 filed not to exceed $655,000 "participations in the Abbott Laboratories Stock Bonus Plan," and 200,000 shares of common stock to be offered to key employees of the company under a stock option plan.

Admiral Corp., Chicago, Ill.
June 2 filed 41,669 shares of capital stock (par $1) being 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. This exchange offer will expire on Aug. 30. **Dealer-Manager**—Dempsey & Co., Chicago, Ill. Statement effective June 19.

Aegis Casualty Insurance Co., Denver, Colo.
June 4 (letter of notification) 75,000 shares of common stock (par $1). **Price**—$2 per share. **Proceeds**—To expand insurance business. **Office**—Suite 702, E. & C. Building, 930 17th Street, Denver 2, Colo. **Underwriter**—Aegis Corp., Denver, Colo.

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 Investment Co. of Illinois
May 16 filed 100,000 shares of cumulative prior preferred stock (par $100) later reduced to 50,000 shares by amendment. **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. **Offering**—Expected today.

★ **American Mercury Insurance Co.**
June 26 (letter of notification) 99,000 shares of common stock (par $1), to be offered for subscription by stockholders of record about July 3. **Price**—$2 per share. **Proceeds**—For working capital. **Office** — 4220 Connecticut Ave., N. W., Washington, D. C. **Underwriter** — For not exceeding 35,000 shares, Hettleman Corp., New York, N. Y.

American Telephone & Telegraph Co.
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), being 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. **Price**—At par. **Proceeds**—For advances to subsidiary and associated companies. **Underwriter**—None. Statement effective June 9.

Ampal-American Palestine Trading Corp., N. Y.
June 16 filed $5,000,000 of 15-year 4% sinking fund debentures due 1967 and $497,000 of 15-year 4% sinking fund debentures due 1966. **Price**—At par (in denominations of $100 each). **Proceeds**—To purchase equipment and machinery. **Business**—Development of agriculture and commerce in Israel. **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.

Atlantic Refining Co. (7/16)
June 25 filed 1,000,000 shares of common stock (par $10). **Price**—To be supplied by amendment. **Proceeds**—For capital expenditures. **Underwriter**—Smith, Barney & Co., New York.

Bailey Selburn Oil & Gas Ltd. (7/16-17)
June 13 filed 1,000,000 shares of class A stock (par $1-Canadian). **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Office**—Calgary, Alberta, Canada. **Underwriter** — Reynolds & Co., New York, will underwrite 600,000 of the shares in the United States; and McLeod, Young, Weir & Co., Ltd., 40,000 shares in Canada.

Baton Rouge (La.) Water Works Co.
June 18 (letter of notification) 6,314 shares of common stock. **Price**—$42 per share. **Proceeds**—For expansion program. **Office**—131 Lafayette St., Baton Rouge, La. **Underwriter**—None.

★ **Beam (James B.) Distilling Co., Chicago, Ill.**
July 3 (letter of notification) 7,000 shares of common stock (par $2), to be given by Harry Blum, Chairman, to two charities for resale at an estimated $4 per share. **Underwriter**—None.

★ **Beryllium Corp., Reading, Pa.**
July 8 (letter of notification) 81 shares of common stock. **Price**—At market (about $40 per share). **Proceeds**—To holders of scrip certificates for fractional shares. **Underwriter**—None.

● **Blue Ridge Natural Gas & Oil Corp. (7/24)**
June 23 (letter of notification) 1,175,000 shares of common stock (par 10 cents). **Price**—25 cents per share. **Proceeds**—For acquisition of additional leaseholds, for exploration and drilling expenses and working capital. **Office** — Waynesburg, Pa. **Underwriter** — Whitney-Phoenix Co., Inc., New York.

NEW ISSUE CALENDAR

July 14, 1952

Deere & Co. — **Common**
(Harriman Ripley & Co., Inc.)

Peerless Casualty Co. — **Common**
(Geyer & Co.)

July 15, 1952

Chase Chemical Co. — **Common**
(Aigeltinger & Co., Vickers Bros.)

Commonwealth Edison Co., Chicago, Ill. — **Bonds**
(Bids 10:30 a.m. CDT)

Dow Chemical Co. — **Debentures**
(Smith, Barney & Co.)

General Acceptance Corp. — **Debentures**
(Paine, Webber, Jackson & Curtis)

Pubco Development, Inc. — **Common**
(Allen & Co.)

Trans-Canada Petroleums, Ltd. — **Common**
(George F. Breen)

July 16, 1952

Atlantic Refining Co. — **Common**
(Smith, Barney & Co.)

Bailey Selburn Oil & Gas Co., Ltd. — **Common**
(Reynolds & Co. and McLeod, Young, Weir, Inc.)

Community TV Systems, Inc. — **Preferred**
(Singer, Beane & Mackie)

Devon-Leduc Oils, Ltd. — **Bonds**
(McLaughlin, Reuss & Co.)

New York Central RR. — **Equip. Trust Ctfs.**
(Bids noon EDT)

Seaboard Finance Co. — **Preferred**
(The First Boston Corp.)

Suntide Refining Co. — **Debs. & Common**
(Eastman, Dillon & Co.)

Texas Gas Transmission Corp. — **Common**
(Dillon, Read & Co., Inc.)

July 21, 1952

Duquesne Natural Gas Co. — **Common**
(Bioren & Co.; Hourwich & Co.; and C. T. Williams & Co., Inc.)

July 22, 1952

Bryn Mawr Trust Co. — **Common**
(Laird, Bissell & Meeds)

Decca Records, Inc. — **Common**
(Reynolds & Co. and Laurence M. Marks & Co.)

Gulf States Utilities Co. — **Preference**
(Bids noon EDT)

Hammacher, Schlemmer & Co. — **Common**
(3:00 p.m. EDT)

July 23, 1952

Byrd Oil Co. — **Common**
(Dallas Rupe & Son; Carl M. Loeb, Rhoades & Co.; Straus, Blosser & McDowell)

Deere & Co. — **Debentures**
(Harriman Ripley & Co., Inc.)

Leitz (E.), Inc. — **Common**
(Bids 3 p.m. EDT)

McCarthy (Glenn), Inc. — **Common**
(B. V. Christie & Co.)

July 24, 1952

Blue Ridge Natural Gas & Oil Corp. — **Common**
(Whitney-Phoenix Co., Inc.)

Sunshine Packing Corp. of Pa. — **Debentures**
(Weber-Millican Co.)

July 28, 1952

Delta Air Lines, Inc. — **Common**
(Courts & Co.)

July 29, 1952

Pennsylvania Power & Light Co. — **Preferred**
The First Boston and Drexel & Co.)

Russell (F. C.) Co. — **Common**
(McDonald & Co.)

Toklan Royalty Corp. — **Debentures**
(Granbery, Marache & Co. and Burnham & Co.)

August 5, 1952

Chesapeake & Ohio Ry. — **Equip. Trust Ctfs.**
(Bids to be invited)

Pennsylvania Electric Co. — **Bonds & Preferred**
(Bids noon EDT)

September 9, 1952

Arkansas Power & Light Co. — **Bonds**
(Bids to be invited)

● **Byrd Oil Co., Dallas, Texas (7/23)**
June 24 filed 180,000 shares of common stock (par 25 cents) of which 100,000 shares will be for company's account and 80,000 sold for account of certain stockholders. **Price**—To be supplied by amendment. **Proceeds**—For working capital. **Underwriters**—Dallas Rupe & Son, Dallas, Tex.; Carl M. Loeb, Rhoades & Co., New York, and Straus, Blosser & McDowell, Chicago, Ill.

● **Canada General Fund, Inc.**
June 17 filed 1,350,000 shares of capital stock (par $1). **Price** — $10 per share. **Proceeds** — For investment in companies doing business in Canada. **Underwriters**—Bache & Co. and Paine, Webber, Jackson & Curtis of New York. **Business**—Closed-end fund at outset. To become open-end upon completion of financing, when Vance, Sanders & Co., Boston, Mass., will become distributor. **Offering**—Expected this week.

● **Canada General Fund, Inc.**
June 26 filed 500,000 shares of capital stock (par $1). **Price**—At market. **Proceeds**—For investment. **Underwriter**—Vance, Sanders & Co., Boston, Mass. **Business**—Open-end investment company.

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.

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.

Chase Chemical Co. (7/15)
June 23 (letter of notification) 291,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For working capital. **Office**—Newark, N. J. **Underwriters**—Aigeltinger & Co. and Vickers Brothers, both of New York.

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.

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.

Colorado Fuel & Iron Corp.
June 11 filed 39,475 shares of common stock (no par). **Price**—At market. **Proceeds**—To Mt. Oliver & Staunton Coal Co., the selling stockholder. **Underwriter** — None, shares to be sold from time to time on the New York Stock Exchange.

Commonwealth Edison Co., Chicago, Ill. (7/15)
June 19 filed $40,000,000 first mortgage bonds, series O, due July 1, 1982. **Proceeds**—For construction program. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Glore, Forgan & Co.; The First Boston Corp., New York. **Bids**—To be received up to 10:30 a.m. (CDT) on July 15 at 72 West Adams St., Chicago 90, Ill.

● **Community TV Systems, Inc. (Del.) (7/16)**
June 27 (letter of notification) 100,000 shares of 6% cumulative preferred stock (par $1.50) and 100,000 shares of common stock (par 50 cents) to be offered in units of one share of preferred and one share of common stock. **Price**—$2 per unit. **Proceeds**—For general corporate purposes. **Underwriter**—Singer, Beane & Mackie, New York.

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.

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**—

Continued on page 34

Continued from page 33

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.

★ Cro-Plate Co., Inc., Hartford, Conn.
July 1 (letter of notification) 3,400 shares of common stock (par $5) to be offered for subscription by present stockholders on a pro rata basis. **Price**—$24 per share. **Proceeds**—For working capital. **Office**—747 Windsor St., Hartford 5, Conn. **Underwriter**—None.

★ David-Robin, Inc., New York
July 3 (letter of notification) $100,700 of 5-year debentures and 1,060 shares of class A stock (par $5) in units of $950 of debentures and 10 shares of stock. **Price**—$1,000 per unit. **Proceeds**—To complete production of films. **Office**—8 West 40th St., New York 18, N. Y. **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.

Decca Records, Inc. (7/22)
July 2 filed 258,883 shares of capital stock (par 50 cents) to be offered for subscription by stockholders of record July 22 at rate of one new share for each three shares held; rights to expire on Aug. 8. **Price**—To be supplied by amendment. **Proceeds**—To increase stock interest in Universal Pictures Co., Inc. **Underwriters**—Reynolds & Co. and Laurence M. Marks & Co., both of New York.

● Deere & Co., Moline, Ill. (7/14-15)
June 25 filed 691,276 shares of common stock (par $10). **Price**—To be supplied by amendment. **Proceeds**—To reduce bank debt and provide additional working capital. **Underwriter**—Harriman Ripley & Co., Inc., New York.

Deere & Co., Moline, Ill. (7/23)
June 25 filed $50,000,000 of 25-year sinking fund debentures due July 1, 1977. **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans and for expansion program. **Underwriter**—Harriman Ripley & Co. Inc., New York.

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.

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. (7/16-17)
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.
June 18 (letter of notification) 30,000 shares of capital stock (par $1), with warrants to be sold to stockholders and others. **Price**—$3 per share. **Proceeds**—For working capital. **Office** — 545 Fifth Ave., New York 17, N. Y. **Underwriter**—None.

★ Doman Helicopters, Inc.
July 3 (letter of notification) 6,250 warrants to purchase shares of capital stock at $4 per share to be offered in the ratio of one warrant for each four shares purchased under the letter of notification filed on June 2, 1952. The warrants are not exercisable before Aug. 1, 1953, but must be exercised before Aug. 1, 1957. **Price**—$4 per share. **Proceeds**—For working capital. **Underwriter**—None.

Dow Chemical Co. (7/15)
June 24 filed $100,000,000 of convertible debentures due July 1, 1982. **Price**—To be supplied by amendment. **Proceeds** — For expansion program. **Underwriter** — Smith, Barney & Co., New York.

Duggan's Distillers Products Corp.
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. (7/21-26)
May 28 (letter of notification) a maximum of 92,783 shares of common stock (par one cent) to be offered for subscription by stockholders 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). The offering is expected to be made between July 21 and July 26, with rights to expire in four to six weeks. **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.

★ Farm & Home Loan & Discount Co., Phoenix, Ariz.
July 7 filed 1,613,168 shares of class A common stock (par 25 cents) and 2,744,034 shares of class B common stock (par 35 cents), the class A stock to be sold only to policyholders of The Farm & Home Insurance Co. **Price**—At par. **Proceeds**—To increase capital. **Underwriters**—John J. Rhodes and James E. McNelis, officers and directors of the two companies.

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.

Florida Power Corp., St. Petersburg, Fla.
June 6 filed 309,360 shares of common stock (par $7.50) being offered for subscription by common stockholders of record June 30 at rate of one new share for each five shares held; rights to expire on July 16. **Price**—$20 per share. **Proceeds**—For new construction. **Underwriters**—Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane, both of New York.

Front Range Uranium, Inc., Denver, Colo.
June 2 (letter of notification) 500,000 shares of common stock (par one cent). **Price**—50 cents per share. **Proceeds**—For exploration and development expenses. **Underwriter**—Vickers Brothers, New York.

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. Statement effective June 13.

General Acceptance Corp., Allentown, Pa. (7/15)
June 24 filed $3,000,000 of 15-year 5% convertible subordinated debentures due July 1, 1967. **Price**—To be supplied by amendment. **Proceeds**—To redeem balance of 15-year 4% convertible subordinated debentures amounting to approximately $753,000 and for working capital. **Underwriter**—Paine, Webber, Jackson & Curtis, New York.

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 5% cumulative convertible preferred stock (par $100) and 50,000 shares of 5% cumulative convertible 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 Public Utilities Corp.
June 4 filed 531,949 shares of common stock (par $5) being offered for subscription by common stockholders of record July 1 on the basis of one new share for each 15 shares held; rights to expire on July 23. Fractional shares will not be issued, but holders will be paid in cash. **Price**—$21 per share. **Proceeds**—To repay notes, invest in common stocks of domestic subsidiaries and for other corporate purposes. **Underwriter**—None. Company to act as its own dealer-manager, with Merrill Lynch, Pierce, Fenner & Beane as clearing agent.

★ Gold Uranium Corp., New York, N. Y.
June 30 (letter of notification) 40,000 shares of common stock. **Price**—15 cents per share. **Proceeds**—To Garner & Co., New York, N. Y. **Office**—60 East 42nd St., New York, N. Y.

★ Gulf Coast Western Oil Co.
July 2 (letter of notification) 12,326.799 shares of common stock (par $1). **Price** — At market (estimated at $1.25 per share. **Proceeds**—To C. M. Neilson, a director, who is the selling stockholder. **Underwriter**—H. I. Josey & Co., Oklahoma City, Okla.

Gulf States Utilities Co. (7/22)
June 17 filed 50,000 shares of cumulative preference stock (par $100). **Proceeds**—To repay bank loans and for construction program. **Underwriters**—To be determined by competitive bidding. Probable bidders: Stone & Webster Securities Corp.; Blyth & Co., Inc.; Lehman Brothers and Equitable Securities Corp. (jointly); Glore, Forgan & Co. and W. C. Langley & Co. (jointly); Lee Higginson Corp. and Carl M. Loeb, Rhoades & Co. (jointly). **Bids**—To be received at noon (EDT) on July 22 at Irving Trust Co., One Wall Street, New York, N. Y.

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.

★ Hill Top Mining & Milling Co., Inc.
June 26 (letter of notification) 800,000 shares of common stock (par 10 cents). **Price**—25 cents per share. **Proceeds**—To increase productions facilities of mine. **Office**—205 Carlson Bldg., Pocatello, Idaho. **Underwriter**—None.

Hixon Placers, Inc., Seattle, Wash.
June 9 filed 787,736 shares of common stock (par 10 cents). **Price**—50 cents per share. **Proceeds**—For mining development, etc. **Underwriter**—None, sales to be made through agents, including officers and directors, who will receive a commission of 10 cents per share sold.

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.

Idaho Maryland Mines Corp.
June 6 filed 200,000 shares of common stock (par $1). **Price**—At market (on the San Francisco Stock Exchange). **Proceeds**—To selling stockholder (Gwendolyn MacBoyle Betchtold, as executrix of the last will and testament of Errol Bechtold, deceased). **Office**—San Francisco, Calif. **Underwriter**—None.

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.

★ Intermountain Associates, Inc., Las Vegas, Nev.
July 1 (letter of notification) 5,000 shares of capital stock. **Price**—At par ($1 per share). **Proceeds**—For buying and selling Government oil leases and fee land leases. **Office**—401 So. Main St., Las Vegas, Nev. **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.

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.

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.

★ Kropp Forge Co., Cicero, Ill.
June 30 (letter of notification) 10,000 shares of common stock (par 33⅓ cents). **Price**—At market (about $4 per share). **Proceeds** — To Roy A. Kropp, Chairman and President. **Office**—5301 W. Roosevelt Rd., Cicero 50, Ill. **Underwriter**—None.

★ Laboratory for Electronics, Inc.
June 27 (letter of notification) 13,240 shares of common stock (par $1) and $199,080 of series A 4% notes which are convertible into 24,885 shares of common stock. Of the 13,240 common shares, 5,000 will be offered along with $75,000 of the notes to Pennroad Corp. for cash; 800 common shares and $12,000 of the notes will be offered to certain specified individuals; and 7,440 common shares and $112,080 of convertible notes will be offered in exchange for promissory notes now outstanding. **Price**—$5 per share for the 13,240 shares of common stock. **Proceeds** — For improvements, purchase of equipment, and working capital. **Office**—75 Pitts St., Boston, Mass. **Underwriter**—None.

★ Lake Placid Co. (N. Y.)
July 1 (letter of notification) $300,000 of 3% income debentures due July 1, 1992. **Price**—At par (denominations of $1,000 each). **Proceeds**—For improvements, etc. **Office**—Lake Placid Club, Lake Placid, N. Y. **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.
May 29 filed 230,485 shares of common stock (par $1), of which 190,485 shares are to be offered for subscription by stockholders of record June 18 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.

Lawton Oil Corp., Magnolia, Ark.
June 9 (letter of notification) 100,000 shares of common stock (no par). Price—$2.25 per share. Proceeds—For exploration work. Underwriter—W. R. Stephens Investment Co., Inc., Little Rock, Ark.

★ Lexa Oil Corp., Bellefonte, Pa.
July 3 (letter of notification) 666,666 shares of common stock (par one cent), to be sold to holders of option warrants. Price—25 cents per share. Proceeds—For additional working capital. Office—17 Temple Court, Bellefonte, Pa. Underwriter—None.

★ Liberty National Life Insurance Co.
July 3 (letter of notification) not to exceed $250,000 in participations in profit sharing and retirement plan during the company year to be issued to participating employees by the trustees. Proceeds—For investment. Office—301 S. 20th St., Birmingham, Ala. Underwriter—None.

★ Lone Star Sulphur Corp., Wilmington, Del.
June 30 (letter of notification) 600,000 shares of common stock (par 5 cents). Price—50 cents per share. Proceeds—To purchase machinery and to meet current business requirements. Office — 100 West 10th St., Wilmington, Del. Underwriters — B. G. Phillips & Co. and Hunter Securities Corp., New York, N. Y. Offering—Now being made.

Loven Chemical of California, Newhall, Calif.
June 24 (letter of notification) 100,000 shares of capital stock to be offered for subscription by present stockholders at rate of one new share for each 7½ shares held. Price—At par ($1 per share). Proceeds—For working capital. Office—244 S. Pine St., Newhall, Calif. Underwriter—None.

● M J M & M Oil Co., San Francisco, Calif.
June 25 (letter of notification) 364,695 shares of capital stock (par 10 cents) to be offered for subscription to stockholders of record July 2 at rate of one share for each seven shares held; rights to expire July 21. Price—78 cents per share. Proceeds—To acquire new properties and for development work in the Mountain States area, including the Williston Basin and the vicinity of the Santa Clara Valley. Office—15 Sansome St., San Francisco 4, Calif. 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.

● Martin (Glenn L.) Co.
May 29 filed 761,859 shares of common stock (par $1) being offered for subscription by stockholders of record on June 30 (other than Glenn L. Martin) at the rate of nine shares for each 10 shares held; rights to expire on July 22. Price—$6 per share. Proceeds—For partial repayment of 4% convertible notes. Underwriter—None. Statement effective June 23.

Mayfair Markets, Los Angeles, Calif.
June 3 (letter of notification) 5,000 shares of preferred stock (par $50) and 5,000 shares of common stock (no par) to be offered in units of one preferred and one common share. Price—$60 per unit. Proceeds—To pay expansion costs. Office—4383 Bandini Blvd., Los Angeles, Calif. Underwriter—None.

McCarthy (Glenn), Inc., Houston, Tex. (7/23)
June 12 filed 10,000,000 shares of common stock (par 25 cents). Price—$2 per share. Proceeds — For drilling of exploratory wells, acquisition of leases and for general corporate purposes. Underwriter—B. V. Christie & Co., Houston, Tex.

McGeary-Smith Laboratories, Inc.
June 25 (letter of notification) 50,000 shares of common stock (par $1). Price—$2.50 per share. Proceeds — For purchase of equipment, expansion and general corporate purposes. Office—1905 Fairview Ave., N. E., Washington 2, D. C. Underwriter—Ferris & Co., Washington, D. C.

Metals & Chemicals Corp., Dallas, Tex.
June 13 filed 200,000 shares of capital stock (par 10 cents) of which 190,000 shares will be offered to the public. Price—$3 per share. Proceeds—To repay debt and for development of mine properties. Business—Mining in Costa Rica. Underwriter—Beer & Co., Dallas, Tex.

● Monogram Pictures Corp., Hollywood, Calif.
June 9 (letter of notification) 3,900 shares of common stock (par $1). Price—At market. Proceeds—To W. Ray Johnston, the selling stockholder. Underwriter—F. C. Masterson & 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.

Mt. Vernon (O.) Telephone Co.
June 2 (letter of notification) 2,000 shares of 5% cumulative preferred stock to be offered initially to present preferred stockholders. Price—At par ($100 per share). Proceeds—To repay temporary bank loans. Office—15 E. Gambier St., Mt. Vernon, O. Underwriter—None.

★ Mountain States Power Co., Albany, Ore.
July 7 filed 200,000 shares of common stock (par $7.50). Proceeds — To repay bank loans. Underwriters—To be determined by competitive bidding. Probable bidders: Blyth & Co., Inc. and Dean Witter & Co. (jointly); Kidder, Peabody & Co.; Merrill Lynch, Pierce, Fenner & Beane; A. C. Allyn & Co., Inc. and Bear, Stearns & Co. (jointly); Lehman Brother; Blair, Rollins & Co. Inc.

Mullins Manufacturing Corp., Salem, Ohio
June 9 filed 82,000 shares of common stock (par $1), to be issued to certain supervisory employees under a stock option plan. Underwriter—None.

★ Munising Wood Products Co., Inc., Chicago, Ill.
June 30 (letter of notification) 5,000 shares of common stock (par $1). Price—At market. Proceeds—To M. W. Nunemaker, Vice-President. Office — 666 Lake Shore Drive, Chicago, Ill. Underwriter—None, but Paine, Webber, Jackson & Curtis will act as agent.

★ National Theatres Corp., Los Angeles, Calif.
June 27 (letter of notification) 488 shares of common stock (par $1). Price—$8.25 per share. Proceeds—To be distributed pro rata to holders of fractional shares or of scrip certificates representing fractional interests in the Twentieth Century-Fox Film Corp. as part of reorganization plan pursuant to Consent Judgment entered June 7, 1951. Holders of whole shares will receive National Theatres stock. Office—1837 So. Vermont Ave., Los Angeles, Calif. Underwriter—None, but Hayden, Stone & Co., New York, N. Y., will act as broker.

Nev-Tah Oil & Mining Co., Salt Lake City, Utah
June 12 (letter of notification) 600,000 shares of common stock (par 5 cents). Price—10 cents per share. Proceeds — For expansion of operations. Underwriter — Cromer Brokerage Co., Salt Lake City, Utah.

★ Nevada California Oil Co., Reno, Nev.
June 26 (letter of notification) 200,000 shares of common stock. Price—At par (50 cents per share). Proceeds—For drilling and exploration of oil and gas leases. Office—15 E. 1st St., P. O. Box 815, Reno, Nev. Underwriter—None.

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.

North American Acceptance Corp.
June 18 (letter of notification) 14,010 shares of 60-cent dividend series preferred stock (par $5) and 24,543 shares of class A stock to be offered in exchange for General Finance Corp. preferred and common stock, the preferred stock on a share-for-share basis, and three shares of North American class stock (or $9 per share in cash for each General common share.

★ North Fork Mining Co., Inc.
June 23 (letter of notification) 250,000 shares of class A common stock (par 10 cents). Price — 12½ cents per share. Proceeds—For bulldozing and drilling of mining claims. Office—Scott Bldg., Wallace, Idaho. Underwriter—None.

● Peerless Casualty Co., Keene, N. H. (7/14)
June 20 filed 100,000 shares of common stock (par $5) to be offered for subscription by common stockholders of record about July 15 at the rate of 5/12ths of a share for each share held. Price—To be supplied by amendment. Proceeds—For working capital. Underwriter—Geyer & Co., Inc., New York.

Pennsylvania Electric Co., Johnstown, Pa. (8/5)
June 25 filed $9,500,000 of first mortgage bonds due 1982 and 45,000 shares of preferred stock, series F (par $100). Proceeds—For new construction and to repay bank loans. Underwriters—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., The First Boston Corp., Shields & Co. and R. W. Pressprich & Co. (jointly); Smith, Barney & Co. (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.; Union Securities Corp.; The First Boston Corp. Bids—To be received by company at 67 Broad St., New York 4, N. Y. up to noon (EDT) on Aug. 5.

★ Pennsylvania Power & Light Co. (7/29)
July 8 filed 100,000 shares of preferred stock (par $100). Price — To be supplied by amendment. Proceeds—For new construction. Underwriters—The First Boston Corp., New York, and Drexel & Co., Philadelphia, Pa.

Petroleum Finance Corp.
Feb. 5 (letter of notification) 60,000 shares of common stock (par $1) and 30,000 warrants to purchase 30,000 shares of common stock (warrants exercisable at $7.50 per share on or prior to April 1, 1954). Each purchaser of two common shares will receive one warrant. Price—$5 per share. Proceeds—For working capital. Office—Oklahoma City, Okla. Underwriter—George F. Breen, New York.

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.

Pubco Development, Inc. (7/15)
June 25 filed subscription warrants for 605,978 shares of common stock (par $1) to be issued to holders of presently outstanding stock purchase warrants at rate of one new warrant for one additional share for each share of common stock owned on the record date. The new warrants are exercisable at $1 per share between Jan. 1, 1955 and March 31, 1955. Price — To be supplied by amendment. Proceeds—To retire existing indebtedness and purchase additional oil and gas leases. Underwriter—Allen & Co., New York.

● Public Service Co. of New Hampshire
May 28 filed 50,000 shares of 5.40% preferred stock (par $100). Price—$102.85 per share, plus accrued dividends. Proceeds—For new construction and to repay short-term borrowings. Underwriters—R. W. Pressprich & Co. and associates. Offering—Being made today (July 10). Statement effective June 16.

Pyramid Oil & Gas Corp.
June 5 (letter of notification) 162,000 shares of common stock (par 10 cents). Price—$1.50 per share. Proceeds—For development of oil and gas holdings. Office—825 First St., West Palm Beach, Fla. Underwriter—Willis E. Burnside & Co., Inc., New York.

★ Reflexite Corp., N. Y.
July 3 (letter of notification) 158,350 shares of capital stock (par 50 cents) to be offered first to stockholders at rate of two new shares for each three shares held. Price—$1 per share. Proceeds—To repay notes and accounts payable and for working capital. Office—Room 1415, 63 Wall St., New York. Underwriter—Henry Mann Securities Corp., New York.

★ Resort Airlines, Inc., Miami, Fla.
June 30 (letter of notification) approximately 333,333 shares of common stock (par 10 cents). Price—30 cents per share. Proceeds—To Lewis C. Burwell, Jr., a director. Office—International Airport, Miami, Fla. Underwriter—Eisele & King, Libaire, Stout & Co., New York.

★ Russell (F. C.) Co., Cleveland, O. (7/29)
July 9 filed 83,000 shares of common stock (par $1). Price—To be supplied by amendment. Proceeds—To Frank C. Russell, President, and four other selling stockholders. Business—Metal combination doors, metal combination screen and storm windows, and steel windows. Underwriter—McDonald & Co., Cleveland, O.

● St. Louis Midwest Co., St. Louis, Mo.
May 29 filed 55,000 shares of common stock (par $1) being offered to a limited group of persons active in the management and affairs of Midwest Piping & Supply Co., Inc., St. Louis, Mo. Price—$12.50 per share. 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.

★ Sapphire Petroleums, Ltd., Toronto, Canada
July 3 filed $2,000,000 of 10-year 5% convertible sinking fund debentures due July 1, 1962. Price—To be supplied by amendment. Proceeds—To repay bank loans and for exploration, acquisition of interests in and development of prospective and proven oil and gas lands and the development of existing properties. Underwriters—Frame McFayden & Co., Toronto, in Canada; U. S. underwriters to be named later.

Seaboard Finance Co., Los Angeles, Calif. (7/16)
June 26 filed 150,000 shares of convertible preferred stock (no par—stated value $35 per share). Price—To be supplied by amendment. Proceeds—To reduce current indebtedness. Underwriter—The First Boston Corp., New York.

★ Sears, Roebuck & Co.
July 2 filed 25,000 memberships in The Savings and Profit Sharing Pension Fund of the company's employees.

★ Seminole Ranch, Inc., Fort Myers, Fla.
June 30 (letter of notification) 1,000 shares of class A common stock (no par) and 250 shares of class B common stock (no par), to be issued as commission for cattle sales, etc. Office—2516 McGregor Blvd., Fort Myers, Fla. Underwriter—None.

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.

Shawmut Association, Boston, Mass.
June 25 (letter of notification) 600 shares of common stock (no par). Price—$19 per share. Proceeds—To 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.

★ Southeastern Telephone Co., Tallahassee, Fla.
July 2 filed 64,000 shares of common stock (par $10). Price—$11 per share. Proceeds—To repay bank loans. Underwriter—Scott, Horner & Mason, Inc., Lynchburg, Va.

Southern Discount Co., Atlanta, Ga.
June 17 (letter of notification) $100,000 of 5% debentures, series F. Price—At par. Proceeds—For working capital. Office—220 Healy Bldg., Atlanta, Ga.

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Southwestern Porcelain Steel Corp., Sand Springs, Okla.
June 11 (letter of notification) 6,000 shares of capital stock (par $10). **Price**—$12 per share. **Proceeds**—For expansion. **Underwriter**—Walter F. Hurt, Tulsa, Okla.

Storer Broadcasting Co.
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. **Offering**—Temporarily postponed.

★ **Sunshine Packing Corp. of Pennsylvania (7/24)**
July 3 filed $1,000,000 of 6% convertible debentures due 1972 (subordinate) and 450,000 shares of common stock (par 50 cents) of which the debentures and 400,000 shares of stock are to be offered in units of $50 of debentures and 20 shares of stock. **Price**—$100 per unit. **Proceeds**—To increase capacity of plant and for working capital. **Underwriter**—Weber-Millican Co., New York.

Suntide Refining Co. (7/16)
June 23 filed $7,000,000 of 19-year debentures due July 1, 1982, and 1,200,000 shares of common stock (par one cent) of which the debentures and 700,000 shares of stock will be offered publicly in units of $50 of debentures and five shares of stock, 220,000 shares will be sold to a group of selected persons and 280,000 shares will be sold to the underwriter. **Price**—For units, to be supplied by amendment and for 500,000 shares of stock, $2 per share. **Proceeds**—To finance operation of refinery. **Underwriter**—Eastman, Dillon & Co., New York.

★ **Technicraft Laboratories, Inc., Thomaston, Conn.**
July 1 (letter of notification) 15,000 shares of class B non-voting stock (par $5). **Price**—$11.50 per share. **Proceeds**—To retire loans and increase inventories. **Underwriter**—Cooley & Co., Hartford, Conn.

Texas Drilling Co., Houston, Tex.
June 24 (letter of notification) 999,000 shares of common stock (par one cent). **Price**—30 cents per share. **Proceeds**—To repay lease cost and for organization expenses and working capital. **Office** — 514 City National Bank Bldg., Houston, Tex. **Underwriter**—Dansker Brothers & Co., Inc., New York.

● **Texas Gas Transmission Corp. (7/16)**
June 19 filed 350,000 shares of common stock (par $5). **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans and for expansion program. **Underwriter**—Dillon, Read & Co. Inc., New York.

Texas General Production Co.
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. **Office**—Houston, Tex. **Underwriter**—To be named by amendment (probably Hemphill, Noyes, Graham, Parsons & Co., New York. **Offering**—Tentatively postponed.

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.

★ **Toklan Royalty Corp., Tulsa, Okla. (7/29)**
July 9 filed $1,500,000 5% sinking fund debentures due July 1, 1962, with common stock purchase warrants attached. and 150,000 shares of common stock (par 70 cents), each $1,000 debenture carrying a warrant to purchase 100 shares of stock. **Price**—To be supplied by amendment. **Proceeds**—To retire bank loans and for general corporate purposes. **Business**—Realty and leasehold interests in oil producing property. **Underwriters**—Granbery, Marache & Co. and Burnham & Co., both of New York.

Trans-Canada Petroleums, Ltd. (Canada) (7/15)
May 1 filed 1,000,000 shares of common stock (par $1) (reduced to 500,000 shares by amendment filed June 20). **Price**—$1.50 per share. **Proceeds**—For exploration and drilling. **Underwriter**—George F. Breen, New York.

★ **Triumph Gild Mines, Inc., Oatman, Ariz.**
June 27 (letter of notification) 601,209 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For rehabilitation of White Chief shaft. **Underwriter**—None.

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.

★ **U. S. Airlines, Inc., Ft. Lauderdale, Fla.**
June 30 (letter of notification) 200,000 shares of common stock (par 5 cents) of which 100,000 shares each will be offered in behalf of the company and in behalf of J. A. Wooten, President. **Price**—60 cents per share. **Proceeds**—For working capital. **Address**—P. O. Box 2247, Ft. Lauderdale, Fla. **Underwriter**—None.

★ **United Wholesale Druggists of Chicago, Inc.**
June 30 (letter of notification) 2,196 shares of preferred stock (no par). **Price**—$50 per share. **Proceeds** — For purchase of merchandise for resale to retail druggists and for working capital. **Office** — 2321 West Pershing Road, Chicago, Ill. **Underwriter**—None.

● **Washington Gas Light Co.**
June 12 filed 105,033 shares of common stock (no par), being offered for subscription by common stockholders of record July 1 at rate of one share for each seven shares held; rights to expire on July 18. **Price**—$29 per share. **Proceeds**—For new construction. **Underwriters**—The First Boston Corp., New York, and Johnston, Lemon & Co., Washington, D. C.

★ **Washington Mutual Investors Fund, Washington, D. C.**
July 7 filed 400,000 shares of common stock (par $1). **Price**—At net asset value, plus selling commission. **Proceeds**—For investment. **Underwriter**—Johnston, Lemon & Co., Washington, D. C. **Business**—Diversified open-end investment company.

★ **Western Consolidated Mines, Inc.**
June 20 (letter of notification) 1,000,000 shares of common stock (par 10 cents). **Price**—25 cents per share. **Proceeds**—To develop mining claims in Elmore County, Idaho. **Office**—1118 Fourth Ave., Seattle, Wash. **Underwriter**—None.

★ **Whitehead Brothers Rubber Co., Trenton, N. J.**
July 2 (letter of notification) 4,540 shares of common stock (par $10) to be offered to minority stockholders of record July 15 at rate of one share for each five shares held; rights to expire on Aug. 15. Goodall Rubber Co., parent, will subscribe for an additional 7,490 shares and for any shares not subscribed for by other stockholders. **Price**—$14 per share. **Proceeds**—To modernize plant. **Office**—Whitehead Road, Trenton 4, N. J. **Underwriter**—None.

★ **Willingham Finance Co., Inc., Augusta, Ga.**
July 1 (letter of notification) $150,000 of 6½% subordinate debentures due July 1, 1967, and 30,000 shares of class A common stock. **Price**—Of debentures, at par, in denominations of $1,000 each; and of class A stock, at $1 per share. **Proceeds**—For working capital. **Office**—139-8th St., Augusta, Ga. **Underwriter**—Johnston, Lane, Space & Co., Inc., Savannah, Ga.

Zeigler Coal & Coke Co., Chicago, Ill.
June 19 (letter of notification) 7,000 shares of common stock (par $10). **Price**—$13.25 per share. **Proceeds**—To R. M. Rogers, trustee for Nancy Leiter Clagett and Thomas Leiter. **Office**—21 East Van Buren St., Chicago, Ill. **Underwriter**—Farwell, Chapman & Co., Chicago, Ill.

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.

American President Lines, Ltd.
June 12 it was announced Riggs National Bank, Washington, D. C., will advertise for bids within 90 days for the sale of the stock of this company at an upset price of $13,000,000. **Proceeds**—To be divided equally between the government and the Dollar interests. If stock is not sold for $14,000,000 or more, the stock would be divided equally between the two parties, the Government to then dispose of its holdings. **Registration**—Expected within the next two months.

Arkansas Power & Light Co. (9/9)
June 20 it was reported company plans issue and sale of $15,000,000 first mortgage bonds due 1982. **Proceeds**—For new construction. **Bids**—Tentatively scheduled to be received on Sept. 9. **Registration**—Planned for Aug. 4. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Equitable Securities Corp., and Central Republic Co. (Inc.) (jointly); Lehman Brothers and Stone & Webster Securities Corp. (jointly); Union Securities Corp.; Merrill Lynch, Pierce, Fenner & Beane; Blyth & Co., Inc.

Associated Telephone Co., Ltd. (Calif.)
June 9 it was reported company may issue and sell in October about $8,000,000 to $9,000,000 of first mortgage bonds, series H, due 1982. **Proceeds**—For repayment of bank loans and construction program. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Paine, Webber, Jackson & Curtis; White, Weld & Co.

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.

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.

Bryn Mawr (Pa.) Trust Co. (7/22)
June 26 it was announced stockholders will vote July 15 on increasing authorized common stock (par $5) from 50,000 shares to 70,000 shares. The additional 20,000 shares would be offered for subscription by common stockholders of record July 9 on a 2-for-5 basis. Offer is expected to be made on July 22, with rights to expire on Aug. 22. **Price**—$25 per share. **Proceeds**—To retire 50,000 shares of 4½% cumulative preferred stock (par $5), and for working capital. **Underwriter**—Laird, Bissell & Meeds, Wilmington, Del.

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.

★ **Century Food Stores, Inc., Youngstown, O.**
June 30 it was reported company may issue and sell approximately $300,000 of convertible debentures. **Proceeds** — For expansion program. **Underwriter** — H. M. Byllesby & Co., Chicago, Ill.

★ **Chesapeake & Ohio Ry. (8/5)**
July 2 company announced company plans to issue and sell about $6,000,000 equipment trust certificates to be dated Sept. 1, 1952. Probable bidders: Halsey, Stuart & Co., Inc.; Salomon Bros. & Hutzler; Bear, Stearns & Co.

Cincinnati Enquirer, Inc.
June 5 this corporation was formed to take over the Cincinnati Enquirer for the sum of $7,600,000, of which $6,000,000 will be raised through the sale of bonds and by issue of capital stock of which the purchase of about $1,900,000 has been pledged. **Underwriter**—For bonds: Halsey, Stuart & Co. Inc., Chicago and New York.

Citizens Utilities Co.
June 16, Richard L. Rosenthal announced that company anticipated doing some permanent financing in 1952, and it was planned that this would be in the form of mortgage bonds and debentures. No common stock financing is presently contemplated.

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.

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.

★ **Delta Air Lines, Inc. (7/28)**
July 2 it was reported company plans early registration of 100,000 shares of common stock (par $3). **Underwriter**—Courts & Co., Atlanta, Ga.

European American Airlines, Inc.
June 11 it was reported company plans to raise an additional $400,000 of equity capital. An issue of $200,000 of capital stock was just recently placed privately at $7.50 per share. **Underwriter** — Gearhart, Kinnard & Otis, Inc., New York.

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.

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.

Haloid Co.
June 18 it was reported company may sell this Fall an issue of convertible preferred stock. **Traditional Underwriter**—The First Boston Corp., New York.

Hammacher, Schlemmer & Co., Inc. (7/22)
Bids are to be received up to 3 p.m. (EDT) on July 22 for the purchase from the Attorney General of the United States of 660 shares of $7 prior stock (no par), 660 shares of $7 preferred stock (no par) and 440 shares of common stock (no par), representing about 15% of the issued and outstanding capital stock of the company.

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 26 the Interstate Commerce Commission authorized the company to issue and sell not exceeding $25,000,000 of consolidated mortgage 30-year 4¼% bonds, series D, due June 1, 1982, of which $13,000,000 thereof will be sold presently and the remaining $12,000,000 on or about April 1, 1954, at par and accrued interest to seven insurance companies. The proceeds are to be used to pay, in part, $26,684,500 of outstanding bonds maturing in the period 1952 to 1955, inclusive.

Jamaica Water Supply Co.
June 26 it was reported the company has applied to the New York P. S. Commission for permission to issue and sell $750,000 of first mortgage bonds, 7,500 shares of preferred stock and an unspecified amount of common stock. **Underwriter**—Blyth & Co., Inc., New York.

Laclede Gas Co.
See Mississippi River Fuel Corp. below.

Lake Shore Gas Co., Ashtabula, Ohio
June 11 company received permission of the Ohio P. U. Commission to issue and sell 10,000 shares of common stock (par $10) $1,450,000 of bonds and $300,000 of promissory notes. **Proceeds**—For expansion program.

● **Leitz (E.), Inc., New York (7/23)**
Bids will again be received at Office of Alien Property, 346 Broadway, New York 13, N. Y., up to 3 p.m. (EDT) on July 23 for the purchase from The Attorney General of the United States of the corporation's 400 shares of no par common stock (the total issue outstanding). Previous bids received on June 12 (including the high bid of $677,779.75) have been rejected. **Business**—Manufactures and distributes photographic equipment and supplies.

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.

★ **McLean Trucking Co.**
July 7 it was reported that early sale is planned of 70,000 shares of common stock. **Price**—$4.50 per share. **Underwriters**—Reynolds & Co., Winston-Salem, N. C., and First Securities Corp., Durham, N. C.

Middle East Industries Corp., N. Y.
Oct. 31 it was announced company plans to expand its capitalization in the near future and to register its securities with the SEC preliminary to a large public offering, the funds to be used to build new industrial projects in Israel.

Minabi Exploration Co., Houston, Tex.
March 21 it was reported early registration is expected of 125,000 shares of common stock. **Proceeds**—To go to certain selling stockholders. **Underwriter** — Moroney, Beissner & Co., Houston, Tex.

Mississippi Power & Light Co.
March 14 it was reported company plans to issue and sell in November an issue of $8,000,000 first mortgage bonds. **Underwriters**—To be determined by competitive bidding. Probably bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co. and Kidder, Peabody & Co. (jointly); Blyth & Co., Inc.; The First Boston Corp. and W. C. Langley & Co. (jointly); Equitable Securities Corp. and Shields & Co. (jointly); Merrill Lynch, Pierce, Fenner & Beane; Union Securities Corp.

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.

★ **Motorola, Inc.**
July 1 it was announced stockholders will vote July 29 on increasing the authorized common stock from 1,000,000 shares (879,605 shares outstanding) to 3,000,000 shares. The company plans to distribute a 100% stock dividend and sell to public upwards of 150,000 shares. **Underwriter**—Hickey & Co., Inc., Chicago, Ill.

New England Power Co.
June 26 it was announced company now contemplates an additional issue of first mortgage bonds and common stock in equal amounts, either late in 1952 or early in 1953. **Underwriters**—For bonds to be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Equitable Securities Corp.; Kuhn, Loeb & Co.; The First Boston Corp.; Merrill Lynch, Pierce, Fenner & Beane; Kidder, Peabody & Co. and White, Weld & Co. (jointly). **Proceeds**—To repay bank loans (estimated to be $11,500,000 at Dec. 31, 1952).

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. (7/16)**
Bids will be received by the company at 466 Lexington Ave., New York, N. Y., up to noon (EDT) for the purchase from it of $8,475,000 equipment trust certificates, third series of 1952, to be dated Aug. 15, 1952, and to mature $565,000 annually from 1953 to 1967, inclusive. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler; Bear, Stearns & Co.

● **Northern Natural Gas Co.**
June 24 it was announced that company is considering a possible issue of $20,000,000 to $25,000,000 in convertible preferred stock, which may be sold on a negotiated basis. It is also planned to issue and sell $40,000,000 of 20-year sinking fund debentures through competitive sale in October or November, with probable bidders including: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.; The First Boston Corp. and Kidder, Peabody & Co. (jointly).

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.

Pillsbury Mills, Inc.
June 30 stockholders approved a proposal to issue and sell from $4,500,000 to $5,000,000 of common stock and to increase indebtedness of the company by $5,000,000. **Proceeds** — For expansion. **Underwriters** — Goldman, Sachs & Co., New York, and Piper, Jaffray & Hopwood, Minneapolis, Minn. **Offering**—Publicly expected in July or August.

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.

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).

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.

★ **Southern Ry.**
July 3 company applied to the Interstate Commerce Commission for authority to issue and sell $46,000,000 of mortgage bonds, without competitive bidding, over a period of about four years. **Proceeds**—For retirement in part of certain outstanding mortgage bonds.

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.

United Shoe Machinery Corp.
June 24 company announced it may be necessary to resort to borrowing in the reasonably near future in such amounts as may be necessary from time to time to finance its working capital needs.

Utah Power & Light Co.
June 3 it was reported that company may issue and sell in September about $10,000,000 of first mortgage bonds and 150,000 shares of common stock. **Proceeds**—To repay bank loans and for new construction. **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.

Virginia Electric & Power Co.
May 26 it was reported company plans issuance and sale later this year of $20,000,000 first and refunding mortgage bonds. **Underwriters** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co. and Wertheim & Co. (jointly); Stone & Webster Securities Corp. and Harriman, Ripley & Co., Inc. (jointly); Union Securities Corp.; Salomon Bros. & Hutzler.

● **Washington Water Power Co.**
June 30 it was reported company plans issue and sale of $25,000,000 first mortgage bonds this fall. **Proceeds**—To retire part of outstanding bank loans. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc., Blyth & Co., Inc., Smith, Barney & Co. and White, Weld & Co. (jointly); W. C. Langley & Co. and The First Boston Corp. (jointly).

Westcoast Transmission Co., Ltd.
June 14 the Canadian Board of Transport Commissioners conditionally authorized this company, an affiliate of Sunray Oil Corp. and Pacific Petroleums, Ltd., to build a $111,240,000 natural gas pipeline on the Pacific Coast, providing gas reserves were found sufficient to maintain such a line. It was stated that $88,000,000 of first mortgage bonds have been conditionally subscribed for by The First National Bank of New York, The Prudential Insurance Co. of America, The Mutual Life Insurance Co. of New York and the New York Life Insurance Co. and another $28,000,000 is to be provided by the issue and sale of $28,000,000 of junior securities. **Underwriter**—Dillon, Read & Co. Inc., New York.

Western Light & Telephone Co., Inc.
April 11 stockholders increased authorized common stock from 400,000 to 500,000 shares, the additional shares to be issued as funds are needed for new construction. **Dealer-Managers**—Harris, Hall & Co. (Inc.), Chicago, Ill., and The First Trust Co. of Lincoln, Neb.

Wilhead Royalty Co.-Texhead Royalty Co.
June 20 it was reported sale of an issue of 3% income notes and stock is planned in an amount sufficient to raise $300,000. The notes and stock would be sold in units. **Price**—$20 per unit. **Underwriter**—Rotan, Mosle & Moreland, Houston, Tex.

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Additional Comments on "UN—Why It Is Doomed to Fail"

don't agree most heartily. The reward of merit, incentive, etc., is what has made our country the greatest country on earth. This is being taken away from us. I do feel that one of the most ghastly mistakes ever made in this country was our entrance into the United Nations. We are gradually losing our freedom, and unless the action at San Francisco, when the United Nations was created, is repudiated in the very near future, I can only predict an eventual collapse of the greatest country on earth, formerly the land of the free, the land of opportunity.

Mr. Robertson states the case so clearly that anyone with intelligence cannot fail to understand the seriousness of the situation.

HON. RALPH W. GWINN
U. S. Congressman from N. Y.

It will take a little while to accept William A. Robertson's devastating analysis of why the United Nations is doomed to fail. It may be, but we are destined to hope against hope a while longer.


Ralph W. Gwinn

My only real hope in the United Nations has never been more than the possibility of organizing and maintaining an international police force, somewhat like the organization of the metropolitan police of New York City 100 years ago. Instead of conflicting, fighting ward and borough police forces, we did away with the ineffective separate police organizations and unified them purely for the purpose of better police protection and stopping the raids of criminals of one ward against another.

That is all that any government is supposed to be; namely, a policeman. When our government ceased to be a policeman we found the police turning on the individuals themselves. So the UN when it ceases to be purely a police force will become a world corruption instead.

I don't know whether Mr. Robertson would think there is any hope in that approach, for the survival of the UN for a very limited purpose. Our men might not even be on the police force. Let the little nations with a surplus population — particularly in Europe—with our help, supply the recruits for the police force.

H. C. WALKER, JR.
President,
Arkansas Natural Gas Corp.

I have read Mr. William A. Robertson's article, entitled "United Nations — Why It Is Doomed to Fail," with interest. In my opinion, Mr. Robertson is 100% correct.

REV. DONALD HARRINGTON
The Community Church of N. Y.

I agree with Mr. Robertson that the UN is at present unable to do its primary job. It was never given sufficient power to do so, and it is not truly representative of the power realities of the 20th Century world. This does not mean, however, that we should destroy the UN, which is what he proposes. It means that we should strengthen it into a true but strictly limited system of law for armament control.

Does Mr. Robertson really believe that we could "go it alone" in a world with Russia arming to the teeth and taking over smaller nations one by one? Does he really think we could reduce arms and arms spending, and avoid UMT if we abandoned our friends and our UN system of collective security? If so, I believe he is wrong. He's forgotten that you can now fly around the world in 24 hours, that any city in the Northern Hemisphere can be bombed from any other city in the Northern Hemisphere, and that both we and the Russians are now making hydrogen fission bombs which will ultimately be capable of destroying 100 square miles each.

There is one slim hope for our civilization, and that is that we extend the rule of law to cover the nations of the world in the limited field of arms control, and that we gradually evolve within the security of that arms control an international understanding and free way of life that will bring a good life to all men. This is the way religion has always proclaimed. It is the will of God for men, and therefore can succeed. It has also become the only way out for western civilization.

Editor's Note: Mr. Harrington is author of a tract entitled "More Power to the United Nations: The Only Way to Peace" which is being distributed by The Community Church of New York, 40 East 35th Street, New York 16, N. Y., at a price of 15 cents a copy.

CRAWFORD H. ELLIS
President,
Pan-American Life Ins. Co.

I agree with everything Mr. Robertson has to say in his article.

I think the United Nations has been a complete failure and a waste of money to the United States, who after all, will have to foot the bill. The only way to deal with Russia is by the MacArthur way and no other.


Crawford H. Ellis

BERKELEY WILLIAMS
Richmond, Va.

Mr. Robertson and the "Chronicle" are rendering a public service in exposing that tragic fraud, which is very much misnamed United Nations, and destined to go down in history among "Extraordinary popular delusions."


Berkeley Williams

Proclaimed April 24, 1945 from San Francisco as "most important human gathering since the Last Supper" it has never given the slightest recognition to the Creator of the World or Saviour of Mankind, but defied the Bible which tells us "only the fool hath said in his heart there is no God."

Brain child of Alger Hiss (all know where he is now) it established anti-Christ Russia in the driver's seat when organized and there Russia has sat ever since. Its constitution is a monstrosity and its record a story of futility. Living on our taxes its end product has been palaver.

United (disunited is the proper word) Nations should be told firmly to go to Geneva where there are adequate accommodations (not overlooking a lake it can jump in) and stop squatting on us.

Ask any of the plain and fancy world savers, who are supported by an army of well salaried New Deal press agents, to reply to Mr. Robertson's charges, based on history and reason, whereupon they scream and answer with their only ammunition, brick-bats, smear and dead cats.

PHILIP SPORN
President,
American Gas & Electric Service Corporation

I have read W. A. Robertson's "The United Nations—Why It Is Doomed to Fail."


Philip Sporn

Like all discussions of this general type, it is strong in analyzing past performance but much weaker in presenting the present situation and is altogether unreliable in projecting a program for the future.

WILLIAM J. ROBERTSON
Editor, Savannah Morning News

I am delighted to see that a member of the Robertson clan is capable of making such an intelligent and convincing appraisal of the United Nations.

The Korean appeasement-blackmail program is certainly an eloquent example of the inadvisability of fighting a war under the criminally hampering limitations of the UN.

Tell Mr. Robertson I congratulate him on a very thoughtful exposition—even if he—or your printer—did spell the Biblical Samson with a "p."

HON. RUTH THOMPSON
U. S. Congresswoman from Mich.

I was greatly interested in this article and am *almost* persuaded that Mr. Robertson's arguments and conclusions are the right ones.

HARRISON L. AMBER
President,
Berkshire Life Insurance Co., Pittsfield, Mass.

For a long time I have agreed with the very things which Mr. Robertson has set forth in his article and I am glad to hear some one speak out on this matter.


H. L. Amber

I feel quite sure that we are becoming more and more involved in international affairs and this would not be so bad if our international neighbors appreciated what we were doing and had respect for us for doing what we are. Unfortunately the opposite is the case.

We have not been able to resolve fundamental differences in our own country and how we can do it for the world is beyond me. Of course this would be considered isolation and when I talk this way to my friends they accuse me of being an isolationist. Whatever it is I believe in it and I think some day this position is going to be justified.

JAMES D. FRANCIS
President,
The Powellton Coal Company

I have read Mr. Robertson's article and it is splendid.

ADRIAN D. JOYCE
Chairman of the Board,
The Glidden Company

I am in complete agreement with Mr. Robertson regarding the United Nations and I believe, as he says, "That as an independent power, guided by her own ideals, the United States has been far more useful than when in any old world harness." I have been much impressed with the fact that ever since the organization of the United Nations, the United States has borne the brunt of the cost and thus far certainly nothing has been accomplished.


Adrian D. Joyce

RICHARD A. FROEHLINGER
President, The Arundel Corp.

I have just had an opportunity to read Mr. Robertson's article on the United Nations, and am certainly inclined to agree with his thinking. Very little good has come out so far and it is very likely that instead of improving it will deteriorate.

HON. ALEXANDER WILEY
U. S. Senator from Wisconsin

I was interested to glance through the article "United Nations—Why It Is Doomed To Fail," but I must respectfully differ with it completely.


Alexander Wiley

I see no reason why the UN should not succeed, provided we and the other great powers give to it the devotion to which it is so eminently entitled. The hydrogen bomb and the atomic bomb presently stare us in the face; and unless we are to permit the world to be blown to pieces, we have simply got to find a solution through international law.

No one recognizes more than I do the shortcomings of the UN, the obstacles to its success, the differences of attitude among its members; but we simply do not have any alternative if this world is to survive. We must breathe the spirit of life into it, or else we may witness the outbreak of a catastrophic conflict among the nations.

REV. DR. CLAYTON GRISWOLD
Director of Television and Radio of the Presbyterian Church in United States, Summit, N. J.

I disagree heartily with Mr. Robertson's article on the United Nations. He bases it more on adjectives than on facts and many of the facts he uses in reverse as an argument against, rather than for, the United Nations. Palestine and Korea are examples of its value even more than its failure.

As a matter of fact, what we need in the United Nations and in the world is not less internationalism but more. When one applies his negative argument to families or counties or states rather than nations one sees how shallow it is.

HARRY A BULLIS
Chairman of the Board,
General Mills, Inc.

Mr. Robertson has remarkable knowledge of history, and there can be no question about his patriotism, but I cannot agree with him that the United Nations is a failure and that the United States should withdraw from it forthwith.


Harry A. Bullis

To be sure, the United Nations has many faults, but I think we should work to correct those faults and to strengthen the United Nations organization rather than scuttling it. Withdrawing would, I believe, be a repetition of the tragic mistake made after the First World War, when the United States refused to join the League of Nations and thereby helped to build up the divisive forces that led to the Second World War.

J. D. A. MORROW
President, Joy Manufacturing Co.

I have read Mr. Robertson's address on the United Nations with a good deal of interest.

The experience of the American Government with any concert of European powers reminds me of the old bachelor who finally got married. When one of his friends, who was away when the disaster occurred, asked him how it felt to be an old married man, he replied, "Boy! I never knew what real happiness was until now . . . when it's too late!"


J. D. A. Morrow

REAGAN HOUSTON
President, Alamo National Bank of San Antonio, Texas

I read Mr. William A. Robertson's article, which appeared in the June 19 "Chronicle." I was not in favor of joining in any United Nations at the time it was formed; but, having joined, I think it would be a bad thing to pull out at this time. Accordingly, I am not in agreement.

GEORGE GUND
President,
The Cleveland Trust Company, Cleveland 1, Ohio

I think most readers will agree that today's United Nations has many weaknesses which make its current status ineffective, if not actually dangerous.


George Gund

It seems clear, as Senator Taft has said, that the United Nations

charter needs changing, if it is to be really effective.

O. R. McGUIRE, Esq.
Washington, D. C.

I am in hearty accord with the conclusion reached by Mr. Robertson that the United Nations organization is doomed to failure: in fact, in my opinion it has already failed miserably, and since it contains within itself the seeds of its own destruction I do not think that it can be reorganized to the extent it can succeed.


O. R. McGuire

My own views of this organization are set forth quite briefly in the inclosed copy of my address to the National Society of New England Women.

May I add that I think you are performing a splendid public service in making public in your publication the views of such men as Mr. Clark and Mr. Robertson.

ALAN K. DOLLIVER
President, Family Finance Corp.

I have read the article with interest and do indeed agree with the thoughts expressed by Mr. Robertson.

Houston Ltg. & Power Debentures All Sold

Halsey, Stuart & Co. Inc. received informal bids yesterday (July 9) for the purchase of $297,300 Houston Lighting & Power Co. 3¼% convertible debentures due June 30, 1967. These debentures represent the unsubscribed balance of an offering to Houston Lighting & Power stockholders of $14,258,650 convertible debentures during the period June 18 to July 7, 1952 underwritten by Halsey, Stuart & Co. Inc. and Underwood, Neuhaus & Co.

The $297,300 debentures were sold to one purchaser who submitted the high bid of 116⅜.

Robert E. O'Keeffe Now With Sincere & Co.

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — Robert E. O'Keeffe has become associated with Sincere and Company, 231 South La Salle Street, members of the New York and Midwest Stock Exchanges. Mr. O'Keeffe has recently been with Spencer Trask & Co. Prior thereto he was Chicago manager for Wm. R. Staats Co. and was for many years with Cruttenden & Co.

With Spencer Trask Co.

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — Waldemar N. Johnson and Nicholas Natinchek have become associated with Spencer Trask & Co., 135 South La Salle Street. Mr. Johnson was formerly with Harriman Ripley & Co., Inc., and prior thereto was with the First National Bank of Janesville, Wis. In the past he was with First Boston Corp. for a number of years. Mr. Natinchek was with David A. Noyes & Co.

Ellis Joins Staff of Shillinglaw, Bolger

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Robert E. Ellis has become associated with Shillinglaw, Bolger & Co., 120 South La Salle Street. He has recently with Smith Bros. & Co. Prior thereto he was cashier for Wheelock & Cummins, Inc., in Chicago, and for E. W. Thomas & Company.

Our Reporter's Report

Currently the investment market, in all its segments, appears unable to get off the "dead-center" on which it has been resting for several weeks. For the moment it seems to be largely a case of midsummer doldrums, the customary seasonal let-down which normally grips the market at this time of year.

Potential sellers, that is investment banking groups with new material for sale, naturally are ready and willing to do business. But the other half, which is required to consummate a trade, that is the buyer, still appears to be choosy and certainly in no haste to take on new commitments.

This condition is not limited by any means to the corporate field, but rather is equally, if not more apparent in the municipal end of the market. True the decision of the Public Housing Authority to defer its offering of another large block of assorted housing bonds for two months or so served to give the tax-exempt market a bit of a lift this week.

But a run-down of the "blue list" makes it clear that dealers in municipals have plenty of merchandise on hand, the only difference being that the market has not yet shown any real disposition to come up to their ideas of price and yield.

Perhaps as the spokesman for PHA said, in revealing that agency's decision to defer its new venture, "better market conditions may develop in the late summer or early fall."

Demand Is Sluggish

That the situation in the corporate market has not undergone any marked change within the week was evident from reports surrounding the offering of Georgia Power Co.'s $20,000,000 of new 30-year first mortgage bonds.

The successful banking group bid 100.4199 for a 3⅜% coupon and proceeded to reoffer the bonds publicly at a price of 101.039 for an indicated yield to the buyer of 3.32%.

But initial inquiry was reported as slow with only small buyers appearing and but a limited part of the total moving on the first day.

Four Big Deals Ahead

The temper of the new issue market is heading for a real test in the week ahead. It will be called upon to absorb two large new offerings of debt securities, one an industrial and the other a utility, plus two substantial equity offerings.

By far the largest is Dow Chemical Co.'s $100,000,000 of 30-year subordinated debentures, scheduled for next Tuesday. Judging from reports on preliminary inquiry, this should be a spectacular success if the price is in line with investors' ideas.

On the same day Commonwealth Edison Co. of Chicago will open bids for $40,000,000 of 30-year first mortgage bonds. Carrying a triple A rating, this issue is naturally well regarded in investment quarters.

The two equity offerings are Atlantic Refining Co.'s 1,000,000 shares of new common being offered directly to the public and due on Wednesday, and Texas Gas Transmission Co.'s 350,000 shares of common.

Corporate Inventories

Although the aggregate of unsold corporates still around is not of distressing proportions, there is no gainsaying the fact that underwriters would feel better about things if the situation cleaned itself up.

There are still bonds to be had out of the Public Service Electric & Gas Corp.'s recent undertaking and the same is true in the case of a few other offerings of the last few weeks.

The "Pegs," as the aforementioned issue is dubbed in the Street, were offered on a 3.22% yield basis. Along with this one, Kentucky Utilities Co.'s offering and that of Gulf Power Co., both projected to yield 3.35%, remain on the slow side.

Salim Lewis Director

The election of Salim L. Lewis, a partner in the brokerage firm of Bear, Stearns & Co., as a Director of National Airlines, Inc., has been announced by G. T. Baker, President of the airline. Mr. Lewis has been associated with Bear, Stearns since 1933, when he joined the firm to establish its Bond Trading Department. He became a partner in the firm in May, 1938.


Salim Lewis

Joins Mitchum, Tully Co.

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Ellis O. Thorwaldson has become associated with Mitchum, Tully & Co., 405 Montgomery Street, members of the Los Angeles Stock Exchange. He was formerly with Hooker & Fay, and Davies & Mejia.

Rejoins Channer Secs.

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Calvin L. McIntyre has rejoined the staff of Channer Securities Company, 39 South La Salle Street. Mr. McIntyre has recently been in the armed services.

First Securities Adds

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — Leonard J. Leininger is now connected with First Securities Company of Chicago, 134 South La Salle Street, members of the Midwest Stock Exchange.

With Gross Rogers Co.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Eugene F. Cassady is with Gross, Rogers, Barbour, Smith & Co., 559 South Figueroa Street, members of the Los Angeles Stock Exchange.

With Louis A. Love

(Special to THE FINANCIAL CHRONICLE)

MENLO PARK, Calif.—Charles M. Schwieso is with Louis A. Love, 700 Hermosa Way. He was formerly with Mutual Fund Associates.

With Paine, Webber Co.

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—James J. Augustine has become affiliated with Paine, Webber, Jackson & Curtis, 209 South La Salle Street.

Jos. Blumenthal Opens

BOSTON, Mass.—Joseph Blumenthal is engaging in the investment business from offices at 585 Boyleston Street, under the firm name of Joseph Blumenthal Company. He was formerly a partner in Blumenthal & Alperin.

Continued from page 9

Postwar Inflationary Trends

purpose of halting the rapid fall in commodities. The bond market immediately rose to the highest levels in a year and the commodity charts have shown a slight upward trend and a tendency to level off the sharp six months' decline.

The stock market has moved upward slightly—but not convincingly as yet. The new issue market in stocks and bonds has been clogged recently with new issues. This has led many people to foresee a great liquidating period. Such liquidation in stocks and commodities has not occurred previously when credit was being amplified, and when stocks yielded 6% on the Dow Jones Averages, and when general bearishness has been as prevalent as in recent months.

The immediate short-term trend therefore is probably inflationary, backed by an expansion of credit engineered by the Reserve Board.

IV

Summary

(1) **The long secular trend may be appraised as definitely inflationary:** Over a 10-20 year period the buying power of the dollar will decline. Goods, commodities, wages and stocks should be higher in price over the years.

(2) **The great war cycle:** Historically as regards the sequence of events and the time element, we are in the latter phase of the cycle—seven years after the war. Goods and commodities are being produced faster than money. The cost of living and taxes should decline. The stock market could rise for several years on confidence—as in 1926-29—but we are in a deteriorating economy, following the peak of war stimulation.

The war cycle at this time is probably gradually deflationary over the next three to five years.

(3) **The short-term trend:** Following the Reserve Board's efforts at contraction of credit in 1951, and the results in bond prices, stock prices and commodities, the trend is now reversed by the actions of this same powerful entity. The Board has since late March, 1952 been engaged in amplifying credit through such inflationary moves as allowing the government bond market to rise, removing the restrictions on municipal financing, doing away with the Voluntary Credit Restriction Program, and the removal of Regulation W, which permits easier credit for instalment buying.

The immediate short-term trend appears to be inflationary and heavy liquidation and depression are not in the offing.

Experience with war cycles, however, indicates that when they exist, they are the most powerful tides in the economic world.

From the standpoint of inflation, the cheapening of currency values, we are therefore in a period warranting cautious optimism, but not one of great expansion. We are dealing with a gradually declining economy, which is being intelligently coddled along by the Reserve Board through alternate doses of deflation and reflation.

The long-term secular trend should resume its influence some years after the war cycle is completed.

Naturally, if the assumption of no great war in the foreseeable future is incorrect—and a general war begins—then the war inflation cycle will be off to a fresh start.

However, if the new major war develops, then, notwithstanding the tremendous inflationary implications, there should, on precedent, be a period of great liquidation, especially in securities, until the decisive battles are fought. Once this stage has been reached the war cycle inflation takes effect in full force—except for government controls.

With Clifford J. Murphy

(Special to THE FINANCIAL CHRONICLE)

PORTLAND, Maine — A. Clair Currey has become associated with Clifford J. Murphy & Co., 443 Congress Street. He was formerly with J. Arthur Warner & Co.

Joins H. L. Robbins Co.

(Special to THE FINANCIAL CHRONICLE)

WORCESTER, Mass.— Louise Koski has become affiliated with H L. Robbins & Co., Inc., 40 Pearl Street.

Waddell & Reed Add

(Special to THE FINANCIAL CHRONICLE)

KANSAS CITY, Mo.—Robert L. Tuttle is now affiliated with Waddell & Reed, Inc., 1012 Baltimore Avenue.

Joins Fusz-Schmelzle

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo. — Eugene B Ferguson has become affiliated with Fusz-Schmelzle & Co., Boatmen's Bank Building, members of the Midwest Stock Exchange.

With Albert Theis Co.

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo. — Chester H. Klunick is now with Albert Theis & Sons, Inc., 314 North Fourth Street, members of the Midwest Stock Exchange.

D. S. White Co. Adds

(Special to THE FINANCIAL CHRONICLE)

CINCINNATI, Ohio—William E. Hallerman has joined the staff of D. S. White & Company, Union Central Building.

Stephenson, Leydecker

(Special to THE FINANCIAL CHRONICLE)

MEDFORD, Ore. — Greely J Mason has become associated wi Stephenson, Leydecker & Co. Oakland, Calif.

Paul V. Eldor Opens

CHICAGO, Ill.—Paul V. Eld has opened offices at 12 West V Buren Street to engage in t securities business.

Opens Offices

ITHACA, N. Y.—Alice D. Mac is conducting a securities busines from offices at 310 East Buffalo Street.

Washington . . . And You

Behind-the-Scene Interpretations from the Nation's Capital

WASHINGTON, D. C. — An attempted mass raid by the Air Forces upon a brand new fiscal target way out in the wild blue yonder was stopped cold just the other day, by the Defense Department.

Like just about every other little and big bureaucracy around this tax-supported town, the blue yonder boys were heavily disturbed, come the approach of June 30, by the fact that some unknown billions of "their money" had not been spent and probably would not be spent before the fiscal year-end. By "their money" they meant appropriations made by Congress for the Air Forces.

So the boys in postman blue conjured themselves up a little scheme. They started sounding out some of their best supply contractors on a deal of how about us paying you in advance on the contracts you are performing for us. Then, Mr. Contractor, if you have any bank loans against you, you can also pay these up. And we, the Air Forces, can show a result of performance registered in the form of payments before the fiscal year-end, and we won't have to take a chance on some of this money reverting maybe to the Treasury.

Trouble about this was that it didn't sit very well with some of the contractors, who started querying the Defense Department, "how come?" They could see no reason for paying off lines of credit they hadn't taken down and accepting advance payments on contracts, which carry an interest charge of 4%.

As soon as the word got to the Defense Department, the orders were drafted pronto, grounding the Air Forces on this particular operation. Reliable reports indicate that neither the Army nor the Navy attempted to put across this little stunt.

* * *

There seems to be little doubt but that most of the conferees on the Defense Production Act extension thought they were taking Regulation X off immediately, AND, that it would only go back on (1) if beyond a certainty construction of homes was threatening to exceed 1,200,000 units per year, and (2) if whoever is President when this prospect looms, figures he wants to clamp the regulation back on.

Nevertheless there is no doubt that the language of the conferees leaves Regulation X, such as it is, on for three or four months. The probability is that the termination date will be Nov. 1, but this is not finally settled. It could be Oct. 1.

The practical proposition is that once Reg. X comes off, it will probably never go back on under this legislation. This is a most authoritative, if privately expressed view.

Housing construction at an annual rate just short of 1,200,000 units per year is viewed by officials as of a boom character. A rate of starts in three consecutive months indicating an annual rate of 1,200,000 won't be reached normally until the summer building season hits its peak. It is that rate which would permit a President to reinstate Reg. X. However, by that time the power to reinstate Reg. X would have expired. Hence, any restoration of controls of housing mortgage credit must await new legislation.

* * *

Note: Congress in the few days before it begged off for the GOP convention completed two long-sought pieces of legislation.

Under one, the shareholders of an absorbing national bank in the case of a merger of two or more banks, could be denied the privilege of the old law of a take-out in cash of the book value of their stock in the case of a merger. The Comptroller of the Currency would still allow dissatisfied shareholders in the smaller and absorbed bank to get their take-out in cash.

Purpose of this amendment is to prevent shareholders of absorbing banks from defeating or threatening to defeat a merger by insisting upon the cash payment at book value of their shares.

* * *

Second of these bills passed near the closing of the session was one which abolished the arbitrary population categories for determining the required capital for a bank to become a member of the Federal Reserve System, or to establish a branch of its bank if a member.

* * *

The story behind the Treasury's year-end report is that both military and foreign spending fell sharply below the forecast of only six months previously to bring about a deficit of $4,017 million, less than one-half the forecast of $8,201 million predicted in January for the fiscal year just closed.

Whereas receipts for the fiscal year were less than the January estimate by only $551 million, expenditures were lower by $4,736 million.

The drop in military and foreign aid spending was even sharper and, but for the fact that the "Fair Deal" is hitting on all 16 cylinders on domestic spending, the fiscal picture would have been even brighter.

In January the President estimated military spending at $39,753 million; the actual figure was $34,748 million.

In January the President forecast foreign arms and economic aid spending for the fiscal year 1952 at $7,196 million; the year-end figures show this totaled $4,419 million.

As a consequence of this performance, it is indicated that unless military spending actually does pick up sharply this Summer and Fall, an expectation not shared by many of the informed, it will be up to Mr. Truman's successor, if any, to worry about financing the fiscal year 1953 deficit from here on.

So far the Treasury has picked up $1.6 billion of new money by increasing the weekly bill issues by $200 million. The unsuccessful 2¾s non-market bond raised $318 million, but the fully marketable 2⅜s enriched the Treasury's cash by $4,149 million, or a total for all three of $6,067 million.

Some time this Fall (but not in August as previously anticipated) there will come two series of tax anticipation bills, one with a March 15 maturity and another with a June 15 pay-off. Some additional money also might be picked up on weekly bills if conditions look propitious.

Hence the projected 3% market, bank-ineligible long-term bond is postponed in all likelihood at least until next winter. The disposition of defense spending to lag indicates that the raising of new money, other than aforementioned, can be postponed until January, after whatever Administration is elected next November is inaugurated.

* * *

Whether the United States has a better government or a worse one, is richer or poorer in its own wealth, the Technical Cooperation program appears destined to go on. That is because, so far as can be checked, all known Presidential candidates favor this scheme.

Technical cooperation is all that substantively has been enacted to implement the President's vague "Point IV" objective enunciated in his inaugural address of 1949. Congress has refused to set up directly guarantees of loans made for raising the standards of living of people in backward areas as such.

Some U. S. money through the Export-Import Bank and some additional through the World Bank does go for this purpose, indirectly, however. Congress also has now made it possible, under various acts, to guarantee U. S. investors against losses due to inconvertibility of currency or expropriation of their investments by foreign governments. Although until recently Congress allowed those guarantees to be made on new investments in 35 countries, **American business hasn't been attracted by the prospect.** It has made only 40 guaranteed loans, 38 of them for convertibility. And the procedure has now been made available for new investments in 57 countries.

Technical Cooperation is what Congress enacted, in the "Act for International Development," a part of the Foreign Aid legislation of 1950.

It is a business which in the new fiscal year will amount to about $275 million, of which a small part goes to pay for United Nations-sponsored projects for technical cooperation, and most goes for projects undertaken by the U. S.

Technical cooperation consists mainly of hiring U. S. experts to show the Indians or the Hottentots how to improve sanitation and public health, how to set up systems of government bookkeeping with or without deficits, how to set up systems of public education, or for various miscellaneous projects.

Of "Point IV" money spent so far, the Technical Cooperation Administration of the Department of State reports, approximately 70 cents out of every dollar has gone to improve food production and distribution. These experts from the U. S. have helped engineer irrigation systems, encourage the introduction and use of better seeds, and so on.

Another 15 cents out of every dollar, according to the State Department, goes for public health programs. These are all said to be of a preventive character, such as draining malarial areas, teaching local officials the necessity of boiling water, and showing how to inoculate persons against disease or how to spray to prevent its spread.

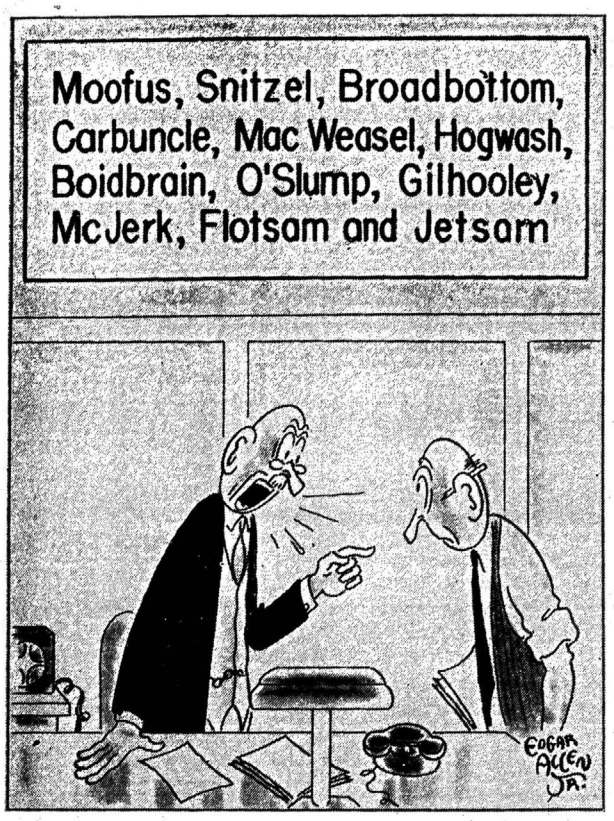
Of the TCA foreign expenditure dollar, another 10 cents goes to help set up local systems of education, and teacher training programs.

A final 5 cents of each TCA dollar spent abroad goes to a variety of miscellaneous projects. An example was the survey of a railroad right-of-way in Ethiopia. The World Bank will lend the money for the railroad.

It is asserted that none of the money goes for physical investment in buildings, machinery, or instruments of production.

(This column is intended to reflect the "behind the scene" interpretation from the nation's Capital and may or may not coincide with the "Chronicle's" own views.)

BUSINESS BUZZ



"I've told you before, Pipsqueak—no raise 'till the clients outnumber the partners!"

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Multi-Plant Collective Bargaining—List of selected references—Industrial Relations Section, Princeton University, Princeton, N. J.—paper—20c.

Operating Results of Department and Specialty Stores in 1951—Malcolm P. McNair — Harvard Business School, Soldiers Field, Boston 63, Mass.—paper $5.00.

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Share Ownership in the United States—Lewis H. Kimmel — The Brookings Institution, Washington, 6, D. C.—paper—$1.50.