Dollar Devaluation and Sterling Convertibility

By MELCHIOR PALYI

Dr. Palyi, after calling attention to British plans, particularly those of former Chancellor of the Exchequer, Gaitskell, to make the pound sterling convertible, argues against attempting to accomplish the objective by devaluation of the dollar. Says it would be an economic and political crime to undertake another multi-billion rescue action for Britain as long as she refuses to reform her domestic economy. Sees threat in proposal to devolve dollar and use profits as donation to restore convertibility to European currencies.

Britain plans to make the pound convertible in order to save herself from national bankruptcy. To do so, she claims to need a gold reserve of $6 billion to $10 billion. How she expects to get that from a reluctant Congress is the question—discussed in the following.

A fresh wind is blowing over Western Europe. To put it more accurately: Europe is beginning to open its monetary windows to let in the fresh air of the free markets. The British, in particular, realize at last that they will never be a prime concern unless the currency's convertibility is restored. They continue to lose gold and dollars, if only at a slow rate. This precarious position is maintained at the price of extremely severe—20%—import cuts and the banning of non-essential imports. While Britain is suffering from declining exports. Holding the pound behind foreign exchange barred wires keeps it on the verge of devaluation, selling at a 10% to 15% discount, induces capital flight, strangulates foreign trade, raises domestic costs and endangers the survival of the European Payments Union as well as of the EEC.

Continued on page 16

Summer Rally Prelude

To a Bear Market

By PETER L. BERNESTEIN

Vice-President, Bernstein-Macaulay, Inc.

Market economist asserts a further important rise would entail disregard of economic factors as well as common sense. Maintains Republican measures, because of deflationary repercussions, would in the short run constitute bitter medicine for market. Contends bulls in their unrealistic attitude toward deficit spending, civilian demand, and earnings outlook are falling their case; hence, summer rally will prove to be a final irrational outburst.

The widely heralded "summer rally" is under way—obviously. But the "summer rally" could well turn out to be just that. Unless some new reassuring factor or some very definite evidence of further inflation appears, a sharp step-up in the pace of the rally could be looked upon as an opportunity to increase cash reserves. In view of the level of stock prices and the outlook for earnings, it is difficult to believe that a further rise in the market would have any substance.

The market is obviously in high gear but the rally may not preclude its going higher. It did go higher and is going higher. A further important rise will require a growing disregard of economic possibilities and "common sense." The point is that the market is in relatively high ground just at the time when it is likely to be facing economic adversities (some of which may well be of an international character). While the Democratic Convention chose to ignore these difficulties the speeches at the Republican Convention and the party platform pointed them out, even if allowance is made for the excesses of campaign oratory. And the Republican "cures" for the situation would in the short run be bitter medicine for the

Continued on page 26
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Arbitrage in the Corporate Bond Market

By Mortimer J. Gartman

Mr. Gartman defines "arbitrage" as used in securities trading, and the various segments of its field of operations. Describes arbitrage operations in rights and in conversion privileges of convertible bonds. Gives leading examples in arbitrage and the mathematical operations. Discusses arbitrage transactions in reorganizations and concludes, effect of arbitrage on corporate bond markets. When security prices are low, but has some significance, when prices are high.

I am going to attempt to demonstrate the effects of arbitrage on the price of corporate bonds. The meaning of the word "arbitrage" is fairly simple. The least complicated operation is the purchase of a dollar bond in one geographical area and the simultaneous sale of the same security in another geographical area. This operation is only possible when there is a price disparity existing between the two existing market places. The other form of arbitrage is the sale of a security and the purchase of an entirely different security which is exchangeable or is expected to be exchangeable, or at sometime in the future will be exchangeable for the same security.

The arbitrage field can be divided roughly into three types of situations: namely arbitrage as to geographical area; secondly, in the field of corporate bonds, that is, bonds that are convertible at the option of the holder into another type of security; and thirdly bonds which are related to reorganization plans.

The first operation as to geographical area is largely endemic when applied to corporate bonds. In this country, the main center of natural arbitrage is in New York City and even though bonds will be issued in Calgary, London, and Schenectady, New York, the market most of the time is in this locality.

In the past, there has been arbitrage in the English, French, German, and Italian markets, and private corporations that sold bonds in this country and they have found a market here as well as in the local geographical area in which the corporation was located.

However, since the middle '30s, this type of arbitrage has pretty well disappeared due to the lack of trading interest and foreign exchange problems. We have largely...

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Index to Indexed Issues

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The international security afforded by the atom, in bomb form, is well understood, even by malicious Moscrovites; today, however, we shall discuss peace-time nuclear uses, with some results that are quite startling.

Down through the ages, man has constantly sought ever more powerful and energetic means. To the turtles that once roamed the earth, the slow pum¬

</s>
The State of Trade and Industry

Despite progress the past week in some lines of industrial activity, the shrinking supply of steel in other lines has been marked out by operating schedules. The net result was that total industrial operations were up by only 0.3% as a whole, although the level of last year was about 10% short of the all-time high attained during World War II.

Lay-offs due to the steel dispute continued to mount and more than 200,000 were away from their jobs as a consequence of the hiatus in steel production. The latest weekly figure for which data was available (the period ended July 5), new claims for unemployment insurance benefits rose 60% and were 72% higher than a year before.

Steel ingot production last week inched up slightly for the fourth consecutive week but remained 3.4% below the level at which it had settled with the union continued negotiations.

Repayment of the previous week has touched off one of the wildest scrambles for steel in history, according to "The Iron Age" national metalworking weekly. Consumers are exerting almost unbelievable pressure on all possible sources in efforts to keep plants going, or get their outputs up.

Conversion, foreign and gray market steel sources are being cannibalized for all they are worth, and the chances of getting much help from them are remote.

Steel sales officials contacted by "The Iron Age" believe consumers are going to have a rough time placing new orders for the rest of the year.

A special steel task force has been called to help control officials with the herculean task of repairing the Controlled Materials Plan. Question is how to discount the loss of 19 million ingots of steel that had already been divided among steel users. A good many consumers are bound to come out with smaller pieces of the steel pie, this trade authority points out.

Several responsible sources on "The Iron Age" hold that sales at present have enough CMP orders on hand to take up almost all their output next week as a whole, and that CMP will be badly tangled for several months—even if quantity forecasts are severely reduced, as now seems likely.

Before the steel supply had attained the B-product components, was about 25% of steel production. For the next few weeks the steel makers will be closely following the weekly figure of output to be nearly double. All this adds up to a tight steel market for at least 6 months and it might last until the second quarter of next year, continues this trade magazine.

The steel conversion market, which had withered on the vine, is now in full swing, and a large number of steel players are paying a good deal more than regular mill price. Judging from cost agreements made so far, a reasonable level price will be in control for at least the next 6 months. These higher costs to consumers will be on top of the authorized increase of $3.20 per ton for mill suppliers, states this trade weekly.

Steel producers are struggling to get their facilities back into production. Some lines of output have to be rebuilt because of damage resulting from cooling and shearing. It will probably take weeks to regain a high operating rate, concentrated on the auto industry.

The auto industry, last week was operating at only 10% of its potential. The National Production Authority has declared, adding it would take from three to six weeks for all companies to get back to their normal output. He estimated the steel strike had cost the nation about $500,000,000.

"Ward's Automotive Reports," a trade authority, released estimated new car production which corresponded closely with the NIA side's figures. It stated total losses would "eke" to about 400,000, and about 120,000 trucks because the industry faces three weeks with no cured or cooled product as the steel mills get back into full swing.

Last week auto output rose about 24% "Wards" said. The main reason for the rise was the return to production of all 15 Ford division plants. These same plants were closed this week. It was only a partial week this year. In fact, the production index has been worked out. It was 70% of its normal output. He estimated the steel strike had cost the nation about $500,000,000 in the past.

"Ward's" said. Before the effects of the steel strike set in last week the auto firms had been producing at a rate of more than 90,000 cars weekly, the agency stated.

Steel Output in Post-Strike Week Scheduled

The steel strike was settled (on Thursday of last week) substantially on the basis of the companies' offer made some time be-
Continued on page 24

The 1952 Crop Outlook

By ROGER W. BABSON

Predicting another good year for farmers, Mr. Babson says it gives them hope that conditions will be better for other industries in farming areas, adds signs of billion-bushel-plus wheat crop and a bumper corn crop are "alarming likely to fall short of 1951.

Mother Nature surely smiles on the Democrats by giving the U. S. good crop prospects for 1952. This total crop production now promises to be second only to the record of 1949. Here are a few highlights.

Billion-bushel-plus crop. The best crops have been taken for recent years. With the exception of 1951, they have been rule since 1943. This year's indi-
Continued on page 8

Observations . . .

By A. WILFRED MAY

Ike Versus (?) Adlai

Many of our statefarmite contemporaries are celebrating the prospective reestablishment of the Coming Presidential campaign. They are exulting over the "factorial and decisive" contest which would have resulted from a Truman-Taylor ticket due to a "race-tie" battle between the Taft-Hoover-MacArthur clique of the Republican party and the Humphrey-Taft-Bricker trio with the Democrats.

The campaign will indeed be conducted on a "couch plane." But—this involves the im-
Continued on page 15

The Scrambled Civil Rights Positions

That super-nutshell civil rights question assuredly is now super-scrambled. While Governor Stevenson in having said—"the
Continued on page 12

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Continued on page 9

"the end of the steel..."
Business Leaders Voice
Confidence in Future

General optimism pervades Chicago Merchandise Mart Gathering, New uses for plastics and aluminum cited.

CHICAGO, Ill. — The following is an account of the Chicago Merchandise Mart Hearings on Confidence in the Future of the Business. The gathering was held in the Chicago Merchandise Mart, and the speakers were from various industries. The event was organized by the Chicago Business Conference. The gathering was attended by business leaders from various fields, including retail, manufacturing, and finance. The event was focused on discussing the future of the business and exploring new opportunities.

By F. A. Abbati

General Manager, American Division, Monsanto Chemical Co.

Beauty — Plastics' New Claim To Fame

Plastics have a new claim to fame — Beauty. Beauty, because of color and beauty of texture. While much of the beauty is inherent in the materials — and what can we do about it, these man-made substances are products from the earth. A look at the wonder of these materials is enough to make any manufacturer or designer realize that the beauty and utility of many new products is dependent on the use of these materials.

Embroidery and molding of vinyl films are two things in which the potential of these materials is being realized. The first is the development of new textures and patterns in which plastics are used. The second is the improvement of existing textures and patterns in which plastics are used.

The corrugated translucent pyroxylin film is an example of molded design in film where you get a new texture by applying a new pattern over the existing texture. The other is molding that produces a new texture.

The corrugated translucent pyroxylin film has been a success for a number of reasons. First, it combines fibrous and transparent resin, which makes it possible to create a number of different textures and patterns in which plastics are used. Second, it can be made in a variety of colors, which creates an almost infinite number of possibilities.

In conclusion, we see that the use of plastics in the future is not only for their utility but also for their aesthetic value. As we continue to explore the possibilities of these materials, we will find even more uses for them in every aspect of our lives. The future of the business depends on our ability to use these materials effectively and creatively. The future of the business is bright as long as we continue to explore new possibilities and exploit the potential of these materials.

Beautifying Upholstery

The heavier vinyls that we get from our suppliers are being used in the home and office furniture industry. These vinyl sheeting is getting the attention of the upholsterers and they are using it for wall coverings, and some of it is getting on to walls. The change from straight film to roll film is to give better wearability and better adaptation to methods of upholstery. The upholsterers are learning new methods of upholstery, and this knowledge is spreading throughout the industry. Electronic control, and the use of automation are all involved to produce more beauty and less housework in this field.

Walls and floors are so closely related that it is hard to tell want to cover them with vinyl too. Here again we use texture, which is always changing. Vinyl is being used in application in the usual finishes. The new finish — which first appeared six or seven years ago — is the texture that is entirely different from what was obtained by vinyl used on a previous basis. There are many colors — colors which are not an integral part of the material, but are introduced to add life to and wear and will wear in the years to come, and will be built.

So easy that many of those spoiled American girls have been able to make it at the age of 16 to 18. The industry has developed new, tougher formulations of stronger adhesives and new color and design access to more impact resistance. The present is a time of change too. The industry is looking for entering a new year.

There is no rush to buy on the part of consumers. There are many new products in the market. We are back to a buyer's market where we have been for many years. We need a back to a market where you have to show a person.

The major appliance business is very active. The manufacturers have given promises that the quality and performance of the products have never been better. The major appliance industry is working hard on the promotion of the products and the promotion of the stores. The problem is the industry is facing is not with the outlet, but with the consumer. We are back to a buyer's market where we have been for many years. We need a back to a market where you have to show a person.

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Secrets of American Capitalism

By PHILIP CORNEY

Economist, President Coty International, Inc.

Prominent industrialist-economist cites our great surpassing of Western Europe's production of all types of strength and vitality of American capitalism. Asserts our exceptional eco-

nomical progress results from (1) abundance of individualistic, entrepreneurial use of human capabilities, and (2) competition between businesses, both large and small. Pervading these factors is the "American Scheme" as expressed in the Declaration and the Constitution.

I shall attempt to explain the sources of American capitalism, or, if you like, the major productive thrust of Western Europe. It is not my intention to make either a superficial exposition or a detailed study of the respective economies. I shall make my remarks for what has been called the "American Miracle." I shall only make such a selective exposure and shall attempt an outline of those events which have given rise to what we call American capitalism so that some 200 years of American capitalism. If I had to invite you to visit one country today rather than another, I would choose it for the high morality of the American people and the financial prudence for the sake of their financial leaders. Indeed, their motivations in life are imbued with a sense of reality, and their actions arc guided by a deep respect for the material precepts of Christianity.

The United States in the gravity of the 1929 depression is considerable, and I have no doubt that it is currently increasing as to the possible or probable consequences of our present errors in the field of monetary policies, labor unions, farm price policies, tariffs. The social and political consequences of the impact of the evolving interests of politicians and labor unions on American capitalism are satisfactory to the aspiration of the masses, have some very disquieting aspects. Unless we achieve a more rapid and future of economic liberalism in the next two years, I believe the United States in the years to come.

A few figures will make it possible for me to get right to the heart of my subject.

The United States produces approximately 40% of the world production of all goods and about 50% of all manufactured goods. The United States occupies about 7% of the world's territory, and holds 90% of the world's natural resources represent about the same percentage of the world's coal, iron, nickel, and resin area. The production per capita in the United States is 2.5 times larger than in Western Europe.

Significantly, the electro-mechanical changes which each worker in the United States is engaged in producing represents 2.5 times the average electro-mechanical power per worker in western Europe. It is the electro-mechanical power which is the driving force of the industrial strength of Europe as in the United States, namely ¼ horse-power.

We shall see that the reasons which have made possible the increase in machine power, which results in a greater and better and better machines and equipment and the considerable increase in electrical energy and the disposal of each worker be-

The truth is that by the conclusion of the American economy the urge to innovate, to be more productive, is based on the urge to innovate, to be more productive, is that the United States has a great number of new tools of production and by that by the conclusion of the American economy. It is true that some ade-

quate and make possible a large production of of the case for coal, iron ore. and I am, and also. to be in the control of the American society. But most of the time the American society is a produc-

tive man is art of the beginning seeking to in the United Kingdom. British businessmen took the habit of sending their sons mainly to college with the future political leaders of the nation were educated.

The most important factor of the American economy is the conviction of the Ameri-

can businessman that mass production requires a co-exist-
ence of mass distribution, and that it is up to the business community to deal with the development and creation of new products. As a matter of fact, it appears that later on, here again, special circumstances have favored the creation of mass markets.

It is evident that mass produc-

tion makes possible large expense on research and the building of continuously improving tools so that mass markets can make possible the lowering of unit costs and unit sales prices.

Besides, the continuous enlarge-

ment of markets is due to a great extent to the creation of new industries, and to the creation of new industries, and manufacturers use their ingenuity to find new needs and the retail trade experts to create an awareness of the consumer for new prod-

ts which are already in his possess-

ion.

But the most direct cause of the existence of mass markets is the third essential characteristic of the American economy.

(3) Many Americans and Euro-

peans have made the remark that the mass market as well as American economic progress is explainable mainly by a deliberate policy of high wages and low prices. The idea is thus expressed as a basically true, and yet the way in which it is usually presented is rather misleading and keeps people to wrong conclusions. Many people are willing to think that high wages are an adequate answer to the quest for a higher standard of living and to our economic fills.

First and above all, high wages are the result of the increase in productivity made possible by electrical energy and modern tools put at the disposal of the workers by the "entrepreneurs" and those who invest.

The increase in the basic wage by Ford in 1914 was only 50% to 100% and more in a few years. From 1880 to 1914, the percentage increase has increased on an average of 50%, which means that it took 35 years to obtain an increase in wages.

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The Bank for International Settlements Today
By HERBERT BRATTER
Mr. Bratter reviews developments in the Bank for International Settlements since the Bretton Woods Conference in 1944. In 1952, the "Gold Question" was whether it should be put on a new basis or not. However, the government of Switzerland established the Bank and it was able to go about its business. In 1944, the majority of the BIS ceased to be national. It is not surprising, therefore, that people have been interested in whether there is a need for the Bank. It has been possible, however, for the Bank to avoid a cut-and-dried answer. The basis for the Bank's function is that it is a center of cooperation, a fund of central banks to be at the disposal of its members, always ready to serve them according to their requirements. The only certain thing is that the Bank must continue its operations—its role is to maintain the stability of the world's financial systems. The Bank's operations have steadily increased from year to year, so that the Bank is today, perhaps, more active than it was before the war. Younger generations of economic historians have developed a demand for the Bank's services, particularly in connection with gold and exchange transactions, sometimes in connection with the granting of credits to member countries. Thanks to the realistic nature of its statutes, the BIS is not bound by rigid rules, but is rather free to exercise great flexibility in the conduct of its business. The BIS enjoys these advantages which have helped it to open its field of activities corresponding to the varying needs of its customers— unlike a traditional European central bank. It is of interest to note that the BIS itself, like its parent organization, is not bound by any rules, and that it does not grant credits except on an average of a few years. This being the case, it is not surprising that the Federal Reserve Bank of St. Louis, founded in 1944, functions as Agent of the European Payments Union. It reveals BIS wants nations to maintain flexible monetary policies and advocates establishing a new basis for international currency exchanges.

BASILE, Switzerland—The Bank for International Settlements (BIS) in Basel was much in the news during the past year. The Federal Reserve Bank of St. Louis, as Agent of the European Payments Union, holding the Conference of Governors of the International Monetary Fund, was the subject of question whether it should be put on a new basis or not. However, the government of Switzerland, having established the Bank in 1944, was able to go about its business. Indeed, the BIS has been able to earn substantial profits, and has enabled the Union to be in a position to carry on, and with the support of central banks of the world. The Bank's marginal resources are considered to be modest by comparison, hence the term "BIS". It is very able to be today's BIS, which is rather able to be the European Bank for Reconstruction and Development in Washington, for the BIS operates on a long-term lending for a maximum period of five years. Nor does the BIS compete with the International Monetary Fund, unless by virtue of its statutes, it has a clearly defined function and cannot carry out current banking operations. In order to maintain a high degree of liquidity, which is necessary for an international institution like the BIS, the banks at the national level of the BIS keeps nearly all its liquidity in the form of gold. The holding of a large stock of gold is not in flux; remunerations have been established by the BIS always to be in a position to carry on, and with the support of central banks.

Another Good Year for Farmers
America—the Bountiful as well as the Beautiful—should thank its lucky stars. For the multitude of its harvests—past, present, and future—the Bank of New York has always been a real famine in the land, and I pray that there will never be another. Present presents, 1952 will be another good year for farmers, despite the trend of rising prices, and will be a good year for the farming part, should be well maintained, for the annual seasonal variations. Sales opportunities in the farming areas should continue flexible. The commodity prices are realized by the farmers and price of goods fairly.

In order to maintain a high degree of liquidity, which is necessary for an international institution like the BIS, the banks at the national level of the BIS keeps nearly all its liquidity in the form of gold. The holding of a large stock of gold is not in flux; remunerations have been established by the BIS always to be in a position to carry on, and with the support of central banks of the world. The Bank's marginal resources are considered to be modest by comparison, hence the term "BIS". It is very able to be today's BIS, which is rather able to be the European Bank for Reconstruction and Development in Washington, for the BIS operates on a long-term lending for a maximum period of five years. Nor does the BIS compete with the International Monetary Fund, unless by virtue of its statutes, it has a clearly defined function and cannot carry out current banking operations. In order to maintain a high degree of liquidity, which is necessary for an international institution like the BIS, the banks at the national level of the BIS keeps nearly all its liquidity in the form of gold. The holding of a large stock of gold is not in flux; remunerations have been established by the BIS always to be in a position to carry on, and with the support of central banks of the world. The Bank's marginal resources are considered to be modest by comparison, hence the term "BIS". It is very able to be today's BIS, which is rather able to be the European Bank for Reconstruction and Development in Washington, for the BIS operates on a long-term lending for a maximum period of five years. Nor does the BIS compete with the International Monetary Fund, unless by virtue of its statutes, it has a clearly defined function and cannot carry out current banking operations.

The 1952 Cotton Outlook
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Another oil crop also promises to be large. I refer to the versatile soybean. But here, again, have we reduced our crop expectation? The expected 4% indicated increase in soybean output, which will be a topping last year's 28,000,000 bushels the second largest crop in record. Although flaxseed and peanut producers are materially better off under 1951, total sales of oll-seeds and their products will again be sufficient.

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Investment Company Portfolio Management

By HAROLD E. AUL, Vice-President, Baldwin Lockwood

Mr. Aul describes the organization, methods and procedures of investment companies in his thoughtful research work of the department and advisory committees and explains use of modified formula plan in selecting securities and timing purchases. Analyzes work of the portfolio administrator, who has high standards for placing orders for purchase and sale.

There are many types of institutional investors representing a wide range of interests and investment objectives. These interests range from commercial banks, savings and loan associations, insurance companies and trust funds, to educational institutions, charitable organizations and investment companies.

I shall approach this subject from the viewpoint of the management of the investment company's portfolio, the reasons for taking this approach. In the investment companies, as in all other companies, there is a wide range of investment interests other than those of the institutional investor, including as they do common stock funds, growth and income funds, so-called balanced funds. Then, too, as in most other fields of endeavor, there is the question of selecting the investment company as my model of institutional investment management organization, perhaps one of the few that most fully understanding this aspect of the subject. The investment company is the one most familiar with the investment issues, in the management of its funds, in the field of research, and in the investment company, its portfolio of six investment companies, and also in the interest of its stockholders, and in the interest of the public. This is the best and most fruitful form of cooperative endeavor.

The investment company is, in economic terms, the most important for the most part small investor, who has pooled their funds to this end for the purpose of gaining the advantages of large-scale investment facilities, and to reduce the burden of large-scale investment. In all respects, a capitalization of experience, experience, rate, and skill, in the selection and supervision of their investments. The organization of our investment companies, for instance, with net assets of about $100,000,000,000, has more than 3,000 stockholders. My firm, in effect, is engaged in a business of providing a basis to manage their funds under the supervision of its board, the supervision of the management of the Securities and Exchange Commission in the selection and supervision of their portfolios.

The members of the research department of the management organization not only undertake exhaustive studies of all available data on all major industries and principal operations and their operating results, but also in the ever-changing world, and are specializing in the various fields of the economy, in the assessment of the impact of major changes in economic, financial, and social conditions on the financial institutions and their operations.

The research department has its headquarters in New York City, and a branch office in Chicago, at the New York University, New York, July 12, 1952.

A Korean Peace Will Not Change Situation

By WALTER PODOLAK
Stearn, Frank, Meyer & Fox, Los Angeles, Calif.
Members, New York Stock Exchange

Stock market analyst gives reasons why a Korean peace, if it should come, will not change international situation, as international expenditure program would be continued.

The subject of a Korean Peace has been widely discussed and considered recently in investment circles. While many believe it would mean a great change in the market, that does not seem likely since Korea is only one of a great number of potential crises in the world. If the Communist front all over the area were to fall off, it would release a good deal of pressure on the financial system and might lead to recovery of the democratic peoples and such prestige as Korea has. Therefore, a Korean Peace would mean world conditions generally, at least in the immediate future. Even on the Korean front a truce would serve only in the necessity of maintaining a large armed force in that area. To expect the Communist front to fall off quickly and draw completely would be wishful thinking. It is more likely that a Korean Peace would result—a side-effect from saving previous armament expenditures.

(1) cessation of fighting with any armament
(2) the necessity of maintaining a large armed force in the area.
(3) enormous problems regarding rehabilitation of Korea.

(4) savings in expendable equipment and supplies used in waging war.
(5) not a great deal of change in present international expenditure program
(6) continuation of armament expenditures.
(7) greater probability, if fighting is stopped and armed forces reduced, that some reduction in taxes might be possible.

This writer does not intend to minimize the possible repercussion upon the markets of an armistice to Korea. However, the important thing in considering the situation is that the armament be minimized enough to permit scrapping of the armament program which it seemed possible to reduce under our economy will still be with us.

It seems likely that the adjustment that would occur in the stock market should be of moderate proportions as long as the maximum corporate tax maintenance of our armament program appears justified, based on continued world tension. It appears reasonable to expect the investment adjustment to be selective as our markets have been for some time past, and a Korean Peace would definitely be affected adversely. Under such conditions stock values would not be affected. The West Coast has been contributing a large and essential part to the war effort, and would probably continue to do so even if the armament expenditures were cut back.

Of course, the foregoing discussion assumes a Korean Peace, which is not a very probable assumption. Korea is a very old year, and a truce would certainly have some effect upon the market. Over the past year it appears that the market has had to adjust itself internally for this eventuality. There is no assurance that this writing peace that peace is a certainty.

Conditions continue to favor purchases made after careful research and investment analysis.

As international political food for thought, there is the question: Would the Korean Peace mean a Democratic victory? Eisenhower would probably not be able to blame the Communist standpoint since he stands firmly behind any policy of strength on all fronts. However, the possible victory might be due to the fact that the Communist standpoint would probably affect the election enough to make some progress under Eisen¬ hower. A victory for the Democratic Party would mean additional political ammunition. Therefore, a victory for the Democratic Party would be a victory for the Korean Peace, with Moscow's blessings, likely soon before our election.

Selected "blue-chip" stocks in the manufacturing industries are likely to increase in price if a Korean Peace is signed. The new threat that a Korean Peace would probably affect these stocks favorably long before a reduction in corporate taxes became an actuality.
Shortcomings of the Dow-Jones Averages

By FRANK PEABODY
Haydock & Company
Inverness, Cincinnati, O.

Mr. Peabody, in pointing out shortcomings of Dow-Jones and other stock market averages, contends that they are based on a very simple "index" but simply adjusted prices of a few unduplicated and frequently shifted individual stocks. Indicates that movement of a single divisor has no effect on the true index of total stock market action a large number of stocks, weighted in order of their importance in influencing price fluctuations.

The batting average of all players in the two major baseball leagues last season was .261; that statistic does not take into account the average of all players in the National League. That is more than the batting average of all players in the American League.

Peabody points out that the averages and indexes tell us about the market as a whole, but that they are not a true measure of the market itself or even as a check against personal investment accomplishment.

Not Indexes

The Dow-Jones Averages are often mistakenly referred to as indexes. Accurately speaking they are not indexes at all. The averages of the prices of a few hand-picked stocks represent the relative movements of various industrial stocks. They make no allowance for the relative size and importance of the different companies used in the compilation. For instance, on more than one occasion we have seen both General Motors and General Foods selling close to $50 a share. These are two of the 30 stocks that make up the Dow-Jones industrial average. A one-cent price change in General Foods then has just as much effect on the Average as a one-cent change in General Motors. Yet General Foods, with 192,000,000 shares outstanding at $5,813,000 common and General Motors with 5,575,000, General Motors' equity is a fraction of the $43,900,000,000 value of General Foods. The Dow-Jones indexes are far from representing the market. If the Dow-Jones indexes were truly representing the market, General Foods would carry more weight in the Dow-Jones Industrial Average than General Motors. In fact, if General Motors should have a stock split and General Foods were to put the stock down around $5, General Motors would carry more weight in the Dow-Jones Industrial Average than General Foods would carry in the Dow-Jones Industrial Average. When one considers such facts as these, it is apparent that this particular average is not a true measure of the stock market.

The Dow-Jones Industrial, and so on. From 1914 to 1928, during the period when the Averages was made up of 12 stocks, there were 9 further substitutions in the list; Standard Oil of California for Union Pacific, Eastman Kodak for Koppers, and United States Steel for Pennsylvania Railroad. During the first eight years after the list was increased to 30 stocks, there were some 20 old subsidiaries in it; Jordon for American Sugar, duPont for International Silver, International Shoe for American Sugar, International Shoe for American Tobacco, and the list was increased to 30. Such frequent changes confuse the investor about what stocks are in the Dow-Jones Industrial Average. The effect of which is to make it not even a consistent record of the actual investment experience one would have had with the 30 stocks of which it is composed.

In the explanation quoted earlier as to how these Averages are made up daily, the reader will recall a reference to a divisor which is changed from time to time to take care of split-ups and combinations. It is true that when they switch the divisor to another they get "the same average on the new basis as on the old basis on the day before the new method was put into effect. However, any statistician could demonstrate that as the market then moves on higher or lower levels the new divisor does not put the old divisor and the old combination of stocks would have divided.

For instance, before Allied Chemical was split four-for-one, in August of 1950, that stock appeared in the Dow-Jones a price a divisor of 8.57 was adopted. The changes do not give the same answer at the time one looks at the Dow-Jones a price change in the stock since before it is multiplied by the increasing number of shares to give the result is an unchanged total market value. In the Dow-Jones Average, the result is a better divisor, which in itself, determines its relative importance. In assigning to assign proper weights to individual stocks this method also serves to give some element of continuity to an index. Assuming a two-for-one split on a 100 stock dividend, the price is halved, but the Dow-Jones is multiplied by the increasing number of stocks and the result is an unchanged total market value.

In the case of a dividend this is the result is an unchanged total market value, rather than division by the same divisor which itself is the result of the dividend. One stock is increased by $2 and the other is decreased by $20, the result is a better divisor, which in itself, determines its relative importance. In assigning to assign proper weights to individual stocks this method also serves to give some element of continuity to an index. Assuming a two-for-one split on a 100 stock dividend, the price is halved, but the Dow-Jones is multiplied by the increasing number of stocks and the result is a better divisor, which in itself, determines its relative importance.

Price of Stock Market Fluctuations

What is a True Index of Stock Market Fluctuations?

A true index of total market action distinct from any average embracing a few selected stocks should include a large number of companies and each stock in it should be weighted in order that it will influence fluctuations of the index in proportion to its respective market importance. Probably the most suitable weight for this purpose is the number of shares outstanding for each of the Dow-Jones Industrial Average companies multiplied by the number of share outstanding gives the true average to the extent of the old divisor, which in itself, determines its relative importance. In assigning to assign proper weights to individual stocks this method also serves to give some element of continuity to the index. Assuming a two-for-one split on a 100 stock dividend, the price is halved, but the Dow-Jones is multiplied by the increasing number of stocks and the result is an unchanged total market value.

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One reason the Dow-Jones average is so widely used is the fact that it comes in every broker's circular daily and nightly. Another is that it has been around 55 years. Still another is the fact that these prices are frequently quoted. It is clear that anyone undertaking to forecast future market action from the record of past action as past action should be laughed off.

This advertisement is neither an offer to sell nor a solicitation of offers to buy any of these securities. The offering is made only by the Offering Circular.

These Securities are offered as a speculation.

300,000 Shares
Sunflower State Oil Co., Inc.

By FRANK PEABODY
Haydock & Company
Inverness, Cincinnati, O.

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From Washington
Ahead of the News

By CARLISLE BARGER

With the din of the conventions still sounding in the ears of the battered participants the hopes of the Republicans to break into the South have been considerably dimmed and the probability that they may carry Virginia and Texas but to my mind will be very few if they do any of the states, much of their energy in the en-

deavor.

Much of the situation that has come about is due to Senator Dick Russell. Several weeks before the convention Russell was agreed upon as the candidate of the Republican party he may carry Virginia and Texas but to my mind will be very few if they do any of the states, much of their energy in the en-
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deavor.

In his "Credo" addressed to "men of the generation who must bear the active part in the work ahead," he says: "Let them have the responsibility of electing leaders who believe in mankind and its future, for they are the bravest and the best, and the man who tries to work for the good, believing in its eventual triumph. If it fails, if it suffers setback and even disaster, will the man who is the most deadly sin I know is cynicism." E. C. STEVENS

Chairman of the Board, Railroad Silver Co.

Despite the fact that a great majority of the labor leaders appear to be strong for the League of Nations, I am afraid to say I agree entirely. KIRKE W. CONNOR

President, Micromate Hone Corp.

I wholeheartedly agree with what Mr. Roosevelt says. Let us pay you to know that I have passed to the committee of our Operating Committee and shall do anything else I can to help in a circulation as possible. Owen McWilliams at Am. Machine & Fdry.

Owen McWilliams, former exchange, has joined American Machine & Foundry Company as chairman of the Corporate Services Committee, the corporate secretariat, and has been announced.

Owen McWilliams has been a New York Stock Exchange examiner after having served as Associate cashier of the Exchange. He is a member of the Stock List Department, leaving in 1940 for New York. He was a United States Air Force pilot and a B-17 combat crewman in Europe. He was last seen flying a B-17 shot down and captured by the Germans, who put him in a concentration camp. Owen McWilliams graduated from the Air Force Foundation of the United States Air Force. Flight Engineer with B-17 combat crew. He is a member of the National Guard and has been with the United States Air Force. Flight Engineer with a B-17 combat crew. He is a member of the National Guard and has been with the United States Air Force.
The Ohio Turnpike Commission on July 29 received a check in the amount of $139,831,972.22 representing the net proceeds to the Commission of $356,900,000 of the Turnpike Revenue bonds, the largest revenue bond issue in history.

The net proceeds of the $356,900,000 U.S. corporation bonds resulted from a recent new high of $841.4 billion at the end of March, 1952, according to the latest quarterly estimates by the Securities and Exchange Commission. This was $1.5 billion higher than the end of 1951, resulting from an increase in current assets of $700 million together with an increase in long-term Liabilities of $800 million.

The increase in current assets during the first quarter of this year is largely due to an increase of $500 million in inventories and notes and accounts receivable. Inventories increased $1.3 billion, representing an increase of $8 billion in inventory while notes and accounts receivable increased $600 million to a level of $57.8 billion at the end of the first quarter. The increase in inventories was less than for any quarter since the beginning of hostilities in Korea.

During the first quarter of 1952 corporate holdings of cash and U.S. Government securities remained at high levels although $1.8 billion and $440 million respectively, from the end of 1951. At the end of March, cash and U.S. Government securities amounted to $57 percent of current liabilities, compared with 55 percent at the end of 1952 and 74 percent at the end of 1949, the postwar peak.

Federal income tax liabilities at the end of the first quarter dropped to $18.5 billion from the record high of $30.2 billion at the end of last year. Notes and accounts payable increased slightly while corporate earnings carried an estimated $161 billion of other current liabilities, about $700 million more than at the 1951 year-end.

I would like to discuss the situation today largely for a year which can only be described as a self-made depression in the television industry. The depression was caused by the drastic reduction in consumer purchases of television set production. The actual rate of sales was $10 million to less than 2 million—and when it was—buyers were reasonably well satisfied. Arthur L. Chapman, well known as the executive of Sylvania's Research and Development division, is the man who has a clear understanding of what the future holds. Mr. Chapman has stated that Sylvania's research and development efforts are being stepped up and the amount of research and development dollars invested during the first half of 1952 was much better than it was a year ago. But, the future position is far from static, let me assure you. The splendid new 1953 models we are introducing to you today are impressive evidence that we intend to continue to bolster our relative position in the television industry.

The level of this determination to continue to broaden our market lies in the very fact that Sylvania, as always, continues to plan for the future. Our research and engineering effort is as intensive on many phases of television production as the industry has ever been. We will be profoundly felt in the entire industry and you can be sure that whatever the trend happens to be in the industry, you will find Sylvania working directly on the result of the pioneering work being done at the request of our scientists and engineers.

The "Color" Question
Some of you have asked about the status of color television. Whenever color television is talked about, whether in the laboratory to the home, Sylvania will be a major contender in the industry. We will be competi
tive, the advent of practical color television will not occur overnight. Much work remains to be done. There is much, many more problems involved than simply ascertaining technically that we can put our work in practice. There are many questions to be answered. Before Sylvania will be the leader in the industry, we must work together with our distributors and their customers.

Business Holding Up
However, compared with almost any period except Korea, business is bearing up remarkably well. In fact, business generally seems to be good.

Let me elaborate somewhat on this theme, and make my remarks more direct. There doesn't seem to be any reason why anybody should be general slump in sight for those distributors who really study their markets, and for the distributors who see to it that they maintain the contacts with their every resource they can muster. Perhaps you feel I am guilty of oversimplifying the situa
tion. You are right. But business will be good for those distributors who make it good.

Industry's Immediate Outlook
Now perhaps the outlook for the television industry, especially for the fall and winter markets? We cannot probably make any definitive optimism; stated quite simply, there are many problems to be solved. One quite effective barometer has always been the orders we have received from various customers for television picture tubes. During the spring, when the market for television sets was going through its usual seasonal dip, the new model manufacturers increased their orders for pictures. This evidence strong optimism and a firm belief that the television set market reflects this same op
timism.

I can best sum up Sylvania's situation in the industry by saying that during the first half of 1952, the company's position is far more satisfactory than the picture tube manufacture was in the fall of 1951. 'And the problem, instead, has been one of inventories.

There is today every indication that the problem is being met ef
comptently. As a result of all our recent reports reveal that inven
tories continued to be reduced during the second quarter and there was, in fact, evidence at the beginning of the second quarter that trade inventories are down to satisf
tory levels.

The various business reports I see seem to be intent on reminding the television business is in the midst of some sort of readjustment. But the reaction is, how could any economy help but find some readjustment necessary after it began to feel the full impact of Korea? The readjustment becomes even less surprising when you realize that American industry is also feeling the full impact of our involvement in the war abroad. We have the objective of strengthening our armed forces and conditioning the world. No economy could be so well rounded, so free of slack load without doing some belt
tightening somewhere.

Two With First Michigan (Special to The Commercial Chronicle)
DETROIT, Mich. — Forest R. Fisher and John B. Martin have been elected the new associates at the First Michi
gan Corporation, Bu
han & Co., Inc., the Detroit and Midwest Stock Exchanges.

With Merrill Lynch Co. (Special to The Commercial Chronicle)
CLEVELAND, Ohio—Lionel P. Greenbaum has been associated with Merrill Lynch, Pierce, Fen
er & Beane, 216 Superior Avenue, Northeast.

Joins Brush, Slocumb (Special to The Financial Chronicle)
SAN FRANCISCO, Calif. — Gerald J. Nias has been affiliated with Brush, Slocumb & Co., Inc., 1 Montgomery Street.

Vol. 176 No. 5138 The Commercial and Financial Chronicle

The TV Industry Bearing Up Well
By ARTHUR L. CHAPMAN* Vice-President and General Manager
Radio & Television Division, Sylvania Electric Products, Inc.

Laying last year's slump in television industry to over-produc
tion rather than decline in consumer buying, Mr. Chapman has said the outlook is bright. Sales excess inven
tories are being worked off, and public buying continues at a steady rate of from 5½ to 6 million sets a year.

Continue from page 8

Dealer-Broker Investment Recommendations & Literature

NEW YORK—Reading Tube Corp.—Memorandum—Aetna Securities Corp., 111 Broadway, New York, N. Y.


Ed. Schuster & Co., Inc.—Analysis in current issue of "Business and Investment"—Warren & Lerner, 10 Post Street, Milwaukee 2, Wis. In the same issue is also an analysis of El Paso Electric Company.


Frost & Sullivan, Inc.—Review—Sutro Bros. & Co., 120 Broadway, New York, N. Y.

The Surplus Problem Confronting Mutual Savings Banks

By AUGUST HILEFELD
President, Savings Bank Trust Company

Mr. Hilefeld, in pointing out developments which make it increasingly difficult for mutual savings banks to make additions to surplus accounts, presents the following points as reasons therefore: (1) the increase in dividend rate to depositors; (2) rise in bank operating costs; (3) levying of tax on savings banks' earnings, and (4) accelerated growth of corporations, which makes it difficult in determining adequacy of surplus accounts.

The most baffling problem confronting mutual savings banks today, however, is the inadequate surplus and reserves for meeting future contingencies. Commercial banks, that grow rapidly by expanding their capital and loans with growth by selling stock, accumulate earnings that are currently treated as a gain to community welfare in a satisfactory manner on satisfactory terms, for the initial Federal income tax levy on mutual thrift institutions. That the undivided profits and reserves of savings banks exceed 12% of deposits, earnings after expenses and taxes are applied, is made subject to the Federal income tax up to 32%. This severely curtails the ability of a bank which is taxed to add further to its surplus accounts and reserves.

A fourth development, aggravating the problem, is that for many banks the most serious of all these difficulties, is the accelerating rate of growth. This year the mutual savings banks in this country are gaining deposits at an annual rate of 31%, which is twice the average of 15% in 1946. This means that deposits are expanding at a rate of at least 21% per annum for these institutions. Up to the end of this year the New Jersey savings banks gained in deposits at almost twice the rate of growth. Such rates of growth are gratifying, reflecting the high regard of these banks by the public. They have gained deposits, however, at the expense of maintaining the existing ratio of surplus accounts to deposits.

One such development, down to additional surplus accounts, has been the increased interest-dividend rate. On July 1, 1946, the average annual rate of interest paid on deposits of savings banks was 1.66%. On Jan. 1, 1923, when the bank savings rate was 2.08%. Today many mutual savings banks are paying interest dividends at an average annual rate of 2%. The steady rise in yields on bonds which we have had since 1946 has helped somewhat in offsetting the rising trend in the earning power of these institutions. It has required a shift from government bonds to other assets, through mortgage loans to provide the larger earnings from which increased interest-dividends can be paid. For all mutual savings banks, real estate mortgage loans were 23.8% of total assets on Dec. 31, 1946, and 41.4% as of Dec. 31, 1951, while U.S. Government obligations dropped from 63% to 41% of total assets. These shifts have been necessary. With increasing earnings, increased interest-dividend rate, increased earning power of the developing loan portfolios, will mean additional surpluses for accounts in most cases.

A second development limiting surplus accumulation is the low interest rate paid by savings banks. This has been the rise in operating costs. Many savings banks have increased their costs in excess of the increased earnings, and have increased the dividend rate paid to depositors, others have increased higher costs, like higher dividends, to reduce the amount left for surplus accounts.

A third development that seriously limits the ability to add surplus accounts to savings banks is that 

*An address by Mr. Hilefeld at the Annual Conference of the Savings Banks Association of New Jersey, Spring Lake, N.J., June 30, 1952.

Another, and by far the most important, function of surplus and safety reserves is to absorb the losses on assets owned by the savings banks, and to maintain the savings banks in a sound condition to continue business. Since savings banks are obligated to pay out deposits as requested, it cannot afford to incur any loss on investments acquired with depositors' funds. Surplus, undivided profits and reserves are therefore provided to cushion the impact of losses that may occur on the investments. Surplus and undivided profits, for this purpose, may be regarded as unallocated reserves against potential losses. Adequate specific reserves are set up against mortgages and other assets are allowed reserves, to absorb losses on the specific assets. A final function of surplus is to provide a supplementary source of income and a cushion to absorb possible losses on assets to be acquired with new deposits to be received in the future. Some time may elapse before newly received deposits can be invested to yield a full return. Yet interest-dividends on such deposits, and expenses attendant on making of new deposits such as the opening of new accounts and the like, can become payable soon. And so much money often goes out before the assets acquired with new deposits can produce sufficient earnings to build up adequate additional surplus. Hence existing surplus, like the incorporators' contributions to surplus fund, must be sufficient to meet new losses on assets or losses resulting from new losses on assets. How Much Surplus and Reserve? With these several purposes of surplus accounts in mind, one can proceed to estimate with more precision the amount of surplus and reserves that a mutual savings bank should have. Most savings banks have by now written down sharply the book value of their buildings and other physical facilities, so that considerable amounts of surplus are no longer required for this purpose. Only where old buildings are to be radically remodeled or rebuilt, or where new buildings are constructed, would such needs assume material proportions.

A surplus as a supplementary source of income for depositors is quite desirable in this age of keen competition among thrift institutions to attract and hold deposits. The high interest- dividends on savings banks are, however, far better invested. Interest-dividends should be withheld from deposits in the future, and the amounts so withheld should be used to provide for such purposes as the addition of new buildings and the like. With a bank that has accumulated a surplus of 5% or so... Continued on page 34.
Sterling Will Remain Stabilized

By PAUL EINZIG

Dr. Einzig, in commenting on views favoring unpegging of exchange rate, and thereby to allow the British pound to find its level, holds, in present situation, it is best to keep sterling at its par exchange rate. He says that there is no equilibrium level at which sterling rates can be adjusted to secure balanced international accounts.

LONDON, Eng.—The report of the expert committee set up by the British government and the International Bank for Economic Cooperation to examine the financial situation of member countries is strongly opposed to the suggestion made in many quarters in recent months that a policy of devaluation of the British pound should be followed. The report says that the only way to avoid such a policy is to reconcile the nation's efforts to one another as far as possible. The committee's report is in accordance with the policy of restriction applied during and since the War. Beyond doubt, the stabilization of the British play of economic forces has resulted in high levels of economic activity. It is no wonder many people have come to the conclusion that Britain's economic and financial activities could be corrected by the free play of economic forces.

It seems, however, that the pendulum is now swinging in the opposite direction. During the 19th Century—to be correct between the Napoleonic Wars and the British Empire, and the outbreak of the World War when the French were at its highest and Government banks were regarded as a major crime—sterling remained stabilized within narrow limits, a few. Its stability was restored in 1923 and even though the pound was slightly inflating in 1925, the ensuing regime of floating exchange rates had been found by the British and the recently adopted Bremen Woods Plan Britain decided in favor of pegged exchange rates.

Beyond doubt the elasticity of sterling between 1901 and 1909 was very helpful in restoring prosperity in Britain. The damage caused by the right to repair was repaired and the outbreak of the World War which was an artifical high level, was required by allowing sterling to find its "natural" level. It would be a mistake to imagine, however, that the remedy which had worked in the 'thirties would also work in the fifties. For in the meantime the situation has undergone a complete change. Twenty years ago it was possible to argue that the damage which was being done to sterling was one of exports very considerably through lowering the exchange value of sterling. Money was able to mobilize the productive capacity of some two million men. The rate of output doubled that of the exportable surplus. The volume of domestic consumers' purchases was increased. It would be difficult to find that any increase of the output was available for export. Through allowing sterling to fall the additional volume of manufactures was made cheap for foreign purposes. This bought the increased volume of British goods in sufficient quantities, their prices were stable and the exportable exchange. This again made British goods more expensive for foreign importers and the demand for the "flooding" pound, the government as a whole is determined to play the same in accordance with the Bremen Woods Plan.

Newport News Shipbuilding and Dry Dock Company

Quarterly Statement of Billings, Estimated Unbalance of Major Contracts and Number of Employees

<table>
<thead>
<tr>
<th>Billings during the period</th>
<th>At June 30, 1924</th>
<th>At June 30, 1923</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shipbuilding contracts</td>
<td>$24,786,936</td>
<td>$12,827,004</td>
</tr>
<tr>
<td>Ship conversions and repairs</td>
<td>16,241,653</td>
<td>8,027,243</td>
</tr>
<tr>
<td>Hydroelectric turbines and accessories</td>
<td>906,804</td>
<td>1,177,780</td>
</tr>
<tr>
<td>Other work and operations</td>
<td>2,314,452</td>
<td>2,266,611</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$43,513,895</strong></td>
<td><strong>$32,847,738</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Estimated balance of major contracts unattached at the close of the period</th>
<th>At June 30, 1924</th>
<th>At June 30, 1923</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of employees at the close of the period</td>
<td>16,134</td>
<td>11,418</td>
</tr>
<tr>
<td>The Company reports income from long-term shipbuilding contracts on the percentages of completion basis; such income for any period will therefore vary with the progress of the contracts. Contract billings and estimated unbillable balances are subject to possible adjustments resulting from statutory and contractual provisions.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

By Order of the Board of Directors

R. I. FLETCHER, Vice President and Comptroller
In short, there is nothing wrong with or good in old gold. If England were to sell its gold and dollar reserve in 1925, the British pound would be worth nothing in the markets of South America and South Africa; and there is no logical or American reluctance to pay the right price for rubber and for gold.

Statistics Misleading

Incidentally, the ex-Chancelor of the Exchequer, Mr. Gaitskell, is leading. What matters to Britain is that the dollar is dear in all directions; nor does their use, merely to the development of imports. For example, in the first quarter of the same period of 1951, there was a 41% rise in the Sterling Area, but only 13% more was the Dollar Area; and 83%. The interesting point, however, is the reference to rubber and gold. If the trouble is due to the fact that the British are not enough, the remedy should be seen in the above context.

Mr. Gaitskell’s Remedy

"If we (the British) are aiming at convertibility, the plan should be in the form of a dollar of the 1951, or the $2.85 to the £. But the new words, convertibility presupposes a multi-billion gold reserve. On the other hand, Britain is on the gold standard, a reserve of about $250 million used to suffer to carry London’s short-term debt of $2.5 billion.

In any event, if a huge gold reserve is essential, the only possible source is the U.S. There are 4 keys to ultimate failure of the whole plan. But the other is even a dollar of gold. It is not good for the dollar’s "cooking" any form of State and must be a lasting factor in our thinking. It is not good for the dollar’s "cooking" any form of State and must be a lasting factor in our thinking.
Bank and Insurance Stocks
By H. E. JOHNSON

This Week: Insurance Stocks

Operations result of fire insurance companies which have published their statements for the first six months of the current year underwriting in the corresponding period of 1951.

In most instances those fire companies that reported an underwriting loss for the first six months of last year are now trying to show a profit in the current year. In other cases the underwriting gain was considerably larger than in 1951.

Among the companies, operations have continued to be unsatisfactory although the underwriting losses in most cases are smaller than in 1951.

One of the primary reasons for the improvement in fire underwriting this year is that operations have not had to absorb the losses incurred in connection with the carry-over of losses from the catastrophic storms which swept the North Atlantic seaboard in November, 1950. The widespread damage to property from these storms has enabled some loss claims continued to flow to insurance companies for a time.

This resulted in an unusually large volume of losses in the first half of 1952 as compared with the corresponding period of a year ago. Although losses absorbed a part of the increase, net income was higher.

As a matter of fact, the volume of new business has enabled the different companies to convert the underwriting losses into a profit by making a payment to their surplus funds.

Concerning the life insurance results, income from this source was generally higher. Yields on bonds averaged higher in the period and the company's security holdings were well maintained. Some benefit was also received from the having a larger volume of business. 

The overall result was a good gain in operations for the first half of 1952 as compared with the corresponding period of a year ago. The net income was substantially less however.

As a means of illustrating some of the foregoing factors, the operations of the following companies, having a larger volume of business, for the first six months of 1952 compared with the similar period of 1951, are shown below.

<table>
<thead>
<tr>
<th>Underwriting</th>
<th>Premiums earned</th>
<th>Excess expenses incurred</th>
</tr>
</thead>
<tbody>
<tr>
<td>$3,783,708</td>
<td>3,373,943</td>
<td>3,091,017</td>
</tr>
<tr>
<td>$1,944,833</td>
<td>1,684,769</td>
<td>1,804,083</td>
</tr>
<tr>
<td>$93</td>
<td>$1,001,176</td>
<td>1,001,176</td>
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<tr>
<td>$93</td>
<td>$1,001,176</td>
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</tr>
<tr>
<td>$93</td>
<td>$1,001,176</td>
<td>1,001,176</td>
</tr>
</tbody>
</table>

The above figures for the parent organizations only and do not include operating results of subsidiaries except to the extent of any intercompany transactions.

Other fire companies are issuing their operating statements in the weeks ahead. While experience may vary depending upon market conditions, results for this industry are expected to conform to the general pattern outlined above.

Miss Allen Leaves on Mediterranean Tour

Miss Marjorie E. Allen of Allen & Company, 30 Broad Street, New York 4, N. Y., has left for a three weeks' tour of Europe, the Mediterranean, and the North African coast. Miss Allen is scheduled to return to the States in early July by SwissAir for an extended trip of Switzerland, Italy, Spain, and Portugal, and will visit Geneva, Milan, Naples, and other areas, "window shopping" for investment situations of interest to American investors.


The First Boston Corp. and Drexel & Co. head a group of investment banking firms which publicly offered on July 29 a new issue of $500,000 Pennsylvania Power & Light Co. 4.40% series cumulative preferred stock, $100 par value. The stock is priced at $100 per share. Redemption prices range from 106 up to and including July 1, 1957, at 104 for the first six months and up to July 1, 1962, and thereafter.

Proceeds from the financing will be used to restructure the company's future expenditure program or to be made. For the three and one-half months ended Dec. 31, 1956, the company estimates its capital expenditures at $42,270,000-of which 1957, $29,070,000 in new capacity. Supplying electric service in central eastern Pennsylvania including the cities of Harrisburg, Altoona and Lebanon. The company has spent $140,370,000 in new additions to plant since 1951.

The annual dividend required on the concentrate grade plate rate of the company's new issue system now totals $673,692,000.

Serving a large class of investors as well as residential and rural customers, the company has increased its new investment expenditures of $60,000,000 for the 12 months ended May 31, 1952, and has set aside accumulated dividends of $13,077,000.

The annual dividend requirement for the company's outstanding preferred stocks will be $3,190,000.

Carl C. Wakefield

Carl C. Wakefield of San Francisco will take July 27th at the age of 52. Mr. Wakefield headed his own advertising agency, Carl C. Wakefield & Co. of San Francisco. In the past he was a financial editor of the "San Francisco Chronicle."
most salesmen, and below the diminutive department stores for that matter.

House-to-House canvassing

Some people believe that the house-to- house canvassing or selling has gone out of business. But if you will examine the store, and following up prospects, is still fashionable and profitable. Some of these people who are willing to do hard selling still flourish, and are getting the business. The appliance manufacturer gives a suggestive sales prospect, looking for prospects, individual contact, and it may result in that kind of selling again.

There are substantial inventor¬
yes on refrigerators, ranges, wash¬
eries, TV sets, etc., to mention four key lines in the manufacturing and retailing business. And manufacturers are recognizing that there is a profit to be made at this middle level. While the huge bulk of this year's promotion has been centered around large retail mer¬
chandise at reduced prices, we are seeing a rebirth of direct sales plays and selling promotion on 1952 models.

The outlook for that appliance in¬
ventories in retail stores have been drastically reduced, and the net stock investment in the average store is in proper relation to the level of activity, and is expected to run a profitable operation. The appliance manufacturer could be open to buy at this market.

We hear lots of conflicting state¬
mements, as to the enforce¬
tance of Regulation W has not been going smoothly. There has been a tremendous movement of the dollar from South and we believe more liberal credit terms are helping to stimu¬
late business. Its suspension was not a cure-all, but a low down payment on an all-time, and monthly payments stretched over a longer period is making desirable products possible to buy the products which they need. Many and are anxious to own new, promoting liberal terms but actu¬
ally buying up the best to hold prices to the way today, and would be reluctant to raise prices unless an increase is absolutely necessary. For current outstanding dis¬
cussion will hold firm prices.

Certification of mail order - and the best to hold prices where they are today, and would be reluctant to raise prices unless an increase is absolutely necessary. For current outstanding dis¬
cussion will hold firm prices.

Most furniture store owners and managers, and department store owners, are on the alert. Any time to get the appliance exhibitors in the market, are working hard to find out and watch for the pressure of the various major appliance fields.

Trade-In Essentials

Take care of your inventory. Wheth¬
er the merchant likes it or not, trade-ins can no longer be dodged or avoided. A man who has a used items is almost 95%.

About 55% of the people who buy jewelry, who were less than five years old. A number of big stores are now running a trade-in business. A Trade-In Store or De¬
partment is a must in every major appliance operation.

In the laundry equipment field, the trend is toward automatic washers. It appears that at least half of the unit sales were of the automatic type. And the retail dollar volume more than doubled that of conventional washers.

A good trade-in operation is the dealer to move automatic washers in the bigger-ticket businessmen. The au¬
tomatic washer business is im¬
portant and growing. The average household is buying an automatic washer every four years, and this will increase this billion dollar business.

In the past month or so, we have seen a marked improvement in the movement of electric ranges. The range market is more stable, with less price cutting, than any other major appliance line. The future of the electric range is not bad. Already, one out of every four homes is equipped with an electric range.

Promotion Needed

So we are looking ahead for the rest of the year and probably for some time in the future for the appliance industry as it looks at the activity, a promotional program needs to be developed that will traffic and create prospects for our type of business.

In the first place, we have made a quite a long study of the trade-in business, and we have worked with certain large retail accounts to test out various techniques as ideas for trade-in business profitably. And from that information, we have two books which cover the complete cycle of the program, and complete enough to help any retail account get in the business in a profitable way.

The appliance industry is style conscious, and we think that goods all the way along the line have been improving in styling right through the years. We believe in color but we add color in accessories and on in¬
terior trims and this kind of thing. This is quite a problem to think of going into color from a production standpoint and it is difficult that you have to have three or four different colors. And this is a problem of the retailer and all that. We doubt very much whether color is going to be the key to the future. We think color in the kitchen shows up in the graphic and floor coverings, outside of the equipment.

By JOHN E. MENZ

General Sales Manager, Kaiser Aluminum & Chemical Sales, Inc., Chicago, Ill.

Increasing Importance of Aluminum

Aluminum, one of our basic metals, is rapidly assuming even greater place in our domestic economy than it has held in the past. Aluminum is basic to industry and now it is used in a wide variety of different areas. On a physical volume basis, it is second in tonnage and its annual usage is equal to that of all the other metals combined and it is the 24th largest consumer of all the metals. It is still our next two leaders, copper and zinc are among the metals. Steel is still the best in the lead, but up to now there has never been enough aluminum available to permit its use on a broad scale in the mass production markets. Today alu¬
nimum is on the threshold of a new era of mass production in adequate quantities, for the first time. Since 1950, the aluminum industry has invested hundreds of millions of dollars in new plants and equipment to expand the primary production capacity to include all important metal. By the end of 1955, primary alu¬
nimum will be almost double what it was in 1950.

Aluminum, as it is used now, is still that industry, expansion was taken to insure an adequate supply of aluminum to the defense support industries and to provide a con¬
tinuous source of supply for the expanding civilian de¬
mand. It is anticipated that the total supply of aluminum to the primary refining market will almost double from 4.2 to 4.3 billion pounds of annual production by 1954. This will be almost twice the total industry supply for the year 1950, pre-1950. We have to realize that in the next four years it will increase from 1950 and 1949, so you can see there is eight¬
ter change in the 1953 production capacity.

Growing Home Uses

As a basic raw material in the production of many goods, aluminum is already a familiar material in many homes.

This is by no means an accident. For aluminum (often entire family of aluminum alloys) has a unique combination of properties which makes it ideal for use in many homemaking durable new steel and aluminum light weight and pleasing color. The metal does not retain heat and it is not subject to corrosion. It is non-toxic. It is an excellent conductor of heat and electricity. Although this may seem paradoxical, aluminum is also a conductor of heat and light. It is susceptible to a variety of finishing treatments which are decorative as well as practical and enduring.

That is why using aluminum makes sound economic sense.

Since World War II, the price of aluminum has been much more stable while the price of other metals has been subject to many new highs. With the cost of competition from steel and aluminum, the rapidity, aluminum is fast becoming a bargain material.

The outlook for aluminum for the future! As aluminum production is expanding rapidly, new developments controls are relaxed, may new developments project will be undertaken with renewed vigor. Manu¬
ufacturers, their parts suppliers and the aluminum producers, are bringing to the consumer market many new applications of alumi¬
num. Aluminum is used in many applications, ranging from enduring beauty, economy and convenience which is now being marketed. We in the aluminum industry feel that primary alu¬
nimum will make an even greater and more versatile contribution to the products of the future.

Aluminum has not been used to any extent in the manufacturing of electric wiring, insulation and roof¬
ing materials, but the applications of aluminum in these areas appear on the market daily.

Makes Economic Sense

Aluminum is the choice of so many designers today, not only because it is light weight, but also because it is strong and durable while the metal is resistant to corrosion, comfort, and corrosion, compatibility with foods, good conductivity of heat and electricity, and ease of manufacture and finishing.

The best way using aluminum makes sound economic sense.

By STEELE WINTERER

President, A. M. KARAZHENIAN, Inc., New York City

Corrective Forces in Carpets

A year and a half ago, the car¬
pet industry was in a difficult period in its history. At the end of the year market in 1951, retailers and manufacturers were unequally satisfied with the prices and promotion efforts, and sentiment was in favor of the industry, but generally, there was a feeling of despair, that the trend in the future, and we certainly are making our plans on the basis of that.

The outlook for the future! As aluminum production is expanding rapidly, and there are new developments controls are relaxed, may new developments project will be undertaken with renewed vigor. Manu¬
facturers, their parts suppliers and the aluminum producers, are bringing to the consumer market many new applications of alumi¬
nium. Aluminum is used in many applications, ranging from enduring beauty, economy and convenience which is now being marketed. We in the aluminum industry feel that primary alu¬
nimum will make an even greater and more versatile contribution to the products of the future.

Steele Winterer

for aluminum, and the competitive approach to the market, with the products of this industry have been made to appear to the con¬
sumer as so many pounds of col-
Fernand Paternotte
With Glore, Fargo

CHICAGO, Ill.—Fernand Paternotte, for the past 17 years managing director of the Gloring Investment Company, will become associated on Aug. 1 with Glore & Fargo, 135 South LaSalle St., as manager of the firm’s Chicago office. 

At the same time, Glore & Fargo announced that Glore & Fargo & Co., Mr. Paternotte will also take over the agency’s investment advising services to the Wisconsin Investment Company, of which Glore & Fargo & Co. is the managing general agent. 

Fernand Paternotte was born and educated in Belgium and came to the United States in 1912. Early in his business career he became identified with the carpet merchandising trade, and has been a member of the Wisconsin Investment Company since 1923, has been Secretary-Treasurer and Manager of Wisconsin Investment Company. In this capacity he has achieved a singularly successful record as a portfolio manager. For some years, Mr. Paternotte has been the principal individual accounts as a registered investment advisor in the State of New York. 

Mr. Paternotte’s association will place him in charge of the Investment Adviser Department of Glore, Fargo & Co., nationally known securities underwriting and investment advisory firm. Since 1923, he has been Secretary-Treasurer and Manager of Wisconsin Investment Company. In this capacity he has achieved a singularly successful record as a portfolio manager. For some years, Mr. Paternotte has been the principal individual accounts as a registered investment advisor in the State of New York.

The announcement of the new organization was made by Messrs. Gen. Robert E. Wood, Chairman of Sears, Roebuck & Co., and Charles W. Geary, President of Glore & Fargo & Co., made public. It was agreed that Glore & Fargo & Co. is to be operated with the new capitalization of $2,000,000, but that the assets of the new enterprise will be handled by the new Capital. The new venture is expected to be merged with the already well known and established Canadian concern.

The new company is to be owned by Mr. Paternotte, who is a native of Canada.

Canadian Securities

By WILLIAM M. MCKAY

Sears, Roebuck, on the other hand, operated 674 retail stores—mostly in the United States—479 order offices and 11 mail order plants. Its net sales in 1931 were $77,900,000, but they are expected to be higher this year.

Additional sales and rival organizations, such as the new Sears & Roebuck Wholesale Company, may be expected to add to the expanding Canadian merchandising markets. Only recently it was announced by Dr. Allen B. Du Mont, President of the company, that the company has formed a Canadian subsidiary.

Robert H. Young

Robert H. Young, partner of Eastman, Dillon & Co., of New York City, has been elected a director of the newly organized Sears Co., of Dallas, Texas, which is to be a subsidiary of the company. The Sears & Roebuck & Co. is one of the second largest department store corporations in the United States and one of the largest merchandisers in the world.

The new company is to be owned by Mr. Paternotte, who is a native of Canada. The new organization, however, will be handled by the new Capital. The new venture is expected to be merged with the already well known and established Canadian concern.

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**Arbitrage in the Corporate Bond Market**

Some time after the expiration date of the rights.

**Convertible Bond Price Factors**

There are various factors that determine the price of a convertible bond. The most important factors are the conversion price, the yield on the underlying stock, the premium or discount of the bond, the convertibility of the bond, the stock price, and the market sentiment. The conversion price is the price at which the investor can convert the bond into stock. The yield on the underlying stock is the return that the investor can expect from investing in the stock. The premium or discount of the bond is the difference between the bond's price and its face value. Convertibility refers to the ability of the investor to convert the bond into stock. The stock price is the price at which the underlying stock is trading. Market sentiment is the prevailing mood of investors, which can affect the price of the bond.

**Reorganization Bonds**

The third category of corporate bonds is reorganization bonds. These bonds are issued by companies that are undergoing reorganization. The price of reorganization bonds is determined by the company's prospects for recovery. If the company is expected to recover, the price of the reorganization bonds will increase. If the company is not expected to recover, the price of the reorganization bonds will decrease. The old bonds in existence that are subject to the terms of a reorganization plan will receive a different type of new security, and the new bond itself represents.

These bonds usually act separately from the other two categories of corporate bond market because they are not traded in the open market, but their value is determined by the component parts of the various factors that determine the price of the bond under reorganization. Prior to the receipt of these new securities, they usually stay in the over-the-counter market. These "convertible arbitrage" or "consolared" bonds entered into between the buyer and the seller contracts to deliver the buyer a specific amount of bonds, thereby creating a virtual amount of bonds at a set price as of the date of issue of these new securities. The plan of reorganization is consummated. If the plan is not consummated, the virtual bonds are cancelled and all obligations under "consolared" contracts are cancelled.

**Legal Delays**

There are various legal phases that are required to ensure the final consummation of the plan. Ordinarily, the terms of the plan are predetermined when the outlook for earnings is good so that the sellers and the buyers can determine the arbitrage. The arbitrager is the one who realizes a profit or loss from this type of arbitrage. In the event of a receivership or a bankruptcy, the arbitrager can be an individual, a group of individuals, or a company. The arbitrager is the one who would purchase the convertible bonds and the sale of stock, have a direct market influence.

**Partial Arbitrage**

There is another type of arbitrage which is not generally practiced but is sometimes very effective and is known as a partial arbitrage. The arbitrager is the one who would purchase the convertible bonds and the sale of stock, have a direct market influence. The arbitrager would purchase the convertible bonds and the sale of stock, have a direct market influence. The arbitrager would purchase the convertible bonds and the sale of stock, have a direct market influence. The arbitrager would purchase the convertible bonds and the sale of stock, have a direct market influence.
**Salesman's Corner**

**BY JOHN DUTTON**

**Controlling the Interview**

**PART I**

The Sales Institute of America granted me the honor of using material presented in their newsletter entitled "Controlling the Interview." The entire release can be obtained by writing them at Norwalk, Conn. — J. D.

It is a well recognized fact that your approach to the sales job is like that of the foremost sales executives, that unless you are able to keep the door open, there is no future for you. Once an intelligent salesman goes on with his story, but finds the client with only mediocre results, it would seem that his approach to sales work would produce a substantial increase in their effectiveness and earning power. That change would be somewhere along the track of his current prospect. It would be brought about by first of all, by a change in attitude. It is a fact that a salesman is 100% more effective when he is his own boss. It would be a reversal of the old adage that 'you can't do it yourself.'

"Will you do something for me?"

Successful salesmen either consciously or unconsciously have developed this attitude of making their business important. They have taken their work out of the rut of canvassing—of monotonous call making—of hit or miss asking (or appointment) of points, meetings, et cetera. They remember what a professional man is engaged to do for you. They are salesmen. They say and do the things that carry forth this impression, which is made clear to their prospects and customers, and friends.

The Reasons Why Control Is Lost

One of the first reasons why control is lost is that the salesman often allows himself to be drawn into the situation under adverse conditions. Take the case where you enter an office and you are asked to sit at a table from your distance, or your position, or at an unfavorable angle. Why not set the stage properly—why not give your prospect the best representatives for yourself as well as yourself? Why not say, "Do you mind if I bring a chair closer to your table so that I won't have to stand over you?" Or, "Isn't there an office space available in the office?" Or, "Is there any other way we can make the situation more favorable for you?" Or, "Is there any other way in which we can set the stage properly?"

For instance, you can't sell a person who is not set for the sale. They say and do the things that carry forth this impression, which is made clear to their prospects and customers, and friends.

**Los Angeles, California**

**Jas. E. Reed Admits**

SALT LAKE CITY, Utah — James E. Reed, president of the Los Angeles, California, company, has now connected with King Merritt & Co., Inc., 1151 South Broadway.

**With Two Mitchum Tullies**

(Special to The Press-Telegram)

(Los Angeles, California)

N. W. L. Hutchinson, Jr. and James W. Mitchum, Jr., are now associated with the Los Angeles, California, company, 660 South Spring Street.

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Continued from page 7

Secrets of American Capitalism

which recently has been accomplished the present, and for the unavoidable consequences of in- proportionately large. Mass markets are to be found in the modern product.

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emergence of an individualistic, classless society. The federalization of state and local governments, the progressive concentration of public ownership and control, and the growth of social security have all contributed to the development of this characterist-

54 this in turn has had a result a great social disunification between the have and have-nots, a social fluidity in turn extremely important.

55 (1) the progressive concentration of wealth and income is now possible. As a result, the position in life was beyond the ambition and capabilities of the group. This gave rise to a new kind of social consciousness, which we shall call social fluidity, which, added to the social fluidity of lower classes, gives rise to the change from an old social milieu to a new one. The change from one to the other is a long and complex process, which takes place over a period of several decades or longer.

56 This was the case in the United States, where the old social milieu was the rural one, and the new one was the urban one. The old social milieu was characterized by a strong sense of community, by a close-knit social network, and by a strong sense of belonging. The new social milieu was characterized by a weaker sense of community, by a more fragmented social network, and by a weaker sense of belonging.

57 The process of social fluidity was not a simple one. It took place over a period of several decades, and it was not a smooth one. There were many ups and downs, and many setbacks. But in the end, the process was successful.

58 The success of the process of social fluidity was due to several factors. One factor was the growth of the urban centers, which provided new opportunities for people to move up in the social ladder. Another factor was the growth of the industrial economy, which provided new opportunities for people to earn money. Yet another factor was the growth of the educational system, which provided new opportunities for people to learn new skills. All of these factors combined to make the process of social fluidity successful.

59 In conclusion, the process of social fluidity was a complex one, but it was a successful one. It provided new opportunities for people to move up in the social ladder, and it helped to create a more democratic society.
Mutual Funds

By ROBERT R. RICH

Old Man to Stay on Mountain

That old mountain climber, the State of Business, who’s either breathing hard on a mountain peak or struggling through a depressed valley jungle, is going to sit on his uneasy perch on a mountain peak sometimes for a while, according to consensus of mutual fund managers’ business forecasts.

Although some of the forecasts make reference to the embroiled rock beneath his feet, the mutual fund managers agree that when old man State of Business does come down from the mountain, he will probably slide for the rest of his life, so the rate of fall won’t be precipitous, and, if we’re lucky, the sharper drop will be brought on by a catch at his feet, which will hold him at a level for several years after the toxic effects of private plant and government expenditures wear off.

Incorporated Investors expects business activity to increase for at least a year. We take comfort in the knowledge that business activity increased at an annual rate of 11% during the recession will fall to a level only slightly lower than the present.

Bullish Fund thinks that business volume for the year as a whole can be expected to be somewhat higher than last year, but we think profit margins and higher taxes may result in modestly lower corporate net earnings.

Bullish Fund, labelling our present economic situation one of an uneasy balance, remarks that current indications point to a moderately rising trend of business activity in the second half of the calendar year.

The fund believes that the prospective rate of defense spending should serve to offset the anticipated moderately reduced rate of private spending for capital goods. The fund thinks that the recent elimination of the export control and the increase in the dollar of Reconciliation Act applying to consumer credit may be expected to give at least a mild stimulus to consumer buying and that we think soft consumer goods industries appear to be in the process of recovering from their slump of the past year.

Whitehall Fund, one of the Broad Street clan, in putting its viewpoint of matters, said that “At this close of half year, developments point to the maintenance of good business activity and especially toward recovery in the weaker lines.

Aside, then, the fund concludes, “from a drastic change in the international or military situation, which would have marked ill effects on the market for the foreseeable future.”

Johnston Mutual Fund, although believing that prospects for the second half of this year appear to be satisfactory, predicts that further ahead there are signs of a potential downturn in business, but notes that planned outlays for new plant and equipment and expenditures on defense should assure a satisfactory level of production for some time to come.

Harold D. Schreiber of Distributors Group commented a while ago that “We are working our way into one of those prospective over-expansion business phases and that we are much closer to a peak in the stock market than we are to a bottom . . . but it is not a contradiction to think that the longer term direction of stock prices is up, and also to believe that the current potential elements of the market are insufficient to overcome it at this time.”

Lord, Abbott Sales Respond to New Range, Sales Charge

The amount of the sales charge is obviously more of a sales matter on large orders than on small orders and can represent the difference between making a sale, Lord & Abbott Co. reported as it analyzed the sales results for Affiliated Funds and American Business Shares for the first month in which a new price range and a lower sales charge were in effect.

The company on June 1 introduced a new price range in which the sales charge on single orders of $15,000-$25,000 was reduced to 5% and the dealer’s concession was set at 3%.

Lord, Abbott reports that in June it received 27 orders in this particular price range, totaling $448,000, while in the preceding eight months it averaged nine orders a month totaling $154,000 in commission revenue at the new price range, while, in the preceding months they earned an average of $149,000.

“Our dealers in June sold approximately three times as much business with a 5% sales charge in the new price range and we feel that our dealers have understood the increase in sales will be even more impressive.”

On June 1, in addition to creating a new price range with a 5% sales charge and with a $10,000 minimum order, Lord & Abbott also reduced its sales charge in the $5,000-$10,000 category from 7.5% to 5%. With the reduction, steady at 6% and further established the policy that on single orders between $5,000-$10,000 the Lord Abbott part of the sales charge would be 4% of 1% and on single sales of $100,000 or more it would be 3%.

Monthly sales of American Business Shares and Affiliated Fund together are now running at $7,000,000—substantially above the $7,000,000 run during the 5%% year.

Mutual Fund Notes

FUNDAMENTAL INVESTORS, in its 78th quarterly report to over 12,000 shareholders, explained to them why Hugh W. Long & Co., and its cluster of mutual funds had moved from New York to Elizabeth, New Jersey. Charles J. Volcker, the fund trustee, in the letter cited New York City’s increase of 100% in its tax on financial businesses and reported to shareholders that the new tax rate is still consistent with this range in effect as late as 1946 and four times the rate assessed against other kinds of business in New York.

As a result of the wide publicity the Hugh W. Long & Co. group has received in newspapers and as a result of the following report we are giving you a number of letters from shareholders expressing their approval:

Shareholders of Hugh W. Long’s various mutual funds, will save over an estimated $190,000 this year as a result of moving a few miles to an environment more conducive to company operations or to their dealer servicing.

JOHN G. KINNARD and Company of 133 South Seventh Street, Minneapolis, reporting the results of its booth at the Minnesota State Medical Association Convention, said that in a recent survey registered with Kinnard and Company for the chance to win five shares of Affiliated Fund. Of the 769, four hundred have turned out and, to date 686 have purchased mutual fund shares in amounts ranging from $500 to $10,000.

Kinnard and Company reported that “With our usual organization of 42 men, we are covering Minnesota and North Dakota and find that professional people are, and have been, very lax in regard to their investments. It was surprising to us to find the amount of money that these men have accumulated in banks and savings and loan associations. After mutual funds have been explained to these people, an entirely new concept of the activities these funds have been opened to them.”

RETAIL PRICES of consumers’ goods and services moved up .02% from mid-May to mid-June and the consumer price index is now 1.7% higher than a year ago and 9.9% higher than the pre-Korean level. The index for All Items is up 8.6% higher than the 1955-56 average.

THE FIRST LIST of Investments in Canadian Fund since the company’s formation in May, 1952, has just been published and shows holdings in 15 Canadian companies—52,557 shares, Government shares, 4,836 shares, and Bank of Montreal shares, 12,600 shares.

Investments in Canadian and U.S. stock accounts include 30.0% of total holdings; Canadian Government obligations, 10.22%, bankers’ bonds, 0.59% and industrial bonds, 0.15%.

Canadian Fund, under Calvin Bullock management, is the first of the American mutual fund to provide investors with an opportunity to participate in a diversified interest in Canada’s economic and industrial growth.

On May 14, 1952, Canadian Fund employees entered their mutual fund field following a successful underwriting by a nation-wide group of 11,000 investors in 1954. By May 1952 the fund’s assets had a market value of $10,000,000, and.

Of the common stocks held on July 15, 1952, oil and gas shares amounted to 50% of the investing amounts; non-ferrous metals shares, 6.8%; pulp and paper companies, 1.9%; miscellaneous, 2.5%; steel and iron ore stocks, 1.7%.

Principal holdings among the oils and gas companies include: Anglo-Canadian Oil—7,800 shares; British-American Oil—15,000 shares; Gulf Petroleum—1,800 shares; Gulf Oil Corporation—500; Imperial Oil—4,000; Standard-Vacuum Oil—10,000; Texas Company—8,000; Tidewater Associated Oil—8,000; and Western Leaseholds—8,000.

Leading the common stock holdings in pulp and paper companies are: Consolidated Paper—15,000 shares; Fraser Companies—10,000; Powell River Company—14,000; and Price Brothers—11,423.

Prominent among the holdings in the non-ferrous metals class are: Hudson Bay Mining & Smelting Co. of Canada—15,000 shares; International Nickel Co. of Canada—8,000 shares.

CORRECTION

In the July 24 issue of The Chronicle the total net assets of Knickerbocker Fund were, because of mechanical error, erroneously reported as $1,076,563. Total net assets of Knickerbocker Fund on May 31, 1952 were $18,076,563.
The seemingly endless process of reorganizing Missouri Pacific and its subsidiaries was brought to a close on June 30, when the Missouri Pacific stockholders approved a plan that was designed to make the railroad a viable, profit-earning organization. As a result of the plan, the company will be able to pay dividends on its common and preferred stock, and its bonds will be freely traded on the open market.

The announcement of the plan was greeted with mixed feelings by the Missouri Pacific's many bondholders, who had been hoping for a return on their investments. The plan was accepted by the majority of the stockholders, but there was some concern that the company's outlook was not as bright as they had hoped.

The Missouri Pacific had been in financial difficulties for many years, and the plan was designed to solve those problems. It was hoped that the company would be able to generate enough income to pay dividends on its stock and to meet its obligations to bondholders.

Once the decision is made to reorganize the company, the long process of planning and implementing the plan will begin. The plan calls for the company to be reorganized as a new entity, with a new board of directors and a new management team. The company's outstanding bonds will be converted to common stock, and the company will be able to sell new stock to raise capital.

The new entity will be able to access capital markets, and it will be able to refinance its existing debt. This will allow the company to focus on its core business and to invest in new projects.

One of the main concerns about the reorganization is the impact on bondholders. Some bondholders are concerned that they will not get their full investment back, while others are hoping for a return on their investment.

The Missouri Pacific has a long history, and it is a significant part of the Missouri economy. The company's reorganization is a major event, and it will have a significant impact on the company and its stakeholders.

The Missouri Pacific's board of directors and management team will be responsible for implementing the plan and ensuring its success. The company has a strong track record of providing reliable service to its customers, and it is expected that it will continue to do so in the future.

In conclusion, the Missouri Pacific's reorganization is a positive development for the company and its stakeholders. The plan is designed to make the company a more viable entity, and it will allow the company to once again be a major player in the Missouri economy.
Both Have Their Troubles

Both candidates face onerous tasks in smoothing ruffled feathers. In the case of the New Deal, operation days, and reconciling (or some way to win without reconciling) sharp differences within their parties. While the existence of some such situation as this is hardly new, for Roosevelt has been at it this common even in these days of political anomalies. In past years such differences often centered largely in frustrated policies, or even the power or vested interests of relatively small groups of citizens who were under the necessity of influencing many others in one way or another to make themselves effective. Such elements are, of course, present today—and troublingly present—but in recent years the really vested interests are such groups as the farmers, the labor unionists, and racial minorities with very large strength in key states. Much that has of late years gone under the style and title of "reform" has in reality been nothing more or less than paternal subsidies at the expense of other taxpayers.

Of the two, we should expect Mr. Eisenhower to have the easier task. We doubt if there is very much in the Republican legislative record that he would wish to dis-own. The reason is, as candidates, of course; would have us believe that that record is hardly less a national scandal. Roosevelt used it effectively in each of his last campaigns and President Truman harped upon it incessantly. For his part, Mr. Eisenhower has thus far not shown much or any political ambitions, which is something, and is thereby all the more likely to find the tasks less onerous.

Pity Mr. Stevenson

This may or may not be an easy task or one which is within the capabilities of Mr. Eisenhower and his aids, but think what Mr. Stevenson has to contend with: Unless all reports about his views and, indeed, his own words come to naught, he is in for a tough campaign. The Stevenson is not greatly in sympathy with much of the New Deal or the Fair Deal. It was obvious on the floor of the convention that his managers were anything but in sympathy with the extremists who would have "let the South go." Of course, he would not want to carry the burden of the Hisses and the others or the onus of the red-baiting of the Eisenhower forces which determine common stocks. Can we be sure that he would be content to re- main in his holdings if earnings and dividends declined further? It is declining steadily since that a price-earnings ratio of 10% with a yield of 4% would have represented an earnings-payout of 40%. If the earnings decline in normal times (say, because of a sales decline of only 10%), then the price-earnings ratio will increase to 50%. If the stock prices—would rise to 132. As Mr. Stevenson has been working at such a time, the price-earnings ratio is con- sidered to be 132.5. In other words, at 50%, then the resulting yield would be only 3.9%. Would com- mon stock prices remain steady in the face of these possibilities?

Present Price-Earnings Ratio

The price-earnings ratio is, after all, only a reflection of a number of factors which determine the investor attitudes and expectations. The fact of the matter is this, that he does not go to 20 for the bull market high to be reached. In actuality, the pres- ent price-earnings ratio is con- sidered to be 32.5. In other words, at 50%, then the resulting yield would be only 3.9%. Would com-

continued from first page

Summer Rally Prelude

To a Bear Market

of the party than his predecessor, apparently chose to try to keep southern dissidents in line rather than to appease northern extremists eager for the negro vote. Loss to Mr. Eisenhower either of substantial sections of the south or the negro vote would be disastrous to the Democratic Party this year. Is there some political magic by which President Truman can hold one element of the party in line while a candidate knows how to be in sympathy with him appeal successfully to the other?

For our part, we are quite willing to leave politics to the politicians. The fact is, though, that candidates are fraught with meaning for business, and with much more than political significant- for each and every one of us, and each of us must make it a point to do what he can to get basic issues settled in the right way this November.

continued from first page

Conclusion

Stock prices have been high for some time, but one must recognize that psychological influences keep them up. But it might not rationally deserve such exalted position. The question is, whether the business outlook appears to be that of the final lower (the immediate) or the initial lower (the initial development).

Metals & Chemicals

Stock at $3 a Share

An issue of 200,000 shares of one-cent stock of Metals & Chemicals Corp., was publicly offered by Beer & Co., and associates during the preparation of the financing program. The remainder will be used for the formation of a new corporation.

Two With Keller Co.

(To be published in the near future.)

Bonnett Brokerage Co.

NEW HOVO CITY, Utah—Orvel J. Bonnett, a well-known securities business under the firm name of Bonnett Bros., has opened an office at 1142 N. Thirty-eighth Street, to engage in a securities business.

Ernest C. Gibson Opens

MORRIS, N.E. — Ernest C. Gibson is engaging in a securities business from offices at 115 Forsyth Lane.

Tri-State Secs. Co.

LAKE PROVIDENCE, La. — Williams B. Mays is engaging in a securities business from offices on Lake Street, under the firm name of Tri-State Securities Co.
### Indications of Current Business Activity

#### Latest

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<th>Month</th>
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**AMERICAN IRON AND STEEL INSTITUTE:**
- Indicated steel operations (percent of capacity)...
- Steel mills and castings (net tons).

**AMERICAN METALünkE INSTITUTE:**
- Steel inventories (in全长.
- Per cent scrap and coke.

**ASSOCIATION OF AMERICAN RAILROADS:**
- Average freight rating factor (by class).
- Revenue freight received from connections (in ton-miles).

**BUREAU OF THE ECONOMIC CONSTRUCTION — ENGINEERING NEWS-RECORD:**
- Total construction contracts.
- Private construction.
- Federal.

**COAL OUT PUT (BUREAU OF MINES):**
- Bituminous coal.
- Lignite.
- Coke.

**ELECTRIC LIGHT AND POWER:**
- Sales (in 1,000 kwh).
- Net generation.

**FEDERAL INCOME TAX RETURNS (D. S. GOVERNMENT):**
- Gross income.
- Adjusted gross income.

**MOODY S BOND PRICES DAILY: U. S. GOVERNMENT BONDS:**
- Average price.
- Sales.

**MOODY S BOND YIELD DAILY: U. S. GOVERNMENT BONDS:**
- Average.
- Sales.

**MONEY MARKET M. I. QUOTATIONS:**
- Discount rates.
- Member rate.

**OIL, PAINT AND DRUG REPORTER, PRICE INDEX: IND. AVERAGE:**
- Latest.

**STOCK TRANSACTIONS FOR GROSS-LOT ACCOUNT OF M. D. K. RAILWAY AND STEEL COMMODITIES EXCHANGE U. S. RAILWAY AND STEEL COMMODITIES INDEX:**
- Gross.
- Net.

**TRANSACTIONS IN STOCKS OF BANKS AND CORPORATIONS:**
- Latest.
- Previous.

**TRANSACTIONS IN OPTIONS AND FUTURES:**
- Latest.
- Previous.

**WAGES IN THE MANUFACTURING INDUSTRIES:**
- Latest.
- Previous.

**WAGES PAID AND HOURLY EARNINGS:**
- Latest.
- Previous.

### American Iron and Steel Institute

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<th>Steel Mills and Castings (Net Tons)</th>
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### Federal Reserve Bank of St. Louis

**ALUMINUM (BUREAU OF MINE S):**
- Production of crude.
- Shipment of crude.
- Imports of crude.

**AMERICAN POWER COMPANY:**
- Total output.
- Natural gas.

**AMERICAN STEEL & SADDLERY:**
- Sales of steel.
- Sales of iron and steel products.

**AMERICAN ZINC INSTITUTE: **
- Production of zinc.
- Sales of zinc.

**AMERICAN PETROLEUM INSTITUTE:**
- Crude oil sales.
- Gas production.

**AMERICAN ELECTRIC POWER COMPANY:**
- Total output.

**AMERICAN STEEL & SADDLERY:**
- Sales of steel.
- Sales of iron and steel products.

**AMERICAN ZINC INSTITUTE:**
- Production of zinc.
- Sales of zinc.

### Summary

The following statistical tabulations cover production and other figures for the last 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:

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<th>Commodity</th>
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### Additional Notes

- *Previous figure, if available, for steel strike.

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The State of Trade and Industry

The State of Trade and Industry

The agreement was finally reached, says "Steel," the weekly magazine of metalworking.

The shop feature accepted by the companies is an extremely watered-down version compared with what the union originally demanded. The whole agreement falls short of the railroad shippers' demands. The agreement will be followed by some additional decisions about wages, hours, and benefits in the months to come.

This agreement will be followed by additional decisions in the months to come.

For the past few weeks the dollars, which stocks as City Service, Standard of New Jersey, Richfield Oil, Kennecott, Smelters and American Smelters, were going down instead of up. The decline in actual points was so significant that their behavior against the fact that they were so close. The close was followed by a lower opening the following morning, usually signifies a change of tone.

In the past few days, however, it was significant to note that a close down was not followed by a lower opening. The reasons for this are many and probably varied. One point you can taut your imagination roam. The answer to the trader, according to experts, is that a halt has been called; the reasons are unimportant.

The fact that the halt was within predetermined technical ranges gives it added significance.

A few weeks ago I said in this space that after a reaction to about 270 (five points within that figure its influence was already wearing thin) that a rally that might carry them well across the 300 mark. At this writing the latter figure though within wide ranges, is still some distance away. But if the rally is not an action eye... it may result in any harkening, it won't be too long before that figure is approximated.

Time element is something else. Practically all the buying and selling going on today is government department and trust fund. Obviously there is no unanimity among the handlers of these funds, and you can't think of it as half a trend.

The latest expression in this area is a shift in popular opinion and, in popular opinion, and which will, but basically is the trend up.

[The view expressed in this article does not necessarily coincide with the view of the Chronicle. They are presented as one of the authors only.]

Continued from page 5

Trade Volume Turns Lower as Heat Wave Slows Buying

The waves of enervating heat which swept over large areas of the Midwest and South last week also cut into buying. In the period ended on Wednesday of last week, shoppers generally showed no inclination for buying, and the selling of most lines lessened perceptibly, there was a steady rise in the price of the goods. This was reflected in the figures for the week.

For example, the cost of Summer goods attracted a spirited response in most sections. However, in these cities where labor-management disputes result in a closing of plants, the situation is more serious.
Securities Now in Registration

NEW ISSUE CALENDAR

August 4, 1952

CHASE CHEMICAL CORPORATION

12,000 shares of common stock (par $1) to be offered for public subscription by stockholders of the corporation at $1 par value. Proceeds—To be used for general corporate purposes. Offer—$12 par value. Underwriters—J. B. van Beurden, New York; and James C. Nelson, New York.

AMERICAN MINES, LTD., TORONTO, CANADA

12,000 shares of preferred stock (par $5) to be offered for public subscription by stockholders of the corporation. Proceeds—To be used for general corporate purposes. Offer—$7 par value. Underwriters—J. B. van Beurden, New York; and James C. Nelson, New York.

AMERICAN BOSCH CORPORATION, SPRINGFIELD, MASS.

30,000 shares of common stock (par $1) to be offered for public subscription by stockholders of the corporation. Proceeds—To be used for general corporate purposes. Offer—$1 par value. Underwriters—J. B. van Beurden, New York; and James C. Nelson, New York.

ANDOWAN MINES, LTD., PORT ARTHUR, ONT., CANADA

10,000 shares of common stock (par $1) to be offered for public subscription by stockholders of the corporation. Proceeds—To be used for general corporate purposes. Offer—$1 par value. Underwriters—J. B. van Beurden, New York; and James C. Nelson, New York.

ARMSTRONG RUBBER CO., WEST HAVEN, CONN.

1,000,000 shares of preferred stock (par $5) to be offered for public subscription by stockholders of the corporation. Proceeds—To be used for general corporate purposes. Offer—$5 par value. Underwriters—J. B. van Beurden, New York; and James C. Nelson, New York.

ATOMIC REFINING CORP., BUFFALO, N.Y.

4,000,000 shares of common stock (par $1) to be offered for public subscription by stockholders of the corporation. Proceeds—To be used for general corporate purposes. Offer—$1 par value. Underwriters—J. B. van Beurden, New York; and James C. Nelson, New York.

BIG C CHOCOLATE CORPORATION, N.Y.

20,000 shares of common stock (par $1) to be offered for public subscription by stockholders of the corporation. Proceeds—To be used for general corporate purposes. Offer—$1 par value. Underwriters—J. B. van Beurden, New York; and James C. Nelson, New York.

CAMPBELL CHEMICALS, INC., ST. LOUIS, MO.

15,000 shares of common stock (par $1) to be offered for public subscription by stockholders of the corporation at $1 par value. Proceeds—To be used for general corporate purposes. Offer—$1 par value. Underwriters—J. B. van Beurden, New York; and James C. Nelson, New York.

CARDIFF FLUORITE MINES, LTD., TORONTO, CANADA

50,000 shares of common stock (par $1) to be offered for public subscription by stockholders of the corporation. Proceeds—To be used for general corporate purposes. Offer—$1 par value. Underwriters—J. B. van Beurden, New York; and James C. Nelson, New York.

CENTRAL AIRLINES, INC., FORT WORTH, TEX.

10,000 shares of common stock (par $1) to be offered for public subscription by stockholders of the corporation at $1 par value. Proceeds—To be used for general corporate purposes. Offer—$1 par value. Underwriters—J. B. van Beurden, New York; and James C. Nelson, New York.

CHASE CHEMICAL CORPORATION, (B.B.), BOSTON, MASS.

30,000 shares of common stock (par $1) to be offered for public subscription by stockholders of the corporation at $1 par value. Proceeds—To be used for general corporate purposes. Offer—$1 par value. Underwriters—J. B. van Beurden, New York; and James C. Nelson, New York.

COLOMBO FUEL & COAL CORPORATION, LOS ANGELES, CAL.

10,000 shares of common stock (par $1) to be offered for public subscription by stockholders of the corporation at $1 par value. Proceeds—To be used for general corporate purposes. Offer—$1 par value. Underwriters—J. B. van Beurden, New York; and James C. Nelson, New York.

SUMMARY

The following summary of new issues in registration is presented for the benefit of investors and others interested in the market for new issues. The summary is not intended to be complete in any sense, but rather to provide a general indication of the types of issues currently available for investment. It should be noted that the information presented is subject to change and that investors should always consult with a financial advisor before making any investment decisions. The summary includes information on the issuing companies, the types of securities being offered, the purpose of the proceeds, and the terms of the offering. The summary is not intended to be a substitute for professional financial advice and should not be relied upon as the sole basis for making investment decisions.
Inland Petroleum Corp., Miami, Fla.

July 17 (letter of notification) 10,000 shares of 6% cumulative preferred stock, and 275,000 shares of common stock. Price—At par ($10 per share preferred stock, and $20 per share common stock). Proceeds—For purchase of leases. Officer—John J. Rhodes and James E. McNeil, officers and directors.

Instant Beverage, Inc., Omaha, Neb.

May 6 (letter of notification) 30,000 shares of common stock (par $1). Proceeds—For working capital. Officer—E. L. Olenick, president.

Jersey Yukon Mines Ltd., Toronto, Canada


Monty's Stores, Inc., Seattle, Wash.

March 14 filed 100,000 shares of 7% 10-year convertible bonds (in denominations of $500 and $1,000). Proceeds—For general corporate purposes. Price—At par. Proceeds—For working capital and expansion. Officer—208 Third Ave, South, Seattle, Wash. Underwriter—None.


May 7 filed 200,000 shares of common stock (par $2). Proceeds—To be determined by competitive bidding. Promoters: Blyth & Co., Inc. and Dean Witter & Co. (jointly); Kidder, Peabody & Co., Inc., and (jointly); A. C. Aly & Co., Inc. and Bear, Stearns & Co. (jointly); Ratings—B. Underwriter—B. Underwriter—None.

Motorola, Inc., Chicago, Ill. (8/11)

July 17 filed 175,921 shares of common stock (par $3) to be offered for subscription by stockholders on the basis of one new share for each 10 shares held as of Aug. 11; rights to expire on Aug. 22. Price—To be supplied by arrangement. Proceeds—For working capital. Underwriter—Hickey & Co., Chicago, Ill. Rating—A.

National Fuels & Minerals Co., Buffalo, N. Y.

July 19 filed 2,750,000 debentures due July 1, 1967 (subtotal). Price—To be supplied by arrangement. Proceeds—For working capital, underwriters. Officers—None.

General Contract Corp. (formerly Industrial Insurance Co.), St. Louis, Mo.

May 28 filed 5,000 shares of common stock (par $2). Proceeds—To be supplied by arrangement. Underwriter—Merrill Lynch, Pierce, Fenner & Beane, New York, N. Y.

General Electric Co., Schenectady, N. Y.

July 3 (letter of notification) 92,194 shares of common stock (par $1). Price—$2.75 per share. Proceeds—To reduce accounts payable and for working capital. Proceeds—For general corporate purposes. Underwriter—None.

Lock Haven Development Co.

July 25 (letter of notification) 75 shares of capital stock (par $100 per share). Price—To Clyde J. Walsh, selling stockholder. Underwriter—None, but Josephthal & Co. will act as agent.

Louisiana Supply Co., Lake Charles, La.

July 24 (letter of notification) 10,000 shares of common stock (par $1). Price—To 10,000 shareholders. Proceeds—For stockholders. Underwriter—None.

Lumm Laminates, Inc., Huntington, N. Y. (8/4


Major Studio Picture Corp., Las Vegas, Nevada

July 23 (letter of notification) 10,000 shares of common stock (par $1). Price—At par ($1 per share). Proceeds—For purchase of approximately 10,400,000 shares of common stock of the Las Vegas Rodeo, Inc. Underwriter—None.

Marine Aircraft Corp., N. Y.


McCarthy (Glenn), Inc. (8/4-7)

June 12 filed 10,000,000 shares of common stock (par $0.01 each). Price—At par. Proceeds—For working capital and development and acquisition of new companies. Underwriter—None. Proceeds—For working capital. Office—113 South 4th St, Las Vegas, Nev. Underwriter—None.

McCormick & Co., Inc., Baltimore, Md.

July 21 (letter of notification) 500 shares of 6% cumulative preferred stock (par $100). Price—$100 per share. Proceeds—For additional working capital. Office—441 Light St, Baltimore, Md. Underwriter—None.


Overland Oil, Inc., Denver, Colo.

July 17 (letter of notification) 1,000,000 shares of common stock (par $1). Price—At par. Proceeds—To carry on oil exploration program. Office—224 Merchants Bank Bldg, Denver, Colo. Underwriter—None.

Paramore Co., Denver, Colo.


Pennsylvania Coal & Coke Corp.

July 23 (letter of notification) 6,499 shares of preferred stock (par $100). Price—At par. Proceeds—For working capital. Underwriter—None.

Price—$3 per share. Proceeds—For equipment and drilling purposes. Underwriter—None.

Farm & Home Loan & Discount Co., Boston, Mass.

July 7 filed 1,613,168 shares of common stock (par $1). Proceeds—To be supplied by arrangement. Underwriter—Merrill Lynch, Pierce, Fenner & Beane, New York, N. Y.


June 30 (letter of notification) 50,000 shares of common stock (par $1). Proceeds—To be supplied by arrangement. Proceeds—For working capital. Underwriter—None.
**Steak n Shake of Illinois, Inc.**
July 11 (letter of notification) 22,000 shares of common stock (par $1) of which 7,000 shares have been sold for $104,595 (per share $44) at par value to employees of the company, and the record date July 1 is (excepting members of the Board of Directors). Proceeds—For working capital.

**Smith & Welton Co.,** Salt Lake City, Utah
July 21 (letter of notification) 13,668 shares of common stock (par $1) offered at $32.50 per share. Proceeds—For additional working capital. Office—Box 257, Salt Lake City, Utah. Underwriter—None.

**Suburban Propane Gas Corp. of Pennsylvania**
July 8 (letter of notification) 42,500 shares of common stock (par $1), at $23 per share. Proceeds—To complete well operations in PA. Office—301 East State Street, York, PA. Underwriter—None.

**Supervised Sares, Inc., Des Moines, Iowa**

**Sweet Grass Oils, Ltd., Toronto, Canada**

**Texas Chemicals Inc., (8/13)**
July 23 (letter of notification) 150,000 shares of common stock fund debentures due Jan. 1, 1963 and 300,000 shares of common stock (no par) to be offered in units of $1,000. Price—$25 per unit. Proceeds—For construction of distillation plant and a contact sulpheric acid plant. Underwriter—Glore, Fort Worth, TX. Underwriter—None.

**Texas Eastern Transmission Corp.**
Shreveport, La. (8/21)

**Texas Gas Transmission Corp.**
(8/6-7)
June 19 (letter of notification) 989 shares of capital stock to be issued for the purchase of a certain oil and gas property. Proceeds—For the purpose of increasing the working capital of the company. Underwriter—None.

**Texas General Production Co.**

**Western Telephone Co., Tallahassee, Fla.**
July 2 filed 64,000 shares of common stock (par $10). Price—$16 per share. Proceeds—To repay bank loans. Underwriter—Scott, Harrow & Co., Inc., Lynchburg, VA.

**Southern Discount Co.,** Atlelia, Ga.
June 17 (letter of notification) $100,000 of 5% debentures, series F. Price—At par. Proceeds—For working capital. Office—601-2, 19 S.W. Railway Ave., Atlanta, Ga.
Continued from page 31

American President Lines, Ltd. June 12 it was announced Riggs National Bank, Washington, D. C., will advertise for bids within 90 days for the purchase of equipment, valued in excess of $3,000,000.

Southern Natural Gas Co. June 12 a proposal is expected to issue for the marketing of $50,000,000 of 1953-1954 issuefloating rate debentures. Bids will be received at the offices of Kidder, Peabody & Co., New York, and Moroney, Reinhart & Co., Houston, Tex. July 30 proposals are expected for the sale of $50,000,000 of 1953-1954 issuefloating rate debentures. Bids will be received at the offices of Kidder, Peabody & Co., New York, and Moroney, Reinhart & Co., Houston, Tex.

Hannishcfiger Corp. June 12 it was announced the company to issue and sell $8,000,000 bonds for construction of the Kailhi tunnel, 40 miles north of Oslo. Bids will be received at the offices of Kidder, Peabody & Co., New York, and Moroney, Reinhart & Co., Houston, Tex.

Central Maine Gas & Electric Corp. March 12 officially announced bids for the purchase of $500,000,000 of additional unissued stock certificates. Bids will be received at the offices of Kidder, Peabody & Co., New York.

Arkansas Power & Light Co. June 12 announcement is expected to issue and sell $15,000,000 first mortgage due 1982. Proceeds—For new construction.

Associated Telephone Co., Ltd. (Calif.) June 9 it was reported company may issue and sell in October common stock, par value $5, in series H 22 due 1952. Proceeds—For repayment of bank borrowing. Underwriters—To be determined by competitive bidding.

California Electric Co. April 18 announcement is expected to issue $4,000,000 preferred stock some time this Fall. Proceeds—For expansion.

Bancroft Oil Co., Ltd. (Canada) May 6 it was reported company plans to issue and sell on a non-US basis $15,000,000 of debentures. Proceeds—for drilling and exploration costs. Underwriters—Bancroft Oil, Ltd., a subsidiary.

Capital Oil Co. July 21 it was announced directors have declared an 8% stock dividend. The active pro rata rate will be $5 per stock. To be sold on the New York Stock Exchange.

Byrd Oil Co., Dallas, Tex. July 15 it was announced stockholders will in the fall receive the right to subscribe for $1,000,000 of 5% first mortgage convertible bonds. The pro rata rate will be $13 per bond. The bonds are non-callable and mature in 1982.

California Electric Co. May 8 it was reported company plans to issue and sell between 1952 and 1953 $25,000,000 of preferred stock. Proceeds—For expansion. Underwriters—California, Texas, Dallas; Texas; and Strauss, Bloser & McDowell, Chicago, Ill.

California Electric Co. April 18 it was reported the company to plan to issue and sell in the fall of 1952 $8,000,000 of preferred stock. Proceeds—For expansion plans.


Central Maine Power Co. May 35 stockholders will be authorized to issue and sell $3,500,000 of preferred stock. Proceeds—For expansion.

Century Food Stores, Inc., Youngstown, O. May 22 it was announced bids will be received at the offices of Kidder, Peabody & Co., Chicago, Ill., for the purchase of $20,000,000 of common stock certificates. Bids—To be opened June 25. Proceeds—For expansion.

Chicago, Milwaukee, St. Paul & Pacific RR. Stockholders may vote May 28 to retire 1,000,000 shares of preferred stock. Proceeds—To be used for expansion and development.

Common & Southern Ohio Electric Co. April 26 it was announced company expects to issue a total of $15,000,000 of 6% debentures. Proceeds—For additional capital. Underwriters—Dillon Read & Co., New York.

Connecticut Light & Power Co. March 11 it was reported company presently estimates that approximately $11,000,000 of additional capital will be required for the full year. Proceeds—For new construction.

Consolidated Gas, Electric and Light Co. of Baltimore Dec. 24 it was announced company plans to issue and sell both stocks and bonds during 1952 to an amount sufficient to raise approximately $25,000,000 of additional capital. Proceeds—For additional capital. Underwriters—For bonds to be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co. and Blyth, Eastman, Lord & Dyer; & Co., New York.

Canadian Palmer Stendel Oil Co. June 11 the company plans to raise an additional $50,000,000 of capital stock. Proceeds—For expansion. Underwriter—Garrett, Kinsnar, Otis, New York.


Mississippi Power & Light Co. March 14 it was reported company plans to issue and sell $15,000,000 of 6% competitive bonds. Underwriters—To be determined by competitive bidding. Probable bidders: Kidder, Peabody & Co.; Smith, Barney & Co. Bids—To be opened July 15. Proceeds—For construction.

California Natural Gas Co. March 12 announcement is expected to issue and sell on a non-US basis $8,000,000 of debentures. Bids—To be opened Aug. 22. Proceeds—For use in the oil and gas industry. Underwriters—Byrne, Sars, White & Co., New York.

Carolina Natural Gas Co. March 12 announcement is expected to issue and sell $1,500,000 first mortgage bonds. Proceeds—For construction. Underwriter—Burham & Honey, New York.

California Power & Light Co. April 19 announcement is expected to issue and sell $8,500,000 of 6% competitive bonds. Proceeds—to be used in the Southern California area. Underwriter—Burham & Honey, New York.

Georgia Power & Light Co. April 19 announcement is expected to issue and sell $3,500,000 of additional capital stock. Proceeds—to be used in the Southern California area. Underwriter—Burham & Honey, New York.

Indiana Natural Gas Co. March 14 announcement is expected to issue and sell $8,000,000 of debentures. Proceeds—to be used for construction. Underwriter—R. D. Dickson & Co., Charlotte, N. C.

A. H. Alwyn, Inc., New York announcement is expected to raise $150,000 of additional capital stock. Proceeds—to be used for expansion. Underwriter—Moody, Reinhart & Co., Houston, Tex.

Mississippi Power & Light Co. March 14 announcement is expected to issue and sell $15,000,000 of new certificate capital stock. Proceeds—to be used for construction. Underwriter—McCamber & Co., Chicago, Ill.

California Natural Gas Co. March 12 announcement is expected to issue and sell $8,500,000 of debentures. Proceeds—to be used in the Southern California area. Underwriter—Burham & Honey, New York.

A. H. Alwyn, Inc., New York announcement is expected to raise $150,000 of additional capital stock. Proceeds—to be used for expansion. Underwriter—Moody, Reinhart & Co., Houston, Tex.

Mississippi Power & Light Co. March 14 announcement is expected to issue and sell $15,000,000 of new certificate capital stock. Proceeds—to be used for construction. Underwriter—McCamber & Co., Chicago, Ill.

North Carolina Natural Gas Co. March 14 announcement is expected to issue and sell $8,000,000 of debentures. Proceeds—to be used in the Southern California area. Underwriter—Burham & Honey, New York.

A. H. Alwyn, Inc., New York announcement is expected to raise $150,000 of additional capital stock. Proceeds—to be used for expansion. Underwriter—Moody, Reinhart & Co., Houston, Tex.

Mississippi Power & Light Co. March 14 announcement is expected to issue and sell $15,000,000 of new certificate capital stock. Proceeds—to be used for construction. Underwriter—McCamber & Co., Chicago, Ill.

California Natural Gas Co. March 12 announcement is expected to issue and sell $8,500,000 of debentures. Proceeds—to be used in the Southern California area. Underwriter—Burham & Honey, New York.

A. H. Alwyn, Inc., New York announcement is expected to raise $150,000 of additional capital stock. Proceeds—to be used for expansion. Underwriter—Moody, Reinhart & Co., Houston, Tex.
New England Power Co.
June 28 it was announced company now contemplates an additional issue of first mortgage bonds and common stock.

New Jersey & Light Co.
April 24 stockholders approved a proposal to increase the authorized capital stock from 3,200,000 shares, 1,000,000 of preferred stock, and 1,000,000 shares of common stock to 5,000,000 shares, 2,000,000 of preferred stock, and 3,000,000 shares of common stock. The new securities are to be sold in connection with diversification program. No immediate plans have been made. Underwriters—Kuhn, Loeb & Co., New York.

San Diego Gas & Electric Co.
July 1 it was announced that of the more than $18,000,000 required for capital improvements in 1952, approximately $1,000,000 is available from appreciation reserves and earned surplus, while the remainder be secured through the sale of securities.

Northern Natural Gas Co.
June 19 it was announced that company is considering a possible offering of additional $15,000,000 of mortgage bonds to be sold to $25,000,000 in convertible preferred stock, which may be exchanged at any time between such dates for the common stock and sold for $40,000,000 of 20-year sinking fund debentures through New York dealers. Also, smaller probable offerings including: Halsey, Stuart & Co.; Blyth & Co.; First Boston Corp.; and Kidder, Peabody & Co. (jointly); Merrill Lynch, Pierce, Fenner & Beane; and Lehman Brothers.

Potomac Electric Power Co.
April 18, R. E. Dunn, President, announced company plans to raise about $40,000,000 of new money in connection with its $52,000,000 construction program in the Middle East, as well as extensions in the Potomac Electric Power Co.; First Boston Corp.; Kidder, Peabody & Co.; Merrill Lynch, Pierce, Fenner & Beane; and Lehman Brothers (jointly); Dillingham, Reed & Co. (jointly).

Press Steel Car Co., Inc.
April 18 stockholders approved a proposal to increase the authorized capital stock from 1,000,000 shares, 500,000 of preferred stock, and 500,000 shares of common stock to 2,000,000 shares, 1,000,000 of preferred stock, and 1,000,000 shares of common stock. The new securities are to be sold in connection with diversification program. No immediate plans have been made. Underwriters—Kuhn, Loeb & Co., New York.

New England Telephone & Telegraph Co.
May 17 company announced plans to issue and sell $3,200,000 of bonds, $1,000,000 of preferred stock, and $1,000,000 of common stock to the General Public Utilities Corp. (parent).

New Jersey Power & Light Co.
April 24 stockholders approved a proposal to increase the authorized capital stock from 1,000,000 shares, 500,000 of preferred stock, and 500,000 shares of common stock to 1,500,000 shares, 750,000 of preferred stock, and 750,000 shares of common stock. The new securities are to be sold in connection with diversification program. Probable holders: Halsey, Stuart & Co.; Martin, Smith, Peabody & Co.; and Kidder, Peabody & Co. (jointly).

New Orleans Public Service Inc. (12/15)
July 2 company announced plans to issue and sell 80,000 of first mortgage bonds due Dec. 1, 1982, at 98, series of 10, of 6 1/2 per cent debentures due Aug. 1, 1975, at 98 1/2, and 50,000 of 5 per cent debentures due July 1, 1982, at 98 1/4.

Niagara Mohawk Power Corp.
May 20 company announced probable issuance of about 1,000,000 common stock by 1,500,000 shares (11,048,623 shares presently outstanding). This place company in a flexible position to cover future requirements of financial programs. Earl J. Machold, President, said bond holders, totaling $100,000,000, will be permanently financed early in 1952.

Northern Natural Gas Co.
June 19 it was announced company contains a consideration of a possible offering of additional $15,000,000 of mortgage bonds to be sold to $25,000,000 in convertible preferred stock, which may be exchanged at any time between such dates for the common stock and sold for $40,000,000 of 20-year sinking fund debentures through New York dealers. Also, smaller probable offerings including: Halsey, Stuart & Co.; Blyth & Co.; First Boston Corp.; and Kidder, Peabody & Co. (jointly); Merrill Lynch, Pierce, Fenner & Beane; and Lehman Brothers.

Northern Paceline Co. (8/11-15)
July 11 it was announced company intends to sell 2,000,000 shares of common stock through First Union Securities Corp. (jointly); Morgan Stanley & Co., White, Weld & Co. (jointly); and Shearson, Hammill & Co. (jointly). Offering—Expected to be completed during current quarter.

Southern California Edison Co.
April 18 it was reported company plans to obtain additional $1,000,000 of mortgage bonds through sale of additional securities. Proceeds—For new construction. Underwriters—Morgan Stanley & Co., New York. Offering—Expected for June 25 to July 15.

Southwestern Ry.
July 3 company applied to the Interstate Commerce Commission for authority to issue and sell $40,000,000 of mortgage bonds, without competitive solicitation, for a period of about four years. Proceeds—For retirement in part of certain outstanding mortgage bonds.

Standard FortGins Co.
April 25 stockholders approved an increase in authorized capital stock from 50,000 shares of preferred stock, and 100,000 shares of common stock to 250,000 shares of preferred stock, and 500,000 shares of common stock. Proceeds—For expansion and improvement. Underwriters—Morgan Stanley & Co., New York. Offering—Expected for June 7 to 11.

Texas-Oklahoma Gas Co., Houston, Tex.
Oct. 28 company announced for FPC authority to construct a 1,350-mile natural gas transmission line extending from Texas into West Virginia. The project is estimated to cost $104,000,000, is $84,000,000, underwritten by Kidder, Peabody & Co., New York.

Transcontinental Gas Pipe Line Corp.
March 14 it was reported company plans issuance and sale of about $100,000,000 of first mortgage bonds. Underwriters—Probate White, Weld & Co. and Stone & Webster Securities Corp., New York.

United Gas Co.
July 5 it was reported that the corporation may issue about 50,000,000 of debentures. Proceeds—To retire part of outstanding bank loans and for new construction.

Utah Power & Light Co.
June 17 it was announced company may issue and sell in September about $25,000,000 of first mortgage bonds and 150,000 shares of common stock. Proceeds—To retire part of outstanding bank loans and for new construction.

Virginia Electric & Power Co.
May 29 it was reported company plans issuance and sale of about $30,000,000 of first mortgage bonds. Proceeds—To retire part of outstanding bank loans.

Virgin Islands Power & Light Co.
July 15 it was announced company containing a consideration of a possible offering of additional $15,000,000 of mortgage bonds to be sold to $25,000,000 in convertible preferred stock, which may be exchanged at any time between such dates for the common stock and sold for $40,000,000 of 20-year sinking fund debentures through New York dealers. Also, smaller probable offerings including: Halsey, Stuart & Co.; Blyth & Co.; First Boston Corp.; and Kidder, Peabody & Co. (jointly); Merrill Lynch, Pierce, Fenner & Beane; and Lehman Brothers.

Washington Water Power Co. (9/30)
March 23 it was reported company plans issuance and sale of about $50,000,000 of 3 per cent mortgage bonds. Proceeds—To retire part of outstanding bank loans.

West Coast Pipe Line Co., Dallas, Texas.
July 14, L. M. Glace, President, announced company plans to issue and sell about $25,000,000 of 5 per cent mortgage bonds. Proceeds—To retire part of outstanding bank loans.

Westcoast Transmission Co., Ltd.
Jointly underwritten by First Canadian Commodity Guaranty resulting in the authorization of this company to issue $800,000,000 of first mortgage bonds for the purpose of building a pipeline on the Pacific Coast.

Westinghouse Electric Corp.
April 24 stockholders approved a proposal to increase the authorized capital stock from 45,000,000 shares, 1,000,000 of preferred stock, and 45,000,000 shares of common stock to 100,000,000 shares, 1,000,000 of preferred stock, and 100,000,000 shares of common stock. Proceeds—For new construction.

Westland Paper Co. (10/30)
March 22 it was reported company may issue and sell in May about $25,000,000 of first mortgage bonds and 150,000 shares of common stock. Proceeds—To retire part of outstanding bank loans and for new construction.
the ratio of surplus accounts to assets other than cash and govern-
ment securities of mutual savings banks was 12.5%.

Among riskier accounts, the Federal Reserve Bank of St.
Louis Committee would include FHA-insured mortgages and the guaran-
teed mortgage claims on FHA mortgages. This is in accor-
dance with the Federal Reserve Committee’s, "calculat-
ing the risk involved in accordance with the risk in-
vested in bank portfolios."

The term "risk" has been traditionally referred to as the preference for a minimum cash return. In other words, it is the princi-
ple of security. For example, mutual savings banks do not invest in cash or government securities because they are not considered as risk-free investments. Instead, they invest in assets that offer higher returns. Mutual savings banks invest primarily in real estate mortgages, which are considered to be a relatively low-risk investment. However, there are some risks associated with these investments, such as changes in interest rates and economic conditions, which can affect the value of the mortgages. Overall, mutual savings banks are considered to be a stable and secure investment option for individuals looking to save and invest their money.
and sale for each investment company under our direction. Each member of the Board directs the trends of each security is carefully reviewed and decisions are reached with regard to the market opening. The amount and type of securities on the Board are carefully defined and the securities are followed closely throughout the day until the market is closed out at the end of the day. It is not the Board's policy to place orders for the sale or purchase of large blocks of securities; however, it may sell or purchase stocks, bonds, or other securities through a broker, but the trading desk of the investment company generally avoids the adopted daily programs. Though discretionary orders are not placed by the Board, the purchase or sale of stocks are frequently bought and sold for short periods of time and at times when it seems more effective and economic. Discretionary orders are to be consulted in the distribution of blocks.

Another important circle is the circle is the circle. The board of directors have not only established the broad directives of policy now has presented for its approval, but the board has also sold and purchased on the period of the record consideration of policy for the next month. This is the pattern of our operational. The director of men at work—seasoned men with years of experience in the field of investment management striving zealously and earnestly and purposefully, and the market to do a difficult and socially conscious task, which is to invest other people's money.

Continued from page 8

The Bank for Int'l Settlements Today

the most important aspect of the experience of the past two years is that it has been found possible to finance the rearrangement by the peace-keeping form of banking the end of the second credit crisis, instead of by the eminently practicable and effective substitute deficit financing. This is a reemergence of the old and new with, for the ordinary citizen, the important advantage that has been and will be in consumer-goods prices. Indeed, there will be an increase in the number of important lines, such as textile and leather goods, refrigerators, etc., where the rise in consumer-goods prices will need to be raised too steeply in the autumn of 1951. The fact, means that countries with a western-type economy are mastering the situation by the application of means to proper action of systems to their type and particularly by the application of a flexible credit policy. The Board of Directors has been to these methods it has been possible to expand the volume of the legal notice.

LEGAL NOTICE

The State of New York
Department of State
1929

To the public:

A certificate of incorporation for the ATTORNEY IN THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK is hereby filed with this Court, and is on file in the office of the Clerk of the Court. The Brown & Root Corporation is hereby incorporated under the laws of the State of New York, and has as its principal place of business, New York, New York. The stock of the Company is divided into three classes, the common stock of which is hereby authorized to be issued. The certificate of incorporation is on file in the office of the Clerk of the Court. The stock of the Company is divided into three classes, the common stock of which is hereby authorized to be issued.

John J. Curran, Secretary of State:
By:

E. S. Root,

D. S. Gordon, Deputy Secretary of State.

The Board of Directors has been incorporated.

DIVIDEND NOTICES

DIVIDEND NOTICES

Canadian National

DIVIDEND NOTICE

DIVIDEND NOTICE

SOCONY—VACUUM OIL COMPANY

The Board of Directors today declared a quarterly dividend of $0.10 per share on the outstanding common stock. The record date is May 1, 1952, to stockholders of record at the close of business May 22, 1952.

W. D. BICKERTON, Secretary.

Common and Preferred DIVIDEND NOTICE

The Board of Directors of the Bank of Manhattan has declared a quarterly dividend of 4012 per share on the preferred stock. The record date is May 1, 1952, to stockholders of record at the close of business May 22, 1952.

Common and Preferred

DIVIDEND NOTICE

The Board of Directors of the Bank of Manhattan has declared a quarterly dividend of 4012 per share on the preferred stock. The record date is May 1, 1952, to stockholders of record at the close of business May 22, 1952.

Common and Preferred
BUSINESS BUZZ

WASHINGTON, D.C.—One of the consequences of the storm which is beating on the steel industry in the United States is the growing belief that the Administration will have to act to prevent the depression of the steel industry. The Administration has been considering the problem for some time, and it is believed that an order will be issued in the near future.

The order will require the steel industry to cooperate in the production of war matériel. The order will also provide for the establishment of a steel-stocking program to ensure a steady supply of steel to the armed forces.

The order is expected to have a significant impact on the steel industry and the economy as a whole. It is believed that the order will help to prevent a major depression in the steel industry and will also have a positive impact on the economy as a whole.

In addition to the steel-stocking program, the order will also require the steel industry to cooperate in the production of war matériel. This will involve the production of a wide range of products, from aircraft to tanks.

The order is expected to be signed in the next few days, and it is believed that it will be enforced immediately.

The Administration is also expected to take other measures to support the steel industry, including the provision of financial assistance and the establishment of a steel-stocking program.

These measures are expected to have a significant impact on the steel industry and the economy as a whole. It is believed that they will help to stabilize the steel industry and to ensure a steady supply of steel to the armed forces.