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EDITORIAL

As We See It

It seems to us that a good many of the political figures have grown just a little silly in the extremes to which they have gone in their talk about the leading candidates being "captives" of this and that. To us it appears particularly nonsensical to say that Mr. Eisenhower is or will soon become the "captive" of an element in his party that he roundly defeated in order to get himself nominated in the first place. But there have been other charges which appeared foolish enough in all conscience.

Of course, this "captive" cliche is but a catchphrase employed by the politicos in hopes of catching the ear of the public in such a way as to advance the fortunes of one party or one candidate or the other. So far as this sort of talk makes any sense at all, it is really concerned with which or what element or individual in each of the parties is likely to be dominant during the next four years, or whether any will. Thus when it is said that Mr. Eisenhower will be a "captive" of the "Old Guard" in the Republican party, the meaning intended to be conveyed is that men like Mr. Hoover, General MacArthur, Senator Taft, Senator Bricker, or Senator Dirksen will really fix party policy and programs and that Mr. Eisenhower as President would hardly be more than a rubber stamp. Of course, it may well be doubted whether those who say such things really believe them. What these accusers really are aiming at is to make the so-called liberals believe that some such thing as this will be true. Such a belief, if general, would, so it is hoped, reduce the likelihood of Mr. Eisenerhow's election.

The charge sometimes made that Governor

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Gold Markets in a Perturbed World

By HERBERT M. BRATTER

Mr. Bratter describes trading in gold in various so-called free gold markets, and gives details regarding facilities and methods employed in each area. Cites data on use of gold certificates issued by leading Tangier bank and explains results of interview with its managing director. Reveals character of French gold market and nature and extent of French gold hoarding. Describes London's gold facilities, particularly as a storage center, and cites use of air transportation as means of equalizing gold prices in various world centers.

In a world dominated by economic and financial controls the individual desiring to put some of his savings into gold as a hedge against currency depreciation needs to know a lot about the facilities in a variety of centers.

Herbert M. Bratter

Recently the writer had occasion to visit three cities, which, each in its own way, play a part in that worldwide network of gold producers, fabricators, dealers, black-marketeers, hoarders and others who in the aggregate constitute the free gold market. Gold flows about the world in all directions. Sometimes the movements are visible; more often they seek the cover of secrecy. Tangier, Paris and London are but three way stations on the roads followed by the much prized yellow metal in its halting yet perpetual travels around the world.

Tangier is unique in the freedom which it offers foreign gold and indeed capital in any form to come and go as it likes or to stay as long as it pleases. Paris offers an entirely free and anonymous market in gold to residents of France as well as facilities for gold in transit. The free market's transactions in gold, reported daily in the press, serve as a constant reminder of the inadequacies of currency management. The French "internal" gold market

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Dividends vs. Retained Earnings as Market Force

By O. K. BURRELL
Professor of Business Administration
University of Oregon

Prof. Burrell discusses relative importance of dividends and earnings as stock market forces. Presents a test of the Graham and Dodd formula, which holds earnings paid out as dividends have four times influence on market price of stocks than that of retained earnings, and concludes this ratio is substantially accurate. Lists as reasons why dividends paid represent stronger market force than retained earnings: (1) earnings retained is no guarantee of future dividends, and (2) dividends constitute real cash, whereas "reported" earnings may never be a reality.

If two companies have the same earnings per share but unequal dividends it has long been agreed that the stock with the larger dividend would sell at a somewhat higher price than the lower dividend stock if all other factors were equal. But precisely how much more in market value is generated by a dollar earned and paid out than by a dollar earned but retained in the business? It is quite possible that there is no single final answer to this question. There is reason to suppose, for example, that the dividend factor was relatively less important in 1929 than now. Then again it is possible that the dividend factor may be stronger in some industries and companies than in others. The stock of a company with unusually brilliant prospects might not respond to a dividend increase to the same extent as would the stock of a company whose prospects were considered to be only average. This, of course, is merely conjecture. We have no tangible evidence that different types of stocks respond

O. K. Burrell

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SECURITIES NOW IN REGISTRATION — Underwriters, dealers and investors in corporate securities are afforded a complete picture of issues now registered with the SEC and potential undertakings in our "Securities in Registration" Section, starting on page 25.

The Security I Like Best

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

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

This Week's Forum Participants and Their Selections

American Maize Products—Philip L. Carret, Partner, Granbery, Marache & Co., New York City. (Page 2)

New England Telephone and Telegraph Company—John P. Murray, Investment Counsel, Boston, Mass. (Page 2)

PHILIP L. CARRET
Partner, Granbery, Marache & Co., New York City
Members, New York Stock and Curb Exchanges

American Maize Products

With the stock market at or close to its 1929 high, depending on the average one uses, a certain degree of caution appears desirable in making selections. In the long run, the price of a stock depends on the earning power behind it and the dividend return to its holders. In a period of active business and high stock prices, a prudent investor will look for companies whose future earning power seems reasonably assured by reason of inherent stability or special circumstances. One immediately thinks of food companies, public utilities, chain stores in the inherent stability group, companies with huge backlogs of government orders, aircraft manufacturers and others, in the second category.


Philip L. Carret

My own particular choice at this time is a food stock, American Maize Products, traded over the counter and selling around 19. With the single exception of 1949, the stock has sold above its present level in every recent year, reaching a peak of 33 bid in 1946. This might seem to indicate a sleepy management and a company sliding down hill. On the contrary, the company has an aggressive management and an expanding business.

The business of grinding corn and selling the resulting starch, glucose, corn oil and animal feeds is inherently stable. The starch, corn sugar, corn syrup and corn oil are not only used directly by consumers but are important raw materials to bakers, confectioners, ice cream and vegetable shortening manufacturers. Non-food uses are myriad as in the manufacture of paper, textiles, soap, explosives and many other products. The profit margin is affected by many government interferences with the working of natural economic forces—sugar quotas, corn crop price supports, O. P. S. regulations and others—but the industry consistently operates in the black.

Until a few years ago, American Maize Products had no brand-name product sold over retail store counters. It depended solely on bulk sales to other manufacturers. After intensive product and market research, the company developed a pre-cooked corn starch pudding. Then began a major campaign for consumer acceptance of the new product named "Amazo." This project was financed in 1948 with a $2,700,000 15-year term loan carrying a 3¼% interest rate. The struggle for the housewife's dollar is no penny ante game. For the first three years after Amazo was launched, losses were of the order of hundreds of thousands of dollars a year. To make matters worse, unrealistic price ceilings on animal feedstuffs cost the company further large sums in 1951.

In the face of these losses, the business as a whole has consistently made money. In the 10 years 1942-1951, American Maize earnings ranged between $1.05 a share low in 1948 and $4.72 high in 1946. Average for the 10 years was $2.62 a share, amply covering the $1.00 regular dividend rate and such extras as were paid in the period. Book value of the 300,000 shares of common stock increased from $20.71 to $35.32 a share over the same period.

Control of American Maize is held by William Ziegler and associates. Directors include so eminent a business leader as Donald K. David, Dean of The Harvard Business School, among others. The management has a vital stake in the success of the company, is obviously courageous and expansionist-minded. At the same time, President Sander and his colleagues believe in a tight-fisted financial policy. This is a fairly unusual combination of qualities. There are strong indications that Amazo has won the fight for market acceptance. When this product begins contributing to company earning power instead of draining it away, the long-run favorable possibilities for dividend policy and price appreciation would seem obvious.

JOHN P. MURRAY
Investment Counsel, Boston, Mass.

New England Telephone and Telegraph Company

Under current generally inflated security prices, it is difficult for the conservative investor or trustee to obtain anything approaching a high return without the assumption of undue risks. Bearing that in mind, New England Telephone does seem in an unusual position and entitled to be characterized as "The Security I Like Best."


John P. Murray

This company furnishes local and toll telephone service in the states of Maine, New Hampshire, Massachusetts, Rhode Island and Vermont. American Telephone, its parent, owns approximately 70% of the outstanding capital stock.

Capitalization at the close of 1951 was reasonably conservative. Total debt of $157,000,000 was followed by common stock of 2,325,586 shares, the latter (excluding surplus) representing approximately 40% of total capital.

Operations have expanded markedly with more than two and one-third million telephones now in the system or, about a million more than before World War II. This expansion of service has necessitated substantial capital investment with the $339,000,000 construction undertaken from 1946 to 1951, inclusive, representing the biggest construction program undertaken by any New England concern.

As with most utilities it has been plagued with rising costs since World War II and until recently found it difficult to obtain compensating rate increases. As a result earnings and dividends suffered with the latter reaching a low of $4.25 a share in 1947 in contrast to $6.00 to $8.00 annually paid for many years prior to World War II.

Approximately 70% of the company's telephone gross and net income represents Massachusetts business. When denied compensatory rate increases in Massachusetts, the company appealed to the Massachusetts Supreme Judicial Court, which in February, 1951, handed down a decision holding that an order of the Department of Public Utilities restricting rate increases was confiscatory.

The conclusion of the opinion of the Commonwealth of Massachusetts Supreme Judicial Court in part reads as follows: "The result is that . . . part of the order is to be so modified as to provide for a net return of at least 8.5% on stock capital and 6.23% on reinvested surplus, the department to determine the detailed schedules required to produce that result, and in so doing to include the increased labor cost in operating expenses. . ."

A rate increase was granted shortly after that decision. The company recently again approached the Massachusetts Department of Public Utilities for another rate increase. The granting of this rate increase was made public on July 22, 1952. In connection with it the Department of Public Utilities stated in part: ". . . Having in mind the implications of the dictum in New England Telephone and Telegraph v. Department of Public Utilities, supra, that the rate of return there established was to be considered as the minimum permissible and not as a maximum, we conclude that respondent must be permitted to charge rates which will increase its gross revenues in Massachusetts by $6,000,000 annually in order to enable it to operate successfully, and at such a margin of profit as will stabilize its credit and attract new capital. We find that under such increased rates, its earnings will not in 1952 exceed 6.23% on the amount prudently invested in intrastate telephone plant. Such increase will represent about 4¾% in cost to the consuming public, which we believe to be well under that which might be expected to result from the inflationary trend of our economy during the past year."

In 1951 this company earned $6.99 a share, failing to cover the current $8.00 rate which has been in effect since June, 1951. But, the rate increase just granted in Massachusetts should readily assure complete coverage of that dividend. Further benefits are expected from rate proceedings pending in other states.

We have, therefore, a situation wherein the courts have virtually assured sufficiently high rates for this utility to enable maintenance of the current $8.00 dividend. As this is more generally appreciated, it would seem to us that this stock, now around 110, offering an approximate 7.30% return, should gradually work up to around 130 where the return would approximate 6.15%, which expectation would seem modest remembering that the same stock when paying $6.00 sold as high as 136 in 1945 and 142 in 1946.

Joins Foster & Marshall

(Special to THE FINANCIAL CHRONICLE)

PORTLAND, Oreg.—Donald W. Smith is with Foster & Marshall, U. S. National Bank Building.

SEC's "Regulation A" Revision Would Penalize Small Business Security Flotations

Commission's proposal to amend present requirements on offerings of $300,000 or less constitutes, in effect, attempt to abrogate decision of Congress to facilitate access of small enterprises to capital market. Measure would create a prospectus requirement under guise of an offering circular and empower Commission to terminate exemption granted by Congress at its own volition. Interested parties given until Sept. 15 to make views known to Commission. Strenuous opposition urged.

The Securities and Exchange Commission has just issued its Release No. 3450, inviting comment and suggestions on or before Sept. 15, 1952 to a proposed revision of Regulation A.

Regulation A deals with the exemption from registration of certain issues which do not exceed $300,000.

Donald C. Cook, Chairman of the SEC, in the Release says:

"The proposed new exemption differs in two important respects from the one currently in effect. The new regulation requires the use of an offering circular containing a minimum of basic information with respect to the issuer and its securities. In many cases under the present regulation, no selling literature at all is used, with the result that the investor must rely on oral representations unless he happens to possess information from some other source. In these cases in which sales literature is employed, the information provided frequently has been inadequate to assist the investor.

"The other important difference in the proposed new exemption is the provision for the suspension or termination of the exemption where it appears that the conditions of the exemption are not satisfied or where fraud or deceit is being employed, or would be employed, in connection with the offering and sale of the securities."

Mr. Cook's explanation sounds simple enough until one begins to consider the Release proper which runs 14 pages. At this point, the aid of a Philadelphia lawyer would not be amiss.

The exemption from registration of small issues covered by Regulation A was intended as an aid to small business and served to point up the contrast between these small issues and those requiring full registration.

Large corporations with a long history behind them of paying dividends, whose securities are regarded as blue chips, as a rule have a ready market for their new issues and often can arrange private placement for them.

A large part of such issues are sometimes taken up by existing stockholder subscription.

In relation to the entire issue, the cost of such flotation, private placement or existing stockholder subscription is ordinarily a very small percentage.

The businessman, with a past record of profitable performance, who requires money, can go to his bank and obtain a loan at reasonable cost.

Regulation A offerings are nearly always speculative and required to be labelled as such. Of those underwriters handling these exempt issues, only a small number have the facilities, the know-how, the sales-force, including participating underwriters, to "lay away" such an issue promptly. As used in the industry, the term "lay away" means to sell and dispose of.

Although competition in the sale of these issues is extremely keen, there is nevertheless a fixed selective tendency with regard to the type of business chosen for these underwriting purposes. A small business requiring cash, as a rule, will have more difficulty in disposing of

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Articles and News

Regular Features

*Column not available this week. Mr. May is in Mexico.
†No column this week.

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The Penn Is on the Ball

By IRA U. COBLEIGH

Author of "Expanding Your Income"

Containing a paceful current account of one of the most impressive rail transport organizations on this planet.

The Penn is quite a railroad. Among other things it assays high in corporate durability. Starting in 1848, and continuing without interruption, it has paid some dividend on common stock in each and every year to date. 104 years, five generations, every war since the Mexican, and a half dozen major depressions, The Penn has taken in stride. During a century which has seen well over one-half of American railway mileage in corporate reorganization and financial surgery, The Penn has gone along serenely, paying its creditors and stockholders, maintaining and developing its property, in the very best tradition of American private enterprise.

Ira U. Cobleigh

And after a century of battling our economic ebb and flow, The Penn is by no means a current candidate for adrenalin; on the contrary, it may now be verging on a new horizon of success and distinction. It has the makings. Let's look at Pennsy. Its tracks, in single line, would circle the earth at the equator—with 1,000 miles to spare. Big as are its competitors, The Penn carries 10% of all the railroad freight in America, and owns (as of Dec. 31, 1951) 181,654 freight cars, 3,462 locomotives and 6,238 passenger cars. It was the first of our carriers to gross annually over one billion dollars, racking up a figure, in this department, of $1,044,387,274 in 1951; and, since incorporation, it has paid dividends to stockholders of almost $1.4 billion.

Well, what makes The Penn tick? And, more importantly, what makes it keep on ticking successfully, year after year, decade after decade? First of all, it would be territory. The Penn, whether by luck or design, sits astride the most important industrial belt on this continent, serving 13 states containing roughly ½ of the U. S. population. Just to get a rough idea of this industrial density, look out the window the next time you ride The Penn from New York to Philly. What will you see? Rolling fields, interspersed with occasional little towns? Oh no! Almost one factory after another—back to back. Try and find any other 90 miles of railroad on North America with so little scenery or greenery. Industry begets freight, and The Penn is a freight vulture.

What kind of freight? Well, biggest is bituminous coal, which kicked in 32% of tonnage and 18% of freight revenue in 1951. Mine products totally were 57% of tonnage; with manufactures and miscellaneous accounting for the next 33%.

A New Era for Penn

Some of these figures are due for a reshuffling, however, due to an important economic phenomenon, which surely has come to your attention — the new steel mills on the Atlantic Seaboard. Biggest of all these, by all odds, is the new $400 million U. S. Steel plant a-building in Morrisville, Pa., just across the Delaware from Trenton, a big plus for future Penn tonnage. In all probability ore from South America, and possibly Labrador and Liberia—will be delivered from The Penn's projected new $9 million ore handling facility in Philly. Long haul coal trains will come East to the steel plants and the hopper cars instead of rattling back to the West empty, may soon be heading back with pay-dirt—ore for the Pittsburgh-Wheeling-Youngstown area mills. All this looks very good for future earnings.

Penn is also the largest railway passenger carrier but is a little unhappy about this, because it lost $72 million in 1951 carrying folks. Two techniques are being applied to whittle down this recurring passenger debit. First, service curtailment and abandonment, and second "revving" up equipment and service on the paying passenger hauls. For instance, the Congressional, crack New York-Washington Express, and the Senator, Washington to Boston, have been staked to 64 brand new streamlined cars. It seems that on short runs, top trains suffer less competition from airlines, since they're swift and weather proof and deliver you to the centers of cities. Against that, a lot of dull, time-consuming roadwork by bus to and from airports cuts away air travel time advantage, in mileages below 300. The Penn pays off on the "Congressional."

The Modernization Program

Something should surely be said about the $1 billion The Penn has spent in the past five years on line, yard, and equipment betterment. The Penn, like most roads, because of heavy traffic pressure during the war, simply lacked manpower, time or materials to sustain the desired level of property maintenance and renewals. Thus, since 1945, $658 million were spent on new diesels, 31,860 new freight cars, major repairs to 36,000 old ones, plus a lot of new passenger equipment. When present orders are delivered, 82% of freight, 96% of passenger and 92% of switching service will be electric diesel or diesel-electric.

The death of the choo choo on The Penn has been a more lingering one than on most of the big roads; and while the switch-over from steam to diesel is in process, and until it's complete, The Penn has the double cost of maintaining service facilities for both types. This dual maintenance requirement has been a drag on Penn earnings but is becoming less so with each passing day. Total elimination of steam could be translated into a net earnings improvement of over a dollar per share.

Another factor tending to minimize Pennsy net, has been the heavy car repair program. New cars are, of course, capitalized, but car repair, heavily engaged in last year, is an operating cost. By the end of 1952, cars "in bad order" should be reduced to a normal 6%, and current abnormal debits for this car grooming should disappear.

Debt Reduction

It's always nice to see a corporation live within its income. Well, Penn has done a good job of that. Since 1939 funded debt has been decreased by 25%. While equipment obligations (standard financial vehicle for grubstaking new cars) have increased by $320 million in the period, total interest charges are some 18% below 1939. No big bond maturity looms until the $49 million consolidated mortgages expire in 1960—eight years off and not a tough nut for so big a system, and so prime a credit, as The Penn.

Let's look around and see what else looks good on the revenue horizon. The Broad Street Station was abandoned and that saves three-quarters of a million a year. It also releases downtown Philadelphia real estate that can be converted into perhaps $18 million cash. Pennsy has over $100 million in claims, representing investments and advances, against the Long Island RR. and it should recover some slice of this in the next 24 months. Scrap iron sale is worth above $9 million a year. Pennsylvania Company, a wholly-owned investment subsidiary, paid a $9,346,875 dividend to Pennsy in 1951. That dividend might be fatter this year. The system has also a king-size interest in other roads whose fortunes are upgrading—like 2,410,000 shares of common and 527,000 of preferred of Norfolk & Western, 99% of Wabash common, and (directly and indirectly) 645,000 shares of Lehigh Valley, one of the best recent railroad ground gainers on the N. Y. Stock Exchange. All these items are big plus values for PA common, virtually unreflected in today's quotation of 19⅝.

Good Earnings Outlook

It has not been my intention to lasso you with a maze of statistics, nor to befog your judgment of this quite distinguished railway equity with a welter of figures. Some numbers, however, did have to trickle in, to make graphic the position of Penn today. A vast transportation enterprise, with a century of corporate history, has been building, streamlining, improving and modernizing to the tune of a billion in five years. It is merely my contention that all this modernizing and improved efficiency should shortly begin to show in a manner visible to the 179,000 odd stockholders. They've seen PA waver between 17¾ and 50¼ in the past 15 years; but they've never seen the road in such splendid physical condition as today. PA common earned $7.71 and paid $2.50 in 1942—ten years ago. Perhaps that's too remote a 1952 target for the 13,167,754 shares of PA common; but all of the very tangible betterments to this property outlined above, should logically suggest current earnings above the $2.03 shown in 1951, even with the back spin caused by the steel strike.

Rate increases in the past year have importantly offset rising labor costs, and the management team of the Penn right now, commands the respect of the entire industry.

While a whole cult of railroad analysts have gone overboard about the "reorganization" rails like Seaboard, Rock Island and Rio Grande (and with good reason) perhaps too neglected marketwise, has been this honored Keystone of the rails, whose goal line has never been crossed by a bankruptcy — The Pennsylvania Railroad Company. The Penn is very much on the ball—it has never been on the block!

Wage Rises and International Tension Attributed to Unstable Money

Henry H. Heimann, Executive Vice-President of National Association of Credit Men, holds cause of most modern wars may be traced to inconvertible and depreciated money. Says international sound money would stop Stalin's ideology.

Writing in his "Monthly Business Review," Henry H. Heimann, the Executive Vice-President of the National Association of Credit Men, contends unstable money is not only one of major causes of constantly increasing demand by labor for higher wages, but is also one of the basic causes of modern wars. "If our money were stable and did not vary too much in what it would buy, we would not have the present race for more and more wages," Mr. Heimann says. "When workers get in this uneasy frame of mind they lose confidence in their government. They do not know what to do to keep ahead of the cost of living. What we need to do is to pull together. We are all in the same boat, rich and poor. We have got to pull together to get sound money. We must stop this form of cheating with money that does not stay put in value."

Henry H. Heimann

As a premise for his opinion as to the need for a return to stable money, the head of the nationwide organization of credit executives points out that the cause of most wars in modern times may be traced to inconvertible, unredeemable, and depreciated money. He indicates that it is idle to think of universal peace without reestablishing stable, convertible money as the cornerstone of the world economy.

"Every despot and ruthless dictator has realized that dishonest money will do more to liquidate the strength of a nation than an enemy army capable of destruction," Mr. Heimann says. "Unreliable money is a fundamental cause of disunity, distrust and despair. Modern commerce, modern civilization, and modern life depends upon a stabilized, reliable and trustworthy medium of exchange."

Giving as a reason why our money has proven so unstable and has been lowered in purchasing power, Mr. Heimann says that it is "because the government has circulated more dollars due to the fact that it could not pay its bills any other way, or had not the courage or the character to do so. It has spent more than it has received so it has to put out more bonds and go further into debt, and this in turn causes it to put out more money."

"If you could take your dollar bill and turn it in and get a dollar's worth of gold, then the government could not cheat you. Why? Because gold, if it is pure, changes in value very little; you could deal with it anywhere in the world. When you and enough like you turned your money into gold the government would have to stop spending more than it had, or if it did not it would soon run out of gold and then its inflationary bubble would burst. Don't let the people in government tell you they have not enough gold to have a free gold standard. If they were to balance their budget they would have more gold than they would ever need, because then people would not demand it as their money would be sound.

"We talk about peace now. How can we build and grow strong unless nations can sell to each other and buy from each other things essential to peace, and how can you effectively do that when you have money that changes drastically in value from day to day?

"No government, no matter how hard it tries, can prevent having its unstable money valued on a gold basis. People always gauge the value of bad money by the amount of gold that is left in it or that supports it; how much gold there is in back of it and by the trend in the gold backing and fiscal policies. That is what it always gets back to. If it has only a small gold backing, it has only a small value.

"Bad money brings on trade restrictions — restrictions on exchange, on exports and imports. Bad feelings ensue. Everything is done but an attack on the root of the problem. By spending more than it has and trying to pay by issuing more money, inflation is continued. Each dictator knows this and takes advantage of it.

"An international sound money program will do more to stop Stalin's ideology from spreading than untold air or foot divisions. Sound money engenders confidence, courage and trade. It gives you something to defend. It gives you a respect for honesty. It is a virtue builder. Unsound money is the cesspool in which economic disease and human conflict is spawned. Sound money is the flagpole for freedom's banner."

Joins S. R. Livingstone

(Special to THE FINANCIAL CHRONICLE)

DETROIT, Mich. — Wayne T. Boucher has become connected with S. R. Livingstone & Co., Penobscot Building, members of the Detroit Stock Exchange.

The State of Trade and Industry

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

Recovering from the recent steel strike, total industrial production for the nation as a whole last week edged slowly upward.

The scant supply of steel was expected to curtail output in many lines for the next few weeks while pipelines of supply returned to normal once again.

Aggregate output continued to be moderately below the level of a year ago and about 10% short of the all-time peak attained during World War II. With respect to unemployment, claims for such benefits continued to be noticeably higher than the year before.

The market value of the nation's output—known as the gross national product—rose to an annual rate of $342,000,000,000 in the second quarter of this year and compares with an annual rate of $339,500,000,000 in the first quarter, $325,600,000,000 in the second quarter of last year and $329,000,000,000 for all 1951. The United States Department of Commerce reported that most of the second quarter rise "represented a larger physical volume of output."

Steel strike effects did not figure largely in second quarter results, the department declared. Although the strike began June 2, steel-using industries—such as machinery and automobile manufacturers—were generally able to continue operating tnrough the month.

In the steel industry this week "The Iron Age," national metalworking weekly, reports the headsman's axe may fall on the neck of the Administration's price control system. Office of Price Stabilization's steel product price increase order became official this week. Almost in the same breath, the Wage Stabilization Board empowered its regional offices to grant the 21.5c steel wage settlement package to companies tied to the steel industry. Fabricators of metal products found these inflationary pressures too cruel to endure and clamored to OPS for price relief, this trade weekly notes.

Washington, it continues, was almost helplessly watching a new concept of price controls take shape. Industry was in a strong position to take over their administration. OPS meanwhile wrangled over what percentage of manufacturers' higher costs may be passed through ceilings. The following percentages are being discussed: materials 100%, transportation 75 to 100%, and labor 50%.

Higher costs have been borne by manufacturers without a whimper since the July 1951 cutoff date of the Capehart Amendment. Now there is in addition to higher labor and transportation costs new increases in steel, copper, and aluminum. Many firms are at the breaking point where they must have pricing relief.

Pressure on OPS to issue its pass-through order in haste is urgent. It may come next week in the form of a General Overriding Regulation, retroactive to the date of the steel price increase, July 26, 1952. And its administering may be industry's job.

It is recalled, continues this trade magazine, that higher steel prices in 1946 were deemed largely instrumental for lending the coup de grace to Federal price controls then. Today, the situation is similar—and there is the impetus of price boosts in aluminum and copper. The government's "solid front" has been irreparably breached.

The price increases authorized by OPS this week advanced "The Iron Age" finished steel base price composite by approximately $5 a net ton to a figure of 4.376c per lb. This is an advance of 5.9% but it does not indicate that actual steel prices were advanced any more than the 4.7% which the government reported. In some cases "extra" charges for physical, chemical, quantity and other special characteristics desired by the customer were not included in the increase, concludes this trade weekly.

Automotive output last week dropped about 35% from the previous week's total, mainly due to the closing by Ford again and to the fact that many other car manufacturers were not yet back in production.

The recent steel strike, "Ward's Automotive Reports" reveals, has cost the auto industry an estimated 544,000 units of production.

Willys-Overland Motors, Inc., was scheduled to resume full production on all its lines on Monday of this week. Its main Toledo plant had been limited to partial operations, largely military and defense orders, as a result of the recent steel strike.

General Motors Corp.'s Chevrolet and Fisher Body assembly plants in Van Nuys, Calif., forced to suspend operations because of steel strike materials shortage, will resume full operations on Aug. 25. This was announced by Frank J. Fessenden, Chevrolet plant manager, and D. R. Larkin, Fisher Body plant manager.

Most Chevrolet and Fisher Body manufacturing plants across the country previously called employees back and have been filling the supply lines for resumption of final assembles of both cars and trucks, it is understood.

July building permit values for 215 cities were valued at $438,866,125 representing the largest aggregate for any previous month since January 1951, Dun & Bradstreet, Inc., states. It compared with $415,571,892 in July 1951, or a rise of 5.6%, and was 13.6% above the June volume of $386,268,442.

Plans filed in the New York City during July, which are included in the above total, amounted to $44,945,049. This was a drop of 1.3% from July last year with $45,557,765, but an increase of 23.5% over the June figure of $36,406,878.

Steel Production Extends Its Ingot Rate to 97.2% of Capacity the Current Week

A look beyond the current scramble for steel gives a hint the strike-inspired steel drought may be of short duration, says "Steel."

Continued on page 24

Reveals Decline in Dept. Store Profits

In spite of an increased dollar volume of sales in 1951, the net profits achieved by the nation's department and specialty stores suffered a serious decline from their 1950 profit showing. This is revealed in the 1952 edition of the "Departmental Merchandising and Operating Results of Department and Specialty Stores," just published by the Controllers' Congress of the National Retail Dry Goods Association.

The report, compiled from data submitted by 352 stores with aggregate annual sales approximating $4 billion, states that after provision for Federal income taxes the typical department store realized 2.4 cents out of every dollar of income, compared to 3.7 cents in the previous year. In the case of specialty stores the pattern is similar with net gain after taxes equal to 2.0% of sales against 3.0% in 1950.

Total sales in department stores increased 1.0%, with the greatest increases evident in infants, children, teen-age and sportswear lines, which showed gains of up to 10% over the past year. According to the Controllers' Congress study, the gains in these lines are a reflection of the increased sales potential resulting from the past decade's population growth. In contrast, decreased volume in major appliances, radios, television and domestics occurred. The slump in residential construction was a major contributing factor in reducing demand for these categories of merchandise. Specialty stores showed a 2.0% increase in total dollar sales for the year 1951.

The relative stability in the prices of department store type merchandise is revealed in the fact that the average salescheck, while reaching a new high of $4.76, only increased 1.0% over the 1950 figures. The average sale reported for specialty stores amounted to $9.46, 15 cents more than a year ago.

A significant feature of department store operation in the year past was the build-up of inventories in the first half of the year in relation to the average 1950 inventory carried. Nevertheless 12% of the reporting stores revealed lower average inventories than those held during 1950. Of the stores indicating higher inventories 29% revealed inventory increases between 1 and 10%, and 39% reported increases between 10 and 20%. The balance of contributing stores disclosed inventories between 20 and 55% above those of the preceding year. The annual study of NRDGA's Controllers' Congress notes that inventories in basement type departments were less heavily concentrated than in regular store departments, and stresses that heavy stocks had a depressing effect on stock turns which decreased to 3.4 from 3.9 in 1950. In the case of specialty stores inventories in 1951 were 9% greater than those of 1950.

Total store cumulative markon for 1951 in both department and specialty stores dropped from their 1950 averages to 38.6% and 39.7% respectively. In this connection an analysis of the departmental results indicates the noteworthy fact that more than 95% of the departments surveyed experienced a decline in the cumulative markon percentages from the previous year. The department store markon figure is seven-tenths of a percentage point below the 1950 level, and represents the lowest spread between costs and retail prices during the 1948-51 period.

Booms and Busts

By ROGER W. BABSON

Mr. Babson, though foreseeing no immediate change in business conditions, warns, however, should the props drop, there may be a downward trend which could develop into the depression phase of the business cycle. Says "we may be approaching this point now," but warns no definite forecast regarding 1953 should be made at this time.

A lot of people have recently asked me whether we are headed for a boom or a bust next year. I am going to try to give the answer with a few economic facts of life.

Roger W. Babson

Business today is not so bad as some would have us believe. Even so, it may be later in the economic cycle than you think! Some phases of business, such as textiles, shoes, consumer soft goods, will improve during the next few months. Consumer durables, such as automobiles and washers, will remain off from last year. There will probably be a moderate improvement in the volume of business by the third quarter. The Babsonchart Index now stands at 125% of the 1939 and 1947 average. This is close to the low point for the past two and a half years. However, the current level of business is still higher than in much of the 1940's.

What happens to business next year depends largely on earnings rather than politics. I believe that both General Eisenhower and Governor Stevenson are good men. I now see no reason for fearing any drastic change immediately after Nov. 4. No President will intentionally encourage deflation. The military program should continue to hold up gross business. We, however, could have a period of "profitless prosperity."

Will Props Drop?

By 1953 we shall have about completed our tooling up and our plant expansion to handle government contracts. We are already beginning to see defense plans curtailed. Further cuts are anticipated between now and the end of the year when government spending will reach a high of $66 billion. By late 1953, assuming present plans and conditions, it will taper off to $58 billion. Government curtailment of spending may slow down fast by late 1953 and early 1954. But this depends upon Uncle Joe and not Uncle Sam.

Boom or bust for 1953-54 first becomes the problem of inflation versus deflation. During a boom, such as we have all recently witnessed, the buying public wants goods more than money. During a recession or depression, the opposite is true. Booms cause depression; depression brings about further deflation. What, then, causes the boom? The most important cause of the booms of the past has been inflation.

Simple Economics Explained

If the supply of goods available had kept up with the supply of money, we would have had no inflation. But because of shorter hours and unnecessary strikes, production fell off; then the value of the dollar fell likewise. People wanted to buy goods with their high wages; goods were scarce. Prices shot up; we had creeping inflation and an artificial boom.

There is a point in this cycle where people, banks, insurance companies, and other financial houses begin to get worried about earnings. Experience tells them that boom times can't last forever. We may be approaching this point now. Already, many plants across the country have cut back to a 40-hour week. Some workers are being laid off. But no definite forecast regarding 1953 should be made at present. It looks now as of we must await 1952 net earnings—that is, how much corporations and families have left after paying their bills, wages and taxes.

Sane Religion Needed

During this kind of a period, people begin to worry. They again want money more than they want goods. Mortgage rates and business loan rates become higher. Voluntary credit restrictions begin to set in. This puts a damper on good business. People no longer have so much money or credit with which to buy goods. Sales drop; production is cut back; and unemployment is on the way.

I am especially troubled by the lack of religious interest today. This lack always precedes a financial crash. The desire to get something for nothing—so prevalent today—is a bad sign, whether by investors, employers or wage-workers. When attendance at church declines and attendance at the races increases, look out for trouble. Hence, proceed with caution, clean up your debts, build up your liquid savings and work harder at your job.

Frank Edenfield Opens

MIAMI, Fla. — Frank L. Edenfield is engaging in the securities business under the firm name of Frank L. Edenfield & Co. from offices at 8340 Northeast Second Avenue. Mr. Edenfield was previously with George R. Holland Associates and Curlette & Co.

Why Big Government?

By HON. ADLAI E. STEVENSON*
Governor of Illinois
Presidential Nominee of the Democratic Party

Presidential aspirant blames concentration of power in Federal Government on failure of State and local governments to perform necessary functions demanded by people. Says nowadays everything is big and deplores change in Administration merely "for sake of change." Attacks ex-President Hoover's "pessimism" and denies he is a "captive candidate."

We talk about and we deplore incessantly the increasing centralization of power over our lives in Washington. But that tidal drift toward the Capital will go on and on unless those necessary functions of government which don't have to be performed in Washington are performed and properly performed, at the state and the local level. The people will demand the services, and if they don't get them at home they will turn to Uncle Sam. And every dollar you send to Washington to pay for them will shrink before it gets back home.


Adlai Stevenson

Because our enemies are big, because business and labor and agriculture are big, because everything is big and organized nowadays, our Federal Government has become bigger too. But it should be unencumbered in the discharge of its already monstrous major duties by a lot of other jobs that it need not do. And the states are the dikes which we can build more strongly against the flood waters ever sweeping toward the District of Columbia.

Now while I want you to sweep me down there, don't sweep any more government jurisdiction down there! Sometimes one must overcome a feeling of reluctance about changing jobs. But the reluctance I feel about bigger and bigger jobs for the Federal Government is a reluctance I'll never get over!

Because what we have been doing here in Illinois is important to the citizens, because it is important to our Federal system, because public confidence is important to our party, and because much remains to be done, I had wanted to stay here and have a hand in putting this business of good government on a more permanent basis in Illinois.

But, as you know, I have been assigned another task, an assignment which, I gather, has been greeted with enthusiasm in some sections. One of our United States Senators, indeed, has said that I have been the worst Governor Illinois has had since the turn of the century. But I'm not the only Governor on whom he has poured his rich and reckless invective. I can well understand why he should look back with sentimental regret to the more bounteous days of my predecessor here in Springfield.

But because other citizens of the state will take a more charitable view of our efforts to give them the right change here in Springfield, and because you have a new leader exceptionally equipped by character and experience to carry on the work we have commenced, I am just as confident as I am standing here that Sherwood Dixon, Herbert Paschen, Eddie Barrett, Ben Cooper, Ivan Elliott and Fred Cain will all be elected next November. And, by the way, I intend to be standing right here with them next summer—as President of the United States.

Campaign to Be "Operation Victory"

I am about to leave you on a long journey, and the route, by the way, won't be a military secret. I intend to cover as much ground as time and strength and our resources permit. And I won't call it a "crusade" to exterminate Republicans. I like a lot of Republicans, even some very new converts to that faith, whatever it is. Indeed, there are some Republicans I would trust with anything—anything, that is, except public office. No, my journey won't be a crusade: we'll just call it Operation Victory.

And before I leave I want to say to you, shamelessly and sentimentally, that my heart will always be here in Illinois.

Here five generations of my family have lived and prospered. My roots are deep in our prairies and I owe Illinois a great debt. I have tried to discharge my debt honorably and well. But in the process I have only increased my indebtedness.

Four years ago, when you entrusted me with the reins of state government, I found myself committed to tasks and responsibilities which were new to me and staggering in complexity and magnitude.

I have learned more than I can say in these short years. It's easy enough to have bright ideas about the art of civil government in the abstract; but you never really can understand government until you are confronted with the concrete pressures and the day-to-day operating responsibilities.

The essence of republican government is not command. It is consent. The experience and training of four years in Springfield have given me a unique opportunity to explore and, I hope, to master in some measure, the means by which competing parties, competing branches of government, competing groups in the community can be brought to common action for the common good.

I want to thank you all for the opportunity you have afforded me. The experience has vastly enhanced my self-confidence for the new and appalling assignment I face in the future. My greatest ambition is to discharge that responsibility in a manner that will preserve the confidence and the respect of my friends in Illinois who have given me the courage to face a future limitless with danger and opportunity.

Attacks "Doctrine of Change"

I've learned other things in the last four years. And most recently I have been hearing a great deal about the need for a change. Now, I had always thought that Americans liked change for the better and disliked change for the worse. But a new doctrine is abroad in the land—a doctrine of change for the sake of change.

Whether that change is to be for the better or for the worse is apparently something we are to find out after the election. So, it is like buying a surprise package at a novelty store. Maybe the cigar is a good one, or maybe it will explode in your face.

This whole problem of the need for a change is very interesting to me in a sort of family way. From 1860 to 1912—a period of 52 long years—this nation had only one Democratic President. I can say this with feeling, because as some of you may remember Grover Cleveland's Vice-President during his second term was my grandfather.

I've read a good deal about that period and I don't recall reading anywhere the Republicans during those 52 long years saying very much about the sacred principle of change. Evidently "change" is a sound principle only when the Republicans are out and the Democrats in.

I've learned some other things. At the Republican Convention an eminent party leader, a former President of this country, aged 77 years, made one of the main addresses. His speech was deeply melancholy in tone. This would probably be his last Republican Convention, he kept saying—a note of pessimism which we all sincerely hope will turn out to be wholly unjustified. He described the state of the nation in equally funereal language. The whole effect was one of black, unrelieved gloom.

In marked contrast to this venerable and melancholy figure of 77 at the Republican Convention was the stripling of 74 who stole the show at the Democratic Convention. Where the Republican despaired of the republic, the Democrat exulted in the prospects of democracy, speaking with robustly youthful confidence about the exciting years ahead.

Where the first wondered mournfully about whether he—or the nation—would last much longer, the second described how he spent last Christmas eating with the troops in Korea and looked forward to new travels and adventures. If the Vice-President had suggested that he might not be back in four years, the Democratic Convention would have exploded with incredulous laughter.

There are many fine people in the Republican party, I am frank to say that I hope many of them will vote for me in November, as many of them voted for me here in Illinois four years ago. But it seems to me the leadership hardly does justice to the rank and file, let alone to the truth. They describe me as a "captive" candidate.

Not a "Captive" Candidate

They say I am a "captive" of the city bosses, and then the "captive" of the CIO, and then the "captive" of the Dixiecrats, and then the "captive" of President Truman, and then the "captive" of Wall Street, and finally, I have been called the "captive" of an organization called A. D. A. I had no idea I was so popular, and I hope I can bear this multiple courtship and captivity with becoming modesty. Then next week I'll probably read in a paper that I'm the "captive" of a girl named Ada. But I haven't met her yet.

The fact that my captors generously assault one another reminds me of a story I heard about a scout who was captured by a group of Indian tribes, who soon began to argue among themselves about which tribe he belonged to.

Tempers rose and so did the tomahawks. The rival tribesmen laid each other on the ground and Davy Crockett, or whoever he was, made his escape. Maybe there's hope for me! Meanwhile, it's not too uncomfortable to be captured by most everybody except the Republican Old Guard and don't you send me any CARE packages!

But I have kept you much too long. Let me just add that I have often wondered how best to describe the essential difference between our two major parties. But when I think about the contrast between the speaker at the fair yesterday and the speaker at the fair today, the meat of the difference becomes obvious.

The Republican party is the party which makes even its young men seem old. The Democratic party is the party which makes even its old men seem young, and at last it is my great pride and pleasure I present to you the youngest of them all, our beloved Vice-President, Mr. Democrat himself—Alben Barkley.

*Part of an address by Gov. Stevenson at the Illinois State Fair, Springfield, Ill., August 14, 1952.

Social Significance as Factor In Appraising Securities

By RICHARD L. BURLING
University of Hawaii, Honolulu

Author contends individual by considering the social significance of his investments can influence the kind of world he lives in, and though effects in each instance might be small, they have in aggregate same importance as votes in an election.

In selecting securities in which to invest, the typical prospective purchaser considers the probable yield, the prospects for capital appreciation, safety, and all sorts of detailed information enabling him to make his own estimates of each of these factors. Rarely, if ever, does he consider the effects of his investment on society. Will it facilitate the production of goods or services which the investor himself regards as socially desirable? Will it retard or further the development of conciliatory attitudes in labor-management relations? In international relations? In a sense, such considerations are fully as relevant as the more usual ones, since they have an effect in determining the type of world in which the investor will himself be living and doing business a few years hence. This effect is admittedly small, as is that of a single vote in an election; but it has the same kind of importance. We influence the kind of world we will have by our votes, by the opinions we mold in our ordinary daily contacts, by our support of newspapers and lobbies, and also by our choice of avenues of investment.


Richard L. Burling

The social effects sought by different investors will of course differ. One will buy the bonds of privately owned public utilities, while he shuns those issued to establish a municipal power plant; another will do the very opposite. Some persons wishing to carry their religion into practice may avoid the stock of corporations producing alcoholic beverages and choose those producing wholesome food or inexpensive housing. The individual who sees in a decentralization of our economy or of its control the alternative to business cycles, to urban squalor, or to the humdrum nature of many jobs, will favor selected local real estate and loans to small businesses, cooperatives, or individuals over investments in the more actively marketed stocks and bonds. The investor who, with Justice Douglas, sees the world's number one problem as that of the misery of the landless peasants in many parts of the world rather than that of the military defeat of the USSR, will be more likely to invest in bonds of the International Bank for Reconstruction and Development and of States in underdeveloped areas of the world than in bonds of the United States Government. Although the problem of raising standards of living is almost world-wide, the funds for carrying out such development must come primarily from regions that have available for export surpluses of goods and services. Hence the particularly great responsibility of investors in the U. S. A.

Bank deposits, ordinary life insurance policies, mutual fund shares, and retirement plans represent investments dispersed throughout our economy, the actual choice of securities being left, by the individual whose savings are involved, to someone else. If an individual, instead of delegating this function to some bank or insurance company, himself selects the particular stocks, bonds, and real estate in which he wishes to invest, he has a much better chance of choosing those whose social effects are in accord with his ideals. The job of analyzing securities from this point of view is probably nearly as complex as is the evaluation in terms of the more usual criteria of yield and safety, but is made vastly more difficult by the fact that one is not so easily aided by a large staff of highly skilled experts.

Nevertheless, to some investors, this criterion of social significance will be of greater importance in the selection of securities than will the traditional considerations. There is even a sense in which one can invest, with possibly the greatest yield, by making outright contributions to organizations such as church service committees and others concerned with relief across national and cultural boundaries and with education for peace and international understanding. Such investments are not expected to be repaid in money but in a world in which to live. But which of these questions is really the more urgent: "How much money will I have ten years hence?" or "Will I be alive to use it?"

J. F. Reilly Wire to Yantis in Chicago

J. F. Reilly & Co., Incorporated, 61 Broadway, New York City, announce the installation of a direct private wire to F. S. Yantis & Co., Incorporated, Chicago, members of the Midwest Stock Exchange.

With Waddell & Reed

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—Loyd I. Lewis has become affiliated with Waddell & Reed, Inc., U. S. National Bank Building.

From Washington Ahead of the News

By CARLISLE BARGERON

COLORADO SPRINGS — You get the impression that the famous Broadmoor, in addition to being a delightful place at which to rest, swim or golf and spend money, is presently serving as a screening camp for those who are trying to get to Eisenhower. Big shots from all over the country are coming here ostensibly just to vacation but hoping to arrange a meeting with the General in Denver, only two hours away by train.

Carlisle Bargeron

There are at least six Generals booked up here nursing their disappointment. They are old friends of the Eisenhowers and each one told me when I first greeted him that he was on his way to Denver to see Ike—had, in fact, been called on by the General for counsel and advice. At least two of them did yeoman work in the General's pre-convention campaign.

But there was apparently some mistake about their being called in. They learn their presence is not wanted around Denver. Just about the last person the General wants to see these days is anybody from the military. He wants no suggestion that they have anything to do with his campaign. Around his headquarters you never hear him referred to as the General. It's either "Ike" or "Eisenhower." A dropper-in using the term "General" is stared at coldly—in such a way he learns not to use it again.

I am anxiously awaiting the development of his campaign. He made an utterance about the Russians a few weeks ago which seems to have attracted little attention but which could be of tremendous significance. I forget his exact language but it was to the effect that we had no more reason to be afraid of the Russians than a bunch of horsefeathers.

This is not the theme that has been preached by the Administration or for that matter by the military brass. Our whole economy, indeed, our very existence has been geared to a dread of Stalin, his hordes of manpower and his atomic bombs. To contain him we have poured out billions all over the world. We are taking boys from their homes and interrupting the careers of older men. Under the guise of helping our allies we are about to wreck them with military and rearmament demands. D-day, we are currently being told, is 1954. It was last year and the year before. We have lived in a crisis state since mid 1939, when Congress, fed up with Roosevelt's dictatorial tendencies as reflected in his effort to purge Senators and members of the House, turned against him. Roosevelt lost his influence over Congress on domestic affairs then and there and never regained it. Truman never had it. But Congress has been rather docile in world affairs. It raises a hue and cry about our world affairs but in the end appropriates the money that is asked for. The military has some $150 billion on hand which it hasn't been able to spend.

One of my General friends here, after agreeing there had been more bunk about the Russian menace than about anything he had ever known, complained that our industry hadn't been geared up to spend this money. He wouldn't answer when I asked if this wasn't a blessing in disguise.

Now, if Eisenhower intends to develop his estimation of the Russians to the point of getting us out of the emergency state, he will render a signal service.

Many years ago when MacArthur was Army Chief of Staff he insisted to me that the politicians and not the military were responsible for wars, and crises. Eisenhower occasionally betrays his impatience with politics and politicians. The mostly live in an artificial world where fact and the truth seldom prevail. And the voters themselves make it that way. You get the impression Eisenhower is not too happy over the sham and deceit of the new career upon which he has embarked. And it might very well be that he plans to do some debunking as his campaign unfolds. This would really be wonderful.

World Bank Reports Gain in Net Income

Net income for year ended June 30, $15,872,883, compared with $15,156,947 for preceding fiscal year. Reserves now approximate $86 million.

The International Bank for Reconstruction and Development reports a net income of $15,872,883 for the fiscal year ended June 30, 1952, compared with $15,156,947 for the preceding fiscal year. The net income was placed in the General Reserve and increased the reserve to $58,028,100.

Gross income, exclusive of loan commissions, was $35,188,744, compared with $28,202,542 for the fiscal year ended June 30, 1951. Expenses totaled $19,315,861, including $5,137,358 administrative expenses and $14,178,503 bond interest and other expenses. Loan commissions amounted to $7,558,906 and were credited to the Bank's Special Reserve, as required by the Articles of Agreement, increasing this reserve to $27,684,654. Total reserves on June 30, 1952 were $85,712,754.

The Bank made 19 loans totaling $298,608,000 during the fiscal year, bringing total commitments at June 30 to $1,412,133,000. Disbursements during the year were $184,777,004, compared with $77,564,969 during the preceding fiscal year. Cumulative disbursements to June 30, 1952, amounted to $876,504,133.

All repayments of principal due during the year were received. A total of $4,239,011 was paid to the Bank; and $1,363,000 was paid to investors to retire portions of loans which had been sold by the Bank. Total repayments of principal, both to the Bank and to other holders of bonds received under loans, amounted to $15,248,282 on June 30, 1952.

Direct obligations of the Bank sold to investors during the year amounted to $175,271,000 bringing the total to $499,859,000. Included in the sales were two issues in the United States for a total of $150,000,000; one issue in Switzerland in the amount of Sw. Fr. 50,000,000 (equivalent to $11,600,000); and an issue in Canada amounting to Can. $15,000,000. The Bank also sold $23,359,192 of securities from its portfolio, which increased the total principal amount of these sales to $56,376,688.

During the year Sweden and Burma became members of the Bank increasing subscribed capital by $115,000,000. On June 30, 1952, 51 countries were members of the Bank and the total subscribed capital amounted to $8,453,500,000.

Joins Blair, Rollins

(Special to THE FINANCIAL CHRONICLE)

LANSING, Mich. — Charles W. Powers has become associated with Blair, Rollins & Co., Inc.

Washington . . . And You

Behind-the-Scene Interpretations from the Nation's Capital

WASHINGTON, D. C.—An entirely too short excursion into a land of youth and vitality, rugged rocks and romantic scenery, drives home a story full of meanings for Washington. The country is almost 1,000 miles due north of the nation's capital. The story involves "ALCAN," or the Aluminum Co. of Canada.

One of the most striking things about ALCAN is that the company is an empire. It is an empire without even counting the related and complementary enterprises which comprise the other and smaller fraction of the holdings of Aluminium, Ltd., the parent company.

For this empire consists of a drainage area of the 30,000 square miles of watershed which feeds the Saguenay River system down to and including Port Alfred, the third largest in tonnage of the ports of Canada. It also consists of the much smaller Kitimat area in British Columbia, Canada's westernmost province. The magnitude of the latter project is measured not by its watershed but by its aluminum potential production of 500,000 metric tons or its estimated power potential of 2 million h.p.

Until barely a generation ago, when ALCAN, at that time a part of the Aluminum Co. of America, began its build up in the Saguenay basin, the Saguenay area was a large tract of manificent scenery, trappers, tourists, plupwood, and relentless, rugged pre-Cambrian rock with a topsoil too thin to support anything but the most marginal of farming operations and a climate so cool that frequently there is some frost at least one day of each of the summer months.

Now that country is generating 2.5 million horsepower of hydro power and is or shortly will be in a position to produce nearly 500,000 metric tons of aluminum. Small cities have sprung up along the Saguenay and even above it. It is the sort of an enterprise which would have fired the imagination of an elder Morgan.

Saguenay's aluminum-power enterprise is a completely natural empire on economic grounds. The power comes from big streams with a high head of water. The power is firm, winter or summer, spring or fall. No standby steam generation is remotely needed. If the ice does freeze to a depth of somewhere between four and six feet in a winter which occasionally brings spells of —40 degrees Fahrenheit, the water flows smoothly under the ice into the penstocks.

It is also natural because being nearly 400 miles north and east of Montreal in a territory which can support virtually no other important enterprise, there are no competing demands for power. The power is firm. It is cheap, averaging about one mill per kilowatt hour. And it is close to a point where bauxite can be shipped in by water transportation. And alumninum is by many odds the largest relative consumer of electric energy and the smallest user of manpower of any of the major extractive industries.

One of the first meanings to Washington is that ALCAN could not happen in the United States, even if there were a comparably enticing resource existing under similar circumstances.

In the first place a U. S. promoter would have to go to a Federal agency for a license, an agency often suspected of friendliness to public power. It would be almost a certainty that the promoter would be loaded down with so

Continued on page 32

Dealer-Broker Investment Recommendations & Literature

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

Bank Stock Holdings of Leading Insurance Company Groups—Analysis—A. M. Kidder & Co., 1 Wall Street, New York 5, N. Y.

Best's Digest of Insurance Stocks—1952 Edition—Can be ordered at special price of $8.09 per copy through Geyer & Co., Inc., 63 Wall Street, New York 5, N. Y. (Mr. Robert Chaut).

Heirloom Stocks: 1784-1952 — Brochure listing 175 common stocks in 36 industries that have paid dividends every year from 23 to 169 years—Paine, Webber, Jackson & Curtis, 25 Broad Street, New York 4, N. Y.

Insurance Stocks—Tabulation of operating results as of June 30, 1952—Geyer & Co., Inc., 63 Wall Street, New York 5, N. Y. Also available is a reprint of a talk by George Geyer on the **Outlook for Bank Stocks.**

Railroad Common Stocks—Leverage positions discussed in Railroad Bulletin No. 106—Smith, Barney & Co., 14 Wall Street, New York 5, N. Y.

Railroads—Analysis in current issue of "Perspective"—Calvin Bullock, 1 Wall Street, New York 5, N. Y.

Safeguarding your Investments—Discussion in August issue of "Taxes and Estates"—Chemical Bank & Trust Company, 165 Broadway, New York 15, N. Y.

Senior Railroad Securities—Discussion—H. Hentz & Co., 60 Beaver Street, New York 4, N. Y.

Tax Free Bonds—Bulletin—Paul Frederick & Company, 70 Pine Street, New York 5, N. Y.

United Kingdom Income Tax and American Investors—Brochure—White, Weld & Co., 40 Wall Street, New York 5, N. Y.

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Affiliated Gas Equipment, Inc.—Analysis—Gartley & Associates, Inc., 68 William Street, New York 5, N. Y. Also available are bulletins on **Pfeiffer Brewing Company,** and **Thew Shovel Company.**

Allis Chalmers Manufacturing Company—Review—Sutro Bros. & Co., 120 Broadway, New York 5, N. Y.

Anheuser-Busch, Inc.—Memorandum—Dempsey-Tegeler & Co., 407 North Eighth Street, St. Louis 1, Mo.

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

Copeland Refrigeration Corporation—Analysis—Cohu & Co., 1 Wall Street, New York 5, N. Y.

Cory Corp.—Analysis—Barclay Investment Co., 39 South La Salle Street, Chicago 3, Ill.

Crusader Corporation—Circular—Stanley Pelz & Co., Inc., 52 Broadway, New York 4, N. Y. Also available are circulars on **Sierra Petroleum, Inc., United Oil Corp., Oklahoma Oil Co., Kutz Canon Oil & Gas Co., Tri State Oil & Refining Co.** and **Albuquerque Associated Oil Co.**

Eastern Industries, Inc.—Analysis—de Witt Conklin Organization, 55 Liberty Street, New York 5, N. Y.

El Paso Electric Company — Report—Loewi & Co., 225 East Mason Street, Milwaukee 2, Wis. Also available are special reports on **Hamilton Manufacturing Co., Le Roi Company, Nekoosa-Edwards Paper Company, Pabst Brewing Company, Safway Steel Products, Inc.,** and **Torrington Company.**

General Dry Batteries—Circular—Troster, Singer & Co., 74 Trinity Place, New York 6, N. Y. Also available is material on **Gerotor May** and **Giant Portland Cement.**

General Electric Company—Brief analysis in current issue of "Gleanings"—Francis I. du Pont & Co., 1 Wall Street, New York 5, N. Y. Also in the same issue are data on **Great Western Sugar** vs. **Goodall-Sanford** and **Best Foods vs. Allied Stores,** and a suggested **High Yield Portfolio.**

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

Hudson's Bay Company—Data—Kippen & Company, Inc., 607 St. James Street, West, Montreal, Que., Canada.

Labrador Mining & Exploration Co., Ltd. — Analysis — F. P. Ristine & Co., 15 Broad Street, New York 5, N. Y.

Long Island Lighting Company—Analysis—E. F. Hutton & Co., 61 Broadway, New York 6, N. Y. Also available in the same bulletin is an analysis of **Philadelphia Electric Company** and **Central and South West Corporation.**

Lytton's—Analysis—Aigeltinger & Co., 52 Wall Street, New York 5, N. Y.

Continued on page 30

NSTA Notes

SECURITY TRADERS ASSOCIATION OF NEW YORK

The bowling season 1952-1953 of STANY starts on Sept. 4, 1952. Bowlers will meet every Thursday from 5:30 p.m. to 8 p.m. at the City Hall Bowling Center.

Any members or associates interested should contact Sidney Jacobs at Sidney Jacobs & Co., 111 Broadway, New York City.

Each year the interest and competition gets better. If you wish to become part of this bowling group, be sure and give notice of that fact.

An added prize this year is the Herbert Lax Memorial Trophy.

"AD LIBBING"

My letter of Aug. 8 has created most encouraging results and in spite of present conditions we should present our members with an excellent post convention supplement of the "Commercial and Financial Chronicle" with a good representation of advertisements for all our affiliates.

Harold B. Smith

Our old friend and past National President, Perry Brown, who has always shown a consistent and outstanding interest in national affairs writes as follows:

"My firm's contract was sent in early this year as usual. If by sending in a contract I can make it a little easier for your committee, then I am repaid for being an early bird."

Thanks again Perry, you make us, the National Advertising Committee, feel our work is recognized and has the active support of those other than our 1952 Executive Council and officers.

Perhaps many more this year will carry the ball to the goal that means a successful issue.

K.I.M.

HAROLD B. SMITH, Chairman
NSTA Advertising Committee,
Pershing & Company
120 Broadway, New York 5, N. Y.

NATIONAL SECURITY TRADERS ASSOCIATION CONVENTION

The National Security Traders Association announces the following schedules for the special trains for those attending the 19th Annual Convention to be held in Miami Beach Oct. 20-23.

From the West

Oct. 18—	3:40 p.m.	Leave Chicago	Penna. RR.
	5:15 p.m.	Leave Cincinnati	Penna. RR.
	5:30 p.m.	Leave Detroit	Penna. RR.
	8:25 p.m.	Leave Cleveland	Penna. RR.
Oct. 19—	12:41 a.m.	Leave Pittsburgh	Penna. RR.
	8:35 a.m.	Arrive Washington	Penna. RR.

From the East

Oct. 18—	9:00 p.m.	Leave New York	Penna. RR.
Oct. 19—	1:25 a.m.	Leave Philadelphia	Penna. RR.
	4:25 a.m.	Arrive Washington	Penna. RR.
	Pullmans may be occupied until 7:30 a.m.		
	1:45 p.m.	Leave Washington	R.F. & P. RR.
Oct. 20—	11:00 a.m.	Arrive Miami	F. E. C. RR.

Special cars will be provided for our group returning on regular trains leaving Miami at 12:01 p.m. Friday Oct. 24 for Cincinnati, Cleveland, Detroit, St. Louis and Chicago and at 1:00 p.m. for Philadelphia, Pittsburgh and New York. Similar arrangements will be available again on Monday Oct. 27.

The All Expense Tour Cost

From	Two in Bedroom Each	One in Roomette	Two in Compartment Each	Two in Drawing Room Each
Chicago	$186.13	$196.93	$197.13	$215.12
Cincinnati	170.49	179.71	179.99	195.35
Cleveland	184.18	193.40	193.68	209.04
Detroit	185.64	195.76	195.96	212.78
New York	173.55	183.35	183.60	199.79
Philadelphia	162.70	171.98	172.05	187.87
Pittsburgh	183.41	192.58	192.88	207.95
St. Louis	207.97	218.28	218.57	235.42

The cost of each tour includes Round Trip Rail and Pullman including Federal Taxes, Meals on the train Southbound. Sightseeing in Washington and transfers of individuals and baggage between Miami Station and Roney Plaza Hotel, Miami Beach. Hotel Rooms at Roney Plaza are not included. **Gratuities Are Not Included.**

Those going to Havana will leave Miami on S. S. Florida, Friday evening Oct. 24, at 6:00 p.m. arriving Havana Saturday morning. A tour of the City has been planned for Saturday morning arriving at Hotel Nacional in time for Luncheon. Saturday evening after a visit to the Jai-Alai games there will be time to visit several of the famous night clubs. Sunday afternoon there will be a Tour of the Havana Countryside returning in time to sail at 6 p.m. arriving in Miami Monday morning.

The cost of the Havana Trip including stateroom, dinner and breakfast on the boat in both directions, sightseeing, transfers from boat to hotel of individuals and baggage also room at Hotel Nacional (Two in room) will be:

Two in outside stateroom, $79.55 each; two in airconditioned stateroom, $85.88 each; two in suite with private bath, $92.20 each.

For reservations and additional information communicate with James B. Maguire, J. B. Maguire & Co. Inc., Boston, Mass; Edward H. Welch, Sincere and Co., Chicago, Ill.; Barney Nieman, Carl Marks & Co. Inc., New York, N. Y.; Charles L. Wallingford, H. M. Byllesby & Co. Inc., Philadelphia, Pa.

Tomorrow's Markets Walter Whyte Says—

By WALTER WHYTE

If you've watched the market during the past few days you've seen the queer things it can do. It can start up like somebody put a fire under it and then suddenly black out as if a hose was turned on it.

* * *

The probability of such markets is always present. They become more so when indications of a reaction appear on the horizon. It is then that the cautious trader looks around for exits — and runs, not walks, to the nearest door.

* * *

Among the "reasons" for the current sell-off are international hassles; the coming elections; economic hurdles; price ceilings (or no price ceilings); labor problems; inflation and a host of others. You can pick any of these, or take on some new ones, and can start a heated discussion in any board room. Unfortunately, winning any of these arguments won't bring you a single dollar. That's the trouble with arguments. You get high blood pressure and spots before the eyes.

* * *

If one could argue with the ticker tape with half a chance of coming out on top, there would be an argument that could be worthwhile.

* * *

Of course, all this doesn't tell you if the market is going up, down or sideways. It isn't even good intellectual exercise. If you want to buy something, you give your order to the order clerk; you do the same thing if you're selling. There's no argument. Except if you think your order was executed at either too high or too low a price, then all you'll get is a lot of time slips to prove how wrong you are.

* * *

As this is being pounded out on the Underwood the market is down but dull. Out of such action there is usually a possibility of a rally. In fact you may get this rally before the week is over. Still, the reasons for the initial decline are present, so the chances are that the rally will be a minor affair in a broader downtrend.

* * *

From present signs I think a more solid base for a recovery will be seen within another five points or so. I therefore would prefer to stay on the sidelines until there's more down witnessed.

[The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.]

Joint Ownership of Stocks—Its Advantages and Disadvantages

By LEROY A. SHATTUCK, JR.
Member, Pennsylvania Bar Association
Professor of Finance, School of Business Administration, University of Pittsburgh

Holding the matter of placing securities or any other property in joint name is not to be considered lightly, Prof. Shattuck weighs its advantages and disadvantages. Points out joint-ownership with right of survivorship may have some advantages in convenience and may even effect some savings in death and administration taxes, but it may cause the joint tenant to lose sole control over his property and preclude right to its ultimate disposition. Says security dealers should be aware of these problems.

Leroy A. Shattuck

The purpose of this article is to set forth in brief fashion some of the more important advantages and disadvantages of jointly-owned property, with the thought that a better appreciation of them may prove valuable not only to the buyer but also to those engaged in the selling of securities. Very frequently the purchaser of securities will say, in effect, that he wants the certificates registered in his name, John L. Jones, and also in the name of Mrs. Mary D. Jones, his wife, with right of survivorship. And while it would not be proper for the securities salesman to presume to instruct the client as to the legal implications of the various types of tenancies, still it is well that he should have some knowledge of the problems involved. If the salesman is aware of such problems he may be in a position to suggest to his client that the taking of title is not a matter for a quick decision, and that possibly the client's attorney or accountant would furnish some helpful advice on this matter.

In the last few years jointly-held property with right of survivorship has undoubtedly increased in popularity. Probably the Federal Government, in its advertising of the United States Savings Bonds, has done much to bring to the attention of the public the advantages of such ownership. As a general rule, the legal effect of joint owner relationships is a matter of state law, and state laws do differ somewhat on this subject. The Federal tax laws, however, are uniformly applied throughout the country.

Some Advantages

An important characteristic of joint-ownership with right of survivorship is that the property will pass by operation of law to the surviving co-owner. Such property, therefore, is not included in the estate of the deceased co-owner. Thus there may be some saving in the cost of the administration of his estate. In certain states there may also be some saving in state death or transfer taxes. In Pennsylvania, for instance, there is no transfer tax on jointly-owned property of the spouse first to die. For property owned jointly by two parties other than husband and wife, the portion of the property taxed is determined by ascertaining the fractional portion passing at the death of the joint tenant.

Another possible advantage of jointly-owned property with right of survivorship is its convenience. This factor may be very important to a husband and wife, particularly if the value of the property is relatively small. It may be the desire of each spouse that in the event of the death of the other, the surviving spouse take all the property with a minimum of delay and expense. Husband and wife joint-ownership may in these cases be desirable particularly where Federal estate taxes are not a factor. As a general rule, however, it is probable that joint-ownership should be limited to the couple's home and bank account.

Some Disadvantages

It is the writer's opinion, however, that in many cases the disadvantages of such ownership may outweigh the convenience and possible savings in administration and death taxes. Certainly, a significant disadvantage is that neither joint tenant has any present right of control over the ultimate disposition of the property. In the average case, the wife will be the surviving spouse and frequently a better arrangement would be the creation of a life estate for the surviving wife, with the remainder over to the children or other beneficiaries. Possibly, too, particularly where substantial amounts are involved, a trust arrangement would provide a result more satisfactory to all concerned than the joint-ownership arrangement. In short, where property is jointly owned, the spouse first to die has no control over the distribution of the property. Such ownership precludes any flexibility in planning. And particularly where children are involved it would seem desirable, in many cases at least, for the spouse first to die to retain some control over disposition of at least part of the property.

The Tax on Capital Gains

The possible disadvantages arising from the impact of various taxes should not be overlooked. Suppose, for example, that a husband buys 100 shares of stock at $100 per share, and takes title to them jointly with his wife. Suppose that the stock has doubled in value at the time the husband dies. If the surviving wife then sells the stock at $200, the cost basis is $100 and a maximum capital gains tax of $2,600 is the result. On the other hand, if the husband had taken title in his own name alone and bequeathed it to his wife on his death, the cost basis to her would have been $200. Consequently, a subsequent sale by her at that price would not have involved a possible tax liability for capital gains. Suppose, however, that the wife had predeceased her husband. In this case the cost basis to him would be no less than it would have been had he taken title to the stock in their joint names. Joint-ownership may result in capital gains taxes that could otherwise have been avoided.

The Federal Gift Tax

The taking of joint title to securities, real estate, or certain other types of property may also involve a liability for gift taxes. No doubt in many cases this is not realized, but the legal implications are there nonetheless. Suppose that a husband buys securities valued at $100,000 and he takes title jointly with his wife with right of survivorship. In those states where either spouse can terminate the joint-tenancy without the consent of the other, it is clear that the husband has made a gift to the value of $50,000 to the wife. And since the lifetime gift tax exemption is $30,000, plus a $3,000 gift each in any year to any number of several donees, it is obvious that the husband-donor has incurred liability for the Federal gift tax.

In those states where joint tenancies with right of survivorship cannot be readily terminated by any one joint-owner acting independently, as in Pennsylvania where spouses are the joint owners, the value of the gift to the wife would depend upon the life expectancies of the donor and the donee. If the wife were younger than her donor-husband, the value of the gift may be substantially in excess of 50% of the $100,000 cost. In any event, the possibility of gift tax liability should be a consideration where substantial amounts of securities or other property are taken in joint names. Of course the same principles are applicable in those cases where the husband is the donee.

The Federal Estate Tax

The Federal estate tax would not be a factor in the above situation inasmuch as the value of the stock at the time of his death would be included in his gross estate whether or not the title was in his name alone or was jointly held. Many people, however, have the impression that the value of property jointly held with right of survivorship is not subject to the Federal estate tax. This notion is not correct. The rule is that the full value of such property is included in the gross estate of the joint-owner first to die, except to the extent that the surviving joint-tenant can prove that he contributed to the purchase price of the property with his own separate funds. Furthermore, the burden of proof is upon the legal representative of the deceased joint-tenant to prove that the deceased did not furnish all the consideration for the purchase of the property. Obviously, in many cases it is difficult if not impossible for the executor or administrator to ascertain the origin of such funds.

The Revenue Act of 1948 provided that property jointly owned by spouses would qualify for the marital deduction since it passes absolutely to the survivor. The marital deduction provision permits the value of property passing outright to the surviving spouse to be excluded for estate tax purposes to the extent of one-half the adjusted gross estate of the decedent. However, if the value of jointly-owned property, plus other property passing outright to the surviving spouse, exceeds 50% of the adjusted gross estate, then the value of the marital deduction is lost to that extent. Consequently, the impact of the Federal estate tax upon the estate of the decedent will be more severe.

It is not difficult to imagine situations where this disadvantage of jointly-owned property will be even more pronounced. Suppose that H and W own all their property jointly, and that the adjusted gross estate of H totals $500,000. The marital deduction is limited by the Internal Revenue Act to 50% of such amount, or $250,000. The remaining $250,000 will be subject to the estate tax at the prevailing rate. On the death of W, however, the full amount of the property in her estate, including that which was subject to the estate tax in H's estate, is again subject to the estate tax. In other words, an estate tax was paid on the $250,000 as part of H's estate, and (ignoring taxes paid from it or otherwise expended) the entire $500,000 is subject to the estate tax as part of W's estate, even though W should die shortly after H. Normally, property received by devise or inheritance on which an estate tax was paid, is deductible from the gross estate of the devisee or beneficiary who dies within five years of the death of the prior decedent. But if a spouse takes advantage of the marital deduction provision of the Revenue Act of 1948, this five-year provision is not applicable. In such a case, the initial advantage of the marital deduction is illusory.

Conclusions

It is not presumed that the above treatment is exhaustive. It is believed, however, that enough has been written to warrant the conclusion that the decision to take securities or any other property in joint name is not one to be considered lightly. It has been pointed out that joint-ownership with right of survivorship may have some advantages in convenience and possibly some saving in state death and administration taxes. The joint tenant, however, loses to a greater or lesser extent control over his or her property while living, and it precludes any planning by the joint tenant first to die as to the ultimate disposition of the property. It precludes flexibility in estate planning. And, where substantial sums are involved, capital gains taxes, gift taxes, and Federal estate taxes, may create problems that require professional advice. The salesman or dealer in securities who is aware of these problems and who has some knowledge of the more important considerations involved, may thus be in a position to render more valuable service to his client.

Ballard Appointed By Midwest Stock Exch.

CHICAGO, Ill.—James E. Day, President of the Midwest Stock Exchange, has announced that the Board has approved the appointment of Roger K. Ballard, Jr., as Assistant to the President.

Mr. Ballard, 36 years of age, recently resigned from The Northern Trust Company's Trust Department. Having served in the U. S. Navy from 1941 until he was released in 1946 with the rank of Lt. Commander, Mr. Ballard joined the firm of Glore, Forgan & Company where he remained until 1951.

Missouri Brevities

Empire District Electric Co., Joplin, in its report for the six and 12 months ended June 30, 1952, announced that "approximately $8,000,000 will be required in addition to the funds derived from retained earnings and accruals to depreciation reserve," to complete the $14,000,000 construction program to be carried out during the three years 1952-1954, including the construction of a new 40,000-kilowatt steam turbine plant. The company has sold 150,000 shares of common stock, netting it $3,118,500, and has also established credit arrangements with a group of banks, enabling it to borrow from time to time up to $5,000,000 on notes to mature on Dec. 31, 1954. For the six months ended June 30, 1952, **Empire District Electric Co.** reported a net income of $631,283, equal after preferred dividends, to $1.19 per common share. This compared with a net of $543,485, or 99 cents per common share for the first half of last year. Operating revenues amounted to $4,760,355, against $4,409,111.

* * *

Anheuser-Busch, Inc., St. Louis, for the first half of 1952 reports earnings (after taxes) of $5,548,-319 (or $1.24 per share) as compared with $6,619,158 (or $1.48 per share) for the corresponding six months of last year. Income taxes increased from $1.57 per share in the 1951 period to $1.71 per share in 1952. Ground was broken on July 10 at Newark, N. J., to increase the company's capacity from 1,200,000 barrels to 1,600,000 barrels. A 65-acre site has been purchased in the San Fernando Valley in Los Angeles County, Calif., and construction of a 750,-000 barrel brewery will be started as soon as plans are completed. Current assets at June 30, 1952 amounted to $50,064,846, as against current liabilities of $17,355,789.

* * *

Union Electric Co. of Missouri for the 12 months ended June 30, 1952, reported a consolidated net income, after taxes and interest, etc., charges of $12,491,966, as compared with $12,046,331 for the preceding 12 months' period. Total operating revenues were $87,058,-982, against $81,958,571. The quarter ended June 30, 1952, witnessed a record monthly output of 538,716,000 kwh., as a heat wave increased the use of fans, air conditioning units, and other refrigeration equipment.

* * *

Panhandle Eastern Pipe Line Co. reports corporate net income (after preferred dividends) of $7,-763,998 for the six months ended June 30, 1952, an increase of 57% over the similar period of 1951 and was equal to $2.38 per share on the outstanding common stock. This compares with net income of $4,942,511 for the corresponding period of 1951, or $1.51 per share. For the 12 months ended June 30, 1952, net after preferred dividends amounted to $12,629,455, or $3.87 per common share, which compares with $9,280,879, or $2.84 per share, for the previous 12 months' period.

* * *

The **Winthrop Shoe Co. of St. Louis**, a division of **International Shoe Co.**, yesterday entered the Eastern market when it opened in New York City its first retail store to sell Winthrop shoes for men exclusively, thus paving the way for an enlarged drive for the firm east of Pittsburgh, Pa. According to Phillip van Kuller, President of the van Kuller Brothers Inc., of New York, shoe retailers who will operate the Winthrop Shoe store, it is expected that the store will do "approximately $500,000 of business during the first year."

* * *

Net income of **Missouri Public Service Co.** for the first six months ended June 30, 1952, was $645,305, equal after preferred dividends of $42,875, to $1.14 per common share. This compared with a net, after preferred dividends of $43,750, of $495,982, equal to 87 cents per share. Total revenues were $4,274,435, against $3,823,269. The 1951 comparisons have been restated to include the operations of **Missouri Gas & Electric Service Co.**, which was merged with **Missouri Public Service Co.**

* * *

Sales of **Western Auto Supply Co. (Mo.)** during July amounted to $16,153,000, compared with $14,164,000 in the same month last year, an increase of 14%. Sales for the first seven months of 1952 totaled $90,338,000, compared with $87,302,000 in the seven months ended July 31, 1951, a gain of 3.5%. The company owned 272 retail units and serviced 2,677 wholesale accounts in July of this year, as against 266 and 2,568, respectively in July, 1951.

* * *

Allied Laboratories, Inc., Kansas City, announced that for the first half of 1952 sales totaled $6,706,-374 and net profit (after taxes) amounted to $381,376, or $1.23 per share, which compares with sales of $7,237,724 and net earnings of $710,911, or $2.28 per share, for the same six months of last year.

* * *

Kansas City Structual Steel Co. has announced that it will call all of its preferred stock (7,500 shares outstanding) for redemption on Oct. 1 at the redemption price of $100 per share and accrued dividends of $1.50 per share.

* * *

Earl S. Katz, President of **Katz Drug Co.**, Kansas City, announced that the company has increased the quarterly dividend rate on the common stock to 20 cents from $12\frac{1}{2}$c per share, the next payment to be made on Sept. 1 to holders of record Aug. 29. Mr. Katz stated that "the new dividend rate is justified by the earnings." Extras in the amount of 35 cents per share were paid in 1951, as compared with extras totaling 40 cents per share in 1950.

* * *

Net income of the **St. Joseph Light & Power Co.** for the 12 months ended June 30, 1952 was $738,089, equal after preferred dividends, to $2.11 per common share. This compared with a net of $689,056, or $1.97 per common share, for the preceding 12 months' period. Total revenues amounted to $6,492,317, as against $6,076,185. For the half year ended June 30, 1952, net income totaled $387,942, or $1.11 per common share, as against $341,832, or 98 cents per share for the same period of last year.

* * *

The stockholders of **Braniff Airways, Inc.** and **Mid-Continent Airlines, Inc.** on July 29 approved a proposal to consolidate the two companies, with Braniff to be the surviving corporation.

* * *

Interstate Bakeries Corp., Kansas City, for the 28 weeks ended July 12, 1952, reported a net income of $1,159,142, equal after preferred dividends, to $1.58 per common share. This compared with earnings of $1,153,183, or $1.57 per common share, in the corresponding period of last year. Total revenues were $41,977,646, compared with $36,398,523 in the same period in 1951. Federal income and excess profits taxes amounted to $2,097,308, against $1,409,446.

* * *

Whitaker Cable Corp., Kansas City, for the first six months of 1952, reported a net income of $87,496, equal to 70 cents per share on the common stock, as compared with $145,569, or $1.16 per common share for the same period of last year. Total volume of business was $2,049,803, against $2,010,778 for the six months ended June 30, 1951.

* * *

Shenandoah-Dives Mining Co., Kansas City, reported an operating profit, before taxes, of $158,-807 for the first half of 1952, compared with $197,614 for the same period last year. For the current year, net after taxes totaled $110,543.

* * *

American Service Co., Kansas City, reported a net loss of $23,-498 in the first six months of 1952, as compared with a deficit of $60,364 in the like 1951 period. Ice sales were $941,452, against $1,000,242. Other sales, including frozen foods, appliances and coal were $1,613,347, compared with $1,201,073. The sale of plants at Austin and Baytown, Tex., provided the company with $207,-500, and $100,000 was set aside for the purpose of preferred stock. Tenders will be accepted until Aug. 27. A total of $108,525 is presently in the preferred retirement fund.

* * *

Sales of **George Muehlebach Brewing Co.**, Kansas City, for the six months ended May 31, 1952, were $1,726,000, compared with $1,545,000 for the corresponding period a year earlier.

* * *

Net profit of the **Pickering Lumber Corp.** for the quarter ended June 30, 1952 was $448,516, equal to 47 cents per common share, as against $727,761, or 77 cents per share for the same three months last year. Income taxes totaled $325,000, as compared with $671,000. Current assets at the end of the quarter amounted to $3,-714,829, as against current liabilities of $1,326,674.

* * *

Frank Proper, President of **Employers' Reinsurance Corp.**, has reported that "this company now is on the soundest basis it has been for some time. A continued improvement is expected during the remainder of the year. While the surplus account may not increase as much in the last half as in the first half, nonetheless there should be a further gain, barring a severe market reversal." In the first six months of the present year, the company added $1,237,083 to surplus. In the corresponding period of 1951 the surplus account was decreased by $2,887,519. The book value of the stock rose from $58.46 to $63.52 per share during the six months' period in 1952.

* * *

Central Surety & Insurance Corp. for the first half of 1952 reported net earnings (after $62,-170 for income taxes) of $130,917, as compared with a loss of $73,-840 for the same six months of 1951. Total assets at June 30, 1952, were $19,303,697, as against $19,-325,707 six months earlier.

Railroad Securities

Seaboard, and Chicago Milwaukee

The higher priced and better quality railroad stocks continued to give a good account of themselves, with individual established dividend payers periodically moving into new high territory. Primarily it is still an investment market, largely dominated by institutional activity, and particularly purchases by the management trusts. Such institutional accounts are obviously impressed with the relatively high income return obtainable on rail stocks and by the prospects for increased dividends over the balance of this year and probably in 1953. Such increases appear likely even if earnings to not expand further, as many of the carriers are now in the position to distribute a larger proportion of their earnings to stockholders.

Seaboard Air Line

That investment sentiment, as opposed to speculative sentiment, toward railroad securities has improved substantially in the past year or so was quite dramatically demonstrated last week in the refunding operation of Seaboard Air Line. The $25 million debenture issue, sold at competitive bidding, had been considered pretty much as a test of the market. The company got the very low coupon rate of $3\frac{7}{8}$%. Of course one factor was the heavy sinking fund that is calculated to retire the entire issue by maturity, and reduces the average maturity date to around 12 years. Even allowing for that factor, this is a far cry from the price in the low 90s at which the Income $4\frac{1}{2}$s (the issue being refunded) sold at the end of last year.

Despite the greater investment demand for railroad securities that has been in evidence for some time little, or no, speculative interest has been generated. Apparently the general public is still far from convinced as to the attractiveness of railroad equities. Low priced rails, and particularly those having no established dividend policy, have been almost completely neglected. Where speculative flurries have occurred in individual issues the spurts have generally been short lived and have almost invariably failed to hold.

St. Paul

A case in point is the common stock of Chicago, Milwaukee, St. Paul and Pacific. From time to time there have been rumors, so far completely unfounded, that the company has found oil on its land holdings or that a large tax settlement is imminent and that the rebate will be used to pay a sizable dividend on the common. Still the stock continues to trade listlessly in the low 20s, about midway in the year's relatively narrow range of less than five points. On the basis of past history it would appear almost inevitable that eventually the renewed interest in rails would carry through to the more speculative situations. It is difficult right now, however, to visualize just what spark might set off such a move.

So far this year St. Paul has not been doing particularly well, although it is true that for the latest month reported, June, earnings were somewhat ahead of a year earlier. For the full half year, gross revenues were virtually unchanged from the opening 1951 period. The company was able to achieve some improvement in its transportation performance, with the ratio down from 44.3% to 42.6%, but this saving was more than offset by a rise of over two and a half points in the maintenance ratio. Over all, the operating ratio climbed a full point to 87.3%.

St. Paul is a highly seasonal property with most of its earnings coming in the last half of the year. Thus, the dollar figure of $797,000 net income for the six months is not itself of any real significance. This net income did, however, represent a drop of more than 26% from the like period a year ago, which is disappointing. The one favorable aspect of the report is the ability to pare transportation costs and there is every reason to expect that this will continue over the balance of the year. Thus, with the traffic outlook bright, year-to-year comparisons of net in the second half year should be far more favorable. For the full year it now appears likely that common share earnings, before sinking and other reserve funds, may run to $2.75. Last year, on a similar basis, share earnings amounted to $2.10. While an improvement such earnings could hardly be calculated to generate any real enthusiasm for the stock.

John R. Boland Opens Own Offices in N. Y. C.

John R. Boland is engaging in the securities business from offices at 30 Broad Street. Mr. Boland in the past was syndicate manager for the First Guardian Securities Corporation.

J. D. Goodman to Admit

PHILADELPHIA, Pa. — Joseph D. Goodman & Co., 1528 Walnut Street, members of the New York Stock Exchange, on Sept. 1 will admit Edward C. Fay, Jr., to partnership.

TV Inventories at Lowest Point in 18 Months

Ross D. Siragusa, President of Admiral Corporation, says market is no longer plagued by surpluses and distress merchandise.

According to a statement of Ross D. Siragusa, President of Admiral Corporation, made to 400 domestic and international TV distributors on Aug. 15, inventories throughout the television industry now are at their lowest point in 18 months. Excessive TV supplies, he announced, have been sold and the market no longer is plagued by surpluses and distress merchandise.

Ross D. Siragusa

"Television inventories of all Admiral distributors are only one-sixth as high as they were a year ago," Mr. Siragusa said, "and actually are equal to less than one unit per dealer. The company's refrigerator inventories also are in excellent shape as distributors now have only one-third of the units they had last year."

The FCC, under its new leadership, according to Mr. Siragusa, is doing a magnificent job of thawing the freeze on new TV stations, pointing out that 28 stations have been authorized since July 1, when the freeze was lifted. "As an example of what the arrival of television means in a virgin market, 8,000 sets were sold in the Denver area in the first two weeks after television station KFEL went on the air. Approximately 50,000 sets are expected to be sold there by the year end."

Mr. Siragusa also told the distributors that Admiral will spearhead the industry by introducing only one new TV line a year. He said the former practice of two or more lines a year was wasteful for the factory and also placed a hardship on television-appliance dealers throughout the country.

He said that saturation merely is a state-of-mind and doesn't really exist because it is completely offset by obsolescence of sets now in use.

As an example, he pointed out that the radio market was supposed to be "saturated years ago in the sense that nearly every family in the nation had one or more sets. Yet more than 10,000,000 radios with a manufacturer's value of $250,000,000 will be sold this year.

"According to surveys, at least one-half or 9,000,000 of the present TV set owners have screen sizes smaller than 16 inches. Five million, or over a third, have sets four or more years old with screens of 14 inches or less. Only 2% of set-owning families have more than one set.

"I am convinced that at least 30,000,000 TV sets will be sold in the next five years, while the average annual sale thereafter to cover replacements and newly-formed families will exceed 7,000,000 units," Mr. Siragusa said in conclusion.

Cites High Native Labor Costs on Defense Jobs

James H. Dillon, President of Construction Men's Association, releases extract from letter of a member holding a supervisory construction post in Morocco.

James H. Dillon, President of the Construction Men's Association, has made public the following letter received from one of the organization's members holding a supervisory post in the construction of U. S. defense bases in Morocco:

"On this job natives are paid a salary which is approximately one-third the American rate. One American is equivalent to approximately four natives in production. They also pay a dole for each child under 18 years of age. I have under my supervision several hundred natives, not one of whom has less than two children; some of them have as many as seven. Only a day or two ago one of my men was given a check for 79,000 francs just for support of his kids.

"They are sending men here from France with 90-day contracts who don't know a thing about the work, but they have it in their contract that the company cannot lay them off before their 90 days are up, and they must have a 30-day notice at that. Then you just try to get any work out of them for the next 30 days! They even tell you they just came for a vacation. I can't fire them, even if they lie down and take a nap. I really hope I don't have to pay taxes this year, because it certainly would dig in against the grain knowing that I myself was paying for this kind of racket."

According to Mr. Dillon, this letter is typical of dozens he receives weekly. "They are filled with disgust and anger at the U. S. Government policy to fire all Americans from their jobs on foreign defense base construction and replace them with native labor and nationals of other countries," he added. "They see with their own eyes that the foreigners cannot and will not do the amount and quality of work American taxpayers have a right to expect on their defense bases. They also see, at the grass roots level, the contempt and scorn foreigners have for the United States, and which they take no pains to conceal. Even Air Force Officers are reporting that not one base west of the Rhine River is in operating condition despite millions of dollars paid to German firms for construction and repair, and that French built bases are 'even worse' and are 'falling apart.' Alongside such reports the pious mouthings of our Defense Department about 'accomplishing the job at least expense and with greatest efficiency' turn one's stomach."

The Construction Men's Association has been demanding repeal of the foreign air base construction policy announced by Secretary of the Air Force Finletter early this year under which all such work would be performed exclusively by foreign construction firms and foreign workers. The association is a voluntary membership, mutual welfare organization composed of 10,300 construction specialists and technicians who make a lifetime career of working on foreign projects for American construction firms. It is estimated that approximately 183,000 men and women are currently engaged in such work. Mr. Dillon predicted that if current policies are continued, 40,000 would be out of work by 1953.

With Burke & MacDonald

(Special to THE FINANCIAL CHRONICLE)

KANSAS CITY, Mo.—Harry P. Degen is now associated with Burke & MacDonald, 17 East 10th Street.

Our Economy Is Demonstrating Its Tremendous Strength

By HARRY A. BULLIS*

Chairman of the Board, General Mills, Inc.

Mr. Bullis tells General Mills stockholders economy is again demonstrating its tremendous potential for production, but it must be kept flexible, vigorous, and dynamic. Lists nine buoyant forces safeguarding our economy.

On the whole, the economy during the past year has shown stability with no significant trends. Business leveled off after the buying spree and has stayed on a fairly even keel. Personal consumption expenditures show increases for each quarter of the past year. Therefore, it is evident that retail business continues to be brisk, even though the increased activity has been in non-durable rather than in durable goods. People continue to have high incomes. They have been spending in accordance with their needs and they have added to their savings. Those savings are potential payment for durable goods and investments or reduction of debt.

Harry A. Bullis

Industrial earnings have declined, partly because of increased taxation and partly because of the effect of price declines on inventory values. However, we cannot expect any great increase in net profits until there is some relief from present high tax rates.

The American economy is demonstrating again its tremendous potential for production. Therein lies our real strength. We must keep our economy flexible, vigorous, and dynamic.

Since Korea, defense spending has been increasing at the rate of $15 billion a year. In 1952-53 it will be at least $45 billion more than it was three years earlier, in 1949-50. After this year there will probably be no upward thrust in the economy from increases in military expenditures. Barring all-out war, we may expect defense spending to decline to about $45 billion in 1954, $40 billion in 1955, and $35 billion in 1956.

Capital expenditures of business also will probably start to decline after this year. Many businessmen believe that this, combined with decreases in defense spending, will have a depressing effect on the economy.

However, I can see no basic reason for pessimism over the outlook for the future. On the contrary, I am optimistic. I believe business will continue to be good for the next year, because I think that the buoyant forces in our economy are sufficient to counteract the two downward pressures of less defense spending and lower capital expenditures.

Above all, we Americans are in a unique position to blaze new trails toward an undreamed-of prosperity. We have before us an unusual obligation. In the next five years we should raise our living standards by a third, in order to utilize our expanded productive capacity, and at the same time pay for a strong defense.

We can stop inflation—not by controlling consumption and restricting purchasing power — but by producing and consuming more and more civilian goods, at the same time producing sufficient military material to take care of our defense needs. Given this higher standard of living, we should be able to reduce taxes by a substantial amount and still raise the needed revenue through a broadening of the tax base.

There are many buoyant forces in our economy. This is the way they look to me:

(1) As long as incomes remain high, the high demand for housing will continue.

(2) Toll roads are going to be built across the nation.

(3) New investments in TV stations will be over $1 billion, and people will purchase about 10 million new TV sets.

(4) High wage levels may encourage capital outlays to a greater degree than we now expect.

(5) Banks have much liquid capital. There is enough money for financing both private and public undertakings.

(6) As soon as defense spending declines, we can reduce taxes. For corporations, lower taxes will permit lower prices without reducing earnings.

(7) Most debts are being amortized through long-term plans. Farmers are not greatly in debt, although they have heavy current operating expenses.

(8) Population is increasing rapidly. There are 55% more children under five years of age than there were 10 years ago. This increase in population insures an increasing demand for food, clothing, and other consumers' goods.

Business should be good for at least another 12 months. Then, if defense outlays taper off and if business capital outlays decline too, there may be a moderate recession, say a 5% affair.

However, I believe that, on the whole, our economy will continue to be vigorous, dynamic and solvent. We have the foundation for an era of continued progress and General Mills is preparing to share in that progress.

* Part of an address by Mr. Bullis at the Annual Meeting of the Common Stockholders of General Mills, Inc., Wilmington, Del., August 19, 1952.

Two With Inv. Service

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — William G. Baker and John T. Spudic have joined the staff of Investment Service Corporation, 444 Sherman Street.

With Hamilton Managem't

(Special to THE FINANCIAL CHRONICLE)

DENVER, COLO. — Arthur W. Gray is with Hamilton Management Corporation, 445 Grant Street.

Connecticut Brevities

American Hardware Corporation has obtained a loan of $2,500,000 from National City Bank of New York. In addition the company's Canadian subsidiary has repaid a $550,000 loan. The proceeds will be used in connection with the plant modernization and product development program.

* * *

In anticipation of the arrival of natural gas in the state, **Connecticut Light & Power Company** has filed with the Public Utilities Commission a new rate of schedule to be effective when natural gas is available. The new rates involve a reduction of from 8% to 10%.

* * *

July 1, 1952 was the expiration date for the option warrants of **Plastic Wire & Cable Company.** These warrants permitted purchase of 10,000 shares at $6 a share. Of the total 9,167 shares were taken up, bringing the outstanding capitalization to 108,667 shares of common stock. There is no debt or preferred stock. The company continues to operate near capacity on orders for the Signal Corps and for commercial customers.

* * *

The Electric Boat Division of **General Dynamics Corporation** will build the hull for a second atomic-powered submarine at its Groton plant. The engine is being built by General Electric.

* * *

Announcement has been made of receipt by **A. C. Gilbert Company** of a government contract amounting to $1,360,996 for fuses.

* * *

United Aircraft Corporation has received 2 additional certificates of necessity, permitting 5-year amortization for tax purposes of 40% of $1,800,000 which will be spent on new facilities for the Pratt & Whitney Division in East Hartford and used in production of aircraft engines and parts. On July 31 announcement was made of receipt of a new government order of $6,812,368 for engine spare parts.

* * *

A new company, **Hockanum Mending Company,** has begun business in the Stone Hill building in Rockville. The company will engage in textile mending and burling. Most of its employees were formerly with the Hockanum Division of J. P. Stevens & Co.

* * *

Aspinook Corporation has entered into an agreement with William Whitman Company, textile mill operators in Massachusetts, calling for sale by the former of its plants in Jewett City, Connecticut, and Adams, Massachusetts. Stockholders of Aspinook will meet to vote on the proposed sale and it is hoped that transfer of the properties will be completed by September. The sale is believed to involve more than $5 million. Whitman has stated its intention to continue operation of the plants without changes in employees or management.

* * *

Connecticut Power has been issued a certificate of necessity permitting 5-year amortization for tax purposes of 55% of $2,495,000 of the cost of the new electric power facilities which it is installing in connection with the new generating plant to be constructed for **Hartford Electric Light Company** in Middletown.

* * *

Bridgeport Brass Company has announced that it anticipates receiving tax refunds for the past two years and reductions for 1952 and 1953 as a result of a recent excess profits tax amendment. Refunds are estimated to increase 1950 earnings from $4.14 to $4.48 per share and the net in 1951 from $3.45 to $3.93.

* * *

Construction has begun on a new plant addition for **Manning, Maxwell & Moore** at Muskegon, Michigan, for production of heavy cranes and hoists. The addition will contain 140,000 square feet of floor space. In order to finance construction of the company's expansion program the $2,125,000 of 3¾% notes held by Prudential Insurance Company of America have been refunded with a 20-year 4% note in the amount of $4,000,000.

Shipments of Plastic Products Up Sharply

Plastic-coated materials and all-plastic sheeting shipments for the first six months of 1952 exceeded shipments in the comparable period of 1951 by 1,201,354 linear yards and 2,080,880 square yards, respectively, according to figures released Aug. 19 by the Plastic Coatings & Film Association. The report covers shipments of Association members and cooperating companies who represent a substantial majority of the nation's output of plastic-coated fabrics, all-plastic sheeting and pyroxylin-coated materials.

Paul F. Johnson, Secretary of the Association, stated that according to member companies, current inventories are somewhat low. Both shipments and incoming orders for plastic-coated materials and all-plastic sheeting are at a satisfactory level, he said. June shipments for the two types of materials were above the average for the first six months of the year.

Shipments of plastic-coated materials by Association members and cooperating companies for the first half of 1952 were 22,009,793 linear yards compared to 20,808,439 yards for the first half of 1951. Heavy weight coated fabrics (over 10 oz. per square yard) registered the greatest gains with shipments totaling 18,954,458 linear yards in the first six months of 1952 as compared to 17,593,486 yards in the comparable period last year. A yardage of 2,137,301 of light weight coated fabrics (10 oz. and under) was shipped in the first half of 1952 compared to 2,277,316 yards in the first half of 1951. Custom coated materials accounted for 918,034 yards in 1952 as against 937,637 in the comparable six-month period last year.

Inflation, Personal Spending, And the Present Market Situation

In interview given over National Broadcasting Corporation, Gerald M. Loeb, Partner of E. F. Hutton & Company, expounds ideas set down in his recent book, "The Battle For Investment Survival." Thinks stock prices are high.

In an interview given over many of the stations of the National Broadcasting Corporation Radio Network on their "Public Affairs" quarter-hour Aug. 16, concerning his recent book entitled "The Battle for Investment Survival," Gerald M. Loeb, partner of E. F. Hutton & Co., Members of the New York Stock Exchange, expounded, among other things, his views on Investment Mutual Funds and their place in the field of investment. The following is not a precise transcription but an outline of the slightly shortened and edited interview.—EDITOR.

G. M. Loeb

Interviewer—Is there any one fundamental underlying investment ideas in "The Battle For Investment Survival," Mr. Loeb?

Mr. Loeb—There are quite a few very important fundamentals in the book. Undoubtedly, the most important is the thought that what people call speculation is really safer than what most people call investment. Or to put it another way, some of the types and kinds of investments that people call speculative because they seem to involve the greatest risks are actually safer and less risky than certain kinds of investments that people think are gilt edged. Burton Crane, who read the book from cover to cover, put it this way: "The man who invests for a small safe return on his money inevitably loses, while the man who sets out determinedly and intelligently to double a part of his capital has a pretty good chance of getting away with it."

Interviewer — Have you any suggestions for doubling your money?

Mr. Loeb — Certainly. That's really what the book's about. However, it takes 192 pages, a few charts and one table to begin to develop the theme.

Interviewer — Well, let's see what's in some of your chapters. What do you mean when you say "everybody is an investor"? You are not an investor if you keep your money instead of investing it, are you?

Mr. Loeb—You certainly are an investor, no matter what you do unless you spend everything you make as you earn it. If you want to put something aside to spend later in life, you are investing. It doesn't make any difference whether you bury coins in the ground or buy a stock or bond or put it in a mortgage or a savings bank. That's why I think everybody ought to know something about investment. As a matter of fact, doing something to prevent financial worries is almost as important as keeping good health. Many doctors have told me that a great many of their patients' ailments were at times not basically physical at all but came from worry over money and investments.

Interviewer—You talk a lot about "purchasing power" in your book. Isn't that too complicated for most of us?

Mr. Loeb—It better not be for your own good. Everybody talks about "inflation" nowadays and I think they should make a serious effort to know something about what inflation means. Let me read you something from the book that bears on this: "A man lays brick all day and earns $16. Perhaps in 10 days he saves $16 and invests it for the future. Some day he may want some one else to build a house for him, and he would like to hire a bricklayer at that time to do a day's work for the $16 he saved. That at least is the ideal situation. In real life it works a little differently. The value of money fluctuates. In later years it surely will not cost exactly $16 to hire a bricklayer for a day. It may cost only $12. Or then again more likely it will cost $20." That's the end of the quotation. If the cost were $20, it would be inflation. If it were $12—deflation. The investor has to think of both possibilities. Most people will pay storage and insurance for putting away things they want to keep safe for the future. But when it comes to putting away savings they not only want others to keep their savings safe but to pay them interest or dividends and even a profit. Actually, inflation times seem like good times but they are not really. Almost nobody can really keep up with them. I have tried to make it easy to understand the problem and consider an approach at a solution in "The Battle For Investment Survival."

Interviewer—With the high cost of living we must be in an inflationary period now?

Mr. Loeb—We were up to a year ago. Most people have short memories and they think judging from recent experience that money is always going to buy less. However, there are times when things go the other way and money keeps buying more. We may be near such a time now. Certainly, if we avoid a major war that would be true.

Interviewer—I notice you have a chapter on Taxation. Is that really part of a book on investment?

Mr. Loeb—Taxation is a fundamental part of investment. It isn't what you make that counts, but what you keep. "Take home pay" is what union labor people count, and I think it is about time investors should count the same way. For the average investor, the most important tax provision is what the government calls "Capital Gains." This is a special lower rate that applies on profits made from buying a stock and holding it six months or longer and then selling it for more than you paid for it. Under such circumstances, one always pays less tax than on the same amount of wages or interest or dividends. Usually about half as much but in many cases the saving is even greater than that. Of course, the trick is to make the profit and that's easier said than done.

Interviewer—Why should capital gains taxes be less than the ordinary income tax?

Mr. Loeb — Actually they shouldn't be less—there shouldn't be any capital gains taxes at all because most economists take the position that capital gains are not true income. There is no capital gains tax in Canada or even in Great Britain for that matter. Over here we may be learning, because I see that if you sell your home at a capital gain profit you don't have to pay a tax if you use all the proceeds to buy another one. This only developed recently, when people who had to move from one part of the country to the other found that selling their old home at a profit was often a delusion after they paid the tax and went to buy another one someplace else. There are, in fact, a great many angles to investment and taxation, and I think there is enough about the subject in "The Battle For Investment Survival" to give anyone a good start at thinking the right way about minimizing their taxes and not paying more than they should.

Interviewer—What do you think about Mutual Funds and Investment Trusts? They certainly are one of the most popular forms of investment today and surely the most advertised.

Mr. Loeb—The investment dealers selling Mutual Funds can spend a great deal more on advertising and selling such securities because they make a larger profit than a broker who fills an investment order on the Stock Exchange. The Mutual Funds selling price includes some money for "merchandising." That's just a term for a salesman's commission. Actually, the Mutual Funds advertising and salesmanship are really performing a service in bringing the advantages of corporation share-owning to the attention of a great many people who never heard of it before. As a first investment these funds are rather a good start. The buyer pays a little high it is true, but he doesn't pay more than he should, considering the effort it takes to educate him. On that basis, if he buys the leading shares he gets a good value. However, in many cases he rather expects too much from his investment. One cannot avoid one's responsibilities by running away from them. Mutual Funds are a lazy man's investment, and the results in the long run can only be average.

Most of us want to do better than the average, and that takes individual effort and initiative. It is perfectly true of course that if one tries to do better than the average, and tries unsuccessfully one ends up doing worse. Nothing ventured, nothing gained. The usual thing is that after a new investor buys a fund or a trust he gets their reports, and sees what they own, and what they are buying and selling, and he begins to want to buy something special for himself. That is where the investor starts reading books like *"The Battle For Investment Survival"* and begins buying investments for himself instead of having some one sell them to him.

Interviewer—Yes, I think I remember reading your remarks on trusts and funds in the book and looking at the table. But Mr. Loeb, I see you have a chapter on "Spending" in your book. What can spending money possibly have to do with investment?

Mr. Loeb — Spending can have much more to do with investment than most of us think. After all, you save and invest in the first place, and spend less in the present, in order to be able to spend more in the future. This seems simple, but it isn't. In some countries people saved for years and found all their savings wiped out by inflation. After a little of that, the reverse mania gets around and people don't save at all. You don't want to be the wealthiest corpse in the graveyard, but on the other hand you don't want to be on the relief rolls either. On a personal basis, everyone has a problem of how much to invest when they are young, and how much to save. On the one hand, you experience keener enjoyment in youth than in old age. On the other hand, money invested early can multiply to a greater extent. Sometimes, as in England today, for instance, people who have saved their money find they have little to eventually spend it on. You can't just buy a new motor car in England, for example, because you have the money to pay for it. Money can lose value in other ways than through inflation. It can lose value through the imposition of heavy sales taxes. It can lose value through rationing. I think the chapter on spending ought to interest many people.

Interviewer—Do you consider buying one's own home an investment?

Mr. Loeb—It all depends. I think owning one's own home is one of the real goals and joys of life. However, I have always personally regarded it more as an expense than an investment. I have something in the "Battle" book on that subject. On the one hand, capital is very difficult to accumulate with today's high taxes and it is well worth letting the landlord make a profit for awhile to help keep cash for security investment. On the other hand, in cases where the government supplies most of the money, it can involve little more cash buying than renting. I lean to rental however in the youthful accumulative years to home owning when one's ship comes in.

Interviewer — Well, Mr. Loeb, our time is running short and I know you have some interesting chapters on bonds, financial information, sound accounting, and then, of course, all the how-to-do-it chapters I didn't think we could possibly cover here, but I can't resist asking about your chapter on "Travel As a Hedge Against Calamity." Surely, this is getting a little far afield.

Mr. Loeb — No, it really isn't, because it explains in the book that there is a great deal the larger investor can do to his benefit visiting such places as Washington, D. C., Texas or Canada or London. But I am afraid if any wives pick up this book they will use this chapter as an argument to take a trip to buy some new clothes and that is not really what I meant.

Interviewer—What do you mean by "Pitfalls for the Inexperienced"?

Mr. Loeb — Well, there are a great many pitfalls and I tried to point out the more common ones. A great deal of grief can be avoided at the start by dealing only in the active and best known listed leaders. It is alright to go in for more special things later when one really knows more about it.

Interviewer — What are the qualities of a good investment advisor?

Mr. Loeb—I have gone into that in the book because investment is not an easy avocation. The person who makes it his life's job can do better just like a doctor or any professional man can do better than a novice. Investment is the kind of business where experience is worth a great deal and knowledge and contacts are worth a great deal. On the other hand, it is certainly more difficult to do something for someone else, than it is to do it for one's self. It is a toss-up whether the average individual engaged all day in his own work and with only spare time to devote to investment can do better for himself than an expert he may hire. The answer probably varies with the individual and the expert.

Interviewer—Mr. Loeb, can I ask you your opinion of current investment market conditions?

Mr. Loeb—Certainly, though it is hard to sum up in a few sentences. Let me put it this way. Most of the time we are an industrious and optimistic people and naturally work at building things up. So most of the time there are individual stocks that are advancing because of improving conditions or other favorable factors affecting them. However, every so often, such as in 1929 and again in 1937 and 1946, unfavorable general investment conditions more or less put the prices of all investments lower. Following the decline of 1946, the market for the investment stocks went sideways for three years and in 1949 started upwards, and broadly speaking the shares that are in the most favor with both private and institutional investors are near their high prices now. I think that some caution is logical and sometime this year or next we may see another period of liquidation. This does not mean that it will happen, because it is only an opinion, but it is a well thought out opinion, and careful investors will be more particular than usual as to what they buy, and will have some uninvested cash on hand for a rainy day.

Henry R. Platt, Jr., To Join Truax-Traer

CHICAGO, Ill.—Henry R. Platt, Jr., well known and highly regarded Vice-President of the Continental Illinois National Bank & Trust Co. of Chicago, will become Vice-President and Treasurer of Truax-Traer Coal Company, effective Sept. 15, R. E. Snoberger, President of Truax-Traer, has announced.

Mr. Platt will succeed J. O. Westlund who is retiring at his own request after 25 years' service with the company which he joined a few months after it was organized in 1927. Mr. Westlund will continue as a member of the board of directors and will serve the company in an advisory capacity, Mr. Snoberger said.

Mr. Platt joined the Continental Bank in 1920 shortly after his graduation from Williams College, serving in various capacities until 1938 when he was elected Second Vice-President. He became Vice-President in 1943.

James S. LeGette With Thomson & McKinnon

(Special to THE FINANCIAL CHRONICLE)

SHELBY, N. C.—James S. LeGette has become associated with Thomson & McKinnon. Mr. LeGette was formerly local manager for J. Robert Lindsay & Co. and prior thereto for Merrill Lynch, Pierce, Fenner & Beane.

Peter W. Spiess Co. Formed in New York

Peter W. Spiess has announced the opening of offices at 39 Broadway, New York City, to engage in the securities business under the firm name of Peter W. Spiess Co. Mr. Spiess was formerly President of Spiess & Co., Inc. and a partner in Degaetano & Spiess.

Joins Coffin & Burr

(Special to THE FINANCIAL CHRONICLE)

PORTLAND, Maine—Charles F. Nason has become affiliated with Coffin & Burr, Incorporated, 443 Congress Street.

Canadian Securities

By WILLIAM J. McKAY

There is no evidence of any let-up in the rapid expansion that has been a feature of Canada's economic growth in the past several years. Industrial plants are still reporting a heavy backlog of orders and bank clearings are still climbing, the value of cheques cashed against individual accounts during the first half of this year reaching a total of 11% above that of the same period a year ago. Inventories of Canadian manufacturers have dipped slightly in recent months, but are still higher than a year ago.

The May index of inventories stood at 187.1% of the average (1947) value compared with 187.3 at the end of April and 167.7 a year earlier, the Canadian Bureau of Statistics reported. The index value for total shipments was 188.5 against 176.6 at the end of April and 186.5 a year ago.

Value of inventories held by consumers' goods industries at the end of May was $1,983,500,000 compared with $2,014,400,000 a month earlier and $1,986,200,000 a year ago. Producers' goods inventories were valued at $660,900,000 —unchanged from April and up substantially from last year's May total of $528,800,000.

The expanding export trade of Canada shows no sign of weakening, despite the severe and widespread restrictions on imports by the "soft currency nations." According to a recent report of the Canadian Bureau of Statistics, Canada's exports climbed to a peak of $2,100,000,000 during the first six months of 1952. The gain was ascribed to a marked expansion in shipments to the United Kingdom, Latin America and most European markets.

While these markets provided the main impetus for a 20% jump over last year's comparative six months total of $1,760,000,000, shipments to the United States also were slightly higher, passing the billion-dollar mark for the second successive year.

In spite of her dollar deficiency, Great Britain's purchases in Canada reached a peacetime high of $395,000,000, more than $140,000,000 above last year's $254,000,000. In the same period shipments to Latin America almost doubled, reaching $148,300,000.

Most of the general increase in exports was due to expanded volume rather than to price increases.

Newsprint and wheat were the largest export items. Wheat, which had been riding in fourth place among the export leaders, jumped back into second, shooting up to $263,244,000 from $148,631,000 in the six-month period ended June 30, 1952.

In volume, rather than value, Canada's grain exports are now at an all-time high, reaching 509,000,000 bushels during the crop year ended July 31. This compared with the previous high of 471,000,000 bushels in the crop year ended July 31, 1929.

Shipments during the last crop year included 357,000,000 bushels of wheat and flour, 72,000,000 bushels of oats and 70,000,000 bushels of barley.

Exports through St. Lawrence River ports totaled 191,000,000 bushels of grain, including 132,000,000 bushels of wheat. Shipments through Vancouver and other Pacific ports climbed to 118,000,000 bushels of grain, up from 68,000,000 in the previous year.

With prospects of another bumper crop coming up, the Canadian grain export volume may be expected to exceed the figures of last year, and transportation facilities will be sorely taxed to meet demands for its movement to world markets.

Halsey, Stuart Group Offers Equip. Tr. Ctfs.

Halsey, Stuart & Co. Inc. and associates are offering, subject to the approval of the Interstate Commerce Commission, $3,990,000 Chicago, Milwaukee, St. Paul & Pacific RR. 3⅛% equipment trust certificates, series QQ, maturing semi-annually Mar. 1, 1953 to Sept. 1, 1967, inclusive. Issued under the Philadelphia Plan, the certificates are priced to yield from 2.15% to 3.30% according to maturity.

The certificates will be secured by new standard-gauge equipment estimated to cost not less than $5,320,000.

Others associated in the underwriting include: R. W. Pressprich & Co.; Freeman & Co.; The Illinois Co.; Wm. E. Pollock & Co., Inc.; McCormick & Co. and McMaster Hutchinson & Co.

Joins White, Weld

(Special to THE FINANCIAL CHRONICLE)

SHEBOYGAN, Wis. — Wm. R. Sachse has become connected with White, Weld & Co., Security National Bank Building. In the past he was with Robert W. Baird & Co.

Needed: A New Standard Stock Market Average

By JOHN DALTON

Writer points out defects in leading stock market averages, and recommends a standard list, comprising at least 100 stocks, be adopted which can be used daily as stock market index throughout country.

It is rather a puzzle for the average stock market trader these days to know just what the market is doing as he has a choice of reading three lists of stock market averages published by three leading New York newspapers: The New York "Herald-Tribune," The New York "Times" and The "Wall Street Journal." All three publish their own averages as well as the Dow Jones Averages. The list of stocks used in the Dow Jones Averages has not been changed for some 50 years. The newspaper averages, of course, are much more recent.

The Dow Jones Averages have always been looked upon as the standard list of averages but today they no longer give a true and accrurate picture of market conditions for many of the list of 65 stocks are no longer stock market leaders such as they were when the list was originally made up.

The use of three lists of stock market averages every day, some showing the market to be up and others showing it to be down, is rather misleading to the average stock market trader. As an example of this, one newspaper a few days ago, published 70 industrials as being off 5 cents, while the Dow Jones Averages gave 30 industrials as being up 46 cents. This is caused by all three newspapers using different stocks in their averages and different methods in figuring them.

The stocks used in the Dow Jones Averages are mostly selective and higher priced, while the stocks in the newspaper averages are mostly lower priced and some a bit on the speculative side. Some newspapers group the stocks used in figuring their averages putting them in classes such as oils, motors, steels, coppers, railroad equipments, stores, manufacturing, foods, etc., giving the minus or plus sign of what each class of stock did at the end of the day. Then all are totaled up and the final result given. This is a splendid way of telling the stock trader what the stocks in each industry did.

The Dow Jones Averages do not classify each group as above but use only three groups: Industrials, Rails and Utilities, which, of course, is more simple, especially as the averages are printed on the Dow Jones ticker every hour during the day and time would not allow them to be printed in groups.

This writer believes that there should be a standard list of stock market averages which can be used by every one and published throughout the country daily. This list should be increased to at least 100 or more stocks. Many more stocks have been listed on the Stock Exchange since the Dow Jones list was compiled and most certainly the list should be brought up to date.

Competitive stock market averages do not give a true picture of market conditions. This is especially so when no two lists use the same stocks or the same methods of figuring.

Harris, Upham Will Admit Rotnem, Dean

Ralph A. Rotnem

Harris, Upham & Co., 14 Wall Street, New York City, members of the New York Stock Exchange and other leading exchanges will admit Ralph A. Rotnem and Howard B. Dean, Jr., to partnership on Sept. 1. Mr. Rotnem has been with the firm for some time.

W. J. Murray Joins Marine Trust in N. Y. C.

William J. Murray has become associated with the municipal securities department of The Marine Trust Company of Western New York in its New York City office, 120 Broadway. Mr. Murray was formerly with B. J. Van Ingen & Co. Inc.

Public Utility Securities

By OWEN ELY

Popularity of the Southern Holding Company Stocks

Because of the continued dynamic growth of the South, which appears likely to continue for at least a year or two longer under the impetus of the defense program, the stocks of four Southern holding companies have shown good advances since they were distributed to the public in the break-up of older holding companies:

	Revenues (Mill.)	Increase In Post-War Period	Approx. 1949-50 Low	Present Approx. Price	Increase
Southern Company	$151	96%	10½	15	43%
Middle South Utilities	112	65	14½	25	72
Central & South West	80	62	10½	19	82
Texas Utilities	82	106	19½	39½	103

All of these stocks could probably have been purchased well under their 1949-50 lows by buying the old holding company stocks (such as Commonwealth & Southern or Electric Power & Light) a year or two before their breakup.

Part of the appreciation in these issues has been due to an increase in earnings and part to higher dividends, but the major gain represents "market seasoning." Following is the increase in share earnings, the latest interim figures being compared with 1948:

	Share-Earnings 1948	Interim 1952	Percent Increase
Southern Company	$ .91	$1.19	31%
Middle South Utilities	1.23*	1.80	46
Central & South West	1.38	1.48	8
Texas Utilities	2.10	2.86	33

*Year 1949.

Southern Company was handicapped by the prolonged drought which held back earnings during 1950-51, after the excellent earnings report ($1.28) of 1949. Interim earnings reached a low of 97¢ in the 12 months ended Oct. 31, 1951, but with increased steam capacity (much of it using natural gas as fuel) and plentiful rainfall for hydro plants, earnings quickly bounced back to $1.19 for the 12 months ended June 30, 1952. Recently there has been another drought scare, with some Southern states declared by Washington to be in an "emergency" (entitling farmers to special aids), but recent rainfall has relieved the situation. Southern's 1-for-16 stock offering in July will, however, dilute share earnings slightly.

It may be of interest to compare recent yields, price-earnings ratios and dividend payouts for the four companies:

	Current Yield	Price Earnings Ratio	Dividend Payout
Southern Company	5.3%	12.6	66%
Middle South Utilities	5.2	13.9	72
Central & South West	5.3	12.8	68
Texas Utilities	4.3	13.8	59
Average for all Electric Utilities	5.8%	13.3	77%

All of the above companies have increased their dividend rates since the stocks were distributed to the public. Southern started with 70¢ in 1949 and raised to 80¢ in 1950, which has continued to date. Middle South began with a rate of $1.10 in 1949 and has increased this (in two stages) to $1.30. Central & South West started with a 70¢ rate in 1947 and has gradually stepped this up to the present $1.00. Texas Utilities, which emerged from the parent holding company somewhat later than the others, paid 96¢ in 1950, raised to $1.28 in 1951, and is currently paying at the rate of $1.68. Judging by the present price, another dividend increase is apparently anticipated, due to the relatively low payout.

Britain and EPU

By PAUL EINZIG

Dr. Einzig, in commenting on Britain's unfavorable balances in the European Payments Union, finds the new arrangement, whereby Britain is to pay future deficits in gold, will cause additional drain on England's gold and dollar reserves. Says position of France is even more difficult than that of Britain.

LONDON, Eng.—Although the British gold reserve figure for July showed a slight increase—thanks to the American financial aid for defense—it is certain that the next monthly return will show a substantial loss. This is because the monthly settlement with the European Payments Union for July necessitated a payment of $98.6 million in gold. Evidently in spite of the efforts to close this gap Britain continues to lose gold heavily through her association with the European Payments Union. Now that the deficit has become payable in gold this drain is causing grave concern in London. It is remarkable that in spite of the cuts in imports from the Continent, the deficit should remain excessive. When the subject was repeatedly raised in the House of Commons during recent months, the government hinted at negotiations as a result of which it hoped to reduce its gold losses to the EPU. Apart from the agreement concluded with Belgium under which payment to that country will be made in the form of defense material exports, no arrangement appears to have been reached to relieve the position. On the contrary the latest official move is calculated to accentuated the drain.

Dr. Paul Einzig

Under the new arrangement the Bank of England is prepared, for the time being, to consider applications by United Kingdom residents to purchase certain raw materials from the Dollar Area for resale to European Payments Union countries against payment in sterling or local currencies. The new facilities cover most raw materials except scarce goods which are subject to allocation by the International Materials Conference in Washington. Until now there was a general ban on transactions with the Continent in goods that had to be paid for in hard currenices and were sold against soft currencies, because such deals entail a loss of gold. The explanation of the change of policy is that the currencies of the European Payments Union have now become hard currencies, because Britain's deficit with the EPU has to be settled in gold. It is assumed therefore that the new arrangement will make no difference, because the transactions carried out under it would reduce Britain's deficit with the EPU payable in gold.

It remains to be seen whether the scheme will work out in practice in the way it is intended. What is certain is that the arrangement amounts to an acknowledgement of the British Government's inability to eliminate or materially reduce the deficit with the EPU. For if they expected any such reduction in the near future they would not have made the arrangement under which they are liable to incur considerable losses of dollars if by any chance the EPU deficit were reduced. There is bound to be a time lag between the granting of licenses for the transactions under the new arrangement and their actual materialization. This might mean that should the EPU deficit be eliminated within the next few months Britain would continue to lose gold nevertheless, until the transactions arising from the licenses already granted have been liquidated.

It is to be deplored that at the present time the British Government should make any arrangements tending to aggravate its gold and dollar position. In any case the third quarter, and even more the fourth quarter, is liable to be unfavorable. The satisfaction that may be derived from the thought that Britain's loss is at any rate the gain of the democratic countries of Western Europe, is mitigated by the fact that the country which is in the greatest need of such gain is not likely to benefit by it. The position of France is even more difficult than that of Britain. The weakening of Britain's financial defenses does not mean a corresponding strengthening of France's financial defenses. The countries which stand to gain are already financially strong. Britain's financial strength is therefore frittered away for no purpose.

There is indeed a stiffening of British opinion against the policy of convertibility and non-discrimination which is continued to be pursued by the British Government to some extent. Should the losses of gold and dollars arising from the deficit with the EPU continue on a large scale, the government would come under strong pressure in the autumn to insist on the modification of the present arrangement under which the Western European countries have the maximum of inducement to dump their goods on Britain for the sake of collecting the proceeds in gold or dollars. The campaign against the General Agreement on Tariffs and Trade is also gathering strength. One of the main reasons for the growing unpopularity of that arrangement is the possibility of Japan being admitted to participate in it in the near future. It is feared that should Japan be entitled to claim the benefit of all tariff concessions conceded under the GATT arrangement, British exports would suffer grave disadvantages through increased Japanese competition.

There is a growing conviction in Britain that the Labor Government had gone too far towards convertibility and non-discrimination through its acceptance of the EPU and GATT arrangements. Nor has the present government reversed its policy in that respect. Possibly it may have to do so under the pressure of its chronic balance of payments difficulties. London is, of course, understandably reluctant to antagonize American opinion by reversing the policies strongly advocated from Washington. Nevertheless, the British Government may feel impelled to do so in spite of American pressure, should its dollar position become aggravated through continuous deficits with EPU and through an increase of German and Japanese competition. Possibly the arrangement referred to above for the resale of Dollar Area raw materials to EPU countries will be the last concession in the direction of free trade for some time to come.

Three Types of Market Advisers

By HOMER FAHRNER

Registered Investment Adviser, Corning, California

Mr. Fahrner divides stock market advisers into three groups, viz: (1) the Fundamental School; (2) the Technical School; and (3) the "Trading with the Trend" School. Favors "trend" follower, and lays down basic rules in directing investment accounts.

Two articles each beginning on the first page of the Aug. 7, 1952 issue of "The Commercial and Financial Chronicle" illustrate almost perfectly what I have been telling my clients for years. And that is that any two capable analysts of the fundamental school can take the same set of facts and figures and from them draw diametrically opposed conclusions. One fundamentalist says that stocks are not as high as they look and that investors should get into the "right" stocks and not cash. The other fundamentalist forecasts lower earnings and dividends for next year and predicts a drop of about 20% in the Dow-Jones Industrials.

Homer Fahrner

And the same situation obtains with the technical school of market forecasters. Unlike the fundamentalist, who delves into earnings, present and projected, financial ratios, and the like, the technical student looks into the market itself and studies volume, ratio of new highs to new lows, trend lines, odd lot operations, and other data derived from the market place. But these technicians seldom, if ever agree, even among themselves. One sees an advance coming; the other a decline.

The interesting thing about these two classes of market forecasters is that as new facts and figures unfold, they always have something new to say; and in saying it they tend to crowd a group of successful market operators from view. Indeed most investors hardly realize this third group exists. They labor under the mis-impression that there are only fundamentalists and technicians.

The third group has only itself to blame; for it rarely has anything to say, since the members of this third group rarely disagree among themselves for any extended period of time. William Dunnigan is the contemporary dean of this "trading with the trend" group; and I haven't seen his name in the financial papers in years. However, some of his important contributions to financial literature have been published by others without giving proper credit.

Those advisers, who trade with the trend, never made any forecasts about what the market is going to do. Having taken a position they stay with it until the trend changes. Why is this profitable? Because a trend once established seems to develop an inertia to changing. The line of least resistance is with the trend. The odds are said to be five to three that the current trend will continue rather than reverse. Now it is apparent why trend-traders are nearly always in agreement.

The original Dow Theory is a good example of a rather crude "trading with the trend" method. It served a useful purpose for many years, and recently has been much improved and refined by many market students. And this is all to the good. It, by no means, is intended to depreciate the works of Dow and Hamilton, for they did surprisingly well considering that at their times the Dow-Jones Averages had been compiled for only a few years. It would be more amazing if the original theory had not been improved upon in a half century of use.

Another group of trend followers employs moving averages of one sort or another. You take 10 weeks' (or some other) figures, average them. If the current price is above that average, you say the trend is up; if below, the trend is down. There are myriads of variations in the ways in which moving averages can be constructed, but the foregoing is basic to all of them.

Then there are those who have gone beyond working with the Averages, and apply their trend-following methods directly to individual stocks.

The following rules are basic for advisers of the "Trend School" in directing their clients' accounts. After a substantial advance in the market, as measured by the Dow-Jones Industrials, examine your list of holdings, and sell those which have not participated fully in that advance. Then, after the next reaction, reinvest your funds in stocks which are the then market leaders. In general, this means you will hold onto your stocks which have done well by you; and you will sell those which have been disappointing. It means taking small losses now and then. On the other hand, your profits will accumulate.

If properly set up, all trend-following methods have this in common: There may be a series of small losses and small gains. But when the big swing comes, the trend follower will perforce be right with the market and reap his handsome reward for his patience and fortitude.

Charles Weinstein

Charles Weinstein, partner in Chas. Weinstein & Co., New York City, passed away on July 31.

Draper, Sears Adds

(Special to The Financial Chronicle)

BOSTON, Mass. — Arthur W. Hapgood is with Draper, Sears & Co., 53 State Street, members of the New York and Boston Stock Exchanges.

With Spencer Trask

(Special to The Financial Chronicle)

WORCESTER, Mass.—Raymond A. Fournier, Jr. is now with Spencer Trask & Co., 340 Main Street.

Bank and Insurance Stocks

By H. E. JOHNSON

This Week — Bank Stocks

There is a good possibility that the prime rate on commercial loans may be increased within the next 30 to 60 days.

The prime rate is the rate charged to borrowers which have the highest credit standing. It is particularly important in the banking field because it is the determinant of practically all the other loaning rates. In other words, should the prime rate be raised, there will be a general upward adjustment in other rates.

At present the prime loan rate at New York banks is 3% and the talk is that it may be raised to 3¼% or possibly to 3½%. The last change in the rate was in December, 1951, when it was raised to 3% from 2¾%. Shortly before that raise, around the middle of October, the previous change took place and the rate was advanced from 2½% to 2¾%.

Thus, some individuals see a parallel in the current situation and expect that the increases in rates will conform to those of last year.

The first indication of a change in rates may come from the trend of loans over the next several weeks. Should the seasonal demand for credit which normally increases from August through the end of the year, live up to expectations the pressure for an upward adjustment in rates would be considerable. A less than seasonal rise, on the other hand, might change the prospect for a rate increase. For this reason the next few weeks should be watched with more than the usual amount of interest.

The situation at the present time and the prospects for the remainder of the year may be described as follows.

As of Aug. 13, commercial loans at the 19 weekly reporting banks of the Federal Reserve system in New York City totaled $7,522 million. There has been a modest seasonal liquidation of loans this year and the present totals are approximately $411 million less than at the year-end. However, the total is still $594 million higher than the comparable week of a year ago.

Between the end of July and December, last year, commercial loans at the New York banks increased by $1,191 million and was a primary factor in the adjustment in rates.

Although it is not likely that a rise of similar proportions will take place this year, business conditions appear favorable for a normal seasonal rise in loans.

Inventories at the retail trade level have been reduced to a minimum and outstanding orders for merchandise are considerably below a year ago. With seasonal influences exerting themselves, stores will have to add to their inventories. Customarily a large part of this is financed through loans.

Another important seasonal consideration is the fall harvest. With crops this year near record levels an expansion of credit is expected in order to carry them through the marketing season.

In addition to these factors, industrial production is likely to expand in the months ahead. With the steel strike settled, manufacturers will be busy rebuilding inventories depleted during the past three months. Then, with military production increasing, there should be a greater need for credit accommodations.

Against this background it should be remembered that yields on short-term government securities have been rising in recent months. At present, 12-month certificates are yielding close to 2.00% as compared with about 1.80% earlier in the spring. Also, there has been a generally tight situation in the money market with the banks borrowing heavily from the Federal Reserve.

These conditions were reflected a week ago when the major New York banks advanced the rate on loans to brokers on securities other than governments from 2½% to 2¾%.

There is also the fact that the government securities market is practically free of Federal Reserve support. This means that the Federal Reserve is no longer supplying reserve funds to the banks and this in turn puts pressure on the market.

Thus, with the current money market tight and the prospect of a seasonal increase in loan volume, there are many bankers who are expecting an advance in the prime loan rate. The weeks ahead should prove to be an interesting period.

Joins King Merritt

(Special to THE FINANCIAL CHRONICLE)

BENICIA, Calif. — David H. Schneider is now with King Merritt & Co., Inc.

With Dean Witter

RENO, Nev.—William H. McCarty is with Dean Witter & Co., Mapes Hotel.

Paul Rudolph Adds

(Special to THE FINANCIAL CHRONICLE)

SAN JOSE, Calif. — Jean R. Sepz is with Paul C. Rudolph & Co., Bank of America Building.

Continued from first page

Gold Markets in a Perturbed World

is not entirely without connections with outside gold markets of darker hue, if not through arteries, then through capillaries. The London gold market of yore, while now relegated to the sidelines, still coaches in the world gold game and even manages to profit therefrom without visible disturbance to that now rather bureaucratic Old Lady of Threadneedle Street.

Tangier Market Unique

The international zone of Tangier in northwest Africa, a haven for capital from all the continents, boasts a completely free market in foreign currencies and gold. Gold in transit may be stored in Tangier indefinitely without payment of duty. Such gold may be stored in the vaults of any of a number of recognized banks of the city. Of Tangier's 67 banks, about 15 may be considered as regularly in the gold market; and about half a dozen brokers deal regularly in gold. One bank, Swiss-owned, the Societe de Banque Tangero-Suisse, issues gold certificates in bearer or registered form. Tangier gold may be bought with any currency, there being in that zone no form of exchange control. In addition to transit gold, there is also a market in Tangier for duty-paid gold called gold *deduane*. The import duty is 7½%. Some gold is imported for use in the arts; and other gold on which duty is paid finds its way overland into forbidden territory.

Whereas Paris has a free market legally open only for domestic trading and other places like Beirut have a free market for transit gold, in no other market —Tangier bankers state—are the formalities so few as in Tangier. About 20 banks are recognized by the Tangier customs as gold depositories for transit gold. The names of some of these banks reflect the international character of this tax-free capitalist's paradise. Among them are:

Banque Commerciale de Maroc (French).

Banque d'Etat du Paroc (French).

Banque Belge et Africaine de Tanger (Belgian).

Bank of British West Africa (British).

Banco Hispano Americano (Spanish).

Banque Nationale pour le Commerce et l'Industrie (Afrique) (French).

There is no American bank in Tangier.

During World War II Tangier temporarily lost its international character when Spain, seeing an opportunity, took control while the other powers were preoccupied with the conflict. The Spaniards, however, observed the amenities and never entered any of the banks. Tangier's economic growth dates from 1945, when international control was restored. During the postwar period much capital has fled there from Europe and elsewhere to escape high taxes and controls. Some of this outside money has been invested in Tangier mortgages and real estate, some in gold, and some has been re-exported from Tangier to third countries.

Gold held in Tangier for foreign accounts subject to ultimate re-exportation is described as held in *entrepot fictif*. The banks recognized by the customs as depositories for such gold keep the metal earmarked for their customers' accounts. Thus, in the bank vaults each bag of coins or bar is segregated under the labels "*deduane*" or "*entrepot fictif*." Careful record is kept and published on imports and exports. Customers pay purchase and handling charges as well as storage and insurance.

The free exchange market in Tangier is a vital part of the city's gold market, for through it the proceeds of gold sales may be converted into various currencies and transferred.

Tangier Gold Movements

At the end of June, 1952, gold in *entrepot fictif* in Tangier totaled 47,754 kilograms, a net reduction of 1,700 kilos during the preceding six months. Little gold seems to have been frightened away from Tangier by the rioting of March 30, 1952. Movements of gold since the establishment of the *entrepot fictif* in Tangier have been as follows in kilograms:

Year—	Entries into *entrepot fictif*	Withdrawals for export	Entries (duty paid) consumption
1948	6,583.6	1,904.7	283.3
1949	15,017.0	8,696.9	689.5
1950	28,395.1	7,065.4	1,492.6
1951	24,212.0	5,248.0	1,172.0
1952 (Jan.-Mar.)	2,313.0	3.117.0	112.0
1952 (Apr.-June)	446.0	1,205.0	25.0

Origin and Destination of Tangier Gold

Gold moves to Tangier from the chief European transit points and many others. During the last quarter of 1951 2,976 kilos of Tangier's total imports into *entrepot fictif* came from the United Kingdom. France was the next largest supplier, 1,516 kilos. Smaller amounts came from the Netherlands, South Africa, Belgium, Germany, Switzerland, the U. S. A. and Tunisia in that order. During the first quarter of 1952 the main suppliers of the Tangier market were Colombia, France and the U. S. A. A minor part of the gold shipped from the U. S. A. came to Tangier by way of Switzerland and the Netherlands.

Gold Units Quoted

Gold is quoted on the Tangier market in the following forms:

Bars of 12.5 kilograms (equal to about 400 ounces Troy).

Ingots of 1 kilogram, 500 grams and 100 grams.

British sovereigns.

American double eagles and eagles.

French napoleons.

Swiss vrenelis.

Gold coins of the Latin Monetary Union (Belgium, Greece, Spain, Italy and Tunisia).

Mexican centenarios.

Although not regularly quoted on the Tangier market, one occasionally encounters there gold coins of Germany, Austria, Netherlands, Russia, Turkey, Chile and Cuba.

Bearer and Registered Certificates

Only one Tangier bank, the Societe de Banque Tangero-Suisse, issues gold certificates. The certificates were introduced in 1950 and have found some market in Europe. It is not believed that any large quantity are outstanding in the United States, although it is entirely legal for Americans to hold gold abroad.

The bearer certificates at first met with some objections on the part of the National Bank of Switzerland on the grounds that they might compete with the national currency. It was determined, however, that the certificates do not encroach on the central bank's note issue prerogatives. Bearer gold certificates, which are issued in various "denominations," are freely transferable. Registered certificates many be transferred upon endorsement. Certificates are issued for gold bars of approximately 100, 500, 1,000 grams and 12.5 kilograms. Certificates are also issued against deposits of gold eagles, sovereigns, napoleons and other coins.

The 12.5 kilogram gold bars behind the certificates are of at least 0.995 fineness; smaller bars are of pure gold. Assay of the latter is by the Deutsche Gold- und Silberscheide-Anstalt of Frankfurt, Germany.

Bearer certificates may be changed into registered certificates and vice versa, either in Tangier or Zurich, upon request by the owner. The gold behind the certificates is at the owner's disposal and at his order may be shipped to any part of the world. Among other places where gold may be held by individuals are Mexico, South Africa, the United Kingdom, Uruguay, Canada and Switzerland, although in the last two countries there are real or potential impediments to be taken into account.

The buyer of a gold certificate pays, in addition to the open-market price of gold, a premium of 2% on 12.5 kilos or larger quantity and one of 5% on smaller bars or coins. Thus with the free-market price at $37.50 the buyer of 12.5 kilos of gold would pay $38.30 per ounce. The 2% premium includes the bank's commission as well as storage for the rest of the calendar year during which the purchase is made and the entire next year. For subsequent years the owner pays annually $5 per kilogram to cover storage and insurance.

The bank issues an annual statement and is audited by Price, Waterhouse & Co.

Interview With Banker

To the managing director of the Societe de Banque Tangero-Suisse, Mr. F. C. Lichtensteiger, the writer put a number of detailed questions about the gold certificates issued by that institution. What follows on that subject is based upon Mr. Lichtensteiger's replies.

Tangier gold certificates are presently held in the United States, the United Kingdom, Spain, France, Switzerland, Italy, Netherlands, Belgium, and the Scandinavian countries, as well as elsewhere. For Americans who may not legally possess gold at home the certificate provides a way of owning gold abroad within American law, whether in Tangier itself or at any other place abroad mutually agreed upon by the owner and the bank. To buy a gold certificate the American customer deposits to the credit of the Societe de Banque Tangero-Suisse at the Chemical Bank and Trust Company in New York the approximate dollar value of the gold to be bought. At the same time he airmails to the Tangier bank details as to the desired purchase. These include information as to whether the certificates should be in registered or bearer form, whether they should be held in Tangier for safekeeping or mailed to a specified address, how many certificates the customer wishes issued, and the like. Any number of bars of the same type may be included in one certificate. If coins are bought, a separate certificate is needed for each type of coins, which must be of commercially acceptable weight and condition. The Tangier bank has a folder in English giving particulars of the gold certificate.

Asked what assurance the buyer has that the gold is where the certificate says it is, Mr. Lichtensteiger cited the audits made by Price, Waterhouse & Co. at irregular intervals of their own selection. The bank, he added, holds all gold behind outstanding certificates as the sole property of the owner of the certificates and always available to the latter. However, where the owner has obtained from the bank an advance against the gold, the metal is duly earmarked. Insurance against fire, theft and simple or armed housebreaking is provided by British and American insurance companies.

What About War?

"What about war?", Mr. Lichtensteiger was asked. Since no one can foresee the precise conditions of a war as it might affect Tangier, a precise reply is difficult, the banker stated. He admitted that in time of crisis shipping becomes hazardous, irregular and expensive and insurance rates tend to soar. If one anticipates a war affecting Tangier, one should have his gold moved from there to some other country such as Canada, he added, and not wait to do so until the emergency arrives. "Why then should one buy a Tangier gold certificate at all? Why not buy the gold right in Canada at the beginning?", we inquired. To this the answer was:

"Tangier enjoys a unique and free gold market. Canada does not. Gold is not quoted daily and dealt in freely in Canada. Without a regular and properly functioning gold market it is not possible to buy and sell gold certificates. A gold certificate can be sold by a bank only when the bank is in possession of the gold it represents. . . . This bank is the only institution of world repute which sells gold certificates and which possesses the organization to handle the traffic."

As to whether one may not buy and hold gold in Canada without a Tangier gold certificate, Mr. Lichtensteiger observed:

"Gold cannot be bought freely in Canada. It may be bought in outside free markets and shipped to Canada for safekeeping. If such gold is to be disposed of, the owner must arrange for its shipment to and sale in some other country where there is a free market. Such arrangements, being complicated and difficult, are usually beyond the powers of an ordinary individual. By acquiring a certificate in Tangier representing actual gold the individual is relieved of all the details mentioned. Instead the issuing bank takes care of them. The owner may dispose of the certificate by sale, transfer or redemption at any time. In fact, the certificate is a negotiable deposit receipt and as such quite different from an ordinary safe-deposit receipt."[1]

Why Frenchmen Hoard Gold

Gold as a store of savings has been favored in France "since the memory of man runneth not to the contrary," but since World War I—according to Professor Rene Digne of the Paris Law School and School for Political Science—new factors have greatly changed the character and volume of gold hoarding in France. Previously gold hoarding was prevalent only among the least cultivated, rural classes, who put away gold coins possessing legal tender. For these coins the hoarders paid the face value and no more. Nowadays gold hoarding in France is practiced mostly by well-informed persons thoroughly familiar with all the available media of exchange and investment. Today's hoarders willingly pay premium prices and, when possessed of sufficient means, do not hesitate to buy gold in bullion form. The quantities hoarded and daily traded have become very substantial, as reported below.

The evolution of France's internal gold market M. Digne attributes to the political, economic, monetary, psychological and moral disturbances which have kept France off balance since the 1920s. After the stabilization of the franc in 1928 the emergence of the gold-exchange standard, under which balances abroad were counted as part of a nation's monetary reserves, and the crisis of 1928-31 stimulated the international movement of private capital in search of safety—"hot money," as it later came to be known. The suspension of the gold standard in Britain in Sept. 1931, shook confidence in long-established monetary concepts and stimulated private gold hoarding. Then came the "war between the Anglo-Saxon currencies," culminating in devaluation of the U. S. dollar and widespread currency depreciation elsewhere, succeeded by almost world-wide adoption of Schachtian multiple-currency systems, the ultimate elimination of which was the main aim of the Bretton Woods Conference of 1944. In France the franc during the first years after liberation went through an ordeal by fire; and not altogether successfully.

An avalanche of radical developments drove the French people to hoard gold. Widespread planning in an atmosphere of economic and financial disorder; successive depreciations of the franc ruinous to holders of franc assets; imposition of confiscatory taxation even on persons of medium-size means and regressive taxation on lower income groups; the solidarity tax; the unanticipated stamping of Treasury bonds; the calling in of banknotes for exchange, followed by the cancellation of 5-000-franc notes; nationalization of various industries and additional threats against private property; and finally, the jumble of endless formalities applied to all regular operations: to these developments Prof. Digne attributes the wide resort of Frenchmen to gold hoarding. It seemed to offer the only means of protecting private assets.

Why the Black Market Was Legalized

The large-scale private gold hoarding in France was illegal prior to the Law of Feb. 2, 1948. When it comes to taxes and government regulations the Frenchman is perhaps not the most law-abiding person in the world. The long Nazi occupation during the war made evasion of authority and resort to black markets positively patriotic. This attitude continued through the period of post-war instability. The evolution of the black market in gold was a convenient development for those large operators who ran the black markets in foodstuffs, commodities, real estate, rentals and foreign exchange. For the French gold market, be it black or legal, both draws from and feeds the gold markets of other countries and therefore necessarily has its counterpart in the foreign exchange field. This explains, incidentally, the apprehensive attitude toward private gold trading displayed by the United States, Britain and some others in the International Monetary Fund, of which France is an original member. Gold then in France offered the unscrupulous profiteer a handy vehicle for his operations and refuge for his clandestine savings. Bankers,

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[1] Of interest in this connection is this editorial comment in "The Northern Miner" (Toronto), July 3, 1952:

" . . . we shall not know the true public price of gold until the populations of the wealthiest countries are given uninhibited opportunity to buy the metal. Not until then shall we know whether the growing confidence in currencies that the Bank for International Settlements speaks of is something that we can count on. The question should be put to the test, and Canada has an opportunity to perform a great service to the world by offering to sell gold to foreigners for temporary safekeeping here and with no export or other strings attached."

Our Reporter on Governments

By JOHN T. CHIPPENDALE, JR.

The Government market despite its somewhat improved tone is still under the influence of tight money conditions. Volume is on the restricted side which results in thin markets. This makes quotations susceptible to rather sharp and wide movements in both directions, which is what has been going on in the Treasury list. Buyers, according to reports, cannot get very much excited about government obligations under present conditions although there appears to be not quite as much bearishness around now as there had been. To be sure, there are not a few that would be interested in taking on Treasury issues, but they are now inclined to pick yield levels and wait for them to be reached. Against this type of buying there is the usual scale down orders, but these do not appear to be in much more than token amounts at this time.

A period of backing and filling is looked for by most money market followers, with dips and recoveries probably of not too long duration. "Open mouth" operations, it is believed, will come back into its own again for awhile at least because much may be accomplished by this kind of action in framing the psychological attitude of the money market.

A Jittery Market

A jittery uncertain government market is trying to gain some semblance of balance, after the rather trying times of the past few weeks. The market has been and still is on the thin side, which means it does not take much volume to have a marked effect upon quotations. However, there does seem to be a mildly better psychological attitude around, but this is not unusual, especially after a sharp shake out has taken place, and a modest recovery has been in evidence in prices of Treasury obligations. Buyers as a whole are still on the cautious side and are quite likely to continue that way until there is further clarification as to what is going to happen in the money markets.

"Open mouth" operations appear to be a bit more prominent now than they have been, with reports flying around that Federal was doing this or doing that for the purposes of stability and the maintaining of an orderly market. (Some security purchases have been made by the Central Banks but these were open market operations.) Likewise, there have been reports that those high up in the management of the money markets, in supposedly off the record conferences, have expressed the opinion that conditions both from the economic and monetary standpoints are not as unfavorable as many have interpreted them to be. More rumors and reports will most likely be heard because conditions in the market are right for them. Considerable might be accomplished by the word of mouth variety of operation especially if used in the same way that it has been in the past in money market circles. However, these rumors usually do not have much more than a passing influence upon conditions.

As to the basic forces in the money markets, there has been no important change from what has been going on. Money is tight and there is no evidence yet that the monetary authorities have any different ideas in mind for the time being. Inflationary symptoms are as much in the forefront as they have been, and only with the passing of time will there be clarification of these points of issue. Such a condition will most likely mean continued tight money, which is not generally a force for optimistic attitudes in the government market. However, as long as there is no further aggravation of these conditions, the market for Treasury obligations could be making a base from which future equilibrium could be brought about. Nonetheless, it is believed in many quarters that the market for the time being will not do badly if it is successful in working out a trading area within the limits that have been in evidence recently.

Buying at a Price

Despite the caution and uncertainty that is in the market, buyers, according to reports, have worked out yields at which governments will be bought and in some instances securities were taken on at these levels when prices were under pressure. The bulk of those interested in making commitments, it is indicated, are largely nonbank investors, mainly of the private pension fund variety. Some deposit banks have picked up a few of the near-term bonds, but this kind of buying appears to be more largely of the exception to the rule type. The recently offered 2⅜s of 1958 is the bond that seems to have appeal to investors at specific levels. It is reported that a fairly sizable amount of this issue went into permanent hands on the way down. However, the market was so thin on the decline that it was not possible to acquire any really large blocks on the price recession. It is indicated that when the new 2⅜s get around the 2½% yield level, there is considerable of a cushion there in the form of buying orders.

Although the yield on short-term issues is decidedly attractive as far as most buyers of Treasuries are concerned, there has been, and still is, some investment takings in the 2¼s of June, 1959/62 and the 2½s of 1962/67, especially when prices are on the easy side. Traders and dealers were also in there from time to time competing for these two bonds as well as for the 2⅜s to 6/15/58.

Certificate Reception Disappointing

The reception given the 2% certificates by the holders of the August and September 1⅞s was nothing to write home about. Nonetheless, it had been expected that a fair amount of the maturing certificates would be turned in for cash because of the tight money conditions, although it was not generally believed it would run as high as it did with nearly 17% taking cash for their holdings.

Gilbert Wehmann to Be White, Weld Partner

Gilbert H. Wehmann

White, Weld & Co., 40 Wall Street, New York City, members of the New York Stock Exchange, will admit Gilbert H. Wehmann to partnership on Sept. 1. Mr. Wehmann is manager of the firm's sales department.

On the same date Harold B. Clark and J. Preston Rice, general partners, will become limited partners in the firm.

H. P. Hayden Joins American Securities

CHICAGO, Ill.—American Securities Corporation, investment banking firm, announces that Herbert P. Hayden has joined its buying department and will be located in the company's Chicago office, 111 West Monroe Street.

Mr. Hayden was formerly associated with Hornblower & Weeks in its underwriting department at Chicago and previously headed his own company in Chicago and Detroit. He also served as western Manager of the bond department, Paine, Webber & Co. (now Paine, Webber, Jackson & Curtis).

White, Weld & Co. Opens San Francisco Branch

SAN FRANCISCO, Cal.—White, Weld & Co., members of the New York Stock Exchange, have opened a new branch office at 111 Sutter Street, under the direction of Janet H. Codding.

At Bruns, Nordeman

Bruns, Nordeman & Co., members of the New York Stock Exchange, announce that Morton Globus is now associated with their downtown office, 60 Beaver Street, New York City, as registered representative.

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Gold Markets in a Perturbed World

brokers and exchange dealers, on the other hand, could participate in the gold black market only at the risk of losing their licenses.

The successive French governments found themselves helpless to suppress the black market in gold. In 1947 a campaign for legalization of private gold trading made its appearance. Economic conditions, helped by the Marshall Plan, gave promise of improvement, which—it was argued—would eliminate the hazard premium at that time incorporated in the price of gold. Official publication of low and stable gold prices would, moreover, tend to restore confidence in the currency. Overcoming serious difficulties the French Government freed the holding and transportation of gold in French territory and one month later, on March 1, 1948, decreed legal anonymity for all buying or selling gold. Because this legislation recognized gold prices at variance with the franc's official parity and also authorized a free market in certain foreign currencies, the new French policy encountered the strong displeasure of the dominant figures in the World Fund. Liberals in France hailed the new market as a blow at economic planning, which certainly it was. Not only was the Bretton Woods goal of a centrally-managed world breached; both future and past gold hoarding, theretofore illegal in France, was given government sanction. The free gold market, it was hoped, would encourage the repatriation of French capital abroad, while providing a quasi-official market for private foreign-exchange transactions.

While in the long run the Frenchman who has hoarded gold over the years has profited greatly, the price of gold in France and the world at large is subject to wide swings downwards as well as upwards. While the prices at which French hoarders are willing to buy or sell gold reflects their views of the franc and French Government finances, the fact that the Paris market is indirectly connected with outside free and black gold markets makes the Paris price subject also to influences bearing on the world free market price. Thus, when the outbreak of the Korean War lifted the demand for gold in other countries, the French market responded in like manner.

Frenchmen who bought gold in the late 1940's and have held it since then have a considerable "paper" loss to show for their pains. In some official French circles this decline in the price has not been unwelcome. There were those in the French Government who did not like to see the value of the franc shrink with each posted increase in the black-market price of gold. Yet the Government had not the means to impose its will on the gold market. This summer, with Paris gold quotations at their lowest since 1948 and perhaps since 1940, the authorities seemed to feel that the peak prices and most of the speculation against the franc had been eliminated.

During the initial operations of the Pinay Loan this summer, Paris for the first time in several years became a net dishoarder of gold, the writer was told. Under the amnesty law of April, 1952, one heard, considerable quantities of gold held by Frenchmen not only in France, but also in Britain, Switzerland and elsewhere abroad were being turned over to the French Government in payment for the Pinay "good as gold" bonds. Although M. Pinay had washed out the past for those who had fled from the franc, the $38,250,000 (34 tons) of gold which the French Government acquired through the Pinay loan does not suggest that there has been any revolution in French gold-hoarding habits. The $38,250,000 is but a small fraction of the $2,000,000,000 to $3,000,000,000 estimated to be hoarded in France. Moreover, since the results of the Pinay loan were announced the Paris free gold market price has hardened again, reflecting diminished confidence in the Government's ability to stabilize and improve the purchasing power of the franc.

Paris Market and International Monetary Fund

It is well known that the International Monetary Fund did not welcome the legalizing of the Paris free gold market in 1948; at least, those casting the largest votes in the IMF did not welcome the step, but they were powerless to prevent it. The IMF system envisages a constellation of currencies defined as specific quantities of gold and the conduct of international transactions at the respective par values of the various currencies concerned. While the Paris free foreign exchange and gold market was set up as a purely domestic market, it was feared in Washington that Paris transactions at variance from the franc's parity would in fact be reflected in international as well as domestic transactions. Despite the disapproving attitude of Washington and London, the French established the free gold market with a clear conscience, maintaining that the IMF's articles of agreement specifically permit such a step.

In support of its position the French Government points to two articles in the articles of agreement. Article IV, Section 2 reads:

"*Gold purchases based on par values.*—The Fund shall prescribe a margin above and below par value for transactions in gold by members, and no member shall buy gold at a price above par value plus the prescribed margin, or sell gold at a price below par value minus the prescribed margin."

Article V. Section 6, relating to purchases of currencies from the Fund for gold states:

"(b) Nothing in this Section shall be deemed to preclude any member from selling in any market gold newly produced from mines located within its territories."

Under these provisions there is nothing obligating the French Government to refrain from selling gold at a price above its par value in francs to a non-member, i.e., to private persons, the French maintain. Nor is there anything in the articles of agreement to prevent the sale in Paris of newly-mined gold at premium prices by any gold-producing country. French officials cite as well two Bretton Woods Conference documents. Document 307 of July 11, 1944, the Third Report of the Drafting Committee of Committee 1 of Commission I, upon considering the above-quoted provision, said: "This language permits member countries to buy gold below the range and to sell gold above the range." Document 343 of July 13, 1944—Third Report of the Reporting Delegate of Committee 1 of Commission I on the Purposes, Policies and Quotas of the Fund—is also cited by the French as showing the intent of the Conference when it states:

"Under this clause, member countries are permitted to buy gold below this range and to sell gold above the range. On the other hand they were not prevented from following domestic policy of encouraging local gold-mining industry by means other than paying a higher price for gold."[2]

Three Classes of Hoarders

Professor Digne lists three classes of French gold buyers. First are the professionals and semi-professionals. In this category are included, presumably not only the arbitrageurs seeking a short-term profit, but those engaged in illicit trade in commodities or illicit capital movements and to whom gold is an essential medium for effecting their ends. Second are those who buy gold in anticipation of monetary depreciation, financial disturbance or the like in the not distant future. Third and most important are the long-term investors who put their savings into gold on general principles. Such persons are of every social and economic class, down to the little fellow who can afford only a 10-franc prewar coin. Above the premium at which gold ingots sell in France is the special premium placed on gold coins. This arises from the fact that a coin is a convenient, small "package" of known content and ready disposability. It is a mighty handy medium for storing the profits of law evasion, and there are plenty of restrictive economic laws to evade in France, including income and inheritance taxes, customs duties, trade restrictions, etc.

Any attempt to requisition privately-held gold would be opposed by every Frenchman, and even a census of gold hoards, regardless of what penalties might be threatened. Gold hoarding is a privilege prized by a nation that has witnessed currency cancellation, confiscatory taxation, war and political turmoil. The small saver much prefers it to unfamiliar securities; and with the reassuring development of pensions and social security he does not mind the fact that his inert gold pays no annual interest. The wealthier and better-informed classes — businessmen, officials, professional people — also see advantage in keeping at least a third or a half of their assets in the form of the yellow metal. They need only compare the relative experiences of the gold hoarder and the *rentier* during the past generation or two.

While the price of gold in Paris at times rises and at other times falls, the decline is not to be taken as a reflection of loss of confidence in the metal as a hoarding medium. In part the fluctations do reflect international political and economic changes; in part, altered conditions abroad, especially in other gold markets. The parallel quotations of gold and the dollar on the Paris free market have revealed that—notwithstanding the fact that the United States defines the dollar as a fixed quantity of gold—Frenchmen prefer gold to the dollar. Washington may change the gold content of the dollar again, as it has done in the past; or even call in notes. But gold, the metal, is always gold.

Governments may disregard gold. They may reduce the reserves behind their currencies. They may even do away entirely with required currency reserves and in effect demonetize gold. Yet such a step would not shake the Frenchman's confidence in a *louis d'or*. Rather it would alarm him and inspire him to hoard still more gold. What would happen to the Paris free market in case of another war is risky to predict. But under present conditions the existence of the gold market is secure. Indeed there are those who would go one step further toward freedom and allow private gold imports and exports without the present legal prohibition. Even without that added feature French liberal economists see in the free gold market of Paris proof that, despite the "Anglo-Saxon stubborness" of the Bretton Woods economy planners, spontaneous economic mechanisms will prevent government-created complex and artificial mechanisms from exercising their baneful influence to an extreme." Providing "brilliant confirmation" of the theories of *laissez faire* the Paris free gold market, in the French view, in its authorized and tolerated operations works toward international monetary equilibrium in ways quite at variance with the futile dicta of the World Fund.

Paris Market in Operation

The free gold market takes place each business day from 12:30 to 1:15 p.m. in a special chamber of the Bourse in Paris. All foreign-exchange agents, stockbrokers and certain banks and financial institutions have access to it. They number about 130 altogether, two of them operating for the Bank of France and the French Treasury. According to Prof. Digne, the latter intervene in the market with outstanding skill and effectiveness decreasing divergencies which may appear in the various categories of gold quoted by buying or selling, as the case may be, but without opposing the dominant trend. Traded daily are various issues of French and foreign gold coins, as well as bars and ingots in minimum quantities of 75,000 francs. The names of the principals are never known to the Bourse or government authorities. Volume of transactions varies from 200 to 3,000 kilograms per session, a volume commensurate in value with that of securities traded on the bourse. In terms of francs gold transactions of the Paris Bourse total about one billion francs a day. The total for the full year 1950 was about 200 billion francs. While no one knows how much gold is privately held in France, the total is believed to compare favorably with the value of all securities listed on the Paris Bourse. In early 1949 the Bank for International Settlements at Basle estimated French privately held gold at $2½-3 billion.

While coins are preferred to the 1- and 12-kilogram bars traded on the Paris market, not all coins are equally prized by hoarders. French coins like the napoleon and the louis d'or sell at premiums as compared with corresponding Belgian, Dutch or Italian pieces. In its stabilization operations on the Paris market the Bank of France, manager of the French Stabilization Fund, does two-thirds of its gold business in coins. "Old" louis-d'or are currently struck for this purpose; that is, gold coins bearing old dates. This can be very profitable to the Stabilization Fund. At one time last year the premium on gold coins over bars was more than 40%.

Outside of Paris there are free gold markets in Lyons, Bordeaux, Marseille, Lille and Nancy, but all together they do not do one-tenth of the business done in Paris.

Gold Trading Centers Inter-Connected

While gold moves out of France at times, the preponderant movement since World War II is believed to have been toward France. Paris is the destination of much of the "industrial gold" which South Africa and other countries have been marketing in disregard of the wishes of the larger members of the World Fund. Even before the establishment of the free market in Paris in 1948 French customs officers seemed reluctant to interfere with gold smuggling. Gold "arrivals" on the black market were openly referred to in the press. The higher the Paris premium, the greater the inducement to bring gold into France from abroad. A substantial fraction of newly-mined and other gold offerings has found its way into France via such trading centers as Milan, Amsterdam and Tangier. Varied are the subterfuges by which "industrial" gold is marketed and devious the paths it follows.

Since gold sellers naturally demand hard currency for their commodity, the French buyers or their agents must patronize the black markets to get their exchange. To acquire foreign exchange in the absence of foreign assets which can be liquidated means avoiding export and exchange controls by one device or another. Obviously, the French official balance of international payments cannot take account of the economic resources involved in the business. When the French present to the American Government their annual dollar deficit, the American taxpayer indirectly finances the private hoarding of gold by Frenchmen.

A premium of 4% in Paris is reported to suffice to induce illegal international movement of gold. Stopping the illegal movement is virtually impossible, a French official told the writer. Along the Franco-Belgian border alone some 60,000 workers enter and leave one or the other country daily with their lunch pails and bicycles. Also there is a considerable movement of travellers by highway and train. A thorough-going examination of their effects is impossible. During a recent motor tour in Western Europe the writer crossed international boundaries about a dozen times. An occasional customs officer would ask to have the trunk of the car opened; but nowhere was there a careful examination of the car or baggage. Even currency controls, perhaps because they are impossible of enforcement, are dealt with as a mere formality if mentioned at all at border points.

Airplanes are also available to the gold smuggler. It is an easy matter to jump a border at an out of the way point in a small plane.

Classic Laws Still Manifest

The Paris free gold market is described as a close approximation of the "ideal market" as defined by economists. Daily transactions, in which any one conforming to the minimum quantity or multiples thereof may participate, involve important amounts of a fungible commodity and the prices are officially published. Excepting that the price fluctuates, giving to the franc a dancing par value, the Paris gold market offers French residents the facility, freedom and anonymity of the old gold-coin standard. But there are other important differences, too. Under the gold-coin standard gold was the standard of value, a medium of exchange and a store of value; not a standard of the purchasing power of the currency, for gold coins and currency were interchangeable; but a measure of the value of goods and services. Today in France the standard of value in the shops is the paper franc. The gold market measures directly the franc's international value and only indirectly its home purchasing power over goods.

But a store of value gold definitely is in France today. It is a medium of saving; of deferred purchasing power. And not alone domestic purchasing power. For, although the gold market is officially confined to France and its territories, the legal wall which professes to confine it there leaks like a sieve. Internationally, therefore, hoarded French gold serves in the traditional role of a settler of international balances. Silhouetting the

2 For the two documents cited, see "PROCEEDINGS AND DOCUMENTS OF UNITED NATIONS MONETARY AND FINANCIAL CONFERENCE," BRETTON WOODS, NEW HAMPSHIRE, July 1-22, 1944, Department of State, Washington, 1948, Vol. I, pp. 501 and 575.

balance of international payments officially measured by the French Government is an entirely separate invisible yet no less real structure of international transactions. This embraces such things as the smuggling of goods, secret capital transfers through falsification of invoices or the retention abroad of earnings from personal services. For the financing and settling of such transactions gold moves responsively out of and into French private hoards.

One other subtle attribute of the traditional gold standard is claimed for the hoarded French gold: that it curbs reckless Government finance. The hoarded gold, Prof. Digne holds, serves to a certain extent as cover for the note issue, since the sensitiveness of the Paris market will always curb the economic and financial fantasies in which governments and parliaments may wish to indulge. That is, the authorities could not remain indifferent to the prospect of a loss of confidence in the franc as reflected in a soaring price of gold on the free market, induced by reckless fiscal policy; nor dare they eliminate the free gold market to remove that benchmark of confidence.

London's Gold Facilities

British exchange control does not permit revival of the gold market in London. None the less, London is still the repository of an unknown but doubtless considerable amount of gold owned privately outside the United Kingdom. Asked to name the safest place for an individual abroad to hold gold, an officer of one of London's old bullion firms replied, "London." Approximately half a dozen such firms with vaults on their premises are holding gold in bar and coin form for foreign clients. For most clients the safekeeping fee charged by these firms is one mill percent per annum. The charge is not uniform for all. Leading British banks, notably the Midland Bank, act as custodians for foreign gold held in their vaults. London bank vaults are full of gold, the writer was told. Much of this gold has been there since before World War II.

Foreigners may send gold to London at will for safekeeping and, as has been the case throughout the period of British exchange control, may withdraw it from Britain at will. An export license is required, but this has always been a mere formality obtainable in 24 hours, according to the bullion firms. Thus, London is in competition with Tangier, South Africa and various Latin American countries for the custody of the private hoarder's gold.

The larger part of the gold held in London by foreigners when World War II broke out appears to have been European-owned, for most of such gold was earmarked by the Custodian of Enemy Property. With the defeat of Germany, the French, Belgian and other owners of this London gold had to comply with their own countries' exchange control laws. Some of that gold was sold to the Bank of England. Other gold was turned over to the European national's own authorities. Gradually with the passage of years and the death of its owners this prewar gold is coming out of the vaults.

British bullion experts interviewed by the writer did not regard Canada as offering at the moment any real competition to London for the custody of hoarded gold. Until Canada amends its laws authorizing the government to take over gold, there is no guaranty that the gold which a foreigner sends to Canada for storage can be re-exported again. Machinery for amending the Canadian law in this respect has been set in motion, however. Latin America is deemed by London gold specialists as unsuitable for the storage of gold because of political instability and the risk of revolutions.

For foreigners desiring to buy gold for storage in London the chief bullion firms stand ready to assist in obtaining the metal in any form of bars or coins desired. The London bullion firms charge only for their safekeeping services. They may not collect any commission for acting in the purchase or sale of gold. This British prohibition does not apply to foreign companies or to foreign subsidiaries of British companies, such as the offices which one of the London firms maintains in South Africa and Canada. Through such offices and otherwise the City's know-how of the world's free gold markets is being employed in the marketing of semi-fabricated newly-mined gold at premium prices. It may be assumed that the City plays no inconsiderable role in the flow of non-monetary gold through such important trading and trans-shipment centers as Amsterdam, Zurich, Paris, Milan, Cairo, Beirut, etc. Nowadays industry and hoarders absorb more than twice as much gold as goes into monetary use. Last year, the Union Corporation estimates, out of mine production totaling 25,700,000 ounces the industrial arts took 13,300,000 ounces and Middle Eastern and Far Eastern hoarders, 5,000,000 ounces. Of the 13,300,000 ounces, the Union Corporation estimates that 5,000,000 was hoarded in the western world.

Corresponding estimates of the Bank of International Settlements, in millions of dollars, are: Industrial absorption 220, private hoarding 494.

(The fiction, introduced by South Africa, that only "industrial" gold was being marketed at premium prices was transparent to all from the beginning. Last June it was officially disgarded by the British Government when all Colonial Governments were informed that the requirement that gold offered on the preimum markets be exported in processed or semi-processed form could be dispensed with.)

Gold Moves By Air

Prices on the various free gold markets of the world are kept generally in line with one another by the activities of alert arbitrageurs who know how to move capital through commodity, securities, currency and precious-metal marts. The availability of air transportation on established commercial as well as by chartered plane serves to link Tangier with Amsterdam, Macao with Cairo, and Bombay with Montevideo.

No statistics appear to be available to show how much of the world's gold trade is carried by plane. In the United States during the first half of 1952 about one-fourth of the gold imports and exports traveled by plane. Not too much generalization should be based on the foregoing figures. There is an increasing tendency to send gold by air, not only because it is the fastest method, but more often the cheapest.

Whereas gold shipped on surface vessels is usually packed in wooden containers holding two or four bars, the containers used on planes are of lighter weight. This makes for reduced packing costs in material and labor, easier handling, greater flexibility in spreading the weight load about the plane and lower freight charges. Probably the bulk of the gold shipped by air internationally is for official account.

"Industrial" gold for the free markets is believed to go exclusively by air from South Africa. Since free-market prices constantly fluctuate, speed is of the essence. Because industrial gold takes various shapes, the packing varies. In general wooden cases are employed.

The largest known single plane shipment of gold weighed about eight tons and was worth nearly $8,000,000 at $35 per ounce. In another case $75,000,000 of gold was moved by plane in 11 separate flights.

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As We See It

Stevenson will inevitably become a "captive" of the wild-eyed radicals in which his party abounds, seems to be also lacking in sound basis. He is known to disagree with much of their pet nonsense, and he strikes us as a man with a mind of his own. Indeed, it is difficult to see how he could now begin to preach many of the doctrines of the New Deal or the Fair Deal without stultifying himself—and exposing himself to ridicule by quotations from his former utterances. He, or someone for him, managed to swing the nomination to him over strong, not to say bitter, opposition by many of these very elements. Precisely how much he owes President Truman (in a political sense) we have no way of knowing. Both he and the President have gone out of their way to give the impression that he is no puppet, and, for our part, we should doubt if he felt it necessary to stultify himself to please Mr. Truman or his followers.

Stevenson and His Party

But Governor Stevenson is a Democrat and is running as the duly selected nominee of that party. It follows that the public is entitled to expect him to follow out the policies and the programs of that party unless he specifically goes on record as taking exception to this, that or the other part of that program. It has often been alleged that Republican candidates in the past, as official representatives of their party, had to accept responsibility for what the members of their party in Congress had been doing. Within limits this is probably fair enough—and we doubt if Mr. Eisenhower for the most part would have it otherwise—but what of Governor Stevenson and the programs of his party which was and is in power at Washington and hence responsible for national policy?

It would be nearer the truth, or so it seems to us, to state that there is very real danger that Governor Stevenson would find it difficult as a practical matter to reshape and remold the programs of his party to bring them into line with sanity and basic wisdom. He would find it difficult to promise to do any such thing during the campaign without impugning the good faith or the good sense of the party whose candidate he is. He would find it difficult after election to do any such thing for a number of rather obvious reasons, among them the fact that he would have a Congress elected presumably in approval of what the party has been doing. We are not certain that we should want to say that the Governor would be a captive of his party, but such a statement would certainly be much nearer the truth than some of the "captive" stories now going the rounds.

A Divided Party

Of course, the Governor has a seriously divided party behind him, just as has his opponent. We should be heartened if we believe that he were destined to be a sort of captive of such men as Senators Byrd, George or Russell. Whether this element of his party is sufficiently strong to lend support adequate to permit him to turn the party's course rather definitely if not sharply to the right, we do not know. What we do know is that if he is elected he will be elected with the support and the active help of elements in the population to whom such ideas as these are anathema. In point of fact, it could almost be said as of today that any such procedure on his part would give such men as Mr. Murray of the CIO warrant for charging some sort of "double cross." Any elected official is almost *ipso facto* a sort of "captive" to those who elect him to office.

As to Mr. Eisenhower it seems to us a little too soon to reach any definite conclusion as to who his "captor" might be, or if there are to be any. There can be little doubt that he has talked things over with the followers of Senator Taft—who incidentally is not always as far to the right as often supposed or asserted. It is to be hoped for the sake of the country that some sort of *modus operandi* has been worked out. That it involves any "captive" relationships we do not for a moment believe. We find much to commend in what this saner element in the Republican party has done and is doing. It would be an excellent thing—but, of course, we are now day dreaming—if the sounder elements in the Republican party could combine with the "opposite numbers" in the Democratic party to form a coalition, or even a permanent political organization, to start this country back toward good sense.

Some Radical Republicans, Too

We can not afford to overlook the fact, though, that there are large and influential segments of the Republican party which have gone almost as "haywire" as have the Democratic socialists. Nor must we forget that some of these were active and quite influential in getting Mr. Eisenhower nominated. What is more, he still has to be elected, which means of course that he must find ways and means of getting votes from various and sometimes quite diverse quarters. What is worst of all, perhaps, is the fact that there exist in this country large and influential blocs of voters who "want theirs," and have grown accustomed to "getting theirs" from one Democratic Administration after another. These latter really want "captives"—and must not be permitted to have them.

Can we not, starting as of now, get a little of this "captive" nonsense out of the campaigning?

Glore, Forgan Group Offers Texas City Chemicals Debentures

Public financing on behalf of Texas City Chemicals, Inc. was made yesterday (Aug. 20) with the offering by a banking group headed by Glore, Forgan & Co. of $3,000,000 of 5¼% subordinate sinking fund debentures, due Jan. 1, 1963, and 300,000 shares of no par value common stock. The securities are being marketed in units of $100 principal amount of debentures and 10 shares of common priced at $107.75 per unit.

Texas City Chemicals, Inc. is now building and will operate a chemical plant scheduled for completion within a year at Texas City, Texas to produce sulphuric acid, dicalcium phosphate, (used as an animal feed supplement and fertilizer conditioner) and other products. Among these products is a by-product of dicalcium phosphate which will be produced and sold to the Atomic Energy Commission. The plant will cost around $5,296,000 and proceeds from the financing will be used for this purpose. Additional funds will be secured from bank loans and sales of additional stock and warrants to other investors.

Priorities for materials have been received by the Atomic Energy Commission as well as clearance from the National Production Authority. A subsidiary of the American Cyanamid Co. is constructing the plant.

Joins Central Republic

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Alan J. Byron is now connected with Central Republic Company, 209 South La Salle Street, members of the Midwest Stock Exchange.

Cruttenden Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—John C. Pigott, Jr., has become associated with Cruttenden & Co., 209 South La Salle Street, members of the New York and Midwest Stock Exchanges.

Joins Keith, McCormac

(Special to THE FINANCIAL CHRONICLE)

BAKERSFIELD, Calif.—Robert W. Hocking has joined the staff of Keith, McCormac Co., 318 Oleander Avenue. He was formerly with C. A. Botzum Co.

Mutual Funds

By ROBERT R. RICH

THE NATION'S investment industry is now reaching and selling only about 27% of the present and potential U. S. investor "mass market," Grady Clark, Vice-President of Investors Diversified Services, said in Minneapolis Monday as he spoke at a meeting of 1,000 securities distributors representing I.D.S. in the central, southern and southeastern regions.

Results of the recent nationwide New York Stock Exchange survey of the country's shareowners, Clark said, "indicate that the investment industry faces an educational and selling job of previously unrealized size and scope."

The survey, he stressed, indicated that only about one of every 10 employed adults in the country (6,490,000 out of a total working force of about 63,000,000) owns corporate securities, including mutual fund shares.

However, Clark pointed out, the survey also showed that nearly three of every 10 employed U. S. adults (16,740,000 out of 63,000,000) have not become shareowners principally because they were "unfamiliar" with the nature of investments in corporate shares, had never considered such investments, or had no definite reasons for not owning corporate shares.

"This indicates," he told distributors, "that there exists a present market of possibly 23,000,000 American men and women investors for corporate shares. Yet the investment industry has sold only about 27% of this market, while the other 73% remains uncultivated, unapproached and hence unsold."

There may be valid reasons why an additional 40,000,000 members of the total adult working force have not joined the ranks of the country's investors, Clark declared, and one of these reasons may be insufficient surplus funds available from income.

However, he said, the survey indicates that more than 20% of the country's estimated total number of shareholders were able to invest in corporate shares despite income of less than $4,000 a year.

Conscientious and "full disclosure service to each present and new customer is one of the most effective ways in which the investment industry can continue to build and hold investor confidence," Clark related to the meeting.

WITH INDICATIONS that 1952 earnings will improve both quantitatively and qualitatively, carefully-selected railroad common stocks seem justifiable prospects for a diversified portfolio, Calvin Bullock points out in a study of the railroad industry's current position.

As evidenced by the rising trend of prices of railroad common stocks during the last several years, the study states, the railroad industry appears to have found new friends among investors or perhaps has won back some of those lost during the depression decade of the 'Thirties. "Indeed, such has been the demand for railroad stocks that several of the more widely used indexes of market prices currently stand at levels not attained since March, 1931."

While the reasons for this renewed interest may be most varied, it is pointed out, underlying all of them is the probability of a rather favorable level of traffic for some time ahead and an apparent growing awareness of the industry's needs and position in the economic scheme on the part of the legislative and regulatory authorities.

Railroad management has the opportunity and the duty to continue to improve the competitive position of the industry, Calvin Bullock declares. While the current high level of traffic tends to obscure the fact that the railroads' proportion of the country's freight and passenger business is becoming increasingly smaller, "This need not be the case because aggressive and decisive action can turn the tide in favor of the railroads.

"Speeding up of and strict adherence to freight schedules and reduction of loss and damage to eliminate the attendant delay and inconvenience to the receiver of freight are only a few of the many avenues still open to management, leading to more efficient and satisfactory service to the commerce and industry of the nation."

Railroad traffic and earnings are expected to remain on a relatively high level for some time ahead, the study states, and the opportunities for further basic improvement of the railroad transportation system are more than likely to become reality.

The study concludes: "The low margin of profit, however, sounds a note of caution and indicates the need of thorough analysis, for the combination of a sizable decline in traffic and a low margin of profit can have a disastrous effect on net earnings. But until such a decline in traffic appears likely to take place, the level of earnings and dividends—present and prospective—seems to justify the inclusion of carefully selected railroad common stocks in a diversified portfolio receiving constant supervision."

INVESTMENT TRUST of Boston, a mutual fund, has announced a special distribution to their shareholders in the form of common stock of Sheraton Corporation of America.

Each shareholder of the Trust of record date July 8, 1952 is being paid today six one-hundredths of a share of Sheraton Corporation common stock for each share of the Trust held, with fractional shares being paid in cash. Since the distribution is from accumulated, undistributed net profits of transactions in portfolio securities of the Trust, it is designated as a capital gain for Federal income tax purposes and will be taxable as a long term capital gain only.

This is believed to be one of the few instances on record when an open-end investment company has made this type of distribution. It will reduce the Trust's holding of Sheraton Corporation of America common stock to an amount not exceeding 5% of the market value of the total assets of the Trust, thus further diversifying its portfolio.

THE KEYSTONE COMPANY of Boston, principal underwriter of the ten Keystone Funds, announced Monday reductions in the initial sales charge on all series to become effective Aug. 18, 1952 in accordance with the following schedule:

Size of Order	B-1	All Other Series
Up to $25,000	4.15%	8.3%
$25,000—$50,000	4.15	7.3
$50,000—$100,000	4.15	6.3
$100,000—$250,000	3.5	5.0
$250,000—$500,000	3.0	4.0
$500,000—$1,000,000	2.5	4.0
$1,000,000 and over	2.0	4.0

Revised dealers' concessions also became effective on the same date.

Keystone stated that Investment Bond Fund Series B-1 with approximately 50% of its assets currently invested in U. S. Government's has become increasingly attractive to corporate and institutional investors for reserve funds.

IN THE FIRST half year, Wellington Fund increased its investments in investment bonds and preferreds by almost 4% of resources and reduced its government bond holdings by about the same amount.

The fund noted in its semi-annual report that it had been able to invest in new issues of corporate bonds and preferred stocks of good investment quality on a better income basis than had previously prevailed.

On June 30, Wellington was invested 63% in commons, 24% in investment bonds and preferreds, 1% in appreciation bonds and preferreds, and 12% in cash and governments, compared with investments of 62% in commons at the close of 1951, 21% in investment bonds and preferreds, 2% in appreciation bonds and preferreds, and 15% in cash and governments.

The new bond investments (face value) during the first half year included: $2,000,000 Alum. Co. of Can. 3⅞s 5/1/70; $1,000,000, Dominion of Canada 3s 8/1/63; $519,000, Chicago & Western Indiana 4⅜s 5/1/82; $500,000, Intern. Bank for Reconstr. & Dev. 4s 2/1/62; $500,000, Long Island Lighting 3s 1/1/58; $861,000, Ohio Turnpike Rev. Deb. 3¼s 1992; $215,000, Pennsylvania RR. 4½s 1960; $500,000, Province of New Brunswick 4½s 4/1/72; $500,000, Toledo & Ohio Central RR. 3¾s 6/1/60; and $500,000, United Gas Corp. 1st Mort. 3½s 2/1/72.

The Fund eliminated the following bonds (face value) from its portfolio during the period: $224,000, American & Foreign Power 5s 2030; $1,000,000, Dominion of Canada 3s 5/1/57-54; $500,000, General Motors Acceptance Corp. 2½s 3/1/52; $500,000, Seaboard Air Line RR. 4½s 2016; and $600,000, Southern Pacific Equipment Trust 2⅞s 4/1/52.

OPEN-END REPORTS

AMERICAN BUSINESS Shares reports net assets of $38,605,301 on July 31, 1952, or $4.03 per share, compared with net assets of $35,411,499, or $3.88 per share, on November 30, 1951, the end of the company's last fiscal year.

Since the last quarterly report these stocks were added to portfolio: Central Hudson Gas & Electric Corporation, National Gypsum Company, Philip Morris & Co. and Reynolds Tobacco Company "B."

TOTAL NET assets of the Fully Administered Fund of Group Securities on July 31, 1952, totaled $6,741,536, as compared with $5,993,308 a year earlier. Asset value per share on July 31 of this year was $7.97 on 844,735 shares outstanding compared with $8.02 on the 745,614 shares outstanding one year ago.

NET ASSETS of the Common Stock Fund of Group Securities totaled $4,234,868 on July 31, 1952, an increase of 100% over a year ago. Asset value per share on July 31 amounted to $8.78 on 481,-473 shares outstanding compared with $8.22 on the 256,732 shares outstanding on July 31, 1951.

PERSONAL PROGRESS

AUTHUR D. PARSONS has been appointed head of the pension-planning department of Investors Diversified Services, of Minneapolis.

Parsons, for the past four years Assistant Vice-President in charge of the pension and profit-sharing section of the Northwestern National Bank Trust department, will direct planning, sales and service operations of investors in behalf of corporations, institutions and other groups which are planning employee retirement, pension and profit-sharing plans.

A native of Lidgerwood, N. D., Parsons attended Lidgerwood high school and the University of Minnesota, receiving a law degree from the University of Colorado in 1934.

He joined the tax division of the Northwestern National Bank in 1934 and remained with the bank until 1937, when he became associated with the Charles W. Sexton Co., Minneapolis insurance brokerage firm.

Entering the army as a private in 1942, Parsons emerged as a Captain in the 70th Infantry Division after 46 months of military service, including 17 months of combat duty in the European theatre. Returning to Minneapolis in 1946, he resumed his association with the Sexton Company until 1948 when he rejoined the Northwestern Bank Trust department.

Sutro Co. Adds

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Bart A. Supple, Jr., has joined the staff of Sutro & Co., 407 Montgomery Street, members of the New York and San Francisco Stock Exchanges.

NEWS ABOUT BANKS AND BANKERS

CONSOLIDATIONS
NEW BRANCHES
NEW OFFICERS, ETC.
REVISED CAPITALIZATIONS

At a meeting of the Executive Committee of the Board of Directors of **The National City Bank of New York**, held on August 19 Daniel D. Dickey was appointed an Assistant Cashier. Mr. Dickey is assigned to the Southern District of the bank.

* * *

Lawrence H. Geser of New York City, has been appointed a Deputy Superintendent of the **New York State Banking Department**, succeeding Charles H. Schoch, who has retired after 28 years on the Department's staff, it is announced by William A. Lyon, Superintendent of Banks. Mr. Geser has been placed in charge of the Department's commercial bank division. For 33 years Mr. Geser has been a field examiner with the Banking Department. After eight years' employment with Frederick Robertson & Co., Private Bankers, in North Tonawanda, N. Y. Mr. Geser was appointed a New York State bank examiner in Febuary, 1919. He has been a supervising examiner—the highest classification among the four bank examiner grades—for the last 14 years. His examining assignments have embraced all of the various types of institutions under the Department's supervision, but for some years Mr. Geser has specialized in commercial bank and savings bank examinations. Pending the establishment of a competitive promotion list by Civil Service, the examination for which was held last month, Mr. Geser's appointment as Deputy Superintendent is provisional.

Horace C. Flanigan, President of **Manufacturers Trust Company of New York**, announces that William W. Lyon has been appointed an Assistant Treasurer of the company and has been assigned to the Business Development Department to work in the New York City area. Prior to his connection with Manufacturers Trust Company, Mr. Lyon was associated with the investment banking firm of Shields & Co. for several years. He is President and a Director of the Grand Central Theatre in Grand Central Terminal, New York City. During World War II he served with the Army Engineer Corps as a First Lieutenant.

Frederic R. Mann, President of the Seaboard Container Corp. of Bristol, Pa. has been appointed a member of the Advisory Board of the 57th Street Office of Manufacturers Trust Company, at Fifth Avenue and 57th Street, New York, it was announced on Aug. 18 by President Flanigan, of the trust company. Mr. Mann was educated at Yale University and the Wharton School of Finance at the University of Pennsylvania. For many years Mr. Mann has been active in civic and community affairs in New York City and Philadelphia.

* * *

Charles Jacob, a Trustee of the **Roosevelt Savings Bank, of Brooklyn, N. Y.** for more than 57 years, died Aug. 12, at the age of 94. Mr. Jacob, a retired piano manufacturer, was one of the original founders of the Roosevelt Savings Bank. At various times he had served as a member of all the Committees of the Board of Trustees, and at the time of his death was Chairman of the Auditing Committee.

* * *

The Cazenovia National Bank of Cazenovia, N. Y. increased its capital as of Aug. 4 from $72,500 to $100,000 by a stock dividend of $27,500.

* * *

The **Hudson River Trust Co. of Hudson, N. Y.** a State member of the Federal Reserve System, was absorbed on Aug. 4 by **The National Commercial Bank & Trust Co. of Albany, N. Y.**, it was made known by the Board of Governors of the Federal Reserve System on Aug. 9. A branch has been established by the bank in the former location of Hudson River Trust Co.

* * *

The election of Harris N. Snyder as a director of the **Manufacturers & Traders Trust Company of Buffalo, N. Y.** was announced by President Lewis G. Harriman on Aug. 7, it is learned from the Buffalo "Evening News," from which we also quote in part as follows:

"Mr. Snyder is Vice-President, Treasurer and General Manager of Buffalo Slag Co. Inc., and President and director of the Federal Portland Cement Co. Inc., and the Federal Crushed Stone Corporation. He also is Vice-President and director of the Millard Fillmore Hospital and a trustee of the Buffalo Savings Bank."

* * *

President Edward F. McGinley of the **Liberty Bank of Buffalo, N. Y.** announced on Aug. 11 the election of William G. Kibler as Auditor, it was indicated in the Buffalo "Evening News" of Aug. 11. The "News" further said:

"Mr. Kibler has been with the bank since 1918. He has been in various departments of the bank, and formerly was manager of the Genesee-Fougeron office, the Fillmore-Leroy office and the Kensington office. The position of Auditor formerly was held by Joseph G. Schmauss who was appointed Vice-President and Controller in January."

* * *

Advices to the effect that negotiations are being carried on for the consolidation of the **Oswego County National Bank, of Oswego, N. Y.** a Marine Midland bank, with the **Citizens National Bank of Fulton, N. Y.** were contained in special advices from Oswego, Aug. 11 to the Buffalo "Evening News," which also had the following to say in part:

"The Citizens bank has deposits of $4,790,000 and total resources of $5,342,000. The Oswego County National Bank has deposits of approximately $16,000,000 and resources of more than $17,000,000. It has four offices, two in Oswego, one in Fulton and one in Phoenix."

* * *

A stock dividend of $60,000 has served to increase the capital of the **First National Bank of Farmingdale, N. J.**, effective July 23, from $40,000 to $100,000.

* * *

Directors of **Equitable Trust Co.** and **Security Trust Co.** both of **Wilmington, Del.** have approved plans for the merger of the two institutions, according to the Philadelphia "Inquirer" of Aug. 14. The advices went on to say:

"The merger is scheduled to become effective Nov. 1 if approved by over two-thirds of the stockholders of both banks at special meetings Sept. 17 and also by Federal and State regulatory bodies. Under the agreement, 1¼ shares of stock of the new bank, to be known as **Equitable Security Trust Co.**, will be issued for each share of Equitable stock and two shares of the new stock for each share of Security. It is anticipated that initial dividends of $3 a share will be paid on the stock of the merged bank. Combined resources of the two banks exceed $100,-000,000, while capital resources total over $8,500,000.

"C. Douglass Buck, Chairman of Equitable, will become Honorary Chairman of the new bank. Thomas W. Mowbray, President of Security, will be Chairman and John B. Jessup, President of Equitable, President of the merged bank."

* * *

The story of a pioneering bank and how it has become a more than 91 - million - dollar organization in 30 years was the theme for July Anniversary Week celebrations by **The Bank of Virginia, at Richmond.** Officers and staff of the bank in its 12 offices in six Virginia cities paused on July 17 to note the progress of three decades. On hand were four of the 1922 staff, including the President and founder, Thomas C. Boushall, and the classmate who helped him establish the bank, Philip Woollcott, now President of The Bank of Asheville, Asheville, N. C. Present, too, were the 13 members of the bank's 25-Year-Service Club, ranking in seniority among the total group of 65 officers and 544 staff members. A 36-page booklet, "The Bank of Virginia, 1922-1952," was distributed to staff and stockholders. Newspaper advertisements reviewed highlights of the bank's history and its pledge for "A New Era of Service" to the people of Virginia by The Bank of Virginia.

* * *

As of July 29 the enlarged capital of the **Huntington National Bank of Columbus, Ohio,** increased from $3,000,000 to $4,000,000, by the sale of $1,000,000 of new stock, became effective. Details of the plan to increase the capital were given in our issue of July 24, page 303.

* * *

The absorption on July 12 of the **Citizens National Bank of Crawfordsville, Ind.** (with common capital stock of $100,000) by the **Elston Bank & Trust Co. of Crawfordsville** is made known in the Bulletin of the Comptroller of the Currency which indicates that the Citizens National was placed in voluntary liquidation July 14.

* * *

Standard State Bank of Chicago, Ill., at 7919 S. Ashland Avenue, is celebrating its Fifth Anniversary this month. It was on August 16, 1947 that the Bank first opened its doors when more than 1,000 accounts were started. Today Standard State serves more than 27,000 customers and its total resources have reached $15,076,559. Five years ago the bank began with the largest capital account of any new bank that had opened outside Chicago's Loop, in the then past 15 years. Under the direction of Bartholomew O'Toole, President, Standard State has taken an active part in civic and business affairs of the community it serves. During 1952, the bank opened its Drive-Up Auto Banking facilities. During 1949, a Trust Department was organized as one of its many services. The bank also provides a wide variety of regular banking services.

* * *

The Peoples National Bank of Miami Shores, Fla. increased its capital, as of July 18 from $250,000 to $300,000 by the sale of $50,000 of new stock.

* * *

Benson L. Smith, Vice-President and director of **California Trust Co. of Los Angeles, Cal.** recently completed his 30th year of service with the company. Born in Michigan, Mr. Smith moved to California in 1905 and following graduation from the College of Law at the University of Southern California he was admitted to the California State Bar in 1914. He conducted his own law practice in Southern California for six years before entering the trust field with the old Long Beach Savings Bank & Trust Company in 1920. He joined the staff of California Trust Company in 1922 as Assistant Trust Officer and two years later was elected Trust Officer. He was advanced to Vice-President in 1926 and became a director of the company in 1934. Mr. Smith is a past Chairman of the Southern California Trust Officers Association and of the Trust Division, California Bankers Association.

* * *

The sale of new stock to the amount of $150,000, has increased the capital of the **United States National Bank of San Diego, Cal.** from $900,000 to $1,050,000 effective Aug. 11.

Charles A. Taggart Honored at Dinner

PHILADELPHIA, Pa.—On Thursday, Aug. 14, a group of 40 representatives from all branches of the investment brokerage business attended a dinner at the Warwick Hotel in Philadelphia in honor of Charles A. Taggart, head of Charles A. Taggart & Co., Inc., 1500 Walnut Street, on the occasion of his 60th birthday and the completion of 40 years in the investment business. One of the best known and best liked members of the Philadelphia investment fraternity, Mr. Taggart received tributes for his leadership in many progressive movements in the investment industry in Philadelphia as well as for his other activities in sports and civic affairs.

Charles A. Taggart

Mr. Taggart was presented at the dinner with a large silver tray inscribed with the signatures of each of his well-wishers.

Guests included representatives of the Pennsylvania Securities Commission, the National Association of Securities Dealers, and investment men from Chicago, Philadelphia and New York.

R. C. Turner Joins Staff Of Eppler, Guerin Firm

TEXARKANA, Tex—John W. Turner, President of the investment banking firm of Eppler, Guerin & Turner, has announced the appointment of Roy C. Turner, as an associate of the firm in Texarkana.

Mr. Turner comes to Eppler, Guerin & Turner from the United States Treasury Department where he served as an investigator. Prior to this he was associated with a public utility in Mississippi.

During World War II, Turner served three years in the Armed Forces. He is now Commanding Officer of the 413th Engineer Dump Truck Co., an active Organized Reserve Unit in Texarkana.

A native of Little Rock, Arkansas, Turner, received his degree in Business Administration from the University of Arkansas, where he was a member of Kappa, Sigma Fraternity.

Ellis-Yarrow Admit

PHOENIX, Ariz. — Robert L. Poer has been admitted as a limited partner in Ellis & Yarrow, 240 North Central Avenue. Paul Yarrow has resigned from general partnership in the firm.

Continued from page 3

SEC's "Regulation A" Revision Would Penalize Small Business Security Flotations

such an issue to an underwriter even on a best efforts basis than will a promotion having as its purpose wildcatting in oil, mining or electronic development. The reason for this is that a large segment of the public is interested primarily in capital gains and wants a fixed portion of its portfolio invested in wholly speculative issues.

The public tendency to gamble at least in part has in no wise been diminished by the SEC regulations.

The type of business which lends itself best to Regulation A offerings is controlled by public demand and, as already noted, currently the oils, mining, the electronics and the nucleonics are popular.

To attempt in detail an interpretation of the 14 pages composing this new proposal would in itself constitute an elaborate task.

Where the mere statement of the proposal itself requires 14 pages, it must be clear that interpretation and any attempt to appraise possibilities which might arise cannot now be gone into in any detail because of space limitations.

However, we do want to take up some of the highlights.

Mr. Cook says that under the present Regulation, no selling literature at all is used in many cases and that the new Regulation would require the use of an offering circular containing a minimum of basic information.

Why doesn't he call a spade a spade, and use the term "prospectus" instead of the term "offering circular"? What difference in the two does he envisage?

Does the SEC deny that the purpose of the Congress in the exemption of new issues not exceeding $300,000 was to help small business?

Does the Commission deny that simplicity in the flotation of small issues was also part of the Congressional intent?

Does the Commission deny that Congress knew the functions of the prospectus as used in connection with full registrations and that if it were the Congressional intent that a prospectus be issued in connection with each small offering under Regulation A, that the Congress could so have provided?

These Regulation A offerings are commonly referred to in the securities industry as "penny stocks." It is not uncommon for the initial offering price to be 15 cents, 25 cents, 30 cents or 40 cents per share. This is ordinary everyday knowledge, as is also the fact that these issues are nearly always completely speculative.

Under such circumstances, does the SEC suppose that the investor is entitled to a guaranteed investment? We know that this sounds odd, but the paternal concerns of the Commission, we believe, are directed more toward making itself the fountainhead of increasing power than the protection of the public.

Why a prospectus, disguised under the name of "offerin circular"? Why a prospectus in relation to "penny stocks" offered as a pure speculation?

Why a prospectus in an area where the Congressional aim was simplicity and no prospectus has been required up to now?

If this proposal is to be put into operation, you may depend upon it that from time to time this so-called "offering circular" will be amended and modified and enlarged to a degree where the SEC will render nugatory the entire Congressional intent with respect to these small offerings.

We now come to that part of the proposal where the SEC seeks to arrogate to itself the right to terminate the exemption from registration "where it appears that the conditions of the exemption are not satisfied or where fraud or deceit is being employed, or would be employed, in connection with the offering and sale of the securities."

Here is a clear example of the intended use by an administrative agency of legislating through the medium of its rule-making power.

Congress could certainly have provided for the termination of the exemption if it wished to do so, and the Commission did not recognize the existence of any such intent because up to the present time, the SEC had not created any such provision. So here we have an attempt to make a new law through the medium of the creation of new rules.

The terms "fraud" or "deceit," employed, or intended to be employed, are again being used by the SEC to usurp new powers in an area where Congressional intent is clearly against such extension.

With Regulation A modified, as currently proposed, the SEC would be the autocrat with unbridled powers in connection with all activities under it.

With arbitrary clairvoyance it might predict that fraud was intended or would be employed and thus destroy the marketing of a security through mere capriciousness.

The burden of such torpedoed flotation would fall upon the shoulders of those who are ill able to afford it.

True the Release contends that the Commission contemplates this proposal would be invoked only in those cases in which it is apparent that the normal procedures will not be sufficient to prevent the perpetration of fraud or deceit or the violation of the Securities Act in connection with the offering or sale of the securities.

However, that is just so much bilge.

In the past, the Commission has not hesitated to favor the auction as against the over-the-counter market, and there is no current reason to believe that its attitude has in any wise changed. Since these small issues are dealt in "over-the-counter," we believe that the SEC will not hesitate to harass those engaged in underwriting and marketing Regulation A offerings.

Indeed the lengthy proposal is in itself no small harassment.

We recommend that it be sharply opposed by a unified securities industry, as well as by all organizations having the interest of the investor at heart.

If Congressional intent is to be supported and small business is to be assisted rather than harassed, it is vital that the present proposal should not be adopted.

Securities Salesman's Corner

By JOHN DUTTON

Several weeks ago I stated in this column that I believed that, as a general rule, it was not the best policy for a well trained securities salesman to spend his valuable time trying to educate people who were far outside the circle of educated security buyers.

A young man who is selling securities for Edgerton, Wykoff & Company, of Los Angeles, by the name of Abie Ohanian, has taken issue with me. He has sent me rather an interesting slant on this subject that I believe is well worth considering. He admits that most of the "old timers" in this business seem to agree with my thesis, namely, it is best to prospect for business among people who "know something" about investments. Then he asks me the pointed question, if this is what you fellows have been doing these past 25 years, could this be the reason why we only have 6,500,000 shareholders in American industry? And well it might be an important reason for this underselling of the American people by the security industry.

Quite frankly, I believe that most of the people in the investment business are aware that we have not done a good job. The figures prove it. Possibly we have gone back to the same people too often. Meanwhile, if I remember the latest figures of the Brookings report, they claim that about a half of this 6½ million stockholders own shares in only one company.

Sometimes we are prone to forget that there are other ways of doing business than the way we are doing it. We get into a rut. This young man tells me that he is only age 23, and that he has been learning the business from the inside out for the past five years. He was an office boy, cashier department helper, order desk clerk and now a salesman. He has done exactly the opposite of what I suggested. Much of his time is spent educating his friends concerning the investment business. He believes in free enterprise, and he thinks that he is in a business where he has a two-fold function. One to help people build a secure financial future for themselves, and secondly he believes that if there were more people who own securities there would be less socialism in the country. I would say this is a good foundation upon which a young man could build a successful career.

He sends out a little personal letter to his friends. I think he now has about 300 on his list. He writes in plain language to his friends about securities, what they are and what they do. He puts some news into it that helps his friends understand more about what they can do to help themselves financially. He modestly gives them some of his views and he isn't afraid to tell them things like this—"The security market itself is undergoing a change. The little stockholder is gradually replacing the large stockholder. A much greater interest is being taken by the man in the street. One reason, of course, is because of the pressure being applied by other economic institutions in the world. You will be sure that I will seldom call upon you—unless requested. This way, both you and I will not lose time. I'm not interested in getting investment business by high-pressuring anyone. I have enough confidence in my friends to know that when they can afford to invest they will call upon me. It is said that the wise man knows his own limitations. This certainly applies to the brokerage business."

Mr. Ohanian seems to be a young man who has a plan and he is willing to work at it. In fact, he wrote me, "I shall continue to sell Mutual Funds, educating my friends, and one day will be able to communicate with you and say, 'That my way is the best way to sell the so-called new investor'." I think we will all say, *"More power to him."*

Gottron to Be Treas. Of Cleve. Foundation

CLEVELAND, Ohio — Gottron, Russell & Co., Union Commerce Building, Cleveland securities firm, has announced that Richard A. Gottron is withdrawing from the partnership in order to become treasurer of the Cleveland Clinic Foundation.

Richard A. Gottron

Gottron, Russell & Co.'s business will continue under the direction of James N. Russell with no other changes. Established in 1933 as Gillis, Wood & Company, the name was changed to Gillis, Russell & Company in 1933 and to the present style in 1946. Memberships are held in the Midwest Stock Exchange, Investment Bankers Association, National Association of Securities Dealers, and National Security Traders Association.

Japan, West Germany Join Monetary Fund And the World Bank

The International Monetary Fund and the International Bank for Reconstruction and Development have announced the recent admission of Japan and the Federal Republic of Germany to these institutions.

Japan's quota in the International Monetary Fund is $250 million and its subscription to the capital stock of the Bank is 2,500 shares with a total par value of $250 million.

The quota of the Federal Republic of Germany in the International Monetary Fund is $330 million and its subscription to the capital stock of the Bank is 3,300 shares with a total par value of $330 million.

Fifty-three nations are now members of the Fund and of the Bank. Admission of Germany brought the total of members' quotas in the Fund to $8,733,500,000. The total subscribed capital of the Bank is now $9,033,500,000.

3 With Waddell & Reed

(Special to THE FINANCIAL CHRONICLE)

KANSAS CITY, Mo. — Edward D. Kepler, Arthur E. Miller and Walter A. Peters have joined the staff of Waddell & Reed, Inc., 1012 Baltimore Avenue.

Reinholdt & Gardner Add

(Special to THE FINANCIAL CHRONICLE)

SPRINGFIELD, Ill.—Bruno W. Bierman has become affiliated with Reinholdt & Gardner, Reisch Building.

Two With Merrill Lynch

(Special to THE FINANCIAL CHRONICLE)

GREENSBORO, N. C. — Mrs. Helen L. Gibbons and Walter G. Taylor have become associated with Merrill Lynch, Pierce, Fenner & Beane, 107 West Gaston St.

Rejoins Dean Witter

(Special to THE FINANCIAL CHRONICLE)

PORTLAND, Ore.—Richard Wood has rejoined the staff of Dean Witter & Co., Equitable Building. He has recently been in the armed service.

Joins R. A. Harrison

(Special to THE FINANCIAL CHRONICLE)

SACRAMENTO, Calif.—Wm. E. Jenkins is now with Richard A. Harrison, 220 Sixteenth Street.

Indications of Current Business Activity

The following statistical tabulations cover production and other figures for the latest week or month available. Dates shown in first column are either for the week or month ended on that date, or, in cases of quotations, are as of that date:

		Latest Week	Previous Week	Month Ago	Year Ago
AMERICAN IRON AND STEEL INSTITUTE:					
Indicated steel operations (percent of capacity)	Aug. 24	97.2	93.3	15.3	100.4
Equivalent to—					
Steel ingots and castings (net tons)	Aug. 24	2,019,000	1,938,000	317,000	2,007,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	Aug. 9	6,265,850	6,132,150	6,075,050	6,231,250
Crude runs to stills—daily average (bbls.)	Aug. 9	†6,909,000	7,033,000	7,013,000	6,592,000
Gasoline output (bbls.)	Aug. 9	22,984,000	23,316,000	23,251,000	22,135,000
Kerosene output (bbls.)	Aug. 9	2,604,000	2,678,000	2,417,000	2,353,000
Distillate fuel oil output (bbls.)	Aug. 9	10,178,000	10,510,000	10,184,000	8,906,000
Residual fuel oil output (bbls.)	Aug. 9	8,856,000	8,554,000	8,943,000	8,598,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished and unfinished gasoline (bbls.) at	Aug. 9	117,248,000	116,243,000	118,332,000	127,750,000
Kerosene (bbls.) at	Aug. 9	28,808,000	27,638,000	24,306,000	31,027,000
Distillate fuel oil (bbls.) at	Aug. 9	90,035,000	86,128,000	72,515,000	87,176,000
Residual fuel oil (bbls.) at	Aug. 9	51,302,000	51,414,000	48,395,000	47,899,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	Aug. 9	782,171	732,920	572,387	809,365
Revenue freight received from connections (no. of cars)	Aug. 9	643,691	584,515	461,787	666,510
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	Aug. 14	$237,500,000	$253,106,000	$295,779,000	$214,929,000
Private construction	Aug. 14	75,127,000	103,827,000	114,166,000	117,291,000
Public construction	Aug. 14	162,373,000	149,279,000	181,613,000	97,638,000
State and municipal	Aug. 14	56,739,000	85,770,000	88,405,000	58,596,000
Federal	Aug. 14	105,634,000	63,509,000	93,206,000	39,042,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	Aug. 9	9,600,000	8,350,000	5,190,000	10,171,000
Pennsylvania anthracite (tons)	Aug. 9	713,000	714,000	521,000	703,000
Beehive coke (tons)	Aug. 9	47,300	*23,900	9,600	139,700
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	Aug. 9	90	87	83	87
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	Aug. 16	7,626,608	7,495,322	7,180,328	7,164,469
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	Aug. 14	141	123	103	158
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	Aug. 12	4.131c	4.131c	4.131c	4.131c
Pig iron (per gross ton)	Aug. 12	$52.77	$52.77	$52.77	$52.69
Scrap steel (per gross ton)	Aug. 12	$42.00	$42.00	$39.33	$43.00
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	Aug. 13	24.200c	24.200c	24.200c	24.200c
Export refinery at	Aug. 13	34.925c	34.800c	33.875c	27.425c
Straits tin (New York) at	Aug. 13	121.500c	121.500c	121.500c	103.000c
Lead (New York) at	Aug. 13	16.000c	16.000c	16.000c	17.000c
Lead (St. Louis) at	Aug. 13	15.800c	15.800c	15.800c	16.800c
Zinc (East St. Louis) at	Aug. 13	13.980c	13.500c	15.000c	17.500c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	Aug. 19	97.18	96.59	98.69	98.72
Average corporate	Aug. 19	109.79	109.79	109.79	111.07
Aaa	Aug. 19	114.08	114.27	114.08	115.63
Aa	Aug. 19	112.00	112.19	112.19	114.85
A	Aug. 19	109.24	109.42	109.42	110.15
Baa	Aug. 19	103.97	103.97	103.97	104.14
Railroad Group	Aug. 19	106.92	106.92	106.92	107.80
Public Utilities Group	Aug. 19	109.42	109.42	109.42	110.70
Industrials Group	Aug. 19	112.93	113.12	113.12	114.66
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	Aug. 19	2.70	2.74	2.59	2.57
Average corporate	Aug. 19	3.18	3.18	3.18	3.11
Aaa	Aug. 19	2.95	2.94	2.95	2.87
Aa	Aug. 19	3.06	3.05	3.05	2.91
A	Aug. 19	3.21	3.20	3.20	3.16
Baa	Aug. 19	3.51	3.51	3.51	3.50
Railroad Group	Aug. 19	3.34	3.34	3.34	3.29
Public Utilities Group	Aug. 19	3.20	3.20	3.20	3.13
Industrials Group	Aug. 19	3.01	3.00	3.00	2.92
MOODY'S COMMODITY INDEX	Aug. 19	434.4	437.6	436.8	458.4
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	Aug. 9	233,200	256,287	161,404	166,587
Production (tons)	Aug. 9	220,763	208,818	120,463	223,293
Percentage of activity	Aug. 9	89	84	51	94
Unfilled orders (tons) at end of period	Aug. 9	456,005	444,210	452,504	607,643
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE = 100	Aug. 15	109.32	*109.63	110.07	115.44
STOCK TRANSACTIONS FOR ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON N. Y. STOCK EXCHANGE—SECURITIES EXCHANGE COMMISSION:					
Odd-lot sales by dealers (customers' purchases)—					
Number of orders	Aug. 2	24,301	22,176	23,232	33,813
Number of shares	Aug. 2	697,796	637,307	664,551	980,026
Dollar value	Aug. 2	$32,123,853	$30,115,619	$30,532,031	$45,228,327
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	Aug. 2	20,890	19,439	19,819	29,250
Customers' short sales	Aug. 2	85	105	62	502
Customers' other sales	Aug. 2	20,805	19,334	19,757	28,748
Number of shares—Total sales	Aug. 2	589,114	536,070	557,787	815,218
Customers' short sales	Aug. 2	2,887	3,606	1,914	14,911
Customers' other sales	Aug. 2	586,227	532,464	555,873	800,307
Dollar value	Aug. 2	$24,478,557	$22,834,189	$23,634,075	$35,722,885
Round-lot sales by dealers—					
Number of shares—Total sales	Aug. 2	166,740	147,760	153,100	217,160
Short sales	Aug. 2	------	------	------	------
Other sales	Aug. 2	166,740	147,760	153,100	217,160
Round-lot purchases by dealers—					
Number of shares	Aug. 2	273,750	260,340	241,400	381,510
TOTAL ROUND-LOT STOCK SALES ON THE NEW YORK EXCHANGE AND ROUND-LOT STOCK TRANSACTIONS FOR ACCOUNT OF MEMBERS (SHARES):					
Total Round-lot sales—					
Short sales	July 26	219,550	207,000	175,460	427,870
Other sales	July 26	5,247,660	5,652,290	6,716,250	8,139,250
Total sales	July 26	5,467,210	5,859,290	6,891,710	8,567,120
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS					
Transactions of specialists in stocks in which registered—					
Total purchases	July 26	538,450	540,800	605,080	938,950
Short sales	July 26	124,700	124,400	109,480	198,820
Other sales	July 26	438,050	458,450	494,550	670,140
Total sales	July 26	562,750	582,850	604,030	868,960
Other transactions initiated on the floor—					
Total purchases	July 26	107,340	88,460	146,100	189,440
Short sales	July 26	11,400	7,100	2,600	23,640
Other sales	July 26	101,300	140,460	191,120	171,110
Total sales	July 26	112,700	147,560	193,720	194,750
Other transactions initiated off the floor—					
Total purchases	July 26	203,035	207,875	258,920	348,830
Short sales	July 26	43,670	41,160	28,430	36,110
Other sales	July 26	264,565	264,762	287,820	373,018
Total sales	July 26	308,235	305,922	316,250	409,128
Total round-lot transactions for account of members—					
Total purchases	July 26	848,825	837,135	1,010,100	1,477,220
Short sales	July 26	179,770	172,660	140,510	258,570
Other sales	July 26	803,915	863,672	973,490	1,214,268
Total sales	July 26	983,685	1,036,332	1,114,000	1,472,838
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR—(1947-49 = 100):					
Commodity Group—					
All commodities	Aug. 12	112.0	*111.9	111.1	------
Farm products	Aug. 12	110.1	*110.1	109.4	------
Processed foods	Aug. 12	110.8	*110.4	109.2	------
Meats	Aug. 12	116.4	*115.5	113.7	------
All commodities other than farm and foods	Aug. 12	112.7	112.7	111.9	------

*Revised. †Includes 590,000 barrels of foreign crude runs.

	Latest Month	Previous Month	Year Ago
BUSINESS INVENTORIES — DEPT. OF COMMERCE NEW SERIES — Month of May (millions of dollars):			
Manufacturing	$42,458	*$42,513	$38,068
Wholesale	9,478	*9,662	10,270
Retail	18,060	*18,010	20,643
Total	$69,996	$70,185	$68,981
COTTON GINNING (DEPT. OF COMMERCE)			
Running bales to August 1	176,356	------	223,886
COTTON PRODUCTION — U. S. DEPT. OF AGRICULTURE—Estimates as of Aug. 11:			
Production 500-lb. gross bales	14,735,000	14,500,000	15,212,000
EMPLOYMENT AND PAYROLLS—U. S. DEPT. OF LABOR—REVISED SERIES—Month of May:			
All manufacturing (production workers)	12,599,000	12,724,000	12,993,000
Durable goods	7,276,000	7,321,000	7,406,000
Nondurable goods	5,323,000	5,403,000	5,589,000
Employment Indexes (1947-49 Avge. = 100)—			
All manufacturing	101.9	102.9	105.0
Payroll Indexes (1947-1949 Average = 100)—			
All manufacturing	128.2	127.9	128.1
Estimated number of employees in manufacturing industries—			
All manufacturing	15,671,000	15,784,000	15,853,000
Durable goods	9,006,000	9,045,000	8,975,000
Nondurable goods	6,665,000	6,739,000	6,878,000
FACTORY EARNINGS AND HOURS—WEEKLY AVERAGE ESTIMATE — U. S. DEPT. OF LABOR—Month of June:			
Earnings—			
All manufacturing	$66.98	*$66.61	$65.08
Durable goods	71.76	*71.72	70.27
Nondurable goods	60.68	*59.56	58.47
Hours—			
All manufacturing	40.4	*40.2	40.7
Durable goods	41.1	*41.1	41.8
Nondurable goods	39.4	*38.9	39.4
Hourly earnings—			
All manufacturing	$1.658	*$1.657	$1.599
Durable goods	1.746	*1.745	1.681
Nondurable goods	1.540	*1.531	1.484
LIFE INSURANCE—BENEFIT PAYMENTS TO POLICYHOLDERS—INSTITUTE OF LIFE INSURANCE—Month of May:			
Death benefits	$150,656,000	$149,388,000	$149,159,000
Matured endowments	37,479,000	38,111,000	43,178,000
Disability payments	8,367,000	8,666,000	8,846,000
Annuity payments	29,175,000	30,671,000	31,338,000
Surrender values	55,895,000	58,473,000	52,484,000
Policy dividends	55,142,000	58,952,000	53,330,000
Total	$336,714,000	$344,261,000	$338,335,000
LIFE INSURANCE PURCHASES — INSTITUTE OF LIFE INSURANCE — Month of May (000's omitted):			
Ordinary	$1,684,000	$1,735,000	$1,512,000
Industrial	537,000	497,000	505,000
Group	582,000	339,000	367,000
Total	$2,803,000	$2,571,000	$2,384,000
MONEY IN CIRCULATION—TREASURY DEPT.—As of May 31 (000's omitted)	$28,767,000	$28,464,000	$27,519,000
NEW CAPITAL ISSUES IN GREAT BRITAIN—MIDLAND BANK, LTD.—Month of July	£7,948,000	£16,590,000	£83,295,000
PERSONAL INCOME IN THE UNITED STATES (DEPARTMENT OF COMMERCE)—Month of May (in billions):			
Total personal income	$268.4	*$262.5	*$251.4
Wage and salary receipts, total	177.1	*176.7	*168.9
Total employer disbursements	173.8	*173.4	*165.3
Commodity producing industries	76.2	*76.9	*73.1
Distributing industries	47.4	*47.0	*45.5
Service industries	21.3	*21.0	*20.3
Government	32.2	*31.8	*28.0
Less employee contributions for social insurance	3.6	*3.6	*3.6
Other labor income	4.4	*4.4	*4.2
Proprietors and rental income	51.5	*51.2	*49.0
Personal interest income and dividends	21.5	*21.5	*20.3
Total transfer payments	12.5	*12.3	*12.6
Total nonagricultural income	243.9	*242.9	*232.5
PRICES RECEIVED BY FARMERS — INDEX NUMBER — U. S. DEPT. OF AGRICULTURE—August, 1909-July, 1941 = 100—As of May 15:			
Unadjusted—			
All farm products	293	290	305
Crops	270	272	271
Food grain	245	250	244
Feed grain and hay	227	229	223
Tobacco	436	435	438
Cotton	303	313	357
Fruit	190	179	194
Truck crops	285	308	239
Oil-bearing crops	280	279	380
Livestock and products	313	306	335
Meat animals	394	372	418
Dairy products	281	291	270
Poultry and eggs	175	180	221
U. S. GOVT. STATUTORY DEBT LIMITATION As of July 31 (000's omitted):			
Total face amount that may be outstanding at any time	$275,000,000	$275,000,000	$275,000,000
Outstanding—			
Total gross public debt	263,072,711	259,105,178	255,656,634
Guaranteed obligations not owned by the Treasury	34,212	45,565	28,313
Total gross public debt and guaranteed obligations	$263,106,924	$259,150,744	$255,684,947
Deduct—other outstanding public debt obligations not subject to debt limitation	634,631	644,145	678,301
Grand total outstanding	$262,472,292	$253,506,598	$255,006,646
Balance face amount of obligations, issuable under above authority	12,527,707	16,493,401	19,993,353
UNITED STATES GROSS DEBT DIRECT AND GUARANTEED—(000's omitted):			
As of July 31	$263,106,924	$259,150,744	$255,684,947
General fund balance	7,925,452	6,968,827	5,619,924
Net debt	$255,181,472	$252,181,917	$250,065,023
Computed annual rate	2.339%	2.329%	2.267%

Continued from page 5

The State of Trade and Industry

the weekly magazine of metalworking, the current week. You can even see such signs in the scramble, it adds.

In Detroit, some automotive men trying to appraise next year's demand believe intense competition for business will have returned. Their inclination is not to make long-term commitments for conversion steel, a costly product. One automaker is reported attempting to set up a conversion arrangement for only 30 days. Short runs of conversion work falling right into the period when mills are trying to work out from under a big backlog of orders are unattractive, so automakers are meeting only limited success in lining up what small amount of conversion steel they do want, it states.

In the Philadelphia area, this trade journal points out, some structural steel fabricating shops which thought they might run out of material before the flow of steel from mills could reach them again believe now they will be able to carry on without a break. Shape production has come back more rapidly than they expected, and they are not being pressed greatly with new work.

Warehouses too report finished steel is reaching them in somewhat heavier volume then they expected. At Chicago, the search for warehouse steel isn't as extensive as was anticipated. Reasons: Some lines of manufacture are soft, and steel inventories were not exhausted fully during the steel strike, "Steel" reports.

Plates, which have been rating near bars in scarcity, continue in heavy demand, although from some areas there are reports plate fabricators have no large projects pending. Presently the increased load of defense requirements on sheet mills is hampering production of light plates on them.

One reason the steel drought resulting from the strike may be of only short duration is that there was strong belief the steel industry would not have to operate at capacity all through 1952 to meet demand. Perhaps the strike provided the downtime we otherwise might have had to reckon with late in the year.

Other reasons why the steel drought may be broken sooner than might have been anticipated, concludes "Steel," are the rebound of steel production after the strike and the record-high capacity of the steel industry.

The American Iron and Steel Institute, announced that the operating rate of steel companies having 93% of the steelmaking capacity for the entire industry will be at an average of 97.2% of capacity for the week beginning Aug. 18, 1952, equivalent to 2,019,000 tons of ingots and steel for castings. In the week starting Aug. 11, the rate was 93.3% (revised) of capacity and actual output totaled 1,938,000 tons. A month ago output stood at 15.3%, or 317,000 tons.

Electric Output Forges Ahead in Latest Week

The amount of electric energy distributed by the electric light and power industry for the week ended Aug. 16, 1952, was estimated at 7,626,608,000 kwh., according to the Edison Electric Institute.

The current total was 131,286,000 kwh. above that of the preceding week when output amounted to 7,495,322,000 kwh. It was 462,139,000 kwh., or 6.5% above the total output for the week ended Aug. 18, 1951, and 1,256,778,000 kwh. in excess of the output reported for the corresponding period two years ago.

Car Loadings Reflect a 6.7% Gain Above Prior Week

Loadings of revenue freight for the week ended Aug. 9, 1952 totaled 782,171 cars, according to the Association of American Railroads, representing an increase of 49,251 cars or 6.7% above the preceding week, as the steel mills approached their pre-strike level of production.

The week's total represented a decrease of 27,194 cars, or 3.4% under the corresponding week a year ago, and a decrease of 65,537 cars, or 7.7% below the corresponding week in 1950.

United States Auto Output Drops 35% Due to Plant Closings

Passenger car production in the United States last week, according to "Ward's Automotive Reports," declined about 35% from the previous week, with output placed at 22,575 cars compared with 35,038 (revised) cars in the previous week and 93,339 cars in the like week a year ago.

The decline was mainly attributable to Ford which was closed down again and to the fact that many other makes were not yet back in production.

Total output for the past week was made up of 22,575 cars and 11,035 trucks built in the United States against 35,038 cars and 6,836 truck (revised) last week and 93,339 cars and 27,656 trucks in the comparable period a year ago.

Canadian plants turned out 3,400 cars and 1,785 trucks against no cars and only 90 trucks last week.

Business Failures Rise Slightly

Commercial and industrial failures rose to 141 in the week ended Aug. 14 from 123 in the preceding week, Dun & Bradstreet, Inc., reports. Despite this increase, casualties were below the 158 and 186 which occurred in the comparable weeks of 1951 and 1950 and continued to be down considerably from the prewar total of 253 in 1939.

Failures involving liabilities of $5,000 or more increased to 111 from 92 but remained below the 122 of this size reported a year ago. No significant change was noted in small casualties.

Retailing accounted principally for the week's increase, rising to 86 from 61. While there was a slight rise in manufacturing to 23 from 19, mortality in other industry and trade groups declined during the week. Casualties were lighter than a year ago in all industry and trade groups except retailing where 74 businesses failed a year ago.

Geographically, the week's rise was concentrated largely in the Middle Atlantic States which had 60 failures as compared with 42 last week. Small increases took place in the West North Central, East South Central, Mountain and Pacific States. Three regions, on the other hand, reported declines: New England States, East North Central, and the West South Central States. Three regions had more failures than last year, while declines from the 1951 level prevailed in the New England, East North Central, West North Central, South Atlantic, West South Central and Pacific States.

Wholesale Food Price Index Sets Another New 1952 Peak

The wholesale food price index, compiled by Dun & Bradstreet, Inc., again edged higher last week to reach a new peak for the year. The figure for Aug. 12 rose to $6.66, from $6.65 the week before. It compared with $6.94 at this time a year ago, marking a drop of 4.0%.

The index represents the sum total of the price per pound of 31 foods in general use, and its chief function is to show the general trend of food prices at the wholesale level.

Wholesale Commodity Price Index Turns Lower After Early Rise

After reaching the highest level for almost two months early in the week, the daily wholesale commodity price index, compiled by Dun & Bradstreet, Inc., turned downward to stand at 293.15 on Aug. 12. This compared with 293.84 a week earlier and with 300.79 on the like date a year ago.

Grain markets were largely dominated by the weather during the week. Most grains, except corn, showed early firmness with reports of drought in southern and southeastern areas the principal strengthening factors. Prices worked lower toward the close, however, as a result of beneficial rains and improved growing conditions in the corn and soybean belts. Wheat prices were also affected by predictions of a record-shattering Canadian wheat crop this year. Corn prices weakened as conditions in the main corn belt remained generally good.

The Aug. 1 report of the Department of Agriculture indicated a yield of 3,136,000,000 bushels of corn this year.

This was in line with earlier private estimates, and if realized, would be larger than last year's crop of 2,941,000,000 and the 10-year average of 3,012,000,000 bushels. The total wheat crop was forecast at 1,289,000,000 bushels. This was slightly above the estimate of a month ago, and compared with 987,000,000 bushels last year and the record production of 1,367,000,000 bushels in 1947.

The domestic flour market was featured by fairly heavy bookings of Spring wheat bakery types around mid-week as the result of moderate price concessions by mills. Cocoa lacked buying support and prices continued to weaken. Warehouse stocks of cocoa rose slightly to 127,023 bags, from 125,609 a week ago, and compared with 187,401 bags at this time a year ago. Roaster interest in coffee was only fair. Trading volume for the week was small with prices holding in a narrow range. Demand for refined sugar slowed down in the latter part of the week, influenced by the decline in raw sugar values. Lard moved irregularly downward during the week, reflecting weakness in vegetable oils and sharp declines in hog prices which had advanced to highest levels for the past two years the week before. The drop in hog values was largely attributed to an embargo on shipment of swine from the Chicago market.

Following the gains of the week before, raw cotton prices went sharply lower toward the close of the current week.

The decline reflected reports of improved growing conditions as the result of generous rains in most sections of the belt, and a slowing down of activity in cotton textile markets at the week-end. Considerable liquidation followed publication of the first official estimate of this year's cotton crop. The report indicated a yield of 14,735,000 bales, or only 2.7% smaller than last year's big crop of 15,144,000 bales, and well above the 10-year average of 11,775,000 bales.

Trade Volume Unchanged From Week Ago But Slightly Above Like Period of 1951

Retail stores in most parts of the nation sold about as much in the period ended on Wednesday of last week as during the prior week and slightly more than in the comparable week a year earlier. Retail merchants continued to depend on reduced-price promotions to stir shopper interest. As during most of this year, suburban stores had better year-to-year comparisons than did department stores in large cities.

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

The interest in apparel wavered between clearance sales of Summer clothing and early showings of Fall raiment.

While the total spent on apparel last week was slightly less than in the preceding week it continued to be moderately larger than a year ago.

Food stores sold about as much as during the previous week and slightly more than in the similar week in 1951. Housewives bought an increased volume of lamb and poultry. The demand for oleomargarine was noticeably higher than a year before.

Household goods were increasingly popular the past week as retailers in many parts of the nation conducted attractive reduced-price promotions. In broadened demand were incidental furniture, floor coverings, washers, and decorating materials.

Television sets were much more popular than a few months ago with easy credit terms, new models, and many new stations helping to boost shoppers' interest.

The volume of trading in many wholesale markets in the week held close to the level of the prior week but continued to surpass of the comparable level of a year ago. The total dollar volume of wholesale orders continued to be about 10% below the all-time high reached in the early part of last year when uncertainty about material shortages led to widespread inventory building. The recent surge in shopping and the paring of inventories encouraged many buyers to extend their commitments beyond the needs of the immediate future.

Department store sales on a country-wide basis, as taken from the Federal Reserve Board's index for the week ended Aug. 9, 1952, rose 2% above the level of the preceding week. For the four weeks ended Aug. 9, 1952, sales reflected no change. For the period Jan. 1 to Aug. 9, 1952, department store sales registered a drop of 2% below the like period of the preceding year.

Retail trade in New York last week displayed a better tone and, according to estimates of trade observers, the decrease from the 1951 week was cut to 9% as against 13% in the week previous.

According to the Federal Reserve Board's index, department store sales in New York City for the weekly period ended Aug. 9, 1952, decreased 9% below the like period of last year. In the preceding week a decline of 11% (revised) was recorded from that of the similar week of 1951, while for the four weeks ended Aug. 9, 1952, a decrease of 10% was registered below the level of a year ago. For the period Jan. 1 to Aug. 9, 1952, volume declined 10% under the like period of the preceding year.

B. M. Jacobs Opens

SAN ANTONIO, Tex. — Ben M. Jacobs is engaging in a securities business from offices at 123 East Travis Street.

Ober Co. Formed

FOREST HILLS, N. Y.—Lester Ober is engaging in the securities business from offices at 63-60 102nd Street under the firm name of Ober Co. He was formerly with I. J. Schenin Co.

Judson M. Strong Opens

GREAT NECK, N. Y. — Judson M. Strong is engaging in a securities business from offices at 2 Deepdale Drive.

Securities Now in Registration

★ INDICATES ADDITIONS SINCE PREVIOUS ISSUE
• ITEMS REVISED

Admiral Corp., Chicago, Ill.
June 2 filed 41,669 shares of capital stock (par $1) being offered in exchange for common stock of Canadian Admiral Corp., Ltd., at rate of one share of Admiral stock for each two shares of Canadian Admiral stock held. This exchange offer will expire on Aug. 30. Dealer-Manager—Dempsey & Co., Chicago, Ill. Statement effective June 19.

★ Altuda Mines, Inc., Gila Bend, Ariz.
Aug. 13 (letter of notification) 25,282 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For mining development. **Address**—P. O. 365, Gila Bend, Ariz. **Underwriter**—None.

Ameranium Mines, Ltd., Toronto, Canada
May 28 filed 2,079,871 shares of capital stock (par $1), of which 908,845 shares are to be offered to public by company, 108,847 shares by underwriter and 666,171 shares to be reoffered under rescission offer. **Price**—70 cents per share. **Proceeds**—For prospecting, drilling expenses, etc. **Underwriter**—I. Nelson Dennis & Co., Toronto, Canada.

★ American General Oil & Gas Co.
Aug. 14 (letter of notification) 800,000 shares of common stock (par one cent), pursuant to option to purchase issued as additional compensation. **Price**—15 cents per share. **Proceeds**—To general funds. **Underwriter**—West & Co., Jersey City, N. J.

★ American Machine & Foundry Co.
Aug. 13 (letter of notification) 4,254 shares of common stock (no par). **Price**—At market (approximately $21.50 per share). **Proceeds**—To common stockholders entitled to receive fractional shares in connection with the distribution on June 14, 1952 of a 2½% stock dividend. **Underwriter**—None, but sales will be made through brokers on New York Stock Exchange.

★ American Metallic Chemicals Corp., Portland, Ore.
Aug. 20 filed 450,000 shares of common stock (par one cent). **Price**—$3 per share. **Proceeds**—To lease and equip plant for manufacture of sodium perborate tetrahydrate and for working capital. **Underwriter**—Dobbs & Co. and M. S. Gerber, Inc., both of New York.

★ Americanos Television Adventures Corp.
Aug. 11 (letter of notification) 240,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For equipment and working capital to produce motion pictures for television. **Office**—721 S. 6th St., Las Vegas, Nev. **Underwriter**—None.

Andowan Mines, Ltd., Port Arthur, Ont., Canada
May 8 filed 500,000 shares of common stock (par $1). **Price**—38 cents per share. **Proceeds**—For exploratory drilling and improvement on present holdings. **Underwriter**—Frank P. Hunt & Co., Inc., Rochester, N. Y.

Arkansas Power & Light Co. (9/9)
Aug. 5 filed $15,000,000 first mortgage bonds due 1982. **Proceeds**—For new construction and other corporate purposes. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Equitable Securities Corp. and Central Republic Co. (Inc.) (jointly); Lehman Brothers and Stone & Webster Securities Corp. (jointly); Union Securities Corp.; Blyth & Co., Inc.; Merrill Lynch, Pierce, Fenner & Beane. **Bids**—Tentatively scheduled to be received at noon (EST) on Sept. 9.

Atlantic Refining Co.
June 25 filed 1,000,000 shares of common stock (par $10). **Price**—To be supplied by amendment. **Proceeds**—For capital expenditures. **Underwriter**—Smith, Barney & Co., New York. **Offering**—Postponed indefinitely; statement withdrawn.

★ Atlas Powder Co., Wilmington, Del.
Aug. 8 (letter of notification) 8,500 shares of common stock (par $20) to be offered to employees under a stock subscription plan. **Price**—$34.20 per share. **Proceeds**—To be added to working capital. **Office**—900 N. Market Street, Wilmington, Del. **Underwriter**—None.

★ Atomic Minerals, Inc., Boise, Ida.
Aug. 11 (letter of notification) 600,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For assessment of mining claims and commencement of dredging of gold, monazite and zircon sands. **Office**—2307 Jefferson Street, Boise, Idaho. **Underwriter**—None.

Banff Oil, Ltd., Calgary, Alberta, Canada (9/4)
Aug. 8 filed 1,000,000 shares of common stock (par 50 cents—Canadian). **Price**—To be supplied by amendment. **Proceeds**—For repayment of bank notes and for general funds. **Underwriters**—In the United States—Lehman Bros., New York, N. Y.; in Canada—W. C. Pitfield & Co., Ltd., Montreal, Quebec.

• Beaunit Mills, Inc., New York (8/26)
Aug. 1 filed $6,000,000 of 5% convertible subordinate debentures, due 1972. **Price**—To be sppplied by amendment. **Proceeds**—For capital expenditures and other corporate purposes. **Underwriters**—White, Weld & Co., and Kidder, Peabody & Co., both of New York.

NEW ISSUE CALENDAR

August 25, 1952
Huyck (F. C.) & Sons — Common
(Kidder, Peabody & Co.)
Huyck (F. C.) & Sons — Preferred
(George R. Cooley & Co.)
Sapphire Petroleums, Ltd. — Debentures
(McLaughlin, Reuss & Co. and Frame, Fadyen & Co.)
Storer Broadcasting Co. — Common
(Reynolds & Co. and Oscar E. Dooly & Co.)

August 26, 1952
Beaunit Mills, Inc. — Debentures
(White, Weld & Co. and Kidder, Peabody & Co.)
Electro-Components Corp. of America — Common
(Royal Securities Corp.)

August 27, 1952
Glenmore Distilleries Co. — Debentures
(Glore, Forgan & Co.)
Illinois Central RR. — Bonds
(Bids Invited)
Parsonnet TV-Film Studios, Inc. — Debs. & Com.
(Trinity Securities Corp.)
Peninsular Telephone Co. — Preferred
(Morgan Stanley & Co. and Coggeshall & Hicks)

September 2, 1952
Canadian Palmer Stendel Oil Corp. — Common
(Burnham & Co.)
Sunshine Packing Corp. of Penna. — Debs. & Com.
(Weber-Millican Co.)

September 3, 1952
Carrier Corp. — Preferred
(Harriman Ripley & Co. Inc. and Hemphill, Noyes, Graham, Parsons & Co.)

September 4, 1952
Banff Oil, Ltd. — Common
(Lehman Bros. and W. C. Pitfield & Co., Ltd.)
Bangor & Aroostook RR. — Equip. Trust Ctfs.
(Bids to be invited)
Houston Natural Gas Corp. — Preferred
(Robert Garrett & Sons; Moroney, Beissner & Co.; and Kidder, Peabody & Co.)

September 5, 1952
Southeastern Fund — Debentures & Com.
(Barrett Herrick & Co., Inc.)
Utah Power & Light Co. — Common
(Offering to stockholders)

September 8, 1952
Farmers Bros. Co. — Pfd. & Common
(P. W. Brooks & Co., Inc.)
General Telephone Corp. — Common
(Paine, Webber, Jackson & Curtis; Stone & Webster Securities Corp.; and Mitchum, Tully & Co.)
Scott Paper Co. — Debentures
(Drexel & Co.; Smith, Barney & Co.; Merrill Lynch, Pierce, Fenner & Beane)
Tennessee Gas Transmission Co. — Debentures
(Bids to be received)

September 9, 1952
Arkansas Power & Light Co. — Bonds
(Bids noon EST)

September 10, 1952
Erie RR. — Equip. Trust Ctfs.
(Bids to be invited)
Gulf, Mobile & Ohio RR. — Equip. Trust Ctfs.
(Bids to be invited)

September 11, 1952
Haloid Co. — Preferred
(The First Boston Corp.)

September 15, 1952
Devil Peak Uranium, Ltd. — Common
(Gardner & Co.)
Duquesne Light Co. — Preferred
(Bids to be invited)

September 22, 1952
Duquesne Light Co. — Bonds
(Bids to be invited)

September 23, 1952
Appalachian Electric Power Co. — Bonds & Notes
(Bids 11 a.m. EDT)
California Water Service Co. — Preferred
(Dean Witter & Co.)
Central Illinois Public Service Co. — Bonds & Pfd.
(Bids 11:30 a.m. CST)

September 30, 1952
Washington Water Power Co. — Bonds
(Bids to be invited)

October 7, 1952
United Gas Corp. — Debentures
(Bids 10 a.m. EST)

October 8, 1952
California Electric Power Co. — Common
(Underwriter—to be named)

October 15, 1952
Pacific Telephone & Telegraph Co. — Debentures
(Bids 8:30 a.m. PST)
Utah Power & Light Co. — Bonds
(Bids noon EST)

October 20, 1952
Carolina Power & Light Co. — Bonds
(Bids noon EST)

December 15, 1952
New Orleans Public Service Inc. — Bonds
(Bids to be invited)

★ Burke-Martin Mines, Inc., Dillon, Colo.
Aug. 15 (letter of notification) 200,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For mine equipment and related purposes. **Office**—Montezuma Road, Dillon, Colo. **Underwriter**—None.

★ Calaveras Cement Co., San Francisco, Calif.
Aug. 15 (letter of notification) 4,100 shares of common stock (par $1). **Price**—At market (estimated at $13 per share). **Proceeds**—To Henry C. Maginn, Executive Vice-President. **Underwriter**—Walston, Hoffman & Goodwin, San Francisco, Calif.

• Canadian Palmer Stendel Oil Corp. (9/2)
July 31 filed 3,410,000 shares of common stock (par 25 cents) of which 2,000,000 shares are to be offered for subscription by stockholders of Palmer Stendel Oil Corp.; 400,000 shares to be sold to latter named company; 400,000 shares to New Superior Oils of Canada, Ltd.; 370,000 shares to officers and employees; and 240,000 shares to be under option to underwriters. **Price**—At par. **Proceeds**—To be added to general funds. **Underwriter**—Burnham & Co., New York.

Canoga Oil Co., Carson City, Nev.
July 18 (letter of notification) 60,000 shares of capital stock to be offered by Crystal Oil Co. **Price**—At par ($1 per share). **Proceeds**—To develop oil properties. **Office**—511 Carson St., Carson City, Nev. **Underwriter**—Kalmanir, Kline & Co., Las Vegas, Nev.

Cardiff Fluorite Mines, Ltd., Toronto, Canada
May 22 filed (amendment) 300,000 shares of common stock (par $1). **Price**—$1.25 per share. **Proceeds**—For development expenses and general corporate purposes. **Underwriter**—Frank P. Hunt & Co., Inc., Rochester, N. Y.

★ Carrier Corp., Syracuse, N. Y. (9/3)
Aug. 15 filed 78,734 shares of cumulative convertible preferred stock (par $50) to be offered for subscription by common stockholders at rate of one share of preferred stock for each 11 common shares held as of Sept. 3, 1952. **Price**—To be supplied by amendment. **Proceeds**—Together with proceeds from sale of $13,500,000 of long-term notes, will be used to retire about $9,000,000 of outstanding indebtedness and the remainder for the company's construction program. **Underwriters**—Harriman Ripley & Co., Inc. and Hemphill, Noyes, Graham, Parsons & Co., both of New York.

★ Central Illinois Public Service Co. (9/23)
Aug. 18 filed 50,000 shares of cumulative preferred stock (par $100). **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Blyth & Co., Inc. and The First Boston Corp. (jointly); Kidder, Peabody & Co. and Union Securities Corp. (jointly); Lehman Brothers and Bear, Stearns & Co. (jointly); Merrill Lynch, Pierce, Fenner & Beane. **Bids**—May be received up to 11:30 a.m. (CST) on Sept. 23.

★ Central Illinois Public Service Co. (9/23)
Aug. 18 filed $5,000,000 first mortgage bonds, series E, due Sept. 1, 1982. **Proceeds**—For new construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler; Lehman Brothers; Kuhn, Loeb & Co. and A. C. Allyn & Co., Inc.; The First Boston Corp.; Blyth & Co., Inc.; Equitable Securities Corp. **Bids**—Tentatively expected to be received up to 11:30 a.m. (CST) on Sept. 23.

Central Paper Co., Muskegon, Mich.
Aug. 6 (letter of notification) 300 shares of common stock (par $1). **Price**—$9 per share. **Proceeds**—To Marie E. Fuget, the selling stockholder. **Underwriter**—Swift, Henke Co., Chicago, Ill.

★ Centroid Consolidated Mines
Aug. 11 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—50 cents per share. **Proceeds**—For mining property development. **Office**—909 North First St., Phoenix, Ariz. **Underwriter**—None.

★ Century Food Markets Co., Youngstown, Ohio
Aug. 7 (letter of notification) $300,000 of 5¾% convertible sinking fund debentures (convertible into common stock at $7 per share). **Price**—98%, plus accrued interest from July 1, 1952. **Proceeds**—To reduce bank loans. **Underwriter**—H. M. Byllesby & Co., Chicago, Ill. **Offering**—Now being made.

★ Century Natural Gas & Oil Corp.
Aug. 13 (letter of notification) 50,000 shares of common stock (par 10 cents). **Price**—At market (about 20c—25c per share). **Proceeds**—To selling stockholder. **Underwriter**—Greenfield & Co., Inc., New York.

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Continued from page 25

★ Chaney Manufacturing Co., Inc., Springfield, Ohio
Aug. 13 (letter of notification) 15,000 shares of common stock (par $1). **Price**—$10 per share. **Proceeds**—To acquire all the outstanding stock of predecessor company. **Underwriter**—For 5,000 shares: The Ohio Company, Cleveland, Ohio.

Chase Chemical Co.
June 23 (letter of notification) 291,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For working capital. **Office**—Newark, N. J. **Underwriters**—Aigeltinger & Co. and Vickers Brothers, both

● Cincinnati Enquirer, Inc., Cincinnati, Ohio
July 25 filed $3,500,000 of 15-year sinking fund debentures due Aug. 1, 1967 and $2,500,000 of 10-year convertible junior debentures due Aug. 1, 1962. **Price**—To be supplied by amendment. **Proceeds**—To pay notes issued to the Portsmouth Steel Corp. **Underwriter** — Halsey, Stuart & Co. Inc., Chicago & New York. **Offering**—May be temporarily postponed.

Cincinnati Enquirer, Inc., Cincinnati, Ohio
July 25 filed 400,000 shares of common stock to be offered to employees and others. **Price**—At par ($10 per share). **Proceeds**—For working capital. **Underwriter**—None.

Citizens Credit Corp., Washington, D. C.
April 10 (letter of notification) $125,000 of 6% subordinated debentures due 1969 (with warrants attached to purchase 3,750 shares of class A common stock at $15 per share and 750 shares of class B common at 25 cents per share). **Price**—At 99% and accrued interest. **Proceeds**—To acquire loan offices and subsidiaries. **Office**—1028 Connecticut Avenue, Washington 6, D. C. **Underwriter**—Emory S. Warren & Co., Washington, D C

★ Consolidated Drug Co., Inc., Washington, D. C.
Aug. 6 (letter of notification) 2,000 shares of capital stock. **Price** — At par ($10 per share). **Proceeds** — For manufacturing equipment. **Office**—3264 M Street, N. W., Washington 7, D. C. **Underwriter**—None.

★ Cornucopia Gold Mines
Aug. 11 (letter of notification) 8,000 shares of common stock (par five cents). **Price**—At market (approximately $1 per share). **Proceeds**—To Carl M. Stolle, President. **Underwriter**—None. Sale will be made through brokers on the New York Curb Exchange.

Continental Oil Co., Houston, Tex.
May 14 filed $26,000,000 of interests in The Thrift Plan for employees of this company, together with 400,000 shares of capital stock (par $5) purchasable under terms of the plan. **Underwriter**—None

★ Crosson Radio Music Co., Inc., Los Angeles, Cal.
Aug. 6 (letter of notification) 90,000 shares of class A common stock, of which 8,000 shares will be offered to employees. **Price**—At par ($3 per share). **Proceeds**—To open additional stores and for reserve for financing of conditional sales contracts. **Office**—640 E. 22nd St., Los Angeles, Calif. **Underwriter**—None.

★ Curtice Appliance Co., Inc., Denver, Colo.
Aug. 13 (letter of notification) 50,000 shares of common stock (no par) to be offered first to present stockholders. **Price**—$1 per share. **Proceeds**—To finance inventories of control valves for garden hoses and sprinklers. **Office**—357 Santa Fe Drive, Denver, Colo. **Underwriter**—None.

Deerpark Packing Co., Port Jervis, N. Y.
March 21 (letter of notification) 235,000 shares of common stock (par 10 cents). **Price**—$1.25 per share. **Proceeds**—To repay RFC loan of $41,050 and for working capital.

Devil Peak Uranium, Ltd. (Nev.) (9/15)
April 7 (letter of notification) 600,000 shares of common stock (par one cent). **Price**—50 cents per share. **Proceeds** — For rehabilitation and development program. **Office** — Suite 839, 60 East 42nd St., New York 17, N. Y. **Underwriter**—Gardner & Co., New York.

★ Di Giorgio Fruit Corp., San Francisco, Calif.
Aug. 7 (letter of notification) not exceeding $100,000 market value of class B common stock (par $5). **Price**—At market (bid $19—ask $19.87½ per share). **Proceeds**—To Estate of Joseph Di Giorgio. **Underwriter**—None, but Holt & Collins, San Francisco, Calif., will act as broker.

★ Duquesne Light Co., Pittsburgh, Pa. (9/15)
Aug. 19 filed 140,000 shares of preferred stock (par $50). **Proceeds**—To repay bank loans and for construction program. **Underwriters**—To be determined by competitive bidding. Probable bidders: The First Boston Corp.; Kuhn, Loeb & Co. and Smith, Barney & Co. (jointly); Lehman Brothers; Kidder, Peabody & Co., Merrill Lynch, Pierce, Fenner & Beane and White, Weld & Co. (jointly). **Bids**—Expected about Sept. 15.

★ Duquesne Light Co., Pittsburgh, Pa. (9/22)
Aug. 19 filed $14,000,000 of first mortgage bonds due Sept. 1, 1982. **Proceeds**—To reduce bank loans (aggregating $15,810,000). **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co.; Drexel & Co. and Equitable Securities Corp. (jointly); Kuhn, Loeb & Co., Union Securities Corp. and A. C. Allyn & Co., Inc. (jointly); Glore, Forgan & Co.; Harriman Ripley & Co. Inc. **Bids**—Expected about Sept. 22.

Duquesne Natural Gas Co.
May 28 (letter of notification) 92,783 shares of common stock (par one cent) being offered for subscription by stockholders of record Aug. 1 at rate of one new common share for each five common shares held, two new common shares for each preferred share held and six new shares of common stock for each share of preference stock held (with an oversubscription privilege). Rights will expire on Sept. 15. **Price** — $1 per share. **Proceeds**—For working capital. **Underwriters**—None.

Eastern Industries, Inc., New Haven, Conn.
July 29 (letter of notification) 1,988 shares of common stock (par 50 cents). **Price** — At the market (approximately $7 per share). **Proceeds**—To Charles D. Pulis, a director. **Office**—296 Elm St., New Haven, Conn. **Underwriter**—Pulis, Dowling & Co., New York, N. Y.

★ Electriglas Corp., Bergenfield, N. J.
Aug. 14 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For working capital. **Business**—Manufacturers of glass lighting fixtures. **Office**—Winsor and New Bridge Roads, Bergenfield, N. J. **Underwriter**—Moran & Co., Newark, New Jersey.

★ Electro-Components Corp. of America (8/26)
Aug. 19 (letter of notification) 2,000,000 shares of common stock (par one cent). **Price**—12 cents per share. **Proceeds**—To repay loan from Electronic Devices, Inc., and for new equipment and working capital. **Underwriter**—Royal Securities Corp., New York.

Electronic Computer Corp., Brooklyn, N. Y.
July 25 (letter of notification) 52,500 shares of class B common stock (par $1) of which 15,000 shares are to be offered first to persons who sought to purchase stock under the offering which commenced in February, 1951, but whose purchases could not be consummated. The other 37,500 shares to be offered to stockholders of record Aug. 10 at rate of one new share for each four shares of class A and/or class B stock held; rights to expire on Sept. 10. **Price**—$3 per share. **Proceeds**—For working capital. **Office**—265 Butler Street, Brooklyn, N. Y. **Underwriter**—Pioneer Enterprises, Inc., Bluefield, W. Va.

Electronic Devices, Inc., Brooklyn, N. Y.
Aug. 1 (letter of notification) 2,000,000 shares of common stock (par one cent) being offered first to stockholders of record Aug. 8; rights to expire on Aug. 30. **Price**—5 cents per share. **Proceeds**—For working capital. **Office**—429 12th St., Brooklyn, N. Y. **Underwriter**—None. If an underwriter is used, the name will be furnished by amendment (may be Tellier & Co., New York).

Empire Petroleum Co., Denver, Colo.
Aug. 5 (letter of notification) 240,000 shares of preferred common stock (par $1). **Price**—$1.25 per share. **Proceeds**—For working capital and a new refining unit. **Office**—3975 East 58th Ave., Denver, Colo. **Underwriter**—None.

Farm & Home Loan & Discount Co., Phoenix, Ariz.
July 7 filed 1,613,168 shares of class A common stock (par 25 cents) and 2,744,034 shares of class B common stock (par 35 cents), the class A stock to be sold only to policyholders of The Farm & Home Insurance Co. **Price**—At par. **Proceeds**—To increase capital. **Underwriters**—John J. Rhodes and James E. McNelis, officers and directors of the two companies.

★ Farmers Bros. Co., Los Angeles, Calif. (9/8)
Aug. 18 filed 100,000 shares of 6% cumulative convertible first preferred stock (par $10) and 50,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To purchase from certain principal stockholders 98,625 shares of outstanding second preferred stock at $1 per share and 164,654 shares of common stock at a price to be supplied by amendment. The remainder will be available for general corporate purposes. **Business**—Coffee processing and selling. **Underwriter**—P. W. Brooks & Co., Inc., New York.

Flathead Petroleum Co., Monroe, Wash.
March 21 filed 600,000 shares of common stock (par 10 cents). **Price** — 50 cents per share. **Proceeds** — For equipment and drilling purposes. **Underwriter**—None.

★ Gas & Oil Development Co., Aberdeen, Wash.
Aug. 11 (letter of notification) 30,000 shares of common stock. **Price**—$10 per share. **Proceeds**—For oil and gas lease acquisitions and share of drilling expenses. **Office**—101 Finch Bldg., Aberdeen, Wash. **Underwriter**—None.

★ General Telephone Corp. (9/8)
Aug. 19 filed 350,000 shares of common stock (par $20). **Price**—To be supplied by amendment. **Proceeds**—For investment in common stocks of subsidiaries. **Underwriters**—Paine, Webber, Jackson & Curtis and Stone & Webster Securities Corp., both of New York; and Mitchum, Tully & Co., San Francisco, Calif.

Glenmore Distilleries Co., Louisville, Ky. (8/27)
Aug. 7 filed $12,000,000 sinking fund debentures due Aug. 1, 1972. **Price**—To be supplied by amendment. **Proceeds**—To retire long-term debt, to redeem outstanding 6% cumulative preferred stock (par $50), and for additional working capital. **Underwriter**—Glore, Forgan & Co., New York.

Gyrodyne Co. of America, Inc. (N. Y.)
July 31 (letter of notification) 34,300 shares of 6% cumulative convertible preferred stock (par $5) and 892 shares of class A common stock (par $1). **Price**—$5 per share. **Proceeds**—For working capital. The class A shares will be used to pay certain employees of the company for services rendered. **Underwriter**—Jackson & Co., Boston, Mass.

★ Haloid Co., Richester, N. Y. (9/11)
Aug. 14 filed 47,183 shares of convertible preferred stock (par $50), to be offered for subscription by common stockholders at the rate of one preferred share for each four shares of common stock held. **Price**—To be supplied by amendment. **Proceeds**—To redeem outstanding 8,500 shares of 4% cumulative preferred stock (par $100) and for general corporate purposes. **Underwriter**—The First Boston Corp., New York.

● Helio Aircraft Corp., Norwood, Mass.
July 21 (letter of notification) 3,000 shares of non-cumulative preferred stock (par $1) and 3,000 shares of common stock (par $1) being offered initially to stockholders of record July 25 in units consisting of one share of preferred and one share of common stock. **Price**—$25 per unit to subscribing stockholders and $27.50 per unit to public. **Proceeds** — To continue development of "Courier" model aircraft and to design and develop "Helioplane" type of aircraft. **Office**—Boston Metropolitan Airport, Norwood, Mass. **Underwriters**—Chace, Whiteside, West & Winslow, and H. C. Wainwright & Co., both of Boston, Mass.

★ Hexene-Ol Laboratories, Inc., Cleveland, Ohio
Aug. 15 (letter of notification) $60,000 of 5% convertible coupon debentures to be offered first to class A stockholders; then to class B stockholders; and unsubscribed portion to public. **Price**—At par and accrued interest. **Proceeds**—For general corporate purposes. **Office**—2000 Center St., Cleveland, Ohio. **Underwriter**—None.

Hixon Placers, Inc., Seattle, Wash.
June 9 filed 787,736 shares of common stock (par 10 cents). **Price**—50 cents per share. **Proceeds**—For mining development, etc. **Underwriter**—None, sales to be made through agents, including officers and directors, who will receive a commission of 10 cents per share sold.

Holly Corp. (formerly General Appliance Corp.)
Aug. 6 (letter of notification) 43,000 shares of common stock (par 10 cents). **Price**—44 cents per share. **Proceeds**—To Charles G. Wray, Treasurer (20,000 shares), and George Kleiman, President (23,000 shares). **Office**—15 Park St., Springfield, Mass. **Underwriter**—E. L. Aaron & Co., New York, N. Y.

★ Houston Natural Gas Corp. (9/4)
Aug. 15 filed 120,000 shares of 5% cumulative preferred stock (par $25), with common stock purchase warrants attached to purchase one share of common stock at $22.50 per share for each share of preferred stock, to be offered for subscription by common stockholders at the rate of one share of preferred for each 3.95 shares of common stock held as of Sept. 4, with rights to expire on Sept. 15. Unsubscribed portion to be offered to holders of outstanding $50 par preferred stock on the basis of two $25 par shares for each $50 par share owned. **Price**—To be supplied by amendment. **Proceeds**—For expansion, reduction of bank loans and other corporate purposes. **Underwriters**—Robert Garrett & Sons, Baltimore, Md.; Moroney, Beissner & Co., Houston, Tex.; and Kidder, Peabody & Co., New York.

Hutzler Brothers Co., Baltimore, Md.
July 3 (letter of notification) $300,000 of 5% 25-year notes dated Aug. 1, 1952, to be offered for subscription by common stockholders. **Price**—At par (in various units as determined by the directors). **Proceeds**—For additional working capital. **Office**—212 N. Howard St., Baltimore 1, Md. **Underwriter**—None.

Huyck (F. C.) & Sons (8/25-29)
July 25 (by amendment) filed 750 shares of $2.75 dividend class A preferred stock (par $50) and 20,000 shares of common stock (par $5). **Price** — To be supplied by amendment. **Proceeds** — To two selling stockholders. **Business**—Mechanical fabrics for industry and blankets and apparel cloth. **Underwriter**—Kidder, Peabody & Co., New York, for common (expected at $16.50 per share), and George R. Cooley & Co., Albany, N. Y., for preferred. **Offering**—Tentatively expected next week.

Idaho Maryland Mines Corp.
June 6 filed 200,000 shares of common stock (par $1). **Price**—At market (on the San Francisco Stock Exchange). **Proceeds**—To selling stockholder (Gwendolyn MacBoyle Betchtold, as executrix of the last will and testament of Errol Bechtold, deceased). **Office**—San Francisco, Calif. **Underwriter**—None.

Inland Oil Co. (Nev.), Newark, N. J.
Feb. 26 (letter of notification) 599,700 shares of class A common stock (par 25 cents). **Price**—50 cents per share. **Proceeds**—For drilling and equipping well and for working capital. **Office**—11 Commerce St., Newark, N. J. **Underwriter**—Weber-Millican Co., New York.

Inland Petroleum Corp., Miami, Fla.
July 17 (letter of notification) 27,500 shares of 6% non-cumulative convertible preferred stock, and 275,000 shares of common stock. **Price**—At par ($10 per share for the preferred stock and one cent per share for the common. **Proceeds**—To purchase oil leases. **Office**—612 Congress Bldg., Miami, Fla. **Underwriter**—None.

★ International Investment Corp., Denver, Colo.
Aug. 15 (letter of notification) 250,000 shares of class A common stock (par $1) and 250,000 shares of common stock (no par). **Price**—Of class A, $1 per share, and of common stock, one cent per share. **Proceeds**—To accumulate funds to qualify new insurance company or to purchase existing company. **Office**—209 Ernest & Cramer Bldg., Denver, Colo. **Underwriter**—None.

★ International Products Corp.
Aug. 19 (letter of notification) 8,000 shares of common stock (par $5). **Price**—At market (estimated at $11 per share). **Proceeds**—To the Ecuadorian Corp., Ltd. **Underwriter**—None, but Hornblower & Weeks, New York, will act as broker.

International Technical Aero Services, Inc.
Feb. 15 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For working capital. **Office**—International Terminal, Washington National Airport, Washington, D. C. **Underwriter**—James T. DeWitt & Co., Washington, D C

★ Intex Oil Co. (formerly Independent Exploration Co.)
Aug. 13 (letter of notification) not more than $20,000 aggregate amount of common stock (par 33⅓ cents). **Price**—At the market. **Proceeds**—To three officers of company. **Office**—531 California Avenue, Bakersfield, Calif. **Underwriter**—None.

★ Iris Oil Co., Denver, Colo.
Aug. 13 (letter of notification) 58,000 shares of capital stock. **Price**—At par ($1 per share). **Proceeds**—For drilling expenses and acquisition of leases. **Office**—412 First National Bank Building, Denver, Colo. **Underwriter**—None.

Jersey Yukon Mines Ltd., Toronto, Canada
March 20 filed 200,000 shares of common stock (par $1). **Price**—$1 per share (Canadian funds). **Proceeds**—For capital payments on property account and option agreements, purchase of machinery and operating expenses **Underwriter**—None.

LaPointe-Plascomold Corp.
May 29 filed 230,485 shares of common stock (par $1), of which 190.485 shares are to be offered for subscription by stockholders of record June 18 at rate of one share for each share held, and 40,000 shares are to be issued upon exercise of stock options by officers and employees. **Price**—$2.75 per share. **Business**—Manufacture of television accessories. **Underwriter**—None.

LaPointe-Plascomold Corp.
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. **Office**—155 W. Main St., Rockville, Conn. **Underwriter**—None.

Lawton Oil Corp., Magnolia, Ark.
June 9 (letter of notification) 100,000 shares of common stock (no par). **Price**—$2.25 per share. **Proceeds**—For exploration work. **Underwriter**—W. R. Stephens Investment Co., Inc., Little Rock, Ark.

Lawyers Mortgage & Title Co., N. Y.
Aug. 1 (letter of notification) 45,000 shares of common stock (par 65 cents). **Price**—At the market (about $2.12½ per share). **Proceeds**—To Harry Fromkes, the selling stockholders. **Underwriter**—Arthur I. Korn & Co., New York.

★ Lewis Jones Management Co.
Aug. 13 (letter of notification) 5,000 shares of capital stock (par $1) and $100,000 of 15-year 6% debentures due Sept. 1, 1967. **Price**—Of stock, $24.75 per share and of debentures, at par in units of $100 each. **Proceeds**—To acquire outstanding stock of Lewis Jones, Inc. **Business**—Manufactures and sells steam heat and steam for heating. **Office**—64th St. and Lebanon Ave., Philadelphia 31, Pa. **Underwriter**—None.

Louisiana Supply Co., Lake Charles, La.
July 24 (letter of notification) 10,000 shares of capital stock (par $1) to be offered for subscription by present stockholders at rate of one new share for each five shares held. **Price**—$12.50 per share. **Office**—306 Pioneer Bldg., Lake Charles, La. **Underwriter**—None.

● Lunn Laminates, Inc., Huntington, N. Y.
July 17 (letter of notification) 149,500 shares of common stock (par 25 cents). **Price**—$2 per share. **Proceeds**—For working capital. **Underwriters**—S. D. Fuller & Co. and Vermilyea Brothers, both of New York. **Offering**—Expected today.

★ Maxwell-Uintah-Oil, Inc.
Aug. 14 (letter of notification) 3,000,000 shares of capital stock. **Price**—One cent per share. **Proceeds**—To F. L. Maxwell, President; and Fern D. Maxwell, Secretary-Treasurer.

★ McBee Co., Athens, Ohio
Aug. 8 (letter of notification) 2,500 shares of first preferred stock, 5% series. **Price**—At par ($100 per share). **Proceeds**—For working capital. **Underwriter**—Roy E. Hawk & Co., Athens, O.

McCarthy (Glenn), Inc.
June 12 filed 10,000,000 shares of common stock (par 25 cents). **Price**—$2 per share. **Proceeds** — For drilling of exploratory wells, acquisition of leases and for general corporate purposes. **Underwriter**—B. V. Christie & Co., Houston, Tex. **Dealer Relations Representative**—George A. Searight, 50 Broadway, New York, N. Y. Telephone WHitehall 3-2181. **Offering**—Date indefinite.

McKales Corp., Seattle, Wash.
July 31 (letter of notification) 30,000 shares of class A stock (par $3). **Price** — $10 per share. **Proceeds** — For service station sites and stations. **Office**—2124½ Third Ave., Seattle 1, Wash. **Underwriter**—None.

Metals & Chemicals Corp., Dallas, Tex.
July 31 (letter of notification) 22,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—To Horatio R. Aldredge, Jr., the selling stockholder. **Underwriter**—Shearson, Hammill & Co., Dallas, Tex.

Mineral Exploration Corp., Ltd., Toronto Canada
July 29 filed 2,000,000 shares of common stock, each share to have attached an "A," "B" and "C" warrant, each giving the holder the right to buy one additional share for each two shares purchased in two, three, or five years, at $1, $2 and $3 per share, respectively. **Price**—For 2,000,000 shares, $1 per share—Canadian. **Proceeds**—For exploration, development and acquisition of properties. **Underwriter**—Brewis & White, Ltd., Toronto, Canada. Names of United States underwriters to be supplied by amendment.

Monty's Stores, Inc., Seattle, Wash.
May 16 (letter of notification) $100,000 of 7% 10-year convertible bonds (in denominations of $500 and $1,000 each) and 10,000 shares of common stock (par $10). **Price**—At par. **Proceeds**—For working capital and expansion. **Office**—208 Third Ave., South, Seattle, Wash. **Underwriter**—National Securities Corp., Seattle, Wash.

Motorola, Inc., Chicago, Ill.
July 17 filed 175,921 shares of common stock (par $3) being offered for subscription by common stockholders on the basis of one new share for each 10 shares held as of Aug. 11; rights to expire on Aug. 25. **Price**—$31.50 per share. **Proceeds**—For working capital. **Underwriter**—Hickey & Co., Chicago, Ill. Statement effective Aug. 8.

Nev-Tah Oil & Mining Co., Salt Lake City, Utah
June 12 (letter of notification) 600,000 shares of common stock (par 5 cents). **Price**—10 cents per share. **Proceeds**—For expansion of operations. **Underwriter** — Cromer Brokerage Co., Salt Lake City, Utah.

New Mexico Copper Corp.
July 21 (letter of notification) 496,000 shares of common stock (par 25 cents). **Price**—50 cents per share. **Proceeds**—For drilling expenses, new equipment and working capital. **Underwriter**—Mitchell Securities, Inc., Baltimore, Md.

New Mexico Jockey Club, Albuquerque, N. M.
March 17 filed 1,255 shares of common stock (par $1,000). **Price**—At par. **Proceeds**—To construct racing plant and for working capital. **Underwriter**—None, but Dr. Frank Porter Miller of Los Angeles, Calif., will be "engaged to sell the securities to the public." Statement effective April 5 through lapse of time. Amendment necessary.

★ Norris Oil Co., Bakersfield, Calif.
Aug. 14 (letter of notification) 750 shares of capital stock (par $1). **Price**—$2.75 per share. **Proceeds**—To Arthur W. Scott, Secretary. **Underwriter**—Walston, Hoffman & Goodwin, Bakersfield, Calif.

Overland Oil, Inc., Denver, Colo.
July 17 (letter of notification) 1,000,000 shares of common stock (par 10 cents). **Price**—20 cents per share. **Proceeds**—To carry on oil exploration program. **Office**—504 Mercantile Bldg., Denver, Colo. **Underwriter**—Forbes & Co., Denver, Colo.

Pacific Western Oil Corp.
Aug. 5 filed 100,000 shares of common stock (par $4). **Price**—At the market. **Proceeds**—To J. Paul Getty, President, **Underwriter** — None, sales to be handled by brokers on the New York Stock Exchange.

★ Pacific Western Stores, Inc., Los Angeles, Calif.
Aug. 8 (letter of notification) 105,000 shares of common stock (par five cents). **Proceeds**—To selling stockholders. **Underwriters**—White & Co., St. Louis, Mo.; Gearhart & Otis, Inc., New York; and Peters, Writer & Christensen, Inc., Denver, Colo.

★ Paromal Products, Inc., Lynbrook, N. Y.
Aug. 19 (letter of notification) 500 shares of 6% preferred stock, class A. **Price**—At par ($100 per share). **Proceeds**—Expansion of property and facilities. **Office**—124 Atlantic Ave., Lynbrook, L. I., N. Y. **Underwriter**—None.

★ Parsonnet TV-Film Studios, Inc. (8/27)
Aug. 20 (letter of notification) $300,000 of 6% debentures due 1962 and 120,000 shares of common stock (no par) to be offered in units of $100 of debentures and 40 shares of stock. **Price**—$100 per unt. **Proceeds** — For working capital. **Underwriter** — Trinity Securities Corp., New York.

Peninsular Telephone Co. (8/27)
Aug. 7 filed 160,000 shares of cumulative preferred stock (par $25). **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans and for new construction. **Underwriters**—Morgan Stanley & Co. and Coggeshall & Hicks, both of New York.

Petroleum Finance Corp.
Feb. 5 (letter of notification) 60,000 shares of common stock (par $1) and 30,000 warrants to purchase 30,000 shares of common stock (warrants exercisable at $7.50 per share on or prior to April 1, 1954). Each purchaser of two common shares will receive one warrant. **Price**—$5 per share. **Proceeds**—For working capital. **Office**—Oklahoma City, Okla. **Underwriter**—George F. Breen, New York.

Phillips Packing Co., Inc., Cambridge, Md.
July 7 (letter of notification) 3,000 shares of common stock (no par). **Price**—At the market (estimated a $7 per share). **Proceeds**—To Levi B. Phillips, Jr., Vice-President, the selling stockholder. **Underwriter**—Alex. Brown & Sons, Baltimore, Md.

★ Preferred Underwriters, Inc., Seattle, Wash.
Aug. 13 (letter of notification) $290,000 of 6% sinking fund debenture bonds and 7,500 shares of common stock (par $1). **Price**—At par. **Proceeds**—For working capital and to increase statutory reserves of the Preferred Insurance Exchange for which the issuer is attorney-in-fact. **Office**—1020 Virginia St., Seattle 1, Wash. **Underwriter**—None.

Pure Oil Co., Chicago, Ill.
July 17 filed 85,688 shares of common stock (no par) to be offered in exchange for 471,287 shares of Hickok Oil Corp., class A common stock (par $1) at rate of one Pure Oil share for each 5½ Hickok shares, conditioned upon approval of merger of Hickok into Pure Oil Products Co., a wholly-owned subsidiary of Pure Oil Co. **Underwriter**—None.

★ Reserve Supply Co., St. Paul, Minn.
Aug. 11 (letter of notification) $100,000 of 4% 10-year debentures and 100 shares of capital stock. **Price**—The debentures at par (in denominations of $100 and multiples thereof) and the stock at $100 per share. **Proceeds**—To establish a warehouse branch at Fargo, N. Dak. **Office**—2570 Ellis Avenue, St. Paul 3, Minn. **Underwriter**—None.

● Sapphire Petroleums, Ltd. (Canada) (8/25-29)
July 3 filed $2,000,000 of 10-year 5% convertible sinking fund debentures due July 1, 1962. **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans and for exploration, acquisition of interests in and development of prospective and proven oil and gas lands and the development of existing properties. **Underwriters**—In United States McLaughlin, Reuss & Co., New York; and in Canada: Frame, Fadyen & Co., Toronto. **Offering**—Expected next week.

Savoy Oil Co., Inc., Tulsa, Okla.
July 14 (letter of notification) 27,250 shares of common stock (par 25 cents). **Price**—$9.50 per share. **Proceeds**—For general corporate purposes. **Office**—417 McBirney Bldg., Tulsa, Okla. **Underwriter**—None, but shares will be offered by company on New York Curb Exchange. An amendment is expected to be filed about Sept. 1.

★ Scott Paper Co. (9/8)
Aug. 15 filed $24,952,800 of convertible debentures due Sept. 1, 1977, to be offered for subscription by common stockholders of record about Sept. 8 for a 15-day standby on basis of $100 of debentures for each 12 shares of common stock held. **Price**—To be supplied by amendment. **Proceeds**—For construction of paper mill at Everett, Wash., and other construction, and for working capital. **Underwriters**—Drexel & Co., Philadelphia, Pa.; and Smith, Barney & Co. and Merrill Lynch, Pierce, Fenner & Beane, both of New York.

★ Sherman Electric Co., Inc., Warren, Ohio
Aug. 8 (letter of notification) 20,000 shares of common stock (no par). **Price**—$10 per share. **Proceeds** — For working capital to produce and sell electrical equipment. **Office**—1807-1809 Elm Road, N. W., Warren, O. **Underwriter**—None.

Signal Mines, Ltd., Toronto, Canada
July 14 filed 300,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For exploration, development, and mining expenses, and to reimburse Maurice Schack, Secretary-Treasurer. **Business**—Quartzite mining. **Underwriter** — Northeastern Securities Co., New York.

★ South Central Fire & Casualty Insurance Co.
Aug. 12 (letter of notification) 2,500 shares of common stock. **Price**—$100 per share. **Proceeds**—For working capital, etc. **Office** — Starkville, Miss. **Underwriter**—None.

★ Southeastern Fund, Columbia, S. C. (9/5)
Aug. 14 filed $500,000 of 10-year 6% subordinated sinking fund debentures (with common stock purchase warrants attached) and 100,000 shares of common stock (par $1) to be offered in units of a $100 debenture and 20 shares of stock. **Price**—To be supplied by amendment. **Proceeds** — To redeem $53,500 outstanding 5¼% subordinated convertible debentures and 10,000 shares of 6½% cumulative preferred stock (at $11 per share and accrued dividends), and for additional working capital. **Business**—Financing retail sales of house trailers on conditional sales contracts. **Underwriter**—Barrett Herrick & Co., Inc., New York.

★ Southwestern Investment Co., Amarillo, Tex.
Aug. 12 (letter of notification) $300,000 of 5% junior subordinated debentures due Aug. 1, 1962. **Price**—At par (in units of $1,000 each). **Proceeds**—For additional capital for instalment sales financing and loans. **Underwriter**—The First Trust Co. of Lincoln (Neb.).

State Exploration Co., Los Angeles, Calif.
Aug. 6 (letter of notification) 43,000 shares of capital stock (par $1) to be offered to stockholders for subscription at rate of one share for each 10 shares held. **Price**—$5 per share. **Proceeds** — For expansion program and general corporate purposes. **Office** — 649 S. Olive St., Los Angeles, Calif. **Underwriter** — None; unsubscribed shares will be sold to a "small group of individuals."

Steak n Shake of Illinois, Inc.
July 11 (letter of notification) 22,000 shares of common stock (par 50 cents) being offered to stockholders of record July 1 (excepting members of the Belt family, who own about 60% of the common stock) at rate of one share for every 20 shares held, with an oversubscription privilege; rights to expire on Sept. 15. **Price**—$3.30 per share. **Proceeds**—For expansion. **Office**—1700 W. Washington St., Bloomington, Ill. **Underwriter**—None.

● Storer Broadcasting Co. (8/25-29)
May 19 filed 215,000 shares of common stock (par $1), of which 200,000 shares are being sold by certain selling stockholders (170,000 to be offered publicly and 10,000 to certain employees; and 20,000 shares to the underwriters under option agreement) and the remaining 15,000 shares being reserved for sale by company to certain employees. **Price**—Of first 200,000 shares, to be supplied by amendment; of 15,000 shares by company, $10.62½ per share. **Proceeds**—For general corporate purposes. **Underwriters**—Reynolds & Co., New York, and Oscar E. Dooly & Co., Miami, Fla. **Offering**—Expected week of Aug. 25.

Suburban Propane Gas Corp.
July 24 (letter of notification) an unspecified number of shares of common stock (par $1), sufficient to sell for a total of $20,675. **Price**—At market (around $17 per share). **Proceeds**—To SBN Gas Co., the selling stockholder. **Underwriter**—None, but Eastman, Dillon & Co., New York, and/or Bioren & Co., Philadelphia, Pa., will act as brokers.

Sunshine Packing Corp. of Pennsylvania (9/2-4)
July 3 filed $1,000,000 of 6% convertible debentures due 1972 (subordinate) and 450,000 shares of common stock (par 50 cents) of which the debentures and 400,000 shares of stock are to be offered in units of $50 of debentures and 20 shares of stock. **Price**—$100 per unit. **Proceeds**—To increase capacity of plant and for working capital. **Underwriter**—Weber-Millican Co., New York. **Offering**—Expected early in September.

● Sweet Grass Oils, Ltd., Toronto, Canada
July 29 filed 375,000 shares of common stock (no par). **Price**—To be related to quotation on the Toronto Stock Exchange at time of offering. **Proceeds**—For working capital. **Underwriter**—F. W. MacDonald & Co., Inc., New York.

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★ **Tappan Stove Co., Mansfield, Ohio**
Aug. 14 (letter of notification) an estimated $185,000 of interests in profit sharing and retirement fund for issue to contributing employees. **Trustees of Fund**—Citizens National Bank & Trust Co., Mansfield, Ohio.

★ **Television Equipment Corp.**
Aug. 19 (letter of notification) 1,225,000 shares of common stock (par 5 cents) to be issued pursuant to exercise of option warrants. **Price**—11 cents per share. **Proceeds**—For working capital. **Underwriter**—Tellier & Co., New York.

Tennessee Gas Transmission Co. (9/8)
Aug. 6 filed $40,000,000 first mortgage pipeline bonds due 1972. **Proceeds**—To repay short-term notes. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Stone & Webster Securities Corp. and White, Weld & Co. (jointly). **Bids**—Tentatively expected to be received on or about Sept. 8.

Texas Eastern Transmission Corp.
July 28 filed 190,000 shares of first preferred stock (par $100). **Price**—To be supplied by amendment. **Proceeds**—For general funds. **Underwriter** — Dillon, Read & Co., New York. **Offering**—Expected today.

Texas General Production Co.
June 4 filed 2,500,000 shares of common stock (par 50 cents). **Price**—To be supplied by amendment. **Proceeds**—To buy property for oil prospecting. **Office**—Houston, Tex. **Underwriter**—To be named by amendment (probably Hemphill, Noyes, Graham, Parsons & Co., New York. **Offering**—Tentatively postponed.

Texhead Royalty Co., Houston, Texas
July 17 (letter of notification) $135,000 of 3% income notes, due July, 1962, and 30,000 shares of common stock (par 10 cents) to be offered in units consisting of $9 principal amount of notes and two shares of common stock of this company, together with one $9 note and two common shares of the Wilhead Royalty Co. **Price**—$20 per unit. **Proceeds**—For acquisition of oil and gas royalties in the southwest. **Office** — 415 San Jacinto Bldg., Houston 2, Texas. **Underwriter**—Rotan, Mosle & Moreland, Houston, Tex. (See also Wilhead Royalty Co. below.)

Tri-Centre Gas & Oil Co., Inc.
Aug. 11 (letter of notification) 28,380 shares of common stock (par $1). **Price**—$10 per share. **Proceeds**—For drilling expenses and working capital. **Office**—120 N. Buckhout Street, State College, Pa. **Underwriter**—Blair F. Claybaugh & Co., Harrisburg, Pa.

U. S. Airlines, Inc., Ft. Lauderdale, Fla.
June 30 (letter of notification) 200,000 shares of common stock (par 5 cents) of which 100,000 shares each will be offered in behalf of the company and in behalf of J. A. Wooten, President. **Price**—60 cents per share. **Proceeds**—For working capital. **Address**—P. O. Box 2247, Ft. Lauderdale, Fla. **Underwriter**—None.

U. S. Airlines, Inc., Fort Lauderdale, Fla.
Aug. 4 (letter of notification) $210,000 of 7% convertible equipment trust certificates, series A, due Aug. 15, 1954. **Price**—At par (in units of $100 and $1,000 each). **Proceeds**—For purchase of two aircraft. **Underwriters**—John R. Kaufmann Co., Scherck, Richter Co. and Semple, Jacobs & Co., Inc., all of St. Louis, Mo.; and Gearhart & Otis, Inc., New York.

★ **Utah Power & Light Co. (9/5)**
Aug. 14 filed 167,500 shares of common stock (no par), to be offered for subscription by stockholders of record Sept. 5 on a one-for-10 basis (with an oversubscription privilege); rights to expire about Sept. 25. **Price**—To be supplied by amendment. **Proceeds**—For new construction. **Underwriter**—None.

★ **Utah Power & Light Co. (10/15)**
Aug. 14 filed $10,000,000 of first mortgage bonds due 1982. **Proceeds**—To repay bank loans and for new construction. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co.; Lehman Brothers and Bear-Stearns & Co. (jointly); The First Boston Corp. and Blyth & Co., Inc. (jointly); Union Securities Corp. and Smith, Barney & Co. (jointly); Kidder, Peabody & Co.; Salomon Bros. & Hutzler. **Bids**—Tentatively scheduled to be received up to noon (EST) on Oct. 15.

★ **Victoreen Instrument Co., Cleveland, Ohio**
Aug. 12 (letter of notification) 4,200 shares of common stock (par $1). **Price**—At the market. **Proceeds**—To Frances S. Victoreen, the selling stockholder. **Underwriter**—Barrett Herrick & Co., Inc., New York.

★ **Vitro Manufacturing Co., Pittsburgh, Pa.**
Aug. 19 (letter of notification) 1,000 shares of common stock (par 50 cents). **Price**—At market (about $13 per share). **Proceeds** — To Charles S. Payson, the selling stockholder. **Underwriter**—None, but Townsend, Dabney & Tyson, Boston, Mass., will act as broker.

★ **Whirlpool Corp., St. Joseph, Mich.**
Aug. 11 (letter of notification) 2,700 shares of preferred stock (par $20), to be offered in exchange for outstanding Clyde Porcelain Steel Corp. 15-year 5½% mortgage sinking fund convertible bonds due Aug. 1, 1960 on the basis of three shares of preferred stock for each $100 of bonds. The Clyde Porcelain firm was merged into Whirlpool Corp. on March 31, 1952.

Whitehead Brothers Rubber Co., Trenton, N. J.
July 2 (letter of notification) 4,540 shares of common stock (par $10) being offered to minority stockholders of record July 15 at rate of one share for each five shares held; rights to expire on Aug. 15. Goodall Rubber Co., parent, will subscribe for an additional 7,490 shares and for any shares not subscribed for by other stockholders. **Price**—$14 per share. **Proceeds**—To modernize plant. **Office**—Whitehead Road, Trenton 4, N. J. **Underwriter**—None.

Wilhead Royalty Co., Houston, Texas
July 17 (letter of notification) $135,000 of 3% income notes due July, 1962, and 30,000 shares of common stock (par 10 cents) to be offered in units consisting of $9 principal amount of notes and two shares of common stock of this company, together with one $9 note and two common shares of Texhead Royalty Co. **Price**—$20 per unit. **Proceeds**—For acquisition of oil and gas royalties in the Williston Basin area. **Office**—415 San Jacinto Bldg., Houston 2, Texas. **Underwriter**—Rotan, Mosle & Moreland, Houston, Tex. (See also Texhead Royalty Co. above.)

Willingham Finance Co., Inc., Augusta, Ga.
July 1 (letter of notification) $150,000 of 6½% subordinate debentures due July 1, 1967, and 30,000 shares of class A common stock to be issued in units of a $1,000 debenture, with a detachable warrant to purchase 200 shares of stock at $1 per share. **Proceeds**—For working capital. **Office**—139-8th St., Augusta, Ga. **Underwriter**—Johnston, Lane, Space & Co., Inc., Savannah, Ga.

★ **Williston Pioneer Oil Corp.**
Aug. 8 (letter of notification) 299,000 shares of common stock and 299,000 stock purchase warrants to be offered in units of one share and one warrant. **Price**—$1 per unit (the exercise price of the warrants is $1 per share). **Proceeds**—For leases and drilling of well. **Office**—Room 713, 15 Exchange Place, Jersey City, N. J. **Underwriter**—Tellier & Co., New York.

Wisdom Magazine, Inc., Los Angeles, Calif.
July 14 filed 6,600 shares of 5% cumulative preferred stock (par $100) and 6,600 shares of common stock (par $10) to be offered in units of one share of preferred and one share of common stock. **Price**—$110 per unit. **Proceeds**—For working capital. **Underwriter**—None.

Zeigler Coal & Coke Co., Chicago, Ill.
June 19 (letter of notification) 7,000 shares of common stock (par $10). **Price**—$13.25 per share. **Proceeds**—To R. M. Rogers, trustee for Nancy Leiter Clagett and Thomas Leiter. **Office**—21 East Van Buren St., Chicago, Ill. **Underwriter**—Farwell, Chapman & Co., Chicago, Ill.

Prospective Offerings

Appalachian Electric Power Co. (9/23)
July 25 it was reported that the company expects to issue and sell $17,000,000 of first mortgage bonds due 1982 and $6,000,000 of serial notes due 1956 and 1957. **Proceeds**—To repay bank loans and for new construction. **Underwriters** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Kuhn, Loeb & Co. and Union Securities Corp. (jointly); Harriman Ripley & Co. Inc. **Bids**—Expected to be received by company at 11 a.m. (EDT) on Sept. 23. **Registration**—Expected about Aug. 27.

Arkansas Power & Light Co.
Aug. 7 C. Hamilton Moses, President, announced that the company expects to borrow additional money next Spring to finance its 1953 construction program, which, it is estimated, will involve $29,500,000. On Sept. 9, it is expected that the company will sell at competitive bidding an issue of $15,000,000 first mortgage bonds due 1982 and use the proceeds toward its 1952 construction costs. See under "Securities in Registration" in a preceding column.

Associated Telephone Co., Ltd. (Calif.)
June 9 it was reported company may issue and sell in October about $8,000,000 to $9,000,000 of first mortgage bonds, series H, due 1982. **Proceeds**—For repayment of bank loans and construction program. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Paine, Webber, Jackson & Curtis; White, Weld & Co.

● **Bangor & Aroostook RR. (9/4)**
Aug. 8 company applied to ICC for authority to issue and sell $4,000,000 of equipment trust certificates dated Oct. 1, 1952 and due semi-annually to and including Oct. 1, 1967. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler; R. W. Pressprich & Co.; Freeman & Co.; H. M. Payson & Co.; F. S. Moseley & Co. **Bids**—Expected Sept. 4.

★ **Bemis Bro. Bag Co.**
Aug. 13 it was announced stockholders will vote Sept. 30 on increasing authorized indebtedness by issuance of $14,000,000 notes.

Byrd Oil Corp., Dallas, Tex.
July 22 it was announced stockholders will in the fall receive the right to subscribe for $1,700,000 of 5½% first mortgage (convertible) bonds on a pro rata basis for a 14-day standby (certain stockholders have waived their rights). **Proceeds**—To repay bank loans and for development and exploration expenses. **Underwriters**—Probably Dallas Rupe & Son, Dallas, Tex.; Carl M. Loeb, Rhoades & Co., New York; and Straus, Blosser & McDowell, Chicago, Ill.

● **California Electric Power Co. (10/8)**
Aug. 11 company filed an application with the FPC for authority to issue 350,000 shares of common stock (par $1), and requested exemption from the Commission's competitive bidding requirements. **Proceeds**—To retire two convertible preference stock issues (5.50% and 5.60%) or for the discharge of bank loans, or both. **Offering**—Expected about Oct. 8. **Underwriters**—Company has been negotiating with several investment banking firms. Previous public financing handled by William R. Staats & Co.; Lester, Ryons & Co.; and Walston, Hoffman & Goodwin. Previous private financing was arranged through Merrill Lynch, Pierce, Fenner & Beane.

★ **California Water Service Co. (9/23-24)**
Aug. 13 it was reported company has applied to California P. U. Commission for authority to issue and sell through negotiated sale an issue of 80,000 shares of cumulative convertible preferred stock (par $25). **Proceeds**—To repay bank loans and for other corporate purposes. **Underwriter**—Dean Witter & Co., San Francisco, Calif.

Carolina Power & Light Co. (10/20)
July 17 it was reported company is planning registration late in August of $20,000,000 first mortgage bonds due 1982. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers; W. C. Langley & Co. and First Boston Corp. (jointly); Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Equitable Securities Corp.; Smith, Barney & Co. and Blyth & Co., Inc. (jointly). **Bids**—To be opened at noon (EST) on Oct. 20.

Central Hudson Gas & Electric Corp.
March 4 it was reported company plans the sale this Fall of about $5,500,000 first mortgage bonds. Latest bond financing was done privately in March, 1951 through Kidder, Peabody & Co.

Central Maine Power Co.
May 15 stockholders increased authorized common stock (par $10) from 2,500,000 shares to 3,250,000 shares and preferred stock (par $100) from 300,000 shares to 330,000 shares. It is estimated that additional financing necessary this year will be in excess of $8,500,000.

Columbus & Southern Ohio Electric Co.
April 26 it was announced company expects to enter the permanent financing market later this year with not less than 200,000 shares of new common stock. **Proceeds**—For construction program. **Underwriter**—Dillon Read & Co., Inc., New York.

Connecticut Light & Power Co.
March 1 it was announced that it is presently estimated that approximately $11,000,000 of additional capital will be required during the latter half of 1952.

Erie RR. (9/10)
Bids will be received by the company on Sept. 10 for the purchase from it of $2,880,000 equipment trust certificates to mature annually from 1953 to 1962, inclusive. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler; Harris, Hall & Co. (Inc.).

European American Airlines, Inc.
June 11 it was reported company plans to raise an additional $400,000 of equity capital. An issue of $200,000 of capital stock was just recently placed privately at $7.50 per share. **Underwriter** — Gearhart, Kinnard & Otis, Inc., New York.

● **Food Fair Stores, Inc.**
Aug. 19 stockholders approved proposals to increase the authorized indebtedness from $12,000,000 to $25,000,000 and authorized common stock to 5,000,000 from 2,500,000 shares. No immediate issuance of any securities is contemplated. **Traditional Underwriter**—Eastman, Dillon & Co., New York.

★ **Gulf, Mobile & Ohio RR. (9/10)**
Bids will be received on Sept. 10 for the purchase from the company of $4,992,000 equipment trust certificates to mature semi-annually over a 15-year period. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

Harnischfeger Corp.
June 30 stockholders approved proposal to increase authorized common stock from 500,000 shares (285,219 shares outstanding) to 1,000,000 shares (par $10) and to pay a 100% stock dividend on July 25 to common stockholders of record July 18. They also voted to waive their preemptive rights to the remaining authorized but unissued stock.

★ **Hecht Co.**
Aug. 20 it was announced stockholders will vote Sept. 18 on approving certain amendments which would permit somewhat more long-term debt provided the company raises at least $3,500,000 of additional junior equity capital. Junior stock financing is now under consideration. **Underwriter**—Goldman, Sachs & Co., New York.

★ **Illinois Central RR. (8/27)**
Bids will be received by the company on Aug. 27 for the purchase from it of $62,000,000 consolidated mortgage 30-year bonds, series E, due Aug. 1, 1982. **Proceeds**—To redeem on Dec. 1, 1952, $62,107,820 joint first refunding mortgage bonds due Dec. 1, 1963. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co.; Morgan Stanley & Co.

Industrial Research, Inc., Miami, Fla.
July 15 stockholders were scheduled to approve an offering of 225,000 additional shares of common stock (par $1). **Underwriter** — Barham & Cleveland, Coral Gables, Fla.

Kansas City Power & Light Co.
Jan. 4 company announced that it plans to issue and sell in 1952 about $12,000,000 principal amount first mortgage bonds. **Underwriters** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Glore, Forgan & Co.; Blyth & Co., Inc. and Lazard Freres & Co. (jointly); The First Boston Corp.; White, Weld & Co. and Shields & Co. (jointly); Smith, Barney & Co.; Kuhn, Loeb & Co., Salomon Bros. & Hutzler and Union Securities Corp. (jointly); Equitable Securities Corp.; Lehman Brothers and Bear, Stearns & Co. (jointly); Harriman Ripley & Co., Inc. **Proceeds**—For new construction.

Leonard Refineries, Inc.
Aug. 6 it was reported stockholders on Aug. 26 may vote on authorizing an issue of $500,000 convertible debentures or preferred stock. **Proceeds**—Together with funds from private sale of $1,500,000 7-year serial notes, to be used toward expansion program. **Underwriter**—Probably Bradbury-Ames & Co., Grand Rapids, Mich.

Long Island Lighting Co.
July 30 it was reported company may sell in September or October an undetermined number of common shares first to stockholders and later in year some additional bonds. **Proceeds**—To repay bank loans and for new construction. **Underwriters** — For common stock, probably Blyth & Co., Inc. and The First Boston (jointly). For bonds, to be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; W. C. Langley & Co.; Smith, Barney & Co.; Blyth & Co., Inc. and The First Boston Corp. (jointly).

Minabi Exploration Co., Houston, Tex.
March 21 it was reported early registration is expected of 125,000 shares of common stock. **Proceeds**—To go to certain selling stockholders. **Underwriter** — Moroney Beissner & Co., Houston, Tex.

Mississippi Power & Light Co.
March 14 it was reported company plans to issue and sell in November an issue of $8,000,000 first mortgage bonds. **Underwriters**—To be determined by competitive bidding. Probably bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co. and Kidder, Peabody & Co. (jointly); Blyth & Co., Inc.; The First Boston Corp. and W. C. Langley & Co. (jointly); Equitable Securities Corp. and Shields & Co. (jointly); Merrill Lynch, Pierce, Fenner & Beane; Union Securities Corp.

New England Power Co.
June 26 it was announced company now contemplates an additional issue of first mortgage bonds and common stock in equal amounts, either late in 1952 or early in 1953. **Underwriters**—For bonds to be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Equitable Securities Corp.; Kuhn, Loeb & Co.; The First Boston Corp.; Merrill Lynch, Pierce, Fenner & Beane; Kidder, Peabody & Co. and White, Weld & Co. (jointly). **Proceeds**—To repay bank loans (estimated to be $11,500,000 at Dec. 31, 1952).

New Orleans Public Service Inc. (12/15)
July 24 company announced plans to issue and sell $6,000,000 of first mortgage bonds due Dec. 1, 1982. **Proceeds**—For new construction. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers; Kidder, Peabody & Co. and Stone & Webster Securities Corp. (jointly); Equitable Securities Corp.; Union Securities Corp. **Registration** — Expected about Nov. 14. **Bids** — Tentatively set for Dec. 15.

★ Pacific Power & Light Co.
Aug. 15 company asked FPC approval for the issue of $7,500,000 30-year first mortgage bonds due Sept., 1982. **Proceeds**—For new construction. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Bear, Stearns & Co. and Salomon Bros. & Hutzler (jointly).

Pacific Telephone & Telegraph Co. (10/15)
Aug. 11 it was announced company has sought approval of California P. U. Commission to issue and sell $35,000,000 of debentures due Nov. 15, 1979. **Proceeds**—For repayment of advances and bank loans and for new construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers and Union Securities Corp. (jointly); White, Weld & Co.; Morgan Stanley & Co. **Bids** —Tentatively set for 8:30 p.m. (PST) on Nov. 15.

Pacific Telephone & Telegraph Co.
Aug. 11 the company applied to the California P. U. Commission for authority to offer for subscription by its stockholders an additional 703,375 shares of common stock (par $100) in the ratio of one new share for each nine shares of common or preferred stock held. American Telephone & Telegraph Co., the parent, presently owns approximately 90% of the outstanding common stock. **Proceeds**—To repay construction loans and for further expansion. **Underwriter**—None.

Permian Basin Pipeline Co., Chicago, Ill.
April 1 company applied to FPC for authority to construct a 384-mile pipeline system from west Texas and eastern New Mexico to the Panhandle area of Texas at an estimated cost of $58,180,000. Probable underwriters for convertible notes and stock; Stone & Webster Securities Corp.; and Glore, Forgan & Co., both of New York. Of the stock of this company, 51% is now owned by Northern Natural Gas Co.

Socony-Vacuum Oil Co., Inc.
July 18 it was announced company plans to offer to its common stockholders about 3,180,188 shares of common stock (par $15) at the rate of one new share for each 10 shares held. **Proceeds**—For expansion and improvements. **Underwriter**—Morgan Stanley & Co., New York. **Offering**—Not expected before late in September.

Southern Ry.
July 3 company applied to the Interstate Commerce Commission for authority to issue and sell $46,000,000 of mortgage bonds, without competitive bidding, over a period of about four years. **Proceeds**—For retirement in part of certain outstanding mortgage bonds.

Southwestern Public Service Co.
Aug. 4 it was reported that company may do some additional common stock financing and use the proceeds toward its construction program which, it is estimated, will involve approximately $23,000,000 for the year ended Aug. 31, 1953. Additional bond and preferred stock financing may also be necessary; this previously was done privately. **Underwriter**—Dillon, Read & Co. Inc., New York.

★ Standard Oil Co. of Indiana
Aug. 20 it was announced that the company is planning to file a registration statement with the SEC for $139,647,200 of 30-year convertible debentures to be offered first to stockholders at rate of $100 of debentures for each 11 shares of stock held. **Price**—To be supplied by amendment. **Proceeds**—To repay $81,500,000 of bank loans, and to finance expansion, including a 30,000-barrel-a-day refinery in the Williston Basin of Mandan, N. D. **Underwriter**—Morgan Stanley & Co., New York.

● Texas-Ohio Gas Co.
Aug. 15 it was announced that the FPC hearing on proposals by this company to build a 1,406-mile pipeline extending from Texas into West Virginia and to import natural gas from Mexico, will reconvene Sept. 2. The project is estimated to cost over $184,000,000. **Underwriter**—Kidder, Peabody & Co., New York.

United Gas Corp. (10/7)
July 25 it was reported that the corporation may issue and sell in the early Fall $60,000,000 of debentures. **Proceeds**—To retire bank loans and for new construction by company and its subsidiaries. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp., Harriman Ripley & Co., Inc. and Goldman, Sachs & Co. (jointly); Morgan Stanley & Co., White, Weld & Co. and Equitable Securities Corp. (jointly). **Bids**—Tentatively scheduled for 10 a.m. (EST) on Oct. 7.

Washington Water Power Co. (9/30)
July 24 it was reported company plans issue and sale of $30,000,000 first mortgage bonds due 1982. **Proceeds**—To retire part of outstanding bank loans. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc., Blyth & Co., Inc., Smith, Barney & Co. and White, Weld & Co. (jointly); W. C. Langley & Co. and The First Boston Corp. (jointly); Union Securities Corp. and Lehman Brothers (jointly). **Registration**—Tentatively scheduled for Aug. 27. **Bids**—To be opened about Sept. 30.

Western Natural Gas Co.
Aug. 11 it was stated that the directors on Sept. 2 will vote, among other things, on creating an authorized issue of 500,000 shares of preferred stock (par $30), part of which the company plans to offer as convertible preferred stock (carrying a dividend rate of about 5%) for subscription by common stockholders. **Traditional Underwriter**—White, Weld & Co., New York.

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Dividends vs. Retained Earnings as Market Force

in different ways to dividend changes. Neither is there any tangible evidence that the dividend factor is a stronger influence at one time than another.

The Graham and Dodd Formula

There has been virtually unanimous agreement that the dividend rate is an important factor and exerts an influence upon price entirely independent of the earnings factor. Nevertheless, until recently, no evidence has been presented and no opinion offered as to the precise weight of the dividend factor as an influence independent of earnings. Suppose a company earns, with some consistency, $3.00 per common share and pays at the annual rate of $1.50 and the stock sells for $25.00 per share. Now suppose that the dividend rate is increased to an annual rate of $2.00 but with no change in earning power or in the general level of security prices. Precisely what would be the increase in market price of the stock?

In the third revision of their classic "Security Analysis,"[1] Benjamin Graham and David L. Dodd have offered a specific formula to express the relative importance of earnings retained and paid out. This formula was suggested in the belief that the dividend factor should have a coordinate position with earnings in the valuation process.

The usual rough and ready valuation method is to apply a multiplier (price-earnings ratio) to the expected earnings. The multiplier, of course, will vary according to the prospects for the company and the industry.[2] The Graham and Dodd suggested formula represents no fundamental deviation from this process. Their formula utilizes the multiplier (M) or price-earnings ratio and they suggest that the multiplier in their suggested formula is the same sort of earnings multiplier as employed in the traditional valuation method. Specifically their suggested formula is,

$$V = M(D + \tfrac{1}{3}E)$$

Where V = value, D = expected dividend and E = expected earnings.

It will be observed that this formula yields the same result as the traditional approach only when the payout ratio is ⅔. In that case the formula becomes

$$V = M(\tfrac{2}{3}E + \tfrac{1}{3}E) = M(E)$$

but if the payout is more than ⅔, V will exceed M(E) and conversely if the payout is less than ⅔.

Example

Let us assume companies A, B, C, and D all with expected earnings of $3.00 and a normal multiplier of 10. The expected dividends, however, are $3.00, $2.00 and $1.00, and zero, respectively. The formula would yield valuations as follows:

Company A: 10 x 3 + 10 x 1 = 40
Company B: 10 x 2 + 10 x 1 = 30
Company C: 10 x 1 + 10 x 1 = 20
Company D: 10 x 0 + 10 x 1 = 10

What the formula suggests then is that each $1.00 of earnings paid out in dividends exerts an influence on market price four times as great as $1.00 retained in the business. This is evident in the above illustration since the stock with a zero payout develops a valuation of $10.00[3], while the stock with a full payout develops a value of $40.00 In other words each earnings dollar is worth $3.⅓ in market price and *in addition* each dividend dollar adds $10.00 to market value. Each earnings dollar paid out, then, results in a valuation of $13.⅓ dollar which is four times the value of $3.⅓ developed by a dollar of earnings not paid out.

The Evidence

No formal evidence is presented by the authors. They do refer to two studies by others[4] which support the suggested formula. Moreover, they state "our own studies of various industry groups during the rather stable stock market of 1947-1949 led us to a similar conclusion that the weight of $1.00 of distributed earnings tended to be about four times as great as that of $1.00 of retained earnings." They do not, however, give details of these studies.

From the nature of things anything in the way of final proof of the formula would be difficult. This is because stock prices may vary for so many reasons we can never be sure that variations in prices of different stocks at the same time, or variations in the price of the same stock at different times are due solely to dividend differences. Nevertheless it would appear to be possible to assemble evidence bearing on the validity of the formula which, even if not absolutely conclusive, would be persuasive, and point to either the validity or lack of validity of the formula. This evidence might be based on the following procedures.

(1) To assemble a number of instances of *unexpected* increases in dividend rates and test whether or not the resulting stock price increases can be explained in terms of the formula. It is necessary, of course, that the dividend increases be unexpected. A well advertised increase in dividend would probably not result in a price jump in the stock when the dividend is announced. Indeed if the dividend increase is less than anticipated there may actually be a decline on announcement of the increased rate. Any decision as to which dividend changes were expected and which unexpected is necessarily arbitrary.

(2) To select a group of low payout and a group of high payout stocks from the same industry and test whether or not stock price differences between the two groups can be accounted for on the basis of the formula. It would be necessary that the stocks in the two groups be generally similar in all factors except payout ratios.

(3) To select high payout and low payout groups from a list of stocks where factors other than the payout ratio are considered to be constant and test whether price differences between the two groups can be explained in terms of the formula. Here the stocks would not necessarily have to be in the same industry. It is necessary only that the stocks be considered to be similar in essential risk and prospects and dissimilar only in dividend payout ratios.

Actually it proved to be impossible to test the formula by reference to high payout and low payout stocks from the same industry. There proved to be little variation in payout ratios in the same industry. Where wide differences in payout ratios were found in the same industry in-

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1 "'Security Analysis," Graham and Dodd, McGraw-Hill, 1951.

2 Graham and Dodd also point out that in some cases a plus or minus adjustment is necessary to recognize special asset values. Presumably they have in mind stocks of companies that hold marketable assets not used in the normal operations of the business or stocks of companies whose net current assets are large in relation to quoted values.

3 It seems evident that in many but not all cases asset values either in the form of marketable non-operating assets or net current assets (after full allowances for senior securities) would prevent as low a price as this. This is fully recognized by the authors.

4 "Valuing Utility Earnings Distributed and Retained," Hugh Postoriza, *Analysts Journal*, July 1945.
"Factors Influencing Utility Price Earnings Ratios," Harold H. Young, *Analysts Journal*, Spring 1946.

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variably these appeared to merely reflect other differences of size, capitalization or marginality. In other words the stocks were not really comparable in those cases where there were differences in payouts.

Two Tests of the Formula

We can then test the formula by reference to prices of selected groups of high payout and low payout stocks where factors other than the payout ratio are considered to be comparable, and by examining the price behavior of stocks on announcement of dividend changes.

Test 1—Two groups of stocks were selected. One of these groups was a high payout group and the other a low payout group. There were four stocks in each group, and they were selected so that the two groups would be as nearly comparable as possible on all counts except payout ratios. The stocks were all generally representative of producer rather than consumers goods. Each group included two metals and one automotive equipment. In addition the high payout group included a railway equipment and the low payout group a general equipment stocks. All stocks had Fitch ratings of BB except for one B in the low payout group. The stocks included in the two groups were:

High Payout	Low Payout
Pullman	A. O. Smith
Phelps Dodge	Aluminum Corporation
Kennecott	Anaconda Copper
Dana Corporation	Allis Chalmers

In terms of simple averages the two groups compare as follows:

	High—Payout—	Low
Average price	$60.20	$52.12
Average earnings	5.80	7.03
Avge. current dividend	4.25	3.00
Price earnings ratio	10.4	7.4
Dividend payout	73.3%	42.6%

Prices are as of the date of the study (Spring 1952) and earnings are the adjusted average for the four years 1948-51.

Since the stocks were selected for comparability, it appears entirely reasonable to suppose that the difference in price earnings ratios is due largely to the difference in payout ratios. On this assumption, then, we can develop the relative of earnings retained and earnings paid out. The numbered computations below are based on the assumption that if the low payout group increased the dividend payout to the level of the high payout group, the low payout group would then sell at 10.4 times earnings instead of 7.4 times earnings.

(1) From the table above and on the basis of our assumption, it appears that $1.00 of earnings with a 42.6% payout will produce a market value of $7.40 and $1.00 of earnings with a 73.3% payout will produce a market value of $10.40.

(2) By simple linear extrapolation, then, $1.00 of earnings with zero payout would produce a market value of $2.96:

$$\$7.40 - \left\{\frac{42.6 \times \$3.20}{30.7}\right\} = \$2.96$$

(3) On the basis of this test then, $1.00 of earnings paid out is worth in market value a little more than three and one-half times as much as $1.00 in earnings retained. $10.60 ÷ $2.96 = $3.58.

This same test was repeated but with various other combinations of stocks included in the sample. The results show no great deviation from those reported above. Specifically these tests indicated that the dividend factor ranged in weight from two and one-half to four times the earnings factor.

Test 2—Price Changes Resulting from Unexpected Dividend Changes—Here the method employed is somewhat different than that employed in Test 1. The Graham and Dodd formula is assumed to be accurate. On the basis of the formula then, the change in price that *should have* resulted from the dividend change is compared with the change that in fact occurred.

From the very nature of things there is probably no such thing as an entirely unexpected dividend change. Every market observer is familiar with instances where a decline in price has followed announcement of an increase in dividend rate. This is presumably a reflection of disappointment at the amount of increase and indicates not only that investors expected an increase but that they expected a greater increase than was forthcoming.

Then too a change in dividend rate may in part at least be considered to be a reflection of management confidence or lack of confidence in maintenance of the current earnings rate. Therefore a change in price resulting from a dividend change may not be entirely a matter of investor appraisal of the dividend factor but may reflect in part investor confidence or lack of it in the maintenance of the current earnings rate.

There is, of course, an arbitrary element involved in the selection of those dividend changes that are considered to be somewhat unexpected. Moreover, since all dividend changes are to some extent anticipated and therefore discounted in advance we would not expect this test to be as valid as the previous one. In general if dividend changes are to some degree anticipated we would expect this test to considerably understate the real importance of the dividend factor.

Case 1—Southern Pacific

On May 22, 1952, Southern Pacific directors increased the annual rate from $5.00 to $6.00 by declaring a quarterly dividend of $1.50 increased from $1.25. Just prior to the announcement the stock sold around 74. The 1951 per share earnings were $10.71 and this was used in developing the multiplier at which the stock sold prior to the dividend change. This was developed as follows:

$$74 = M\left\{\$5 + \frac{10.71}{3}\right\}$$
$$74 = M\,(8.57)$$
$$M = 8.63$$

The change in dividend, then should have according to the formula resulted in a price increase of $8.60 developed as follows:

$$8.63\left\{6 + \frac{10.71}{3}\right\} = 82.60 = \text{Theoretical new value}$$
$$82.60 - 74 = 8.60$$

Actually the price increased at the time of announcement from 74 to 79, although in subsequent days it rose to approximately the formula value—but in a strong rail market.

On the same basis but without showing the detail four other cases of dividend changes with resulting immediate price changes are summarized below.

Company	Meeting Date	Immediate Price Change that Should Have Resulted from Application of Formula	Actual Immediate Price Change
		$	$
Loews Inc.	May 28, 1952	—5.46	—2.38
Spencer Chemical	July 22, 1952	+5.02	+2.37
United Paramount	May 27, 1952	—5.12	—1.00
Spiegel Inc.	July 2, 1952	—6.06	—1.12

Three of the cases included in the table were stocks selling around 15 or under. The results here may indicate that the Graham and Dodd formula is not entirely valid in the case of stocks selling at very low prices, or in the cases where the dividend yield is either very high or low reflecting an expectation of change. In other words, there may be a residuum of speculative value which has little relation to either dividends or earnings. Moreover basic asset values in such cases as United Paramount and Spiegel may well justify such a minimum valuation as to lead to very little variation in price as a result of quite large changes in dividends.

In general we regard the tests of price changes resulting from dividend changes as distinctly inconclusive. It seems clear that by no means can all of these dividend changes be regarded as unanticipated. Indeed in the cases of United Paramount and Loews the price drop from a few months prior to the dividend cut to the day following the reduction rather closely approximates the reduction expected by the formula.

The tests made of the Graham and Dodd formula are far from conclusive so far as determining finally whether or not their thesis that earnings paid out are worth precisely four times as much as earnings retained. But the tests, especially the first, do indicate that they are substantially correct. Earnings paid out do have an impact on market price several times as great as earnings retained.

Why Are Dividend Dollars More Valuable Than Retained Earnings?

There is nothing absolute about values. It has been said that the law is what the judges say it is. In something of the same sense values are what men think they are. There is probably more stability to the law than to security valuation, i.e., judges change their minds less frequently than investors. Value changes probably reflect changes in the world rather than the mere mind-changeing of fickle men. On this basis it would be sufficient to assert merely that earnings paid out have more value than earnings retained because men think they have.[5] There is, of course, nothing fixed and immutable about this pattern of thinking. Given a return to the circumstances and psychology of 1929 it is entirely possible that we would find that dividends would play a much more minor role in security valuation.

Perhaps a better approach is to accept the fact that this is the way men think about dividends and then appraise the rationality of that thinking. We can defend the apparent attitude toward dividends on two general grounds.

(1) Basically value, at least to a non-controlling stockholder, is the sum of the present values of future returns.[6] If it were known that a particular company would never pay a dividend and would never liquidate, logically its stock would have no value. As a matter of mathematics, nearby dividends influence value much more than expected dividends far in the future. This is because nearby dividends are more certain than more remote returns and because of the nature of the mathematical process. The present value of a future sum is the amount which if invested now at the given rate for the given time will accumulate to the given sum. Thus at 4%, $961 is the present value of $1,000 due in one year because $961 invested at 4% for one year will grow to $1,000. But the present value of $1,000 at 4% for 30 years is only $308, because if that sum is allowed to accumulate at 4%, compound interest for 30 years it will grow to $1,000. Since liquidation is usually only a remote possibility, it is clear that investor regard for dividends is firmly rooted in logic.

If the retention of earnings really made future dividends more certain, the dividend factor would be less important in valuation. This is because the capitalization rate would be lower with the increase in certainty. But it is entirely clear that the retention of earnings is no guarantee of future dividend stability. Graham and Dodd offer a number of illustrations on this point. After all retained earnings are commonly invested in business assets and are not kept in liquid form.

(2) There is a reality about dividends that is, in part at least, lacking in "reported earnings." The stockholder can spend dividends, but he cannot spend reported earnings. In varying degrees reported earnings depend upon a set of estimates which are far from certainties. The official position of the American Institute of Accountants is that depreciation charges should be based on cost and not on anticipated replacement cost. This is to say that the purpose of depreciation accounting is to maintain the integrity of the original dollar investment rather than to insure continuance of the enterprise at the original level of productive efficiency. The attitude of the American Institute of Accountants would seem to be entirely appropriate in the kind of a world in which we do not live.

If depreciation estimates are limited to cost, it is inevitable that a portion of "reported earnings" must be plowed back in order to merely maintain the same level of output. If the enterprise is not to be liquidated, that portion of reported earnings that has to be reinvested merely in order to maintain the same level of output is permanently denied to the investor. It may be that investors have quite reasonably determined that so called "earnings" which have no prospect of being translated into dividends have no reality. In this, investors would seem to be realistic where the American Institute of Accountants is unrealistic.

5 For an experimental verification of this attitude toward dividends see *An Experiment in Speculative Behavicr*, O. K. Burrell, Bureau of Business Research, University of Oregon.

6 The best exposition of this principle is to be found in *The Theory of Investment Value*, John Burr Williams, Harvard University Press, 1938.

Dillon, Read Group Offers Texas Eastern Transmission Pfd. Stk.

Dillon, Read & Co. Inc. heads an investment banking group which is offering publicly today (Aug. 21) a new issue of 190,000 shares of 5.50% first preferred stock, $100 par, of Texas Eastern Transmission Corp. The stock is priced at $100 per share, plus accrued dividends. The new first preferred series ranks ahead of the presently outstanding convertible preferred stocks.

Texas Eastern will use the proceeds from the new preferred stock, together with proceeds from the private sale of $30,000,000 of bonds to institutional investors, to complete financing of the company's several expansion projects which include: construction of a new 30-inch pipeline from Kosciusko, Miss., to Connellsville, Pa.; development of large underground gas storage facilities in Western Pennsylvania, and a program to increase its supplies of gas in the Texas Gulf Coast area. The Mississippi - Pennsylvania pipeline was placed in service Aug. 1, 1952. Additional investment by the parent company in Texas Eastern Production Corp., a wholly owned subsidiary, is also contemplated.

Texas Eastern owns and operates a pipeline system extending from the Texas Gulf Coast area to New York for the transmission and sale at wholesale of natural gas, supplying customers in Louisiana, Missouri, Illinois, Indiana, Ohio. West Virginia, Pennsylvania, New Jersey, and New York. When facilities nearing completion are brought to planned capacity, the company's natural gas deliveries will be increased to more than 1.2 billion cubic feet per day.

Continued from page 8

Dealer-Broker Investment Recommendations & Literature

The Muter Company—Analysis—Cruttenden & Co., 209 South La Salle Street, Chicago 4, Ill.

New England Public Service Co.—Analysis—Ira Haupt & Co., 111 Broadway, New York 6, N. Y.

Puget Sound Power & Light—Memorandum—Pacific Northwest Co., Exchange Building, Seattle 4, Wash.

Remington Rand Inc.—Analysis—Eastman, Dillon & Co., 15 Broad Street, New York 5, N. Y. Also available is an anlysis of **Thiokol Corporation.**

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

Sangamo Electric—Bulletin—Paul H. Davis & Co., 10 S. La Salle Street, Chicago 3, Ill. Also available in the same bulletin are data on **M. Lowenstein & Sons, Pepsi Cola Company, The Macmillan Company** and **Booth Fisheries.**

Simpsons, Limited—Analysis—James Richardson & Sons, 173 Portage Avenue, East, Winnipeg, Man., Canada and Royal Bank Building, Toronto, Ont., Canada.

Sperry Corp.—Brief data—Stern, Frank, Meyer & Fox, Union Bank Building, Los Angeles 14, Calif.

Standard Cable Corp.—Bulletin—Englander & Co., 115 Broadway, New York 6, N. Y.

Standard Gas & Electric Co.—Analysis—Gerstley, Sunstein & Co., 121 South Broad Street, Philadelphia 7, Pa.

Stromberg Carlson Co.—Memorandum—Fewel & Co., 453 South Spring Street, Los Angeles 13, Calif. Also available is a memorandum on **Tejon Ranch Co.**

Sunbeam Corporation—Analysis—W. E. Hutton & Co., 14 Wall Street, New York 5, N. Y.

COMING EVENTS
In Investment Field

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

Sept. 4, 1952 (New York City)
Security Traders Association of New York Bowling season opens at the City Hall Bowling Center.

Sept. 5, 1952 (New York City)
Security Traders Association of New York Outing at Richmond County Country Club, Dongan Hills, Staten Island.

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

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

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

Oct. 2, 1952 (New Jersey)
Bond Club of New Jersey member-guest Dutch treat Golf Day and Beef Steak Dinner at the Essex County Country Club, West Orange, N. J.

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

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

Oct. 20-23, 1952 (Miami, Fla.)
National Security Traders Association Convention at the Roney Plaza Hotel.

Oct. 24-27, 1952 (Havana, Cuba)
National Security Traders Association Convention tour.

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

Waddell & Reed Add
(Special to THE FINANCIAL CHRONICLE)

DAVENPORT, Iowa—John L. Kemp is with Waddell & Reed, Inc. of Kansas City.

DIVIDEND NOTICES

BENEFICIAL LOAN CORPORATION
DIVIDEND NOTICE

Dividends have been declared by the Board of Directors, as follows:

CUMULATIVE PREFERRED STOCK
$3.25 Dividend Series of 1946
$.81¼ per share
(for quarterly period ending September 30, 1952)

COMMON STOCK
Quarterly Dividend of $.50 per share

The dividends are payable September 30, 1952 to stockholders of record at close of business September 15, 1952.

PHILIP KAPINAS
August 15, 1952 Treasurer

OVER 700 OFFICES — Beneficial Loan System — IN U. S. AND CANADA

AMERICAN Cyanamid COMPANY

PREFERRED DIVIDEND

The Board of Directors of American Cyanamid Company today declared a quarterly dividend of eighty-seven and one-half cents (87½¢) per share on the outstanding shares of the Company's 3½% Cumulative Preferred Stock, Series A and Series B, payable October 1, 1952, to the holders of such stock of record at the close of business September 2, 1952.

COMMON DIVIDEND

The Board of Directors of American Cyanamid Company today declared a quarterly dividend of fifty cents (50¢) per share on the outstanding shares of the Common Stock of the Company, payable September 26, 1952, to the holders of such stock of record at the close of business September 2, 1952.

R. S. KYLE, *Secretary*
New York, August 19, 1952.

DIVIDEND NOTICES

Johns-Manville Corporation
DIVIDEND

The Board of Directors declared a dividend of 75c per share on the Common Stock payable September 12, 1952, to holders of record September 2, 1952.

ROGER HACKNEY, *Treasurer*

BRIGGS & STRATTON CORPORATION

DIVIDEND

The Board of Directors has declared a quarterly dividend of twenty-five cents (25c) per share and an extra dividend of thirty-five cents (35c) per share, on the capital stock (without par value) of the Corporation, payable September 15, 1952, to stockholders of record August 29, 1952.

L. G. REGNER, Secretary.
August 19, 1952.

BRITISH-AMERICAN TOBACCO COMPANY, LIMITED

At a meeting of Directors held August 12, 1952 in London, it was decided to pay on September 30, 1952 Interim Dividend of One Shilling for each One Pound of Ordinary Stock for the year ending September 30, 1952 on the issued Ordinary Stock of the Company, free of United Kingdom Income Tax.

Also decided to pay on the same day half-yearly dividend of 2½% (less tax) on issued 5% Preference Stock.

Coupon No. 214 must be used for dividend on the Ordinary Stock and Coupon No. 98 must be used for dividend on the 5% Preference Stock. All transfers received in London on or before August 29, 1952 will be in time for payment of dividends to transferees.

Also decided to pay on October 31, 1952 half-yearly dividend of 3% (less tax) on the 6% Preference Stock. All transfers received in London on or before October 7, 1952 will be in time for payment of dividends to transferees.

Stockholders who may be entitled by virtue of Article XIII(1) of the Double Taxation Treaty between the United States and the United Kingdom, to a tax credit under Section 131 of the United States Internal Revenue Code can by application to Guaranty Trust Company of New York obtain certificates giving particulars of rates of United Kingdom Income Tax appropriate to all the above mentioned dividends.

BRITISH-AMERICAN TOBACCO COMPANY, LIMITED
August 13, 1952

DIVIDEND NOTICES

Newmont Mining Corporation
Dividend No. 96

On August 19, 1952, a dividend of Fifty Cents ($.50) per share was declared on the 2,658,230 shares of the Capital Stock of Newmont Mining Corporation now outstanding, payable September 15, 1952 to stockholders of record at the close of business August 29, 1952.

WILLIAM T. SMITH, *Treasurer*
New York, N. Y., August 19, 1952.

THE GARLOCK PACKING COMPANY
August 13, 1952
COMMON DIVIDEND No. 305

At a meeting of the Board of Directors, held this day, a quarterly dividend of 25¢ per share was declared on the common stock of the Company, payable September 30, 1952, to stockholders of record at the close of business September 12, 1952.

H. B. PIERCE, *Secretary*

KENNECOTT COPPER CORPORATION
161 East 42d Street New York 17, N.Y.
August 15, 1952

A cash distribution of One Dollar and Twenty-five Cents ($1.25) a share has been declared today by Kennecott Copper Corporation, payable on September 30, 1952, to stockholders of record at the close of business on August 29, 1952.

ROBERT C. SULLIVAN, Secretary

DU PONT
150TH ANNIVERSARY
1802 • • • • • 1952

E. I. DU PONT DE NEMOURS & COMPANY
Wilmington, Delaware, August 18, 1952

The Board of Directors has declared this day regular quarterly dividends of $1.12½ a share on the Preferred Stock—$4.50 Series and 87½¢ a share on the Preferred Stock—$3.50 Series, both payable October 25, 1952 to stockholders of record at the close of business on October 10, 1952; also 85¢ a share on the Common Stock as the third interim dividend for 1952, payable September 13, 1952, to stockholders of record at the close of business on August 25, 1952.

L. DU P. COPELAND, *Secretary*

DIAMOND ALKALI CHEMICALS

Dividend Number 3 on 4.40% Cumulative Preferred Stock

Regular Quarterly Dividend on Common Stock

The Directors of Diamond Alkali Company have on August 12, 1952, declared a dividend of $1.10 per share for the quarter ending September 15, 1952, payable September 15, 1952, to holders of 4.40% Cumulative Preferred Stock of record August 25, 1952, and a regular quarterly dividend of 37½ cents per share, payable September 10, 1952, to holders of Common Capital Stock of record August 25, 1952.

DONALD S. CARMICHAEL, *Secretary*
Cleveland, Ohio August 13, 1952

DIAMOND ALKALI COMPANY

DIVIDEND NOTICES

CONSOL

The Board of Directors of
PITTSBURGH CONSOLIDATION COAL COMPANY
at a meeting held today, declared a quarterly dividend of 75 cents per share on the Common Stock of the Company, payable on September 12, 1952, to shareholders of record at the close of business on August 29, 1952. Checks will be mailed.

CHARLES E. BEACHLEY, *Secretary-Treasurer*
August 18, 1952.

Reeves makes the fabric

REEVES BROTHERS, INC.
DIVIDEND NOTICE

A quarterly dividend of 30c per share has been declared, payable September 12, 1952, to stockholders of record at the close of business September 2, 1952. The transfer books of the Company will not be closed.

J. E. REEVES, Treasurer
August 18, 1952.

ROBERTSHAW-FULTON CONTROLS COMPANY

Greensburg, Pa.
COMMON STOCK

A regular quarterly dividend of 37½¢ per share on the Common Stock has been declared, payable September 19, 1952 to stockholders of record at the close of business September 10, 1952.

The transfer books will not be closed.

WALTER H. STEFFLER
Secretary & Treasurer
August 15, 1952.

REYNOLDS METALS COMPANY

Reynolds Metals Building
Richmond 19, Virginia
PREFERRED DIVIDEND
COMMON DIVIDEND

The regular dividend of one dollar thirty-seven and one-half cents ($1.375) a share on the outstanding 5½% cumulative convertible preferred stock has been declared for the quarter ending September 30, 1952, payable October 1, 1952, to holders of record at the close of business September 19, 1952.

A dividend of twenty-five cents (25¢) a share on the outstanding common stock has been declared payable October 1, 1952, to holders of record at the close of business September 19, 1952.

The transfer books will not be closed. Checks will be mailed by Bank of the Manhattan Company.

ALLYN DILLARD, *Secretary*
Dated, August 15, 1952

DIVIDEND NOTICES

UNITED FRUIT COMPANY
213th
Consecutive Quarterly Dividend

A dividend of seventy-five cents per share and an extra dividend of fifty cents per share on the capital stock of this Company has been declared payable October 15, 1952 to stockholders of record Sept. 12, 1952.

EMERY N. LEONARD
Secretary and Treasurer
Boston, Massachusetts, Aug. 18, 1952

TEXAS UTILITIES COMPANY

DIVIDEND NOTICE

The Board of Directors today declared a dividend of 47 cents per share on the Common Stock of the Company, payable October 1, 1952 to stockholders of record at the close of business August 29, 1952.

JOHN HUME
Secretary
August 15, 1952.

Edison

Southern California Edison Company

DIVIDENDS

ORIGINAL PREFERRED STOCK
DIVIDEND NO. 173

CUMULATIVE PREFERRED STOCK
4.32% SERIES
DIVIDEND NO. 22

The Board of Directors has authorized the payment of the following quarterly dividends:

50 cents per share on Original Preferred Stock;

27 cents per share on Cumulative Preferred Stock, 4.32% Series.

The above dividends are payable September 30, 1952, to stockholders of record September 5, 1952. *Checks will be mailed from the Company's office in Los Angeles, September 30, 1952.*

P.C. HALE, *Treasurer*
August 15, 1952

1902 TEXACO 1952
Faithfully yours for Fifty Years

THE TEXAS COMPANY
200th
Consecutive Dividend

A dividend of sixty-five cents (65¢) per share on the Capital Stock of the Company has been declared this day, payable on September 10, 1952, to stockholders of record at the close of business on August 15, 1952. The stock transfer books will remain open.

August 8, 1952 ROBERT FISHER, *Treasurer*

Continued from page 7

Washington and You

many extra enterprises such as resettlement or developmental projects dear to the Federal planners, that one way or another, because of the intervention of Congress or some agency, he would come out with nothing like he proposed.

Canada, on the other hand, leaves natural resources to the provinces, and several of the provinces, particularly Quebec, are definitely friendly to private enterprise, whatever shortcomings this provincial administration may or may not have. ALCAN got a long-term lease from Quebec. It is bound only to make power freely available to any other industry that might be tempted to go into this otherwise northland waste, and to make the power available to the newcomer at a reasonable price. Thus, the power generated mainly to produce aluminum is shared with several paper mills in the district. However, most of their power rights are owned outright, under an earlier policy permitting this.

Another meaning ALCAN has for the U. S. is that, even if the imagination of man, the skill of engineers, and the daring of capitalists had created such a thing in the United States, it wouldn't be allowed to last. It would be killed off by government because it is admittedly a monopoly. Perhaps because Canada is as small as it is in population, it might have to be a monopoly. Being a monopoly, however, it would be sentenced to death as such in the United States.

This is not the case in Canada, for the residual difference between "monopoly" in the United States and Canada is that in the Dominion bigness as such is not a crime. It is not a prime target for Federal hostility. In Canada a monopoly is only bad if it uses its big economic power in a way to crush competitors by unfair methods of competition or if it uses its power to gouge consumers.

It is a reasonable possibility that by the process of evolution in any case ALCOA might eventually have lost control of ALCAN, for the almost variable history of U. S. development of Canadian industry is that once the industry or branch is established Canadians eagerly and inexorably buy it out, or at least a majority interest. However, as is no new story to U. S. investors, the immediate cause of the separation of ALCAN from ALCOA was a Federal Court decision, taken after a long legal attack upon ALCOA by the Department of Justice.

* * *

This excursion into the Saguenay and a talk with ALCAN officials also suggests some appraisal of where ALCAN is going.

One of the first observations is that ALCAN seems at one and the same time to be aware of some of the pessimistic contingencies in the near future but sold on the long pull.

Another major conclusion is that the ALCAN boys are willing to take a long-term risk of a character which is rapidly becoming a vanishing phenomenon in this age of accelerated amortization, the excess profits tax, government financing, and long-term government market guarantees—features of the overall business horizon relatively absent in Canada and notably prevalent in the U. S.

Finally, ALCAN seems to have both its immediate and future plans rigged so that it is not betting its future upon the possibility of a long-term purchase agreement from the U. S. Government.

As to the latter, first: Initially ALCAN will bring in only about 83,000 metric tons of aluminum production at the Kitimat installation, in 1954. *If* the U. S. Government entered into a long-term purchase contract with ALCAN, its principal influence upon the future of ALCAN would be to speed the development of Kitimat faster than would otherwise be prudent toward its ultimate potential of 500,000 additional tons of aluminum output on the West Coast.

ALCAN's long range daring is illustrated by Kitimat. The practical fact is that the possibilities for expansion of the Saguenay area are about exhausted. ALCAN is bringing in, one late this year and one next year, two new power generation installations on the Peribonka River, of about 250,000 h.p. each. The use of these installations will be to firm ALCAN's own supply of power (some of its power is at present purchased from others) and thereby firm the aluminum production capacity of the Saguenay district of now about 435,000 tons and in a few months to rise to 495,000 tons.

With only an initial 83,000 tons of aluminum output at Kitimat, ALCAN at first will hardly earn a pay-off on the $200 million-odd sum it will lay out on the vast initial works it will have to construct to bring Kitimat into being. The final estimated cost of this West Coast project is in the neighborhood of $500 millions.

However, Kitimat is in the eyes of ALCAN officials probably the only large, totally desirable, economically natural potential big site left in Canada. If ALCAN were timorous, it might lose it and a glorious future.

As to its present operations in being of nearly 500,000 tons, mostly in the Saguenay area, one gets the impression that ALCAN officials are aware of the basic factor in the Canadian boom not appreciated by many investors in both countries. This underlying factor is that the programmed inflation in the U. S., if perhaps with the same accidental result as of a speeding car killing a cat crossing the road, is in fact stimulating a tremendous demand for Canadian raw materials, especially for the up-again-and-down-again U. S. defense production program.

Worry over a possibility of any planned deflation in the United States, however, is probably nothing about which any Canadian industry need have nightmares in the near future, considering the commitments of both Presidential candidates in the U. S. toward foreign arms and other aid, and the U. S. defense effort.

One gets the impression that ALCAN officials also recognize that one of their main encouragements, the British option to purchase for a long term of years up to 250,000 tons annually of the metal (but not a commitment to purchase) is no more or no less a prop than the stability of the British Government and economy at any given time.

ALCAN is bullish about aluminum, convinced that more and more industrial uses will be made of aluminum, and that their necks are not out, or way out, on defense programs. They are now making all the aluminum they can and are selling it.

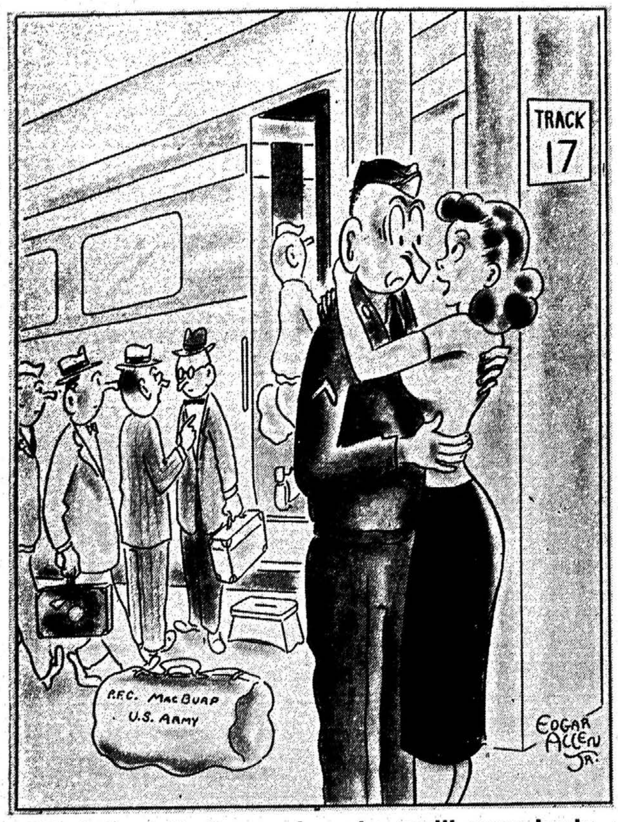
Back in Montreal and away from the ALCAN empire with its spirit of self-reliant capitalism, one learns that many Canadians certainly believe that every U. S. taxpayer should do his duty in the never-ending world crisis.

In an editorial in the Aug. 15 Montreal "Star" that great newspaper took to task some Canadians who were stating that because of a new British sterling crisis is looming, Canada ought to do something for Britain and do it quick.

"The United States," said the "Star," "is a creditor nation with the almost permanent capacity to give foreign aid from the surplus in its international accounts."

(This column is intended to reflect the "behind the scene" interpretation from the nation's Capital and may or may not coincide with the "Chronicle's" own views.)

BUSINESS BUZZ



"Work hard, darling, and maybe you'll come back Chairman of Remington Rand!"

Business Man's Bookshelf

Distributing Goods in U. S. A.—Booklet No. 5 of the Dollar Exports Council of the United Kingdom — British Trade Promotion Centre, 677 Fifth Avenue, New York 22, N. Y.—paper—$2.00

Fast Figuring for Executives, Present and Future — Harry M. Buten—M. Buten Sons, 1834 South Street, Philadelphia 46, Pa.—paper—$1.00 (lower prices on quantity orders)

South American Handbook, The—1952 Edition—Tue H. W. Wilson Company, 950 University Avenue, New York 52, N. Y. —cloth—$2.00

Trends in State Expenditures: 1940-1951, An Analysis of State Spending during and after World War II— The Tax Foundation, 30 Rockefeller Plaza, New York 20, N. Y.—paper