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EDITORIAL

As We See It

Last week we expressed the opinion that many of the politicians and some others were overworking the term "captive." We are still of the same view, and hence ourselves refrain from falling into the same habit. We must confess, though, that in certain other spheres and in certain other connections the phrase would not be inappropriate. What we have in mind is the degree in which certain notions originating abroad (not infrequently in Soviet Russia) and popularized by the late Franklin Roosevelt and his satellites have become a part of the mental and emotional furnishings of the American people. So widely have these ideas taken root that virtually all public men (including a number who regard themselves as wholly anti-New Deal) directly or indirectly, expressly or by implication are regularly doing homage to them —and this despite the fact they are often the very antithesis of the American tradition.

What proportion of the rank and file of the people have really become slaves to this type of philosophy, we find it difficult to say. Rarely if ever have the voters of any substantial part of the country had an opportunity to express themselves clearly on these questions. What is readily enough seen is that most, if not all, of those currently seeking public office have either fallen victims or else are firmly convinced that all too many of the voters of the country have embraced these foreign doctrines.

Of Course They Have

The President was, of course, in a sense quite correct the other day when he said that the Democratic Party had to go to the people on

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The Outlook for Capital Expenditure

By DEXTER M. KEEZER*
Director, Department of Economics
McGraw-Hill Publishing Company, Inc.

Dr. Keezer holds, barring a World War III within the next two or three years, capital expenditure will continue heavy because of large defense outlays and stimulation of spending for consumer goods by intensified salesmanship. Looks for no early business recession, and estimates capital outlay in 1953 will not decline more than 10% or 15% below that of 1952. Says excess profits taxes must be eliminated if retained profits are to constitute chief source of new capital outlays. Contends there is little likelihood of too much productive capacity.

My subject is the outlook for capital expenditure by American business. As you well know this is, in a very real sense, the outlook for continuing prosperity in the United States. Apart from wartimes, capital expenditure by business and prosperity have always gone up and down together. This is not hard to understand if for no other reason than that about a third of our industrial workers, and the better paid third, are engaged in producing and installing capital equipment. If they are not prospering they put a heavy drag on prosperity generally, as well as a fatal drag on the possibility of improving our standard of living.

Dexter M. Keezer

Whether it is the general state of prosperity which governs the level of capital investment by business or vice-versa is one of those "Which came first, the chicken or the egg?" questions which affords people with a penchant for economic disputation endless delight. I do not expect to live long enough to see the argument decisively settled, but that does not alter the fact that thus far capital expenditures by busi-

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*An address by Dr. Keezer at the Pacific Coast Banking School, University of Washington, Seattle, Wash., Aug. 27, 1952.

Our Economy Is Now on Soundest Base in History

By HON. JOHN W. SNYDER*
Secretary of the Treasury

Secy. Snyder, addressing students of banking, expressing faith in our banking system, asserts "today our financial system is more soundly based than ever before." Says banking and financial system underlies productiveness of agriculture, industry and Commerce.

When I took the oath of office as Secretary of the Treasury in June, 1946, I made this statement: "It is the responsibility of the government to reduce expenditures in every possible way, to maintain adequate tax rates . . . and to achieve a balanced budget —or better. . . ." And during the past six years, taken as a whole, our national finances have been better than balanced. During the six-year period, total Federal revenues exceeded total expenditures, and we have actually had a budget surplus of more than $3½ billion. This budget surplus, together with surplus cash in the Treasury's general fund when I took office, have been the principal means by which the debt was reduced during the past six fiscal years.

John W. Snyder

Recently, however, as a result of our current defense and security programs, the Treasury has been faced with a substantial deficit. This deficit must be financed. It will be important to finance it, however, in such a way as to promote continued economic stability at the present high levels of economic activity.

One of the policies which the Treasury undertook in the past to promote economic stability involved reducing the volume of government securities held by the banking system. No one in this country appreciates more keenly than bankers the fact that reducing this portion of the government debt by $24 billion in the six years

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*From an address by Secy. Snyder before a seminar session of the School of Banking at the University of Wisconsin, Madison, Wis., Aug. 25, 1952.

SECURITIES NOW IN REGISTRATION — Underwriters, dealers and investors in corporate securities are afforded a complete picture of issues now registered with the SEC and potential undertakings in our "Securities in Registration" Section, starting on page 26.

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

Libbey-Owens-Ford Glass Company—William H. Moore, Manager, Investment Department, J. & W. Seligman & Co., New York City. (Page 2)

Lithium Corporation of America, Inc.—Mason B. Starring, Jr., A. C. Allyn & Co., New York City. (Page 2)

WILLIAM H. MOORE

Manager, Investment Department
J. & W. Seligman & Co., N. Y. City
Members, New York Stock Exchange

Libbey-Owens-Ford Glass Company

The higher the point of ascension on a ladder, the greater becomes the climber's interest in the soundness of the ladder and the ground upon which it rests. In that frame of mind, the common stock of Libbey-Owens-Ford Glass Company appeals to me strongly. While Libbey is not the largest company in the glass business, it ranks first in safety glass and probably second in window and plate glass, but the latter is based upon belief rather than publicly available information.


William H. Moore

Many varieties of these products are manufactured and are interestingly described in company reports. One of fairly recent origin seeming to have broad sales appeal is "E-Z-Eye" safety glass which has a bluish-green tint permitting the transmission of daylight while reducing the transmission of heat and glare. The desirability of an improvement of this nature is self-evident to the motorist. Thermopane is another product which many may recognize but do not know by name. Basically it is two panes of glass sandwiching a sealed blanket of dry air which has great insulating value. This product is available in many sizes having practical and attractive use in domestic, commercial, and institutional structures. Probably the most stimulating recent development to those investors who stress the growth prospects of a company was Libbey's 1951 licensed entry into the glass fiber business. This phase of the glass business holds great promise of growth in established and still to be uncovered uses.

Libbey has enjoyed an impressive sales trend. For example, 1951 sales volume was 227% greater than what it was in 1941, whereas, during the same period, the combined sales of four leading companies in various phases of the glass industry, including Libbey, increased by 193% and gross national product registered a gain of 160%.

The financial housekeeping within the company has been excellent and presently there is neither funded debt nor preferred stock outstanding; 1951 year-end capitalization was represented entirely by 5,144,309 shares of common stock. In the seven years ended December 31, 1951, net additions to fixed assets were nearly double the amount provided therefor by depreciation provision in the seven years. Within the same period funds set aside and retained in liquid form for designated property improvements and replacements increased more than $13,000,000.

The company's postwar margin of operating profit has been very satisfactory and the volume of sales in relation to net plant and net working capital high for a growth company. During the 5-year period 1947-1951 average earnings based upon present capitalization were about $3.35 per share and dividends paid averaged about $2.30 a share. Peak earnings in that span of years occurred in 1950 when $4.82 was earned and dividends paid amounted to $3.50, and a high of 41 for the stock was recorded.

In 1951 earnings declined to $3.01 and the dividends paid totaled $2.00. It is noteworthy, however, that 1951 Federal taxes were about $1.20 per share more than in 1950. A best guess as to 1952 earnings would seem to be about $2.75-$3.00 a share. In view of the satisfactory working capital position of the company and this estimate of earnings, the quarterly dividend rate of fifty cents seems reasonably certain. At its present price around 37 the income return indicated is 5.4%, which is attractive for a company well established in its older fields of activity and holding substantial promise for success in the newer.

MASON B. STARRING, JR.

A. C. Allyn & Co., New York City

Lithium Corporation of America, Inc.

Lithium Corporation of America is the dominant factor in the rapidly expanding lithium field.

Military necessities and economic scarcities, occasioned by the first and second World Wars, led to the search for substitute materials and new products to meet the demands of advancing technology accelerated by research development creating great interest in lithium. Its chemistry had been studied for a long period, but its general use was quite restricted, due to limited known sources of raw material.


M. B. Starring, Jr.

The importance of lithium, the lightest of all metallic elements, is recognized by the government's recent survey of the industry and its announcement that the demand for lithium compounds for industrial and government requirements will reach at least 10 million pounds per annum by 1954-1955. It is estimated that the potential market for lithium carbonate in the ceramics industry alone is from 5-10 million pounds a year.

This requirement, determined by the Defense Production Administration, represents an increase of over 6 million pounds per annum over consumption as of the beginning of 1951. Lithium has been designated by the Army as a strategic material.

Lithium Corporation operates as a self-contained unit from mine ownership and extraction to finished products. It is the only company in the United States devoted entirely to the production of lithium and its compounds.

Extensive deposits of spodumene ore (from which lithium is extracted) are owned and controlled by Lithium Corporation of America.

In South Dakota, the company's mining operations now comprise the extraction of ore from the following deposits:

(1) The Edison Mine at Keystone (which solely supplied all of the company's requirements from 1944 to Jan, 1952).

(2) The Mateen Mine at Hill City (where mining was commenced in Jan, 1952).

(3) The Beecher No. 1 at Custer (where mining was commenced in June, 1952).

(4) The Beecher No. 2 at Custer upon which core drilling will shortly be started to establish extent of contained ore tonnage.

Expansion of mining and milling operations was started in 1951. A new flotation mill built at a cost of $330,000 and located at Hill City, South Dakota, was completed during March, 1952. It will boost extraction of ore from the Black Hills Deposits by 50%.

The company's new ore concentrating mill is located directly adjacent to the Mateen Mine which occupies a central position in the above property group. At this mill all mined ore can be combined and beneficiated.

In Canada ore reserves are available from the properties owned by Northern Chemicals, Ltd., in which company Lithium Corporation owns a controlling interest. These properties comprise 51 claims covering approximately six square miles at Cat Lake, Manitoba, which are believed to be the largest proven spodumene ore deposit in Canada in one single group.

Eight additional properties located in Manitoba and seven claims covering 485 acres located in La Corne Township, Quebec, are owned and controlled by Lithium Corporation of America.

In North Carolina the company has required a number of properties containing spodumene deposits of magnitude and great reserve importance.

Looking ahead, the combined ore reserves of Lithium Corporation of America reflects a supply adequate to meet the company's expanding requirements for years to come.

The manufacturing, processing and controlling of the company's products are carried on in the plant and control laboratory of its wholly owned subsidiary Metalloy Corporation, located at St. Louis Park, Minneapolis, Minnesota.

Within the last few years, Lithium Corporation, through improvements in its methods of extracting lithium from its ores, has made great strides in the establishment of a substantial lithium industry with diverse industrial uses.

The largest users of lithium products at the present time are the lubricating grease, ceramic and air-conditioning industries.

The company lists among its customers: Six of the leading oil companies; four leaders in the ceramic field and two leading air-conditioning manufacturers. The company's products are also used in the pharmaceutical, metallurgical and other important fields too many to enumerate here. Various trade experts estimate that the potential peace-time demands for lithium products are as much as 1000% greater than present industry output, and there are also uses in the field of atomic energy, public knowledge of

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SEC Proposal to Regulate Sale of Small Canadian Issues

Objections voiced to "strings" attached to otherwise laudable plan smoothing the way for sale in United States of Canadian issues of $300,000 or less. SEC restrictions viewed as onerous, costly, unfair, and calculated to disturb harmonious relations between Canada and U. S. Commission hamstrings those connected with Canadian small issues in order to guard against the limited number of possible transgressors.

The Securities and Exchange Commission has just issued a notice of proposed exemption from registration for certain Canadian offerings.

It has under consideration a proposal to adopt a conditional exemption from registration requirement of the Securities Act of 1933 for offerings, not exceeding $300,000 in any one year, made by Canadian issuers or by domestic issuers with their principal place of business in Canada.

Via this release, the Commission tells us that its proposal has been made possible by the ratification of an amendment to the Extradition Treaty between the United States and Canada which is designed to cover frauds of a type indictable in this country.

In a recent editorial ("Chronicle" of Aug. 21, page 3) entitled "SEC's Regulation A Revision Would Penalize Small Business Security Flotations," we called attention to the fact that the primary Congressional intent with respect to domestic issues of $300,000 and under was to aid all business.

We criticized the Commission for attempting to initiate in such issues a so-called "offering circular" which, in effect, is nothing more or less than a prospectus, inasmuch as this was not part of the intent of Congress and would make cumbersome and costly and time consuming a procedure which was intended to be simple, prompt and expeditious.

We also found fault with the SEC for establishing within itself, through the medium of its rule making power, the legislative right to destroy the small issues exemption "where it appears that the conditions of the exemption are not specified or where fraud or deceit is being employed, or would be employed in connection with the offering and selling of the securities."

We said that through mere capriciousness the SEC, with arbitrary clairvoyance, might at times predict that fraud was intended or would be employed, and thus destroy the marketing of a security.

As to these matters, the requirements in the current proposal under Release No. 3451, for dealing with proposed exemption of Canadian offerings not exceeding $300,000 in any one year, are the same and, therefore, to the extent that they are the same, these subject themselves to the criticism dealing with "Regulation A" offerings to which we have referred.

The instant proposal is objectionable on other grounds as well.

One of these grounds has to do with the question of timing.

Canada is the land of opportunity. In its relation to opportunity, it is what the United States was several

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Articles and News

Regular Features

*Column not available this week. Mr. May is in Mexico, covering the Annual Meetings of the International Bank and Monetary Fund. †No column this week.

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Cigarettes for the Long Pull

By IRA U. COBLEIGH

Author of "Expanding Your Income"

A short (not king-size) survey of certain splendidly advertised companies which, by the pack and the carton, bring pleasure to smokers and some dividend contentment to stockholders.

Little did Sir Walter Raleigh realize, when he bummed a smoke from the Indians, that he was starting a multi-billion dollar industry among sophisticated and civilized men, grub-staking dozens of advertising agencies, sowing the seeds for hundreds of radio and TV programs, and thousands of commercials (jingling, as well as jangling); and snatching hundreds of doctors out of surgery for research in smoke clinics.

Ira U. Cobleigh

Don't get alarmed. This is no history of the wondrous weed from leaf on the plantation, to ash in your tray. Rather, it's going to simmer down to an extra mild review of cigarette production, puffing and profitability in recent years, with some comment about shares in this tobacco field, but slightly affected by the forward motion of the 1952 bull market.

First of all, for some time tobacco shares have not been sought or bought by those primarily drawing a bead on capital gains. Their appeal has been more to those seeking a measure of industry diversification, some defensive qualities, and a rather mature kind of equity with a durable record of adequate earnings, and cash dividend stability, and liberality.

Let's look at the record. Even in the depths of the Great Depression, top cigarette producers made money and paid dividends. Investors for income don't forget that fact. Another thing, only in the years 1931 and 1932 did cigarette demand flag. But for those two years, the 30-year curve for per capita cigarette consumption has been steadily up — in each and every year. Last year 416.6 billion individual cigarettes were puffed, in anxiety or contentment, and this year a few billion more. World War II, with its tensions, its millions in uniform, set a new high smoke demand for the military services, and smoking has proved one of the most persistent habits of mid-century man—and woman. Don't forget the ladies. More of them are smoking more than ever before but, even so, among people who smoke cigarettes, it's men—2 to 1!

Highly Competitive Industry

You'd think with an ever rising demand like this, that tobacco would be classed as a "growth" industry, but it isn't. Because earnings have simply not kept pace with gross for a variety of reasons. First, competition. This has meant heavy annual advertising outlays for all companies, and has prevented any single company from jacking its price up sharply lest it lose heavily to competitors. Less than in any other manufacturing industry you might name, have tobacco companies been able to hike prices to offset, adequately, rising costs. Since the war there were two price increases in 1946, one in August, 1950, another in November, 1951, and only recently a price increase request was turned down by O. P. S. This seems just a little unfair as the tobacco industry has been a favorite tax target and whipping boy; federally for years, and more recently by States and cities. In New York City a 23c pack of cigarettes today includes, in its price, a 1c city tax, 3c State, and 8c for Uncle Sam. You'd think any article so lush a producer of tax revenues as cigarettes, would be given kinder treatment by price authorities.

On the cost side, there is plenty of basis for a price increase. Some 70% of the actual cost of a cigarette is the tobacco leaf. This leaf, as your radio announcer has so often reminded you, cannot be used overnight. It must be aged for a year and a half or so, before it's fit to heat your molars. This means vast inventories of a farm crop whose price is supported by the government; and the bigger the total sales of a company, the bigger the inventory. Hence, bank loans, or the issuance of big debenture issues have been the financial order of the day. The prices of leaf tobacco seem to have leveled off recently and, except for crop failure, a further profit squeeze, due to higher inventory cost, does not appear likely.

Equities of the tobacco leaders hit a postwar peak in 1946 but have not shared in the recent market ebullience. When people ask if the bull market is over, they can't be talking about tobacco shares, which today repose some 30% below their tops six years ago.

Dividends and Earnings

The question for us to decide is whether the traditional income stability of this group can be maintained, when the general prospect is for a lower 1952 net earnings than reported last year. American Tobacco indicates $4 a share dividends this year; ditto Liggett and Myers. Lorillard paid with extras $1.50 last year; but recurrence of extras this year is not presently assured.

Reynolds Tobacco has been turning in an impressive performance. While per share "B" common earnings fell from $3.73 in 1950 to $2.92 in 1951 the numbers for this year ought to exceed $3, and provide adequate cushion for the $2 dividend. "Camel" is the magic name for Reynolds, the pack with the hump on its back accounting for 90% of Reynolds gross, and 27% (for 1951) of total consumption. Camel is the largest selling cigarette, and is supplemented on the Reynolds earnings statement by Prince Albert (best seller of pipe tobaccos) and a king-size item, "Cavalier."

Even in 1932, Reynolds "B" sold no lower than 26½, and paid $3. Low in volatility, and high in stability, Reynolds "B" common, as an income-bearing security, deserves recognition. At 35 it yields 5.7%.

A company outstanding for dynamic smoke merchandising is Phillip Morris, which within a very few years has risen to the number four spot in the industry filling over 10% of the market. In 15 years, annual net sales have grown from $55.6 million in 1937 to $306.7 million in 1951. Like Reynolds, its leading brand accounts for 90% of sales; but Phillip Morris also has quite a list of running mates—Dunhill (long), Spud, Marlboro, English Oval; and for the pipesters, Barking Dog, Country Doctor, Revelation, Bond Street and Handsome Dan.

To carry tobacco inventory, Phillip Morris has a $32 million funded debt and bank loans (3/31/52) of $85 million. Combined, they equal about 60% of tobacco inventory. Substantial further leverage for the 2,448,121 shares of common is provided by $33 million of preferred, standing ahead. At today's market price of 45, MO yields 6.6% assuming maintenance of current $3 dividend. Considering the excellence of management, the truly impressive record of growth, and fiscal year earnings (3/31/52) of $4.65, income-minded buyers may, with some reason, "Call for Phillip Morris" when they visit their broker. Further, this MO common does not appear devoid of growth possibilities.

Dividends by Industry Leaders

Some criticism may be offered that the smaller companies have not been included in this brief industry resume. That is true for a couple of reasons. First, the companies mentioned provide well over 80% of our cigarettes and, secondly, it was my purpose to stress the size and stability of leaders in the field. For example, consider the dividend record below:

Company	Some Com. Div. Each Year From
American Tobacco	1905
Liggett & Myers	1912
P. Lorillard	1932
Phillip Morris	1928
Reynolds "B"	1918

The controlling factors in cigarette making profitability seem to be the cost of tobacco and the bill for advertising. Both of these items demand big hunks of capital. This requirement would appear to make it pretty tough for any newcomer to assail the position of the leaders, although new gimmicks to lure smokers are forever being introduced — rounds, ovals, longs, shorts, cork tips, filters, throat easing and medical surveys.

With prices of raw material now pretty well stabilized and advertising budgets and programs constantly being tested for sales efficiency, the equities of leaf leaders and butt boosters appear to present sound and quite uninflated values at current quotations. The principal drawback is the difficulty of making price increases because of (1) the intensity of competition, (2) the weight of taxation, and (3) concern lest a higher retail tag divert sales to smaller companies, using price concessions, rather than expensive advertising, as a business getter. (Sears Roebuck has its own brand that under-prices the leaders by a few pennies.)

If there is not offered here, a vista of great capital gain, there is also absent the roller coaster market swings which have been the lot of shareholders in, say, textiles, movies, or liquors. The cigarette has been pretty good for the long pull.

S. J. Sanford Has Written Play Script

Stephen J. Sanford has completed the script of a new three-act comedy — "Her Majesty Regrets" — which is now being read by a Broadway producer. The author is Manager of the Investors' Research Department of Amott, Baker & Co., Inc., 150 Broadway, New York City, and a member of the New York Society of Security Analysts. He has written several articles for "The Commercial and Financial Chronicle," his last appearing in the July 24, issue.

Walston, Hoffman Add

(Special to The Financial Chronicle)

PORTLAND, Ore. — Earle C. May has become connected with Walston, Hoffman & Goodwin, 621 Southwest Morrison Street.

The Business Outlook

By ARTHUR C. BABSON

Vice-President, Babson Reports, Inc.

Asserting much of the steam has gone out of the fundamentals behind the long postwar boom, Mr. Arthur Babson sees no new dynamic forces are available to lift volume of production above 1951 level. Looks for some nearby stability, but predicts a squeeze on profit margins. Advises against additional real estate commitments and warns of more intense competition.

The recent pick-up in business, resulting largely from the steel workers going back to work, as indicated by the Babsonchart of U. S. Business, will not last through the winter, in our opinion. In fact, we expect the improvement in the Physical Volume of Business will reach a peak by the end of December and then decline. There is little reason to expect a new upsurge in business after the year-end.

A. C. Babson

Much of the "steam" has gone out of the fundamentals behind the long postwar boom. No new forces of a dynamic character are available to lift the volume of physical production above those peaks set during the latter part of 1950 and 1951. However, we do not look for any "nose-dive" in business over the near-term future.

Much has been said concerning the effects on business when the results of the Presidential Election are available in November. It is our opinion that the election will have little immediate effect on the business outlook, no matter which leading candidate is elected. As President, neither candidate can suddenly change the pattern of our vast Federal economy. Certainly, no candidate wants deflation. Perhaps more important than the Presidential results will be the make-up of the new Congress. Even so, in our opinion the trend of business will be influenced more by profits than by politics.

For the balance of the year, it is our feeling that retail sales will remain about like those prevailing for 1951, with the variety chain stores showing the best results. This same situation should continue into the first quarter of 1953. Living costs will probably show somewhat more strength than weakness, with little chance of decline. In general, wholesale commodity prices will remain on the average rather stable. Industrial strife will be on the increase this fall with many more strikes called as compared to last year. As always, strike dislocations, and wage increases without increased productivity, will add to inflationary pressures. These additional charges piled on top of the already excessively high cost of doing business will, in our opinion, be like "driving one more nail in the coffin in the postwar boom."

A Squeeze on Profit Margins

With higher operating costs in prospect, plus a reluctance on the part of the consumer to purchase due to high prices, we look forward to an increasing squeeze on the profit margins of manufacturers. Furthermore, those companies with a high proportion of their output devoted to the defense work will find that profit margins from this type of production will be strictly limited, with re-negotiation coming into the picture very much more strongly than heretofore.

While foreign trade will continue to bulk large as compared to prewar levels, we feel that a declining trend will prevail. Reports from all over the world bring us news that the world-wide postwar boom has seen its peak. Keener competition is now the rule. The intense shortages brought on by the conversion of factories to the job of producing instruments of war, have been largely satisfied through high production during the last five years. Inventories have been rebuilt and much productive machinery worn out or destroyed by war has been replaced or rehabilitated. Western Germany and Japan, important exporters before the war, are now in a better position to produce goods for world markets. These developments cannot help but affect American foreign trade during the months ahead.

The postwar building boom has been stimulated to a marked degree by the shortage of houses and commercial buildings brought about by the lack of construction during the depression and war years. The very high rate of construction has now pretty well made up these deficits. The creation of new families has reached a postwar low. Furthermore, the population of young people reaching marriageable age is smaller than for many years, due to the reduced birthrate during the depression years. The rising cost of construction is placing a damper on the building plans of future home owners and those contemplating the erection of new commercial buildings. The construction of a large amount of defense factory space has had a favorable effect on building figures, but this part of the "tooling up" program will not continue indefinitely.

Generally speaking, we are of the opinion that this is a time when additional real estate commitments should not be entered into. Furthermore, real estate, which the owner anticipates selling within the next few years, should be placed on the market with the thought that current favorable market conditions relating to real estate will not always be present.

In summary, it is our opinion that for the balance of the year business conditions will improve with a falling off in activity during the first part of 1953. Net profit after taxes for a majority of companies will decline. Prices, generally speaking, will be stable. Employment will remain high with retail sales relatively good. Nevertheless, competition will become more intense, which means that more emphasis, as time goes on, must be placed by management on advertising and selling to maintain volume.

Stanley W. Schmitt

Stanley W. Schmitt, a statistician with the investment banking firm of Morgan Stanley & Co. since 1943, died suddenly on Sunday, Aug. 24, 1952 at his home in Ridgewood, N. J. He was 53 years old.

Born in Wilkes-Barre, Pa., Mr. Schmitt had also been associated with Atlas Corp. and Electric Bond & Share Company.

With Gill Assoc.

(Special to The Financial Chronicle)

TOLEDO, Ohio — William C. Rodgers is with Gill Associates, Inc., Gardner Building.

The State of Trade and Industry

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

Aggregate industrial production in the period ended on Wednesday of last week continued to recover from the reduced level reached during the recent steel shutdown, but failed to equal the high level of a year earlier; it continued to be about 10% below the all-time record during World War II. Stocks of steel remained inadequate in many lines.

On the employment front new claims for unemployment insurance benefits fell 15% in the latest week for which data are available, that ended Aug. 2, but they were 4% higher than a year ago. Continued claims rose 12% and were up 43% from the year before.

Steel ingot output expanded last week for the eighth consecutive week, advancing to 97.1% of capacity and was above a year earlier for the first time in three months.

An obvious pattern for passing on higher manufacturers' costs when authorized by Office of Price Stabilization's pass-through order is being hustled to the center of the stage by Washington, says "The Iron Age," national metalworking weekly, in its current review of the steel market.

By granting the higher wages that led to higher prices in steel and aluminum, Washington set up a stepladder for inflation, it adds. It is now proclaiming that no matter how many inflationary fires it has kindled by raising a manufacturer's costs, inflation will be "negligible." The manufacturer may not dare take advantage of authorized higher prices, being embroiled in sometimes fierce competition and in coddling sluggish markets.

In other words, this trade journal states, Washington has raised a manufacturer's costs and is crowing because he can do nothing about it. But there is no doubt among many manufacturers whose products are made mostly of steel and aluminum that an inflationary spiral, however limited, is an economic necessity.

Many of these companies are engaged in competitive dueling in which low prices are a must to win business. But now higher costs have mounted to such an extent they have no alternative but to pass along these costs, or part of them, to their customers—however reluctantly, this trade authority points out.

While Washington holds aloft the unfortunate market plight of consumer durables as a prime example of why inflation may never take place, many manufacturers of light and heavy metal products are preparing to take advantage of any increase OPS may allow. A great many metalworkers will demand pass-throughs ranging from moderate amounts to 100% of higher metal costs.

Manufacturers who use proportionately little metal say they are in a better position to withstand the inclination to raise prices. They may hear the echoes of even a mild inflation later when it has a chance to seep through the economy.

In the category of industries unable to bear the higher-cost whipping no longer are the stampers, which "The Iron Age" surveyed to get some clue as to what may be happening in other fields. Many stampers say they can absorb no more higher costs, must pass them along in the face of competition and customer resistance.

Makers of auto replacement parts are now at OPS's, doorstep, asking the right to pass on 100% of added material costs. And their big brothers, the auto producers, will almost certainly lever up prices on 1953 models. Suppliers to auto assembly lines are sounding warnings that their prices must go up.

Active competitive factors inherent in a system of free enterprise are working against a wild inflation that Washington found politically expedient to set the stage for. Coming wage rises among several giant industries may lend more push to inflation. In fulfilling Washington's hopes for a negligible inflation by absorbing cost increases, the manufacturer is getting it in the neck, concludes "The Iron Age."

The auto industry began to get back on its feet the past week producing more than 3½ times the number of cars it did last week.

"Ward's Automotive Reports" counted 82,886 cars assembled last week, compared with 22,776 in the preceding week and 102,646 in the like 1951 week.

Additional increases are expected for this week. Although each car make was on the assembly line last week for the first time in a month. General Motors and Chrysler—together with Studebaker and Nash—were still operating below the rates of early June, "Ward's" noted.

August output of both cars and trucks will total about 300,000, or about 55% above July's 194,000 but 40% below the 499,000 turned out last June. The industry's last normal month—May—netted 500,000 cars and trucks, "Ward's" said.

John L. Lewis, head of the United Mine Workers Union, has given formal notice to the government that his contracts with coal companies will expire at the end of September. The Taft-Hartley law requires that Washington be informed of a labor dispute at least 30 days before the work contract expires. Lewis' action could—as it has done before—precede a strike provided no agreement is reached by Sept. 30. The United Mine Workers' chieftain, who has not made public his wage demands, has been conducting informal contract discussions with hard and soft coal operators.

There were 13% fewer business failures last July than in the same month a year ago. It marked the fifth straight month that the number of business failures for the country as a whole had been below the year-ago level. At 580, they were reduced 14% from those of the month before. The "Dun's Failure Index" which makes allowances for normal month-to-month changes in the

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Chesapeake & Ohio Management Hits the Ball!

By JOSEPH S. NYE

Partner, Neergaard, Miller & Co., New York City

Mr. Nye reviews recent developments in administration and operation of the Chesapeake and Ohio Railroad. Points out, under new President and adjusted top management, rail line is now efficiently managed and the financial aspects of the company are most promising. Holds heavy capital expenditures in last five years will prove profitable to shareholders of the Company, which is "on the way of producing the highest earnings in its history."

Although the Chesapeake & Ohio traces its origin well into the 19th century, 1949 will stand out as one of the most difficult years from an operating standpoint in C. & O.'s history.

Joseph S. Nye

In that strike torn year the coal mines operated intermittently 170 days and earnings amounted to $1.36 a share on the widely held 7,817,095 shares outstanding.

The common stock of this great railroad, which normally handles the fourth largest amount of freight cars in the nation, was severely depressed, not only in 1949 but also in 1950 when the effect upon working capital dictated that no more than $1.50 be paid even though earnings had rebounded to $4.25 a share.

The harm had been done as far as the investment regard towards Chesapeake & Ohio shares was concerned. Heretofore, this stock was included in accounts which held securities renowned for their dividend stability. For it was recalled that this carrier had not only paid a dividend continuously since 1899 except for two years, but that a dividend of at least $2.50 a share had been paid all through the great depression of the early 1930's when many industrial giants passed dividends. For example, United States Steel in many of these years paid nothing to common stockholders and less than half the dividend on its preferred stock. In fact Chesapeake & Ohio has paid a dividend without interruption since 1922.

But the year 1949 did have some bright spots for C. & O. for this was its first year under a new, dynamic and inspiring individual in the person of Mr. Walter Tuohy, its President. His selection is a great credit to Mr. Robert R. Young who, as Chairman of the Board, is the Chief Executive Officer of that railroad.

Here was a President who refused to be discouraged by low earnings, inadequate working capital conditions and a fleet of coal cars which included 12,000 due for heavy repairs. In fact, Mr. Tuohy has given the company a promissory note in exchange for 10,000 shares of stock at a price of approximately 37⅜. This, in itself, is an innovation in railroading, a President willing to go into debt because he has faith in the property and expecting to receive these benefits along with the other stockholders.

Management Reexamined

In 1949 Messrs. Young and Tuohy reexamined the entire top management of C. & O. in order to place the direction of the Road in the hands of men who would produce outstanding results. Mr. Tuohy came to the C. & O. from the coal industry, other individuals were brought to the Road from the top ranks of general industry, and these men, alongside of the best railroad men in the system who were retained, have accomplished the following: 1952 earnings will rank among the highest in the Road's long history. It is possible that a new high record will be established. It should mark the lowest man hours worked per 1,000 gross ton miles. The 1951 operating ratio hit a new low level for the past seven years except for 1950 and would have excelled 1950 had it not been for the stepped up car repairs and other maintenance programs. Most important should industrial activity drop as much as 20% in the territory, there is now reason to believe that earnings will hold and not go under $4 a share due to other factors to be discussed herewith.

The 1949 low earnings were also due in part to a charge against earnings of around $3 million to take care of contested taxes of prior years. Many other doubtful and non-recurring items were also charged off and in every way the company cleaned house to put themselves in the strongest financial position.

Before discussing new methods of efficiency or the important new amortization program, it is proper that we consider coal traffic and merchandise business which, combined, account for more than 90% of gross operating revenues. Passenger revenues are approximately 4% of such revenues.

Before taking up the item of coal, it may surprise many to learn that in the year 1951 merchandise and manufactures revenues were 41% of gross revenues and equal to the coal revenues if the export coal traffic is deducted and the comparison made with domestic coal business.

Coal

Coal is an element of stability in C. & O.'s traffic and a very beneficial factor to this railroad. Coal is the most important single source of energy in the United States, supplying half of the demand, and coal production will grow as the nation grows. The coal industry itself shares this conviction, as evidenced by the operators' continual investments in new and expanded mining plants and mechanization of their operations. The four largest users of coal together take more than 75% of the industry's output. These users are coke ovens (primarily for the manufacture of steel), electric power utilities, retail dealer deliveries and other industrial users. The fifth largest user of coal, the railroad industry itself, is taking decreasing amounts of this fuel due to dieselization. In the past several years the railroads have taken less than 13% of the total.

Fortunately for the industry, the electric power industry has a voracious appetite for coal and it is reassuring to observe that the trend is towards very much greater use. An example of this is the Tennessee Valley Authority, recognized as a large generator of electricity by hydro-electric stations. As industry has been attracted to that area by cheap power and hydro sites are being rapidly built up, TVA is building and planning coal-burning steam plants. During fiscal 1951 TVA burned 1,182,000 tons of coal and just over 2,000,000 tons in fiscal 1952. When proposed new plants and additions are completed future coal usage is expected to be around 15,000,000 tons a year or 7½ times last year's consumption.

The oil and gas market will continue to grow, but coal will grow too. The President of one of the largest coal companies has predicted that by 1965 oil use will increase 30%; gas use 60% and coal use 33%. The Presidents' Materials Policy Commission in its "Outlook for Energy Sources" expects demand for coal will increase about 60% by 1975.

According to present plans a substantial number of plants using coal will be built in the Ohio Valley, and the products will provide a constantly growing traffic over the next three or four years. Among these plants are important chemical installations, which are also large users of coal.

Atomic Energy

Atomic Energy Commission plants use tremendous amounts of electricity generated by coal burning steam generators always located at nearby points. One such plant to be located upon the C. & O. at Fernold, Ohio, will use, when it is in operation, 10 cars of coal a day. Another gigantic A. E. C. plant estimated to cost $1.2 billion is to be constructed in an area served by the C. & O. about 20 miles north of Portsmouth, Ohio. Two utility plants are to be built to furnish the tremendous power needed for this operation. They will be located along the Ohio River and will require an estimated 7.5 million tons of coal annually. While the coal will be delivered to the generating plants by barge, C. & O. will participate through movement of a large amount of this coal from mines to the River. It is bound to make an important contribution to the stabilization of the bituminous coal market.

Competitive Considerations

While pipelines for coal are in the experimental stage it is felt that this potential does not threaten the Road's coal traffic. The need for tremendous quantities of

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Investment Planning for Profit

By H. CLYDE BALDWIN*

Investment Counsellor, Babson's Reports, Inc.

Warning one must not be influenced by his emotions in investment planning, Mr. Baldwin finds there is no "ideal" investment in practice, but points out timing of purchases so as to take advantage of periods of rising inflation may be profitable. Advises purchase of active listed stocks and holds continuous Government deficits, with tremendous inflationary impact, should be considered by conservative investor.

Today we find that an increasing number of investors are realizing that the declining purchasing power of money is becoming the greatest threat to the preservation of their capital. Reaching for profit on a studied basis is certainly one good way to fight the decline in purchasing power. Of course, there are several other basic factors which must be taken into account such as taxation and increasing labor troubles, political changes, new inventions and war. Naturally, one must consider the effect of all of these on individual investments in planning any investment program.

No "Ideal" Investment

No matter how clever and intelligent an investor may be, he will always have some errors of judgment crop up, but the test of his being a good investor will be his early recognition of these errors and his willingness to quickly correct them in making shifts.

We find a few people who have the impression that a good investment advisor can select a list of stocks for him that will surely at all times represent the ideal investment. Of course, that is an impossible request to make. One must never forget that no investment should be regarded as absolutely safe forever and this includes Government Bonds. Even these latter issues are affected by the tide of money rates and we certainly realized this very recently when long-term Government Bonds were allowed to reach toward their natural level. Of course, no fixed income investment, like bonds, affords any hedge against the decreasing purchasing power of money, with the exception of convertible bonds, providing there is any likelihood of conversion value developing.

The man who really plans his investment program needs to foresee not only the tides in money rates, but very much more important factors and particularly the trend of general business activity. It is only by constant study of these factors that one can approach the ideal of not only maintaining purchasing power of his money but gradually increasing it. Of course, any plan would mean holding relatively large fixed assets during a period that seems to be distinctly deflationary and then taking the reverse position by buying stocks very freely when a cycle of reflation or inflation seems immediately ahead. These are not developments that one can time as to the exact day or, perhaps, even to the exact month. Over a period of years one may find himself buying a little too soon and then selling a little too soon to obtain the ultimate possible profit. It would seem to us that one must learn not to be too greedy in seeking the ultimate profit even though in retrospect it does mean selling too soon. The profit that comes in the long run is only the profit that is pinned down.

Certainly, one must learn not to be influenced at all by his emotions in investment planning. We have just hinted that some people go astray in being a little too greedy for the largest possible profit and then a little too fearful in taking a small loss if their judgment proves wrong. Of course, it takes courage to take losses, but the quicker you learn to recognize and accept losses, the better for you in the long run. This does not mean that if a stock for a period happens to be selling moderately below what you paid for it, that it is necessarily something that should be immediately sold. This latter action is advisable only where there is sufficient news to indicate a continuing down-trend in earnings that could bring about lower prices.

Advises Active Listed Stock

In any investment plan we would recommend your confining your purchases largely to active listed stocks that can be readily followed in the daily newspapers. Very many unlisted issues are too inactive and certainly are very hard to follow on the part of most investors. There are a few exceptions. Generally, we would avoid new issues offered, because frankly, we find that the big majority of them are often loaded down with heavy distribution costs and if they are worth purchasing, have the courage to resist the salesman or friend and do not buy until the distribution is over. Our guess is, in at least 80% of the cases you will have an opportunity to buy lower.

Avoid particularly those issues offered you by mail, especially from dealers with whom you have never dealt and know nothing about. The most dangerous mail of all in recent years is that coming from Canada. While the United States Government has worked with Canada in reducing this danger, it still exists. Pay no attention to these Canadian offers or to any telephone call from Canadian dealers. If you must buy Canadian issues learn who the registered dealers in Canada are and arrange an account with one of them or deal through an American broker who has good Canadian connections.

It certainly is much easier to discover weakness in listed issues than in unlisted issues. Furthermore, you will get some indications of weakness or strength in the volume figures given on listed issues. They are not generally available on unlisted issues.

Effect of Decline in Purchasing Power

Those who must invest entirely for income are greatly handicapped in seeking any large measure of protection against a decline in purchasing power. This is due to the very nature of the stocks they buy. Such people can never seem to afford to keep any liquid funds ready, or at least only a small amount. We are inclined to advise such people that they should seriously reconsider their whole income needs and investment practice and determine whether they can really get along on a little less income so as to be in a position to develop more profit eventually. Perhaps, they might do well to include in income not only dividends and interest, but the profits showing on their securities. If necessary for living expenses they are even justified in withdrawing a part of their needed funds against part of the profits existing. It takes courage, of course, to do this sort of thing, but we believe it is much safer in the long run than buying for income primarily.

The continuing government deficits which, together with our huge debt and our loose governmental fiscal policies, furnish a tremendous inflationary basis which must never be lost sight of by even the most conservative investor. This basis is sure to be eventually reflected in a further decline in the purchasing power of money. We can no longer safely plan investments on what happened in the last generation or two. We must recognize this inflationary trend and accordingly direct our individual investment policies.

*An address by Mr. Baldwin at the Summer Conference on Business, New Boston, N. H., Aug. 26, 1952.

Richard Leahy With J. W. Sparks & Co.

J. W. Sparks & Co., 50 Broadway, New York City, members of the New York Stock Exchange and other exchanges, announced the appointment of Richard T. Leahy as Manager of their Research Department. Mr. Leahy was formerly associated with one of New York's larger investment brokers as a Senior Member of the Research Staff.

Nebraska Inv. Bankers To Hold Field Day

OMAHA, Neb.—The Nebraska Investment Bankers Association will hold their annual Field Day, Sept. 11, 1952 beginning breakfast at 8:30 a.m. at Omaha Athletic Club; and golf, lunch and dinner at the Omaha Country Club. Guests will please make their reservations with the Fontenelle Hotel. Invitations are being issued this week.

1952 Retail Sales May Reach Record High

The upturn in total retail sales in the United States in April was followed by a further improvement in May, when the value rose to $13,634,000,000, a new high for this year. Furthermore, sales in May were 7.1% larger than in the same month last year, when they amounted to $12,736,000,000.

This increase, together with a gain in April, says the Alexander Hamilton Institute, was more than sufficient to offset the curtailment in the first quarter, and the cumulative total for the first five months, amounting to $61,006,000,000 edged ahead of the $60,945,000,000 for the corresponding period last year. This considerably improved the prospects that the totals for the full year of 1952 will exceed the 1951 high record of $150,598,000,000.

Oppenheimer to Admit

John H. Marchesi will acquire the New York Stock Exchange membership of Albert H. Deuble and on September 4, will become a partner in Oppenheimer & Co., 25 Broad Street, New York City, members of the New York Stock Exchange.

Two With R. A. Harrison

(Special to THE FINANCIAL CHRONICLE)

SACRAMENTO, Calif.—William R. Coad and Kenneth R. Smith have joined the staff of Richard A. Harrison, 220 Sixteenth Street. Both were previously with King Merritt & Co., Inc.

Smith-Heck Co. Formed

TARENTUM, Pa. — The Smith-Heck Development Company has been formed to conduct an investment business. Officers are Glenn D. Smith, President; Olive M. Heck, Vice-President; A. W. Smith, Secretary; and J. Francis Heck, Jr., Treasurer.

On Salesmen

By ROGER W. BABSON

Asserting successful selling is keystone of free enterprise, Mr. Babson deplores loss of prestige of professional salesmen as well as public's negative attitude toward selling. Ascribes cause of decline in quality of sales personnel to "sellers' market" and holds, however, good salesmen "have a great future."

I am bothered by the very unfortunate attitude we have developed recently toward sales and salesmen. Successful selling is the keystone of free enterprise and the selling profession must be revitalized for the good of our economy as a whole.

Roger W. Babson

A recent "Fortune" magazine poll of mothers' attitudes toward selling as a career indicated that most mothers want their sons to become anything but salesmen! These mothers have the idea that a product should sell itself on its own merits; that there is something degrading about selling. In short, the idea of selling is revolting to many of them. I believe "Fortune" is wrong.

I wonder how many persons were unfavorably influenced by the movie "Death of a Salesman." It is tragic that Willy Loman, the leading character of the plaly, was ever tagged a salesman. One critic in discussing the film has had this to say: "The salesman, not as a commercial group, but as a social type engaged in many different careers, is a man who produces nothing, has creative contact with no object, and is in truth the epitome of the taker. . . ." This charge that salesmen are parasites is a pretty serious accusation.

Why Have Salesmen Lost Ground?

Immediately following the war years, many over-age sales personnel retired. The young men taken on were given a bad start. They didn't have to sell, because they didn't have anything to sell. The competition was among the buyers, not the sellers; so they never really learned to sell. It wasn't their fault; they were simply products of the times.

Unfortunately, the few opportunists among them gave the profession a black eye. Too many families, desperate for a roof over their heads, were fleeced by overzealous real estate salesmen. Too many are fed up with the attention they never got from certain salesmen of automobiles, electrical appliances, televisions, furniture, and the like during the postwar era of shortages. Too many people have had to do the salesman's job for themselves for so long that they have become wrongly prejudiced against selling as a career.

Selling Important to Free Enterprise

People haven't been buying. Reports of more than 500 companies for the first quarter of 1952, compared with 1951, showed profits off anywhere from 61% in textiles, to 30% in paper, to 17% in electrical equipment. Obviously, some of this loss is due to increased taxation. But the real reason is that people aren't buying. And they're not buying because they are not being properly sold.

Seasoned management should have learned out of these two hectic years since June, 1950, that our country has the phenomenal ability to produce both war material and consumer goods simultaneously and in abundance. Obviously, this is good for people because once again this means sharp competition. Competition means more efficiency and lower prices. Lower prices mean a higher standard of living for more people.

Good Salesmen Have a Great Future

In order for free enterprise to remain healthy, it must have not only the ability to produce, but also the ability to sell what it produces. Business remains good only when there is a demand for goods and services. It is up to the newspapers and salesmen to create the demand and provide the stimulus for sales. Good advertising and good salesmanship are basic to our prosperity and to our way of life.

The advertising and selling professions hold a great future for usefulness, satisfaction, and unlimited opportunity for the youth of our land. Those entering the advertising profession should, however, remember that they will never get far by merely writing "good copy" — they must *sell* it and get some prospective advertiser to use it. Advertising needs good salesmen as well as do real estate, automobiles and refrigerators.

John R. Boland Opens Office in New York

John R. Boland has opened offices at 30 Broad Street, New York City, to conduct an investment business. Mr. Boland was formerly associated with Hill, Thompson & Co. and Gearhart & Otis, Inc.

Paine, Webber Adds

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—John B. Eaton has become associated with Paine, Webber, Jackson & Curtis, 626 South Spring Street. He was previously with Francis I. du Pont & Co. and Hooker & Fay.

Business Man's Bookshelf

How to Live with Heart Trouble—Alton L. Blakeslee—Public Affairs Committee, Inc., 22 East 38th Street, New York 16, N. Y. — paper—25c.

Investment Trusts and Funds—From the Investor's Point of View —Stanley D. Ryals and David F. Cox—American Institute for Economic Research, Great Barrington, Mass.—Paper—$1.

Security Dealers of North America—Mid-year 1952 Edition —completely revised—1,400 pages containing 7,900 listings covering all stock and bond houses in United States and Canada—$12 per copy—Herbert D. Seibert & Co., Inc., 25 Park Place, New York 7, N. Y.

Survey of United States International Finance 1951—Princeton University Press, Princeton, N. J. —Paper—$2.25.

What Are We Using for Money? — Paul Bakewell, Jr. — D. Van Nostrand Company, Inc., 250 Fourth Avenue, New York 3, N. Y.—cloth—$4.00.

A Consideration of Malthusiasm

By ALDEN A. POTTER

Mr. Potter discusses and criticizes the "trends" published in the Report of the Paley Commission on growth of resources in relation to population increase. Contends problem of declining resources is a moral one, and incentives to get above a hand-to-mouth subsistance are essential to maintain resources and increase food and other production facilities. Calls for sound financial institutions on a global scale.

This article is a criticism of "forecasts." Specifically it deals with the statistical extrapolations of "trends" published in the Report of the Paley Commission on the prospective growth of production in the race with growth in population. In discussing this report the able editor of the Chronicle ("As We See It," July 24) says: "Of course, the ultimate in the production of food is so far beyond anything now being attained that we find it difficult to become too ardent a Malthusian at this time."

Alden A. Potter

Nevertheless, the question is raised: "What is our answer to declining resources? While the answer is difficult to determine, we venture the opinion that the solution, when it comes, will not be the product of the type of economic philosophy that has plagued our nation during the past 20 years. On the contrary, continuance of such thinking and action may very well seriously endanger any hope of providing a solution to the problem."

What sort of solution does the problem demand — material, or moral? The very question implies some intelligent effort at resolution; it rules out such fatalism as is either "pessimistic" or "optimistic" — such as is prophetic either of doom or of the fools' paradise which blindly trusts in "Providence" or in "science the endless frontier." Rejecting any belief that there is never anything that needs to or can be done to **prevent** disaster rather than try to cure it after it occurs, let's try to define the elements and implications of the food problem more explicitly. Let's ask just what can be meant by "declining resources"; or just what is "the ultimate in the production of food"? What is "Malthusian" about the problem?

To begin with, the resources of the earth can never decline, as a whole, from "use" by living things. Life neither adds to nor subtracts from the totality of the physical environment which it manipulates in complex detail; this is simply the law of conservation of matter and energy. What is available, for human use at a given level of civilized culture, might decline; but in usable mechanical energy, for example, available resources have increased and are likely to increase further by scientific advance, even though current sources of power are declining at an accelerating rate.

Power, however, does not automatically produce beneficent results; it can be humanly destructive in peace as well as in war—of soil, as in the dust bowl, for example. Modern power machinery has the capacity of a Frankenstein for precipitating rather than allaying the danger of a Malthusian dilemma in the very process of postponing the evil day of reckoning with the over-population it can produce.

Assuming, for the sake of the argument, that mechanical power is being economically employed, a potentially serious "decline" in resources can only be relative to population; and in the final analysis a dangerous decline can relate to food only. This is the essence of "Malthusiasm"; population versus food supply. But to try to resolve this basic issue statistically, as by extrapolating population "trends," is thoroughly unscientific. In the American Economic Review for June, writing of "Our Changed Population Outlook," Director Joseph Davis of Stanford's Food Research Institute shows how absurd just such "forecasts" as these of the Paley Commission, set forth by just such "specialists" during the past quarter century, have turned out to be; worse, if possible, than pre-election polls of "opinion."

It is equally indefensible to extrapolate ("forecast") "production" or available "resources" in order to justify or refute predictions of doom or of paradise by correlations with predicted population. No assurance whatever can be attached to such forecasts. Whether or not Robert Malthus made it appear that an impasse in food could be thus predicted by statistical study of the past (which students of his writings might well deny) is immaterial; for if the problem is to be resolved, not materially, but morally, then statistical treatment is invalidated, not only by experience (as cited above), but also in principle. What people do or do not do on moral grounds makes a profound difference in human events. If the human "will" is "free" to choose, and political policies can be chosen with any belief that they affect results, it follows that "trend" extrapolations are sheer scientific quackery. "History," said Napoleon, "is a lie"!

Population cannot be treated as a problem in averages. "The poor," said Jesus, "always ye have with you." Poverty, which is synonymous with over-population, is where you find it; and that's not in averages. It cannot be remedied by politically redistributing wealth, or by any other form of charity toward restricted "opportunity." It applies to specific, local situations, basically to each family individually. The very study of population problems, statistically, in shaping political policies, has all the implications of the Welfare State or Communism — of precisely "the type of economic philosophy that has plagued our nation" — and other nations even more—"during the last 20 years" of rampant statistical bureaucracy in Washington. This philosophy is utopian in its material, not its moral, bearing. It abjures competition for scarce resources and preaches "cooperation" as the soul of progress. Assuredly, "continuance of such thinking and action may very well seriously endanger any hope of providing a solution to the problem," as long as it prevails.

The reason that the problem of "declining resources" is moral, lies in the fact that while food resources are increasing, even rapidly (and are potentially "far beyond anything now being attained"), their availability per capita is declining. Note, for example, the recent statement of Byron T. Shaw of USDA's Research Administration, that "we have now begun to fall behind, adding the equivalent of about five million acres per year as against a need of seven and one-half million." More and more resources are becoming available? Certainly. But what "the ultimate in the production of food" may be is immaterial as long as the ultimate in the production of population is greater and human need is increasing faster.

This "decline," coincident with increasing food supply, is likely to continue, by fits and starts, unless the moral issues are resolved in favor of birth control and its application in each individual case in response to the pressure of competitive conditions against each family's capacity to "earn" a living, preferably by attaining the security afforded by ownership of the community's limited supply of resources. On the postulates of Adam Smith, the market must be left in control of both supply and demand; and what is demand—for food—but population? What, too, will stimulate supply through science and invention as surely as will competition for the security afforded by the availability, to proprietors, of the resources thus expanded? And is it possible for political authority to deal directly with population and with the problem of not over-exploiting food resources? Is it possible that private property can be dispensed with in conservation? Can we ever create a society without the existence of "haves" who exclude "have nots" from their privileged position, as a rational ideal?

Not hand-to-mouth subsistence, but ownership of the means of production (other than manual labor, which is futile without resources and ideas) is the actual and effective, competitive incentive. Competition, in modern life not so much as to industrious thrift as in intelligence, is what counts. Competition is creating those technological "values" of private enterprise which render each other obsolete and more or less valueless, precisely while bringing about capital gains for those who may merely foresee such obsolescence and hold the right equities; and such foresight is not available through statistical "forecasts." (Its advantage is unduly accentuated by the influence of inflation as it effects the "break-even-point" in accounting.)

None of these technologies, however, creates food. What they create is means for acquiring food. Yet food is that which has been classed as "renewable resources." There are, however, circumstances under which it is not renewable. Is the food of the Canadian lynx, the hare, renewable? Not when there are too few hares to renew the supply at the rate needed to feed the lynx population! And the fewer the hares, relative to the number of lynxes preying on the supply, the less their chance of survival in sufficient numbers for "seed corn"; hence the ensuing decimation of both the hare and the lynx population.

This is the Malthusian dilemma; when famine due to over-population resulting from excessive exploitation of "renewable resources" becomes predictable, it is too late to do anything about it. Only then, however, is a pessimistic fatalism warranted. It is only if the Frankensteinian nature of modern industry as a means of exhibition (not creation) of resources, is not realized and acted upon in time to stem the tide of population **before** it is starving, that there need be any cynicism about competition as a "cut-throat" process. Added sources of mechanical energy, or material wealth, may postpone the day of reckoning; but unaccompanied by suitable stern restraints the effect can only be to enlarge the scope of the ultimate disaster.

Since true (not "perfect") competition requires the classical "free market" to set demand and supply against each other and maintain a salutary equilibrium by the play of the market on the individual's behavior, no highly moral or peaceful society can be evolved without stable money. Permanent peace cannot develop in the presence of the boom-bust "cycle" which is subject to inflationary policies such as are today implying the need for government "controls" other than control over the money supply as the determining factor for booms and busts in "price level," employment, etc.

The implication of Malthusiasm is therefore not cynicism and gloom; what is implied is competitive control over income and hence over population; and this is a problem in monetary controls that are precisely not such as "have plagued our nation (and others) for the last 20 years." Monetary ills of the same type run back into the ancient temples with their moneychangers; it is only more true today that "the love of money (not wealth) is the root of all (not some) evil" in human society. The problem is not new; nor is its solution the elimination of money as communist regimes have tried to do (specifically in Russia). Its solution, under modern conditions, must be new in vital particulars. Modern

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People Want a Good Gold Dollar

By B. BARRET GRIFFITH*

B. Barret Griffith & Co., Inc., Colorado Springs, Colo.

Mr. Griffith, after accusing New Dealers and Fair Dealers of inflating the currency, while, at the same time, giving the illusion of prosperity, by exercising direct price and wage controls, says in last 20 years there has been creeping destruction of the American dollar. Concludes "we can whip the Kremlin with a hard dollar."

Russia's Lenin said that the best way to destroy a country is to debauch its currency. Lenin was wrong. The New Dealers and Fair Dealers in this country have improved upon the philosophies of Karl Marx and Lenin. They are proving that the best way to destroy a country is to inflate its currency on the one hand and with the other hand exercise direct price and wage controls. By such manipulation public confidence in the country's dollar is impaired while an illusion of prosperity is enjoyed.

B. Barret Griffith

Creeping Destruction of the American Dollar

Proof of the conclusion that the last twenty years has seen creeping destruction of the American dollar during a time when we have been enjoying to varying degree an illusion of prosperity is in almost every corner of the economy.

Foreign currencies recently have been advancing against the American dollar. We have all been cognizant of the appreciation in the Canadian dollar from around 90c to $1.04 within the last two years. The economic managers point with pride to the $35 per ounce price for gold. The same price as we had in 1934. But neither the International Monetary Fund, nor our money managers tell us that they have failed to buy gold to back up the flood of paper money they have issued. In 1939 countries in the Western World had monetary gold reserves equal to about 40% of their paper money outstanding. Today it is less than 20%. But best indication and suggestive of an understandable political slogan is the statement that "the 50c Truman dollar measures today's value of his foreign and domestic policies." Put another way "Truman is not worth his 50c dollar."

History of Price of Gold

Some time ago we made a study of the price of gold in terms of pound sterling from the year 1343 to 1949. From that study we found two facts: one, that the price of gold tends to increase during times of business and financial troubles; two, and more important, we found that the price of gold increased during times of wars, plagues, the threats of dictators, and when spendthrifts such as James I and Henry VIII of England were in power. Looking at America's own financial history, we discovered the fact that real prosperity accompanied hard currency. During times when governments have taken gold (stolen it) from the people in exchange for irredeemable paper currency, promises of social security, and all sorts of welfare, there has been trouble. Uncertainty and instability have in the past increased when people have seen their irredeemable paper currency decline in value and the value of gold increase. Let's hope that Americans again demand the right to own gold and American dollars redeemable in gold as they did after the Civil War, I believe in 1879. Sound currencies and public confidence in currency is necessary for real prosperity. Only when confidence in currency exists is it possible to have peaceful, profitable trade, a prerequisite for peace. Trade between people, communities and nations is a continuous thing, and our choice is whether that trade shall be based on sound currency and carried on peacefully or as now by seizure of goods through war.

New Dealers and Fair Dealers have made and are making irresponsible statements about social gains, full employment, high wages, 52 million automobiles on our highways, refrigerators and television sets in everyone's home. Those statements are true if one looks only at the Dealer's (New or Fair) side of the coin. The other side of the coin is the declining value of the American dollar in every market place in the world. In order to keep what we have, we must insist that our government nail down whatever gains we have enjoyed or losses suffered by giving us a good gold dollar whose purchasing power will be worth the same ten years from today as it is today—50c, then, not 10c. Is another slogan suggested? "Nail down gains with a gold dollar." It is pointless to argue that our nation's progress during the last 20 years might have been sounder, healthier, and more secure had we had a good gold dollar during those 20 years. It is obvious that measuring the nation's progress in terms of an American dollar which has rapidly declined in value during the New Deal and Fair Deal eras is ridiculous. What everyone wants at this point is to nail down any progress we have made in spite of not because of politicians. We want to trade back paper currency for gold. We were talked into trading our gold to our government for paper dollars in the 1930's.

Gold—Friend of the Little Man

Historically, gold has always been the friend of the little man. Not only can he store and increase his wealth during times of adversity and stress by owning it, but also ability to own gold and currency redeemable in gold guarantees the little man that his government is subject to his direction. In times when he considers his government to be extravagant, or wasteful, or carrying on deals which are not for the country's best interest he can halt the government's dangerous and irresponsible spending by exchanging his currency for gold and thereby pull the purse strings on his government's extravagance. Think what that means. The little man in America could have stopped the carrying out of the decisions made at Yalta, forestalled Korea, and could have stopped our politicians from the dangerous policy of trying to buy friends with American paper dollars. By redeeming American paper dollars for gold the little man today in America could force the Washington Administration to lead strongly from strength against the Kremlin and settle that problem once and for all. The little man could force our government to face up to the one hundred tyrants in hiding in the Kremlin now, today, when we still have the strength to meet that threat. Is another slogan suggested? "We can whip the Kremlin with a hard dollar; we can't even slap them with paper money."

The gold mining industry and the American public are in the same boat. Bureaucratic tyrannical politicians are in another. Cripple Creek and the little man in America must stop the politician from writing checks on their bank account. Gold, Cripple Creek, and the dignity of the little man as master of his government will boom—we will have a good American dollar.

*From an address by Mr. Griffith before the American Institute of Mining and Metallurgical Engineers, Pikes Peak Subsection, Cripple Creek, Colo., Aug. 16, 1952.

E. A. Purcell Admits

Edward A. Purcell & Co., 50 Broadway, New York City, members of the New York Stock Exchange, on September 4, will admit Edward A. Purcell, Jr. to partnership in the firm.

COMING EVENTS

In Investment Field

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. 11, 1952 (Omaha, Neb.)

Nebraska Investment Bankers Association annual Field Day at Omaha Athletic Club; golf, luncheon and dinner at the Omaha Country Club.

Sept. 19, 1952 (Chicago, Ill.)

Municipal Bond Club of Chicago annual field day at the Knollwood Country Club.

Sept. 26, 1952 (Philadelphia, Pa.)

Bond Club of Philadelphia annual field day at the Huntingdon Valley Country Club, Abington, Pennsylvania.

Sept. 28-Oct. 1, 1952 (Atlantic City, N. J.)

American Bankers Association Annual Convention.

Oct. 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.

Oct. 31, 1952-Nov. 2, 1952 (Hot Springs, Va.)

Fall Meeting of Southeastern Group of the Investment Bankers Association of America at The Homestead.

Nov. 30-Dec. 5, 1952 (Hollywood, Fla.)

Investment Bankers Association Annual Convention at the Hollywood Beach Hotel.

Dealer-Broker Investment Recommendations & Literature

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

Investment Guide—Suggestions for portfolios including a list of better grade Canadian equities—Sutro Bros. & Co., 120 Broadway, New York 5, N. Y.

Stocks at Discounts—Lists of issues selling well below 1946 tops—Francis I. du Pont & Co., 1 Wall Street, New York 5, N. Y.

Oil Refining Companies—Analysis of Canadian companies with particular reference to **Imperial Oil Limited, British American Oil Co., Ltd., McColl Frontenac Oil Co., Ltd.** and **Canadian Oil Companies, Ltd.**—Ross, Knowles & Co., 330 Bay Street, Toronto 1, Ont., Canada. Also available is a special review of **Home Oil Company Limited.**

Television-Electronics—Bulletin—Bache & Co., 36 Wall Street, New York 5, N. Y. Also available are brief data on **Koppers Co., Texas Company, American Chicle, International Nickel, Lerner Stores, American Zinc,** and **Allied Chemical & Dye.**

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American Electric Securities Corp. — Memorandum — George Birkins Co., 40 Exchange Place, New York 5, N. Y. Also available are memorandum on **Fostoria Pressed Steel Corp., Liberty Baking Corp., Resort Airlines,** and **United States Glass Co.**

Beckman Instruments, Inc.—Analysis—Sutro & Co., 407 Montgomery Street, San Francisco 4, Calif.

Central Railroad of New Jersey—Review—Ira Haupt & Co., 111 Broadway, New York 6, N. Y. Also available is a brief discussion of **Titanium,** and a memorandum on **Grayson-Robinson.**

Collins Radio Co.—Memorandum—Lee Higginson Corp., 231 South La Salle Street, Chicago 4, Ill.

Commomwealth Natural Gas Corp. — Memorandum — Scott, Horner & Mason, Krise Building, Lynchburg, Va.

Fenimore Iron Mines Ltd.—Memorandum—Rutberg & Co., 31 Nassau Street, New York 5, N. Y.

Filtrol Company of California—Report—Cruttenden & Co., 209 South La Salle Street, Chicago 3, Ill. Also available is a memorandum on **MacGregor Sports Products, Inc.**

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.**

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

New England Public Service Co.—Analysis—Ira Haupt & Co., 111 Broadway, New York 6, N. Y.

Niagara Alkali Company—Analysis—Terry & Company, 44 Wall Street, New York 5, N. Y.

Nuclear Instrument & Chemical Corp. — Circular — Republic Investment Company, Inc., 231 South La Salle Street, Chicago 4, Ill.

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

Temco Aircraft Corporation—Bulletin—de Witt Conklin Organization, 100 Broadway, New York 5, N. Y.

Vanadium Corporation of America — Analysis — Sincere and Company, 231 South La Salle Street, Chicago 4, Ill.

Western Union—Bulletin—Bruns, Nordeman & Co., 321-323 Broadway, New York 7, N. Y.

Boom or Bust?

By JOHN D. RIORDAN*
Editor-in-Chief, Business Statistics Organization,
Babson Park, Mass.

Denying economic forces are developing that are likely to create a new boom, Babson business analyst sees in next four years a slump area ahead, which neither Democrats or Republicans can prevent. Looks for more intense competition and let down in both prices and profits. Advocates caution in investing in stocks, and warns a Democratic Party "depression" may lead to Socialism.

Can Stevenson or Eisenhower assure continued boom? Prevent a devastating bust? These are questions which our Babson readers have been asking ever since the dust of the political conventions settled back over the Chicago stockyards. They are questions the answers to which will vitally affect every one of us. Hence I am going to try to give our most carefully considered opinion on these critical issues.

John D. Riordan

First of all, let me say that we Babson Forcasters do not subscribe to the theory that we are emerging from the "dark ages" of economics into a New Economic Age of plenty. Any man who is worthy of tasting life must use every means at his disposal to prevent his brother from suffering when economic hardship strikes. But we hold no view whatsoever that prosperity can be made permanent and perpetual. We see the great boom of the post-World War II period showing unmistakable signs of age. We can well understand that some of the government-inspired efforts of the present and of the future can retard the onslaught of the "day of reckoning." But, and I emphasize this point, we have not been able to convince ourselves that any economic forces are developing that are likely to create a new boom. In military parlance, a holding action is possible, a new offensive impossible.

A Slump Area Ahead

Sometime during the next four years, we feel that the Babsonchart Index of the Physical Volume of Business will mark out a slump area below the Normal Line. Nothing in the history or background of the Democratic Party indicates to us that Adlai Stevenson, upon succession to the throne, would be able to meet that threat of decline with any other course than the old one of more and more inflation. The Republican nominee seems more likely to recognize the dangers in a continued mad dash toward national bankruptcy. He surely knows that inflation is no cure, that it is simply a postponement of the day of reckoning.

Since we foresee a letdown in both prices and business volume during the term of the next President, it is only natural for us to assume that the profitability of business will be less than in the time of the Great Boom, soon to draw toward an end. With our system of taxation heavily dependent upon business profits, we anticipate a sharp decline in taxtake. Unless expenses are cut, this means a huge jump in deficit. A President of any party will be faced with this problem. But in our opinion, the deficit, and therefore the inflationary force, will be greater under a Democratic than under a Republican President — because the Democrat will be less able to inaugurate a cut in outlays.

Attendant upon a period of lessened business volume will be a great intensification of competition. Accompanied by attempts to keep prices up, this competition will result in a lowering of business profits. In our opinion, neither Stevenson nor Eisenhower will be able to maintain the recent and current high level of profits once business volume drops and competition rises to a crescendo.

Of course, no prediction as to the business future can ignore the threat of war. Remember that there is no place for a free world in the Communist scheme of things. You have it on their own authority. They have told you so. And we are firmly convinced that they mean what they say—in this instance, if in no other. We believe that war will come if the Communists cannot win a cheaper way, — through infiltration. It will come when the Communists are assured that they are stronger than we are. The point of attack can be anywhere; but it is most likely to be here at home. The Communists are well aware that, to win, they must knock us out.

We feel very strongly that General Eisenhower, through long experience and association, knows what the Communists intend to do and how they are most likely to do it. We are not at all convinced, from past experience, that Governor Stevenson is fully aware of the deadly intent of the Communist Party.

Possible Moves in Stock Market

Since many of us find security in our securities, I would like to look ahead to possible moves in the stock market, under Stevenson, under Eisenhower. We believe the position that stocks should be bought as inflation hedges, if it looks like a democratic victory, requires most careful consideration. Hark back to the earlier days of the Roosevelt Administration. Huff and puff as the pump-primers might, there came forth but a ridiculously small business boomlet. Vast streams of "baloney" dollars churned aimlessly. Yes, inflation or not, we even had a depression in 1938! It was not until the insane Hitler plunged the world into conflict that our nation experienced full employment, high profits, and that economic state since referred to as the Great Boom.

Given no sharper threat of World War III, lacking a more fundamental stimulus than deficit spending, we hold grave doubts that any Administration will be able to curb the recession already eroding the economic supports of many nations throughout the world. Foolish indeed will be the investor who loads up on stocks, on the shaky thesis that a Democratic victory next November will usher in a bull market borne upon the crest of a new inflation wave. The wave we could have. But its buoyancy with regard to stock prices we question.

Regardless of which man will take over the White House next January 20, we feel that the time has come to use caution liberally when making forward contracts or investing in stocks. The swing of the great ecomonic and social tides will have more to do with the way stocks and bonds act in the time ahead than will the election of any man or any party.

What will happen to the Republicans, should they win and should a business depression set in during the next four years? Under such a situation, we feel that the Republican reign would be a brief one. The voters would return in 1956 to a Democratic Administration. For the Democrats would be in an excellent position to say: "We told you so!"

Can Eisenhower win? Frankly, we have no conviction on this score as yet. Perhaps, if the Korean War is still in an indefinite state, and if he is able to reach the masses of the people with a bang-up campaign—he may have a chance. The barrier (for the Republicans) of good business is a high one for him to hurdle. Only if Eisenhower can show the voters that he has a real plan, only if he can puncture the myth that the Democratic inflation-bred boom is true prosperity, only if he can touch them deeply on the spiritual values of the day—do we concede at this time that he has a fair chance.

But, if Eisenhower should make the Presidency, don't believe some of the predictions you now hear. Don't believe that he will be able to touch off a new business boom by his ability to restore business and financial confidence.

No "Eisenhower Business Boom"

If a depression develops under a Democratic Administration, we do not believe that there will be any great demand for a Republican swing to lead us out of the wilderness. For the masses have been told time and again that the Republican Party was the mastermind behind the great depression of the 1930's. They are not likely, then, to turn in time of adversity to the GOP. Far more probable is a tidal movement in the direction of something which the Old World calls Socialism. In other words, economic breakdown now could spark the breakup of both the Democratic and Republican parties. Socialism would be the only gainer. The cry would be for the people, through their government, to take over the instruments of production. The demand would be for the "captains of industry" to step down.

What chance has Stevenson to win? Right now, it is too early to make a firm prediction. Nevertheless, we think you should know that we feel Governor Stevenson is heading a very powerful attack. With the exception of the graft and dishonesty issues, and the heavy millstone of the Korean War around the Democrats' necks, the Governor has the all-powerful argument of the "full dinner pail" on his side at this moment. That is a tough thing to lick.

Conclusion

To sum up—we are statisticians, not magicians. No matter how we ponder on this or that, no matter how we add up the figures, we cannot, at this juncture, conjure in our minds any foundation for a new boom of a lasting nature. The stuff from which to make a new wave of prosperity just isn't there. So, if the stock market climbs and soars and they tell you it is forecasting a great "Eisenhower Business Boom"—just don't believe it. Simply ask any Englishman how much the return to Conservatism there helped business and stocks. Likewise, if it looks like Adlai, and the market rises and they tell you it is "anticipating" a new wave of inflation—don't take that too seriously. Ask any Frenchman who has struggled through the real thing in that country.

Please don't misunderstand us, either. It does make a difference to us what type of leader the voters select. How ably the next President meets the crises of the coming four years may well determine whether this country will be able to preserve its traditional institutions that have made it the greatest material and spiritual force the world has ever known. But, whoever he may be, he will not accomplish the fearful tasks ahead of him if he fails fully to acquaint the people with the true nature of the coming problems.

*An address by Mr. Riordan at the Summer Business Conference, New Boston, N. H., Aug. 27, 1952.

John MacFarlane With Manley, Bennett & Co.

DETROIT, Mich. — Manley, Bennett & Co., Buhl Building, members of the New York and Detroit Stock Exchanges, announced the appointment of John O. MacFarlane as Director of Sales, effective Sept. 2nd. In making the announcement, senior partners, Milton A. Manley and Edward T. Bennett, Jr., stated that this newly created position would permit them to further enlarge the scope of the firm's customer services and provide several new ones. The Department of Mutual Funds will be expanded, and the firm will now offer pension and profit-sharing plans to local companies and corporations.

John O. MacFarlane

Mr. MacFarlane for many years has been Executive Vice-President of the Detroit Stock Exchange, where he introduced an aggressive program of new business and public relations. During his regime, shares of many new corporations were added to the local list and the Exchange now has the largest and most diversified group of stocks in its history. Increased cooperation and service to banks and corporations has added much to the Exchange's prestige.

As Director of Sales, Mr. MacFarlane brings to Manley, Bennett & Co. a background of finance, sales, and stock market experience. He graduated from Olivet College in 1924, and has been an active and prominent Griswold Street figure since that time. The newly enlarged offices of the firm are at 1100 Buhl Building.

Canadian Securities

By WILLIAM J. McKAY

The allotment of $15,000,000 worth of armament this year by the Canadian Government to Great Britain as a free gift in the allied mutual aid program, to be met from its current national budget, is evidence that Canada is an active partner of the United States in bolstering European defense, and will also contribute toward easing the British budget and balance - of - payments situation. In addition, it was reported by Canadian Production and Trade, Minister Howe, that Canada is purchasing this year about $100,000,000 worth of defense equipment from British factories and providing about $70,000,000 in capital assistance to help some key U. K. defense plants to be established in Canada.

"We planned to place orders in Canada, because of the Canada-United States standardization program, in the U. S.

"But we hold no Olympian detachment toward Britain, Minister Howe added. "We are sympathetic to her financial problems. We are trying, wherever possible outside the Canada-U. S. standardization program, to place defense orders in that country.

"But we must be given an even break on price and we must be assured of speedy delivery. Given that break we would rather spend pounds than dollars.

"In fact, the Canadian Government is prepared to do more for the U. K. than for any other country in the world. We would do almost anything to help balance U. K. trade."

Yet in the long run Britain would have to pull herself out of her financial troubles, said Mr. Howe.

"No one can really get a country out of financial difficulties unless it is that country itself. Britain must make more goods and sell more goods, particularly to the dollar countries of Canada and the United States.

"We will do almost anything to help — that's our policy. British firms who have tackled this market are doing well. Canada is the greatest market in the world for machine tools for example. All British firms have to do is to go out and sell it here. We'll do the buying."

* * *

Some other comments on Canada's foreign aid contributions were uttered recently by Finance Minister Abbott, who defended the $5 billion defense program set up by Canada. Speaking of economic aid to Europe, Mr. Abbott said:

"If the European economies, six years after the end of the war and with the aid they have received, are not able to make their economy viable, we can't do it for them. We can't expect them to be pensioners of Canada."

He added: "Any nation can only survive as a result of its own efforts. We can't do it for them."

The Canadian finance minister announced he heartily supported the Colombo Plan through which underdeveloped countries were aided, but he expressed doubt that money poured in would make any appreciable difference to the economy of those countries. It would have the result, he believed, of making their people realize the Western World appreciated their positions. He stated repeatedly that the Canadian Government was prepared to do what Canadians were ready to pay for.

Speaking of Canada's economic situation, Mr. Abbott stated that Canada appears to have weathered the period of greatest dislocation and readjustment, but this is no time for Canadians to relax and let their guard down. He saw reason, however, for cautious optimism in the fact that Canada is in a much more stable situation today than at the beginning of the defense buildup or for several months thereafter.

"Despite the fact that the situation is somewhat easier today, I do not mean to imply that the demands of our defense effort are by any means at an end," the finance minister remarked. "To a very considerable extent, we have inserted the new demands of defense and have avoided drastic inflation. We have won the first round of what may turn out to be a 15-round bout. But this is no time to let our guard down."

* * *

Speaking before the Montreal Lions Club in Montreal last week, W. J. Sheridan, Executive Secretary of the Canadian Chamber of Commerce, warned that the increasing tax burden constitutes a threat to further development of the nation's economy. Mr. Sheridan called attention to the increase in Canadian Government taxation from $1,372 million in 1939 to over $6 billion in the current fiscal year.

"We cannot have increased spending on social welfare and pay for necessary military defenses at the same time," Mr. Sheridan declared. "The sooner we realize it the better."

Canada, Mr. Sheridan noted, is denying her destiny if foreign capital must be depended on to push forward the vast development needed.

Investment comes largely from the profit of business, he pointed out. In 1929, nine per cent of corporate profits went to taxes and 49% was invested, while in 1952, 53% of the profit was taxed and only 28% saved and invested. He laid this to short-sighted government individuals who fear big business and whittle it down by taxation.

"If we are going to have a big country we have to have big business and men and women who think big," he stated.

Gold!

"The final section (of the so-called Patman Report) of the findings and recommendations is entitled 'The Gold Standard.' It affirms that the present form of gold standard 'has proved its worth in maintaining the stability of the United States dollar in world markets' and opposes restoration of free domestic convertibility of paper money into gold.

"This section is something of a curiosity. Although the report is entitled 'Monetary Policy and Management of the Public Debt,' the monetary standard did not figure in the investigation. The only subcommittee member who brought up the question during the hearings, Congressman Wolcott, threw out the provocative idea of dissolving the International Monetary Fund and initiating an international monetary conference 'looking to the possible restoration of the gold standard.' European nations seem to be looking in this direction as a means to reestablishing public confidence in paper currencies. The Patman inquiry made no attempt to deal with these ideas nor with the ambiguities in our present gold standard and gold laws. The Douglas Report, two and a half years ago, while rejecting free domestic convertibility 'at this time,' recommended a Congressional review of gold laws 'with a view to repealing any legislation that might be so construed as to permit a change in the price of gold by other than Congressional action.' This suggestion remains to be followed up, not to mention the larger question raised by Congressman Wolcott."—The National City Bank of New York.

Much of the comment on the gold standard in recent years has been "something of a curiosity," but some day some of the larger questions such as those raised by Congressman Wolcott must be attended to. More power to the National City Bank for calling attention to these aspects of the "Gold Problem."

Warns of 28-Cent Dollar by 1965

B. M. Edwards, President of South Carolina National Bank, Columbia, S. C., says that if dollar's purchasing power continues to decline, in a comparatively few years today's 53-cent dollar may be viewed as "memento of good old days." Urges as offset, strict government economy, pay-as-you-go financing, and curbs on rapid expansion of private credit.

According to a recent statement by B. M. Edwards, President of the South Carolina National Bank of Columbia, S. C., the American people are faced with the tragic prospect of a dollar worth only about 28 cents by 1965, if the purchasing power of the dollar continues to decline as it has in the past 13 years.

"As bad as it has been to see our dollar decline 47 cents in value since 1939," he continued, "we may in a comparatively few years look back to today's 53-cent dollar as a memento of the good old days.

"The principal cause of inflation and the loss of the dollar's purchasing power has been the deficit-spending policy of the Federal government, which has piled up public debt from less than $41,000,000,000 in 1939 to some $260,000,000,000 today, of which South Carolina's share is $3,600,000,000, assuming that this debt burden were spread evenly over the nation.

"Under the present Administration's policy, there is no end in sight to repeated deficits, mounting public debt and continued inflation. If we do not cut spending back in line with revenues, we may have a deficit of more than $14,000,000,000 in 1953 which would be an additional burden of $196,000,000 for the people of South Carolina.

"That means another $14,000,000,000 of additional basis for inflation, and if we open the gates to another inflation, no one can say how far the dollar may sink. It's just like pouring high octane gasoline on a bonfire."

Millions of Americans today are trying desperately to get along on savings, pension and insurance dollars worth little more than half of their 1939 value, Mr. Edwards pointed out.

"Unfortunately as the present situation is," he said, "it will become far worse if the public does not insist that excessive, wasteful spending be stopped, and the Federal budget be made to balance with tax revenues.

"If the Federal government continues to pump more and more money into the economy through deficit spending and cheap-money, easy-credit policies, we can have a 28-cent dollar by 1965 and perhaps a 15-cent dollar by 1977."

Mr. Edwards observed that a $100 monthly pension or annuity of 1939 now provides only about $53 worth of purchasing power for food, clothing and other necessary expenses, and that the same ratio applies of course to other forms of savings, such as insurance policies, bank accounts, or bonds. Yet, Mr. Edwards added, it is not too late to stop inflation.

"We can prevent further loss in the value of the dollar by putting our government on a pay-as-we-go basis," he asserted. "The budget can be balanced but it can only be done by cutting programs as well as eliminating waste. Strict governmental economy, pay-as-we-go financing, curbs on a too-rapid expansion of private credit, and a continuing increase in production by American industry will enable us to hold the line against further inflation."

NAM Requisites for Hemispheric Defense

The National Association of Manufacturers has announced that it has offered to the governments of the Latin-American republics and the United States nine recommendations on tax, trade and investment policy which the association believes would fortify hemispheric defense and promote "the economic development of our neighbors and ourselves."

Earl Bunting

In a letter to officials of the governments concerned, accompanying the NAM statement, Earl Bunting, managing director of the association, said:

"This Association believes there must be complete and wholehearted cooperation by all the American republics to defeat communistic and other totalitarian movements or ideologies. It is equally essential that the United States, in particular, together with the other republics, individually and collectively, courageously solve the monetary and fiscal problems which are the cause of the cancerous inflations which are destroying our economic and political security."

The association recommended that the United States and the Latin American republics:

(1) Accord fair and equitable treatment to both foreign and national individuals and corporations in respect of all laws, regulations and controls.

(2) Take all possible measures to encourage the investment and use of both national and foreign private capital and technical know-how.

(3) Minimize and simplify all governmental formalities or interference with the private conduct of industry and trade, commerce and banking.

(4) Reduce excessive taxation and eliminate double and discriminatory taxation.

(5) Restrict government-to-government loans and grants to a minimum and to those few and narrowly - limited fields where government is competent.

(6) Confine, rigorously, government loans to private enterprises to such undertakings as may produce strategic materials urgently needed for defense or to those public utilities which may contribute to fuller development of resources for defense.

(7) Promote the freest flow of private international trade on a multilateral basis.

(8) Recognize that political and economic freedom and advancement are attainable only so long as there is honesty in government.

(9) Take every sound measure possible, in addition to the forementioned, to increase per capita productivity and total production as the essentials of prosperity and an increasing standard of living.

While the provision of defense weapons falls mostly on the manufacturers of the United States, the association said, the strategic materials produced by all American republics are essential to sustain both military and civilian production at desirable levels.

"The mutuality of interests and objectives of the American republics," the statement declared, "requires a policy of equal access to products to assist in the maintenance of stable economies and to increase the production of strategic materials."

Railroad Securities

ICC Analyzes Results of Reorganization Plans

In the August issue of the Monthly Comment on Transportation Statistics, the Bureau of Transport Economics and Statistics of the Interstate Commerce Commission has some very interesting comments to make on the question of treatment of junior creditors of railroads in reorganization, accompanied by a tabulation outlining the experience of such junior creditors since consummation of reorganizations. The study is particularly pertinent at the present time, when the Commission has been subjected to considerable Congressional, and even some high court, criticism on the severity of its reorganization plans, and for eliminating the equity of stockholders in a vast majority of the plans.

Certain uninformed, or at best ill-informed, sources have pointed to the fact that as a general rule earnings of reorganized or bankrupt railroads have run well ahead of the estimates of future earnings on which the ICC based its proposed new capitalizations. It has been contended that as a result of these two pessimistic appraisals billions of dollars worth of junior securities, and particularly stocks, have been wiped out needlessly. This school of thought likes particularly to rant about the purported undue enrichment of old bondholders (invariably soulless corporations) at the expense of the small stockholder (just as invariably widows and orphans).

In the first place, as pointed out in the Monthly Comment, "in the issuance of securities in reorganization certain legal rules and principles have become well established by a long line of judicial decisions. One of these principles is that the claim of creditors must be satisfied in the order of priority of such claims. Another is that the satisfaction of these descending priorities of claims must be qualitative as well as quantitative, subject to certain practical considerations with reference to the estimated subsequent earning power of the reorganized company." Obviously under such principles if the claim of one class of security holder can not be satisfied in full there can be nothing available for next lower ranking class or classes of securities.

The Bureau in its report has examined the experience of the most junior bond issues of any size for every Class I steam railroad reorganized between July 1, 1935 and June 30, 1950. Several of the plans were completed before or at the beginning of the war, the balance by its close or shortly thereafter. As a matter of fact the last plan consummated was that of Duluth, South Shore & Atlantic in 1949. Thus the experience of which they report is that of a period of great prosperity for virtually the entire industry. Under these ideal conditions it is interesting to see to just what extent these creditors were "unduly enriched" at the expense of the old stockholders who were found to have no equity in the reorganized companies.

For the purposes of these computations the Bureau has taken prices as of June 30, 1952 for the securities received by junior creditors in reorganization. In only one instance, Norfolk & Southern, did the aggregate June 30, 1952, market value of securities received exceed the claim of the bond holders. In the case of Seaboard Air Line the market value of securities received by the Consolidated 6s and Refunding 4s has finally, after a particularly spectacular performance by the road in recent years, reached a figure representing just about 96% of their respective claims. Other typical results are shown as follows:

	% of Total Claim Rep. by 6/30/52 Mkt. Val. of Sec. Rcd.
Central of Georgia Ref. & Gen. 5½s	27.4%
Chicago & Eastern Illinois Gen. 5s	71.5
Chicago Great Western First 4s	68.9
Chicago, Indianapolis & Louisville 1st & Gen. 5½s	43.5
Chicago, Milwaukee, St. Paul & Pacific Adj. 5s	21.5
Chicago & North Western Conv. 4¾s	19.2*
Chicago, Rock Island & Pacific Conv. 4½s	68.6
Denver & Rio Grande Western General 5s	80.8
Erie Ref. & Imp. 5s, 1967	63.0
Minneapolis & St. Louis Ref. & Exten. 5s	14.8
Minneapolis, St. Paul & S. S. Marie 2nd 4s	14.4
New York, New Haven & Hartford 1st & Ref	63.0
St. Louis-San Francisco Cons. 4½s	78.2
Wabash Ref. & Gen. Series	48.9

*No accrued interest was calculated in reorganization for purpose of allocation of new securities.

The above tabulation indicates dramatically just where the old junior creditors stand in relation to their original claims. If they have been able to salvage such a small proportion of their just claims after a period of years of unprecedented prosperity it is difficult to accept seriously any contention that they have been "unduly enriched" at anyone's expense.

Western Europe Today

By HOMER D. WHEATON

Clayton & Wheaton, Investment Advisors, New York City

Mr. Wheaton notes postwar problems of Western Europe still persist, but have become less ominous. Cites progress made in last seven years, and holds there is widespread belief war is not imminent.

EDITOR'S NOTE: Aware of the influence of foreign developments upon American investments, Mr. Wheaton recently went to England, Germany, Switzerland, Italy, France, and Holland. Some observations and conclusions from his trip are contained in the following article. Aside from references to England, these comments pertain only to the situation in Western Europe.

The postwar problems of Western Europe have not disappeared with the passage of seven years, but many have become less ominous, less pressing. Important sectors of large cities still lie in [illegible] but reconstruction has brought vast improvements as compared with conditions in '45. This spring, as last year, there was great activity everywhere in the restoration of bombed homes, the erection of new office and factory buildings, and the extension of present plants. Ports like Le Havre present a new appearance even in the last 12 months. New docks, warehouses and railroad sidings attest unremitting efforts to return industrial properties to full working order.

Homer D. Wheaton

Visual Evidence of Progress

In numerous other directions the people of Western Europe have made astonishing progress. Increased output of goods has been equally notable. Stores everywhere are well stocked with the products of the country's own manufacture, though importations are not always available. Food is plentiful and varied, and rationing and "queing up" are practically ended. On the farms one sees tractors and other new agricultural machinery slowly displacing horse-drawn or manual methods, while diesel locomotives and streamliners are appearing on the railroads. Europeans do not look undernourished, and their clothing, while not so varied as that of the average American, seems adequate. Meanwhile, in subtle ways, the standard of living is being changed. American refrigerators and ranges are advertised in newspapers and displayed in store windows. The number of automobiles is increasing fast, and soft drinks like Coca Cola are becoming more popular.

France and Italy

Despite striking gains there are still serious troubles. In several countries the value of money has been falling and prices rising. In France, to mention one, only the most resolute efforts in recent months kept prices from again going up, and the franc from dropping. Many signs point to the inadequacy of wages relative to living costs. There is too big a gap between the incomes of the wealthy and the employee class. Manufactured products cost too much in relation to wages, and food is likewise expensive in the cities. But the remedies seem difficult to attain.

Falling monetary values impoverish the investor and entrepreneur classes and produce the unsettled financial conditions which anti-capitalists like to promote. One or two countries in Europe, with large Communist minorities and unstable currencies, are in an exposed position. But some observers familiar with France and Italy, where Communism is still a strong political force, believe that the threat is more apparent than real. Conversations with numerous well-posted people concerning those two countries gave the impression that American newspapers have unduly stressed the Communist factor. There seemed to be a general impression in Europe that Communism is slowly losing ground, having had its maximum appeal when living conditions were so bad after the war.

The fact one could make a categorical statement as to its diminishing appeal, if only unemployment were not so serious in both Western Germany and Italy. Lacking the natural resources of Germany, but at least not suffering as the Germans are from an unending flow of refugees from Eastern Europe, Italy still cannot find means of re-employing a large percentage of those now out of work. Unemployment in Southern Italy is very serious and living conditions there are bad. Consequently, democracy is under a big strain to maintain itself in the face of these pressures. Still it is most important to remember that in this respect Europe's problems are similar to those found in many other areas of the world. We all tend to worry more about conditions in Europe because our ties, both blood and historic, are so close.

While politicians argue, mankind pushes ahead with each day's chosen occupation. The legislative debates and newspaper reports seem less vital than the creative power of nature, harnessed by man. Everywhere the fields are full of grain, cattle browse, streams tumble from the mountains, and vineyards foretell the autumn harvest, while haystacks and wood piles promise security against the return of winter. Life moves on like a stream; it may be penned up temporarily, but soon it will overflow and recommence the journey seaward, from which the cycle reasserts itself.

It is this very continuity of existence which gives hope for the future. For instance, instead of trying to assess each day the changes in England's finances, we should look at her history, her accomplishments, at the character of her people, at the allegiance and support of her present Empire. We should remember that England has survived mighty blows, as has Germany, France or almost any long established country. Recalling that the present is a compound of the past, we have reason for more assurance about the years ahead.

War Not Inevitable

Last year, upon returning from a similar trip, I wrote as follows:

"There is nearly unanimous agreement on the part of the many people to whom I spoke that there will not be a European war this year and that, as America grows stronger, the likelihood of war is diminished."

That statement seems as true today as in 1951. Meanwhile, as the United States has grown stronger at home, the NATO forces have become better integrated, better armed, and more numerous. Again this year I gained the impression that war in Europe is not considered likely in the near future.

Assuming that opinion to prove correct, the months ahead should bring further economic gains and growing political stability west of the Iron Curtain.

Requests Data on Stock Transactions

New York Stock Exchange sends questionnaire to members seeking information on who buys and sells stocks and motives behind stock transactions.

G. Keith Funston, President of the New York Stock Exchange, has prepared a questionnaire to be sent to members with a view of obtaining information regarding the reasons why stocks are bought, and sold the character of the transaction, [whether cash or margin or for long or short pull], the age, income status and other data regarding customers. The proposed survey is designed to aid the Stock Exchange's public relations program, as well as its campaign to have the capital gains tax eliminated or modified. The transactions are to cover the period from Sept. 10 to Sept. 17.

G. Keith Funston

Stock Exchange brokers are asked to give their judgment as to the most important reason for each purchase or sale. For example they are expected to tell whether purchase is made to close out a short sale, to turn an under-30-day profit, to turn a profit in the more-than-30-day but less-than-six-month period, to make a long-term capital gain or for income return.

The broker is requested to check length of time the issue has been held, and indicate whether it resulted in a gain or a loss, and then work out the reasons for the transactions.

A final section of the questionnaire identifies investors other than individuals. There are places for insurance companies, banks, investment trusts of both kinds, educational institutions and other categories.

In a letter to the managing partners of member firms Mr. Funston stated that "it has become increasingly clear that factual information will be particularly valuable in formulating and presenting our program concerning capital gains taxes, margin requirements, etc., to the proper authorities in Washington."

The Exchange earlier this year revealed results of a survey made by the Brookings Institution which showed there were an estimated 6.5 million individual holders of stocks in the nation.

Joins Prescott Staff

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio—Mrs. Virginia T. Phillips is now with Prescott & Co., National City Bank Building, members of the New York and Midwest Stock Exchanges. Mrs. Philips was formerly with Smart, Clowes & Phillips, Inc. of Louisville.

Tomorrow's Markets Walter Whyte Says—

By WALTER WHYTE

So far this doesn't look to be much of a week in the stock market. Perhaps once the Labor Day holiday is over things will start happening.

* * *

It being one of those weeks, it might be an opportunity to get into something that has long been a point of conflict between two classes—the investor versus the speculator. For purposes of clarity (and probably respectability) the speculator prefers to be called a trader. The difference escapes me.

* * *

The true investor is supposed to be interested primarily in safety and return on his investment. The trader, or speculator, is supposed to be most concerned with profits. Between the two classes there is supposed to be a wide difference, fed mostly by interpretations from "respectable" sources who regard the speculator as some sort of moral leper.

* * *

From where I sit I could never see the difference, except that the speculator usually has to be a little faster on the trigger, more on his toes and if he's moderately successful, pays a higher tax. The investor, no matter what his objective is, is seldom willing to forego a profit, assuming the tax department doesn't take most of it away.

* * *

Ever since the SEC decided to make stock buyers virtually pay cash for their securities, the general belief has been that because one holds a stock outright, he's an investor, and as an investor, the ups and downs of daily market changes can't affect him. Such a belief is to me as far from the truth as anything could possibly be.

* * *

The investor who holds on to his stock for dear life because he owns it outright is as foolish as the man who insists on walking in the rain because his suit is guaranteed waterproof. There is no safety in one and the assurance of the second is too flimsy to withstand storms.

* * *

The trader on the other hand, will buy a stock because he believes he can sell it within a reasonable time to somebody else for more than he paid for it. If the stock pays a dividend so much the better. Profit, however, is the prime motive.

* * *

The big stumbling block is taxes and that is something that everybody must solve for himself. According to the tax department, if you hold a stock for six months or more, you're an investor and come off lighter on capital gains. The trader has no such protection. To me this means that the trader has to be so much more astute to have anything left than the man who just sits on them.

[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.]

Public Utility Securities

By OWEN ELY

Consolidated Edison's Rate Adjustments

Consolidated Edison Company of New York was ordered by Chairman Maltbie of the State Public Service Commission in January, 1949, to reduce its electric rates 10% on a "temporary" basis, pending the fixing of permanent rates. Mr. Maltbie then resigned, and several other alterations occurred in the Commission set-up. The company contested the order in both State and Federal Courts. It lost in the State Supreme Court, was upheld twice by the Appellate Division but was defeated three times in the Court of Appeals. The U. S. Supreme Court finally affirmed the commission's contention that no Federal question was involved. Thereafter the company had to await, with what patience it could muster, the final fixing of permanent rates. The delay proved beyond expectations and it was not until July 18 this year that this rate investigation, probably the most important one in the country since it involves about 10% of U. S. electric sales, was finally concluded. The decision was a five-pound, 381-page document copies of which are still not available to the general public.

The commission upheld the Maltbie order in principle, but granted various concessions which took much of the sting out of the decision. While comparative little net change was made in residential rates for smaller consumers, the commission directed the establishment of a completely new rate structure in order to eliminate inequities between various groups of consumers. Wholesale rates, the commission decided, were not carrying their proper share of the cost of service and these were increased substantially. These increases, which for a few very large users of electricity may amount to as much as 37%, have aroused considerable opposition among landlords and industrial customers, who have asked the commission for a hearing in the matter. However, the commission has contended that many of these rates have been very low, paying no more than the bare operating cost of producing electricity. It also suggested that Consolidated Edison should jack up its rates for power sold under special contracts to other utility companies, railroads, municipal, state and Federal agencies, etc.

In addition to these various rate adjustments the commission decided that the company's annual accrual for depreciation was too large, and hence the company can increase its net earnings by reducing this charge. Since the company will continue to report the same depreciation as formerly in its tax return to the Treasury Department, it will not have to pay any higher income taxes due to this increase in reported earnings.

The commission fixed a more liberal rate base than Chairman Maltbie had done in his 1949 decision. The company had set up in its balance sheet a special item "Unearned Surplus - Special" amounting to about $163 million, equalling the adjustments desired by Maltbie. This amount can now be reduced to $50 million, which amount the present commission thinks should be transferred to increase the depreciation reserve. Thus, in effect, the company has recovered about $113 million in its rate base.

The various amounts by which consolidated Edison will benefit by the decision add up about as follows, it is estimated:

(1) Increase in Special Contract Rates to Large Consumers	$8.0*
(2) Increase in Wholesale Rates	4.3 Mil.
(3) Modification of Fuel Adjustment Clauses	2.0
Total Subject to Income Taxes	$14.3
Estimated Increase in Income Taxes	8.0
Net Gain	$6.3
Estimated Reduction in Depreciation Accruals	4.1
Total Increase in Net Income	$10.4
Amount per Share Com. Stock (13.3 mil. shs.)	.78

*The Commission estimated that these rates were "not compensatory" by by about $11.5 million in 1951, but the rates are not under the Commission's jurisdiction and the company has estimated that it probably cannot realize over $8 million through readjustment of these contracts. Presumably it may take some time to get the higher rates into effect.

With share earnings of $2.23 for the 12 months ended June 30, this estimated gain would raise earnings to around the $3 level (all other factors remaining unchanged). However, the changes in the rate structure are extremely complicated and it may be some time before accurate estimates are obtainable. The company may also find it difficult to obtain all the wholesale rate increases favored by the Commission.

It is estimated that, if the company had succeeded in cancelling the original 10% cut in the electric rate ordered by Maltbie (as applied to present revenues of around $418 million) share earnings would have been increased about $1.25. Thus on the basis of the preliminary estimates above, the Commission restored some 60% of the original cut. While company officials expressed keen disappointment when the decision was first announced, it appears unlikely that they will fight the order in the courts.

Bank and Insurance Stocks

By H. E. JOHNSON

This Week—Insurance Stocks

Operating results of the major fire and casualty companies for the first half of the current year were generally in line with previous expectations.

Premium writings were higher reflecting inflationary trends within the economy and increased rates on certain insurance lines. Most classifications of business were profitable with the exception of those written by the casualty companies.

Underwriting lines such as bodily injury, property damage and workmen's compensation have continued to be generally unprofitable. Rate increases in these classifications have been approved by most state regulatory authorities but they have not been sufficient to put the business on a profitable basis as yet.

One of the most informative reports and one which gives the stockholder a good idea of the trends in the business is that published by the Fireman's Fund Insurance Company.

In addition to giving the usual totals of underwriting results the report also adjusts for the change in the unearned premium reserve. This is the usual practice among analysts but very few insurance companies recognize this statistical practice in computing or reporting their earnings.

The operating results of the Fireman's Fund Group for the six months ended June 30, 1952 and 1951 computed on this basis are shown in the following table.

	6 Months Ending June 30 1952	1951
	(000 omitted)	
Premiums Written	$75,914	$68,483
Premiums Earned	68,900	60,234
Increase in Unearned Premium Reserve	7,014	8,249
Underwriting Profit or Loss	170	77
Net Investment Income*	3,227	2,940
Add: Equity in Increase in Unearned Premium Reserve at 35%	2,448	2,880
Combined Adjusted Underwriting Profit and Investment Income*	5,845	5,897
Adjusted Earned Per Share Before Federal Taxes†	$2.82	$2.84
Estimated Federal Income Taxes Per Share	.51	.39
Adjusted Earned Per Share After Estimated Federal Taxes	2.31	2.45

*Excludes realized and unrealized gains on capital assets. †Includes realized and excludes unrealized miscellaneous gains and losses.

The report points out that there is a seasonal character to insurance underwriting and that results for the first six months are not necessarily indicative of what might be expected for the full year. Because of this fact Fireman's Fund includes in their report to stockholders the results for the 12 months to June 30, 1952 compared with that of the similar period ended June 30, 1951.

	12 Months Ending June 30 1952	1951
	(000 omitted)	
Premiums Written	$147,556	$129,364
Premiums Earned	135,569	117,833
Increase in Unearned Premium Reserve	11,987	11,531
Underwriting Profit or Loss	730	2,184
Net Investment Income*	6,471	5,964
Add: Equity in Increase in Unearned Premium Reserve at 35%	4,183	4,026
Combined Adjusted Underwriting Profit and Investment Income*	11,384	12,174
Adjusted Earned per Share Before Federal Taxes†	$5.30	$5.90
Estimated Federal Income Taxes per Share	.68	1.48
Adjusted Earned per Share After Estimated Federal Taxes	4.62	4.42

*Excludes realized and unrealized gains on capital assets.
†Includes realized and excludes unrealized miscellaneous gains and losses.

It is interesting to note in the above figures that the underwriting profit in the first six months of the current year is above that of 1951. For the 12 months, however, the results are below the earlier period. Though the gain is slight it appears from these trends that some improvement is taking place in the underwriting phase of the business.

Investment results on the other hand continue to make favorable gains from year to year.

Seward Lawson Joins White, Noble & Co.

(Special to THE FINANCIAL CHRONICLE)

DETROIT, Mich. — Seward N. Lawson has become associated with White, Noble & Co., Buhl Building. Mr. Lawson in the past was a partner in Carr & Company.

With Olderman, Asbeck

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio—Donald D. Macbeth is with Olderman, Asbeck & Co., Union Commerce Building, members of the Midwest Stock Exchange.

The Impact of Dearer Money On Britain's National Debt

By GORDON CUMMINGS
British Financial Writer

Mr. Cummings describes interest rate changes on British Defense Bonds to bring them in line with the general use of interest in Great Britain. Notes four major changes in rate adjustments in the nine months following the upward trend in Bank of England discount rate. Reveals recent growth of British National Debt.

Another stage in the adjustment of the United Kingdom's National Debt financing to the dearer-money policy initiated last November as part of the new economic recovery program opens on Monday, September 1. From this date interest on an important sector of the "small savings" side of Government financing will be brought into line with the general increase. A new issue of 3½% Defense Bonds will be put on tap in place of the existing 3% issue.

Gordon Cummings

The attractive features of these Bonds, various issues of which have been on tap since November, 1939, is that they can be bought in units of as little as $14 over the counters of Post Offices and through banks, and they are always redeemable at a minimum of par on six months' notice by the holder. Limits are naturally put on total holdings by individuals—up to $9,800 of issues prior to the new one, to which can be added $2,800 of the 3½% stock. In addition to the extra ½% interest the new Bonds have the attraction of a tax-free bonus of 1% after five years, increasing to 3% after ten years, and after five years the notice of encashment can be reduced to three months without loss of interest.

No changes are proposed for the two other sides of the "small savings" side of the National Debt. Interest on Post Office and Trustee Savings Bank deposits stays at 2½% and on National Savings Certificates at just over 3% tax free compound if held for ten years; the current issue is sold in units of $2.10 and holdings are limited to 500 units.

Fourth Change in Nine Months

The new issue of Defense Bonds will be the fourth major change in the National Debt make-up and interest rates since the Bank Rate was raised by ½% to 2½% on November 8, 1951 and by a further 1½% to 4% on March 11 last. Discount rates for another important sector of Government financing—Treasury Bills and Ways and Means Advances—immediately fell into line. The Treasury Bill rate has recently been around 2⅜ to under 2½%, against just over ½% ruling up to the first increase in the Bank Rate. Last November, as part of the restriction of credit policy, $2,800 million of Treasury Bills were funded into one, two and three year 1¾%. Serial Funding bonds. In mid-July, interest on a longer-period sector of semi-floating debt—Tax Reserve Certificates, which are available for payment of Income and other taxes—was raised by ½% to 1¼% tax free.

These changes naturally direct attention to the cost of the United Kingdom National Debt and the interest to be paid on future conversion issues. The average has been low for a number of years and should continue low for some time ahead. The top interest rate of 4% is payable on only some $2,520 million of bonds. This happy state of affairs is due largely to the cheap-money policy of the immediate prewar years and the low rates at which war and postwar financing were executed.

Prior to World War II interest and management averaged slightly over 3% on the total debt. From 1941 through to March, 1951, the annual average moved narrowly around 2%, for the 1951/52 financial year it was about 2.17% and in the current year to March, 1953, is budgeted at some 2.3% which will be relatively cheap still in relation to the size of the debt.

How the Debt Has Grown

On the outbreak of World War II on Sept. 3, 1939, the total debt, was about $20,580 million. By March 31, 1947, it slightly exceeded $71,680 million, and at March 31, 1952, the last financial year-end, it was $72,520 million. Against the increase over the past five years must be set a very much larger increase in certain government assets, financed mainly through Budget surpluses. The estimated value rose between 1947 and 1952 from $4,760 million to more than $11,200 million, made up of loans to local government authorities for housing and other development, working capital for nationalized industries, the Exchange Equalization Account and Bretton Woods Agreement, stock holdings in the Bank of England, Cable and Wireless, Anglo-Iranian Oil Company and Suez Canal, and other advances and loans. Most of the assets are revenue-producing and many of the loans will be redeemed in due course.

The end-March, 1952, total of $72,520 million breaks down into five broad sectors of debt. First come the funded and unfunded bond issues, with interest ranging from 1¾% to 4% and quoted on the Stock Exchange with a nominal value of $38,500 million. Secondly, there is the floating debt, mostly three-months Treasury Bills of $12,908 million. The third group is "small savings," National Savings Certificates, Defense Bonds and Terminable Annuities issued to the Post Office and Trustee Savings Bank, making $11,060 million—the actual estimated total of "small savings," including deposits in the Savings Banks and over $2,800 million of government bonds on the Post Office registers, is more than $16,800 million. Fourthly is miscellaneous debt of $3,962 million, including interest-free notes of the International Monetary Fund and World Bank. Fifthly, external debts, mostly the United States of America and Canadian 1945/46 lines of credit, total $6,062 million.

Taking Treasury Bill interest at its current rate of just under 2½% some $30,800 million of the debt bears interest of about 2½% or less. Assuming an average of 3% on National Savings Certificates—the actual rate depends on the term held—the total carrying 3% interest is about $21,280 million. Only $10,360 million carries 3½% and 4% rates. The balance of internal debt is either interest-free or at relatively low interest rates. The bulk of the external debt bears interest of 2%.

$1,400 Per Citizen Owing

Questions of the interest that will have to be paid on replacements of existing bond issues are not immediately pressing and, taking latest redemption dates, the total stock involved between now and 1957 is under $10,080 million. This year only $1,260 million of the 1¾% "Money Market" Serial Bonds fall due—in November. Next year a further $560 million of these bonds and $1,461.6 million 2½% National War Bonds will have to be dealt with. During 1954 and 1955 some $5,320 million of Bonds are definitely redeemable, and in 1956 and 1957 a further $1,470 million fall due.

Looked at from any point of view, the burden of the United Kingdom National Debt is heavy. Compared with $420 in 1939, it is now about $1,400 per head of the total population. Whereas in 1939 it represented 150% of the national income, it rose after the last war to 300%, and is now back to about 210%.

Wakefield Agency Acquired by Knollin

SAN FRANCISCO, Calif.—Knollin Advertising Agency of San Francisco has aquired the good will of the Carl Wakefield Agency, same city, whose owner died recently. Effective September 1, through agreement with Mrs. Carl C. Wakefield, special administratrix for the Wakefield estate, the Knollin Agency will service all Wakefield accounts desiring to participate in these arrangements. This announcement was made jointly by Mrs. Wakefield and James C. Knollin.

Two members of the Wakefield staff, Dallas M. Coors, former Vice-President and Miss Bernice Rosenthal, former junior account executive, will join the Knollin staff. In addition, commercial artist Madeleine Tackaberry, who has been serving as art director on certain Wakefield accounts, will continue in that capacity in collaboration with Sigurd Mortenson, Knollin's art director.

Coors states that the Wakefield office at 400 Montgomery Street, will be closed on or about September 15 and that all current activities of the agency will be moved to the Knollin office at 391 Sutter Street as soon after the first of September as possible.

The Carl Wakefield Advertising Agency was established in 1935 and was operated continuously by the founder until his death on July 27 of this year. The Knollin Agency dates from 1932. Its 20-year history includes a former copartnership which was dissolved in 1942. For the past 10 years, the business has been carried on by James C. Knollin and Robert H. Knollin, father and son, under the family name.

Degaetano Secs. Co.

Benjamin Degaetano has formed the Degaetano Securities Company with offices at 37 Wall Street, New York City, to act as broker and dealer in unlisted securities, mutual fund shares, industrial, oil and mining stocks. Mr. Degaetano was formerly partner in Degaetano & Spiess. Associated with him in the new firm will be Frank C. Taussig, manager, and John Hayes, cashier.

50 Years NYSE

Thomas Walsh, who started working for the New York Stock Exchange when he was thirteen years, old, on August 22, completed 50 years of active service. He is the ninth employee of the Exchange or its affiliated companies to reach the half-century mark.

Conflicting Currents in Sterling

By PAUL EINZIG

Pointing out though official policy of present British Government is distinctly deflationary, Dr. Einzig holds moves already taken toward this end have been offset by factors making for inflation, such as pressure for higher wages, liquidation of savings by consumers, and heavy defense expenditures. Finds outlook for purchasing power of sterling is still uncertain.

LONDON, Eng.—Until comparatively recently the task of the commentator on the British monetary situation was fairly simple. There could be no doubt that the fundamental trend was distinctly inflationary. Expert opinion may have differed about the extent to which the disinflationary measures taken by Sir Stafford Cripps and Mr. Gaitskell were likely to prove effective. Even the official policy under the Labor Government did not aim, however, beyond counteracting inflation. Once this achieved the disinflationary measures would have been haltered. Under the present government the aim of the official policy is distinctly deflationary. The balancing of the deficit in the balance of payments and the reversal of the outflow of gold is now given top priority and Mr. Butler, Chancellor of the Exchequer, no doubt realizes that this end could only be achieved by means of deflation. It was thanks to their deflationary policy that Belgium and Western Germany have succeeded in achieving a strong creditor position in the European Payments Union. For the purpose of raising the Sterling Area gold reserve to a safe level mere disinflation would not be enough. Deflation is called for.

Dr. Paul Einzig

The deflationary measures applied by Mr. Butler included the high bank rate, credit restrictions, and an economy drive in public expenditure. So far neither of these devices have produced any visible effect on the trend of prices. This was partly because credit restrictions and cuts in expenditure were largely offset by rearmament requirements. Moreover, the factors making for deflation have coincided with other factors making for inflation. In face of the conflicting currents the commentator is at a loss to make up his mind whether to expect a rise or a fall in prices. All he can do is to enumerate the factors at work in either direction.

The main factor working towards inflation is, of course, the growing pressure for higher wages. Decisions will have to be taken within the next two months or so about the important wages claims which are at present pending. As far as it is possible to judge at the time of writing, the outcome will be some degree of compromise. The extent to which the wages claims will be granted will probably be the most important single factor affecting the monetary prospects.

Another factor making for inflation is the extent to which savings are being used up by consumers for current expenditure. The amount of withdrawals exceed that of new savings by several million pounds every week and at the present rate the total of dissaving for the whole year is likely to be considerable. It seems that higher interest rates have failed to reverse the movement. This is bcause considerations of yield appear to play a secondary part. People liquidate their savings not because they are dissatisfied with the interest rate but because they need their capital for current expenditure.

Another factor making for inflation is the appearance of some unforeseen items of public expenditure. There is the possibility, however, that this will be offset next year by an intensified economy drive. It was difficult for the new government to embark on such a drive immediately after it assumed office. By the time, however, expenditure estimates for the financial year 1953-54 come to be reviewed in the Autumn and the Winter, the new Ministers will have gained sufficient experience in their respective offices to be able to enforce the government's policy of retrenchment. The success of the drive will depend on the prevailing trend of prices. In face of an all-round rise in the cost of living and wages, government departments will find it difficult to resist demands for higher pay and the cost of granting these demands might offset economies achieved through staff reductions.

The question is, will the present downward trend of raw material prices continue and will it become translated into a decline in the cost of living in good time for checking the upward trend of wages? The government and the employers are trying to resist wages demands on the ground of predicting a reversal of the rise in the cost of living. These predictions carry but little conviction among the employees in view of the non-stop rise experienced ever since 1939. More will be needed that mere optimistic forecasts to persuade them to drop their claims, or even to moderate them to an appreciable extent. It is true the newspapers are full of reports about heavy falls in the prices of various materials. These prices have been going up and down, however, during recent months, and the extent to which their considerable net fall from the peak levels has affected the cost of living up to now has been very moderate. It ought to be borne in mind that a large part of the increase in food prices resulting from the cuts in food subsidies, announced by Mr. Butler in his Budget Speech in March, will only become effective during the Autumn. Any fall in manufactures through lower raw material prices will have to be very substantial in order to offset the effect of higher food prices on the cost of living index.

Evidently the outlook for the domestic purchasing power of sterling is very uncertain. Possibly by October or November it will be less obscure because by then we shall be able to see the probable extent of wages increases. In face of a purchasing power inflation brought about by higher wages, any attempt to deflate by means of reinforced credit restrictions would be foredoomed to failure, unless the extent of credit restrictions should be such as to force employers to cut down their staffs. The fears of such credit restrictions may go a long way towards inducing employers to resist wages demands, even at the risk of strikes. This is the attitude actually adopted by the engineering employers. It remains to be seen whether their example will be followed by other industries and with what result.

Middle-of-Road Way To Peace and Prosperity

By DWIGHT D. EISENHOWER*
Republican Party Nominee for President

In first political address, Gen. Eisenhower attacks "leftist" trends of Truman Administration, and warns of dangers in adopting extreme policies. Says Democratic party has been in power too long, and scores dishonesty in Federal Government. Holds West should not be "geared" to Washington, but Federal Government should participate in its transformation "when necessary." In address to American Legion National Convention in New York City, he urges building up defense against Communism, while preserving our Constitutional system and ending corruption in public office.

It has been my very great privilege today to meet with Western Governors, all of them—and it is a tribute to the wisdom of this region — Republicans. I found them to be dedicating and devoting their lives to the service of their country. They are men of ideas.

D. D. Eisenhower

They live in the realization that only in a peaceful world can we, all of us, lead a tranquil life, can we have confidence in our hearts and minds, can we quit worrying about our children and our loved ones, can we devote our energies and our substance to fruitful activities and not to the sterile, negative, stupid business of war or preparation for war.

They are men of realism. They are men that realize that nothing is produced in this world except with imagination and with the spirit and the courage of men and with their hard work. By the sweat of their brows do they believe in earning their bread. They are sturdy, independent Americans, worthy of the pioneers that established this great country.

But more than being great Americans they are also symbols. They are symbols for all of us. They are symbols of the protection that every individual citizen has in this country against the unjust exercise of power from a central source in Washington. They are symbols of the fact that this country is a Federal organization, an organization of sovereign States, and each of them heads one.

They are symbols of what our founders hoped for this country—that they would establish a midde way—a middle way between anarchy or the town meeting form of government, which is inapplicable in such a country as this on the one hand, and on the other hand, the despotic autocracy of any other form of government.

Problems of the West

Now our subject today, ladies and gentlemen, is the West — the West and all its problems—a tremendously interesting and fascinating subject. We dealt with many special problems with which they are concerned daily in their work as Governors.

Now as I flew out from Denver this morning to land here in this oasis, I was struck by the fact that over much of the way we seemed to fly over boulders, chasms, mountains, barrenness; and yet while we know that there already existed in all of that country a thriving industry of mines, ranches and farms, yet the development so far is so little that it looks like one great, huge untapped reservoir of resources for America, and, ladies and gentlemen, that is what it is.

It takes no gift of prophecy to see the green fields, thriving cities, the humming industries that will be there one day, and the only thing we need to make certain is that there will be an efficient development, one that will bring happiness to all the humans living in it.

And that the courage and the vision of the people living right here in the West are the ones who give the inspiration to the development. Let Washington participate in this great transformation, the great adventure, where it is necessary for them to participate; but let them be here only to represent the interests of all the people of the United States, while the local governments are concerned only with the inspiration, with the courage, and heart of Westerners, because, my friends, courage, heart, vision, those cannot be imported and they cannot be sent into you. Those are the product of the people.

You living here on these great mountains and plains and valleys of the West have had a reputation for possessing these great qualities in full measure. So, therefore, the inspiration, the vision, the plans must come from here and outside help must be limited to that that is necessary and only as partners. And let no bureaucrat think that he can be the boss of a Governor of a Western State.

In this great business, then, we are not going to gear here the West to Washington. We will simply gear Washington in its proper sphere to the West as a partner.

Now of course, ladies and gentlemen, we talked politics today; but in a very real sense, we did not talk partisan politics. We talked about those things which we believe would be, if translated into policy and into action, good for the United States of America.

That, I submit, is the kind of a platform that any political party should bring before our people; and, as I remarked a few minutes ago, these Governors, symbols of the middle road in our whole political structure, also represent in their philosophy the middle road in the progress that we must make.

A Middle Road Policy

You see, there are many people in our country who say there are only two roads to the future—one off to the right, by following which we become reactionaries. We go back to the place where we think we should have lived in 1852. Then there are others who say you must continually go to the left. Those people say "let the Government do it — turn it over to Washington." They go so far to the left that we call them radicals.

A strange thing about these two roads, ladies and gentlemen. As you go further and further to the right, there is less and less concern to the individual. As we pursue this policy to its extreme, we have a *laissez faire*, and finally a resentful people become so powerful in their distrust of the Government that Government must use compulsion to force its will upon them and we have tyranny.

Now, let's go to the left. And the Government does more and more of the things that are to be done, as it takes your property and compels you to work on it, whether it be in the farm or factory or whatever. It, too, finds it must use compulsion and ends up in tyranny.

The great problem of America today is to take that straight road down the middle, the path of progress that will never allow tyranny to become the feature of American Government.

Let's take one or two examples of this application of this middle way. During the Civil War Lincoln had passed a Homestead Law. These great lands of the West were at stake and there were many greedy interests in Washington who wanted these lands turned over to the great combinations or rich men so they could hold them forever in their own right.

And there were other groups that said, "Oh, no, the Federal Government will always keep title to these lands and we will keep title to their surface and everything under them."

But Lincoln had passed a Homestead Law to put that land in the hands of the people, demonstrating his faith not only in the people but in this middle road which led to the progress, the results of which we see today, a beautiful city like Boise sitting in the midst of these mountains.

At the beginning of this century there was such a great concentration of power in such a few combinations, most of them centered in Wall Street, that we had what we call trusts. Now, Theodore Roosevelt set about to break them up. Now, he didn't try to destroy them, he didn't try to destroy the property and the facilities and all of the organism they set up. Neither did he give way to all the proposals made to him to let, the Government take over.

No, he said, we will simply make them each conform to our laws by breaking them up to the extent they cannot exert undue influence and power over the people of the United States. He chose the middle way and we will remember him forever because of that.

Social Gains Accepted

Now ladies and gentlemen, this middle way today starts off with certain very definite assumptions. It assumes that all Americans of all parties have now accepted and will forever support what we call social gains, the security that people are entitled to in their old age and to make certain they are adequately cared for, insurance against unemployment, equal opportunities for everybody regardless of race, religion, where he was born or what is his national origin.

We have accepted a moral obligation — the education of our young, decent housing, the rights of working men and working women to be productive, the rights of each of us to earn what he can and to save it as far as taxes will let him. We accept as a part of these social gains the fact that Americans must have adequate insurance against disaster.

No one counts that thing a political issue any more. That is part of America. But all of those things, ladies and gentlemen, we call security measures and social gains. They are not goals, they are what America is going to win.

Let's call all those things just a solid floor that keeps all of us from falling into the pit of disaster. But on top of that floor, let's not intefere with the incentive, the ambition, the right of any of you to build the most glorious structure on top of that floor that you can imagine. That is what we want America to be—the product of 156,000,000 people, their incentives, their ambitions, their efforts and their work, and their intelligence translated into accomplishment for the good of all of us.

We have a great program in development not only for ourselves and the betterment of our lives. But, each day, ladies and gentlemen, there are 6,000 more Americans than there were the day before. We have got to continue expanding and we cannot do it through the dictation of a bureaucrat. We must do it with your genius, your efforts, your intelligence, and your cooperation.

Administration Follows Philosophy of Left

Now, we have had for a long time a Government that applies the philosophy of the left to Government. The Government will build the power dams, the Government will tell you how to distribute your power, the Government will do this and that. The Government does everything, but come in and wash the dishes for the housewife.

Now their answer to evils in Government is more Government. Take agriculture—they offer us the Brannan Plan. Our health—they offer socialized medicine and want our health to be dictated by some bureaucrat. In the West they want to make the West a province of Government by absentee landlord. If they get away with that, I would like to talk to you people again.

But now, we are never going to surrender these human, these moral obligations that we hold for everyone, the least one of our people. That is America.

No one is going to struggle about that. Every part is going to agree to that. We are going to gain those things by going right down the middle of the road that gives you every opportunity to expand yourself, to earn and save for yourself and your family. We must go forward.

This is a great day. To meet with a group, a great multitude such as this, is an honor that no American could fail to appreciate. I think, in closing, I should like to put my feelings about such an occasion in this way.

I should like to pledge to you that all my efforts will be devoted to see that we can have a Government that does not grow complacent, that does not grow away from the people and become indifferent to them, that does not become arrogant in the exercises of its powers, but strives to be the partner and the servant of the people and not their master. One that does not grow indifferent to your problems, to the problems of any American, that does not create resentment.

Now, ladies and gentlemen, these things must develop when any one party is too long in power. It is so sure of its position that it does not have to uproot the first sign of dishonesty in Government. It goes along and things, never mind, that will be all right.

Now, nothing is all right unless it is perfect in Government. The American people have a right to demand the best. That is what you should demand and make your own decisions where you are going to get it.

* * *

In an address before the American Legion National Convention in New York City on Aug. 25, General Eisenhower urged building up defense against Communism, and called for an end of corruption in public office.

The text of the address follows:

Seven years ago this very month I left the Army with no possible thought that I should ever enter politics. But seven years ago today no one in our whole country would have dreamed that today we would be prey to fear.

Who would have thought as we disbanded that great Army, a great Navy and a great Air Force, that only seven years later America would have to be studying and analyzing the world in terms of fear and concern? We are threatened by a great tyranny—a tyranny that is brutal in its primitiveness. It is a tyranny that has brought thousands, millions of people into slave camps and is attempting to make all humankind its chattel.

Now let America, saddened by the tragedy of lost opportunity, etch in its memory the roll of countries once independent now suffocating under this Russian pall.

Latvia and her million people.

Estonia and her million and a quarter, and Lithuania with more than twice that number.

Poland and her twenty-five million, a country that for centuries has been the bulwark against Tartar savages.

East Germany and her more than seventeen million.

East Austria and her two million.

Czechoslovakia and her twelve million—a nation that was born in the Czechoslovakian councils in America.

Albania and her twelve hundred thousand.

Bulgaria and Rumania and their twenty-three million.

All these people are blood kin to us. How many people today live in a great fear that never again shall they hear from a mother, a grandfather, a brother or a cousin? Dare we rest while these millions of our kinsmen remain in slavery? I can almost hear your answer.

Must Restore Enslaved Nations

The American conscience can never know peace until these people are restored again to being masters of their own fate.

Not only in Eastern Europe has Communist barbarism broken forth beyond its own borders. On its Asiatic periphery the Kremlin has made captive China and Tibet, Inner Mongolia, Northern Korea, Northern Japan, the northern half of Indo-China its slaves. It has added five hundred million people to its arsenal of manpower.

Most of those people of the Far East have been our friends. More than a hundred years ago our clipper ships brought to them the products of the West and our missionaries penetrated into their interiors and there became heralds of a better life. Through a dismal decade of false starts, fractional measures, loud policies and faint deeds, we have lost them.

Again I can hear you say the conscience of America shall never be free until these people have opportunity to choose their own paths.

The lands and the millions made captive to the Kremlin are fresh evidence that dire peril stalks every free nation today. Tyranny must feed on new conquests, else it withers away. Using force here and propaganda there, its purpose is conquest.

At the command of the Communist czars in Moscow is the most formidable aggregation of power ever assembled under a single despotic rule. Under it people are terrorized, beaten down into a submissive mass to do the task the Kremlin gives them. They

Continued on page 17

* Addresses by Gen. Eisenhower at Boise, Idaho, Aug. 20, 1952, and at American Legion National Convention in New York City, Aug. 25, 1952.

We Must Combat Communism, But Preserve Our Self-Restraint

By HON. ADLAI E. STEVENSON*
Governor of Illinois
Democratic Party Candidate for President

Addressing veterans, Democratic Party Presidential candidate advocates preparedness against spread of Communism, but calls for self-restraint, stating "the barn should not be burned down to kill the rats." Blasts attacks on loyalty of Gen. Marshall and warns against over-zealous "patriots." Deplores indiscriminate attacks on our schools and opposes submission to any pressure group. Says we should not neglect our home tasks, and advocates preserving "faith in the future of man." Foresees attainment of a happy peaceful world.

I have attended altogether too many conventions not to know how you are all beginning to feel here on the afternoon of your third day. You work hard at Legion business most of the day and then devote the balance of your time to the museums, art galleries, concerts and other cultural monuments of New York. And of course you have to listen to speeches, too. I console myself with the thought that this punishment, while cruel, is not unusual.

Adlai Stevenson

I have to claim, as many of you do, to the honored title of old soldier. Nor have I risen to high rank in the armed services. The fact that a great general and I are competing candidates for the Presidency will not diminish my warm respect for his military achievements. Nor will that respect keep me from using every honest effort to defeat him in November.

My own military career was brief. It was also lowly. An apprentice seaman in a naval training unit was not, as some of you may also recall, a powerful command position in World War I. My experience thus provided me with a very special view—what could be called a worm's-eye view—of the service. In 1918 I doubt if there was anything more wormlike than an apprentice seaman. I must add, though, that from a very topside job in the Navy Department during the frenzy of the last war I sometimes had nostalgic recollections of apprentice seamanship when someone else made all the decisions.

Only Strong Can Be Free

After the first war many Americans lost sight of the fact that only the strong can be free. Many mistook an ominous lull for permanent peace. In those days the Legion knew, however, that he who is not prepared today is less so tomorrow, and that only a society which could fight for survival would survive.

The Legion's fight to awaken America to the need for military preparedness is now largely won. We have made great advances in understanding the problem of national security in the modern world. We no longer think in terms of American resources alone. We understand the need for a great international system of security, and we have taken the lead in building it.

We have joined our strength with that of others—and we have done so in self-protection. We seek no dominion over any other nation—and the whole free world knows it. If there are those behind the Iron Curtain who don't know it, it is because their masters don't want them to know it.

I am not sure that, historically, there has been another powerful nation that has been trusted as the United States is trusted today. It is something new under the sun when the proudest nations on earth have not only accepted American leadership in the common defense effort, but have also welcomed our troops and bases on their territory. Ports the world around are open to American warships by day or night. Our airmen are stationed in the most distant lands.

Yet all is not perfect. There are still vital interests which we and our allies are not militarily prepared to defend.

Some of us are reluctant to admit that peace cannot be won cheaply by some clever maneuver or by propaganda.

We have not yet really faced up to the problem of defending our cities against the rapidly growing threat of Soviet air power. There is, for example, a great shortage of volunteers for our Civil Defense ground observation corps.

Finally, many only partly understand or are loath to acknowledge that the costs of waging the cold war are but a fraction of the costs of general war.

So there remain important tasks for us. I believe in a strong national defense, and I believe that we must press forward to improve our position and not waver or hesitate in this interval when the scales are so precariously balanced.

Other Tasks Beside Preparedness

While I think it is true that today the fight for preparedness is going well, there are other and even more difficult tasks that we dare not neglect.

The United States has very large power in the world today. And the partner of power is responsibility. It is our high task to use our power with a sure hand and a steady touch—with the self-restraint that goes with confident strength. The purpose of our power must never be lost in the fact of our power—and the purpose, I take it, is the promotion of freedom, justice and peace in the world.

We talk a great deal about patriotism. What do we mean by patriotism in the context of our times? I venture to suggest that what we mean is a sense of national responsibility which will enable America to remain master of her power—to walk with it in serenity and wisdom, with self-respect and the respect of all mankind; a patriotism that puts country ahead of self; a patriotism which is not short, frenzied outbursts of emotion but the tranquil and steady dedication of a lifetime. These are words that are easy to utter, but this is a mighty assignment. For it is often easier to fight for principles than to live up to them.

Patriotism, I have said, means putting country before self. This is not abstract phrase. Unhappily, we find some things in American life today of which we cannot be proud.

Will Resist Special Interests

Consider the groups who seek to identify their special interests with the general welfare. I find it sobering to think that their pressures might one day be focused on me. I have resisted them before and I hope the Almighty will give me the strength to do so again and again. And I should tell you now, as I would tell all other organized groups, that I stand to resist pressures from veterans, too, if I think their demands are excessive or in conflict with the public interest, which must always be the paramount interest.

Let me suggest, incidentally, that we are rapidly becoming a nation of veterans. If we were all to claim a special reward for our service, beyond that to which specific disability or sacrifice has created a just claim, who would be left to pay? After all, we are Americans first and veterans second, and the best maxim for any administration is still Jefferson's: "Equal rights for all, special privileges for none."

True patriotism, it seems to me, is based on tolerance and a large measures of humility.

There are men among us who use "patriotism" as a club for attacking other Americans. What can we say for the self-styled patriot who thinks that a Negro, a Jew, a Catholic, or a Japanese-American is less an American than he? That betrays the deepest article of our faith, the belief in individual liberty and quality which has always been the heart and soul of the American idea.

Deplores Attacks on Gen. Marshall's Loyalty

What can we say for the man who proclaims himself a patriot—and then for political or personal reasons attacks the patriotism of faithful public servants? I give you, as a shocking example, the attacks which have been made on the loyalty and the motives of our great wartime chief of staff, Gen. Marshall. To me this is the type of "patriotism" which is, in Dr. Johnson's phrase, the last refuge of scoundrels.

The anatomy of patriotism is complex. But surely intolerance and public irresponsibility cannot be cloaked in the shining armor of rectitude and righteousness. Nor can the denial of the right to hold ideas that are different—the freedom of man to think as he pleases. To strike freedom of the mind with the fist of patriotism is an old and ugly subtlety.

And the freedom of the mind, my friends has served America well. The vigor of our political life, our capacity for change, our cultural, scientific and industrial achievements, all derive from free inquiry, from the free mind—from the imagination, resourcefulness and daring of men who are not afraid of new ideas. Most all of us favor free enterprise for business. Let us also favor free enterprise for the mind. In the last analysis we would fight to the death to protect it. Why is it, then, that we are sometimes slow to detect, or are indifferent to, the dangers that beset it?

Many of the threats to our cherished freedoms in these anxious, troubled times arise, it seems to me, from a healthy apprehension about the Communist menace within our country. Communism is abhorrent. It is the strangulation of the individual; it is the death of the soul. Americans who have surrendered to this misbegotten idol have surrendered their right to our trust. And there can be no secure place for them in our public life. Yet, as I have had occasion to say before, we must take care not to burn down the barn to kill the rats. All of us, and especially patriotic organizations of enormous influence like the American Legion, must be vigilant in preserving our birthright from its too zealous friends while protecting it from its evil enemies.

We Live in Climate of Fear

The tragedy of our day is the climate of fear in which we live, and fear breeds repression. Too often sinister threats to the Bill of Rights, to freedom of the mind, as I have said, are concealed under the patriotic cloak of anti-communism.

I could add, from my own experience, that it is never necessary to call a man a Communist to make political capital. Those of us who have undertaken to practice the ancient but imperfect art of government will always make enough mistakes to keep our critics well supplied with standard ammunition. There is no need for poison gas.

No Thought-Police

Another feature of our life that I think invites a similar restrain is the recurrent attacks in some communities upon our public schools.

There is no justification for indiscriminate attacks on our schools and the sincere, devoted and by no means overpaid teachers who labor in them. If there are any Communist teachers, of course, they should be excluded, but the task is not one for self-appointed thought-police or ill-informed censors. As a practical matter, we do not stop Communist activity in this way. What we do is give the Communists material with which to defame us. And we also stifle the initiative of teachers and depreciate the prestige of the teaching profession which should be as honorable and esteemed as any among us.

How Patriotism Should Be Affirmed

Let me now, in my concluding words, inquire with you how we may affirm our patriotism in the troubled yet hopeful years that are ahead.

The central concern of the American Legion—the ideal which holds it together — the vitality which animates it—is patriotism. And those voices which we have heard most clearly and which are best remembered in our public life have always had the accent of patriotism.

It is always accounted a virtue in a man to love his country. With us it is now something more than a virtue. It is a necessity, a condition of survival. When an American says that he loves his country, he means not only that he loves the New England hills, the prairies glistening in the sun, the wide and rising plains, the great mountains and the sea. He means that he loves an inner air, an inner light in which freedom lives and in which a man can draw the breath of self-respect.

Power Without Force

Men who have offered their lives for their country know that patriotism is not the fear of something; it is the love of something. Patriotism with us is not the hatred of Russia; it is the love of this republic and of the ideal of liberty of man and mind in which it was born and to which this republic is dedicated.

With this patriotism — patriotism, in its larger and wholesome meaning—America can muster its power and turn it to the noble cause of peace. We can maintain military power without militarism; political power without oppression, and moral power without compulsion or complacency.

A Long But Sure Road to Peace

The road we travel is long, but at the end lies the Grail of Peace. And in the Valley of Peace we see the faint outlines of a new world, fertile and strong. It is odd that one of the keys to abundance should have been handed to civilization on a platter of destruction. But the power of the atom to work evil gives only the merest hint of its power for good.

I believe that man stands on the eve of his greatest day. I know, too, that that day is not a gift but a prize; that we shall not reach it until we have won it.

Legionnaires are united by memories of war. Therefore, no group is more devoted to peace. I say to you now that there is work to be done, that the difficulties and dangers that beset our path at home and abroad are incalculable. There is sweat and sacrifice; there is much of patriotism and quiet persistence in our horoscope. Perhaps the goal is not even for us to see in our lifetime.

But we are embarked on a great adventure. Let us proclaim our faith in the future of man. Of good heart and good cheer, faithful to ourselves and our traditions, we can lift the cause of freedom, the cause of free men, so high no power on earth can tear it down. We can pluck this flower, safety, from this nettle, danger. Living speaking, like men—like Americans—we can lead the way to our rendezvous in a happy, peaceful world.

*An address by Gov. Stevenson before the American Legion National Convention, New York City, Aug. 27, 1952.

Peninsular Telephone Preferred Stk. Offered

Public offering of 160,000 shares of Peninsular Telephone Co., $1.30 cumulative preferred stock was made yesterday (Aug. 27) by an investment group headed jointly by Morgan Stanley & Co. and Coggeshall & Hicks. The stock was priced at $26 per share plus accrued dividends from Sept. 3, 1952.

The proceeds will be used to finance, in part, the company's construction program and to repay outstanding bank loans of $2,500,000 previously borrowed for such purpose. The growth and development of the territory served by the company over the past 10 years and especially since the conclusion of World War II have resulted in a substantial increase in demand for the company's service. During the period from Dec. 31, 1947 to June 30, 1952, the number of telephones in service has increased from approximately 109,000 to over 175,000, or an increase of 61%.

The 51-year-old utility serves approximately 100 communities on the West Coast of Florida, including the cities of Tampa, St. Petersburg, Clearwater, Lakeland, Sarasota and Bradenton. Peninsular Telephone believes it is the first company in the country operating exchanges over a wide area to have installed dial equipment throughout its system and with the completion of its present program will have established nationwide toll dialing in the major cities in its service area.

The new preferred is redeemable at company option at $27.25 a share prior to Aug. 15, 1957 and thereafter at $26.75 a share, in each case plus accrued dividends. Application will be made for listing on the New York Curb Exchange.

Two With W. F. Rutter

(Special to The Financial Chronicle)

BOSTON, Mass.—Harry L. Barrett, Jr. and John M. Street are now connected with W. F. Rutter, Inc., 19 Congress Street.

Shields & Co. Add

(Special to The Financial Chronicle)

BOSTON, Mass.—John A. Willoughby has become connected with Shields & Co., 24 Federal Street.

Two With Tucker, Anthony

(Special to The Financial Chronicle)

BOSTON, Mass. — Michael C. Carter and Charles S. Kelley, 3rd are now with Tucker, Anthony & Co., 74 State Street.

The Mathematics Of Selling Funds

If a mutual funds retailer could on each working day persuade one person to save $1 a day and invest it in mutual funds, then by the end of the first year there would be 300 people investing at the rate of $365 a year.

Now, if no more accounts were added after the first year, and the original 300 accounts maintained their payments, the commissions to the retailer, if the money were invested in—say, Blue Ridge Mutual Fund, since the Blue Ridge people thought this one up—at 6½% would amount to $7,117.50 for the year (300 times 365 times 6.5%).

Mutual Funds

By ROBERT R. RICH

A CONVENIENT plan through which people without substantial investment capital can accumulate an investment interest in many of the nation's leading businesses was announced today by Hugh W. Long and Company, national sponsor of several mutual funds.

The plan is bank-operated and calls for an initial investment of $50 or more in shares of Fundamental Investors, Inc., one of the country's leading mutual funds. Subsequent investment purchases are made in the amount of $25 or more, monthly or at other intervals convenient to the investor.

No special charges are involved in buying the shares of Fundamental Investors under the Plan and there is no penalty or extra cost if the investor decides to discontinue it.

Plan-holders may give instructions for automatic investment of all their dividends in additional shares of the Fund. All payments are made to the City Bank Farmers Trust Company which sends a reminder notice to plan-holders in advance of the due date of each payment and which also forwards receipts for payments made and for dividends reinvested. The Plan is available to investors through authorized investment firms all over the country.

"The Systematic Investing Plan for purchase of shares of Fundamental Investors," said Hugh W. Long, President of the sponsor organization, "makes it possible for anyone to build up an interest in common stocks, and thus to become a part-owner of American business, by setting aside part of current earnings for that purpose. The advantages of owning a 'piece' of the nation's prospering businesses, and of getting dividends from these investments, are widely accepted. We expect that thousands of people—under the Plan—will become investors much sooner than might otherwise be possible for them. Moreover, their investment holdings will be carefully selected and constantly supervised because they will be buying shares of a mutual fund."

SHAREHOLDERS of Group Securities, Inc. have been told that, "More than 60% of listed stocks are currently selling below their levels of September 1951, and that so-called 'growth stocks' are among those showing the greatest declines."

The management explained that, "Consistent with this period of confused price movement, the Fully Administered Fund has maintained its substantial buying reserve (about 60% of total investments) in highest grade utility bonds and Governments of short and medium maturities. Such a conservative position is felt to be essential in fulfilling this Fund's objectives and, your management believes, will prove to have a highly favorable result as measured both by rate of income return and market value over the longer term."

Shareholders of The Common Stock Fund were told that asset value per share advanced about 5% during the quarter, and the rate of income was maintained at a high level. Holdings were increased in the building, electrical equipment, food, merchandising, and steel industries, while holdings in the mining and petroleum industries were decreased, profits being realized in each security sold.

GAS INDUSTRIES FUND announced this week to investment dealers the beginning of The Gas Industries Fund Investors Accumulation Plan.

The initial payment by an investor under this plan is $100, with subsequent investments subject to a minimum of $50. Payments may be made monthly, bimonthly or quarterly at the option of the investor. However, the Fund retains the right to cancel any periodic plan on which no payment has been made within a 12 months' period.

Investors may cancel their plans at any time without a penalty charge. The fund said the plan would operate on a full-and-fractional share basis for investments, with income dividends reinvested at the public offering price (including the sales charge) and with capital gains payments reinvested at net asset value.

Gas Industries Fund also announced an Automatic Reinvestment of Dividends policy which will be available only to regular shareholders of the fund who wish automatic reinvestment of all dividends and distributions. Income dividends will be invested at the public offering price and capital gains payments will be registered at net asset value.

The fund stated it may "well continue" its present practice of declaring capital gains distributions in additional full shares, with cash payable in lieu of fractional shares.

Consequently, this new automatic investment plan is said to be only for shareholders who desire to reinvest all their dividend payments.

Mutual Fund Notes

IN THE FIRST four weeks since Canada General Fund became an open-end investment company the public has invested approximately $3,500,000 in additional shares of the Fund, Vance, Sanders & Company, principal underwriter, reports.

Offering of the shares by Vance, Sanders & Company and associated dealers throughout the country as a medium for investing in common stocks of companies either incorporated in Canada or whose principal activities and interests are in Canada commenced July 22.

This offering follows a successful initial syndicate underwriting headed by Bache & Company and Paine, Webber, Jackson & Curtis, members of the New York Stock Exchange, by which over $10,000,000 worth of shares were sold to American investors.

Reflecting the additional capital paid into Canada General Fund in the last four weeks, total net assets now amount to over $13,500,000.

Vance, Sanders & Company is now also principal underwriter for five other open-end investment companies with total net assets of nearly $650,000,000.

EXPANSION OF The Quinby Plan to include common stocks of General Motors Corporation and Standard Oil Company of New Jersey represents further growth of the business established in 1938 by H. Dean Quinby, Jr., President of Quinby & Co., Incorporated, of Rochester, New York.

The Plan was created originally for accumulating common stock of Eastman Kodak Company. In 1950 du Pont stock was added.

Under these two Plans some 2,500 individual investors have accumulated more than 60,000 shares of Kodak and more than 3,000 shares of du Pont. The combined total of new money and dividends to be invested in this manner in 1952 is estimated to exceed $1,000,000 compared with $50,000 in 1945.

WELLINGTON Company, national distributors of Wellington Fund, has recently completed a revision of its folder, "Facts and Figures from Wellington Fund."

The revised folder, now being distributed to dealers, contains a new chart showing the results of an investment of $10,000 in Wellington Fund at offering price for the 10½-year period from Jan. 1, 1942 to June 30, 1952. The investment diversification and a list of investments of the Fund at June 30, last, are also given in the folder as well as an additional table classifying Wellington's fiduciary and institutional shareholders.

Personal Progress

EDWARD P. BROOKS, Dean of the School of Industrial Management of Massachusetts Institute of Technology has become a Director of Gas Industries Fund. Mr. Brooks, who was formerly a Vice-President and Director of Sears, Roebuck & Company and is currently of the Chicago Corporation and a trustee of Bond Investment Trust of America, will replace Sherwin C. Badger. Mr. Badger became ineligible for the fund's Board of Directors after he was elected a director of a bank which is a member of the Federal Reserve System, the company reported.

OPEN-END REPORTS

BOSTON FUND, for the three months ended July 31, 1952, reports record growth in total net assets to $85,591,462, equal to $23.39 per share on outstanding stock. This is an increase of $6,832,058 over the preceding quarter and an increase of $15,509,703 over a year ago.

The number of shareholders has also increased to a new high of 21,362, a gain of 4,168 in the past 12 months. In the same period, the number of shares outstanding has increased from 2,956,034 to 3,659,813.

WELLINGTON FUND recorded a $4,949,000 increase in net assets since the close of the half year, according to the interim investment report made public today. The increase brought total assets to $225,310,565 on August 25 as compared with $220,361,484 on June 30, last.

The report showed that the Fund has an investment of $136,922,532 in common stocks or 60.77 per cent of total net assets. Other investments were diversified as follows on the date of the report: appreciation bonds and preferreds, 2.43%; investment bonds and preferreds, 23.95%; and Governments and cash, 12.85%.

The principal common stock reductions during the summer months, according to the report, were made in Douglas Aircraft, Chrysler, General Portland Cement, Allied Chemical, Dow Chemical, Union Carbide & Carbon, American Can, Continental Can, C.I.T. Financial, Aluminium, Ltd., Phillips Petroleum, Standard Oil of N. J., Kimberley-Clark, Goodrich, N. Y. State Electric & Gas and Wisconsin Electric Power. The report noted that the reductions were made because these stocks were considered amply priced on the basis of current earnings and outlook.

New common stock investments since June 30 included American

Telephone & Telegraph, International Harvester, National Biscuit and Rayonier.

Principal common stock increases in the period included Celanese, Consolidated Edison, General Public Utilities and New England Telephone.

NEW PROSPECTUSES

NEW ENGLAND FUND's latest prospectus is dated August 5, 1952 and is available from Coffin & Burr, 60 State Street, Boston, Mass.

BONDSTOCK CORPORATION's newest prospectus is dated July 25, 1952 and is available from the Rust Building, 950 Pacific Avenue, Tacoma 2, Washington.

NATIONAL SECURITIES has released a new prospectus for its Series dated July 27, 1952. It is available without obligation from 120 Broadway, New York 5, N. Y.

MINNESOTA FUND on June 23, 1952 revised its prospectus of March 7, 1951. The revised prospectus is available from 2500 Rand Tower, Minneapolis 2, Minnesota.

BLUE RIDGE MUTUAL FUND on July 28 revised its prospectus of January 8, 1952. Copies are available without obligation from 120 Broadway, New York 5, N. Y.

GAS INDUSTRIES FUND has released a new prospectus dated July 31, 1952. Copies may be obtained from 75 Federal Street, Boston 10, Mass.

LEON B. ALLEN FUND's first prospectus is dated August 14, 1952 and is available from 120 Broadway, New York 5, N. Y.

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The Security I Like Best

which has been widely broadcast through numerous publications.

The company in the early part of 1951 secured additional capital from the private sale of $650,000 of 4% convertible income debentures maturing serially from Jan. 1, 1957 to Jan. 1, 1961. These funds not only improved the company's working capital position but made possible the erection of the ore concentrating mill and much needed improvements in the enlargement of the chemical plant at Minneapolis.

In order to satisfy the demands for specific lithium compounds, it became necessary during the past year to enlarge many of the chemical plant facilities, especially where consumer demands for such products increased from 100% to 500%.

As a result of these capital expenditures amounting to some $632,000, the total plant capacity for the production of various lithium products has been greatly increased.

Sales for the first six months of 1952 were $708,000 as compared with $430,000 for the corresponding period in 1951. Total sales for the year 1951 were $1,150,681.

Lithium Corporation should be able to achieve a volume well in excess of $2 million during 1952.

Earnings report for 1951 showed the company to have been slightly in the black as compared with a small loss for 1950. Balance sheet figures improved considerably also with cash rising to $157,429, and current asssts more than twice liabilities; net working capital at $324,436.

Lithium Corporation of America has issued and outstanding 500,000 common shares. The common stock could earn from $1.00 to $1.50 per share at full rate of present capacity on a volume of $2,500,000 to $3,000,000 and, of course, a greater amount depending upon future rate of expansion. Should it reach an annual production of 10,000,000 pounds of lithium carbonates a year, earnings should be around $6.00 a share.

The development of lithium metal, salts and alloys is revolutionary and we consider Lithium Corporation common an interesting speculation in a new and vital industry. Recent price of common stock about $6.00 per share in the over-the-counter market.

Construction Volume Again on Increase

F. W. Dodge Corporation reports July volume in 37 states up 10% over same month a year ago.

Construction contracts awarded in the 37 States east of the Rockies in July were $1,511,285,000 or 2% ahead of June and 10% ahead of July 1951, the F. W. Dodge Corporation reports. The total for the first seven months of the year was $9,269,863,000 or 9% behind 1951's comparable total of $10.1 billion.

July non-residential contracts were $562,686,000 or 2% more than June and 5% more than July last year. Non-residential for seven months was $3,261,661,000, down 29% from the same period last year.

Residential awards for July were $608,078,000, a 5% gain over June and 11% more than July 1951. Residential for seven months was $3,952,115,000, up 2% over 1951.

Public and private works and utilities at $340,521,000 in July were 4% less than June but 15% more than July a year ago. For seven months, public and private works and utilities at $2,056,087,000 were 20% ahead of the corresponding period of 1951.

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Middle-of-Road Way To Peace and Prosperity

are building the railroads, hewing the timber, digging the mines in order that this Kremlin power may become all-masterful. They have provided an economy for that country that Russia could not otherwise achieve.

Still the Soviets have not yet attained a position from which they can accomplish the most important of their objectives. This objective is the economic containment and gradual strangulation of America because the Communists both fear and respect our productive power. Now they know that our productive power, our economic strength is chiefly dependent upon vast quantities of critical materials that we import from other sections of the globe. Their method, therefore, is to infiltrate those areas, to seize them, control them and so deny us those materials that we so badly need in order to sustain our economy and our kind of civilization in order to keep up the American prosperity.

They are therefore perparing this whole great mass of people and of materials so that they may surpass our own productive capacity. They are preparing those people psychologically and materially for whatever decision the Kremlin makes—even global war, should war appear to them to be profitable.

Their efforts behind the Iron Curtain are accompanied by virulent subversion and propaganda inside the free world. And though we say it in shame, as we say it in anger, they have penetrated into many critical spots of our own country, even into our Government.

Here may I pay tribute to the American Legion for its unending, effective efforts to uproot subversion, communism from wherever it finds it in our country, and to stay on that job until it is done. And may I say you have done your work without recklessly injuring the reputations of innocent people. May I at this moment enlist with you for the duration in the great cause you have set yourselves.

Now in order to obtain their objectives, Stalin has said that there may have to be another international war unless the free nations, including America, become so convinced of the hopelessness of the struggle that they will surrender. Now is there anyone who thinks that America ever quits? Does anyone here think that America will ever surrender to that kind of threat or talk? [Cries of "No!" from audience.] And Stalin knows just that. Therefore I say we are in great peril because knowing that, he is proceeding with the mobilization of the world he controls to do anything—anything—that the Kremlin finds necessary in order to subdue us.

Kremlin not Ready for War

Now Moscow is not going to make the mistake that Nazi Germany and Imperial Japan made. They were supported when they entered the war only by fractional economies. Stalin will never attack until he is certain that there has been gathered under the iron fist of the Kremlin that amount of material, human, organized military strength that he believes will bring ultimate victory.

The Nazis and the Japanese had to win instantly or not at all. But he will attack when he thinks he has a sufficient portion of the world economy in order to sustain a long and exhaustive struggle. He will never do it before then unless that war comes about by accident of the powder-keg variety.

All this means that we have some time because they do not feel ready yet to challenge in this final fashion. But it means also that to this threat we must at once find the right answer. So long as menace hangs over our heads, our peril circumscribes our industrial goal. Our agricultural program, our fiscal policies, our very attitudes are covered by this great threat.

Now fear is a climate that nourishes bankruptcy in dollars and morals alike. Those afraid seek security in a heedless extravagance that breeds waste of substance and corruption of men.

Now if fear is long endured it wastes away material resources as well as our lives. In a climate of fear long endured, we can find the death rattle of a nation.

We have no time for complacency, but I assure you, ladies and gentlemen, there is also no cause for fear.

A hundred and fifty-five million united Americans are still the greatest temporal force in the world. We must have a policy that we can understand and support with confidence. And we must not abate our efforts until we have banished from the free world that last probability of Communist aggression.

The Course of Peace

The course to peace is the establishment of conditions that will abolish fear and build confidence.

There are three areas of immediate demand upon us.

First, America must be militarily and productively strong. We must have security forces of mobility, security forces whose destructive and retaliatory power is so great that it causes nightmares in the Kremlin whenever they think of attacking us. We must keep America economically strong. Even our great military effort must not break our great competitive system because in the combination of America's spiritual, economic and military strength is the cornerstone of a free world. We will build that world, we will build that world with all of those who are ready to stand with us, work with us and support with us the organisms that are necessary to make sure that we cannot be damaged. In everything that men use and need, we greatly outnumber the Communist world. Numerically the free world is stronger. In the richness of our scientific advancement we surpass them immeasurably. Moreover, in the greatness of heart and soul America and the free world cannot be compared to the backward states lying behind the Iron Curtain.

They have only one quality, one military strength, that we lack—they have unity. Now, ladies and gentlemen, their unity is based upon the force of a police state. We have to match that unity and overmatch it with the certainty that we and the free world are defending common values, and in that understanding provide a common front against them.

We can never rest — and we must so inform all the world, including the Kremlin — that until the enslaved nations of the world have in the fullness of freedom the right to choose their own path, that then, and then only, can we say that there is a possible way of living peacefully and permanently with communism in the world.

We must tell the Kremlin that never shall we desist in our aid to every man and woman of those shackled lands who seeks refuge with us, any man who keeps burning among his own people the flame of freedom or who is dedicated to the liberation of his fellows.

These three elements are necessary and immediate. Nor may we suffer delay in other crucial areas if we are to achieve prosperity in the free world.

The reactionaries of Communist materialism, violent antagonisms of any form of religion, would return man to a horrible bondage. Against this paganism, we must preach and practice the truly revolutionary values of man's dignity, man's freedom, man's brotherhood under the fatherhood of God. These values have inspired generations and have overcome tyrannies in nature, society, in individual man himself. All history testifies that these spiritual values are the ultimate source of every right, every privilege — for that matter every material advantage we enjoy in the modern world.

To preach and to practice them so that all the world shall once again find hope in them requires of each of us a genuine effort in his daily life. Each of us must live with his neighbors in a spirit that is fully American. Here are several specific resolves that each of us should make and adhere to scrupulously.

American Constitutional System Should not Be Weakened

First, let us tolerate nobody in our whole society who attempts to weaken and destroy the American constitutional system. Especially let us be watchful for those who by stealth attempt subversion and treasonable betrayal in government. At the same time let us hew sharply to the fundamental American principle that every man is innocent until he is proved guilty. To do less is dangerous to our freedom at home and to our position of leadership.

Second, let us once and for all resolve that henceforth we shall be guided in our relations with our fellows by the American creed that all men are created equal and remain equal. All of us who salute the flag, whatever our color or creed, or job or place of birth, are Americans entitled to the full rights and the full privileges of our citizenship. In a time when America needs all the skills, all the spiritual strength and dedicated services of its one hundred fifty-five million people, discrimination is criminally stupid.

Third, let us in every way that each of us can fight the economic inequities that still survive in our great productive system. Despite propaganda that all the social ills have been legislated out of existence, we know that the realities of life are still tough, harsh, disheartening for many Americans. These ills cannot be abolished by the mere passage of a law. But they will disappear in an America whose men and women understand that not one of us, whatever his position, can stand alone, and that all of us, bound in a spiritual unity, are injured by an injury to any of us.

Corruption in Public Office Attacked

Fourth, let us end corruption in public office at every level of government. In world opinion and in world effectiveness, the United States is measured by the moral firmness of its public officials. Any preoccupation with their own profit, with selfish schemes for personal aggrandizement, or partisan advantage, is undermining America's strength. They nullify the sacrifices made every day by millions of American families that we may stand forth the champion of decency among men and nations.

For you veterans, who have given years of your youth, whose comrades have given their lives in the cause of freedom, these resolves require no effort approaching the demands made on you in war. Yet, the reward for America and for the free world will be as great as any victory in battle or in any campaign. The world—all the world — will again recognize the United States of America as the spiritual and material realization of the dreams that men have dreamt since the dawn of history.

Then the story of America will be repeated on the tom-toms of the African jungle, in the gossip of Arab bazaars, under the shady trees of the Champs Elysees, in the temples and along the holy rivers of the East — the ring of truth around the world will drown the strident lies of Moscow's propaganda.

One hundred years ago America was the wonder of humanity and the symbol of man's hopes and goals everywhere.

We can make it that again.

Can we not, here and now, all of us, resolve that we shall make it that again?

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Chesapeake & Ohio Management Hits the Ball!

water, and the abrasion to the pipeline are both serious obstacles containing problems far more difficult than those incurred in the shipment of oil or natural gas.

For example, it is common practice for large industrial users to order coal having specific qualities and required for a definite purpose. These variations in quality at one important dumping point on the Chesapeake & Ohio run into several hundred different types of coal. Unscrambling of the different kinds of coal shipped through a pipeline would be an impossible task in the opinion of most observers.

Merchandise revenues are now equal to the domestic coal revenues. For 1951 merchandise traffic revenues amounted to $145 million or about 41% of total freight revenues of $352 million. Merchandise revenues were four times the 1937 figure on a corporate basis. This reflects two factors. One is the growth of added industrial served on the original Chesapeake & Ohio lines, plus the additional benefit of the merger of the highly industrialized Pere Marquette Railroad in May 1947. Another important element is the intensified effort to bring new industries to the lines of C. & O.

The huge atomic energy plant mentioned previously will require an estimated 100,000 carloads of construction materials, 30,000 construction workers and 4,000 employees. While the traffic from the plant when operating may not be very large, the impetus of industrial development including immediate added population in this rural area will result in permanent substantial traffic gains for the C. & O.

Export Coal Traffic

Until recently the Road's export coal traffic has been abnormally high. While there is still substantial export coal volume, the financial aspects of the entire elimination of such traffic, an unlikely development, has been offset by the recent rate increase on traffic carried. Associated with this traffic it is well to mention the management's foresight in completing the construction of a coal pier at Newport News. This pier, completed in 1949, cost $8 million but has proven most necessary to handle the heavy coal exports to Europe that have since developed. It has been estimated that several millions of dollars, in addition to the entire cost of the pier, have been received in earnings in the brief period of its operation.

Passenger Operations

Such operations comprise approximately four percent of total revenues. Progress has been made in reducing the losses incurred from passenger operations. As reported by I. C. C. in 1951 direct losses in this division were reduced to $4.3 million partly as a result of the dieselization program. This loss from passenger business has been cut back from $9.2 million in 1948. On a cash basis operations are close to a break-even point this year.

The entire railroad industry must do something about passenger deficits if these are not to engulf railroads less fortunately situated than the C. & O. in the percentage of freight to passenger revenues. The Chesapeake & Ohio, under Mr. Young, feels this fact strongly and believes that if this important problem remains unsolved it could react unfavorably for the entire industry. Development of Train X is simply an attempt to find one possible solution of this vexing problem. In a statement made by Mr. Young on June 16, 1952, he briefly pointed out the highlights of Train X as follows: "That's the train that embodies everything in it that the automobile has given the highway traveler over the last 30 or 40 years which the railroads have failed to give him, and that is speed and comfort and safety, quiet, low to the ground and modern." When questioned as to whether the Chesapeake & Ohio would put in this innovation alone or would have the help of other railroads, Mr. Young replied, "unfortunately, no single railroad can introduce an innovation of this kind because of dependence on its connecting railways. Obviously, you cannot hook a train that's one foot from the rails with one that's four feet, three inches from the rails."

Experiments with Roller Bearings

It will be remembered that the C. & O. purchased from Timken Roller Bearing Co. bearings for 1,000 freight cars. Timken made a special price on these bearings to the railroad although the standard price for such bearings is $1,000 per 70-ton car and $650 per 50-ton car in lots of 1,000. These bearings have performed well, and a great many hot boxes which are often responsible for wrecks, have been eliminated. The theory of economy from roller bearings springs largely from the fact that industry adoption of such bearings would eliminate the need for oilers and packers of journal boxes. The problem with roller bearings other than their prohibitive cost is that you can't eliminate oilers and packers unless all railroads are similarly equipped. A little arithmetic, using the cost of roller bearings per car, will show why the industry has been unable to adopt these benefits. Even in the case of a road as rich as the C. & O. the cost of equipping its fleet of 80,000 cars is staggering.

It is reported that Chesapeake & Ohio is collaborating on a new type of friction bearing that costs a fraction of the outlay for roller bearings. These bearings cost only $50 more than the present type, or a total cost per car of $200 more. This development has not been fully proven as yet, but it has been reported to the Eastern Railroads Presidents Conference and it is understood that the New York Central and the Norfolk & Western are giving it careful study.

Finances

The financial aspects of Chesapeake & Ohio are most promising. It can be seen that the railroad is willing to test forward-looking ideas with a relatively small amount of its resources. In this degree it is similar to the practice of the best industrial companies. The fact remains, however, that a stringent yardstick of expected return is laid alongside of new capital expenditures and the money has to come back in a reasonable number of years to allow adoption of the most promising programs.

It has been in the financial department that C. & O. has been most astute. Without removing the Road from among the highest credits in the industry as is evidenced by fixed charge coverage in 1951 of four times, as of the end of July this railroad has qualified for and is programming projects costing over $200 million which are subject to accelerated amortization. Of the total cost, $140 million will be written off for tax purposes over a five-year period. This represents a huge tax saving to the road as well as a source of cash and has been likened to a 25-year interest-free loan since the saving in income and excess profits taxes over the amortization period is approximately equal to the interest that would have to be paid on a 25-year loan.

Depreciation charges and maturities about balance and this prevents a drain on net income which is a most important point of strength. The equipment purchased has a minimum life of 25 years, and after being written off in five years, will continue to contribute taxable earnings during its remaining life. The savings of the annual interest charge represent an average of $500,000 per annum over the life of the equipment. Thus the loss of a deduction after the expiration of the amortization on the equipment is cushioned by savings in interest.

The period covered by this special amortization will actually be about eight years, since these programs will start from 1951 through 1954 and run for five years each. The tax savings through amortization in 1951 were 35 cents a share and in 1952 will be close to $1 per share. This will increase to a peak of $1.30 in 1954 and continue in substantial amounts for several years. Depreciation charged on equipment roughly offsets the maturity payments so that there is no drain on cash in this program. Money that would otherwise have been lost to the tax collector is retained by the railroad in the form of the most modern cost-saving equipment. This is evidence that the C. & O. is providing its stockholders with a hedge against inflation which those funds represent. In view of present high tax rates, can't it be argued that debt retirement can be carried too far? It has been customary to use the fixed charge coverage ratio and many others for decades. Great changes have taken place on the economic scene which alter the value of dollar comparisons covering decades of railroad history. The fact is ignored that taxes have risen from negligible percentages to the point where they take more than half of net income. Inflationary conditions have played havoc with comparability of statistics. Major accounting changes made by the I. C. C. have further distorted the comparisons. Amortization grants during World War II, as well as during the current emergency, have led to huge distortions.

Working capital should climb sharply above the 1951 year-end figure of $28 million after the peak of capital expenditures in 1952, considering the cash-saving features of the accelerated amortization program.

Capital Expenditures

Chesapeake & Ohio spent over $328 million from 1946 through 1951 on capital improvements. These expenditures, together with accelerated maintenance programs, would permit reductions in operating costs estimated to still allow earnings of $4.00 a share should traffic drop sometime in the future as much as 20% from present levels. This is one of the important facts which the market has not recognized. In fact, regardless of traffic volume, the decrease in number of coal cars coming due for heavy repairs will *alone* mean that expenses by 1954 will be at an annual rate of $5 million less than 1951. In addition other savings in large amounts due to new methods will reduce costs to a point never before realized.

1952 will see the financial peak of the Road's postwar expansion. In both roadway and equipment expenditures capital outlays will be less in 1953 and later years. There are no substantial maturities on funded debt before 1973.

Mention was made earlier of the new coal pier at Newport News. Dieselization will save millions in costs. A railroad car manufacturing plant with an aggregate capacity of 1,200 cars annually is now being installed. Savings from this undertaking are estimated at over $500 a car. The normal annual new car requirements of the system with a fleet of 80,000 cars will provide plenty of business for this operation.

Investments

The C. & O. management is alert and aggressive. If there ever was complacency in C. & O. management it has been replaced by energetic business getters. Top executives travel the territory regularly seeking new business. The *esprit de corps* is noticeable and stimulating. Chesapeake & Ohio own 400,000 shares (6.2%) of New York Central stock. This cost $7,539,174, or $18.98 a share. This investment is equal to the reinvestment of half of the proceeds from the sale price of Wheeling & Lake Erie stock formerly held. The value of the investment at cost is less than $1.00 a share of Chesapeake & Ohio common. When it is considered that more of the markets for C. & O. coal are on the New York Central than on any other line, the reason for this investment is more apparent. The second reason has to do with Central traffic. Manufactured items and miscellaneous traffic carried by the New York Central other than coal make this Railroad one of the nation's greatest railroads in the transportation of such goods. Thus it can be seen that Central helps C. & O. both ways, since Central serves a vast coal market which C. & O. is able to supply, while C. & O. serves a great and growing market for manufactured goods produced in Central's territory.

It should be recalled that the Pennsylvania Railroad apparently saw the advantages in close affiliation with a "coal railroad" when it purchased the substantial amount of Norfolk & Western Railway. Pennsylvania holds approximately 42% of Norfolk & Western common and 60% of the preferred, although no steps toward unification of these Roads has been taken and, likewise, it is not believed it will ever be practical for the Chesapeake & Ohio to own a majority of the New York Central common.

1952 Earnings

Projected 1952 operations, after giving effect to the rate increase granted this Spring, should result in earnings of about $6 a share barring a serious coal strike. Earnings in June were equal to 40 cents a share and actual net income for the first half of 1952 was equal to $2.59 a share. This is in line with the foregoing estimate which in the second half of the year should record further betterment. The steel strike adversely affected June earnings approximately 10 cents a share, and for July about 20 cents a share. Earnings for the year 1952 would be reduced in the event of a coal strike although not to the extent of endangering the $3 dividend payment for the year. It is worth mentioning that coal stocks above ground are in the neighborhood of 80 days' supply.

While the transportation business is subject to the effect of such strikes there are compensating features which are very attractive from the standpoint of the investor, Railroading is a cash business without inventory problems. Also, the invested capital base is large, permitting large earnings to be retained before becoming subject to excess profits taxes. In the case of C. & O. the excess profits exemption is around $6 a share.

It is an interesting fact that Chesapeake & Ohio can earn almost $2 a share in 1952 without paying any income tax. This is largely due to a cushion in the form of fast write-offs through amortization and tax deductions for special obsolesence of steam locomotive equipment and facilities.

The results of mechanization of maintenance of roadway work have created a reduction of 4.2 million man hours in 1951 compared with 1947. New machinery and methods are showing up in the over-all efficiency ratio (Percentage of Gross carried through to Net Railway Operating Income before Federal Taxes) which increased from 20.5% in 1947 (including Pere Marquette for the whole year) to 24.8% in 1951. In addition the Road's transportation ratio declined from 36.3% in 1946 to 32.9% in 1951 and in recent months has been under 31%. These factors are being reflected in the good earnings reported; however, it is believed that the economies which will result in the large dollar savings mentioned earlier are just beginning to be realized to a minor degree at this time.

Options to purchase common stock at 36⅛ have been granted to 24 of the Company's officers. These options expire Dec. 31, 1957 and apply to only 112,500 shares —a small percentage of the 7,817,096 shares owned by the public.

Management is the key to profits. The men that head up the vast Chesapeake & Ohio System are providing a keen and energetic team which is hitting the ball hard and producing results. Their efforts have been little recognized as yet as is evidenced by the current 8% yield on the stock although they are on the way of producing the highest earnings in the history of the Railroad. Perhaps it remains for a decline in the general volume of business to convince the investor once again, as did the depression of the '30s, that this fine property with built-in anticipated maintenance possesses elements of stability in earning power not usually present in the railroad industry.

Southeastern IBA Announce Fall Meeting

The Fall meeting of the Southeastern Group of the Investment Bankers Association will be held at The Homestead, Hot Springs, Va. — Friday through Sunday, October 31, November 1 and 2, 1952. This will be the Annual Meeting of the Group, and guest will include Joseph Johnson, The Milwaukee Company, National Association President, and Murray Hanson, General Counsel.

The business meetings will be short, and there will be at least one prominent outside speaker in addition to Mr. Johnson and Mr. Hanson.

The Co-Chairmen of the Meetings and Entertainment Committee will keep members advised as more definite plans are formulated regarding reservations, transportation, etc. In the meantime, any suggestions members think would be helpful should be sent to: Thomas L. Anglin, Mackall & Coe, 626 Woodward Building Washington 5, D. C., and Carter Gunn, Scott, Horner & Mason, Inc., Lynchburg, Va.

J. P. Masterson With Hannaford & Talbot

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—John P. Masterson has become associated with Hannaford & Talbot, 634 South Spring Street. He was formerly with Standard Investment Co. of California and prior thereto with Floyd A. Allen & Co. and Walston, Hoffman & Goodwin. In the past he was with the California Bank.

NEWS ABOUT BANKS AND BANKERS

CONSOLIDATIONS
NEW BRANCHES
NEW OFFICERS, ETC.
REVISED
CAPITALIZATIONS

For the first time in the history of mutual savings banks, 523,000 men, women and children today have more than a billion dollars deposited in one mutual savings institution — **The Bowery Savings Bank, of New York.** This savings total. it is claimed, breaks all previous records at any mutual savings bank. To commemorate this event, four depositors, one at each of the four Bowery Offices, on August 18 presented with $100 United States Savings Bonds. Bowery officials kept track of mounting deposits, as the total approached the billion dollar figure. Then, when a few dollars more would send deposits over a billion, word was flashed to the four offices. The next depositor at each office received a $100 savings bond.

The Bowery Savings Bank opened for business June 2, 1834 on the Bowery, north of Grand Street. The office is still open. Deposits of $65,111 were received from 531 depositors during the first year. First interest-dividend on deposits was declared Jan. 1, 1835 and regular interest-dividends have been declared, without lapse, every year since. The Bowery also has an office at 110 East 42nd Street, opposite Grand Central Terminal; it was opened June 25, 1923 and is now the Main Office. Another office on Fifth Avenue at 34th Street was opened Oct. 15, 1931. A merger of the North River Savings Bank was effected on Feb. 15, 1949, creating the fourth Bowery office, west of 7th Avenue, with entrances from 34th and 33rd Streets, opposite the Pennsylvania Station. A coming Harlem Office is announced, viz.—Anticipated opening on St. Nicholas Avenue, at 145th Street and Edgecomb Avenue, early in 1954. This will be the first office of a new savings bank in Harlem since the turn of the century.

* * *

Frank W. Kridel, President and General Manager of the Hotel Martinique and the Hotel Concourse Plaza, New York, has been elected a director of the **Bronx County Trust Company of New York.** Thomas P. Lynch, President of the bank, announced on Aug. 26. Mr. Kridel has been in the hotel business for 30 years. Among some of the well known hotels which he has operated or supervised are the Ambassador Hotels in New York and Atlantic City; the Greystone, Lincoln, Ritz Tower, Warwick, Delmonico, Beacon and Park Side in New York; the Park Lane, Stuyvesant and Westbrook in Buffalo, N. Y.; the Embassy in Philadelphia, Pa.; and various other equally well known. At various periods, Mr. Kridel served on the Board of Directors of the Sherry-Netherland, Pierre and Savoy-Plaza Hotels. He is a Treasurer and a director of the New York State Hotel Association, a director of the New York City Hotel Association, the first President and a director of the New York Convention & Visitors Bureau, Vice-President and a director of the West Side Association of Commerce, Vice-President and a director of the Bronx Chamber of Commerce, etc.

* * *

Horace C. Flanigan, President of the **Manufacturers Trust Company, of New York** announced on Aug. 25 that Frederick Becker and Harvey H. Eich have been appointed Assistant Vice-Presidents of the Trust Company. Mr. Becker attended New York University and the Graduate School of Banking at Rutgers University. He joined Manufacturers Trust in 1932 and is located at the company's Union Square Office. Mr. Eich attended Northwestern University, Chicago. He was on the staff of Haskins & Sells in Chicago from 1933-1941. He later became associated with the Wayne Pump Co., Fort Wayne, Ind., where he served as Treasurer. Mr. Eich has been assigned to the Trust Company's Out-of-Town Business Department.

* * *

The South Side Bank of Bay Shore, N. Y. received from the New York State Banking Department on Aug. 19 approval to a certificate of increase of the capital stock of the bank from $200,000, consisting of 2,000 shares of the par value of $100 each, to $250,000, consisting of 10,000 shares of the par value of $25 each.

* * *

Advices made available by the New York State Banking Department indicate that the Department approval on Aug. 20 a certificate whereby the capital stock of the **People's Bank of Hamburgh, at Hamburg, N. Y.** was increased on Aug. 20 from $175,000, in 35,000 shares, par $5.00 each, to $250,000 in 50,000 shares, par $5.00 each.

* * *

Effective Aug. 6, the **First National Bank of Manchester, Conn.** increased its capital from $400,000 to $500,000 as a result of the sale of $100,000 of new stock.

* * *

Joseph G. Parr, retired President of the **Trust Co. of New Jersey at Jersey City** and formerly head of the New Jersey Bankers Association, died on Aug. 21. He was 70 years of age. He began his banking career as a clerk with the Old Liberty National Bank of New York. Later he became President of the Claremont Bank in Jersey City, said advices from Red Bank to the Newark "Every News" of August 22 by a staff correspondent which in part also stated:

"When that bank was merged in 1929 with the Trust Co. of New Jersey he became Executive Vice-President. In 1934 he was elected President. Mr. Parr remained head of the Jersey City institution 14 years. After his retirement he served as Board Chairman and later, as consultant.

"He was elected President of the New Jersey Bankers' Association in 1943, succeeding F. Palmer Armstrong, President of the Keyport Banking Co. of Keyport.

* * *

The directors of two **Philadelphia** banking institutions, viz.: the **Broad Street Trust Co.** and the **North Broad National Bank,** have approved a merger of the two, it was announced on Aug. 20 by Hubert J. Horan, Jr., President of the trust company, the merger agreement being subject to the approval of the stockholders of both banks. In its advices in the matter on Aug. 21, the Philadelphia "Inquirer" said:

"The merged institutions, Mr. Horan said, will be known as **Broad Street Trust Co.,** and will maintain a branch office at the North Broad National Bank's present office at Broad & Nedro Streets. The merger will give Broad Street Trust Co. assets of more than $70,000,000.

"Stockholders of North Broad National Bank under the plan of merger will receive one share of Broad Street Trust Co. stock for each two shares of North Broad National Bank stock held. Mr. Horan will remain President. Robert M. Flood and Ralph McKelvey will become Vice-Presidents of Broad Street Trust Co. and Robert M. Flood, John W. Lord, Jr., Ramon B. Parsons and Frederick W. Ploss will become directors of the surviving institution. Arnold F. Bliss and "George W. Reif will become members of the Advisory Committee, and all of the junior officers and employes of North Broad National Bank will become junior officers and employes of Broad Street Trust Co."

* * *

The Citizens Trust Co. of Canonsburg, Pa. became the Canonsburg office of the **Mellon National Bank & Trust Co. of Pittsburgh** on Aug. 8, it is learned from the Pittsburgh "Post Gazette" of Aug. 9, which likewise reported:

"The change was approved by the stockholders of the Citizens Trust Company Aug. 1.

"Bradford R. Williams, formerly Vice-President and Secretary of the Canonsburg bank, has been appointed Assistant Vice-President of Mellon Bank and Manager of its Canonsburg office. The Assistant Managers will be James W. Morgan, Herman F. Dietz and Charles A. Maizland, all formerly officers of the Citizens Trust Company.

"The Canonsburg bank had total assets of more than $11,000,000 on Aug. 8."

* * *

The proposed purchase of the **Union Trust Co. of Butler, Pa.** by the **Fidelity Trust Co. of Pittsburgh, Pa.** under a plan approved by the directors of both institutions was noted in advices appearing in the Chicago edition of the "Wall Street Journal" of Aug. 13, which added that shareholders of both institutions will meet Sept. 11 to vote on the plan, which is also subject to approval by the Department of Banking of the Commonwealth of Pennsylvania. The quarters of the Union Trust will become the Butler office of the Fidelity Trust.

* * *

New stock to the amount of $50,000, issued by the **Ferndale National Bank of Ferndale, Mich.,** has resulted in enlarging the bank's capital from $250,000 to $300,000, effective Aug. 6.

* * *

As of July 29 the **First National Bank of Garden Grove, Calif.** reported a capital of $200,000, increased from $150,000 by the sale of $50,000 of new stock.

* * *

The death occurred on Aug. 19 of Lawrence M. Giannini, President of the **Bank of America National Trust & Savings Association of San Francisco, Calif.** Mr. Giannini died of a heart attack suffered after an illness of five months. Following his death the management of the bank rests in the hands of the Managing Committee, a group of ten senior officers with whom "L. M." shared management responsibilities while he was active, and who managed the bank during the President's illness. L. M. Giannini, who was 57 years of age, was the son of A. P. Giannini, founder of the bank, who died three years ago. As to "L. M.'s" career, United Press advices from San Francisco said in part:

"Mr. Giannini was graduated with an LL.B. degree from Hasting College of Law here in 1920 after taking four years of undergraduate work at the University of California.

"He started in his father's firm as a clearing clerk in 1918. In February, 1930, he succeeded his father as President of Transamerica and took over as President of the Bank of America on Jan. 14, 1936.

"Mr. Giannini died less than four years after his father, who founded the Bank of America and later formed the controversial West Coast banking combine known as Transamerica. The son fought side by side with the elder Giannini against Government attempts to dissolve Transamerica on grounds it was a monopoly."

Our Reporter on Governments

By JOHN T. CHIPPENDALE, JR.

Inactivity and not too important price changes appear to be in vogue as far as the government market is concerned. There has been the usual backing and filling but this has taken place on light volume. Buyers of Treasury issues are still mainly on the sidelines as far as the longer-term obligations are concerned. There has been, however, a modest pick-up in demand for short-term securities. Corporations with surplus funds, part of which comes from the redemption of maturing issues, have been putting this money to work in selected near-term Treasuries.

There appears to be a definite watching, waiting attitude in the market for the present and much of this can be attributed to the time of the year, the heavy vacation period, in addition to the uncertainties that go along with the tight money conditions. The commitments that are being made are small and mostly of the selective type, and this kind of buying does not usually have too much of an influence upon the trend of the market. The 2⅜% of 1958 bond still seems to be a leading issue, but this does not mean much in a slow listless market.

Market in Doldrums

A dull inactive government market is going through the vacation doldrums and very little of importance is expected to develop until after the turn of the month. Operators in Treasury securities are not inclined to do more than the necessary business at this time. To be sure, the tight money uncertainty that still overhangs the general situation is a very retarding factor in itself but a considerable part of the inactivity at this time can be attributed to the absence from the financial district of many of the portfolio managers. As a result, commitments have been confined mainly to short-term obligations, and the filling in here and there of maturities.

Nonetheless, there has been a somewhat improved tone in the market as a whole despite the lack of volume. This appears to be due to a lessening of concern over the 2% certificate rate, with the resultant belief that quotations are not likely to be subjected to another sharp recession. There seems to be a growing feeling that prices could stabilize somewhere in the vicinity of recent trading levels, unless there is another outbreak of inflation fears among the monetary authorities. It is indicated that one of the factors that is being watched very closely by the powers that be, is the coal situation, especially from the standpoint of what effect it might have upon the economy from the angle of applying further inflationary pressure. As long as there are inflationary points of concern, and there are quite a few of them, along with this one, it does not seem as though there will be any important changes in monetary policy. While this does not necessarily mean there will be a further tightening of money conditions, it does not seem as though there will be any lessening of the pressure.

Tight Money Conditions to Prevail

The other forces that are operating in the money market at this time to keep it on the tight side are mainly seasonal ones, such as commercial loans, the amount of currency in circulation, as well as real estate loans and consumers loans. The first two of these forces, it is believed in certain quarters, may not be as dominating as some have been predicting. However, until there is more proof of this being the case, there is not likely to be much done toward taking the pressure off the money markets. As to the real estate and building picture, there appears to be little question about a change being made in the terms that would facilitate the making of these loans. However, here again there seems to be a certain amount of skepticism as far as these borrowings are concerned. To be sure, there is quite likely to be an initial increase in the demand for loans for building purposes under more liberal conditions, but there is more than a passing amount of doubt as to whether this will be a sharp sustained demand. While it will again take time to get the answer as to what might happen as far as the several money tightening forces are concerned, the opinion of not a few of the more skilled money market followers is that there might not be as much pressure from these factors as many are inclined to look for at this time.

Market Action Spasmodic

Because there has not been enough activity to give to the market the semblance of a trend, little can be gained from the current movement of prices. However, there does appear to be somewhat less concern among those that are operators in the government market over the near-term level of quotations. It is the belief of these money market followers that a substantial part, if not all the more unfavorable developments that might take place have been pretty well discounted. This does not necessarily mean they are disposed to go all out and put all their chips on certain selected issues at picked yields. On the other hand, they have enlarged the scale orders that have been in the market, because they believe that dips in quotations will afford them a buying opportunity.

The 2⅜s of 1958 have been going out of the market, according to reports, in small amounts but rather consistently. The buyers of this bond have been scattered and do not seem to be confined to any particular group, although it is indicated that the commercial banks from the Pacific Coast have been among the leaders in these acquisitions.

Private pension funds, as well as private trust accounts came into the market recently for not too substantial amounts of the highest yielding Treasury obligations. According to advices, they were not able to get all the bonds they wanted without driving prices up rather sharply. They took a few of them at prevailing quotations and then stepped out of the market.

Continued from first page

As We See It

his record and that of his predecessor during the past 20 years. There is nothing in the party's platform this year to indicate that it is appealing to the voters to give it an opportunity to undo the wrongs that it has committed against good, old-fashioned Americanism, and if there were, one would be hard put to it, to find any reason why the party should be selected to correct its own mistakes. We have the impression that the party's candidate would like it much better if all this were not true. It is impossible at this stage to say with precision what he would have the party stand for, or be permitted himself to stand for, but we suspect his own philosophy to be appreciably different from those of Messrs. Roosevelt and Truman. The fact remains, though, that he has said with positiveness that he approves of the "accomplishments" of his party during the past two decades and intends to go ahead with them. While probably less of an extremist than Roosevelt or Truman, he must nonetheless be put down as a follower of the general New Deal and Fair Deal philosophies.

This much is in point of fact to be taken for granted, so much so, that it is scarcely worth repeating. If this were the be-all and the end-all of the current situation, there would be little to complain of. All that would be necessary would be to retire the Democratic Party from office and proceed as best we could and as rapidly as feasible to get the country back on the right track. It is, however, precisely this opportunity that is apparently to be again denied us. Mr. Eisenhower has now made it plain that he, too, has been taken into the camp of the New Dealers, the Fair Dealers, and the vote-buyers even as had Mr. Willkie and Mr. Dewey. Possibly the political "necessities" of the situation rendered it unavoidable that he place himself solidly behind the "social gains" and the like which are alleged to have been made during the past couple of decades—but, if so, then we can only reply that the American people have gone farther along the road away from American traditions and the American way of thinking and living than we had supposed and that we are ready even now to admit.

Here Is What He Said

Lest there be any doubt or question about Mr. Eisenhower's position we take the liberty of quoting a paragraph or two from one of his recent addresses:

"Now, ladies and gentlemen, this middle way today starts off with certain very definite assumptions. It assumes that all Americans of all parties have now accepted and will forever support what we call social gains, the security that people are entitled to in their old age and to make certain they are adequately cared for, insurance against unemployment, equal opportunities for everybody regardless of race, religion, where he was born or what is his national origin.

"We have accepted a moral obligation—the education of our young, decent housing, the rights of working men and working women to be productive, the rights of each of us to earn what he can and to save it as far as taxes will let him. We accept as a part of these social gains the fact that Americans must have adequate insurance against disaster.

"No one counts that thing a political issue any more. That is part of America. But all of those things, ladies and gentlemen, we call security measures and social gains. They are not goals, they are what America is going to win.

"Let's call all those things just a solid floor that keeps all of us from falling into the pit of disaster. But on top of that floor, let's not interfere with the incentive, the ambition, the right of any of you to build the most glorious structure on top of that floor that you can imagine. That is what we want America to be—the product of 156,000,000 people, their incentives, their ambitions, their efforts and their work, and their intelligence translated into accomplishment for the good of all of us."

Now as to Mr. Stevenson, he too, felt it necessary to say very much the same thing in different words despite his desire to make a showing of great independence. Here is what he has to say on the subject:

"Of course, I approve and applaud the vast accomplishments for the public good under Democratic leadership."

Now, of course, we are not prepared to say that this leaves the voter nothing to decide next November. There are other issues, and some of them important, too. There are differences in personal qualifications. There may be a vast deal of difference in the ability and willingness of members of Congress to address themselves at least to some of the vital issues of the day with intelligence, foresight and courage. Such things as these must, of course, be weighed in the balance in choosing between the parties and the candidates.

All Too Many Think So

What concerns us here is the fact that everywhere, at least everywhere it counts, politically speaking, and we are afraid in other quarters, too, we find a positive disposition to consider the "accomplishments" of the New Deal and the Fair Deal as "above politics." Is it to prove necessary for us all to learn all over again and in the hard way the fallacies of mercantilism and the guild system? Must we await the long, tedious and costly teaching of another era of history before we are ready to accept what was taken for granted by the founding fathers who were not too far away from the mercantilism and all the rest which forced us on this side of the Atlantic to revolt and revolution?

In 1944 and again in 1948, there were those who said that Mr. Dewey went down to defeat chiefly because he took just about the attitude that Mr. Eisenhower is now taking in respect of the New Deal folderol. Whether this is a true statement of the fact we have no way of knowing. Neither could we say with any degree of authority whether what Mr. Eisenhower is doing now in this respect is good or bad politics. What we do know is that someone, somewhere, sometime must step forward and lead the American people out of the wilderness.

Continued from first page

The Outlook for Capital Expenditure

ness and the general state of prosperity have been Siamese twins. I see no reason to believe that this relationship will quickly change.

In dealing with the outlook for capital expenditure by business I propose to divide the subject into two segments. First I shall deal with the outlook over the next couple of years. Then I shall deal with the outlook over the longer pull, say of a decade or two.

The Near-By Outlook

In dealing with the outlook for capital expenditure I am making one basic political assumption. It is that we shall not be engulfed by World War III during the period with which I am concerned. In this connection I am also assuming that we shall reach a peak of defense expenditure (of about $60 billion annually) next year and thereafter slowly recede from it.

In connection with political assumptions perhaps I should add that I am not making any particular assumption about the outcome of our presidential election. This is not because I disparage the importance of the election, and not least as an emotional disturbance, but because I do not anticipate that the outcome will decisively affect the outlook for capital expenditure by business.

Now for the outlook for capital investment over the next couple of years. To obviate any suspense about my views on this segment of my subject, I shall say at the outset that the outlook seems to me fairly good, and that it would be very good if, among other things,

(1) We could count on defense expenditures (including expenditures for facilities to produce defense equipment) and rates of taxation of business income moving down from the peak together. More specifically I have in mind letting the excess profits tax lapse when it reaches the end of its legal life next June 30.

(2) Salesmen of consumer goods, many of them apparently softened up by a relatively free ride which has lasted for years, get back to work with the skill and vigor for which they are hailed in song and story.

In taking a relatively cheerful view of the outlook for capital expenditure I part company with quite a lot of well informed students of the subject. Among these are more than a few who anticipate that it will not be long before we have a rather complete collapse of capital expenditure, and along with this collapse a general business recession if not depression. Those who take this cheerless view emphasize the fact that by the end of this year of 1952 we shall have spent about as much for new industrial plant and equipment (about $110 billion) since the end of World War II as the total gross assets on the books of American industry at that time, and in the process shall have increased the nation's manufacturing capacity by more than 100% since 1939. This year, with an expenditure of about $20 billion, we are again reaching a new all-time high for capital investment by industry, as we have every year but one (1949 when there was a slight decline) since the end of World War II.

In the light of a surge of capital expenditure of this magnitude those who think we are headed for a serious slump in this line certainly cannot be catalogued as congenital pessimists. I believe, however, that they are going to prove to be mistaken, and mistaken in a big way if the conditions (about tax reduction and revived sales energy are fulfilled.

A Survey of Planned Capital Outlays

One reason why I think the pessimists are going to prove to be mistaken is that business now has **plans**, and well conceived plans, to maintain a relatively high level of capital expenditure in the years immediately ahead. We know this as a result of a survey of business plans for capital expenditure which we, at McGraw-Hill, made early this year. The survey covered manufacturing, mining, transportation, communications and gas and electric utilities.

Before the survey was taken, there was widespread fear that with the passing of the defense boom business management would be disposed to take it easy for a time in planning and making new capital expenditures. The survey disclosed, however, that even after attaining another all-time high in capital expenditure this year, American business wants to go right ahead purchasing new industrial plant and equipment in large volume during the years immediately ahead.

As compared with $21 billion which industry reported it wanted to spend this year, the survey showed that plans were already in place to spend:

$16.7 billion in 1953
$15.1 billion in 1954
$14.1 billion in 1955.

If the survey were taken right now I am confident that the total of expenditures planned for next year would be considerably higher than the $16.7 billion reported. This is due in large part to the delay in and postponement of expenditures on account of strikes, most notably the steel strike. Also, the uniform experience, which is readily understandable, is that plans for expenditure which are made some time in advance do not include many outlays which it becomes apparent must be made as the time for carrying out the plans approaches.

A Decline of Not More Than 15% in 1953

Between delays in getting expenditures made and the normal accumulation of need for expenditures which were not anticipated I would not be surprised if capital expenditures in 1953 were only about 10% to 15% less than they will be in this all-time record-breaking year of 1952. During the first half of 1953, with its large accumulation of delayed expenditures for defense facilities, it may well be that the annual rate of expenditure will be very little lower than the 1952 rate. And during the latter part of the year when a larger drop is to be anticipated I would be surprised if the drop is large enough to take the annual rate of expenditure more than 15% below this year's level.

If we have capital expenditures by business of this general magnitude next year (and the years thereafter covered by our survey) we shall have what it takes in this critical line to sustain a high level of business generally. This does not mean that we can hope to move down from the peak of defense expenditures and capital expenditure for defense facilities with no pain at all. There obviously must and should be some readjustments. But, given the level of capital investment now planned, there does not need to be any disastrous drag on our economy from that quarter.

In asking our correspondents to tell us their plans for capital expenditure in the years 1953-55, we suggested that they assume that industrial production would drop about 10% after this year. We also asked them to assume that the corporation tax will remain at 52%, but that the excess profits tax will be dropped when the law imposing it expires in June, 1953.

This brings me to the first of the big if's I mentioned in envisaging a bright outlook for capital expenditures by business in the years immediately ahead — **"if we could count on defense expenditures (including expenditures for facilities to produce defense equipment) and rates of taxation of business income moving down from the peak together."** Because of delays of one kind and another in making them, it now appears that the peak of these expenditures will be reached at about the same time the excess profits tax is scheduled to expire unless Congress acts to renew it.

There are two reasons, both of them crucial, why it seems to me that the tax load being carried by business must be reduced as defense expenditures go down if the outlook for capital expenditure by business is to be as bright as it should be. One reason is that industry must have tax relief if it is to be sure of having the money necessary to carry out its investment plans. The other reason is that it must have tax relief if there is to be reasonable assurance of having sufficient financial incentive to carry them out.

As you well know, the Federal government is now taking a terrific tax cut out of business profits. At rates ranging from 52% to 82% (in the so-called and inaccurately called "excess profits" bracket) the Federal Government will take about 60% of all business profits this year.

The Sources of New Capital Outlays

In spite of this gargantuan bite, business is managing to finance its record-breaking program of capital investment this year by a combination of relatively high pre-tax profits and unusually heavy sales of securities. Together, retained profits and net security issues will account for more than half of the capital investment by business in 1952. The balance will be accounted for (largely) by funds set aside to take care of depreciation of plant and equipment.

In this connection, it is worth noting that depreciation reserves have become a major element of strength in sustaining capital expenditure by business.

A few years ago these reserves were not only quite small in absolute terms ($5.6 billion in 1948) but calculated on original costs of replacing plant and equipment which had been made altogether inadequate by price inflation. Now these reserves (which include a substantial amount of accelerated depreciation allowances) are not only formidable in total size (this year the total will be approximately $10 billion) but are calculated in very substantial part on costs of replacing plant and equipment at somewhere near present prices.

However, profits and the sale of securities to those interested in sharing in these profits both depend to a very substantial degree on the forced draft put under the economy by the defense program. As that forced draft tapers off, as it is due to do by the middle of next year, it is a safe assumption that business profits will not only taper off, too, but taper off faster and further. A 10% drop in dollar volume of business sales would obviously result in much more than a 10% drop in profits because costs, many of which are very sticky, cannot be cut to keep pace with declining sales. As profits drop, the sale of new securities can be expected to be more difficult.

It follows that the government must loosen its hold on business profits if, as we pass the peak of the defense production program, these profits are to perform their role as a primary source of funds for new industrial plant and equipment. The so-called excess profits tax should certainly be allowed to expire next June, and a reduction of the 52% rate on corporate profits generally should not be far behind.

If, as it should, it has any relevance there, there is a compelling moral reason for discarding the "excess profits" tax as we descend from the peak of defense expenditures. The tax was installed on the general theory that it would capture profits produced by defense orders (a reasonable enough proposition if it actually worked that way). On moral grounds it should go as the boom created by defense orders passes.

The Impact of "Excess Profits" Tax

In any event, the "excess profits" tax must go next June if profits are to have a chance to perform their key role as a source of funds for the purchase of new industrial plant and equipment for which no private substitute will be available. Such action is also necessary to restore what may well be a badly needed element of incentive in business investment.

I say what may be a badly needed element of incentive rather than what will be because, until we learn a great deal more about the subject than is now known about incentives, it is not safe to be very dogmatic on the subject. For example, as quite a few of you are painfully aware, corporate executives in the middle and top ranks have taken a severe cut in take home pay since 1939 while workers in the rank and file have been gaining.

One carefully prepared set of statistics indicates that, in terms of its real purchasing power, the take-home pay of top executives is down 66% since 1939, that of executives in the middle ranks is down 44% while the real take-home pay of rank and file production workers is down only 4%.

And what has happened in the interim? So far as I am able to discover the executives are working harder than ever. And I am being more or less continuously told that those in the rank and file are taking it easier.

In the light of such perversity, I suppose it is possible to argue that higher taxes on corporate income would increase the eagerness to expand corporate investment. But I do not believe it. If it were not for the forced draft created by the defense program, I am confident that present rates of corporate taxation would be putting a very substantial drag on business activity and business investment. As this forced draft plays out, I anticipate that it will become increasingly urgent to increase the financial incentive for corporate investment by loosening the Federal Government's hold on a lion's share of any profits which may result from it.

Summary of Short-Term Outlook

To summarize my conclusions about the outlook for capital expenditures in the short run thus far: American business has confounded those dismal prophets who have been predicting that we would encounter a vacuum in plans for capital expenditure as the defense program tapers off. Business wants to go ahead with capital expenditures large enough to be consistent with a high level of general prosperity. But to give these wishes a clear chance to come true corporate taxes must be cut back simultaneously with the descent of the defense program from its peak.

The Effect of General Business Outlook

A company may, of course, have capital expenditures both planned and financed and then decide not to make them because it is discouraged about the general business outlook. In fact, in my studies of the process of capital expenditure I am continuously impressed by the great preoccupation of company officers in charge of investment with the general business situation, as opposed to the position of their particular company. For example, labor saving investments which would readily justify themselves in any state of general business except virtually complete collapse often seem to be made contingent on an immediate business outlook which is cheering. Indeed, in this connection I have remarked that I expect to encounter the ultimate in this line when I run into a recorder of bankruptcies who is doing such a lively business that he is in desperate need of labor saving equipment but who says he does not intend to buy it until business in general picks up.

Regardless of the fact that such an attitude does not seem to track very well intellectually, it does in fact prevail widely. And this brings me to my second big IF in envisaging a very good outlook for capital expenditure by business—**"if salesmen of consumer goods . . . get back to work with the skill and vigor for which they are hailed in song and story."**

The basic reason why the salesman has become such a crucially important character in shaping the outlook for capital expenditure by business is that we as a nation, have become so fabulously rich. As a result the consumption of a large share of what has been produced can be postponed without any immediate personal inconvenience to those doing the postponing. I do not pretend to know how much of our total production is embraced within the range of what is sometimes called optional consumption. But it could well be in the neighborhood of 40%.

From this state of affairs it follows axiomatically that the difference between extremes of prosperity and depression, at least in their inception, depends upon the degree of success attained in selling goods and services to people who are under no pressure of necessity to buy them. And this means, in turn, that the salesman who, at least in most economic thinking, has tended to be regarded as the relatively dispensable man, becomes a key custodian of our prosperity. Perhaps I should add that my conception of salesmanship is not limited to the more or less gentle arts of persuading people to buy what has been produced. It includes the creation of new products to meet existing needs more satisfactorily as well as the opening up of new ranges of gratifying human experience.

Human wants may, as economists have always asserted, be unlimited. Just how anyone finds out for certain that anything is unlimited I don't exactly know, but that may be true. However, if human wants are unlimited in total magnitude, the immediate urgency of many of them certainly tends to decline with increasing personal prosperity.

Last year we had a striking demonstration of what a large element of optional consumption in this country can mean. From the first to the third quarter of the year the nation's disposable income (i.e., income in the hands of consumers after paying their taxes) jumped from an annual rate of $218 billion to an annual rate of $227 billion, an increase of over $9 billion. That increase might well have produced a lot of price inflation. But consumers did not rush into the market to spend their increased income, as they had after the start of the Korean War and again after the Chinese came in. Instead, feeling under no great urgency to buy, they not only saved their added money but more, and over the same period savings jumped from an annual rate of $7.5 billion to $20.7 billion, an increase of about $13 billion.

Last year it was a good thing that consumers saved much more of their added income than they spent. To be sure, it gave sellers of a considerable variety of consumers goods such as clothing and television sets some special aches and pains, but with much of the rest of the country booming it prevented what otherwise would have been another wave of inflation. But when the forced draft created by the defense program subsides, a similar degree of reticence on the part of consumers might touch off a serious business setback which, in turn, would pull the props out of plans for capital expenditure by business.

I can think of no economic development of greater potential importance over the years ahead than that which has made the American people so rich that they can take or leave a large share of what is produced without much of any immediate inconvenience either way. It obviously elevates the art of selling to the first magnitude of economic importance.

Importance of Consumer Expenditure

At the same time it has the entertaining aspect of reducing the importance, or at least the verity of certain economic doctrines espoused by the late John Maynard Keynes, the eminent British economist, which have been very influential in America. One of these is that the flow of consumer expenditure is inherently stable, and that the wild horse in the economic team pulling the economy along is capital expenditure. Now it develops in this postwar world that consumer expenditure has its own imposing elements of instability and Lord Keynes generalized too soon and too broadly on this matter.

It is my impression that in this postwar period the increasingly important art of selling has not been anywhere near as vigorously cultivated as at many previous times in our history. In fact, for much of the time the problem has not been selling; it has been that of rationing a short supply in an ingratiating way. It seems clear, however, that if we escape World War III, the prodigious productivity of our economy is hurrying us into a period when very vigorous selling will have a crucial bearing on sustained capital investment, as well as the stability of our economy generally.

You may well remark, of course, that the most prodigious job of selling will not suffice to keep the industrial segment of the economy thriving if we continue to increase capacity at the rate we have been going since 1939. As I remarked earlier, if present plans are carried out, our surveys indicate that the nation's manufacturing capacity will, by the end of the year, be slightly over twice as large as it was in 1939.

No Likelihood of Excess Productive Capacity

However, the danger that by continuing a high level of capital investment we shall saddle ourselves with a depressing load of excess productive capacity is far less than it might seem at first blush. This is not to say that there are not going to be some problems of excess capacity, perhaps particularly in some branches of metalworking. But a more detailed analysis of plans for capital investment indicate that these problems will probably be relatively limited. One reason is that a large part of the planned investment, such as that in the chemical industries, is not to expand existing capacity; it is to open up new markets for new products. Still other large parts of the planned investment, such as that by utilities and oil companies, are to meet long-range requirements created largely by what one eminent student of it, Dr. Joseph Davis of Stanford University, has termed "our amazing upsurge of population."

Still another and crucially important segment of the investment planned by industry, particularly in metalworking, is not to increase capacity but to increase manufacturing efficiency. Our McGraw-Hill survey showed that this year manufacturing companies are planning a considerable shift in emphasis from expansion of facilities to modernization of these facilities. This shift can be expected to go on at an accelerated pace in the years ahead, probably particularly in the metalworking field.

Although many people do not realize it, a large part of our industrial equipment belongs in an antique show rather than in active operation. Take, for example, machine tools which are commonly regarded as our most basic industrial equipment. A survey conducted in 1950 by one of our McGraw-Hill publications, "American Machinist," disclosed that 95% of the machines in place in American industry at the time were produced from designs over 10 years old. Tools as old as that are, on the average, only about two-thirds as efficient as tools of up-to-date design. That means that by generally installing up-to-date tools we would increase the efficiency of our machine tool performance by about one-half.

The present surge of machine tool building, prompted by the defense program, is making some headway in that direction. But there is still an enormous distance to go in machine tool modernization, as there is the modernization of tools used by American industry generally. If American industry were thoroughly modernized there seems to be no doubt that output per man-hour could be increased by at least 20%. That would mean producing more with less human wear and tear—the essence of economic progress.

Outlook for Investment Abroad

To round out a discussion of the outlook for capital expenditure by business properly I should, I am sure, deal with the outlook for investment abroad. To be quite frank about it, the principal reason I don't is that I do not suspect myself of knowing anything particularly worth saying on the subject. I am impressed by the fact that outside Europe—in what are generally classed as underdeveloped countries—American business has apparently been investing the formidable sum of about $1.5 billion in recent years, about $1 billion by transfer from this country (mostly for production of petroleum products) and the balance of reinvestment. I am also greatly impressed by the tremendous mutual economic benefits which could be provided by more capital investment abroad.

We have the know-how to ease enormously the burden of countries less developed industrially, and in the process to benefit ourselves. As an example of the sort of mutual benefit which is possible, a Cincinnati machine tool builder recently cited his experience in sending to Brazil a machine to shear sheets of steel—in much the same manner, I gathered, as a paper shears cuts through paper. At a much lower price for shearing sheets than the price prevailing, the machine paid for itself in a matter of days, and in the process got underway a lot of work which had been held up by antiquated steel sheet cutting equipment. I am reasonably confident that spectacular opportunities for mutual benefit are relatively numerous.

However, the future of mutually constructive developments such as these is so beclouded by military necessities, with their attendant government aid programs, and political uncertainties in foreign lands that I claim no very certain idea of what this future is. Unless we should stupidly get into the position where we would be trying to export unemployment in the form of capital goods, I do not envisage any great expansion of foreign investment by American business in the years immediately ahead—for the reasons indicated. But I would be very much pleased to have this uncer-

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The Outlook for Capital Expenditures

tain judgment refuted by the facts.

On the outlook for capital investment by business at home over the period immediately ahead I have no such uncertainty of view. As matters stand I think it is fairly good, and made so particularly by the enterprise and imagination of American business management in projecting imposing investment programs over the years ahead. To carry them out there must be tax relief in good season; and the great American salesman of consumer goods must turn out to be all that he is cracked up to be. With those things attended to, I am confident that over the short run capital investment by business will hold up its crucial end of our economy.

The Longer Range Outlook

Now for a few observations about the longer range outlook for capital investment by business. Here again I am on the optimistic side.

My basic reason is that it seems to me that the sort of social and economic revolution which was touched off by the great depression of the '30s has pretty well run its course — a conclusion for which I found some support in what struck me as the effort of both of our great political parties at Chicago to get into the middle of the road.

Prior to the great depression of the '30s we had developed what was by all odds the most productive economy the world had ever seen. But the depression disclosed two weaknesses with devastating force. One was that it was extremely unstable. The other was that the income produced was not distributed in a way which was generally satisfactory. The great mass of the voters felt they should get a larger cut.

As a result we have, for the past 20 years, been going through what one of the most competent students of it (Arthur F. Burns of the National Bureau of Economic Research) has called a revolution in income distribution—a revolution in the direction of levelling. And, over the same period, we have introduced a whole series of arrangements to make our economy more stable.

If, over the next 20 years, we were to press the process of income levelling as vigorously as we have for the last 20 it seems clear to me that the jig would be up for private investment and indeed capitalism. If all incomes come out about the same in the end why save, why invest, particularly in risky enterprises? The answer is there is no reason, at least no financial reason; the incentive is gone. And if, by chance, the economy were made completely stable the coffin of private investment would be sealed the tighter. For ups and downs, successes and failures, and movements from place to place — all unstabilizing — are the stuff of which new enterprise and investment in it are made. The London "Economist" recently summed up this general proposition when it remarked that, "For the sake of stability and security the entrepreneur has been killed."

Many thoughtful people believe we are going right on and do the same thing. Some of them think we shall do it by the route of income taxation. They think our doom was really sealed in 1916 when the amendment to our Constitution permitting Federal income taxation was passed, and that after that it was only a question of time, and not much of that, until all individual incomes would be levelled. I must confess that the British experience on this point is not encouraging. Last year in Britain only 60 out of 9,000,000 income taxpayers had incomes over $16,000 after paying their taxes.

Others think that the demands of organized workers will level the life out of our economy. One of these, the late Professor Henry C. Simons of the University of Chicago, wrote, "In the name of equalizing bargaining power we have sanctioned and promoted the proliferation of militant labor monopolies whose proper, natural function is the exploitation of consumers. . . . Enterprises, as intermediaries, will bear the impact of the new exactions and may expect to see earnings continuously pressed down to such an extent that average expectations are thoroughly discouraging. For industrial investors the result is much the same as though the state had promoted organized banditry and denied them all protection against it. . . . "

Still others expect popular insistence on "full employment" will prove fatal to capital investment by business by eliminating the flexibility which is part and parcel of it. A British writer, A. G. B. Fisher, recently defined "full employment" as that level of unemployment which does not "provoke an inconvenient restlessness among the electorate." In the light of this not unrealistic conception of "full employment" it is not difficult to see how too much preoccupation with it might destroy private enterprise.

Personally, however, I think we are going to stop both income levelling and efforts at stabilization before we have killed the patient. So far as stabilization is concerned I believe the measures already adopted will prevent anything like a recurrence of the great depression of the '30s but won't check a chronic tendency toward price inflation which, held within relatively narrow limits, will prove a tonic to our economy.

So far as income leveling is concerned, it looks to me as though it has reached a point where there is no more financial nourishment in it for a large proportion of Americans. Also I calculate—very roughly—that among those who still enjoy some relative advantage in income there is more than half of the nation's brainpower. Hence, I expect the drive for income levelling to peter out, and with it the principal long-term threat to capital investment by business.

Finally, I suspect myself of detecting a slowly growing appreciation that our economy, with its emphasis on private initiative and private investment, is something to be cherished because of its peculiar compatibility with our ideals of personal and political freedom. On this general point, David McCord Wright, in his recent book called "Capitalism" which I commend to your attention, remarks, "If we but keep in mind the values of opportunity, competition, democracy, productivity, then it is our capitalistic society which is the truly revolutionary one—the only society which offers true hope to the masses for release from the nightmares of tyranny. It is we, not the Marxists with their reactionary ideal of the good dictator who have the truly constructive, the truly revolutionary ideal." It is my impression that the profound truth of that observation is slowly seeping into the consciousness of our electorate. As it does so it will temper the drives toward stability and income levelling, which carried the full distance, would destroy the mainsprings of our economy.

I recognize that there is an element of wishful thinking in my optimism about the longer range outlook for capital investment by business. I am sure that the system of which such investment is a key part is the most productive system ever devised, or stumbled upon, by man. I am equally sure that this system is peculiarly, if not uniquely, compatible with the protection of personal and political freedom. Hence, I am most anxious to have the system thrive.

Regardless, however, of whether I have glimpsed the longer range outlook correctly I am reasonably confident that I have stressed the key elements involved in producing a bright outlook. I am also sure that the most important of these is the preservation of adequate incentives. If we have the incentive to do what is necessary because we want to do it we are free. If we do it because we are forced to do it we are slaves. If we keep this fact in the foreground of our economic and political thinking it will, I am sure, have a powerful effect in making my cheerful forecast about the long-range outlook for capital expenditure come true.

In final summary: The outlook for capital expenditures over the next year or two looks fairly good to me, and would look very good if (1) we could count on timely relief from what will soon be an intolerable burden of business taxation, and (2) the considerably lost art of selling were rediscovered. Over the longer run—a decade or two—I also envisage a relatively bright outlook for capital expenditure by business because (1) the drives for individual income levelling and economic stabilization which, carried to the ultimate, would put an end to such expenditure appear to be petering out, and (2) there seems to be slowly growing appreciation of the peculiar compatibility of an economic system in which private business investment plays a key part in our ideals of personal and political freedom. So I conclude that the only thing the matter with the Cassandras in the field of capital investment by business, who now are legion, is that they are wrong.

Walston, Hoffman Knows What Time It Is

Walston, Hoffman & Goodwin, members of the New York Stock Exchange, are helping their customers tell time through a display window in the firm's uptown office at 1370 Broadway, New York City.

General Time Corporation is the firm's window guest during August in a continuance of Walston, Hoffman policy which has seen 19 listed corporations display their wares during the last two years in the Broadway window. The clocks, 27 of them, are set at various hours and represent an interesting variety of General Time products.

Mr. Eugene Rosenfield, office manager, estimates that some 10,000 pedestrians digest the window daily, some of whom, according to Mr. Rosenfield, "come in and want their watches repaired which, by the way, must be a fine business," he concluded.

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The State of Trade and Industry

casualty rate dropped to an annual rate of 27 failures for every 10,000 listed businesses from the 31-a-year rate of last June.

With business failures involving liabilities of $100,000 or more largely responsible, total liabilities of failures for the month rose to $22.8 million, the largest July level since 1935. Meanwhile, the smaller establishments seemed better off. Those with liabilities of less than $5,000 reported a sharp drop in failures to the lowest level since January, 1949.

All industry and trade groups suffered fewer failures in July except manufacturing in which failures mounted noticeably in machinery and transportation equipment lines. Retailing decreases were concentrated in eating and drinking establishments and in automotive lines. A marked decline brought construction casualties to the lowest level since 1948. Failures were less widespread in all regions except the South Atlantic (unchanged) and West South Central States.

Steel Output Scheduled to Expand Further This Week

Relaxation of government restrictions on distribution and use of steel, copper and aluminum looks like a good bet for as soon as the first quarter of 1953, with complete revocation of the controls in the second quarter, says "Steel," the weekly magazine of metalworking this week.

A big push is on to get rid of the Controlled Materials Plan. The drive started before the steelworkers' strike but then the tight demand-supply situation in copper was a hindrance. Now copper and aluminum demand is approaching, if not already at, a balance with supply, and steel has made a miraculous recovery from the strike, this trade magazine declares.

Preference to military needs for steel is being given by the steel industry to such an extent that it appears military orders which accumulated during the two-months' strike will be filled by Sept. 30, rather than Nov. 30 as the industry promised when the strike ended.

Completion of the job 60 days ahead of schedule should be good proof that industry can and will take care of the defense program, this trade paper notes. Such proof, along with improvement in the copper and aluminum demand-supply picture, should be good leverage for pushing controls out of existence.

It's possible the government mobilization officials could decide to "open end" CMP in the first quarter of next year. Open ending would permit available controlled materials to be bought and sold without CMP permission if at the expiration of lead time for ordering there is open space on mill schedules. While the present plan is to hold fourth-quarter allotment of steel to 80% of the third quarter it is now expected that an additional allotment will be available for December delivery, "Steel" reports.

A number of manufacturers already have been told they need no longer reduce their use of aluminum and copper. The construction industry will be informed that a plan to ease shackles and to permit some amusement construction will be effective some time in the first quarter, according to the above trade magazine.

The controls picture could change over night if the cold war should heat up, but all in all the signs now point to a swing away from controls in the first and second quarters of 1953.

Meanwhile, there's a scramble for steel to fill the gap caused by the steel strike. A number of companies are sending buyers to Europe to look into the steel procurement possibilities. On the other hand you can find instances where metalworking plants are selling steel that is surplus to them, "Steel" states.

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 98.7% of capacity for the week beginning Aug. 25, 1952, equivalent to 2,050,000 tons of ingots and steel for castings. In the week starting Aug. 18, the rate was 97.1% (revised) of capacity and actual output totaled 2,017,000 tons. A month ago output stood at 42.9% or 891,000 tons.

Electric Output Continues to Rise

The amount of electric energy distributed by the electric light and power industry for the week ended Aug. 23, 1952, was estimated at 7,718,084,000 kwh., according to the Edison Electric Institute.

The current total was 91,476,000 kwh. above that of the preceding week when output amounted to 7,626,608,000 kwh. It was 641,550,000 kwh., or 9.1%, above the total output for the week ended Aug. 25, 1951, and 1,372,581,000 kwh. in excess of the output reported for the corresponding period two years ago.

Car Loadings Advance Further on Increased Commodity and Ore Loadings

Loadings of revenue freight for the week ended Aug. 16, 1952 totaled 805,704 cars, according to the Association of American Railroads, representing an increase of 23,533 cars or 3% above the preceding week, as all major commodity groups showed seasonal increases, and ore loadings rose to an all-time record.

The week's total represented a decrease of 23,694 cars, or 2.9% under the corresponding week a year ago, and a decrease of 45,536 cars, or 5.3% below the corresponding week in 1950.

United States Auto Output Shows Sharp Recovery in Latest Week

Passenger car production in the United States last week, according to "Ward's Automotive Reports," turned out 3½ times the number of cars it did in the previous week. Output was placed at 82,886 cars compared with 27,776 (revised) cars in the previous week and 102,646 cars in the like week a year ago.

The increase in output was attributed to a return to production by major producers following a month's shutdown of assembly lines.

Total output for the past week was made up of 82,886 cars and 19,543 trucks built in the United Statese against 22,776 cars and

9,836 trucks (revised) last week and 102,646 cars and 29,303 trucks in the comparable period a year ago.

Canadian plants turned out 5,710 cars and 2,500 trucks against 3,147 cars and only 1,131 trucks last week, and 4,485 cars and 2,363 trucks in the like week of 1951.

Business Failures Extend Mild Rise

Commercial and industrial failures increased to 154 in the week ended Aug. 21 from 141 in the preceding week, Dun & Bradstreet, Inc., reports. At the highest level in six weeks, casualties exceeded the 130 which occurred in the comparable week of 1951, but dipped from the 1950 total of 176. Continuing far below the prewar level, failures were down 42% from the 264 recorded in 1939.

Casualties with liabilities of $5,000 or more and those below that amount advanced slightly in the week.

Wholesaling, construction and manufacturing accounted for the week's rise in mortality. Fewer retailers succumbed, and casualties in commercial service dipped mildly. All industry and trade groups except manufacturing had more failures than a year ago.

Small increases were reported during the week for the East North Central, South Atlantic, and New England States. The only notable declines appeared in the Middle Atlantic toll, down to 56 from 60, and in the Pacific States' total, down to 32 from 35. More businesses failed than last year in all geographic areas except the East South Central and Pacific Regions where a slight downtrend from the 1951 level prevailed.

Wholesale Food Price Index Pushes Through to New 1952 High

Continuing its upward trend, the Dun & Bradstreet wholesale food price index rose moderately for the fourth straight week to reach a new 1952 high. At $6.69 on Aug. 19, the index compares with $6.66 a week earlier, and with $6.93 on the corresponding date a year ago. The year's low was $6.31 touched last April 22.

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

Wholesale Commodity Price Index Enjoys Mild Advance in Latest Week

There was a mild advance in the general commodity price level last week. The daily wholesale commodity price index, compiled by Dun & Bradstreet, Inc., rose to 293.76 on Aug. 19, as against 293.15 a week earlier. It compared with 299.79 on the corresponding date a year ago.

Grain markets were somewhat irregular last week although price movements held in a fairly narrow range. Wheat displayed a firm tone aided by an increase in export trade. Sales of wheat under the International Wheat Agreement during the week ended Aug. 12 were reported at 14,500,000 bushels, in contrast to the low volume of recent weeks. There was some selling in wheat in late dealings, influenced by the first official Canadian crop report of this year, which predicted a record wheat production of 632,000,000 bushels, as compared with last year's large crop of 553,000,000 bushels.

Corn continued to move moderately lower as crop prospects in the main corn belt continued generally good to excellent.

Oats and rye prices showed slight gains for the week. Sales of all grain and soybean futures on the Chicago Board of Trade last week declined to a daily average of 51,000,000 bushels, from 62,000,000 the previous week, but were well above the 34,000,000 bushels a year ago.

Domestic flour business continued on a routine basis with purchases confined mostly to scattered fill-in orders for nearby needs. There was a fair voulme of export flour sales noted during the week. Cocoa prices showed further declines under continued liquidation, prompted by weakness in primary markets and the favorable outlook for the new crop. The coffee market maintained a steady tone, aided by better interest by roasters who showed signs of building up inventories for Fall requirements.

Raw sugar rose 5 points over a week ago, reflecting a moderate pick-up in trade buying of refined sugar in the closing days of the week.

Lard moved lower in sympathy with corn and hogs, and weakness in fats and oils. Live hog prices declined despite small receipts. Weakness was induced by lower wholesale pork prices and the threat of labor difficulties at major packing plants. Steers and lambs advanced moderately for the week.

Spot cotton prices moved in a narrow range and finished slightly lower for the week. Weakness in early trading reflected beneficial rains in central and eastern portions of the belt and lessened activity in cotton gray goods. Supporting factors included steady mill demand and continued hot and dry weather in Texas. Consumption of cotton during the five-week July period, as reported by the New York Cotton Exchange, totaled 675,000 bales, or equal to a daily average rate of about 28,000 bales. This compared with a daily rate of 34,800 in the June period, and 32,000 bales in the July, 1951 period.

Trade Volume Aided by Cooler Weather Advances Above Previous Week and Year Ago

Moderate temperatures throughout many sections of the country helped boost total retail volume in the period ended on Wednesday of last week to a level slightly above that of a week earlier and somewhat above last year's level. The response of shoppers to clearing-out sales of the remnants of Summer stocks was generally up to retailers' expectations. The first stirrings of interest were also noted for Fall goods with more and more merchants featuring back-to-school and other seasonal promotions.

The dollar value of goods bought over the nation's retail counters in the week was estimated to range from 1% below the year-ago level to 3% above, according to Dun & Bradstreet, Inc.

Regional estimates varied from their corresponding 1951 levels by the following percentages: New England and Northwest—1 to +3; East —3 to +1; South and Pacific Coast +2 to +6; Midwest —2 to+2; and Southwest +1 to +5.

Pre-school promotions, helped along by cooler weather, brought parents to the shopping centers in ever-growing numbers. Light-weight coats, sweaters and shoes sold in increased volume in both children's and college-age sizes. There was also a moderate pick-up in the demand for women's coats and suits.

Pantrys were stocked to a less extent than a week earlier, though housewives were still buying more groceries in terms of dollars spent than they were last year at the same time. Increased purchases of fresh fruits and vegetables were more than offset by a decline in the demand for means and dairy products during the week.

Special promotions and August furniture sales played a large part in pushing home furnishings volume slightly ahead of last week's level. Although scattered declines from 1951 figures were reported, the average for the country as a whole was slightly above a year ago.

An accelerated influx of new orders with the approach of the Fall season boosted total wholesale order volume in the week to a point moderately above the year-ago level.

Most orders were booked for delivery well into the fourth quarter. Recorders for some faster-selling consumer items, particularly in apparel lines, were already beginning to appear. Most merchants, being less bogged down with heavy inventories than at the sale time last year, placed their orders with more alacrity. Total wholesalers' sales were estimated to be running 5% above last year's figures.

Department store sales on a country-wide basis, as taken from the Federal Reserve Board's index for the week ended Aug. 16, 1952, rose 2% above the level of the preceding week. For the four weeks ended Aug. 16, 1952, sales reflected no change. For the period Jan. 1 to Aug. 16, 1952, department store sales registered a drop of 2% below the like period of the preceding year.

Retail trade in New York last week showed further improvement and, according to trade observers, managed to confine the decline to 5% below the level of the like period in 1951.

According to the Federal Reserve Board's index, department store sales in New York City for the weekly period ended Aug. 16, 1952, decreased 5% below the like period of last year. In the preceding week a decline of 9% was reported from that of the similar week of 1951, while for the four weeks ended Aug. 16, 1952, a decrease of 8% was registered below the level of a year ago. For the period Jan. 1 to Aug. 16, 1952, volume declined 10% under the like period of the preceding year.

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Our Economy Is Now on Soundest Base in History

ended June 30, 1952, was an important anti-inflationary step. Moreover, during this period, we succeeded in increasing that part of the debt held by non-bank investors. The Savings Bonds Program has made an important contribution in this connection, the volume of U. S. Savings Bonds in the hands of individuals having increased $5½ billion during this period.

The Treasury is highly gratified by the assistance and support which the nation's banks have given to the Savings Bonds Program. Had we not succeeded in reducing the total of the debt, and in reducing the bank-held portion of the debt, the tremendous expansion of bank credit to private borrowers — amounting to more than $38 billion in the past six years—would have so swollen the money supply that our efforts to curtail inflationary forces would have met with far less success. Of course, the expansion of bank credit helped to finance a greatly increased output of goods and services in the postwar years. This added immeasurably to the great rise in the standard of living of our people during the postwar years.

As you know, for many years I participated in banking and bank supervision in the Middle-West, before I was called to Washington at the beginning of World War II to assist in organizing the Defense Plants Corporation, and subsequently to administer the Treasury's affairs. Throughout the years I spent in banking—as a banker and, later, as a representative of the Office of the Comptroller of the Currency in liquidating, reorganizing, and merging banks that were in difficulty during the dark days of the depression—I developed a fundamental faith in banking, in the nation's economy, and in the will and determination of the American people to rise and fight their way through difficulty. That is the way the nation has made progress. It has developed its resources and industry. The American people have raised their standard of living through their work and ingenuity.

I should like to impart, if I may, some of that faith to you who are here today. Many times in the course of our generation we have gone through profound changes in the economic climate of our country. Neither war nor depression has deterred the people of this country from holding to their fundamental optimism about the future.

Sound Financial System

Today our financial system is more soundly based than ever before. This is one of the reasons why our people can have a firm belief in the nation's economic strength. We have far greater industrial capacity and industrial production than ever before. Our farms are producing food, fibre and livestock in quantities that were thought impossible a decade ago. The level of personal incomes after taxes, and in terms of real purchasing power, is higher now than ever before. Business and industry have been more willing in recent years than ever before to risk their capital in building for the future. During the years following World War II, up to Korea, total new capital investment in this country was nearly $100 billion. And there has been a further greater expansion in private capital outlays since the beginning of the United Nations defense of Korea.

We are not living in a static economy. We are living in one which is forcefully productive and dynamic. The population of this country is growing rapidly. Last year alone, our population increased by 2,700,000 people. This is the equivalent to bringing into our domestic markets in one year the people of a new state the size of Iowa, Florida or Louisiana. Population experts predict that our population will continue to grow at an unprecedented pace during the years that lie ahead.

It is obvious to us all that these people will require more food, more housing, more clothing, more transportation, and all of the other goods and services that help to maintain and improve America's high standard of living. I am not engaging in a long-range economic forecast. That is very hazardous, because the spectre of war will loom before us as long as the forces of Communism are abroad in the world, and because no one can guage with absolute certainty the proper combination of circumstances under which a nation grows and becomes more prosperous.

But I do emphasize our increasing population and our increasing pace of scientific discovery and improved industrial techniques for greater production. These can enable this country to realize its fullest economic and social potentials. These provide strong support for business activity, as well as opportunities for new capital investment and the use of bank credit in the years that lie ahead.

"Fuller Days" Ahead

No thoughtful person today would disregard the vistas on the horizon of new and even fuller days to come. The progress this nation has achieved thus far since the end of World War II, and the world leadership which our country provides, have become a reality because the people of this nation are willing to face and act upon national and international realities. They are willing to support programs of effective and direct action to assure the surviva' and growth of this country and the democracy it represents. In this lies the decisive force of representative government and of American enterprise.

We find one source of strength in the institutions you represent. Underlying the productiveness of agriculture, industry and commerce, there must be a strong financial system. There must be continued sound revenue and expenditure programs on the part of the Federal Government. And the nation must strive toward greater production efficiency and lower costs in government operations, although we must necessarily make increased outlays for national defense.

All of us can play a part i- helping to maintain and expan- our economy, the enterprise sys tem and the heritage of freedo- which is ours. As long as we d- this, and as long as the free worl- stands firm, we need have no fea- for the future. Time and again i- our national history we have demonstrated to the world what cou- age, determination, enterprise, and the spirit of cooperation can do.

I am confident that the banking industry will continue to provide outstanding economic leadership in the years ahead. You who constitute the student body and fac- ulty of this school, together with your fellow bankers throughout the nation, have a responsibility, a privilege, and an opportunity to take part in that leadership.

Three Join Staff of Mutual Fund Assoc.

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Pau' Frank, Frank Lee, and David H. Schneider have become affiliate- with Mutual Fund Associates, 127 Montgomery Street. All were formerly with King Merritt & Co.. Incorporated.

Merrill Lynch Adds

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Edwin A. Stephan is with M--rill Lynch, Pierce, Fenner & Beane, 301 Montgomery 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. 31	98.7	97.1	42.9	99.8
Equivalent to—					
Steel ingots and castings (net tons)	Aug. 31	2,050,000	2,017,000	891,000	1,995,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	Aug. 16	6,279,000	6,265,850	6,078,350	6,240,850
Crude runs to stills—daily average (bbls.)	Aug. 16	¶7,177,000	6,909,000	6,819,000	6,470,000
Gasoline output (bbls.)	Aug. 16	23,128,000	22,984,000	23,014,000	21,526,000
Kerosene output (bbls.)	Aug. 16	2,657,000	2,604,000	2,301,000	2,497,000
Distillate fuel oil output (bbls.)	Aug. 16	10,342,000	10,178,000	10,128,000	8,593,000
Residual fuel oil output (bbls.)	Aug. 16	8,720,000	8,856,000	8,779,000	8,442,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished and unfinished gasoline (bbls.) at	Aug. 16	115,979,000	117,248,000	117,380,000	116,668,000
Kerosene (bbls.) at	Aug. 16	29,721,000	28,808,000	25,128,000	28,923,000
Distillate fuel oil (bbls.) at	Aug. 16	95,280,000	90,035,000	77,361,000	83,113,000
Residual fuel oil (bbls.) at	Aug. 16	51,959,000	51,302,000	49,596,000	47,166,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	Aug. 16	805,704	782,171	608,957	829,399
Revenue freight received from connections (no. of cars)	Aug. 16	660,924	643,691	521,892	666,622
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	Aug. 21	1,366,068,000	$237,500,000	$278,166,000	$188,893,000
Private construction	Aug. 21	87,883,000	75,127,000	130,806,000	87,412,000
Public construction	Aug. 21	1,278,185,000	162,373,000	147,360,000	101,481,000
State and municipal	Aug. 21	59,381,000	56,739,000	118,133,000	76,590,000
Federal	Aug. 21	1,218,804,000	105,634,000	29,227,000	24,891,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	Aug. 16	9,900,000	*9,540,000	6,625,000	10,290,000
Pennsylvania anthracite (tons)	Aug. 16	711,000	713,000	687,000	712,000
Beehive coke (tons)	Aug. 16	68,500	*47,700	18,800	140,200
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	Aug. 16	95	90	82	93
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	Aug. 23	7,718,084	7,626,608	7,328,231	7,076,534
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	Aug. 21	154	141	137	130
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	Aug. 19	4.376c	4.131c	4.131c	4.131c
Pig iron (per gross ton)	Aug. 19	$52.77	$52.77	$52.77	$52.69
Scrap steel (per gross ton)	Aug. 19	$42.00	$42.00	$40.75	$43.00
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	Aug. 20	24.200c	24.200c	24.200c	24.200c
Export refinery at	Aug. 20	35.175c	34.925c	34.000c	27.425c
Straits tin (New York) at	Aug. 20	121.500c	121.500c	121.500c	103.000c
Lead (New York) at	Aug. 20	16.000c	16.000c	16.000c	17.000c
Lead (St. Louis) at	Aug. 20	15.800c	15.800c	15.800c	16.800c
Zinc (East St. Louis) at	Aug. 20	14.000c	13.980c	15.000c	17.500
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	Aug. 26	97.02	97.18	98.57	98.91
Average corporate	Aug. 26	109.60	109.79	109.79	[illegible]
Aaa	Aug. 26	114.08	114.08	114.08	115.82
Aa	Aug. 26	112.00	112.00	112.19	114.85
A	Aug. 26	109.06	109.24	109.42	[illegible]
Baa	Aug. 26	103.97	103.97	104.14	104.31
Railroad Group	Aug. 26	106.74	106.92	106.92	107.62
Public Utilities Group	Aug. 26	109.42	109.42	109.42	111.07
Industrials Group	Aug. 26	112.93	112.93	113.31	114.85
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	Aug. 26	2.71	2.70	2.59	2.57
Average corporate	Aug. 26	3.19	3.18	3.18	3.11
Aaa	Aug. 26	2.95	2.95	2.95	2.86
Aa	Aug. 26	3.06	3.06	3.05	2.91
A	Aug. 26	3.22	3.21	3.20	3.17
Baa	Aug. 26	3.51	3.51	3.50	3.49
Railroad Group	Aug. 26	3.35	3.34	3.34	3.30
Public Utilities Group	Aug. 26	3.20	3.20	3.20	3.11
Industrials Group	Aug. 26	3.01	3.01	2.99	2.91
MOODY'S COMMODITY INDEX	Aug. 26	431.0	434.4	442.3	458.6
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	Aug. 16	194,899	233,200	168,607	187,002
Production (tons)	Aug. 16	219,857	220,763	201,443	223,617
Percentage of activity	Aug. 16	89	89	80	93
Unfilled orders (tons) at end of period	Aug. 16	431,711	456,005	417,253	568,311
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE = 100	Aug. 22	108.86	*108.96	109.99	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. 9	24,848	24,301	23,128	29,270
Number of shares	Aug. 9	704,590	697,796	651,861	845,551
Dollar value	Aug. 9	$32,348,017	$32,123,853	$30,376,295	$37,156,123
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	Aug. 9	21,715	20,890	20,065	26,550
Customers' short sales	Aug. 9	77	85	61	312
Customers' other sales	Aug. 9	21,638	20,805	20,004	26,238
Number of shares—Total sales	Aug. 9	610,293	589,114	549,530	736,740
Customers' short sales	Aug. 9	2,537	2,887	2,058	10,167
Customers' other sales	Aug. 9	607,756	586,227	547,472	726,573
Dollar value	Aug. 9	$25,315,843	$24,478,557	$23,265,275	$30,339,739
Round-lot sales by dealers—					
Number of shares—Total sales	Aug. 9	161,590	166,740	160,850	217,730
Short sales	Aug. 9	------	------	------	------
Other sales	Aug. 9	161,590	166,740	160,850	217,730
Round-lot purchases by dealers—					
Number of shares	Aug. 9	268,990	273,750	251,670	312,010
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	Aug. 2	198,560	219,550	185,250	362,540
Other sales	Aug. 2	5,506,820	5,247,660	5,665,070	8,801,940
Total sales	Aug. 2	5,705,380	5,467,210	5,850,320	9,164,480
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS					
Transactions of specialists in stocks in which registered—					
Total purchases	Aug. 2	564,930	538,450	544,510	994,180
Short sales	Aug. 2	102,360	124,700	103,170	179,000
Other sales	Aug. 2	451,650	438,050	457,890	811,480
Total sales	Aug. 2	554,010	562,750	561,060	990,480
Other transactions initiated on the floor—					
Total purchases	Aug. 2	99,900	107,340	127,800	213,100
Short sales	Aug. 2	7,200	11,400	4,900	16,540
Other sales	Aug. 2	98,850	101,300	177,160	204,710
Total sales	Aug. 2	106,050	112,700	182,060	221,250
Other transactions initiated off the floor—					
Total purchases	Aug. 2	226,360	203,035	220,860	422,135
Short sales	Aug. 2	44,660	43,670	45,180	51,160
Other sales	Aug. 2	243,783	264,565	273,983	355,493
Total sales	Aug. 2	288,443	308,235	316,163	406,653
Total round-lot transactions for account of members—					
Total purchases	Aug. 2	891,190	848,825	893,170	1,629,415
Short sales	Aug. 2	154,220	179,770	150,250	246,700
Other sales	Aug. 2	794,283	803,915	909,033	1,371,683
Total sales	Aug. 2	948,503	983,685	1,059,283	1,618,383
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR—(1947-49 = 100):					
Commodity Group—					
All commodities	Aug. 19	112.2	112.0	111.2	------
Farm products	Aug. 19	110.1	*110.0	109.6	------
Processed foods	Aug. 19	111.1	110.8	109.2	------
Meats	Aug. 19	116.8	116.4	113.8	------
All commodities other than farm and foods	Aug. 19	112.8	112.7	112.0	------

*Revised. ¶Includes 622,000 barrels of foreign crude runs.

	Latest Month	Previous Month	Year Ago
BUILDING CONSTRUCTION—U. S. DEPT. OF LABOR — Month of July (in millions):			
Total new construction	$3,069	$2,980	$2,873
Private construction	1,990	1,925	1,968
Residential building (nonfarm)	1,007	979	965
New dwellings	885	860	857
Additions and alterations	105	104	91
Nonhousekeeping	17	15	17
Nonresidential building (nonfarm)	424	408	471
Industrial	190	185	195
Commercial	97	93	121
Warehouses, office and loft buildings	39	37	43
Stores, restaurants, and garages	53	56	73
Other nonresidential building	137	130	155
Religious	34	32	42
Educational	30	29	30
Social and recreational	11	10	14
Hospital and institutional	35	34	39
Miscellaneous	27	25	30
Farm construction	180	171	101
Public utilities	371	359	336
Railroad	36	36	35
Telephone and telegraph	47	47	41
Other public utilities	288	276	260
All other private	8	8	5
Public construction	1,079	1,055	905
Residential building	55	55	47
Nonresidential building	387	370	315
Industrial	181	166	93
Eductaional	134	133	153
Hospital and institutional	42	41	42
Other nonresidential building	30	30	47
Military and naval facilities	155	153	86
Highways	315	310	232
Sewer and water	63	62	64
Miscellaneous public-service enterprises	18	18	23
Conservation and development	80	81	80
All other public	6	6	8
BUILDING PERMIT VALUATION — DUN & BRADSTREET, INC.—215 CITIES—Month of June:			
New England	$19,490,434	$17,718,924	$29,215,614
Middle Atlantic	75,331,214	91,310,700	77,700,220
South Atlantic	33,899,864	29,793,082	64,846,220
East Central	84,084,671	79,773,669	80,544,082
South Central	77,592,168	59,971,855	57,522,360
West Central	49,807,192	24,637,579	24,420,424
Mountain	14,508,493	11,412,027	11,930,748
Pacific	84,152,089	71,620,429	69,392,224
Total United States	$438,866,125	$386,247,265	$415,571,892
New York City	44,945,049	36,406,878	45,557,765
Outside New York City	393,921,076	349,840,387	370,014,127
MANUFACTURERS' INVENTORIES & SALES (DEPT. OF COMMERCE) NEW SERIES—Month of May (millions of dollars):			
Inventories:			
Durable	$23,474	*$23,387	$18,923
Nondurable	18,985	*19,126	19,145
Total	$42,458	*42,513	$38,068
Sales	23,007	*23,324	23,434
METAL OUTPUT (BUREAU OF MINES)—Month of June:			
Mine production of recoverable metals in the United States and Alaska:			
Copper (in short tons)	73,193	*81,996	75,847
Gold (in fine ounces)	145,585	*149,231	170,343
Lead (in short tons)	32,014	*33,767	32,312
Silver (in fine ounces)	3,234,394	*3,418,931	3,349,586
Zinc (in short tons)	58,817	*63,017	56,546
METAL PRICES (E. & M. J. QUOTATIONS)—Average for month of July:			
Copper (per pound)—			
Electrolytic domestic refinery	24.200c	24.200c	24.200c
Electrolytic export refinery	34.815c	34.586c	27.425c
Lead (per pound)—			
Common, New York	16.000c	15.257c	17.000c
Common, St. Louis	15.800c	15.051c	16.800c
Silver and Sterling Exchange—			
Silver, New York (per ounce)	82.886c	82.750c	90.160c
Silver, London (pence per ounce)	72.609d	72.500d	78.500d
Sterling Exchange (Check)	$2.78827	$2.78604	$2.79982
Zinc (per pound)—East St. Louis	15.000c	15.740c	17.500c
Tin (per pound)—			
New York Straits	121.500c	121.500c	106.000c
§§New York, 99% min.	120.500c	120.500c	105.000c
Gold (per ounce, U. S. price)	$35.000	$35.000	$35.000
Quicksilver (per flask of 76 pounds)	$189.808	$195.240	$206.800
¶Antimony (per pound) (E. & M. J.)	42.470c	45.542c	45.300c
Antimony (per pound) bulk, Laredo	39.000c	42.077c	42.000c
Antimony (per pound) in cases, Laredo	39.500c	42.577c	42.500c
Platinum, refined (per ounce)	$90.000	$90.000	$90.000
†Cadmium (per pound)	$2.25000	$2.38846	$2.55000
‡Cadmium (per pound)	$2.32500	$2.48654	$2.67500
§Cadmium (per pound)	$2.40000	$2.58462	$2.80000
Cobalt, 97%	$2.40000	$2.40000	$2.10000
Aluminum, 99% plus, ingot (per pound)	19.000c	19.000c	19.000c
Magnesium, ingot (per pound)	24.500c	24.500c	24.500c
**Nickel	56.500c	56.500c	56.500c
PORTLAND CEMENT (BUREAU OF MINES)—Month of June:			
Production (barrels)	20,748,000	21,829,000	21,984,000
Shipments from mills (barrels)	25,067,000	23,282,000	24,916,000
Stocks (at end of month—barrels)	18,901,000	23,219,000	16,630,000
Capacity used	90%	92%	99%
RAILROAD EARNINGS — CLASS I ROADS (ASSOCIATION OF AMERICAN RRS.)—Month of June:			
Total operating revenues	$814,337,709	$870,315,262	$855,687,237
Total operating expenses	645,933,706	676,418,308	675,305,954
Operating ratio	79.32	77.72	78.92
Taxes	$85,590,761	$97,350,092	$97,028,933
Net railway operating income before charges	67,875,015	82,970,254	65,822,444
Net income after charges (est.)	49,000,000	55,000,000	52,000,000
ZINC OXIDE (BUREAU OF MINES)—Month of June:			
Production (short tons)	12,899	13,747	17,570
Shipments (short tons)	15,200	12,279	15,870
Stocks at end of month (short tons)	29,660	*31,961	15,262

*Revised figure. †Based on the producers' quotation. ‡Based on the average of the producers' and platers' quotations. §Based on platers' quotations. ¶Domestic, five tons or more but less than carload lot packed in cases, f.o.b. New York. **F.O.B. Port Colburne, N. S., U. S. duty included. §§Tin contained.

Continued from page 3

SEC Proposal to Regulate Sale of Small Canadian Issues

decades ago. Its natural resources are almost limitless and the attempts at their development have barely scratched the surface.

Through sound economy, at the current rate of exchange, its money is at a premium even as compared with our own.

Between Canada and the United States strong ties of friendship and understanding exist and have existed for a long, long time, to which their unfortified borders, often cited, bear eloquent testimony.

When the Commission gives as virtually their sole excuse, the delayed ratification of an amendment to the Extradition Treaty for its delay in considering the exemption of small Canadian issues from registration, we are wholly unimpressed and we regard that delay as absolutely inexcusable.

Our criticism is leveled at what we regard as one of the big fallacies governing the actions of many of our administrative agencies and that is, that the average businessman must be treated as if he were a rogue, dishonest in every intent. The role that the Commission establishes and declares to be in the public interest appears to have that type of thinking in back of it. This whole philosophy is unsound and if the cost of it to the public could be evaluated, it would soon be stopped unceremoniously. Honest men suffer because of the deviation of a few rogues.

What was the effect of the delay and of waiting upon the ratification of the Extradition Treaty? In the first place, it excluded our residents from participating in Canadian progress, Canadian expansion, and Canadian profits, through the medium of small offerings. Here, of course, it can be said a United States resident could, nevertheless, have participation in fully registered securities, the underlying assets of which were Canadian natural resources.

However, that is no answer. The profit possibilities of such fully registered securities have usually been fully discounted, as revealed by their current market prices.

Had there been authorized an exemption of Canadian offerings to the extent of $300,000 heretofore, such offerings being, as a rule, wholly speculative, would, at very small cost per share, have offered large profit possibilities ultimately, particularly along the line of capital gains where the tax limitation is an advantage to the investor.

We do not suggest that all small issues are successfully floated. We do venture to say, however, that millionaires have been made through the medium of speculating in the affairs of small business and, in this respect, Canada is a particularly ripe and deserving field.

As world leaders we, in this country, are engaged in spreading the message of goodwill and of understanding. Our Ambassadors and their staffs, the State Department as a whole, are supposed to be doing just that and bending every effort toward that end and, yet, a short-sighted administrative agency can undo much that has been done along those lines.

How does Canada feel when it is told that its business is denied certain privileges until a Treaty of Extradition is approved which deals with crooks? Is Canada to suppose that the level of its business is to be judged by the few knaves who are found in it? Does that type of thinking lend itself to mutual understanding and mutual trust?

In the present scheme of things, we need Canada and Canada needs us as never before, and any departure from the understanding and goodwill that exists between us is an affront to the people of both countries.

This new proposal is designated as "Regulation D."

It provides, in Rule 507 thereunder, that the issuer, each of its officers and directors, each person on whose behalf any of the securities are to be offered, and each underwriter of the securities to be offered, who is not a resident of the United States shall, at the time of filing the letter of notification, file with the Commission a written irrevocable consent and power of attorney designating the Secretary of the Securities and Exchange Commission as his or its agent upon whom may be served any process, pleadings, or other papers, in any civil suit or action in connection with the purchase or sale of any security offered under this Regulation against the person executing the power of attorney.

The Rule further provides that upon the service of any process upon the Secretary of the Commission, that such process, pleadings, or other papers, shall be forwarded by registered mail to the appropriate defendant at its last address of record filed with the Commission.

Heretofore, we have spoken of the Commission in the term of a disciplinary function that it exercises, the aid that it gives to prosecuting attorneys in those criminal matters affecting its jurisdiction, and the functions that it exercises *amicus*, as a friend of the court, where authorized by the statute.

Now, the SEC, under this proposed "Regulation D," would make itself the repository of all civil processes and pleadings "and other papers" as to all non-resident persons and entities connected with the issue on which a letter of notification has been filed.

The effect of adoption of "Regulation D" would be to add substantial duties to the Commission at a time when Congress has been paring its requested budget and when the SEC has been abandoning or reducing many of the functions it has heretofore exercised upon the ground that its budgetary allowance is inadequate, e.g., supplying certain public information.

The attempted addition of functions, under such circumstances, can only be understood in the light of the Commission constantly reaching out for expanded powers.

Small wonder that the Commission proposed to tax the securities industry under the guise of a sneak provision in an Appropriations Bill, when, on the one hand, it seeks to extend its powers and duties along questionable lines and, on the other, the Congressional attitude is to cut the requested appropriations of the SEC.

Although the SEC claims the provisions dealing with service of process are intended to safeguard its rights to institute injunctive actions authorized by the Securities Acts, these are not so limited as shown by the Release itself, and apply as well to civil suits for damages by purchases of securities.

The exemption provided by this proposed regulation is suspended, and no unsold securities may be offered thereunder during the pendency of any indictment against the issuer or underwriter, or against any officer, director, affiliate, or promoter of the issuer, for any crime or offense involving the purchase or sale of any security arising out of the conduct of the business of a broker or dealer.

Since when, in this enlightened age, is an indictment equivalent to a conviction? What has become of the presumption of innocence? Where does the SEC get its authority to legislate this presumption away?

The injury caused by this provision may be incalculable.

We are in favor of extending to Canadian offerings the proposed $300,000 exemption. We believe such extension has been too long delayed. We feel, however, that the terms intended to be imposed by "Regulation D" are onerous, costly, unfair and not calculated to create goodwill between Canada and the United States.

The Commission has invited comments and suggestions on this proposed regulation from all interested persons, and has set Sept. 15, 1952 as the deadline.

We urge that such comment take the form of approving, in principle, the granting of the intended exemption to Canadian offerings, but of firm opposition to "Regulation D" in its present form upon the grounds, among others, set forth in this editorial.

Halsey, Stuart Group Offers Ill. Cent. Bonds

Halsey, Stuart & Co. Inc. and associates are offering to the public today $62,000,000 Illinois Central RR. Co. consolidated mortgage 30-year 3⅞% bonds, Series E, dated Aug. 1, 1952 and due Aug. 1, 1982. The bonds are priced at 97.827%, plus accrued interest, to yield 4%. The offering group won award of the issue at competitive sale yesterday on a bid of 97.347%. Issuance and sale of the bonds are subject to authorization by the Interstate Commerce Commission.

Net proceeds from the sale, together with other funds of the company, will be used by Illinois Central RR. to redeem on Dec. 1, 1952 all of the $62,107,820 joint first refunding mortgage bonds due Dec. 1, 1963 outstanding with the public.

The bonds have the benefit of an annual, cumulative sinking fund of 1% of the principal amount of the bonds, contingent on earnings. The sinking fund payments are to be applied to purchase or redemption of the Series E bonds. The bonds are redeemable for the Series E sinking fund at 100%, plus accrued interest. For optional redemption purposes the bonds are redeemable at prices ranging from 101¾% to 100%.

Illinois Central RR. Co., incorporated in 1851, has never defaulted in the payment of principal or interest on its funded debt, has never been in receivership or bankruptcy, and has never been required to readjust its capital structure. The company operates 6,539 miles of main line and branches situated in 14 states, Illinois, Indiana, Missouri, Kentucky, Mississippi, Tennessee, Louisiana, Alabama, Arkansas, Iowa, Wisconsin, Minnesota, Nebraska and South Dakota.

Consummation of this financing will complete the program of debt reduction and simplification which the Illinois Central has been carrying on for several years in connection with its debt structure. This has involved a large reduction in debt and simplification of its debt structure to a single mortgage and the replacing on a long-term basis of many issues maturing in the recent past and through 1955.

Philippines Obliged To Curtail Imports

Reduced demand abroad and lower prices for commodities exported by the Philippines have caused a recurrence of the country's foreign exchange difficulties, making it again necessary to tighten controls on imports. The unfavorable turn in the Philippines' export trade, says the Alexander Hamilton Institute, has reversed the upward trend in the Island's economy.

In the first quarter of 1952, there was a trade deficit averaging about $10,000,000 a month as against a surplus of a similar amount in the same period of 1951. The nation's gold and dollar reserves were reduced from $402,000,000 in May 1951 to $311,000,000 in April 1952. Under these circumstances, the Philippines are counting on the United States to continue the large-scale aid which has played a major part in the rehabilitation of the country since the end of World War II.

Lawrence E. Collins

Lawrence E. Collins, associated with Penington, Colket & Co., Philadelphia, passed away at the age of 47.

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.

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 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.

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.

★ Appalachian Electric Power Co. (9/23)
Aug. 27 filed $17,000,000 of first mortgage bonds due 1982 and $6,000,000 of serial notes due 1956-1967. **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.

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, Suart & 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.

★ Associates Investment Co., South Bend, Ind. (9/17)
Aug. 27 filed $30,000,000 of debentures due Sept. 1, 1962. **Price**—To be supplied by amendment. **Proceeds**—To reduction of short-term notes payable. **Underwriters**—Goldman, Sachs & Co. and Merrill Lynch, Pierce, Fenner & Beane, both of New York.

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.

• Banff Oil, Ltd., Calgary, Alberta, Canada (9/4)
Aug. 8 filed 1,000,000 shares of common stock (par 50 cents—Canadian). **Price**—About $2.50 per share. **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.

★ Beacon Milling Co., Inc., Cayuga, N. Y.
Aug. 20 (letter of notification) 10,000 shares of common stock (no par). **Price**—$25.50 per share. **Proceeds**—For improvements and working capital. **Underwriter**—None.

★ Bird Key Shrimp Corp., St. Petersburg, Fla.
Aug. 21 (letter of notification) 57,000 shares of common stock. **Price**—$2.50 per share. **Proceeds**—For general corporate purposes. **Underwriter**—None.

NEW ISSUE CALENDAR

August 29, 1952

Camtex Oil Corp. — Common
(Lewis Smithken Co.)

September 2, 1952

Sapphire Petroleums, Ltd. — Debentures
(McLaughlin, Reuss & Co. and Frame, Fadyen & Co.)

September 3, 1952

Blando Rubber Corp. — Common
(H. B. Simon Co.)

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

Huyck (F. C.) & Sons — Common
(Kidder, Peabody & Co.)

Huyck (F. C.) & Sons — Preferred
(George R. Cooley & Co.)

Parsonnet TV-Film Studios, Inc. — Debs. & Com.
(Trinity Securities Corp.)

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.)

September 8, 1952

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)

Sunshine Packing Corp. of Penna. — Debs. & Com.
(Weber-Millican Co.)

Tennessee Gas Transmission Co. — Debentures
(Bids 11.30 a.m. EDT)

September 9, 1952

Arkansas Power & Light Co. — Bonds
(Bids noon EST)

Utah Power & Light Co. — Common
(Offering to stockholders)

September 10, 1952

Erie RR. — Equip. Trust Ctfs.
(Bids to be invited)

Glenmore Distilleries Co. — Debentures
(Glore, Forgan & Co)

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

September 12, 1952

Haloid Co. — Preferred
(The First Boston Corp.)

September 15, 1952

Canadian Palmer Stendel Oil Corp. — Common
(Burnham & Co.)

Cincinnati Enquirer — Debentures
(Halsey, Stuart & Co., Inc.)

Devil Peak Uranium, Ltd. — Common
(Gardner & Co.)

Duquesne Light Co. — Preferred
(Bids 11 a.m. EDT)

Farmers Bros. Co. — Pfd. & Common
(P. W. Brooks & Co., Inc.)

September 22, 1952

Duquesne Light Co. — Bonds
(Bids 11 a.m. EDT)

Pacific Power & Light Co. — Bonds
(Bids noon EDT)

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 a.m. CDT)

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)

★ Blando Rubber Corp. (9/3)
Aug. 26 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For expansion, equipment and working capital. **Business**—Produces "Lefferts Colorwall Tires," and blank preforms which are used to make phonograph records. **Office**—55-01 43rd Street, Maspeth, N. Y. **Underwriter**—H. B. Simon Co., New York.

★ Bridgeport Brass Co., Bridgeport, Conn.
Aug. 22 (letter of notification) $300,000 aggregate amount of common stock. **Proceeds**—To be used in employees stock purchase program. **Office**—30 Grand St., Bridgeport, Conn. **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.

★ Camtex Oil Corp., New York (8/29)
Aug. 11 (letter of notification) 600,000 shares of class A common stock (par 10 cents). **Price**—50 cents per share. **Proceeds**—For drilling of wells, purchase of equipment, and working capital. **Office**—50 Broadway, New York, N. Y. **Underwriter** — Lewis Smithken Co., New York, N. Y.

• Canadian Palmer Stendel Oil Corp. (9/15)
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 of record Sept. 3, 1952 at rate of one share of preferred stock for each 11 common shares held; rights to expire on Sept. 17. **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**—To be received up to 11 a.m. (CDT) 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 a.m. (CDT) 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.

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.

★ Century Natural Gas & Oil Corp.
Aug. 21 (letter of notification) 50,000 shares of common stock (par 10 cents). **Price**—At market (about 25 cents per share). **Proceeds**—For working capital. **Office**—Waynesburg, Pa. **Underwriter**—Greenfield & Co., Inc., New York.

★ Challenger Manufacturing Corp., Reno, Nev.
Aug. 18 (letter of notification) 200,000 shares of common stock. **Price**—$1 per share. **Proceeds** — For equipment purchases, operating fund, and retirement of indebtedness. **Business**—Manufacture of electric driven platform units and other products. **Office**—139 North Virginia St., Reno, Nevada. **Underwriter**—None.

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. **Offering**—Now being made.

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 of New York. **Offering**—Now being made.

● **Cincinnati Enquirer, Inc. (9/15-16)**
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**—Expected about middle of September.

● **Cincinnati Enquirer, Inc., Cincinnati, Ohio**
July 25 filed 400,000 shares of common stock being offered to employees and others. **Price**—At par ($10 per share). **Proceeds**—For working capital. **Dealer-Manager**—Westheimer & Co., Cincinnati, O.

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.

★ **Community Finance, Inc., Newark, N. J.**
Aug. 25 (letter of notification) $100,000 of 6% cumulative deferred debentures due in 5, 10 or 20 years. **Price**—At par (in denominations of $100 each). **Proceeds**—To make loans. **Office**—405 Seventh Avenue, Newark 7, N. J. **Underwriter**—None.

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

★ **Corporate Leaders of America, Inc., New York**
Aug. 25 filed "Corporate Leaders trust fund certificates, series B," including $20,000,000 in period payment certificates and $750,000 in single payment certificates.

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**—To be received by the company at Room 1540, 15 Broad St., New York 5, up to 11 a.m. (EDT) on 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**—To be received by the company at Room 1540, 15 Broad St., New York 5, up to 11 a.m. (EDT) on 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
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.

● **Farmer Bros. Co., Los Angeles, Calif. (9/15)**
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.

● **General Telephone Corp. (9/8-11)**
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. (9/10)**
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., Rochester, N. Y. (9/12)**
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 on or about Sept. 11; with rights to expire Sept. 29. **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.

★ **Horn Oil Co., Los Angeles, Calif.**
Aug. 19 (letter of notification) 200,000 shares of common stock. **Price**—25 cents per share. **Proceeds**—For drilling of oil-gas well in Wyoming. **Office**—116½ South LaBrea, Los Angeles, Calif. **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 (9/3)**
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.

★ **Inter Valley Finance Corp., Reno, Nevada**
Aug. 22 (letter of notification) 300,000 shares of common stock. **Price**—$1 per share. **Proceeds**—For corporate purposes. **Office**—139 North Virginia Street, Reno, Nevada. **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.

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.

★ **Johnson Development Corp., Reno, Nevada**
Aug. 22 (letter of notification) 300,000 shares of common stock. **Price**—$1 per share. **Proceeds**—For expansion costs. **Office**—139 North Virginia Street, Reno, Nevada. **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.

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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.

★ **Leidy Prospecting Co., Inc., Renovo, Pa.**
Aug. 22 (letter of notification) 5,000 shares of common stock (par 10 cents). **Price**—At market ($1 to $1.50 per share). **Proceeds**—To Raymond A. Werts, Secretary. **Underwriter**—Robert E. Eaton.

● **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**—Lewis C. Dick Co., Philadelphia, Pa.

★ **Longstreet-Abbott & Co., Clayton, Mo.**
Aug. 18 (letter of notification) about $300,000 of "Commodity Trading Fund Contracts." **Proceeds**—For use in commodity trading on a "Fund" basis. **Office**—7 North Brentwood Bldg., Clayton, Mo. **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.

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.

★ **Mulkern (Hugh A.) Corp., Las Vegas, Nev.**
Aug. 20 (letter of notification) 11,989 shares of common stock (no par). **Price**—$25 per share. **Proceeds**—For exploration of minerals. **Office**—107 Fremont St., Las Vegas, Nev. **Underwriter**—None. Hugh A. Mulkern, Sr., through an agreement with the company, to get 20% of the total proceeds for selling the entire issue.

★ **National Phoenix Industries, Inc.**
Aug. 22 (letter of notification) not exceeding 100,000 shares of common stock (par 10 cents) to be offered for subscription by employees of Nedick's Inc. and its subsidiaries. **Price**—$2.12½ per share. **Proceeds**—To replace cash funds used to purchase the shares for the purposes of the plan. **Underwriter**—None.

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 Paperboard Co., Longview, Wash.**
Aug. 15 (letter of notification) 300,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—To retire current and past due accounts. **Address**—P. O. Box 719, Longview, Wash. **Underwriter**—None.

★ **Pacific Power & Light Co., Portland, Ore. (9/22)**
Aug. 22 filed $7,500,000 of first mortgage bonds, due Sept. 1, 1982. **Proceeds**—For improvements and additions to property. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co., Inc.; Bear, Stearns & Co.; and Salomon Bros. & Hutzler (jointly). **Bids**—To be received at noon (EDT) on Sept. 22.

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.

★ **Pandora Metals, Inc., Aurora, Colo.**
Aug. 18 (letter of notification) 50,000 shares of common stock (nominal par one mill, or 1/10th of a cent). **Price**—$1 per share. **Proceeds** — For exploration work and mining. **Office**—1555 Dayton St., Aurora, Colorado. **Underwriter**—None.

★ **Paradise Valley Oil Co., Reno, Nev.**
Aug. 20 filed 3,000,000 shares of capital stock. **Price**—At par (10 cents per share). **Proceeds**—To drill six wells on subleased land and for other corporate purposes. **Underwriter**—None, with sales to be made on a commission basis (selling commission is two cents per share).

● **Parsonnet TV-Film Studios, Inc. (9/3)**
Aug. 20 (letter of notification) $299,700 of 6% negotiable 10-year corporate bonds due July 1, 1962 and 119,880 shares of common stock (par 10 cents) to be offered in units of $100 principal amount of bonds and 40 shares of stock. **Price**—$100 per unit. **Proceeds**—For new construction, equipment and working capital. **Office**—46-02 Fifth Street, Long Island City, N. Y. **Underwriter**—Trinity Securities Corp., New York.

★ **Penn-Allen Broadcasting Co., Allentown, Pa.**
Aug. 22 (letter of notification) 4,014 shares of common stock (par $10) and 10,035 shares of class A common stock (par $10) to be offered in units of two common shares and five preferred shares. **Price**—$70 per unit. **Proceeds**—To construct and operate a television station. **Office**—Masonic Temple Bldg., Allentown, Pa. **Underwriter**—None.

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.

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) (9/2)**
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 Sept. 8 on basis of $100 of debentures for each 12 shares of common stock held; rights to expire on Sept. 23. **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.

★ **Security Title & Guaranty Co., N. Y.**
Aug. 22 (letter of notification) 32,000 shares of common stock (par $1). **Price**—At market (about $2 per share). **Proceeds**—To Investors Funding Corp. of New York. **Underwriter**—Dansker Brothers & Co., Inc., 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.

★ **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.) **Offering**—Now being made.

★ **Southwestern States Telephone Co.**
Aug. 25 filed 80,000 shares of common stock (par $1). **Price** — To be supplied by amendment. **Proceeds**—For additions and improvements. **Underwriter**—Central Republic Co. (Inc.), Chicago, Ill.

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.
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.

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 (9/8-12)**
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 week of Sept. 8.

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.

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—To be received at 11:30 a.m. (EDT) on Sept. 8 at office of Cahill, Gordon, Zachry & Reindel, 63 Wall St., New York 5, N. Y.

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.)

★ Torhio Oil Corp., Ltd., Toronto, Canada
Aug. 21 filed 300,000 shares of common stock (par $1) to be offered first to stockholders and then to the general public. Price — 60 cents per share. Proceeds—For exploration of oil and gas properties, and to drill a test well. Underwriter—None, but offering to public will be handled through brokers.

★ Trans Western Oil & Gas Corp., Baltimore, Md.
Aug. 14 (letter of notification) 80,000 shares of common stock (par 25 cents). Price—At the market. Proceeds—To three selling stockholders. Underwriter — Mitchell Securities, Inc., Baltimore, Md.

★ Transtates Petroleum, Inc., N. Y.
Aug. 19 (letter of notification) 10,000 shares of 6% cumulative preferred stock (par $5) and 15,000 shares of common stock (par one cent). Price—Of preferred, $5.50 per share and of common, $1.20 per share. Proceeds—For acquisition and development of oil property and for drilling expenses. Underwriter—Arthur I. Korn & Co., New York. In addition, the latter is offering at the same prices for its own account 11,159 common shares and 170 preferred shares.

★ Tullahoma Natural Gas Co., Tullahoma, Tenn.
Aug. 18 (letter of notification) 250,000 shares of common stock. Price—At par ($1 per share). Proceeds—To construct a new gas distributing system and for working capital. Underwriter—None.

★ United Film Service, Inc., Kansas City, Mo.
Aug. 21 (letter of notification) 4,500 shares of common stock. Price—$5.50 per share. Proceeds—For working capital. Office—2449 Charlotte Street, Kansas City, Mo. Underwriter—Burke & MacDonald, Kansas City, Mo.

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.

★ Universal Finance Corp. (Del.) Omaha, Neb.
Aug. 18 (letter of notification) 30,000 shares of 6% cumulative preferred stock. Price — At par ($10 per share). Proceeds—To retire $300,000 of 5½% preferred stock of the old Nebraska company of the same name, after which the companies will be merged. Office—205 Sunderland Bldg., Omaha, Neb. Underwriter — Kalman & Co., Inc., St. Paul, Minn.

• Utah Power & Light Co. (9/9)
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 Sept. 25. Price—To be fixed by directors on or about Sept. 4. 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.

★ Virginia Iron Coal & Coke Co., Roanoke, Va.
Aug. 13 (letter of notification) 820 shares of common stock (par $10). Price — An estimated $45 per share. Proceeds—To George F. Shaskan, Jr. Office—310 West Campbell Ave., Roanoke, Va. Underwriter—None.

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.

★ Washington Water Power Co. (9/30)
Aug. 27 filed $30,000,000 of first mortgage bonds due Oct. 1, 1982. Proceeds—To repay 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). Bids—Tentatively expected to be opened about Sept. 30.

★ Western Maryland Broadcasting Co.
Aug. 18 (letter of notification) 1,500 shares of common stock (no par). Price—$100 per share. Proceeds—For construction of television station. Office—450 Byrd Ave., Cumberland, Md. Underwriter—None. If company does not get Federal approval for the project, the stock will be offered at $33.33 per share and the proceeds will be used for working capital in the company's radio broadcasting business.

★ Westinghouse Electric Corp.
Aug. 27 filed 150,000 shares of common stock (par $12.50) to be offered under "employees stock plan" to employees of corporation and six subsidiaries.

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.)

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.

★ Workers Finance Co., Newark, N. J.
Aug. 23 (letter of notification) $225,000 of 6% cumulative deferred debentures due in 5, 10 or 20 years. Price—At par (in denominations of $100 each). Proceeds—To make loans. Office—406 Seventh Avenue, Newark 7, N. J. 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.

★ Zenda Gold Mining Co., Salt Lake City, Utah
Aug. 18 (letter of notification) 1,200,000 shares of common stock (par 10 cents). Price—At market, but not less than par value. (Current quotation of the company's stock on the Los Angeles Stock Exchange is seven cents bid and nine cents offered, if $120,000 gross sales price is received by the issue before all shares are sold, no further shares will be offered). Proceeds — For Alaska tin placer leases, exploration and development, retirement of debt, and working capital. Office—30 Exchange Place, Salt Lake City 1, Utah. Underwriter—Samuel B. Franklin & Co. of Los Angeles, Calif.

Prospective Offerings

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.

★ Consolidated Freightways, Inc., Portland, Ore.
Aug. 26 company applied to the Interstate Commerce Commission for authority to issue and sell 100,000 additional shares of common stock (par $5). Business—Second largest motor common carrier of general freight in the United States. Underwriters—Blyth & Co., Inc., San Francisco, Calif., and associates. Offering—Expected late in September.

Erie RR. (9/10)
Bids will be received by the company on Sept. 10 for the purchase from it of $2,830,000 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.

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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.

★ Idaho Power Co.
Aug. 19 it was reported company has granted an option to Wegener & Daly Corp., Boise, Ida., to purchase until Dec. 31, 1952, up to 21,000 additional shares of 4% cumulative preferred stock at 100 and accrued dividends.

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 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.

★ Sierra Pacific Power Co.
Aug. 21 the California P. U. Commission granted this company an exemption from competitive bidding with respect to $1,500,000 first mortgage bonds and 26,775 shares of common stock (par $6.66⅔). **Proceeds** — To repay $1,100,000 of unsecured notes and for additional construction. **Traditional Underwriters**—For stock, Stone & Webster Securities Corp., New York, and Dean Witter & Co., San Francisco, Calif. Latest bond financing was done by Halsey, Stuart & Co. Inc., and associates.

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.
Aug. 20 the ICC denied the application of this company for permission to sell not exceeding $46,000,000 of new bonds without complying with the usual competitive rules. If offered competitively, the bidders may include Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co.; Morgan Stanley & Co. **Proceeds**—To meet in part the outstanding bond maturities of Southern Ry. and New Orleans Terminal Co.

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.

● Western Natural Gas Co.
Aug. 1 1it was stated that stockholders 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. **Proceeds**—To redeem 2,053 outstanding shares of 5% preferred stock (par $100), to retire bank loans and for new construction. **Traditional Underwriter**—White, Weld & Co., New York. **Offering**—Expected early in October.

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A Consideration of Malthusiasm

industry cannot be operated on a private profit basis, in peaceable competition, while it is being financed by a "credit" system with a built-in, perverse "elasticity." Nor can this problem in the "value" of money be resolved by "redemption" of currency in terms of bullion or any other real commodity in the hands of government (measured, too, by weight that does not assign correlated values to all categories of traded items). As Ricardo put it (in "Proposals for an Economical and Secure Currency," in the Collected Works of Ricardo, p. 404):

"The introduction of the precious metals for the purpose of money may with truth be considered one of the most important steps toward the improvement of commerce and the arts of civilized life; but it is not less true that, with the advancement of knowledge and science, we discover that it would be another improvement to banish them again from the employment to which, during a less enlightened period, they had been advantageously applied."

The value of "capital" or durable goods cannot be rationally averaged in numbers. No unit can be devised which will make horses and apples—or tractors and potatoes—into a single category that can be statistically averaged with any meaning. The tractor of today may have only a junk value tomorrow, not because it is worn out, but because it is obsolete and cannot be used to "make a living." Nor can a new model take its place in an "index" of prices.

But the food it "produces" (sun and rain and "seed corn" are the actual producers) is never obsolete. Nor can this product ever be capitalized in value, for it is never productive; food is that which is produced, not to use, but to use up. It is not capital—real capital (not money); it is income—real income. Hence the "value" of money is a matter only of the "cost" (the price, in terms of money "income") of subsistence and not of any "standard of living" which may become "necessary," i.e., come to include many things requisite to produce subsistence in modern life with its pyramiding population. Such things (capital goods) invite, instead of preventing, a Malthusian dilemma of unprecedented proportions unless the conditions for a moral community are established by sound financial institutions on a global scale.

Lacking such a solution for the problem, temporizing makeshifts must be politically propounded. False alternatives, which are precisely the "economic philosophy" of salving each pimple when it appears, are certain to evolve a "welfare state" which, as the "Chronicle's" editor aptly put it, "May very well seriously endanger any hope of providing a solution to the problem." Yet the solution cannot lie in the absence of government — in a *laissez faire* which amounts to anarchy, specifically financial anarchy. For public control of money supply is like the battery in an auto; the car will not run without it. But it does not follow that it will run with it; there are other requirements, among them lubrication which, in this metaphor, represents the absence of frictions inherent in socialistic "experiments" with abrogation of the incentive of private property.

The fact that a solution is needed bespeaks the necessity, not for reversion to some historical system already pragmatically proven, but for innovation in the financial functioning of government that is, in principle but without vital particulars, written into our American Constitution. This accords all monetary power to the central government, specifically prohibiting any such action by the states. No lesser scheme could have built the foundations of this nation; nor can anything less resolve the same problem in a world "shrunken" in extent by the passing of "horse and buggy days."

What the Constitution provides has never been adequately implemented; both the letter and spirit of the Constitution have been ignored. This is not because of any corrupt or disloyal intent, but because the system has "just growed" without understanding, like Topsy. As shown in "When and How Do Figures Lie?" in the "Chronicle" for July 5, 1945, a correction involves alterations in basic philosophical and mathematical concepts which are, indeed, involved also in correction of "the scientific method." As Maryland's Prof. Allan Gruchy put it at the Boston meeting of the American Economic Association last year (see Am. Ec. Rev., Maym 1952, p. 67): "Disagreements about methodology are at bottom disagreements about the nature of science." It is obviously not without some such basic conflict of ideas that the physicists of today have a statistical quarrel with Einstein that has elicited his retort: "Der Herr Gott wurfelt nicht!" God is no crap shooter! Computing probability, as if life were a game of poker, is more a confession of ignorance than a contribution to knowledge.

Joins Waddell & Reed
(Special to THE FINANCIAL CHRONICLE)
LAKE PROVIDENCE, La. — William B. Mitchell is with Waddell & Reed, Inc. of Kansas City.

Securities Salesman's Corner

By JOHN DUTTON

This morning's paper carried the following news item: "The New York Stock Exchange is thin—more so than most investors realize." In August several large sales of common stock had to resort to off-market special offerings and secondary distributions. Here are a few: 17,000 of Distillers-Seagrams; 34,000 of Reynolds Tobacco B; 75,300 of Standard Oil of California; 35,000 of Standard Oil of Indiana, and 122,600 of Standard Oil of New Jersey.

In another section of the financial page of the same paper I happen to look at a column entitled "Over-The-Counter Securities." There were about 20 issues in the list. Many of them could be easily recognized as of a distinctly local character. At the head of the list in italics was the statement that this list was furnished by a prominent member of the New York Stock Exchange.

In most instances the spreads quoted were so narrow that they appeared to represent inside, wholesale quotations. Certainly no local dealer or unlisted house could possibly compete with these quotations if they went out to retail these securities. You can't run a retail business and pay salesmen a living commission, if you make markets on unlisted, inactive stocks, at 20 to a half, or three-eighths.

How often has it happened that a retail salesman of securities for some unlisted house, has opened an account after the usual work and effort has been expended. Then one day he makes a sale of an unlisted security at a fixed price, that is in line with his firm's ideas of what constitutes a fair markup. Several weeks later he calls back on his trusting client and he is met with a belligerent stare, and the accusing innuendoes of one who believes they have been deceived. What has happened was that the customer either stepped into their bank and bought the same security at the inside wholesale price, and the bank charged a small commission, or the same thing happened at some Stock Exchange Member's office. I have often been asked how to explain such an occurrence to the satisfaction of the client. I have heard dozens of such explanations, and in my book they all add up as alibis—and weak ones at that. You just can't do it.

Unlisted and Listed Firms Should Work Out a Solution

Both the listed and unlisted firms will benefit if they build up their own lines of business, and stay out of the other fellow's back yard. There are enough organizations in the securities business to warrant a thorough study of the merchandising and price problem I am referring to here.

If the Mutual Funds can take an average markup of about 8%, and the promotional speculative stock issues can be sold with a much heavier load, most certainly it is about time that the investment dealers of this country had a basis for buying and selling unlisted securities to their clients that was fair and just. I don't mean any "5%" now you see it, now you don't "rule," either. I mean, a fair minimum as well as a maximum. There should be a way to get some order out of chaos. Study, research, and fair minded investigation could give us the answer.

Unless the people who sell unlisteds can afford to compensate their salesmen adequately the day may come when both the listed and unlisted firms will regret it. After all, six million stockholders in American industry, of which about a half of them are only owners of shares in but one company, is nothing to be proud of, provided we are thinking about a "selling job" in the securities business.

Someday, this problem may be solved. It should be acted upon promptly. No business can achieve wide public acceptance unless the public can believe both in its merchandise, and a fair pricing policy as well.

SITUATION WANTED

Trader Available

Unlisted trader with 30 years' experience interested in making new connection. Well known in trading circles. Box M1, Commercial & Financial Chronicle, 25 Park Place, New York 7, N. Y.

DIVIDEND NOTICES

Allegheny Ludlum Steel Corporation

Pittsburgh, Penna.

At a meeting of the Board of Directors of the Allegheny Ludlum Steel Corporation held today, August 21, 1952, a dividend of fifty cents (50c) per share was declared on the Common Stock of the Corporation, payable September 30, 1952, to Common stockholders of record at the close of business on September 2, 1952.

The Board also declared a dividend of one dollar nine and three-eighths cents ($1.09375) per share on the $4.375 Cumulative Preferred Stock of the Corporation, payable September 15, 1952, to Preferred stockholders of record at the close of business on September 2, 1952.

S. A. McCASKEY, JR., Secretary

The American Tobacco Company INCORPORATED

111 Fifth Avenue New York 3, N. Y.

192ND PREFERRED DIVIDEND

A quarterly dividend of 1½% ($1.50 a share) has been declared upon the Preferred Stock of THE AMERICAN TOBACCO COMPANY, payable in cash on October 1, 1952, to stockholders of record at the close of business September 10, 1952. Checks will be mailed.

HARRY L. HILYARD, *Treasurer*

August 26, 1952

ALLIED CHEMICAL & DYE CORPORATION

Quarterly dividend No. 126 of Sixty Cents ($.60) per share has been declared on the Common Stock of the Company, payable September 12, 1952, to stockholders of record at the close of business September 3, 1952.

W. C. KING, *Secretary*

August 26, 1952.

Dividend Notice

THE ARUNDEL CORPORATION BALTIMORE MARYLAND

The Board of Directors of the Arundel Corporation has this day (August 26, 1952) declared thirty cents per share as a quarterly dividend, on the no par value stock of the corporation, issued and outstanding payable on and after October 1, 1952, to the stockholders of record on the corporation's books at the close of business September 15, 1952.

MARSHALL G. NORRIS, *Secretary.*

DIVIDEND NOTICES

AMERICAN & FOREIGN POWER COMPANY INC.

Two Rector Street, New York 6, N. Y.

COMMON STOCK DIVIDEND

The Board of Directors has declared a dividend on the common stock at the rate of 10 cents per share in cash and 1 share of common stock for each 100 shares of American & Foreign Power Company Inc. common stock held, payment of both being subject to the Securities and Exchange Commission's approval of the issuance of additional stock. The record date and payment date will be set as soon as practicable after receipt of the Securities and Exchange Commission's approval.

No fractional shares will be issued to the stockholders. The Company proposes to arrange for the Company's dividend agent to sell fractional shares for the stockholders without charge to them.

H. W. BALGOOYEN, Vice President and Secretary.

August 26, 1952.

CSC

COMMERCIAL SOLVENTS *Corporation*

DIVIDEND No. 71

A dividend of twenty-five cents (25c) per share has today been declared on the outstanding common stock of this Corporation, payable on September 30, 1952, to stockholders of record at the close of business on September 4, 1952.

A. R. BERGEN, *Secretary.*

August 25, 1952.

ALLEN B. DU MONT LABORATORIES, INC.

The Board of Directors of Allen B. Du Mont Laboratories, Inc. this day has declared a regular quarterly dividend of $.25 per share on its outstanding shares of 5% Cumulative Convertible Preferred Stock payable October 1, 1952 to Preferred Stockholders of record at the close of business September 15, 1952.

August 20, 1952 PAUL RAIBOURN *Treasurer*

DUMONT

In All Phases of Television

Bayuk Cigars Inc.

A dividend of fifteen cents (15c) per share on the Common Stock of this Corporation was declared payable September 17, 1952, to shareholders of record September 2, 1952. Checks will be mailed.

John A. Snyder TREASURER

Philadelphia, Pa. August 22, 1952

PHILLIES

America's No. 1 cigar

DIVIDEND NOTICES

THE SAFETY CAR HEATING AND LIGHTING COMPANY, INC.

DIVIDEND NO. 221

The Board of Directors has declared a dividend of 25¢ per share on the outstanding Capital Stock of the Company of the par value of $12.50 per share, payable October 1, 1952, to holders of record at the close of business September 5, 1952.

J. H. MICHAELI, *Treasurer*

August 19, 1952

HOMESTAKE MINING COMPANY

DIVIDEND NO. 885

The Board of Directors has declared dividend No. 885 of forty cents ($.40) per share of $12.50 par value Capital Stock, payable September 12, 1952 to stockholders of record September 2, 1952. Checks will be mailed by Irving Trust Company, Dividend Disbursing Agent.

JOHN W. HAMILTON, Secretary.

August 22, 1952.

INTERNATIONAL SALT COMPANY

DIVIDEND NO. 153

A dividend of FIFTY CENTS a share has been declared on the capital stock of this Company, payable October 1, 1952, to stockholders of record at the close of business on September 15, 1952. The stock transfer books of the Company will not be closed.

HERVEY J. OSBORN, *Exec. Vice Pres. & Sec'y.*

INTERNATIONAL HARVESTER COMPANY

The Directors of International Harvester Company have declared quarterly dividend No. 150 of fifty cents (50¢) per share on the common stock payable October 15, 1952, to stockholders of record at the close of business on September 15, 1952.

GERARD J. EGER, Secretary

C.I.T. FINANCIAL CORPORATION

Dividend on Common Stock

A quarterly dividend of $1.00 per share in cash has been declared on the Common Stock of C. I. T. FINANCIAL CORPORATION, payable October 1, 1952, to stockholders of record at the close of business September 10, 1952. The transfer books will not close. Checks will be mailed.

FRED W. HAUTAU, *Treasurer*

August 25, 1952.

CHEMICALS TEXTILES PLASTICS

CELANESE CORPORATION OF AMERICA

180 Madison Avenue, New York 16, N.Y.

THE Board of Directors has this day declared the following dividends:

4½% PREFERRED STOCK, SERIES A

The regular quarterly dividend for the current quarter of $1.12½ per share, payable October 1, 1952, to holders of record at the close of business September 5, 1952.

7% SECOND PREFERRED STOCK

The regular quarterly dividend for the current quarter of $1.75 per share, payable October 1, 1952, to holders of record at the close of business September 5, 1952.

COMMON STOCK

50 cents per share, payable September 25, 1952, to holders of record at the close of business September 5, 1952.

R. O. GILBERT, *Secretary*

August 26, 1952.

DIVIDEND NOTICES

UNITED GAS CORPORATION

SHREVEPORT, LOUISIANA

Dividend Notice

The Board of Directors has this date declared a dividend of thirty-one and one-quarter cents (31¼¢) per share on the Common Stock of the Corporation, payable October 1, 1952, to stockholders of record at the close of business on September 10, 1952.

B. H. WINHAM, *Secretary*

August 27, 1952

SOUTHERN PACIFIC COMPANY

DIVIDEND NO. 139

A QUARTERLY DIVIDEND of Seventy-five Cents ($.75) per share on this Company's Common Stock, split two-for-one effective August 7, 1952, has been declared payable at the Treasurer's Office, No. 165 Broadway, New York 6, N. Y., on Monday, September 22, 1952, to stockholders of record at three o'clock P. M. on Monday, September 8, 1952. The certificates for the additional shares of stock as a result of the stock split will be mailed on August 27, 1952. The stock transfer books will not be closed for the payment of this dividend.

J. A. SIMPSON, Treasurer.

New York, N. Y., August 21, 1952.

IRVING TRUST COMPANY

One Wall Street, New York

August 21, 1952

The Board of Directors has this day declared a quarterly dividend of 25 cents per share on the capital stock of this Company, par $10, payable October 1, 1952, to stockholders of record at the close of business September 3, 1952.

STEPHEN G. KENT, *Secretary*

LONG ISLAND LIGHTING COMPANY

Notice of Quarterly Dividends

The Board of Directors has this day declared the following quarterly dividends, each payable October 1, 1952, to stockholders of record at the close of business September 19, 1952:

Preferred Stock, 5.25%, Series A
Dividend of $1.3125 per share.

Preferred Stock, 5%, Series B
Dividend of $1.25 per share.

VINCENT T. MILES, *Treasurer*

Aug. 27, 1952

FAMILY FINANCE CORPORATION

89th CONSECUTIVE QUARTERLY DIVIDEND ON COMMON STOCK

Quarterly dividends were declared by the Board of Directors as follows:

COMMON STOCK

$.35 per share on the Company's $1 par value common stock.

CUMULATIVE PREFERENCE STOCK

$.56¼ per share on the Company's 4½% cumulative preference stock, series A; $.62½ per share on the Company's 5% cumulative preference stock, series B.

The dividends are payable October 1, 1952 to stockholders of record at close of business, September 9, 1952.

WILLIAM B. PAUL JR., *Vice-President and Secretary*

August 26, 1952

Washington . . . And You

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

WASHINGTON, D. C.—In its timing of the expiration date on the tax increases enacted in 1951, the 82nd Congress left the next occupant of the White House with a guaranteed headache.

For on June 30, the excess profits tax expires. If no action is taken by Congress to extend EPT, then that tax becomes ineffective at the middle of the next calendar year. The way the act was written, however, it is said that the effect will work out to levy the tax upon the entire year 1953 but at the rate of only 50% of that which applies for the full year 1952.

Increases in individual income tax rates enacted in 1951 expire at the end of the calendar year 1953. The expiration date on the 52% corporation income tax rate is April 1, 1954, but here again there is a fluke. The rate technically expires on April 1, 1954, but only for a relatively insignificant number of corporations having a fiscal year date beginning after April 1. For the overwhelming majority of calendar year corporations, the 1951 rate structure applies to all the income earned during the entire calendar year 1954.

Hence if the incoming President were to choose to duck the question of a revenue law in the 1953 session of Congress, he in effect would be consenting to tax reduction (the EPT) first for corporations, and would provide no relief for individuals until the year 1954.

On the other hand, if the newly-elected President is so heavily committed to continuance of foreign aid and the domestic program that a material reduction in government spending proves difficult, he probably would have to ask Congress next year to continue EPT and some of the tax increases upon individuals.

Either alternative opens up a wide runway for demagogues.

Only if the new President were determined to make a start toward cutting government spending and taxes, would the expiration dates enacted by the 82nd Congress prove fortuitous. The combined yield of the excess profits tax and the individual income tax boosts enacted in 1951 probably wouldn't exceed much more than $5 billion, in the opinion of one high-placed authority on this subject. Of this, only a little more than half would be lost by the expiration of EPT.

So a President committed to bringing about a reduction in government spending could let both the EPT and the individual income tax boosts run off without renewal. Demagogues would profit little, for a gain to corporations would be offset by a gain to individuals.

* * *

Pending a clearer idea of the near-term business outlook, sources outside the Administration who are genuinely informed on fiscal matters are inclined to withhold criticism of the President's revised budget estimates for fiscal 1953.

If non-defense business had continued to maintain the many soft spots of the last three or four months, fiscal observers would have been inclined to rate the budget estimate of revenues of $68.7 billion, only $2.3 billion under the January estimate, as still too high. The tendency of the Administration is to fail to take prompt account of changes in the overall business picture, when estimating revenues.

On the other hand, some officials, notably those at the Federal Reserve Board, believe the outlook ahead is inflationary, and this may sustain revenues if true, at $68.7 billion.

President Truman, in his revised budget estimate, said that because of Congressional cuts in appropriations and the steel strike, defense and foreign arms aid expenditures would be $6.3 billion lower than $51.2 billion estimated in the January budget.

General belief is that military spending will be down by not less than $1 billion per month for the last half of calendar 1952 (or first half of fiscal '53) below January estimates. However, the belief is that these programs were running behind anyway, and appropriations cuts and the steel strike are only alibis for the lower defense performance.

* * *

In revising downward the anticipated formal deficit for fiscal '53 from $14.4 billion to $10.3 billion, the President also forecast a cash deficit reduction from $10.4 billion to $6.8 billion.

Already something like $4¼ billion of this has been raised by the 2⅜% 6-year bond. It was understood that this bond plus increases in weekly bill issues, and the unsuccessful 2¾ restricted long bond, have raised about $6 billion of the Treasury's cash deficit needs for this fiscal year.

Hence the effect of higher short-term rates may hit most on refinancing, and the main burden of new money financing for the fiscal year, if it continues, will be felt in the refinancing of bills and certificates.

* * *

Into the present tight money situation, the Federal government is going to drop not only $900 million of Federal funds for defense housing, but also another $400 million for purchase of FHA and VA mortgages originated outside of defense areas.

This $900 million for defense housing was provided by Congress, as previously reported. It also developed that the defense housing bill was so drawn as to release $362 million for purchases of other than defense (and military and disaster) housing. The agency which will conduct this operation is the Federal National Mortgage Ass'n.

In addition to the $326 million the Housing and Home Finance Agency has scraped around in its financial cupboard and has discovered that it has another $38 million which it can utilize to purchase FHA and VA mortgages outside defense areas, to make the total of $400 million.

One may rely upon HHFA to pass out that $400 million to tease as much reluctant money as it can into FHA and VA mortgages.

Thus HHFA is using an aggregate of $1.3 billion of "fire power" to encourage the inflationary flow of mortgage money at the same time that the Reserve System is applying the breaks mildly by raising short-term interest rates. Curiously enough, while the Reserve System is taking the position that a higher demand for short supplies of funds naturally dictates higher interest rates, HHFA is taking the viewpoint that it must blast mortgage money loose with its hundreds of millions, without raising the interest rate on either FHA's or VA's by as much as ¼ of 1 per cent.

* * *

With respect to the Presidential campaign most observers have drawn the present tentative conclusions:

(1) Both parties and both campaigns are still in the organizational stage. Both are still trying to build up their staffs. These staffs include not only those of the Republican and Democratic National committees, but the staffs of the Presidential candidates themselves, Governor Stevenson and General Eisenhower. They also include the staffs for the campaign committees of both parties delegated especially to bringing about the election of Representatives and Senators, but the staffs of the "outside" organizations, like that of the Eisenhower for President group.

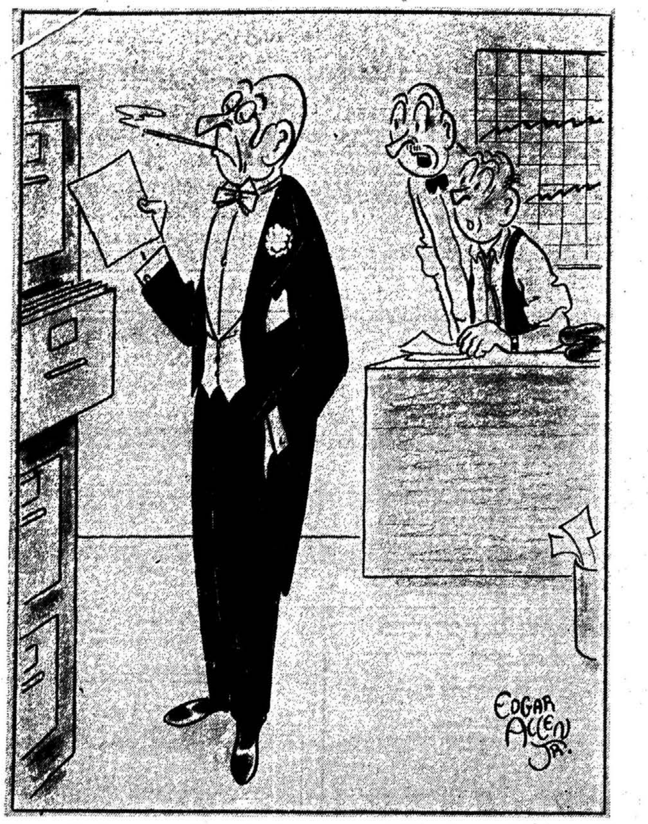
The recruiting of staffs will not be well along until after Labor Day. The next phase will come the coordination of staffs, a coordination which is only relative. It may be doubted that the partisans of either candidate will be able to coordinate their work one with another fully, although that candidate whose underlings are able to work together most smoothly will have some advantage.

(2) If the election were held today, Governor Stevenson would be favored, because as yet the underlying cleavage within the Republican party is still deep, and the cleavages between conservative Democrats and Republicans appears to be well on the mend.

(3) At this preliminary stage, however, the cool heads are not plunging into any heavy bets about the final outcome, for until near the end of September, an accurate appraisal cannot be made of the candidates, their organizations, and their appeals. Such an appraisal cannot be made until the place of Senator Robert A. Taft in the Republican effort has been learned.

(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



"Does that new sales clerk seem a trifle formal to you?"

McDonald-Moore Opens Branch in Lansing

LANSING, Mich. — McDonald-Moore & Co. announce the opening of a Lansing office in the Bank of Lansing Building, under the managership of Ray I. Waller.

Mr. Waller has been a life-time resident of Lansing, and has been in the securities business for many years, his more recent associations being with White, Noble & Co. and Smith, Hague & Co.

L. A. Caunter Forms Firm in Cleveland

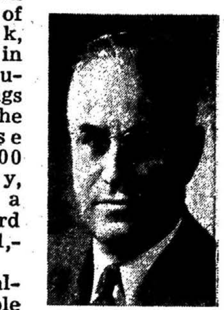
(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio — L. A. Caunter & Co. has been formed with offices in the Park Building to engage in the securities business. Officers are Lee A. Caunter, President and Treasurer; Raymond D. Welker, Vice-President, and Edward J. Beran, Secretary. Mr. Caunter has recently been associated with Dodge Securities Corporation.

Savings Deposits Approach $22 Billion

Robt. M. Catharine, President of National Association of Mutual Savings Banks reports $105 million increase in July, bringing total to new high peak.

According to Robert M. Catharine, President of the National Association of Mutual Savings Banks and President, Dollar Savings Bank of the City of New York, deposits in the 529 mutual savings banks of the nation rose $105,000,000 during July, to reach a new record figure of $21,877,000,000.



Robert M. Catharine

"This is almost double the gain of $58,000,000 during July 1951, and is the largest for any July since compilation of these figures began in 1947," Mr. Catharine said. "July is the sixth successive month in 1952 in which the increase exceeded that of the same month in every one of the last five years. The total increase in deposits for the past 12 months has been $1,419,000,000, or 6.9%."

The large gain in deposits reflects a continued inflow of new funds from savers. During the first seven months of this year people deposited 12% more in their regular accounts than they did during the same period of 1951 and withdrew 2% less. July withdrawals exceeded those for the same month last year by 6%, but amounts deposited soared to the highest point since 1947 and represented a gain of 13% over July 1951. "In these times of highly inflated incomes, it is significant that so many millions of Americans realize the value of thrift," Mr. Catharine continued. "It is a healthy sign that they are continuing to set aside funds regularly from their pay checks to provide against future contingencies."

The savings banks during July reduced their high mid-year cash holdings by $211 million in order to build up earning assets. Holdings of U. S. governments rose $148 million; mortgage holdings went up $137 million, and corporate and other securities increased $72 million.

Two With Waddell-Reed

(Special to THE FINANCIAL CHRONICLE)

OMAHA, Neb.—Delbert L. Phillips and William E. Rosser are now with Waddell & Reed, Inc.

With McGhee & Co.

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio—George H. Valentine has joined McGhee & Co., 2587 East 55th Street.