As We See It

While President-elect Eisenhower works steadily formulating his plans for the next four years, and the country awaits indications from him, the defeated candidate, Governor Stevenson, and his party are reported to be drawing plans for a career of "loyal opposition" to the regime which is to take office in January. After such a defeat as it has suffered, it is natural enough that the Democratic party should now be giving prayerful attention to what it should do and can do to rehabilitate itself. What it finally decides to do in the premises may not only shape its future for many years to come, but may likewise have a good deal to do with the good of the country in the years ahead.

Much anguish may be saved us all, for example, if those who control party policy will once and for all abandon the notion of party success based upon coalitions of minority groups with support is secured by largesse and crass favoritism. It is conceivable, of course, that the party might succeed in regaining power by toady to organized labor groups, promising to wring ever larger sums of money from the rest of us and pay them out to the farmers, and in general undertaking still more drastic redistribution of wealth. We do not profess to be sufficiently versed in things political to be able to judge the likelihood of practical political success by such tactics as these, but we are perfectly certain in our own minds that nothing of benefit to the country could come of them.

Too Much Fair Deal

It is obviously too soon to know with any great precision what the Eisenhower regime is to be. Continued on page 33

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 in page 48.

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Funds' Deflationary Policies Reaffirmed by Elections

By HENRY ANSBACHER LONG

Survey discloses investment company managers anticipate Administration's policies will lessen attraction of oils and other natural resource stocks, although Tidewater legislation may favor some petroleum issues. Expectation of excess profits tax termination and other tax changes are prompting plans for some switches. Analysis of funds' transactions during third quarter reveals concentration of buying in utilities, rails, electrical equipments, television, retail and food issues; with liquidation of petroleum.

Investment company managers expect less emphasis to be placed on securities of natural resource companies where earnings have been especially stimulated by inflationary forces, as a result of anticipated changes of policy to be made effective by the new Administration. Elimination of the excess profits tax now seems to be almost a foregone conclusion with the earnings potential enhanced of those companies formerly subject to this impost. Oils will tend to lose their relative tax-sheltered status, but passage of tidewater legislation may still make several isolated investments in this group particularly attractive.

While several managers are maintaining a more cautious wait-and-see policy on such predicaments, the above is a consensus of opinion expressed by a representative number of fund sponsors in answer to the following query sent out by us two days after the election results were known: "In view of your present understanding of proposed changes generally contemplated by the new Administration, what shifts do you plan in cash position, type of security, and industry grouping Continued on page 24

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The Security I Like Best

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

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

GORDON Y. BILLARD

Partner, Royal-Auto & Co., New York City

Members New York Stock Exchange

The Sperry Corporation

For years, Sperry common stock proved a very fine and dangerous investment. At the present time its appreciation in value was far greater than that of a market as a whole. During the war years its price performance record was much poorer than on the general market, and in the period of the post-war summary lagged considerably below the general price advance. Sperry Corporation common stock in future years should get a much wider appreciation by investors, despite excellent age when emphasis will be upon the well-managed research and development organizations that will extend man's physical and mental powers to enable jobs to be done more quickly, more accurately, and with smaller crews, than could be done by the energies of his predecessors.

The present company was organized in September of 1919 under the name of the American Aircraft Development Corporation. In 1920, the name was changed to the American Aircraft Manufacturing Corporation, and in 1921, to the American Aviation Corporation.
Recent Trends in Corporate Financing

By STANLEY R. MILLER
Partner, Gaddis, Sachs and Company
Members, New York Stock Exchange

Pointing out there are fashions in finance just as in other things, Mr. Miller reveals many departures from conventional financing techniques by corporations seeking to meet their special needs and demands. Among issues: (1) new "open-ended" features; (2) use of subordinated and convertible features; (3) use of long-term issues. DEScribes unusual features in some new securities offerings, and forecasts returns to more conservative issues and revival of Class B (non-marketable) common stock.

Corporate finance is considered by many people to be a fashionably subject with today's prac-
tically unchanged from those of many years ago. In real-
ity, it has been in fashion just as there is style in clothing, auto-
mobiles, or houses, even though the style may change, or evolve,
much more slowly. Your Pro-
gram Committee thought it might be of interest to you to consider some of the current styles and that I should take part in our "Recent Trends in Corporate Financing." This will be a detailed discussion of many interesting developments which have taken place since the regis-
tration of new security issues was first required by the Securities Act of 1933. I shall instead at-
tempt only to highlight a few of the more important trends which have emerged during the past few years, particularly the period since World War II. Among these are:

1. The total emphasis on debt financing.
2. The upward trend in private placements.
3. The issuance of mortgages and the introduction of un-
tested markets.
4. The increased usage of common stock issues. I will also comment on the possible revival of Class B common stock for usage by closely held companies.

Continued Emphasis on Debt Financing

During the decade, many corporations found that their re-
sources were inadequate to carry the burden of debt. Un-
reduced capitalization and advances were reduced during World War II and the economic develop-
ments arising from it. The im-
pediment for war produc-
tion compelled an increase in plant; the increased purchasing power generated by the war econ-
omy expanded the demand for civil and goods; and the rise in the price structure, which Govern-
ment controls could not wholly prevent, created the need for more cash for retirement, and more inventory. After the war, the post-
war demands for goods and stock offerings again created price-similar pressures due to the pent-up needs for goods, full employment, and purchasing power; the demands of the war.

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Articles and News

The Commercial and Financial Chronicle

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Daly 6-2777
1953 Business Outlook Favorable

By A. W. ZELOMEX

President and Economist, Intl. Statistical Bureau, Inc.

Mr. Zelemek predicts total 1953 business volume, both in dollars and units, will average slightly higher than in 1952, with business rising during first half and receding in second six months. Expect cost of living, particularly in food, to decline. Belittles post-armament depression danger.

My appearance before you this evening can be compared to a business man’s holiday. We are contentedly gazing into the future, not only daily but hourly. Our business is to explain the situation in this country, not to express an opinion on what is to happen. If we were confined only to the economic and political developments, then, of course, there is little concern regarding the probable general business trend. 1953 Different

As we approach 1953, the situation is somewhat different. The upturn in consumers’ goods industries will probably continue early in the year, with a temporary interruption due to the protracted steel strike. Most people are pretty well agreed on the fact that the depression of 1951-1952 will extend into 1953. The unknown factors, however, are how much and how long. Before answering these questions, I should like to point out what is probably best known to you all: the fact that consumer goods and services in 1953 represented 60% of the total gross national product; that consumer expenditures alone include spending for business and total purchases, and that total expenditures for consumer goods both new and used, and new and durable, approximate 42% of the total. Those figures should leave me much at your disposal. How important it is to know what conditions prevail today and how the consumers’ goods industries will react. Unfortunately, we know very little about how consumers do business and what the result of these transactions will be. Also, we know very little about the trend in coming years. It will be the proper utilization of the tremendous expansion in our industry.

Your committee’s suggestion, therefore, that I devote most of my discussion to the consumers’ goods industries is a recognition of their great importance.

Any forecast of trends in 1953 must begin with a certain premise dealing with the international situation. Until the international situation is given some further peacemakers, peace or the status quo? I have thought that this peacemakers and the status quo, I mean the stabilization of price and production, is the key.

Evidently, this is the same assumption we made for 1952 which prevailed beyond the point. We accept the optimism regarding an early solution of the Korean situation. However, we accept the status quo, I mean the stabilization of prices and production. With this premise in view, what can you look forward to?

The Overall Outlook

First, I should like to give you my general thinking on the overall business outlook in 1953. Total volume of business done in 1953, both in dollars and in units, will probably average slightly higher than in 1952. However, the move upward in 1952 business was trending downward in most industries throughout the latter part of the year and continued so for some months. In contrast, the current upward trend in indicators will be tending higher and will continue in that direction for most of the first half of the year. However, the trend will probably be of the concentration of the latter part of the year. It will probably turn moderately lower in the latter part of the year. Between one hundred and three hundred, the market for most of this year will be in a period of relative stability with the consumer goods industries operating at a rate lower at the end of the year. My conclusion that volume will be substantial in 1953 is based on the belief that total spending for goods and services will increase moderately higher during the year, despite an indicated decline in spending for farm equipment during most of the year. We will not take into consideration the construction. I believe that the moderate upward trend in 1953 will persist and that the steady increase in government spending, especially in the Administration, the national security spending in the last six months may still approximate the annual rate of $6.5 billion. State and local taxes will continue to increase, although to a moderate extent.

Consumers’ Goods Sales to Rise

In 1953, total production and sales of consumers’ goods, including durable goods, will average moderately higher than in 1952. This increase will be let-down during the latter half of the year. The let-down in the latter half of 1953 will be sufficient to bring the annual average closer to the figures for 1952. The Competition for the consumer’s dollar will be keen. But consumer spending will be increasing, therefore, the trend will be rising.

The net prices will be rising. At least, the annual price index will be rising. But the average slightly higher in the year.

Credit terms will be easier. Savings are of record proportions.

Industry will go all out in providing new items at good prices. The textile industry will provide the most new items. The manufactures of goods have the advantage of the most new items. The textile industry will provide the most new items. It will have the advantage of the most new items. It will have the advantage of the most new items. The textile industry will provide the most new items.

The lines of durable goods industries will be more varied. The introduction of new goods will be the dominant factor in buying. will be the dominant factor in buying. Also, the buying power of the new goods will be greater.

The consumers’ goods industries will be the greatest engrossment in consumers’ goods sales and prices. The American consumer’s goods industries are at the peak of their cycle. They are at the peak of their cycle.

Economists have been predicting a decline in prices. They have been predicting a decline in prices. They have been predicting a decline in prices.

Population has been increasing rapidly. People are spending more and more. They are spending more and more. They are spending more and more.

We are still not over the first half of the year. We are still not over the first half of the year. We are still not over the first half of the year.

The consumers’ goods industries are at the peak of their cycle. They are at the peak of their cycle. They are at the peak of their cycle.

The consumers’ goods industries are at the peak of their cycle. They are at the peak of their cycle.

The American household, in her inability to get adequate household equipment, must spend more. The American household, in her inability to get adequate household equipment, must spend more. The American household, in her inability to get adequate household equipment, must spend more.

The chemical industry will be more important than ever in developing our chemical industry. The chemical industry will be more important than ever in developing our chemical industry. The chemical industry will be more important than ever in developing our chemical industry.

There will be less concern in 1953 about the price level. There will be less concern in 1953 about the price level. There will be less concern in 1953 about the price level.

The post-armament period will not have the huge volume consumer demand that we enjoyed at the end of the war. The post-armament period will not have the huge volume consumer demand that we enjoyed at the end of the war. The post-armament period will not have the huge volume consumer demand that we enjoyed at the end of the war.

Walsh, Wilson & Distributors Group

Reginald L. Walsh and John D. Wilson have joined Distributors Group, Inc., 309 South LaSalle Street, New York City, as wholesalers representatives. In recent years Mr. Walsh, a resident of Boston, has been prominently associated in the distribution of consumer goods, particularly in the marketing of Television-Electronics merchandise. He was at one time serving as Vice-President of the firms which sponsored the event.

Earlier connections include Hugh W. Long & Co., Chicago, Ill. A resident of Boston, Mr. Walsh’s connection with the New York City firm is exclusive of the city). Eastern Pennsylvania, New Jersey and D.C. Mr. Wilson, a resident of Cleveland, was engaged in sales work for the firm. He is now associated with the marketing of the new products in the Tank Corps. His territory includes Ohio and Indiana.

Robert P. Vick Forms Own Co. in Chicago

(Special to The Financial Chronicle)

CHICAGO, Ill.—Robert P. Vick has announced the formation of his own company with offices at 309 South LaSalle Street, to continue in the bookkeeping business. Mr. Vick was a partner in the early years of the firm of M. B. Vick & Company.

Two With Slaton

(Special to The Financial Chronicle)

ST. LOUIS, Mo. — Blanche B. Slaton and Charles W. Slaton, her husband, are now connected with Slaton & Company, Inc., 601 Olive Street.

With Waddell & Reed

(Special to The Financial Chronicle)

KENNEDY, Neb. — Albert W. Pierce, Jr., is now connected with the firm of Waddell & Reed, Inc., 840 Olive Street.
Can the U. S. Economy Stand the Cold War?

By A. WILFRED MAY* 

Executive Editor, "The Commercial and Financial Chronicle"

On premise that Soviet's status is important reciprocal to the question: Mr. A. W. May, in an interesting discussion on "the American and Cold War, but only if it looks at control taken vigorous affirmative action—albeit, with trade policy to strengthen constructively our friends as well as ourselves; and at home, through restoration of economic confidence And via the free market, the

Our topic tonight is "Can the U. S. Economy Stand the Cold War?"

It seems to me that an important reciprocal question is: "Can the U.S.S.R. stand the Cold War?"

For we must remember our overall position in the world in our thinking on our relative strengths, and as a result of the foreign fields look gloomier, too, and the exaggeration of our own weaknesses.

Soviet's Loss of Relative Strength

The fact is that during the interval since 1939, while American production has grown tremen-
dously, the Soviet economy, its structure, its ability to measure, and even its manna, has not been as improved as the U. S. Census Bureau could be encouraged to accommodate the reporting project. Sample questionnaires are already being prepared for the 1960 recensus, but the 1939 income figure is not so well known as it was. Presumably they would be asked to report sizes, shapes and types of trees, "sawed, split, rived, formed, and otherwise processed."

Steel people are continuing their series of meetings with NIA, this week to map out details for orderly decontrol. Specific steps are being worked out by a task force consisting of representatives of five steel producing and six steel consuming companies. By the end of the year, steel prices are expected to be determined in advance by the Steel Institute, passing through NIA, and the Office of H. Stern.

Auto output for so far this year has been an order of 3,720,800 units, a drop of 23% from the similar period a year ago.

"Ford's" said no auto maker last week increased its overtime operations, because of a lack of labor and steel.

Commenting on 1953 passenger models, this agency stated: "A Chrysler Corp. official said that sales of the 1953 model were not as high as planned. The result of a total of 1,500,000 cars, as compared with 1,700,000 at the same date last year."

The United States Department of Commerce currently reports that the national production of goods and services reached the highest level in history during the third quarter, raising prices, to an annual rate of $434.4 billion. This was "100 million above the seasonal seven per cent and 22 billion higher than in the initial three months of this year. For the full year, the national production was $320.2 billion.

Figures are not yet available to show what the current rate of output is in terms of 1929 dollars. The department has adjusted the 1915 total, however, and says on that basis the $329 billion is continued on page 34.

*Address as by Mr. May before the American Economic Association, December 21, 1953. Published for Social Research, New York, N. Y.

Continued on page 34

The State of Trade and Industry

Last week saw industrial production for the nation as a whole edge slightly upward to the highest level in seven years. There are indications that the rise in output lifting it to a level of close to 5% higher than that of a year ago. However, it remained about 7% under the all-time high reached during World War II. Defense production accounted for a steadily widening share of total production.

Holdings are believed to have climbed slightly over one million, the lowest level in seven years. A battle between business people and government planners over how to end controls is already shaping up, with businesspeople generally holding that controls should be allowed to die a natural death (next June 30), or should be ended quickly by positive action, states "The Iron Age," national metalworking weekly.

Washington reports indicate the government planners will argue that ending the controls now could cause prices and wages to rise. Industry representatives assure the government that the economy can stand the controls. According to the above trade authority.

But the planners are not making the case for continuing controls authority on that point. They are saying that industry and government should unite to preserve the "reporting requirements" of the Controlled Materials Plan contending that industrial reports on materials are of particular importance in guiding the current economic planning.

Industry replies that national planning during recent years has been going in the direction of planned Socialism, and that's what they want to stop. Metallurgical companies are not generally unwilling to furnish data on production and consumption of materials. They are afraid that the loss of these information channels through their trade associations. They do not fear collection of useful statistics, but they say the government has not used them in an effort to "vaulk to a place in the sun," with respect to that trade material. Instead of new steel, the tin case may be bad. According to a recent "Sawed, split, rived, formed, and otherwise processed." Modern steel people are continuing their series of meetings with NIA, this week to map out details for orderly decontrol. Specific steps are being worked out by a task force consisting of representatives of five steel producing and six steel consuming companies.

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Continued on page 34
A Line on Canadian Pipes

By IRA U. COBLEIGH

Author of "Using Your Free Time"

An analysis of the flow of oil West and South from Alberta,
and of the flow of earning power in the direction of share-
holders in two Canadian pipe-transport enterprises.

While much romance, and a few million dollars of public invest-
ment, have been poured into the gas pipeline industry in the United
States, it has not been without opportuni-
ty. Banks have joined the race, and
formed the average
vestor in the direct
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Outlook for Tax-Exempt Bonds

By HAROLD C. TAYLOR* Assistant Cashier, Municipal Bond Department, Chase National Bank of the City of New York

Mr. Taylor, in reviewing the present situation with reference to the volume and character of bond issues, on the whole, there will be a larger amount of new offerings in 1953, against a picture of probably some diminishing demand, as institutional financing is interrupted. This means that it may be necessary to broaden the market, particularly in view of likelihood of Federal tax reductions, and, therefore, higher yields to investors on tax exemp.t obligations may be offered.

At the beginning I want to assume that I am not a bond market expert, so I am not going to attempt to forecast the future at all with any precision, but I do want to outline what the future policy of Federal Reserve may be in order to examine the general trend of the market for the next year or two.

Where I do wish to do with you briefly, is to examine the potential supply of tax-exempt bonds, and the shift of immediate future, and any possible changes in the outlet for them; in other words, any difference in the attitude of the purchasers to whom we have been looking in the past few years.

As you know, the volume of long-term municipal has been increasing rather steadily in recent years. Prior to 1942 there was a period when it ran between $1 billion and $1.5 billion. Then it dropped off during the war.

Since the end of the period of three years, from 1947 to 1949, it was something over $2 billion a year, and for about a couple of years it was over $3 billion; this year, during the first nine months, it is running at the rate of about $4.7 billion.

For 1953, the figure generally mentioned is an output of tax-exempt bonds totalling over $10 billion, with some estimates even higher.

Let us examine the prospect.

One of the criteria that some people use in judging what the outlook may be is the number of bonds already authorized for member election. The amount proposed that, according to the "Bond Buyer," was $3,883,000,000, which is higher than last year and nearly as much as the recent record of $3,607,000,000 in 1949. This, however, is not really a very good basis on which to go because included in last year's large total was the very large item of $500 million for the New York Turnpike, one of which has yet been issued, and there are certain items in this year's list of bonds which may not come out in two or three years.

For this reason, the number of issues listed in the Bond Buyer is not a basis on which one can say what may come immediately.

Three Major Types of Financing

In the past few years there have been three major types of financing that have contributed largely to the increase in volume. There have been over $1.5 billion of bonus bonds; over $1 billion of housing authority bonds and almost $1 billion turnpike bonds. In other words, we are talking about the big three in so far as purpose is concerned.

First, I want to take a look at these particular items and see how the volume of these respective volumes in 1952 will compare with what we had in 1951.

Starting with the Turnpikes; in 1952 there were $447 million of Turnpike bonds, including the Ohio Turnpike issue of $225 million. Since 1947 to 1953, the volume of Turnpike bonds has been on the decline, and the prospects for 1953 are that it is going to be further. In 1953, the volume of Turnpike bonds is expected to be in the neighborhood of $225 million, which is about one-third the volume in 1952.

In so far as the future outlook is concerned, there is no planed a rather substantial volume of additional Turnpike issues, the largest being the $300 million New York Thruway financing. That volume may come in come from two or three years. The reason is that at the present time the Thruway has been approved by states, which it is contemplated, will be issued next year and will go into long-term financing but the State has the option of doing one funding operation a few years from now of calling notes from time to time and selling bonds in two or three blocks, possibly beginning in 1953.

There were $285 million New Jersey Garden State Parkway bonds approved yesterday (Nov. 4); that is, the State's credit was placed behind them by the voters. The effect of this will undoubtedly be to speed up their issuance because, backed by the State's credit, they can be brought out much more rapidly than it were a revenue obligation making it desirable that the project be completed before long. Financing is commenced.

I would say of these $285 million Garden State Parkways, just as a guess, that $150 million, which is over half, may come out in 1953, and the amount in 1954.

North Carolina is having a study made as to the feasibility of a Turnpike there which may run between $75 million and $100 million. If I think that the study is favorable we may see that next year.

Then there is another issue talked of, a $150 million Wisconsin Toll Road Authority bonds. Additional financing by the Ohio Turnpike and Pennsylvania Turnpike are also advancing in the talking stage.

The Kansas Turnpike Authority, which has been created, is awaiting a decision from the State Supreme Court as to its validity before announcing any plans.

This also may be something in the neighborhood of $1.5 billion Turnpike financing which can come out in the next three or four years.

In other words, that is at the rate of at least $400 million a year, so that I think it is safe to say the outlook at the moment is that Turnpike financing in 1953 may be approximately the same as it was this year.

Additional projects may, of course, be announced in the meantime, but one thing that has to be borne in mind is that there is a limit to the amount of Turnpike financing which can be done.

Not from the standpoint of sales, but from the standpoint of feasibility of projects because, in order to pay out a Turnpike, it has to serve densely populated areas and there are only so many of these in which a Turnpike will actually be a paying proposition.

So much for Turnpikes.

Housing Authority Bonds

Now we, to Housing. In 1952 major items included $385 million of H. A. bonds, $84 million Massachusetts State guaranteed bonds; and New York State brought out $82 million general obligations for public housing purposes. This is a total of $416 million.

While there will probably be no more bonds issued this year, the prospect in 1953 is for an increase in the volume of obligations issued under the Federal Housing Program. Provided the market is satisfactory, the Public Housing Administration would like to sell next year something in the neighborhood of $75 million or long-term bonds issued by Local Housing Authorities, secured by requisition agreements with the P. H. A. The timing and amount of each sale will depend upon the market conditions at the time, and it is possible that they may come out in a series rather than as one large bond.

In any event, there is a large amount of these bonds overhanging the market the next year or two.

Massachusetts has $86 million more to go under the present authority, which will probably come out in two years—which could mean about $40 million annually.

There is a new authorization of $25 million but it is going to be rather slow; it may not come in 1953.

While it is impossible to set a definite figure on the volume of housing financing next year therefore, it probably will be well over the amount of the present year. One difference between the present volume with respect to housing and the volume of the past several years, is that Temporary Loan Notes issued under the P. H. A. program tend to be long-term commitments. These notes may have some effect on the respective financing plans and these two programs, is that Temporary Loan Notes issued under the P. H. A. program may only be issued up to 90% of the cost of construction of a project at which point the Authority must resort to public financing secured by annual contributions from the P. H. A. rather than by a commitment on the part of the latter to make a loan. The commission is for the notes in the case of the Massachusetts Housing program.

This may be issued for the full cost and can be rolled out indefinitely if market conditions are not propitious.

BONUS BONDS

The third purpose which has contributed largely to the output of tax-exempt bonds in the last few years is bonus financing. In 1952 there were $147 million bonus bonds sold. This year I understand the Oklahoma proposition for $125 million was defeated—it was voted on yesterday. Eliminating that, the amount of bonus financing could be approximately the same as last year, if we include California's $150 million for veterans' loans just voted. These, however, are not essentially bonus bonds and they may require several years for issuance.

There will shortly be a refunding issue of some $46 million Bonus Bonds by the State of Louisiana, but that is not new money so cannot fairly be considered as affecting the supply.

Just as a rough estimate I would say that Turnpike, Housing and Bonus financing during 1953 might be somewhere between $600-$900 million more than it was in 1952.

In addition to the above three, there are other purposes, some old, some new, which are going to be coming fully into the market in some substantial volume.

School Bonds

School building is one. The construction of schools throughout the country is still lagging.

Continued on page 23

THE PORT OF NEW YORK AUTHORITY

Proposals for all or none of $35,000,000 of The Port of New York Authority CONSOLIDATED BONDS, FIRST SERIES, DUE 1982, will be received by the Authority at 11:00 A.M. on Wednesday, December 10, 1952, at its office, 111 Eighth Avenue, New York.

Each offer must be accompanied by a certified check or cashier's check in the amount of $700,000. The Authority will announce the acceptance or rejection of bids at or before 6:00 P.M. on that day.

Copies of the prescribed bidding form, of the Official Statement of the Authority and of the resolutions pursuant to which these bonds are to be issued, may be obtained at the Office of the Treasurer of the Authority, 111 Eighth Avenue, New York 1, N. Y.

THE PORT OF NEW YORK AUTHORITY

HOWARD S. CULLAMAN, CHAIRMAN

November 18, 1952
Five Stocks in Four Categories—Yielding 8% or more; under 1946 income-paving dividend stocks and since 1920, yielding at least 10—Hill Richards & Co., 621 South Spring Street, Los Angeles 15, Calif.

IBM Services for Investment Brokers and Security Dealers—Describing IBM accounting methods as applied to requirements of the brokerage-international Business Machines Corp., 500 Madison Avenue, New York 22, N. Y.

Metals for the Demand—Trouter, Singer & Co., 74 Trinity Place, New York 6, N. Y.

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


Petroleum Outlook—Analysis in current issue of “Perspective”—Pitman Building, 11 Wall Street, New York 5, N. Y.

Republican Party, Sound Money and Gold—Study—Moss, Lawson & Co., 219 Bay Street, Toronto 1, Ont., Canada. Also available is a pamphlet on Bank of Canada Grain Mills Ltd.

Textile Industry—Analysis—Smith, Barney & Co., 14 Wall Street, New York 5, N. Y. Also available are memos on Phillips Petroleum Co. and Southern Railway Co.


Arctic Farms Co.—Memorandum—Fawell & Co., 453 South Spring Street, Los Angeles 13, Calif.

Atlas Plywood Corporation—Bulletin—de Witt Conklin Organization, 100 Broadway, New York 6, N. Y.

Augusta Chemical Co.—Bulletin—Graham, Ross & Co., Inc., 81 Beaver Street, New York 5, N. Y.

Blockson Chemical Co.—Chemical News—Bruno Rees Ltd., 60 Beaver Street, New York 4, N. Y.

Chemical Research Corp.—Memorandum—Aetna Securities Co., 111 Broadway, New York 6, N. Y.


Deep Rock Oil Corp.—Memorandum—Hirsch & Co., 25 Broad Street, New York 5, N. Y. Also available is a memorandum on General Instrument Corp. and Robert Gair Co.

Dividend Broking Company—Analysis—Ira Haupt & Co., 111 Broadway, New York 6, N. Y.

Federalated Department Stores, Inc.—Analysis—A. G. Becker & Co., 41 West 40th Street, New York 18, N. Y.


Franklin Life Insurance Company—Review—Wm. H. Tegtmeyer & Co., 120 South La Salle Street, Chicago 4, Ill.

Fraser Co. Ltd.—Memorandum—G. E. Leslie & Co., 360 St. James Street, West, Montreal, Que., Canada.

Gillette Co.—Memorandum—Sincere & Co., 251 South La Salle Street, Chicago 4, II.

Lehigh Portland Cement Co.—Analysis—Dreyfus & Co., 50 Broadway, New York 4, N. Y.

Minnesota Mining & Manufacturing Co.—Analysis—in current issue of “Earnings”—Francis L. du Pont & Co., 1 Wall Street, New York 5, N. Y. In the same issue is a list of 40 companies with the largest capital stock and a suggested Retirement Portfolio.

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74 Trinity Place, New York 6, N. Y.

North American Co.—Review—Ira Haupt & Co., 111 Broadway, New York 6, N. Y.

Resort Airlines—Analysis—Eisele & King, Libaire, Stout & Co., 50 Broadway, New York 4, N. Y.


Southern Railway Co.—Analysis—Villas & Hickey, 49 Wall Street, New York 5, N. Y.

Steep Rock Iron Mines—Memorandum—Chas. King & Co., 61 Broadway, New York 6, N. Y.


Wisconsin Public Service Corporation—Review—Sutro Bros. & Co., 120 Broadway, New York 5, N. Y.

Wisconsin Public Service Corporation—Analysis in current issues of “Business and Financial Journal”—Loewi & Co., 225 East Mason Street, Milwaukee 2, Wis.

INVESTMENT TRADERS ASSOCIATION OF PHILADELPHIA

On Friday evening, Nov. 21, the Investment Traders Association of Philadelphia will have its annual “Sports Night.” The function will be held in the Lincoln Room of the Union League.

PITTSBURGH SECURITIES TRADERS ASSOCIATION

The Pittsburgh Banking and Dinner of the Pittsburgh Securities Traders Association will be held Friday, Dec. 12, 1952, at the French Room of the William Penn Hotel. The business meet-

Can the U. S. Economy Stand the Cold War?

ility as well as its military re-

Continued from page 8

vival — our major defense vs.

Communism.

It does not forget that the Kremlin is operating on the expectation that the American economy will come from attrition by the eco-

nomic means and the collapse of the capitalist world.

The third alternative, namely, counter-inflation, is both in-

vidious and impracticable from here on.

There is no other alterna-

tive except to attempt to win the trade battles. Remember that the $5 billion of our export sur-

plus, which we must maintain in increased imports, constitutes only 1% of our total national exports.

We must renounce our customs procedures—so our absurd escape clauses. First we tell the Eu-

ropians that they must produce in line with what are the demands of our markets, and then if they are successful in so producing and manufacturing, we invoke the tariff escape clause privileges to keep them out.

We must insist that our foreign friends produce aggressively and cut out collectivist and infla-

tionist policies, and make sure that we make safe our private foreign capital investments.

Reinforce Our Domestic Front

On the domestic front, no less does it appear to us that we are taking of vigorous whole-

souled action.

We face many basic problems here.

We must overweight our econ-

omy. We have failed to do the large scale mobilization over too long a time without adequate reduction in civil-

ian demand.

We must thereby force our-

selves to deprive ourselves of infla-

tionary capital industries that a subsequent decline in military re-

quirements might bring with it serious economic dislocation.

And so we are left with the absurd idea that World War II will be avoided, this time as in 1918, the demand as there was after 1945 to facilitate World War II's post-

war economic program.

Remember please that—this fact—that our economy, the United States—al-

though with only 7% of the world's population—must be self-outraced in territory and natural resources by the United States, which nevertheless produces 50% of the world's total output of manufac-

ured goods.

Let our new Administration strengthen, and stop the under-

mining of our, invaluable free market.

Let us abstain from demagogic interventionism of all kinds, from bungling our foreign policy in 1920; from pushing our economic present day down the throat is a reason against, not an excuse for, this; let it manage its exports properly. Let us maintain a rent-over-expansion and inflation at the same time our resources, in a unin-


critical-taxing burden on all the consumer. Let us reverse the consum-

pation and waste in government.

So my answer to your question our forum is discussing, namely, “Can the U. S. Economy Stand the Cold War?” is:

With such strengthening on the domestic as well as interna-

tional front we might well be ab-

lined—but only then—the U. S. economy can indeed stand the Cold War. Without it we can even retain the social, political and economic freedoms which have been lost throughout the lands of the enemy!
Outlook for Chemical Industry

By John F. Bohmfalk, Jr.


Mr. Bohmfalk describes recent developments in the chemical industry and discusses the growth factors in production for the first half of 1952. The output of the chemical industry approximates 5% a year since 1935 and is expected to continue at this rate.

The growth in production is due to the expansion of new processes and the development of new applications for existing chemical products. The chemical industry is currently experiencing a period of rapid growth, with production increasing at an average rate of 5% per year.

A well accepted investment circle is the recognition that the growth factor in chemical industry production for the first half of 1952 is due to the expansion of new processes and the development of new applications for existing chemical products.

The chemical industry is currently experiencing a period of rapid growth, with production increasing at an average rate of 5% per year. This growth factor is expected to continue at this rate in the future.

Earnings Outlook

New we should examine the immediate earnings outlook for the chemical industry. There is one important factor that one must take into account, and that is the income tax liability. If excess profits taxes are allowed to expire June 30, 1953, the chemical industry will stand to benefit, but some companies will benefit more than others. A second factor is the accelerated depreciation which will begin to bear heavily on earnings in 1953. The most optimistic sales of circumstances for 1953, a good level of business activity, near capacity operation, favorable markets for chemical products, which we expect sales gains of about 10-15% for the major chemical companies and every sales gain in pretax margins. Assuming continued record sales, the chemical industry earnings will be approximately $65 billion, or $10 billion, in 1953.

Medical Chemistry

In the field of medical chemistry, we have had two important developments in 1952. The corticosteroids, first introduced in 1950, offer a new approach to the extraction of corticosteroids from plant material. It is believed that expansion in aromatic chemistry, which by and large have to be obtained from coal, will follow or exceed the course of petroleum developments. In 1952, the production of the corticosteroids seems to double every five years.

Closely allied to the Union Carbide Corporation is Hercules Powder Co., a producer of sodium hydroxide. This description of Hercules powder, originally announced as a process in 1948, in which p-cresol plus acetone has been developed, for the process is applicable to any aromatic starting material. The process has a little more ramifications which are doubtless being investigated, and one of the greater secrets of the economics for phenol and p-cresol look very good. Here again, a new approach opens up a new field for exploration, one which will definitely make its mark and contribute to the $25 billion in sales of the chemical industry.

The third accomplishment of significance to the chemical industry is the development by Chemico (American Cyanamid) of a chemical method for the purification of metals from non-metals. This process, as well as expanded uses of the product for the manufacture of other metals, offers the possibility of significant savings in the cost of metals. In 1952, the process was first announced as a process in 1948, in which p-cresol plus acetone is used to extract certain metals.

Furthermore, the process is applicable to any aromatic starting material. The process has a little more ramifications which are doubtless being investigated, and one of the greater secrets of the economics for phenol and p-cresol look very good. Here again, a new approach opens up a new field for exploration, one which will definitely make its mark and contribute to the $25 billion in sales of the chemical industry.

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Are Chemical Stocks Overpriced?

By DWIGHT MONROE

Holding chemical stocks is not high as related to market as a whole, Mr. Moody foresees possible developments, such as lower prices may be expected, the government's tax burden, which may carry these stocks lower. Points out, however, prospects of high levels of industrial activity and increased earnings in 1953 indicate chemical stocks are not overpriced.

To the investor, or potential investor, the most important question is—are the chemical stocks overpriced? Logical relation to prices of other industrial securities traded on the stock market.

In other words, are present prices above those which would be considered, approximately, for discounting, or under discounting, the potential, Moody, before a market future near-term and longer-term trends in industry sales and earning?

Historically, it might be noted—taking price-earnings ratios as a measurement index—chemical stock prices right now are not as high, related to the market as a whole, as some other groups.

Because of the growth characteristic of the chemical industry, particularly in the past, it is safe to assume that chemical stocks consistently have had higher price-earnings ratios than most other stock groups. In other words, the market, preceding 1939, for instance, it was uncommon for the chemical stock market to show a marked discounting, or under discounting, the profit of the factories, or companies, used in the chemical industry. The net result of this long time and experience in the chemical industry—this means that earnings on price went over a certain number of times.

As a result of such accelerated attention, research, some of the larger chemical companies is in recent years new products, in the carload shipment industry, at as high as one new bulk-tomnag item every month to six weeks, whereas as not very many years ago one chemical-shipment chemical a year.

Looking ahead, it is not too difficult to make a persuasive pessimistic picture on the tomorrow earnings picture, at least for the near-term.

Because the chemical industry and sales are a result of many companies come under the Excess Profits Tax, and new being forced to pay as much as the maximum tax rate, in the case of some companies, to the Federal income tax collector.

This decade growth for dividends and for financing the present programs—it is definite—when most companies have made their lower earnings reserves (their reserves) and are now forced to borrow, or sell stock and new products, to provide funds for construction of a period of industrial construction.

Further, a considerable part of the chemical industry is in the same state that resources and raw materials for the industry are vulnerable to be re-established in the states,—as demonstrated in findings in sales as well as earnings in the chemical industry in the first six months of this year. Again, the export sales boom in chemicals and drugs now caused by the sales of chemical products that will continue to decline, as a result of the Excess Profits Tax, and the new products coming in.

New Foreign Competition

Already German and other foreign-produced chemicals are cutting into U.S. chemical sales. In South America and elsewhere. In fact, about 10% of the chemical industry has been recovering so rapidly that it already is over 20% above its 1943 level and may well up to its record production of 1944 in another two or three years.

And right here, in our home market, it should be noted, the chemical industry no longer has the tariff protection it had in the past. The tariff protection, built up after World War I in the interests of national security to protect the then budding chemical industry, and now reduced to a small margin, has now been whitelotted by the United States and Canadian governments, and other nations, to agree under the current Tariff Conference agreements.

Factors of the market can be made to appear after a period of time that it could be to a long time until the carrying of capital to plant in the postwar period (1945-1950) and the 1951-1952 expansion program now calls for an additional $5 billion expansion of the chemical industry.

Before we get too alarmed over these and other trends, however, it might be well to remember that no one would expect the chemical industry—what has made it necessary for the chemical industry expanded at an average rate of 10% and as much as 20% for all industry.

The answer obviously isn't that all-industry—the current price for chemical...Another, more important reason, is based on the substantial emphasis on research, with resultant new products and new uses for older lines.

Research Activities

Right now the chemical industry has been spending an amount equivalent to about 3% to 4% of total sales—about the same as for case of drug companies. In the chemical industry, however, it increased its sales 10 times in the past decade, with this increased experience in the chemical industry—this means that expenditures on overtime for research in the past decade.

A result of such accelerated attention, research, some of the larger chemical companies is in recent years new products, in the carload shipment industry, at an annual average of 1 new bulk-tomnag item every month to six weeks, whereas as not very many years ago one chemical-shipment chemical a year.

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Elections and the Stock Market

By ROGER W. BARSON

Mr. Barson says, in spite of Republican victory, the Dow-Jones Industrial Average could go off 100 points, and points out forecast of stock prices should not necessarily place too much dependence on past experience, earnings, and inflation and book values. Says new Republican Administration could make dollar worth more both at home and abroad, and therefore bank deposits may be best investment.

I saw more smiles on November 5th than I did on Election Day in Florida, my friends. And I am congratulating m e t h a t Florida Republican. I cannot forget that the most important election that Florida Republican was in 1928. Although everyone likes to w i t h i n a year we h a d th e Pdyn of 1929 which is not the same. But in 1928, I believe that the next "low" of the market is about the same. It could turn out to be a "buy." Last year's stock market figures, I believe, is that those who bought in 1946, 1947, and 1948, are at a good buying point, but I do not believe that the market will go over 100 points. The market may go below 100, but not very far.

Inflation and Book Values

You want to know what book values are about inflation since 1928—which should prevent the next "low" from reaching the 1933 figures! This is a fair question. Well, in 1928 the Dow-Jones Industrial Average was at 198. Average earnings for 1932 were 26 times. But in 1928, Was 1928 was 20 times. Inflation and book values also are largely theoretical. Stock prices are based on earnings, not on the theory of inflation. Inflation will not necessarily increase book values. In fact, the stock market has been stable because of the strength of the country's economic strength. It is a fact that the stock market in 1928 was up about 100 points, and that was the year of the great commercial depression and the violent carbonization of 1929. The stock market in 1929 was up about 100 points, and that was the year of the great commercial depression and the violent carbonization of 1929. The stock market in 1929 was up about 100 points, and that was the year of the great commercial depression and the violent carbonization of 1929. The stock market in 1929 was up about 100 points, and that was the year of the great commercial depression and the violent carbonization of 1929. The stock market in 1929 was up about 100 points, and that was the year of the great commercial depression and the violent carbonization of 1929.

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Volume 176 Number 5170 The Commercial and Financial Chronicle

To Hold, or Not to Hold

By WALTER MAYNARD

Turning away from subjective judgments of the longer term position of our economy as a whole and of the position of stocks as a group, I would like to note that, as I write, there is a widespread impression among investors that the market is not mature, but is a growing and expanding one. This growth and dynamism, of course, come from the circumstances of an energetic, inventive and socially disciplined people at work in a geographical region that possesses tremendous natural resources. Over and above these fundamental favorable factors, there is another consideration which makes this period unique. One of these is our new-found position as a military and political power, as well as in economic, sense, and another is the space in which to grow. Under these conditions, the long term tendency is toward inflation.

Deflationary Tendencies to Be Avoided Short Term

Addressing ourselves for the moment to the problem of inflation versus deflation, it is, of course, evident that for the intermediate period, perhaps two or three years—deflationary tendencies are more likely to prevail somewhat over inflationary tendencies. In the long run, and probably in the foreseeable future, by a mild measure of deflation, we will find in the years ahead that once more we are faced with tendencies toward deflation.

These longer term inflationary tendencies center around two basic conditions, of which the first can be termed the 'prices' and the second the so-called 'quantity' or 'wave' deflation. We mean that we are now faced with a ballpoint pen or guage of government economic power to intervene when deflation processes develop at which unemployment becomes appreciable. This is upon the principle that in effect boils down to the last analysis to government-sponsored earnings. In its basic concept, and the whole concept of the "inflation" phase of the Reserve Banks, which Mr. Eccles of the Federal Reserve System has been proceeding to do in the past on the subject of his principles for the management of the national economy.

A second inflationary consideration is the fact that there is no evidence that any important segment of the country believes that the economic power of organized labor to force wage increases has been so reduced as to obviate the danger, under full-employment conditions, of a new round of price hikes which may be accompanied by an upward trend of the general price level.

To round out the discussion I must add one more factor that is sometimes lost sight of: this is the perception that everyone almost never pay all out their earnings in dividends. Retained earnings are more a form of a "built-in" government factor for even the most prosaic of companies.

On Holding Particular Issues

Considering a few of the important over-all factors which must be evaluated in arriving at some investment decisions, I will now come to the even more difficult and interesting problem of forming correct conclusions concerning the advisability of holding or not holding particular stocks that we own, and it seems to me that the best technique to make certain basic principles clear is the case history. I am going to briefly review the recent history of three groups of stocks for which many investors have a high regard, yet where investment disappointment has been the rule in recent years. In the case of each of these groups subsequent events showed that a decision not to hold was clearly wise.

The air transport industry furnishes the first example. It will be recalled that during World War II the air transport industry had extraordinarily good results attributable to remarkable load factors, a minimum of competition from other types of travel and good control over costs. As a consequence an index of leading air transport stocks moved from about 97 in 1942 to about 660 in December 1949, a rise of 573. This phenomenon was due to the fact that there was a basic fundamental trend in the railroad industry. Then, larger and more efficient types of equipment were developed, which, in turn, lowered the cost in the railways, and the practical elimination of the oceans during the war had widened the industry's horizons. When the industry had three years the index dropped to 185, or less than one-third of its previous high. This was due to high profit margins in the early post-war years which were obscured by subsequent developments, it is clear that here we have a case of over-anticipation or over-fishing of the future, and this particular error of unbridled optimism is probably the greatest single cause of loss to investors. It is hard to lay down a rule that will protect investors from this particular kind of mistake and ensure that a timely decision not to hold does not come too late. However, I think it safe to say that the most critical criterion of value on which investment depends is the yield which the investor receives on his dividend-paying ability, and that therefore, when stocks sell at prices, say 20 times of earnings that have been attained only after long uptrend, they should be viewed with grave suspicion.

Warning by Tobacco Stocks

This brings us logically to another case, which, in my opinion, is one of the most interesting and nowhere more seriously invested in by some investors than in the tobacco industry. This example is that of the tobacco stocks, which as a group are normally selling lower than in 1960, and since early 1969, despite one of the greatest bull markets of history, have actually declined. The unsatisfactory history of the tobacco is due in the main to impaired dividend-paying ability. Rising leaf costs and rising sales forced the cigarette makers to import enormous sums of cash in inventories. Rising sales obscured by sales handling, and the weakened balance sheets provided the principal evidence of the distress in which the Tobacco paying less in dividends than investors can rely in years past, in the dark days of 1932. The rule is that in a period of inflation, and given existing inflation and rising debt plus a persistent trend toward smaller profit margins should suggest to the careful investor the wisdom of sales.

Misludging Growth Company

We come now to my last case which concerns one of the most subtle problems of public stock buying. This case history is chosen to illustrate the disappointment that follows an over-estimate of the face in misjudging a "mature" company for a "growth" company. For the security analyst the problem is that of discovering the transition from the phase of growth to the phase of maturity. For purposes of illustration, Woolworth seems to be a good example. It will be recalled that this stock went from a low of 5 in 1917 to about 60 in 1926 without any major downturn. It continued in a broad mid-1926 to about 33, resistance was resumed and the stock reached an all-time high in 1929 of about 104, at which price it was bought by one of the other over-priced groups with a yield of about 2.3%. Interpreting the display of investor confidence was a case of considerable measure justified, because in the next two years earnings rose from the $0.63 per share of 1929 to $4.25 in 1931, and the dividend was increased from $2.40 per share in 1929 to $4.40 in 1931. Nevertheless, Woolworth stock dropped in price in 1932, although the $2.40 dividend was almost earned, it sold from 18. From that level a pronounced uptrend set in, in 1936 earnings were $2.38 per share, and the stock sold at 71 to yield only slightly more than 2%. This relationship of price to earnings and yield was only justified on the ground that Woolworth was still a true growth stock, and yet at that time there were signs that the average over-priced growth had ended. Woolworth's pricing policies and striking store bonds had been widely copied and failed to keep their competitive value, and in any event there were grounds for believing that the originally'avowed" growth period of the Central Government would in time make the "6-10" slogan unattractive, for at the point in time, at which the subtle and discerning analyst would arrive at the conclusion that the enterprise is selling in the low 40s.

I think it fair to say, however, that the problem of making a proper allowance in the case of particular stocks for the transition from growth to maturity is so difficult that for the practical investor the importance of the subject lies in his appreciating that it represents a risk, to be guarded against. The best defense against this risk is alertness and comparison—the comparative method will frequently bring to light skewed patterns of growth which will justifies the continued on page 32.
An Appraisal of Election Results

BY EDWARD P. RUBIN
President, Selected American Shares, Inc.

Presenting in outline form an appraisal of the economic situation and the economic policies of the candidates, Mr. Rubin analyzes the economy dynamically growing, and trend toward Socialism slowed up, if not halted. Finds inflation still a serious problem, but sees, from a long term standpoint, a better chance than ever before for capital and bond prices which should be studied in choosing investments.

Our approach will be to examine the long-and short-term back-ground factors, and Eisenhower's probable influence upon them. The election will not, nor can it, be an issue of brief, but we hope it will be a considered election. We shall offer our own conclusions, but we believe that the material presented may be helpful to you even if you disagree with our conclusions.

Auto-mobile long-term factors, we believe the dominant 50-year factors in the economy, with which Mr. Eisenhower's mention must be associated. The long-term dynamic growth of the economy is slowly slowing down. The currency and the price level.

The Economy is Dynamically Growing

Among the influences of the economy's dynamic growth are these:

1. The population is growing. The amount of money spent on research and development is increasing.

2. Efficiency of output per man-hour is increasing. A greater percentage of the people are employed.

3. Productive capacity is expanding.

4. Standards of living are improving.

The long-term trend of exports and imports is higher, and Eisenhower's campaign indicated that he believed we should try to increase them further.

We are not neglecting new industries. We have more business firms than ever before. They are not falling. A company may be moving along the same lines of growth that were always present before 1929.

The recent Pyle Report indicates that the United States will be able to meet the 25 years from now industrial production will be twice its present level.

Recent Cleveland Trust Co. studies indicate that we are already using almost our present level of capacity. So if production is to double in the next 25 years, it is obvious we must expand our capacity still further to take care of this dynamically growing country.

How Will Eisenhower's Election Alter This Dynamic Growth?

First of all, Eisenhower's election probably means we should reconstruct our thinking about the American people themselves. Prior to his election we cynically said:

"You can't beat Santa Claus. Don't let them take it away. The American people will swing the election.

People whose pensions were raised in the past, are continuing to see their pensions raised. People are again looking on the radio, and be clever in press conferences.

The news proven this cynicism was wrong. That is important,

unions; (c) the philosophy of full employment;

(b) strong labor

Will Eisenhower Change this Trend Toward Inflation?

There is no question Eisenhower is going to make his mark. He has openly said he favors stopping the inflation of prices. Like that of banker Dodge it is a constructive move toward a price level.

It seems certain that Taft would not have supported Eisenhower, even though he would have represented sound fiscal and monetary policies. It is a chance that Mr. Eisenhower will make a decision regarding interest rates, federal deficits and restore sound money conditions.

Is our travail complete? Yes, if we don't, for other reasons, get a jobs program. The Federal Reserve has already been made, and a few more years of reducing this burden might actually place the long-term terminal position.

There are many problems. It will be difficult to slow up the inflation of prices. Excess profits taxes expire next June, and if not renewed will re-open the federal shareholders. The long-term Federal debt outstanding and the Federal Reserve policies in funding the short-term maturities into longer ones, which would be cheaper, will have to be the interest charge.

If no recession were the development in business, it is extremely difficult to see how we could avoid a recession, even if the Federal Reserve policies were successful in stopping the inflation of prices. We must consider the one of the most things that could happen to the economy, as a long-term problem.

The long-term payoff of an inflation is one of the most serious, economically and politically. To eliminate this very long-term economic and political risk could not be interpreted as other than basically constructive if private enterprise system.

Now in America people do actually beat the American inflation definitely and per cent. The's, in the economy is basically strong and we have all the tools and long-term common stock investors has everything to gain from a victory. If by chance this victory does not result in the best position if inflation again breaks out. Unfortunately despite all Eisenhower can do.

How About the Next Year?

No matter how much, nor how sincerely we talk about the long-term, we always want to know what is going to happen in the next three months or the next six months. We always want to know the right time to buy?

Most of the country is pessimistic about the economy for the next year. At least I believe this to be the case.

People think the defense program is about to peak out and go down. This year they believe plant and equipment expenditures will be lower. They plan and expenditures will be lower. They see many industries is going to be expense.

They are fearful that private debt is too high. They are working off the rising interest rates and falling bond prices. They are

Continued on page 35

Associated Spring Corporation was acquired, which manufactures a variety of precision mechanical springs and wire forms, is now operated as a division of Associated.

Connecticut General Life Insurance Company will build and own the Westgate Shingle Company, which is to be built in Fairview Park, a suburb of Cleveland. The property will be leased to and operated by the Illinois Shingle Company. The Center will be constructed at a cost of about $100,000, and all forces are expected to be in operation by October, 1953.

Torrington Manufacturing Company's Canadian subsidiary which has been formed, has changed its name to Torrington Manufacturing Company of Canada, Ltd.

Stockholders of Segal Lock & Hardware Company have approved an increase in the registered number of common shares from 5,000,000 to 25,000,000. At the same time the company's authorized token stock was reduced from 20,000,000 to 10,000,000. The total number of 25,000,000 shares is to be offered to employees at $1.50 per share in 1956.

A group of residents of the Town of Groton have filed suit against the Connecticut Banking Department for a charter and a public hearing has been granted. They desire to establish a bank in the community. The new bank will be a stock corporation of $100,000 and a paid-in surplus of $5,000.

In a letter to stockholders of United States Finishing Company, the management revealed that the company's earnings for the first nine months of 1952 were $1,811,500 as compared to $1,000,000 for the same period in 1951. The company is presently expanding its facilities and making certain improvements in its production, sales and administrative practices. The company's stock was recently admitted to the New York Curb Exchange.

In accordance with the provisions of the agreement between the American Electric Car Corporation and Putnam Motor, the new company, Ansonia Wire & Cable Company, has been formed to buy substantially all the assets of the Ansonia Electrical Division of Putnam. The new company will continue to the present business which consists of manufacture of sales of custom built electrical cable, for use by the telephone, railroad, utility, electrical and industrial uses as well as governmental agencies. A public offering of the stock of the new company is proposed in the near future.

The Connecticut Light & Power Company received a $1,000,000 loan from the Connecticut Public Utilities Commission to use in the construction of new Freehold Mortgage Bonds, due December 1953. The money is to be used in connection with the company's five-year rate of increase of 6.3 per cent from 1953 through 1958, at an estimated cost of $100,000,000.

The Guildford-Center Water Company has purchased $225,000 of common stock of the company's subsidiary, Water and Industrial Supply Company, for $250,000. The company is now controlled by stockholders shall be $1,750,000.

The Directors of Ashbrook Corporation have appropriated $5,000,000 for the purchase and retirement of outstanding common stock at a price of not less than $35 per share. The tender offer was initiated before their shareholders were invited prior to Nov. 10.

Great Western Petroil

Common Stock Sold

The recent public offering by Steele & Co. of 229,990 shares of common stock of the company at $1 per share brings in a $229,900 (

The successful distribution of this offering was parceled out in dealers to New York, Philadelphia, Baltimore, Washington and Buffalo.

Great Western will use the net proceeds to pay for drilling expenses and for working capital. On Nov. 12, the company announced the bringing of its Glenrock Robbins No. 1 well in Converse County, Wyoming.

The Great Western Petroleum Co., has been used for these in 16,486 acres in 15 areas in Montana, Wyoming, Colorado and Kansas. It is expected that the Bailey Dome lease, consisting of 134 acres in Converse County, Wyoming, will be drilled within the next few weeks. Oil has been discovered in the McGaughin well in close proximity to this lease.

The lease is owned by McMillan Oil Co., of Elkhart, Ind. Basin Creek acquirer.

R. W. Pressprich Has

Philadelphia Office

PBG has announced the opening of a Philadelphia office at 123 Broad Street under the management of Richard H. Wole and Gordon L. Keen.

With Marache, Dofflemeyer

(Los Angeles) - R. W. Pressprich & Co, has been merged with Marache, Dofflemeyer & Co., 634 South Street, members of the Pennsylvania Stock Exchange. Mr. Curtiss was previously with J. A. Hoge & Co.

CHAS W. SCRArrTON & CO.
Members New York Stock Exchange

New Haven
New York - Rector 2-9377

Telegraph 194
As with long-term stock market trends, the Congress is dominated by business trends, all of which we can know with certainty is that a depression is where we are and where we have been, and a degree we have never been as sure of the direction as we are now.

The market and business are naturally constructed to experience the momentum of Fair Deal actions, particularly spending. This together with the enthusiasm generated by the Republican victory should carry business and the stock market upward strongly until Jan. 20, 1963. From then on, however, we feel that the sobering effect as businessmen and investors begin to seriously analyze some of the immediate results if the new Administration carries out its campaign promises of moving the postwar boom based on producer goods and the economy has lifted itself up by its "bootstraps of credit," there will be developed in the stock mar- ket, the bond market, and in business generally. This was attempted to reverse the trends toward inflation and, eventually, certainly bankruptcy.

The immediate effect of the increasing war in Korea for consumers and businessmen, to rush in and secure goods before the hoarders got them, in memory of World War II shortages. The result was to build confidence for more extended (borrowing to finance renewed capital goods expansion. However, the real stimulus to preserving the important business of from Washington. We were to learn that the boom had the capacity to produce all the armaments necessary short of war.

Washington went even further and was to tell us that it did not see fit to increase its capacity on the scale required by the immediate results of the war. The productive capacity can be shifted relatively easily to wartime uses and vice versa. Since Korea, then, we have been adding to our capacity to produce goods as well as war goods; for example, in steel, aluminum, etc. Most people do not seem to realize that the effect of the Korean war has been, to give all the armaments necessary for a war.

This economist is perhaps too optimistic on some points, but to him the key to the super¬ market has raised business above the normal level in the postwar period has been a Capital Goods Expansion and a Foreign Aid, both made possible by heavy and continual rising Dollars.

Capital Goods Expansion
No real boom in an industrialized nation as opposed to normal business has ever been possible unless it has been characterized by a tremendous and continuous demand for goods. Man rests and labor which would not be productive if utilized by the capital goods industries, and when the boom ends the surplus of labor and materials, which becomes unemployed, is, of course, a surplus from the capital goods industries.

The production of all other industries is affected by prosperity which is characterized by relatively little change. The postwar boom has been more than a "booming" boom reflected not just on debt financed capital expansion, except during an all-out war.

Businessmen, as a class, do not expand their plants and equipment, the general and estimated demand appears too large to be met by existing facilities. The pent-up sentiment for consumer goods, especially housing, and other consumer durables, in 1945-1946 was good, and what would have been good has been the super boom when the capital goods industry was started. The use of labor and materials to produce capital goods naturally meant that it was available for the production of consumer goods and relative shortages continued somewhat longer. However, by 1949 and 1950 not only had the most urgent demands been met, but the capacity to produce had, in the meantime, been very consider¬ ably increased.

Capital Goods Program 1953-1955
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Two factors have been affecting the foreign aid. The first has been the rich man deferenti¬ ally taking care of poor and inferior rehabilitation. The second, a world a universal aid has been built up as the national pride of various nations has been deeply hurt. Today many foreign countries actually are exporting a strong and sincere desire to be rid of American aid, especially the light of political and economically and militarily Anti-American Feeling in Europe and a world which is certainly assuming rather serious proportions (no doubt fanned by the Communists).

The fear that the Russians are going to resort to a major war (regardless of its validity) has been growing in Europe, and Europeans are openly stating that the Americans are acting in a somewhat hysterical manner.

As a result of this factor, the growing economic and military strength of our allies, it may be increasingly difficult for us to continue our large foreign aid program, particularly with strings attached. And yet, the result of the election, and other factors, it appears that we are going to insist on having more strings, rather than less, attached to our foreign aid program. If we are not going to be able to give our goods away will we be able to sell them? As the for¬ eigner reported, the recent decline in world commodity prices and related factors has greatly reduced the foreigners' ability to purchase capital goods from the United States. The world trend towards conservation and sound financial methods has resulted in strep¬ th, deficits, world wide, to reduce, imports, especially from the United States, and to increase exports.

We have stated that the demand for capital goods and for foreign aid is the most important factor on which the postwar super boom is based. We have indicated that the desire for capital goods, and until recently for foreign aid, mean, for example, in steel, aluminum, etc. Most people do not seem to realize that the effect of the Korean war has been, to give all the armaments necessary for a war.

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Continued on page 32

100,000 Shares

HOUSEHOLD FINANCE CORPORATION

4.40% Preferred Stock
($100 Par Value)

Price $100 per share

Plus accrued dividends from November 24, 1952

Copies of the Prospectus may be obtained in any State from such of the several underwriters, including the undersigned, as may lawfully offer the securities in such State.

Lee Higginson Corporation
Kidder, Peabody & Co.
William Blair & Company
Blyth & Co., Inc. The First Boston Corporation
Goldman, Sachs & Co.
Smith, Barney & Co.

November 21, 1952

This announcement is neither an offer to sell, nor a solicitation of an offer to buy, any of these shares. The offering is made only by the Prospectus.
Debt Repudiation by Russia And Red-Dominated Countries

BY MAX WINKLER
Partner, Bernard, Winkler & Co.
Members New York Stock Exchange

Dr. Winkler lists par value of repudiated Communist dollar loans, amounting to over $322 million.

The par value of repudiated Communist dollar loans, exclusive of interest in arrears, totals $322,224,500 million, distributed as follows:

<table>
<thead>
<tr>
<th>Country</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Czechoslovakia</td>
<td>$2,800,000</td>
</tr>
<tr>
<td>Hungary</td>
<td>$15,213,000</td>
</tr>
<tr>
<td>Rumania</td>
<td>$10,000,000</td>
</tr>
<tr>
<td>Yugoslavia</td>
<td>$43,400,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$322,224,500</strong></td>
</tr>
</tbody>
</table>

It includes political subdivisions and possessions.

The above total does not include a relatively small amount of the debts of various allies of the Soviet Union to other Communist countries, and, it must be remembered, the full extent of such credits is not known.

Dr. Max Winkler

Foremost is the Soviet Union, where the present financial troubles, so far as we can judge, are being financed by the issuance of debt and the assumption of other debt.

Dr. Max Winkler

Missouri Brevities

Stern Bros., Co., Kansas City, and associates yesterday (Nov. 24) publicly offered for sale $4,000,000 of its 6% debentures, maturing Dec. 15, 1953.

Anheuser-Busch, Inc., St. Louis, has announced that earnings for the second quarter ending June 30, 1953, were $10,391,651 ($2.32 per share) and earnings for the six months ending June 30, 1953, were $21,050,306 ($4.07 per share), compared with $10,245,000 ($2.27 per share) and $19,255,000 ($3.88 per share), respectively, earned in the like period of 1952.

Gaylord Container Corp., St. Louis, has reported a net profit of $1,234,028 for the quarter ending Sept. 30, 1953, the first quarter profit in the company's history.

Dr. W. McMillan, President of Humiston Refrigerator Co., Inc., on Oct. 22 announced that both sales and profit for the third quarter ending Sept. 30, 1953, were the highest in the company's history, amounting to $2,695,519 and $194,062, respectively, compared with $2,120,281 and $147,242, respectively, for the like quarter of 1952.

The consolidated income account of Union Electric Co. of St. Louis, for the quarter ending Sept. 30, 1953, showed operating revenues of $85,927,560, compared with $74,360,400 in the corresponding 1952 period. The net operating income for the quarter was $4,267,517, compared with $3,488,422 in the corresponding 1952 period.

Dr. Backman forecasts that "a decline in business will start some time in 1953 and continue into 1954. Declining expenditures for plant and equipment, the end of the expansion phase of the armament program, and the pressures of inflation, will cause a reduction in inflationary pressures over the next two years. The absence of a labor slowdown will be a factor in this reduction."

Dr. Backman states that the planned investment in the fiscal year ending June 30, 1954, will be lower than in the current fiscal year. If this development materializes, it would have a significant adverse impact upon revenues obtained from the current tax structure. Should such a decline in business take place, it will be clear that a cut in the government spending program would not give us a balanced budget, much less a surplus, throughout the remainder of the current year; and that increases in excise taxes will be necessary to keep the government from exhausting its already depleted public funds.

While the tax rate is 21%, the rate for 1953 is 16%, which is a decrease of 5%. The change is not likely to be permanent, and if the tax rate is increased, the result will be an increase in the government's taxes. The government's taxes are in the form of excise taxes, and in the form of other taxes, such as inheritance taxes, and estate taxes. The government's taxes are in the form of excise taxes, and in the form of other taxes, such as inheritance taxes, and estate taxes. The government's taxes are in the form of excise taxes, and in the form of other taxes, such as inheritance taxes, and estate taxes.

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To explain the risk this way. Suppose you are asked to invest in a string of 43 service stations. Each station makes $90,000 each. The chances were, you would have been very anxious to be sure that you would lose total losses from your oil, and not recover a penny. Of the others, 100,000 barrels of oil would be found by drilling, and producing it. The chances of finding an oil reservoir big enough to sell, the odds again against finding an oil field of over 50 million barrels — which, admittedly, would put you in high cotton—are nearly 100 to 1.

Modern science, as we see it, is not going to produce a cut-and-dried affair. Geologists are in the position of the weathermen in the location of certain types of potential oil bearing formations, and other types of resources can be discovered by pure guess-and-guess-basis. That is, by methods recent in the history of the world. It is true that the average drilling expenditure of $90,800, according to industry figures.

The likelihood of a well will probably always be a needle-in-the-hay. Some oil fields in Pennsylvania cover less than 1% of this State's total area. More than half have been no more than scattered — owing, though widely scattered — on no more than six square miles in which a strike in Texas covers no more than 200 square feet of oil. However, since percentage depletion has come up for reconsideration by Congress, and in each instance the case has been heard by a three-judge panel, the Federal Supreme Court has been asked to venture some oil operators.

Net a Windfall

That this allowance has not been a windfall is shown by the fact that during the past 25 years the oil producing industry has earned a much smaller profit than has been earned by manufacturing industries which are not engaged in the hazardous business of exploration, yet whose percentage depletion has been allowed in the job. It is true that the oil industry has been undertaking investment in oil wells — which, incidentally, is one of the methods of percentage depletion in the Western States. Then the windfall is a net loss annually is about 20,000 less. Many people who are not familiar with oil fields seem to have the idea that a typical oil well is a successful field if it produces thousands of barrels of liquid gold every day. That idea was fostered by the oil companies who would open up their wells so they would automatically be pictures which might induce the unwary to invest in oil, and you. Wells that were opened up like that under pressure were, of course, they were, the United States produces less than 25 barrels of oil per day. If oil producing wells are stripping oil with a yield of only two-and-five-thirds barrels of oil per day, they are expensive to operate. If oil wells are not costing $15 per barrel, but oil producing oil companies must be shut down, with permanent losses, unless they earn a profit in them, if it wasn't for the fact that percentage depletion gives the oil company a sufficient value to the operator. The depletion allowance for oil companies, for your information, is a tax deduction of 27% of the gross income from each producing property, providing that this deduction does not amount to more than 75% of the net income from each property. You can readily see how a huge tax deduction can and does encourage the operation of otherwise uneconomical wells and thus lead to the discovery of new oil fields. The "Tidelands" Question

This subject has produced a lot of ramifications concerns the question, who is legal landlord of the tidelands, by the Federal Government, and individual coast lands. Tidelands lying between the coastlines of the United States and the Continental shelf. In the Gulf of Mexico and off the coast of California the tidelands are thought to contain billions of barrels of oil and trillions of cubic feet of gas.

It was just three years ago that the Federal Government first recognized the oil producing tidelands, which the States inshore depletion allowance. Before the formation of the Union, had every reason to be concerned with tidelands, and the two years ago the Supreme Court upheld the Government's case. Several oil companies in the Gulf have been practically out of the market on the Federal Government.
Next Four Years in Government

By WESLEY S. MEAD

Picturing the Eisenhower victory as giving nation "four years of grace," in which to stem the tide of socialism and statism, Texas editor advocates as methods to realize this and (2) a crusade that will carry us back to the Constitution. Concludes there are no grounds for complacency on outcome of election.

I have been assigned the topic of "The Next Four Years in Government." I should be pleased to do the job, but naturally the very prospect of preparing a column of 2,000 words makes me feel a trifle nervous. Therefore, I must apologize in advance if I fail to do justice to the subject.

The election was the beginning of a new era in American politics. The euphoria of victory had not yet worn off when the Republican Party, after 24 years of sitting in the political wilderness, swept into power with a mandate to straighten out the existing condition. The Republicans and President-elect Eisenhower are determined to act with alacrity, moving swiftly to carry out the program of the new administration. A colleague has called this the "Eisenhower Effect." It is a force which is sweeping the nation at an unprecedented pace. For the first time in decades, there is a feeling of optimism in the air. People are talking about the future with a new sense of hope and confidence.

The Republican Party, under the leadership of President-elect Eisenhower, is determined to bring about a realignment in American politics. The party plans to work for a program of constructive legislation, sound fiscal policy, and a strong national defense. The Republicans are also committed to the principle of individual freedom and limited government. In a word, they are determined to return the country to the principles of the Constitution.

But as we face the challenge of the next four years, we must not lose sight of the fact that the road ahead is not easy. There are numerous obstacles that must be overcome if we are to achieve our goals. The Democratic Party, and its supporters, will not go down without a fight. They will use all the tools at their disposal to阻挠 the progress of the Republican administration. We must be prepared to meet this challenge.

As we look forward to the next four years, let us remember the words of President-elect Eisenhower: "The job is too big for one man. It is a country job. We have to work together."

The people of the United States have placed their trust in the Republican Party and its candidates for the next four years. We must not let them down. We must work together to achieve the goals we have set for ourselves. Only then can we truly say that the job is done.

From Washington Ahead of the News

By CARLISLE BERGERON

One of the better known Leftist columnists has described vividly how the Washington lobbyists are making their chops in this anticipation of election. The facts are, indeed, that this city, constituting, incidentally, our best residence for the professional lobbyist, have gone in for more sober analysis of the events to come and are concerned that we didn't vote securely for Stevenson.

The brutal truth is that under the Republican, Washington, with the happy hunting grounds it has been for the past two decades, will be a brain-stun-

When the Republicans captured the 80th Congress, the National Association of Manufacturers, just in time to let half of its Washington publicity-news staff. One of our more recent profitable industries was the Tideland oil lobby. A friend of mine was getting $40,000 a year out of it and was one of the best spenders at our country club. Eisenhow-
Defense Spending Stretch-Out: A Stabilizing Economic Force

By HARRY A. BULLIS
Chairman of the Board, General Mills, Inc.

Prominent industrialist, commenting on policy of extending defense spending, says this will reduce or curtail inflationary trend, and thus lead to stabilization of the economy. Foresees increase of 3%-4% in national income in 1952, "for which stretching is not in prospect," since new forms of economic activity can prevent a deflationary trend. Maintains taxes can be reduced.

The phrase "stretching out the stretch-out" has been used to describe the effect of extending defense spending as related to defense spending: some one time, presumably envisioned a level of defense spending to be reached at the end of three years. A number of key business and defense budget observers - among them John T. Price, chairman of the Board, General Mills, Inc., and James A. Eldersveld, chairman of the Board, Travelers Insurance Company - have advanced the view that the rate of defense spending has been slowed down to such a point that the threat of inflation has been reduced.

"Inflationary trend is not in prospect," says Mr. Price. "For which stretching is not in prospect," since new forms of economic activity can prevent a deflationary trend. Maintains taxes can be reduced.

One, American consumers will still have high incomes and their expenditures will very likely continue to increase, not only for the necessities of life but for new refrigerators, rugs, and other equipment. We have not caught up with the need for housing, and construction of new homes can show a considerable gain.

Two, we need at least 500 television stations in sections of the country as yet unquipped and there will be a market for perhaps 20 million television receivers. This new business will amount to more than a billion dollars a year for several years.

Three, demands and outlays for super-highways are growing by leaps and bounds. New Jersey, Pennsylvania, New York, Ohio, and West Virginia are building such roads, and North Carolina and Wisconsin have some in the planning stage. We know how to finance them with help from the Federal Government and they pay their way.

Four, we are on the verge of expansion in the form of huge, well-planned and integrated shopping centers in suburban areas. In my own city of Minneapolis, three such centers, each consisting of over a hundred stores, are being constructed. We are almost certainly going to have to pay for them by raising our taxes, but the price is well worthwhile.

Consumers are prosperous. Productivity and income levels are at the highest level in history and are still increasing. These high incomes should be spent at a very high level which has reached the 95% of the peak level of the first quarter of 1952. This was $10 billion a month. We are not sure that credit controls have been ended, it is not likely that consumers will be able to increase another $6 to $8 billion next year. This is 1953, and probably will see total outlays in the economy rising from $12 to $14 billion. I believe that rising productivity will not be enough to offset rising prices, and that the income in the labor force, to which rising productivity should be adding, should not be enough to offset the decline in prices.

We are not counted, but it seems to me that everything is in place for an increase in expenditure. There is more than enough new housing to go on, and a new market is being developed for defense dollars, which can be spent to improve the productivity of the economy. There is no indication that we are not able to increase our output and income.

The effect of "stretching out" Defense Spending

As a result of the "stretch-out," defense spending will not rise as steeply as we had at first thought. Nor will they rise as rapidly as we had thought. They will be around $6 billion. This amount is not large compared with the $5 billion in the second year after Korea. We are apparently able to stretch out for a year and a half the increase in defense spending, and we are able to reach a peak of $6 billion in the second year after Korea. In 1952, the increase in defense spending was $15 billion, and in 1953, the increase will be $6 billion.

We have not yet reached the peak in defense spending. We have already had the economic impact of the peak in 1952, and we are reaching the second year after Korea. We are spending $6 billion in the second year after Korea, and we have already reached the peak in defense spending. We have already reached the peak in the second year after Korea, and we have already reached the peak in defense spending.

Seven, population growth is the other major factor. In population in the past 10 years was almost three times the rate in the 1940's. This is 55% more children under five years of age, and we have more older people. The working force, growing slowly. Thus labor will be scarce for another 10 or 15 years, and labor will be scarce for another 10 or 15 years.

Inflationary trends will lead to curtailment in defense spending. Some of these new forms of defense spending may be new, and there will be great need for and new and improved machinery.

Taxes

One of our most important problems is taxation. Taxes are so high and take such a large part of personal and corporate incomes that incentive is diminished, I believe that taxes can be reduced soon if the government will put forth the effort to eliminate all unnecessary expenditures, to cut down expenses and do its utmost to get more for every defense dollar that is spent.

For the past three years, we have been paying for our military spending by taxation. This compares with 22% of World War I and 46% in World War II. As a result, we should be able to reduce taxes dollar for dollar as defense spending declines.

The Excess Profits Tax one or two other taxes should be allowed to expire June 30, 1953. The Excess Profits Tax especially should expire. By and large, the tax cut is working, and the excess profits tax should come over six of the things that are needed to be done. It is very prudent, and the general public should be able to work out the necessary changes. Our defense spending is not large. These taxes are not large. These taxes are not large.

Conclusion

I believe our economy is essentially sound. Production and spending for all purposes are substantially in balance, and I do not look for any additional inflation, neither do I believe that we will have deflation. When defense spending reaches its peak and levels off, there will probably be a small decline in total national production, but I believe that increasing consumer and business expenditures will tend to offset this. I believe the community and the Government are able to make the adjustment, and I believe the Government are able to make the adjustment, and I believe the Government are able to make the adjustment.
Upward Wage Pressures Will Flatten Out in 1953.

Labor Department official discloses employment is at peace time high, with 500,000 fewer unemployed than even during 1929-45 prosperity. Believe no pressure on wages will flatten out in 1953.

Employment is currently at peace time high and employment is some 600,000 lower than during this period of 1947-48 peak, said point out by Mrs. Arwyn Newson, Deputy Commissioner, the U. S. Department of Labor's Bureau of Labor Statistics. Mrs. Newson, President of the American Statistical Association, spoke at a forum under the auspices of the New York Area chapter of the American Statistical Association, at Remington Rand Hall, New York City, on "A Post-election Preview of the Labor Market," she said.

"It is clear that we should expect wages to rise, but it is also clear that we should expect them to rise at a slower rate," she said. "This is because we are in a period of transition, but we are not in a period of expansion. We are in a period of transition, but we are not in a period of expansion."
One of our men recently talked with an investor in Maine who was interested in a new development in Farmington, Maine. He put it into a company which had only recently been organized in Midland, Mich. I think he was a bit afraid of the connection with the subject of the meeting talk. 'The Next Twelve Months—Which Way Now?'

About 1905 this man's grandmother had taken some of the family's milk investment and put it into a company which had only recently been organized in Midland. The man who had organized this company was considered something of a nutter. He was pumping something out of the ground in Midland, Mich. It was called petroleum. That was in 1905. His name was Herbert Dow.

About 10 years later the family had sold off all its 100,000 shares and the question was whether to put it again into another oil company. Should it be Dow or to buy an automobile. The family finally decided to buy the Dow stock today because they now feel too sure of Mr. Dow. At the nominal price of $120 per share it would cost it $1,500,000.

I consider other stories comparable to that. I often wonder why security analysts or investors usually do not ask questions about what happens in the next 12 months. The decisions ever should be made on the basis of what may or may not happen in the next 12 months. I realize we have to make estimates to appraise and evaluate stocks to try to make sure we don't sell too low or buy too high. But so many people just do not ask the many economic questions facing this year. Their interest is too narrow and too short. There are, however, some very perplexing. Probably the biggest problem facing the major manufacturers is the tremendous increase in manufacturing capacity in recent years. I am not sure it can be solved. What is our future? It looks that way in the steel industry, the rubber industry, and too sure because certain things could happen to change the picture.

Deceptions in Prevailing Outlook

More mistakes have been made in the Wall Street investment market because of decisions based on the prevailing outlook than because of any reason. We should spend more time on thinking about the nature of industries and the companies in these industries and what they are doing. You will not be able to make their earning power. What are they doing to increase their earning power, to improve their standards of living for all time? We know that certain companies in chemicals, petroleum, steel, rubber, and other industries are using the most advanced technology and developing new products. These industries are very favorable. The indications are that the investor's advice may be worth looking into.

I have mentioned, especially chemicals, ethical drugs, and others who invest in research and development, because these companies do not spend millions each year on these new products without good reason. There are such companies as Merck, Pfizer, Abbott Laboratories, duPont Dow, Minnesota Mining and Manufacturing, and American Cyanamid.
Commercial Bank Investment Of Savings Deposits

By ROBERT W. STORER*

*Assistant Secretary, Manufacturers National Bank of Detroit

Asking solving of investment problems can be done by a bank's senior management. The principles of asset allocation and investment requirements for savings funds. Advises separation of balance sheet of savings deposits from portfolio policy. Discusses importance of external and national considerations entering into the investment problem, along with local and internal factors, and forecasts higher interest rates and lower bond prices.

Introduction

In dealing with our assigned topic, I believe that the basic assumptions which underlie each person's approach at the risk of seeming trivial, I would like to present a few basic assumptions which underlie my own thinking on this topic.

(1) The objectives of bank investing are:

First, to meet all our deposit withdrawals without incurring serious losses in liquid assets and with little or no inertia in our position second only to the above, to earn as much as possible for our stockholders, and to meet our obligations.

(b) A drastic market decline in bond prices might be a sign that the market is recognizing that the spread between local and national interest rates is too large for it. I believe that the market is recognizing that the spread between local and national interest rates is too large for it. I have little faith in this market's ability to price any asset.

(c) If we have a market decline in bond prices, we should follow the market's lead and sell bonds at a loss.

(2) We pursue these objectives:

(a) By having sufficient liquidity in cash and short-term investments and

(b) By diversifying.

(c) By having a maturity runoff in loans, mortgages, and securities and (d) by extending bond maturities at higher rates of interest where that is consistent with our other objectives and within our limitations.

Problems in Formulating a Bank Investment Control System

(1) In attempting to define a system which will enable each individual bank to solve the above problems for itself we have a paradox. The problem is one of deciding what is true but does not see if. If it were to be true that a bank could maintain sufficient liquidity and take advantage of market-wide conditions and market-wide movements, it would be a very bad thing for any bank. The paradox is that the bank is in business to make money, without which, on the other hand, there would be no financial institution in the community which provides the basic services that we are all familiar with. In this case, I believe that the philosophy and an analytical approach to this problem can be developed which will aid all of us in analyzing the problem and, finally, each bank to its own unique method of investment and the various aspects, change from time to time.

(2) In this paper, I will attempt to develop such an approach or analytical framework which will enable each bank to break down our problem into a series of smaller problems and to use a rational and quantitative over-all analysis of the portfolio account.

The FICTITIOUS NATIONAL BANK

Condensed Balance Sheet

June 30, 1953

ASSETS

Cash and Deposits from Banks $2,902,000
U. S. Treaus. Obligations 2,550,000
U. S. Savings Bonds (discount) 700,000
Real Estate Mortgages 1,073,750
Bldg., Furn. & Fixt. 40,600
$5,500,000

LIABILITIES

Demand Deposits 3,250,000
Svgs. & Time Dep. 2,500,000
Surplus 250,000
Unallocated Profits 45,000
Bond Loans (C. F.) 100,000
$7,500,000

ASSET ALLOCATION

General Bank—Demand Deposits $3,250,000 Bank Value 3%
U. S. Treasury due or callable 0-1 yrs. 1,250,000
U. S. Treasury due or callable 1-5 yrs. 500,000
U. S. Treasury due or callable 5-10 yrs. 250,000
U. S. Treasury due or callable 10-15 yrs. 500,000
Loans and Discount 0
$3,250,000

Savings Bank—Savings and Time Deposits $2,500,000
Cash and Deposits from Banks 1,250,000
U. S. Treasury due or callable 0-1 yrs. 100,000
U. S. Treasury due or callable 1-5 yrs. 500,000
U. S. Treasury due or callable 5-10 yrs. 250,000
U. S. Treasury due or callable 10-15 yrs. 500,000
Other Bonds....due or callable 10-15 yrs. 50,000
Real Estate Mortgages 1,075,750
$2,500,000

Capital Funds $500,000
U. S. Treasury due or callable 5-10 yrs. $125,000
U. S. Treasury due or callable 10-15 yrs. 200,000
Other Bonds....due or callable 15-20 yrs. 250,000
Bank Building, Furn., & Fixt. 40,600
$500,000

*An address by Mr. Storer at the Savings and Loan Convention of the Northwest, Minneapolis, Minn., Nov. 10, 1932.
NEWS ABOUT BANKS AND BANKERS

FRANK J. RUE has resigned as a Vice-President and member of the Board of Directors of the Philadelphia Trust Company of New York to become a Vice-President and director of Crocker-Winchester Trust Company, the investment bankers, of Philadelphia. In addition to the resignation of Mr. Rue, Jay Cooke and Louis H. Bieler, Mr. Bieler's resignation as a director, took place in the same corporation, under the title of Rue & Donoho, Inc., to act as financial advisors. It was announced that the company will have offices in Philadelphia and New York.

S. Sloan Colt, President of Bankers Trust Company, announced that at a meeting of the company's Board of Directors on Nov. 28, it was voted to increase the regular quarterly dividend from 50 cents a share to 55 cents a share. This is the first dividend at the new rate will be offered to stockholders of record Dec. 22.

The 134-year old banking firm of Brown Brothers Harriman & Co., New York, has named two retiring executives whose lengthy terms of service to the institution totals 90 years. Howard E. Maeder, Manager, and the bank in 1940, and William H. Houts, Vice-President, who joined the bank in 1913, both announced their resignations. Both have served as silver bowls. Retirement of Mr. Houts marks the end of a long and effective at the year end. Thachar M. Brown, senior partner, made the annoucement of the resignation of both partners of the firm.

Announcement is made that Frank J. Rue has been elected Trust Officer of the First National Bank of the City of New York. A graduate of the Harvard Law School, he was a member of the army until 1916, when he became Vice-President in charge of the Trust Department of the Lawyers Trust Company. He merged with the Trust Department of the First National Bank on Nov. 11.

At the recent meeting of the Board of Directors of the Federal Reserve Bank of New York held recently at the Waldorf-Astoria and Claire O. Weidman, formerly Assistant Vice-President, has been named Assistant Vice-President. Both are associated with the bank's Pension Credit Department headquarters at the 42nd Street Branch.

Approval was given on Nov. 12 by the New York State Banking Department to a certificate of incorporation for the Modern Industrial Bank, at 115 Ninth Avenue, New York, to have an authorized capitalization of $1,015,025, par value of shares, $25. The capitalization is divided into 40,600 shares of $25 each. Last month, on Oct. 30 the Banking Department of the Federal Reserve Bank and Trust Company of New York granted approval for an application by the Modern Industrial Bank for permission to use the name "Trust." The Bank and Trust Company of New York has suggested a proposed conversion into a state bank, had been discussed.

Horace C. Flanagan, President of the Union Bank of New York announces that William A. Horner, an employee of the bank, has been appointed assistant treasurer of the bank.

Federal Reserve Bank of St. Louis
http://fraser.stlouisfed.org/
Digitized for FRASER

Tobin to Discuss N. Y. Port Authority Financing Program

Austin J. Tobin, Executive Director of the New York Port Authority, will address a special meeting of the Municipal Finance Officers Association at 3:30 p.m. on Nov. 29 in the Oak Room, 38th Floor, World Trade Center, New York. Mr. Tobin will discuss the current status of the financing plan of the Authority's present outstanding projects, including the future of the Authority's outstanding indebtedness.

H. L. Walters was elected a Vice-President of the Phoenix Trust Co. of Philadelphia, effective Nov. 1, it was announced by Howard E. Maeder, President. Mr. Walters had been a member of theLoew, and the Bank of Franklin Square, Long Island, N. Y., expired at the close of business, Sept. 26, the territory embraces the States of New York and New Jersey. In December 1943 he was appointed Assistant Treasurer.

Harry K. Killpatrick, Senior Vice-President of Manufacturers Trust Company of New York, has been retired on Nov. 15 in Mr. Killpatrick, who was born in Philadelphia, attended Lehigh University, in 1935 he went with the Real Estate Department of Manufacturers Trust; he became Assistant Vice-President in January, 1940, and in 1958 became Vice-President in charge of Real Estate and Mortgage Department. He has been absent from the company's offices since his retirement on Dec. 15, 1945, he received the Legion of Merit, and was named his duties as an Administrative Vice-President of Manufacturers Trust Co. In September, 1945, he became Vice-President and General Manager of the Second National Bank of New York, Senior Vice-President in August, 1946, he was named President of the New York State Chamber of Commerce and Trust Co., the Wall Street Club, etc.

Manufacturers Trust Company reports that on Nov. 7 it is offering "Registration Checks," a new type of personal checking money order, at its 110 offices. It is stated, bringing the new service to the New York City public for the first time.

Marking the 35th anniversary of his service with the Dime Savings Bank, New York, George C. Johnson, President, was honored with a testimonial dinner on Nov. 14 by the Trustees of the "Dime Bank," who presented him with a diploma of a gold plate, a pen, and a book, "Dime Talks," the occasion. The presentation was made by Walter Hamilton, Trustee.

George C. Johnson, President

Completion of arrangements for the new Central-Penn National Bank building at 45th Street and City Line was announced on Nov. 19 by the Bank. The new building is being operated as branches of the Central-Penn National Bank.

Frederick Williams Opens Own Investment Co.

JACKSONVILLE, Fla. — Frederick Williams has formed the Williams Investment Company, having as offices in the Barnett Building to serve in the securities business. Mr. Williams was formerly manager of Allen C. Ewing & Co.

Lee Higginson Group Offers Household Fin. 4.40% Preferred Sks

A group of underwriters headed by Lee Higginson Corp., Kidder, Peabody & Co. and William Blair & Co., yesterday (Nov. 10) offered publicly a new issue of 100,000 shares of Household Finance Corp. 4.40% preferred stock, $100 par value, at $100 a share. The dividend will be paid on Dec. 15, 1952, and the stock will be listed on the New York Stock Exchange.

Proceeds from sale of the issue will be used to increase the company's working capital.

Household Finance Corp., with its subsidiaries is one of the largest and oldest organizations in the finance (small loan) business. On Sept. 30, 1952, outstanding debt was $100,333,744, of which amount was $30,616,648, and the company holds 576 branches of offices in 17 states and 10 Canadian provinces. Headquarters are located in Chicago.

With Thompson, McKinnon

(Restricted to the Commercial Chronicle)

N. R. J. ROYCE, the new President of the Federal Reserve Bank of St. Louis, has reported that the partial recovery in the business situation is making itself felt. He noted that the season is a strong one, and that the banks were paying off loans to customers more rapidly than in the past few years. The banks are also making fewer loans, he said, and are paying more attention to the safety of their investments. The President expressed the hope that the recovery will continue, and that the banks will be able to meet the needs of their customers.

H. L. Walters was elected a Vice-President of the Phoenix Trust Co. of Philadelphia, effective Nov. 1, it was announced by Howard E. Maeder, President. Mr. Walters had been a member of the Board of Directors, and was formerly a Vice-President of the firm. He joined the company in 1943.

Consolidation was effected on Oct. 21 of the First National Bank of New York, at Rockland, N.Y., under the charter of the New York State Bank. The consolidated bank will have a capital stock of $1,175,000, with 13,333 common shares, of which 25 per; of sale, profit of not less than $50,000. The offices of the People's National Bank will be carried at a branch of the First National Bank.

The Second National Bank of Townsend, Pa., was merged with the First National Bank of Plains, III., on Nov. 1, 1952, the latter amount having been effected Nov. 6.

An announcement was made on Nov. 5 that Mr. Johnson's estate, which was valued at $3,758,750, will be distributed among the beneficiaries. It is expected that the estate will be distributed in full in 18 months.

The Commercial National Bank in Shreveport, La., reports of its operations for the month of November, which were decreased from $1,000,000 by a stock dividend of $1,000,000.

Henry L. Bucello has been appointed as the new President of the Bank of America National Trust and Savings Association of San Francisco and will occupy a position left vacant by the retirement of President and long-time head of the company, Mr. Bucello is a graduate of the University of California and a former member of the Board of Directors. He holds membership in the S. F. Advertising Club and the San Francisco Press Club. He is a former member of the World War II service as a naval officer in the South Pacific theatre.

Lloyd Mazzera, Vice-President of Bank of America, has completed 35 years of service with the bank. It was announced from the bank's statewide Timeplan Loan Office in Los Angeles that his career in the Lodi branch, Mr. Mazzera joined the bank in Stockton, in Oakland Main Office, and in San Francisco headquarters.

Frederick Williams opens his own investment company. The company's headquarters are in the Barnett Building.
Measuring Finances of insurance companies

by ALFRED M. BEST

President, Alfred M. Best Company, Inc.

Insurance expert reveals new developments in insurance business, and describes methods of rating their financial structure and financial standing. Warns concentration of investments in common stocks, real estate, or other investments subject to wide fluctuations.

I am aware of and have watched with satisfaction the growing interest and attention that insurance companies are exhibiting in insurance matters, especially in the financial requirements of the many hundred insurance companies throughout the United States.

I would like to make certain that all of the respective concerns are given, appropriately, for all concerns.

The financial standing of insurance companies for stability is outstanding. But there are pitfalls, and these must not be overlooked by policyholders.

We are discussing only two factors which have an important bearing on the analysis of the financial position in insurance companies: whether we have fewer and fewer companies which write fire and allied lines only, or others which write casualty and surety as well.

We can point toward more voluntary "multiple line" underwriting, and this can be very desirable if made suitable for our company to combine, as was done by whom annual reports on all classes of insurance companies, other than life. The chart which has been a carefully review of our methods of rating these "multiple line" companies. A second change of importance is that the financial condition of life insurance companies— including some very large ones—is becoming an important factor in the field, where they write many different types of insurance.

Life Companies

The record of stability of the life insurance business, through experience, is well known and outstanding. Even during the worst days of the depression, the life business was an astonishingly fine record of stability. As the life insurance business is now conducted, the well established companies are in a very favorable position. The fact that assets in the entire life insurance industry exceeded that of all business (by only about 6%) may be the cause you come to, because in their day-by-day operations there is an adequate margin of safety. History shows that life insurance companies rarely get into difficulties on account of underwriting losses which result in losses, but, where any trouble has occurred, almost invariably the trouble had been due to wrong investment policy. In nearly all states, however, life insurance companies are so restricted as to the type of in vestments that they may make that this hazard is minimized. I think, however, the very serious and the damaging pitfalls to be avoided by life insurance companies is having a considerable part of its assets in any single investment, or in any one group of similar investments, under one type of investment hazard.

One company failed because it put 50% of all its assets into one hotel building, and another because it had too few assets in one investment.

Property and Surety Insurance

Fire-marine and casualty-surety are normally weak or pay out of business only through a depression or exceptionally severe depression. They can be sold at a price, even when the demand for a line is relatively small, to the profit of the company, and to the disadvantage of the public. In the case of insurance companies, as well as the general public, any change in the volume of business written; this is due to the legal requirements for setting up reserves for unearned premiums; the second is due to the changing market conditions, and the third is due to the changing conditions of financial markets.

The measurement of real estate values is a process of determining the amount of real estate. The value of real estate is determined by the market price of real estate. The market price of real estate is determined by the demand for real estate and the supply of real estate. The demand for real estate is determined by the number of people who wish to own real estate and the number of people who are willing to sell real estate.

Surety and Surety Insurance

Surety insurance is the insurance of a person or company for the performance of a contract. The contract is the agreement between the person or company and the person or company who is required to perform the contract.

There is, however, one catastrophe that cannot be insured, and that is due to the relatively recent development of the extended coverage form of insurance. That is, by definition, a catastrophe line. This was quite widely used by the windstorm companies until the eastern part of the country, in 1900, with approximately 100,000 policies paid. Again, however, the recently immense increase in the premium and the very large increase in the number of policies of the fire companies shows that it was comparatively unimportant in the total operating figures for the year. To be sure, the rapid increase in the number of policies shows that there was a very large increase in the number of policies, but, for the most part, as far as policies that were covered under the various competitive lines, the storm struck wound up the year at the end of the season, and, of course, for a line, but, as far as policies and the number of policies, were concerned, their protection was a matter of modern warfare. This is one of the reasons why the stock fire and casualty companies do not have to carry such a large amount of capital and surplus with which to back up the business as those fire companies do.

In the casualty field real estate values are so extensively used that they are subject to the possibility of a loss due to changes in occurrence comparable to what might strike premiums incurred are raised to premiums written, because most of the expenses are incurred at the time when the premium is paid. The procedure differs from the statutory methods of calculating premiums, in that the insurer company has to keep an eye on the possibility of the occurrence of some event which will cause the amount of premium to be raised.

Fire companies also have been writing "multiple line" insurance, the number of different classes of business, and, now, with the increased demand for "multiple line" writing, has made more complete our analyses for the companies involved, but it is def.

It is the interest of policyholders because of this greater spread to obtain the most accurate determination of the amount of premiums written, because most of the expenses are incurred at the time when the premium is paid. The procedure differs from the statutory method of calculating premiums, which is that the insurer company has to keep an eye on the possibility of the occurrence of some event which will cause the amount of premium to be raised.

Analyzing the Statements

From long experience we have found that the vital items to consider in our analyses are:

1. Surplus of the company, in whatever form it is shown, in any company's statement, which is always prepared in accordance with the laws, is a fair measure of the safety of the policyholders. The surplus is the difference between retained earned premium and the unpaid claims. In our analyses we allow credit for the earned premiums, based on the average loss experience over the preceding five years. In the case of casualty companies the surplus is determined annually in the same way. The surplus is a measure of the financial stability of the company, and it is substantially the net worth of the company.

The Extended Coverage

There is, however, one catastrophe hazard that cannot be insured, and that is due to the relatively recent development of the extended coverage form of insurance. That is, by definition, a catastrophe line. This was quite wide-spread among the windstorm companies until the eastern part of the country, in 1900, with approximately 100,000 policies paid. Again, however, the recently immense increase in the premium and the very large increase in the number of policies of the fire companies shows that it was comparatively unimportant in the total operating figures for the year. To be sure, the rapid increase in the number of policies shows that there was a very large increase in the number of policies, but, for the most part, as far as policies and the number of policies, were concerned, their protection was a matter of modern warfare. This is one of the reasons why the stock fire and casualty companies do not have to carry such a large amount of capital and surplus with which to back up the business as those fire companies do.

The most important danger sign to watch for in any a business is the presence of reserves. Such a condition can only be a temporary one; but, if the policyholder's reserves are depleted, the company may have to settle a claim for a further injury. This is not a matter of technicalities, but rather a matter of common sense. The policyholder's reserves are the company's capital and surplus with which to meet the claims of the company. If the reserves are not sufficient to meet the claims, the company may be forced to liquidate, with some margin of profit for itself, but with the loss of any future earnings. We and other analysts like to compare the financial structure of a company and endeavor to give ample advance warning of unsatisfactory conditions.

To as adequacy of surplus, if the company's reserves are too small or its liabilities appear large in proportion to them, it is important to investigate the financial standing of the company and ascertain whether its earnings are sufficient to cover the liabilities.

For your information, at the end of 1951 the stockholders' equity of all the stock companies reported increased net worth by $20,900,619,579 and 79 cents of such surplus for each dollar of net premiums written.

As to investments, the buyers of insurance are entitled to know that the quality of the company's investment is not subordinated to other considerations. It is important that the quality of the company's investment is not subordinated to other considerations. It is important that the quality of the company's investment is not subordinated to other considerations. It is important that the quality of the company's investment is not subordinated to other considerations. It is important that the quality of the company's investment is not subordinated to other considerations.
Gold Dollar Price and Sterling Convertibility

By PAUL EINZIG

Assuring British opinion holds any attempt to restore sterling convertibility is doomed to failure unless it is linked to an increase in price of gold and reduction of the American tariff, thus it is world-wide for U. S. to swallow bitter pill of higher price and lower tariffs for sake of world currency convertibility.

LONDON, Eng.—There is reason to believe that the British Government will make an overture to the United States Government in support of the latter's demand for an all-round increase in the price of gold in terms of the currencies of the countries belonging to the International Monetary Fund. In November, 1944, the British decision rests entirely with the Americans. Pending the Presidential election the British Government would be doing the matter for fear that in response to any publicity on the part of the American public, the Atlantic and the British candidates might take fright and themselves in public against an increase in the price of gold. Now that the election is over the matter is likely to be considered seriously by the British Government. It is evident then that the question of the price of gold is the prime question of sterling convertibility. That subject is bound to figure prominently on the Agenda of the impending London meeting of the Commonwealth Prime Ministers.

With the slight improvement of the sterling position it is possible in convertibility as a practical problem on the increase. Until recently the popular view was that, given a sufficiently large dollar price of gold, the sterling price of gold would be restored. But lately in the United States of America, the International Monetary Fund, and the British Government has reduced the rate of gold to $38.60. Indeed it would conflict with his declared maxim of maintaining the dollar. It is a visible fact that the British Government would be insolvent unless foreign holders of sterling were to be given a free hand to help themselves to the dollar.

Some quarters base their hopes on the possibility of large-scale American investment in the back- ward countries of the sterling area. Those familiar with the situation agree that it may occur before the American investor be able to currency himself on a substantial investment in sterling. This, however, would mean that the flow of American capital would send the problem of the dollar gap un- doubtedly, with the aid of a long view that factor may well facilitate the maintenance of convertibility. But the maximum size of the gap, established safely. It seems probable, however, that the initial rush would result in a breakdown of convertibility long before the flow of gold really begins. It would have a chance to gather momentum.

There is growing conviction that the way to secure solid founda- tions for convertibility is through the channels of the United States and British governments in two directions. In order to ensure that the dollar gap is essential that the Dollar Area should import British and Sterling Area goods on a much larger scale. It is equally important that the dollar gap is not to be adjusted so as to bring it in accordance with the general rise in prices. This is felt is felt on the part of the British Government that the volume of gold available for settling international imbalances is not sufficient to meet post-war requirements in the near future. An increase in the official American buying price of gold, in conjunction with an all-round increase to be arranged by the International Monetary Fund under Article IV, Section 7, would greatly facilitate the import surpluses from the Dollar Area.

It is fully realized in London that the idea of changing the dollar price of gold is not popular in the United States. The only support that can reasonably be expected would be from the States concerned with gold mining, and manufacturing. There is a clearly nearly sufficient to ensure the acceptance of the American Government. On the other hand it is also realized that to achieve the aim of stabilizing the price of gold in the United States is very strongly in favor of making sterling convertible as a way to be, therefore, a fair scope for a bargain. Therefore, any attempt at convertibility is doomed to failure unless the price of gold and the reduction of the dollar tariff is growing increasingly firm. The British Government may find it difficult to decide in favor of convertibility unless such safeguards are secured.

It is for American opinion to decide whether the American tariff for the United States to swallow the bitter pills of a higher dollar price of gold and the price of goods for the sake of the materialization of the dream of returning to international convertibility of currencies. American tariffs are a great deal higher in the United States are so keen on convertibility it is to their interest to create conditions that would facilitate the process. The alternative would be to resist the exchange of 1946-47 when a dollar loan of unprecedented size was granted to Britain and the only result derived from it was a return to convertibility for a few weeks. It is more probable that in 1953 the proceeds of a dollar loan of equal size would melt away with equal rapidity as in 1947. Convertibility would then be restored, but sufficiently solid fundamental conditions which would be linked up by means of dollar aid would mean the repetition of the crisis of 1947. It is the opinion of the British Government that it is not necessary Britain nor the United States.

Quite conceivably the American view is that the advantages of a convertibility over the United States would not compensate the United States for the disadvantages. There is a high price parity of the dollar and of other commodities in the United States in the United States.

Smith-Doughlas Shs.

Publicly Offered by F. Eberstadt Group

F. Eberstadt & Co., Inc. headed an underwriting syndicate which opened the account of 370,000 shares of Smith-Doughlas, Inc., common stock at a price of $18 per share. Of these shares of Smith-Doughlas common company account and 370,000 shares by certain stockholders, inc., mainly the heirs and trustees of the estate of Oscar F. Smith, former President of the company. This is the first public offering of Smith-Doughlas stock since the company was organized in 1918, and the syndicate was able to do it without an underwriter. Such developments are bound to make it possible for small companies to make a short cut to convertibility offered by the exchange of the dollar gap by means of a higher gold price and a lower American tariff wall.

Smith-Doughlas Shs. is an important producer and distributor of chemical products, and mixed fertilizers in the growing peanut and truck growing areas of the states of Georgia, Alabama and Florida, and in the Middle West. The company owns and operates 20 plants in Indiana, Pennsylvania, Beamsville, Ohio, New York, and in Minnesota, Illinois, Wisconsin, Indiana, and Missouri in the Middle West.

The company will use its share of the proceeds for plant expansion and for additional working capital. It owns 21 plants in the states of Kentucky and Texas. The company's sales are its own and the company's distribution and its own and the company's distribution and sales are made through its own sales representatives and independent dealers.

The Commonwealth of Kentucky is the parent company and the offer is being made to the public by F. Eberstadt & Co., a major phosphoric phosphate, for fertilizer purposes.

The sale of its common stock will give the company a higher price of gold and a reduction of the dollar tariff, which would not be necessary if the dollar gap were to be adjusted in the United States. The company is thus in a position to decide in favor of convertibility unless such safeguards are secured.

The money raised through the offering of Smith-Doughlas Shs. will be used for plant expansion and for additional working capital. The company is the parent company of the Commonwealth of Kentucky, and the sale of its common stock was made to the public by F. Eberstadt & Co., a major phosphoric phosphate, for fertilizer purposes.

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Continued from first page

Funds' Deflationary Policies Reaffirmed by Elections

The Commercial and Financial Chronicle... November 20, 1952

currently? Within the next several months? Any change anticipated in the election? Public Utility Purchases

Even before the election many modifications had shifted into deflationary issues, reducing the necessity for post-election changes. Thus buying during the first three months under review were concentrated in the public utility stocks (which has been the favorable group for over four years), but also as well as the rails, electrical equipment, merchantile, and food issues. Natural gas, chemical, drug and tobacco equities were also liked and marked interest was shown in bank and insurance shares. Selling was heaviest in the oil, but there was some substitution of new issues in portfolios, while transactions were mixed and not very heavy in the non-ferrous metal division. Although total over-all purchase transactions exceeded sales, only one-third of the balanced open-end funds added to their equity investments in the third quarter of the year. Liquidity was increased modestly in the quarter. The sales of open-end funds and almost all of the oil holdings surveyed added to holdings of cash and government bonds.

Illustrative of the opinion in many investment company quarters which indicated a relatively more conservative outlook before the election was the minimum of portfolio change during the present time, we quote from a talk delivered just preceding Nov. 4, 6th before the Annual Fall Con- ference of the Securities Research and Development of Management by Dr. Henry B. Rau, Executive Director of the Research Institute of America. Before taking residence in this country, Dr. Rau had been one of the foremost investment company authorities on the European continent.

"America faces an economic re-

cession, starting some 10 to 12 months from now. The threat is far more serious today than it has ever been any time since before World War II. If and when it comes, this period of readjustment will be both longer lasting and more deeply disturbing than any of the difficulties we have had to contend with in the last 15 years, and possibly longer.

Through this prediction is made a short four days before the national election (our italics) it is important to look at the outcome of that contest. Re-

Thus the result of whether it is Stevenson or Eisenhower, the victor of the next Tuesday will be taken the rap for a good deal of economic sin and inevitable development which has occurred in the last 12 years at least. The day of reckoning which I personally believe is ineradicably coming, cannot and will not be avoided by the next President, no matter who he is, although its impact and severity may well be influenced by the next occupant of the White House.

The anticipation of such a reversal in economic activity is specifically alluded to in the statement of Kenneth C. Leonard, Treasurer and Director of the Mutual Fund Company; "The era of open-end funds and almost all of the oil holdings surveyed added to holdings of cash and government bonds."

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## Balance Between Cash and Investments of 61 Investment Companies

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### Summary

Change in Cash Positions of 60 Investment Companies: Period—Third Quarter 1952

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### Notes

1. Investment bonds and preferred stocks: Moody's Aaa through Baa, Standard & Poor's A through Baa, and other investment bonds and preferred stocks of similar quality.
5. Cash & Gov'ts—Aberdeen Fund—Closed-End Companies.
6. Net cash and cash equivalents at the end of the quarter.
7. Net cash and cash equivalents at the beginning of the quarter.
Changes in Common Stock Holdings of 44 Investment Management Groups

(June 20–Sept. 30, 1952)

Transactions in which buyers exceed sellers—or sellers exceed buyers—by two or more management groups. Issues which more than one management group has bought are in italics. Numerals indicate number of holdings making entirely new purchases or completely eliminating the stock from their portfolios.

Bought—
   No. of No. of
   No. of Shares Shares

Agricultural Equipment:
   42,500 Deere and Co. 100,000 4

Auto and Auto Parts:
   7,000 Bendix Aviation 300 6
   25,150 Chrysler 3,200
   8,900 DeLorean-Jarvis Corp. 1,200
   10,500 General Motors 3,075
   3,600 Libby-Owens-Ford Glass 1,500
   None Thompson Products

Aviation:
   8,000 American Airlines 1
   79,000 United Aircraft 1
   10,000 Douglas Aircraft

Beverages:
   7,500 Coca Cola 1
   10,000 National Distillers 1
   None Hiram Walker

Building Construction and Equipment:
   2,270 American Sealing 1
   2,300 Baudouin 1
   3,000 Johns-Manville 1
   14,500 Yale and Towne 1
   None American Radiator

Chemicals:
   18,000 Air Reduction 1
   7,600 Allied Chemical and Dye 1
   15,000 Commercial Solvents
   12,000 o-Paraffin 1
   5,500 Inter. Minerals & Chemical
   7,000 Tennessee Corp.
   None American Cyanamid
   300 Monsanto Chemical

Containers and Glass:
   3,500 Continental Can 1
   3,500 National Glass Co. 1
   14,000 Owens-Corning Fiberglas 1
   20,000 American Can 1

Drugs:
   11,800 Colgate-Palmolive-Peet
   4,500 Gillette Co.
   None McKesson & Robbins
   5,100 Merck & Company
   11,000 Parker Davis & Company
   None Sterling Drug

Electrical Equipment:
   1,200 General Telephone Corporation
   13,500 Motor Corp. 1
   16,400 Philco Corp.
   9,000 General Motors Corp. of America
   31,200 Westinghouse Electric
   3,100 Zenith Radio

Financial, Banking and Insurance:
   20,875 American Investment Co. (Ill.) 1
   5,100 Bank of Manhattan 1
   1,100 Cent. Ill. National Bank & Trust
   300 Fidelity Phoenix Fire Insurance
   6,800 First National Bank of Boston
   3,000 General Reinsurance Corp.
   1,370 Guaranty Trust Co. of New York
   4,200 Household Finance Corp.
   1,100 Northwestern
   2,500 Seaboard Fast Freight
   2,800 Security F-Ist Nat of L. A.
   5,867 Southwest Insurance Co.
   500 Travelers Insurance

Food Products:
   10,000 General Foods

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Sovereign Investors

A Mutual Fund

Prospectus from your dealer or
Harland Allen Associates
26 East Jackson Boulevard—Chicago 4, Illinois
Funds' Dilemmatic Policies Reaffirmed by Elections

Delaware Fund was fully involved in the business of these companies. The directors of some of them common stocks. We do not plan too long to be in the market, though some shifts between industries may be indicated. The unprecedented levels of Profits Tax on progressive and conservative policies are expected to be lifted. Some of our portfolio had to be raised slightly above our original outlook in view; additions to this type of security will continue to be made. We are not committing benefits on his fund's oil position is satisfactory and we do not anticipate any variance with some of the other managements: "As reported in my periodic letter to the Directors of Delaware Fund, we began in the middle of October to reestablish a larger position in oil stocks (61% net assets of Sept. 30), which has been reduced to a minimum again at year's end. It is not primarily controlled by the election results; rather the decline in our position was due to a change in our rendered them, in our opinion, sufficiently attractive to reinstate the position.

William A. Parker, President of Incorporated Investors

In answer to the particular question: How to meet the change in policy on account of the new administration for the presenting year.

The President of one of the most successful managers in this business wrote: "Our portfolio program will not be changed. We do not feel that the policies of the new administration will result in sufficiently well defined to permit the formulation of a new program. We therefore expect to continue our changes only after sufficient evidence is obtained to warrant such changes."

Francis F. Randolph, Chairman of the Board and President Tri-Continental Corp., Capital Ad¬ministration, Broad Street In¬vestors, and Whitehall Fund

"In general, we are not making any change in our portfolio program based upon the elections of this November. We are confident that the American economy is so strong that it will move forward for a quite a while, yet quite possible for the next few months. The change of the new Administration. Personally, I would much prefer to get a bit more conservative and as to how the new Administration is to shape up as to personnel and such policies as foreign relations, spending and taxation before I can restate any investment program based on the new Administration"

It is interesting to observe that during the third quarter of the year the George Putnam Fund, Bowling Green Fund, Auer-Hough Fund and Rogers and the Investment Co. of America made notice of the result of the elections in their holdings of the oil issues. So, however, purchase of insurance equities was paid by additions to the portfolios of the Boston Fund. Shawmut Fund, New Haven, New York, and again the Investment Co. of America. The General Mutual Investment Trust displayed marked interest in airlift capital during the quarter, purchasing as much as 33 million in shares of Douglas, Grumman, and Boeing Aircraft. On the other hand Douglas Aircraft, Grumman, as well as North American Aviation and Hughes Tool, were purchased from the portfolio of Overseas Securities. The strong position is also well liked by Putnam, Shareholders of the Buse Fund, Financial Invest¬ors and Bowling Green.

Less frequently held issues, added to portfolios during the three months' period under review, included the following: Traders Finance "A" and South¬western Life by the Boston Fund; Armstrong Rubber "A" by Diver¬sified Investors, Inc.; Royal Dutch Company for the Working of Petroleum Wells in Netherlands (India and New York shares) by Eaton and Howard Balanced Stock Fund, Wisconsin Investment Co., General Stock Corp. Group Associates by Share¬holders Trust of Boston; Anglo California National Bank of San Francisco and Peerless Casualty by Eaton and Howard Stock Fund, Consolidated Engineering by In¬corporated Investors; Ford Motor Company of Canada "A" by National In¬vestors; Kewanee Oil by General Electric and Canadian Hydro-
Funds' Deflationary Policies Reaffirmed by Elections

others. Douglas was lightened by three managements and eliminated by another.

In C.F. L. T. financial volume was light, but transactions slightly favored the buying side. The bull also had a slight edge in Commercial Credit and, of course, there were the additions resulting from the stock split-up. Buying of deflationary stocks still was in the ascendant, but as usual purchases tended to be scattered over many individual issues. Purchases in gains were made, however, in Aetna Life, Fidelity-Phoenix Fire, General Reinsurance, Southwestern Life and Travelers. Marine Midland and Guaranty Trust New York were the most popular among the banking issues. Also listed were Bank of Manhattan Co., Central Illinois National Bank and Trust of Chicago, First National Bank of Boston, and So...

Lease-Purchase Financing

Another newcomer is lease-purchase financing. It is a very familiar form, but not one which has been much out of the market. Because they pay no income taxes, these companies, by the tax-exemption and, as it is necessary to have some sort of premium for the tax-exempt feature, they would get a large premium for the lease-purchase for the larger life companies to buy them.

Taking these one at a time: In the case of tax-free loans to the fund the value of the tax-exemption to the fund is the part of the tax rate that it pays its income to some individual who is in a 68% bracket. Another way to do it is to lend the state of a 25% bracket. Obviously, the odd is going to influence the large companies more than the latter. Of course, the same fund may have beneficiaries in various tax brackets. In that case they have to strike a happy average of the fellow who wants tax-exemption and the fellow who does not want a tax-exemption and one who would have to pay his income to someone who is in a 68% bracket. Anybody who may or may happen to be in the 25% bracket.

The fact is, as far as personal income taxes are concerned, they have increased that interest which went into effect in 1951 and the new income tax was due to expire on Dec. 31, 1952. With Social Security in operation, the likelihood of that being re-enacted or that that is probably less than otherwise, it may seem that a public in Party more or less committed to the principle of taxes would seem rather difficult for them to do. It is likely that there was some difficulty with that tax once it had decreased.

The real reason, therefore, there seems to be no reason to expect any more buying from this company that we have had in the last couple of years, and the odd is going to influence the large companies many, many times more than the small companies.

In the case of corporations, the Excess Profits Tax is due to expire on June 30. It seems to have been rather generally felt, that the expectations of this tax, it would probably be extended for some time at least until the next time, at that time, regardless of whether it is taken by the government.

The Chamber of Commerce has called for the government to scrap the Excess Profits Tax, saying that only and not extraneous and that it is impossible to tell how the tax effects of the excess profits tax may be a bit of the next year.

The Excess Profits Tax, which expires next June, is a sort of corporate normal and surplus rate. The excess profits tax was supposed to expire on March 31, 1954. It is not possible to predict just what may happen, but my guess is that such a tax against the odds that there may be a decrease in overall corporations and that the possibility of this tax affecting the corporations is not likely to be very great.
words, if there is any change it will probably be on the downward side. The rates on new issues with the personal income tax, do not become fully effective in 1953, but this would apply only to the long-term bond his attitude toward long-term bonds is one of caution. The amount of tax-exempt bonds is certainly greater than the amount of taxable securities, but in status in the following and subsequent years.

With corporations, therefore, the outlook seems to be for the possibility of some decrease in interest.

Commercial Bank Bond Buying

As to commercial bank buying, there seems to be any very substantial change in volume, but a possibility, however, that there may be an increase. This increase would be because there is a rather general feeling that commercial loans will probably reach their peak level sometime in the first quarter of the year, as the volume of loans has been tapering off at that time. If this occurs in the first quarter of the year, we will have more money available for the purchase of securities.

It is evident that the rate of interest in the tax on their earnings, the banks, will be able to offer more as a valuable asset to them. Reducing taxes on income to a larger extent result in any increased interest being at a somewhat lower level of income.

Casually and fire insurance companies have been increasing the volume of their insurance business. Simpson & Co. and companies doing business in the states. The banks are there in the possibility in the coming year of additional interest on any reductions, they have been accustomed to be taxed to the tax-exempt feature.

With commercial banks, the bond buyers will, naturally, be interested in any possible changes in the personal income tax.

Savings banks have become a recent and increasing buyer of tax-exempt bonds. Until about a year ago, savings banks were not subject to income tax. Now they are, but the exemption is of benefit to them and the effect of this change for bond buyers is that the tax exempt bonds will be bought.

It seems problematical, however, how large a factor they are going to be.

Under the Revenue Act of 1951, municipal bonds are subject to a normal and surtax rate of 1%. Savings banks, banks of New York, was inclined to minimize the immediately stimulating effect which this would have on the buying of savings banks will have on their purchases of municipal bonds. At this present time, as mentioned, no all savings banks are thus affected.

Again, those who are, have alternatives other than municipals which are used.

In the first place, the payment of a new form of personal income tax on which many of them can make, will tend to cut their earnings and increase their pressures. Thus, the point where they are not subject to tax, may mean a much larger volume of net losses which they have to make. Some of these bonds are securities, if taken in 1953, could tend to offset earnings which otherwise would not be available on tax brackets in that year.

According to our estimate, it will be for purchase amortizing mortgages which yield more after taxes than they can obtain from munis.

In addition, where they are permitted to do so, and are now permitted to do so in New York State, those who can, will probably a part of their funds in equity, the obtainable yield highest of all.

If the volume may look like it will be in line with savings with which they are practically the same, the yields on municipals and bonds, in the long run, will be greater in governments of $141.

In other words, the two possible sources from which a new interest in municipal bonds, namely, an increase in deposits and an increase in the volume of bonds purchased, will result in a purchase during the fiscal year of 1956 of $183,000,000 municipal bonds. This is roughly 4% of the total volume of the purchasers issued during that period.

Life Insurance Companies

As to life insurance companies, their buying was negligible last year, but looks like it is going to be for no change there. Some years ago, and in several previous issues of the company were one of the principal buyers for tax-exempt securities.

They bought in very small volume, but as municipal prices began to go up and the yields declined they became seller rather than buyers, so that at the present time the larger companies hold no bonds.

There does not seem to be much indication of any change in this situation. The yields obtainable in the long run, in addition to the fact that the new interest in fact serving to dampen any increase of interest of the companies that might develop over the nearer future, the fact that many are not precisely committed to their corporate borrowers for some time and the many uncertainties of these requirements will probably not have financial benefit for a considerable period.

Briefly summarizing, therefore, the outlook for bonds, as to tax-exempt financing in the next couple of years, seems to find the investment outlets for it, the present outlook seems to be for an increase in the annual amount of such issues during the next year or two against a very high redundancy of some of the more recent sources which gives no indication that it will be reduced.

A realization of this perhaps may be somewhat less, if that is so, its comparatively small increases in particular with respect to long-term bonds, as to future tax-exempt bonds. The price of prices that will attract purchases from sources that have not bought in the past seem to be somewhat interested because of the low yields.

Canadian Securities

By WILLIAM J. MCFARLANE

A new and impressive alliance in the financial capital market has come into being, taking shape this week in the Khedive Simpson & Co. Ltd., this merchandising concern of Simp¬
sions, Ltd., of which he is chairman, has announced that purchases of two great merchandising organizations to cover the Canadian area has already been discussed in previous issues of this column, but only recently has the plan been set up. Simpson, the chairman, has made the announcement to Toronto, to indicate that the plan is already in progress, as the New York "Times," each has a paid-up capital of $100 million, and the board of directors of the newly formed corporation will comprise equally six Ameri¬
cans and six Canadians. The proposed organization is to be called "Simp¬
sions, Ltd.," with G. Burton, President of Simpsons, Ltd., and Simon de¬
partment store and mail order division, as president, C. L. Briel, Manager of the Canadian division, and G. W. Gooderham, as vice-president of Simpsons. The incorporation of Simpsons, Ltd., with C. Li

Burton, chairman of board of Simpsons Ltd., G. M. Graham, vice-president; retail mail order division; N. C. Urquhart, president; Simpsons, Ltd., and C. L. Gundy and W. P. Scott, Simpson, Ltd.

The Executives of the company will be E. G. B. Birt, President; Edward G. B. F. Trottier, Vice-President in charge of retail stores; G. M. Graham, president; Simpsons, Ltd., and C. L. Gundy, president; and W. P. Scott, Simpson, Ltd.

As to operations, G. M. Graham, president, says: "The new company will be operated on the same lines as the present organization, with the object of making the new company more elastic and flexible.

It is announced that there will be no public financing of the new organization except if mortgages are necessary in the future. Authorized capital stock of Simpsons is $200,000 shares of class A, 1,000,000 of class B and 1,000,000 of class C. Other variations, Simpsons Ltd., gets all the shares and Sears Roebuck all class C with equal voting rights. Class A, B and C are subject to the voting preference-sharing plan and for preferences and other benefits.

Rejoins So. Brokersage

DALLAS, Tex.—So.thern Brokers, Inc., a subsidiary of the Southern Network of Newspapers, announces the appointment of J. Vance Hoagland as manager of the company's southern zone of Sears Roebuck.

The Southern Zone of Sears Roebuck in this area, is one of the largest in the company's operations, and the Southern Zone of Sears Roebuck.

The new company plans build¬

H. M. Grove & Assoc.

ORLANDO, Fla.—H. M. Grove is the new manager of the Orlando office of the Galaxy chain of gift shops, which is a division of Sears Roebuck & Co. in the U. S., will be located in suburban Fl., will be operated by crowd, by the services of some vacant store in the area.

H. M. Grove & Assoc.

Our Reporter on Governments

By JOHN T. CHIPPENDALE, JR.

The Government market continues to bounce all over the lot, with still no easy moves to be made in either direction. On the other hand, it only very small amount of selling along with some of this professionalism makes it overshoot. This seems to indicate the thinness of the mar¬
tet and the limitations of any moves for a considerable time.

The bond market is still a very small area, the changes are expected to continue within not too wide a range. Tax opera¬
tions will continue, the Federal Reserve will be on the job, and the institutional participation looked for. Commercial banks, although only limited, will not have a large number of important operators in the market. The bond market is still a very small area, the changes are expected to continue within not too wide a range.

Divise Opinions on Interest Rate Trend

There appears to be two rather distinct schools of thought with respect to the future trend of interest rates. One group, it seems, does not look for any important changes in interest rates in the current quarter, and expects the trend of interest rates to be as large as it was in 1952. They hold to the contention that business activity will continue at a high rate and that this will keep interest rates high. The other group, it seems, is interested in the general market action of Government securities from what has taken place in the past year. They do not expect the pressure of Government financing to be much as it was in 1952.

The 210-day tax anticipation bills went at an average yield of 1.84% compared with 1.72% for the recently floated 161-day Treasury bills. Reports according to reports, will have a big interest in the new offering.

The Conflicting View

The other group believes that the belief that money rates will be often considerably sometime during the second quarter, and that the opinion that a letdown in business activity during the coming year will greatly lessen the demand for loanable funds. It is pointed out that a readjustment in business is overdone and will come about next year, and as a result the banks will have more funds than will be taken up by the demands of business. Housing, it is be¬lieved by this group, will not make the same demands for loanable funds as in 1952, which will mean that will be available for other purposes.

Commodity prices are not likely to rise as they have and as they increase in the future, and the funds which can pass the peak and decline in the not distant future.

Economics in Government spending are also anticipated by this group during the coming year. Accordingly, with a decreased de¬mand for loanable funds, as a result of the trend of Government bond market by this group. With the decline in business activity which is predicted by the followers of this idea, there would most likely cause an easier in money rates by the monetary authorities. They point out that the decreased demand for loanable funds by business and the softening of money rates by the powers that be, would have to have a beneficial effect upon the tone and trend of Government securities. As a result, the higher income Treasury obligations are the issues this group are advising customers to pay attention to, both for income and apprecia¬tion possibilities.

No Change Expected in Prime Rate

Although not so much is being heard now about the prime bank rate as such, the question as to whether or not it will be raised comes up each time there is a sizable increase in bank rate. Nonetheless, there is still an indication that the national district is still that an increase in this rate will not take place. It is felt as the peak in loans is passed as it will be in the near future, and no change is made in this rate, there will not be any alterations at all. If money should go very much as described, this rate would be looked for.

Market Briefs

Tax switching and swapping continues to be rather sluggish and this is true in the case of the National funds. Although there is still, however, a thin and narrow market. A good deal of these swaps are being made in the notes and shorter bonds, at this time, for future. There has been quite a bit of anticipatory buying going on in the tax-exempt bonds, switching from other obligations into the issue that becomes bank eligible the first of next month. The refunding announcement that the December 15s would be provided for by reopening the 2s at Aug. 15, 1953, had a moderately bullish effect upon the market.
Let Us Take Reel!

The peak [of emergency production of machine tools] will be thinner and sharper than it was during World War II, and it will be reflected mainly in the market for large power plants. The industry, which enjoyed its highest peak in 1951 and 1952 the profits that would normally be spread over several years, and those profits are being brought in at a moment when there is a portfolio of profits taxes, price ceilings and renegotiation.

This is a factor which has been given recognition by the Renegotiation Board in its regulations and all the regional boards. The significance of this factor if machine tool builders are to be treated fairly, and if it is not recognized, and if machine tool builders are to be taken over by themselves over the coming period of slack so that they can continue servicing the necessary research and development, the industry will be severely damaged and the country's defense capability will be impaired.

It is clear that the manufacture of critical machine tools was slowed down at the start of the postwar era partly because the industry had been weakened by the unwised renegotiation procedure of World War II."—A. G. Bryant, Chairman, Committee of the National Machine Tool Builders Association.

Here is a plain warning concerned with a key industry. The situation described is, of course, not confined to that branch—a fact which should not escape attention.

Continued from Page 20

Commercial Bank Investment of Savings Deposits

which with the other asset classification percentages will add up to 100%.

(5) If by this time you are still feeling thermonuclear, don't know how long is long and which direction it is up, it is partly because the practical question of how many bonds of what length rests in part upon your own judgment of internal and local conditions and whether you can make a go of it, the answer to the shortscreets of your general bank bond account, and you are not to be deterred by the standard loans and discounts on your home city. The homing bank probably knows that the savings bank I frankly do not know how to appraise the value of your bonds by reason of a high percentage of insured real estate mortgages, which are the traditional ones. These are factors to be considered.

There is an additional highly important internal and local factor to be taken into account in setting ceilings on your savings bank investments. This question is, how stable can you expect your time and savings accounts to be in times of economic pressure? Let me add that the definition of this point by considering the comparative financial conditions of 1929-1933 and 1939-1945, the narrowing the present substantial reserve in plant capacity, but very substantial additions to capacity are indicated for 1944-1946 which will again give the company an adequate base for constructing the company's program will be approximately as follows, according to the company's book.

There's a growth in electric output is expected to continue at the recent rate of increase so that by 1956 average resident use may approximate 3,500 kw compared with about 1,650 in 1931—an estimated increase of over 100%. The range of sales of natural gas is expected to double during 1956-58, the average month for the year being 12% more than the estimated gain during 1951-56 would approximate 72%. These are very conservative estimates and do not indicate the narrowing the present substantial reserve in plant capacity, but very substantial additions to capacity are indicated for 1944-1946 which will again give the company an adequate base for constructing the company's program will be approximately as follows, according to the company's book.

<table>
<thead>
<tr>
<th>Year</th>
<th>Gas Sales</th>
<th>Gas Sales to Businesses</th>
<th>Gas Sales to Residential Customers</th>
<th>Gas Sales to Other Customers</th>
</tr>
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<tr>
<td>1952</td>
<td>1,200</td>
<td>450</td>
<td>750</td>
<td>100</td>
</tr>
<tr>
<td>1955</td>
<td>1,500</td>
<td>600</td>
<td>900</td>
<td>150</td>
</tr>
<tr>
<td>1958</td>
<td>1,800</td>
<td>800</td>
<td>1,000</td>
<td>200</td>
</tr>
<tr>
<td>1961</td>
<td>2,100</td>
<td>1,000</td>
<td>1,100</td>
<td>200</td>
</tr>
</tbody>
</table>

The remaining cash requirements will be obtained through deposits, sales of securities, and temporary borrowing. Tax savings due to accelerated amortization explain partially the cash requirements for the four years following. The equity ratio at the end of 1952 will approximate 37% but may decline to 28% by the end of 1954 as a result of substantial capital expenditures. In the following years, however, a recovery to nearly 31% was forecast.

The Commercial and Financial Chronicle... Thursday, November 20, 1952
Railroad Securities

Great Northern

Considering what it has had to contend with this year the showings of the Great Northern are nothing short of astounding. The earnings standpoint has been highly gratifying with the result that the number of rail analysts and institutional holders who have long been interested in the road are paying particular attention to the top among investment rails. With a net income of $13,745,000, or 33 1/4% in net income for the month of September, and with earnings for the nine months forged ahead of the earnings for the corresponding period of 1952, Earnings on the stock for the third quarter of 1953 climbed to $1.12 and a share, compared with $1.07 a year ago. Moreover, this gain took place in the face of a decline of roughly $11 million in non-operating income.

It is generally expected that for the full year 1953 the non-operating item will again be down and even top, the non-operating item being the most important sources of the two. Dividends of $2 million are likely to be declared for the third year in succession for the Great Northern. The payment of this dividend will be followed by a 3%-fourth payment of $1.07. It is expected that the first dividend for 1954 will go forward with little or no change. The traffic outlook for the balance of the year is not especially encouraging. It is indicated that the lumber business is picking up with renewed vigor, and iron ore movement rebounded sharply last fall and would continue to do so.

Last year the company reported $7,741,000, or 33 1/4%, per share of stock outstanding. A short time ago, when iron ore loads dropped down to the 20,000 ton point because of the strike, when lumber business was very spotty and poor, and when it was obvious that the wheat crop in parts of the country's territory was suffering serious deterioration because of a new estimated that Great Northern would be one of the few major roads to report a year-to-year decline in earnings for the full year 1953. Now it appears almost certain that the road will show an increase. As a matter of fact, most analysts believe that the results will probably surpass the $8.00 a share recently carried in the press as the estimate of the management.

The long-term outlook also appears promising. The road's operating efficiency is high. Abundant power from generation projects is being brought substantial increase in transportation but has been very spotty and poor, and when it was obvious that the wheat in parts of the country's territory was suffering serious deterioration because of a new estimated that Great Northern would be one of the few major roads to report a year-to-year decline in earnings for the full year 1953. Now it appears almost certain that the road will show an increase. As a matter of fact, most analysts believe that the results will probably surpass the $8.00 a share recently carried in the press as the estimate of the management.

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To Hold, or Not to Hold

By John Kenneth Galbraith

The election results and the business outlook

The Election Results.

And the Business Outlook

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Continued from page 11

"To Hold, or Not to Hold"

The elections are over and we are left with the problem of what to do about the vast foreign exchange market that has been frozen because of its considerable risks.

In the United States, the government is in a difficult position because of its need to maintain a strong dollar. It has to decide whether to allow the dollar to depreciate or whether to maintain its value. This is a decision that will have important implications for the world economy.

In the United States, the government is also facing a number of other challenges, including the need to reduce the budget deficit and to deal with the problems of inflation and unemployment.

The government has been trying to balance these competing demands, and the results of the election may provide some guidance for future policy decisions. However, it is important to remember that the election results do not necessarily reflect the preferences of the American people as a whole.
As We See It

like. It is committed in regrettable degree to much of the New Deal and the Fair Deal type of policy. The General Reconstruction Act and the Indian Reorganization Act of the past two decades would be fully protected. Indeed very essential if not controlling elements in his party are known to be sympathetic to this policy. The Republican candidate fully expects to escape the conclusion that the Eisenhower Administration is in large degree committed to the basic principle of the so-called Full Employment Act. It is to be hoped, and the country will be well served when the reason will be shown in the advocacy and promotion of such measures and such philosophies, and we think it is reasonable to expect more business-like administration of them.

On the record, however, it is difficult to find any basis for expecting a course from the Eisenhower regime which will give ground for an appeal by the opposition for support from the business community. The loyal opposition would serve the country well if it promptly discarded any plans of the sort it may be harboring. In fact, we doubt if what appears thus far to be great self-pleased were it possible to foresee an opposite course by the Democratic party, that is to say one which attempted at appropriate times and in appropriate ways to hold the country's hopes at bay and keep it from being subjected to that hard fate which so often lies in the mouths of most Democrats to call upon a Republican regime to act within reason and he would be a little foolish, we are afraid, who looked for ward to anything of the sort.

It Depends

What of a constructive nature could then, be achieved by the defeated party to contribute to the well-being of the country and toward a rehabilitation of its standing without such a course? But if it is a question of one, doubtless, which is giving the wise heads in the party a good deal of uneast at this moment. Much, it seems to us, depends upon who is to be dominant in the Senate, and his work as Governor of Illinois, the two are not worlds apart. It was the so-called radical elements in the Democratic party—and President Truman with his anomalous behavior—which, along with the allegation of a "subversion" to the rightist elements in the party by the Republican candidate, seemed to leave the two so far apart as the first of November appears.

If now the spirit of Franklin Roosevelt and Harry Truman is to continue to live and dominate the Democratic party during the years just ahead, it is hardly likely that it will contribute at all to the welfare of the country. This, of course, may be precisely what happens. But there are other possibilities. The party also has its Byrds, its Georges, its Russells, yes, and even its Douglas'. Many had supposed prior to the Chicago convention that Adlai Stevenson was intellectually and constitutionally more closely akin to the Democratic party—Truman—and there are a good many who are inclined to program what goes on to this day. There can be little doubt that President Truman managed to dominate the party and the election in a degree that has probably been exceeded by any of its members — quite possibly including the Democratic candidate.

Now a Democratic party whose policies and whose tactics are absent from the public? This is a question the leaders of the party and the leaders of the country must consider with some care whether or not the future of the party is not in the hands of its members. But a course of action which is to enable the intelligent and saner elements of the party to subscribe in good conscience should not be wholly out of the question. For among the reasons for the leftward campaign, particularly the campaigns of this year, are deep, and unquestionably it would be difficult for the party to get its act together promptly and effectively in any such way as thus indicated.

But it would be an excellent thing if it could. There are elements in the Republican party which need watching. They are the people who have been considered the "leaders" of the party, the people who have always been ardent advocates of policies which have always been unpalatable to most Americans and which are today even less acceptable than they were in days gone by. The extreme protectionists are among these. But a solid thing is that the Democratic party would do it to make certain not only that tariff walls and other artificial trade barriers are effective, but that some progress is made in the other direction.

Drop Truman

To sum up: The Democratic party as badly beaten as it is at this moment could still serve the country in the years immediately ahead, but it can not do so under Truman leadership.

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Deflation May Be in Offing

but at some point the bootstraps have always been stretched to the limit. It seems to us that the Democrats making up these liquid assets were formed over three-quarters claims of others. But we are now back to the idea of the early days. For instance, in 1932 when we were not only won by every one of them but very few deniers to say that inflation has not as once thought the basis for or in the United States. This is the rising mountain of debt that has kept the inflationary boom going could turn into a volcano of deflation? Is there any liquidation of debt at least in order, and at least some deflation in the cards? We believe so. For years we have been using our boom going even the prosperous farmer has been going into debt recently. At the end of the war, farmers, like the average American citizen, were in a low, but a private debt position, for the farmers also are in the lowest in many countries. However, with the popular opinion, the farmer's debt position has risen. The average of the party above his debt at the end of World War II was only $1,600; in 1953 it was $2,800; and real estate debt has risen 144%. Despite the good earnings, even the farmers, perhaps the most prosperous segment of our economy, have not been able to take their desired share of national output without going into debt.

Even if deflation is to be learned in 1954, we would be in for some serious readjustments and readjustments are such that we believe that a base on constantly rising debt can continue, and that we will have a basis without first liquidating at least some of that past. We may not expect a deflation but we certainly expect a deflationary trend to be possible?

Summary

As an economist I do not have much confidence in the arguments of 1932 and 1944. However, on the basis of what has happened, it is clear that the base on which the boom has rested on Capital Goods and Foreign Aid, will be weakened by a rapidly expanding structure Capital Goods. The demand for Capital Goods and Foreign Aid will decline, financed by a trend toward conservation and politics, and financed through devaluation of the dollar. It is likely that some attempt will be made to restore the integrity of the dollar. Consequently, the trend of constantly expanding foreign aid may be slowed, or foreign aid may be directed away from the high cost producers, or aid may be directed toward the improvement of business, either forcibly or voluntarily, as they learn the consequences of deflation. And the low cost producers will see their prospects somewhat better, and the low cost producers will find that their export of foreign aid, which benefited most from the inflation will suffer the most in the period of readjustment, keeping next year, but, that conversely certain sectors of the economy will be benefited, but the deflation induced by such a trend lying in the American Industries (see FRASER, July 9-15, 1953, for a thoughtful and argument control. Examples of such beneficiaries in the deflation are the farmers, the food processors, the Coca-Cola and Burroughs Adding Machine Company as outstanding illustrations.

Thirty Years for James B. Powell

SAN FRANCISCO, Calif.—Mr. and Mrs. James B. Powell (Mrs. Mary E. Powell, Upham & Co., San Francisco) are celebrating their 30th wedding anniversary today with a trip to Whittle for a lullaby ride and flower show they will fly to Texas. They have two children, a daughter, Mrs. James C. Brown, and a son, James J. Powell. Mr. Powell has been trading since 1926.

Frank Knowltonadds

(Oakland, Calif. — Raymond B. Knowlton, President, Newsom & Co., Bank of America Building.

With Proctor, Cook & Co.

BOSTON, Mass. — Allen Reid has become associated with Proctor, Cook & Co., 35 Commercial Street, members of the New York and Boston Stock Exchanges.
The Security I Like Best

Continued from page 2

The Security I Like Best

Continued from page 5

The State of Trade and Industry

Figure shrinks to $173.3 billion. National production in 1939 was $913.1 billion.

Steel Output Set at Fractionally Lower Level

Steel production this year in the United States will be the third largest in history, despite a two-month strike of steelworkers, says "Steel," the weekly magazine of metalworking. The only years eclipsing 1952 will be 1951 and 1950.

Output this year will exceed 90 million tons of steel for ingots and castings, and conceivably may reach 93.5 million tons. Production in the record year of 1951 was 105.2 million tons.

Production in the first 10 months of 1952 totals 74,010,497 net tons, with October's output of 7,390,000 tons setting a new all-time monthly mark. In October 1951, 8,700,000 tons were produced. March of this year, with 9,649,191 tons, was the highest monthly production capacity is still growing, so it's possible that more new records will be cast. But even if November and December fall somewhat below October the total for the year should be at least 90 million tons. If November and December average the October level, the year's total would be 93.5 million tons, continues this trade journal.

High rate of output and the catching up on orders accumulated during the steelworkers' strike are again building up pressure for removal of government controls on steel. Controls on distribution and use of steel are due to expire June 30, 1953, but steel industry leaders hope this date can be stopped by at least three months.

Evidence of the improved supply of steel is the approval given by the government for distribution of 1,480,000 additional tons of steel for building and construction, which is confined to seven product classes but that was expected. Loosening of the steel supply comes product by product and plant by plant. Recognizing this, the government will review the entire schedule weekly before December. Free supplemental distribution for first quarter use, states "Steel."

Some metalworking plants think their only supply problem at the moment is to buy the quarter's worth of material as much in diameter. Helping ease pressure around the second quarter, will be a new bar mill at the Pittsburgh works of Jones & Laughlin Steel Corp. The new mill's demand goes well ahead of supply and first quarter order books have virtually no more openings for non-defense tonnage. Some plate producers look for an easing in the second quarter as the general steel market will face up with demand as a result of government limitations on strip steel. Hot-rolled and cold-rolled steel sheets continue in a firm demand, as the automobile and appliance industries. Several mills are increasing allotments of galvanized sheets; some companies are offering galvanized tonnage for resale midway between regular steel weekly reports.

Although steel mills' heavy production requires a vast amount of raw materials, the cost of ore, coal and iron is down. Slow business among foundries keeps down demand for cast iron, but for a very few. Old furnaces are being closed blocks from them and the steel mills don't want them. Consequently, other steel makers want to buy them, and the steel mills' idle in the gravelly, concludes "Steel."

Electrode and Steel Institute announced that the operating rate of steel companies is now 89.4%. The taking capacity for the entire industry will be at an average of 106.1% of capacity. UN 885,000 tons of steel for castings. In the week ending Nov. 18, total steel consumption was 2,315,600 tons. A month ago output stood at 106.9%, or 2,311,600 tons, while a year ago the capacity was smaller the estimated at 112%. It was said.

Electric Steel Industry

The amount of electric energy distributed by the electric light and power industry for the week ended Nov. 15, 1952, was estimated at a total of 4,275,092,358 kwh, according to the Electric Light Institute. The current total was 77,083,000,000 kwh, above that of the preceding week ended output amounted to 7,806,796,000 kwh. It was 550,744,000 kwh, or 7.5%, above the total for the week ended Nov. 17, 1951, and 1,155,444,000 kwh, or 2.5% above the output reported for the corresponding period two years ago.

Car Loadings Decline 3.8% Below Previous Week

Loadings of revenue freight for the week ended Nov. 8, 1952, which included a load of 81,820,000 tons of freight handled by the Association of American Railroads, representing a decrease of 32, 311,000 tons, or 3.8%, below the week ended Nov. 18, 1951. The week's total represented an increase of 37,745 cars or 4.9% below the corresponding period last year and a decline of 10,082 cars, or 1.3% below the corresponding week in 1950.

United States Auto Output Rises 3% Above Preceding Week

Passenger car production in the United States last week advanced to a total of 108,132 cars compared with 105,042 cars (revised) in the previous week, and 88,797 cars in the like week year ago, according to "Ward's Automotive Reports."

Total production for the past month was 380,376 cars and 30,276 trucks built in the United States, against 105,042 cars and 107,348 trucks in the comparable period a year ago.

Domestic car production included 2,500 cars and 2,500 trucks against 6,000 cars and 2,553 trucks in the prior week and 4,967 cars and 2,963 trucks in the like week of 1951.

Business Failures Continue Mildly Higher

Comparative data for industrial failures rose mildly to 1411 in the week ended Nov. 13 from 1413 in the preceding week, states Dun & Bradstreet, Inc. Failures in 1952 were heavier than a year ago when 109 occurred, but they remained below the figure for the comparable week of 1950. Only one-half as many concerns failed as in the comparable week in prior 1950 when 308 were recorded.

Liabilities of $5,000 or more showed a slight increase last week and were considerably higher than a year ago. Little change indicated in the proportion of failures.

All of the upturn during the week was concentrated in manufacturing and wholesaling. Retail and commercial service casualties, on the other hand, declined to a new all-time low of 15 failures in construction, which fell to 12 from 21. All lines except construction, retail, and wholesaling showed a slight increase from the 1951 level when there were 57 failures, 52 in the manufacturing sector and 5 in retail and service. The six-weeks' total, again below the 1951 level, showed a marked drop in 110. Only one region, the West South Central, had fewer failures than last year, casualties in the Pacific and East North Central Regions showed the sharpest rise from 1951.

Wholesale Food Price Index Holds at 28-Month Low

Following a four successive declines the Dun & Bradstreet wholesale price index for food shows a stability at 68.89, the lowest level since July 11, 1952, when it stood at 68.28. The current index marks a drop of 5.5% from the 68.67 recorded at this time last year.

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

Wholesale Commodity Price Index Rises Moderately Following Irregular Post-Election Trend

The Dun & Bradstreet daily wholesale commodity price index rose 1.8 points to 204.4 from 202.6 a week before, as a result of heavy buying and strong market developments after the election. The index closed at 285.4 on Nov. 10, a drop of 1 point from 286.15 a week previous, and a decrease of 8.19% from the high reached a year ago.

Grain markets were somewhat unsettled during the past week, although long-term quotations showed only minor changes from the preceding week Comparative firmness in wheat reflected fairly good demand, and the market was up 4 cents a bushel and an improvement in export business. Despite heavy marketings of new corn crops, prices were relatively strong, aided by improvement in export demand and an easing in country selling pressure.
Continued from page 12

An Appraisal of Election Results

If, by chance, the Korean tax border is not reached, the trade defense expenses will be allowed to run off by expiration, and the defense expenditures were allocated from the trade defense equal amount of $20 million or 12 months while the goods are not sold, the overall effect would be to remove any effect of price changes in the present Democratic administration and the net effect over the period of a year from the previous fiscal year.

Wage and price controls may be allowed to lapse in the early 1952.

Probably in the next several years, Eisenhower will have to enter into lively discussions on new proposals for permanent wage and price controls in this country and its allies, from the standpoint of maintaining price stability as well as from the military and political point of view.

Some new decisions could have an important influence either way, some decided by the election as well as that for the far future.

Eisenhower undoubtedly stands to gain more than he lost in the election, but the Federal Reserve with respect to future monetary policy, although by itself, and the ex ante momentum of the dollar and interest rates. However, both Eh-}

In conclusion, the election is less important than the sequel. It is hoped that the impending election is not weighed down by the technicalities of the macroeconomic and the microeconomic issues. The factors to be considered in the election are the economic performance of the past decade, the policies of the previous administration, and the promises of the candidates. It is important to consider the implications of the election for the future direction of the economy and the welfare of the American people.
Is Prosperity Permanent?

that these new devices have a social significance and that seemingly, the more we use them, the higher the price becomes.

Devices In Retrospect

In retrospect, it seems that these new things are not so very effective if we had them during the 1929-33 depression. Some of our confidence in them is no doubt due to the latter fact. Could it be that we have unwisely prepared for the economic changes in the second half of the future? Have we built a Wall Street `Lime' to hold back the business cycle, and do we think that a social cost in what has been done, but in what things we are doing, something in return. We want to be as sure as we can be that what we do now is not as pointless as these devices to prevent these social costs from becoming any greater than they are.

There are some five categories of economic activity.

The first is that a large part of our cost is due to the relatively independent business of insurance, banking, and contracting. There is now one policy bank, the Federal Reserve. The income check from a business source for each worker in the United States, there was once one for every 100 workers.

At least $1 out of every $6 of personal income is flowing from one or another form of government. We bear a part of the responsibility for what we do not receive in the form of welfare payments alone, even in these hard times, are less than $1 out of every $6.

Impact of Government Spending

Federal, state and municipal government spending, the rigidity of minimum wage rates, are a second category of frequently cited prosperity depresses. These, it is true, by insuring the maintenance of incomes for large parts of the population, will keep consumer purchasing power up. But if the prices of these goods even though the seeds of contraction might germinate in other parts of the economy, we find them again we find the prosperity props are at one without a cost. Actually natural prices and wages are income to everyone who goes to the grocery store, or who owns a car. Rigid costs cannot fail to make the price of things a burden and the real incomes, the family, or the individual businessmen, may be cut off at any period of letdown. Familiar today, inflation, deficit, even prices, have high break-even points.

Inflexible costs, and their usual corresponding inflation risks, are certain after a time to result in fiscal adjustments and production patterns to conform to the changing composition of people's demands. Two things usually follow—one positive and one negative—but neither is consciously recognized for what it is. On the positive side, some inflation is pumped into the economy to stimulate overall demand, including the purchase of secondary propositions that has been lagged. On the other hand, some of these consumption propositions are removed, there is a facility to use the saved resources to their most effective and efficient use. In both cases, however, the effects are not precisely measurable.

Changes in Monetary System

Most of the monetary system are said to constitute another prosperous period. When it came in the nation in the late 1920s and 1930s, the money and the banking system was of a high order. The deposit liabilities of the banks is a fourth potential to the greater extent than at present. The monetary system is handled by the Federal Reserve Bank, whose interest the Federal Deposit Insurance Corporation. There is no question that the monetary chain reaction of loan-calling of deposits, which has been by far the largest cause of the depression. But again, there is a social cost. The Federal Reserve Bank and the Federal debt—which has been so largely monetized by the banking system—has plowed up a large fraction of the money and a persistently high rate of prices. These have combined to exert strong inflationary pressures over the whole economy.

The nature of the national tax system is a function of the Federal government. lts effects on the economy and in the behavior of the Federal government, which is the only government to which the national government, and a compensating effect of the government budget. Here again the economy and the social cost of the economy, the Federal government, and the Federal Reserve Bank are of a high order. The deposit liabilities of the banks is a fourth potential to the greater extent than at present. The monetary system is handled by the Federal Reserve Bank, whose interest the Federal Deposit Insurance Corporation. There is no question that the monetary chain reaction of loan-feeding of deposits, which has been by far the largest cause of the depression. But again, there is a social cost. The Federal Reserve Bank and the Federal debt—which has been so largely monetized by the banking system—has plowed up a large fraction of the money and a persistently high rate of prices. These have combined to exert strong inflationary pressures over the whole economy.

A War Induced Boom

The boom of the first five years of the decade of the 1920s was due to the war.* The national tax system is a function of the Federal government. lts effects on the economy and in the behavior of the Federal government, which is the only government to which the national government, and a compensating effect of the government budget. Here again the economy and the social cost of the economy, the Federal Reserve Bank and the Federal Reserve Bank are of a high order. The deposit liabilities of the banks is a fourth potential to the greater extent than at present. The monetary system is handled by the Federal Reserve Bank, whose interest the Federal Deposit Insurance Corporation. There is no question that the monetary chain reaction of loan-feeding of deposits, which has been by far the largest cause of the depression. But again, there is a social cost. The Federal Reserve Bank and the Federal debt—which has been so largely monetized by the banking system—has plowed up a large fraction of the money and a persistently high rate of prices. These have combined to exert strong inflationary pressures over the whole economy.

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Continued from page 16

Next Four Years in Government

The forces of reaction, however, have not given up. They are getting ready to move rapidly into the machinery of the government. They have been busy preparing to sequester public property in the hope that if they can sequester enough to pay, they can sequester any other public property they want. They are working now on the basis of the federal government's power of eminent domain, and they seem to be on the brink of success.

The Federal Government Too Big

The Federal Government is too big, and it is doing too many things over the lives of the individual. If the people of the country are going to have any future, we must do something about it. The Federal Reserve has made some progress in this direction, but it has not made enough. It is time we began to think about the federal government in terms of the individual.

The second reason is that the people of the country, too, are beginning to see the dangers of the federal government. They are beginning to realize that the federal government is becoming too big, too powerful, too controlling, and too costly. They are beginning to demand that the federal government be reduced to its proper size and scope.

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Federal Reserve System

The Federal Reserve System has been a great success in the past, but it is now time to think about its future. The Federal Reserve System is now being used by the government for its own purposes, and it is time to think about how to use it for the benefit of the people of the country.

Nationalization of Industry

The nationalization of industry is a possibility that should be considered. The government could own and operate the major industries of the country, and it could use them for the benefit of the people of the country. This would be a way to prevent the concentration of wealth in the hands of a few.

We must be careful, however, not to let the government become too powerful. The government should be used as a tool to help the people, not as a tool to control them. The people of the country must be free to make their own decisions.

The Future of the Country

The future of the country is in the hands of the people. The people must be willing to make the sacrifices necessary to achieve the goals they want for the country. The people must be willing to work together to achieve these goals.

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A New York Mortgage Exchange Announced

EXECUTIVES OF Mortgage and Title Company will operate the Mortgage Exchange in this city.

The New York Mortgage Exchange will be an open market for all first and second mortgages, primarily of the Metropolitan area.

Mortgages will be classified by a commission of five classes, namely A, B, C, D, and E, with essential differences in the required percentage of mortgage for each. A mortgage with 100% of the property will be classified as an A mortgage. The details of the classification will be available at various times of interest and rates.

Commissions of 1% will be paid on all transactions. New lenders and investors will pay a flat fee of $25 on small mortgages, $100 on large mortgages. The commission will, however, not be charged on any other transactions.

Seligman, Lubetkin to
Admit M. E. Kennedy

Mr. Seligman and Mr. Lubetkin are to be admitted to the Mortgage Exchange by the Municipal Land Bank.

Seligman & Lubetkin, Co., 30 Pine St., New York City, who have been in the mortgage business for many years, have been given permission to operate in the Exchange.

The Exchange is expected to be a well-organized and active market for the mortgage business, and will help to bring a more uniform and stable price to the mortgage market.

The Exchange is expected to bring together all the resources of the mortgage business, and to help to stabilize the price of mortgage paper.

Net Price Fixing

The Exchange will not fix the net price of mortgage paper, but will allow the market to determine the price. The Exchange will, however, set up a commission of brokers to determine the price at which the mortgage paper will be sold.

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### Indications of Current Business Activity

#### AMERICAN IRON AND STEEL INSTITUTE:

<table>
<thead>
<tr>
<th>Steel ingot operations (expressed in capacity)</th>
<th>1915</th>
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<th>1917</th>
<th>1918</th>
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</tr>
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<td>Total 100,000 tons</td>
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- *BANK DEPOSITS—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM*:
  - Month of October (in thousands):
    - 1915: $184,875,000
    - 1916: $126,980,000

- *BUSINESS FAILURES—BAY & BRUSTEAD:* (No. of failures)
  - June 1915: 53
  - July 1915: 47

- *Moody's Bond Prices*
  - (tons)
  - Production
  - Other
  - Total

- *Association of American Railroads:*
  - Number of members, 1915:
    - 47
  - Revenue freight received from connections (ex. car.):
    - 717,348
    - 717,372
    - 717,388

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- *Cotton Ginning* (No. of cotton bales):
  - 1915: 10,000

- *Cotton Production*:
  - 1915: 14,500,000

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- *Cotton Seed Oil Cuts* (M. & M.):
  - 1915: 48,000

- *Industries—Board of Trade System*:
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The big talk now is what kind of hold Eisenhower will grab once he officially moves in. He will need every ounce of his legislative skills to crack the chief worry is taxes. Will they stay where they are or will they come down? We cannot get a variety of answers, depending on who you talk to.

Wayne Morse, the independent Republican from Oregon, said that the incoming Congress will vote a national sales tax. He said the tax would last cut slightly if for no other reason than the Republicans promised it. Except for a few exceptions, however, either will be simply cut or eliminated.

Obviously none of the above will have any effect on the immediate stock market trend. In fact they may not have even much of an effect on the longer price trend mainly because anticipatory moves will occur long before the event.

Right now the market is showing signs of tiredness; this condition began appearing right after the initial elections. Here and there a few stocks show a resistance to the general trend shown by the rest of the market. In the final analysis, however, you can count on most stocks participating in any buying or selling action, or inaction, of the market as a whole.

It isn't clear at this time if a break of any size is in the immediate offing. Putting it another way, the tape action is indicated. Yet, breaks, or rallies, seldom signal their coming by ringing of bells. When certain conditions are present definite signs occur. Shortly thereafter these signs ax. either eliminated or give rise to the market waves we call reactions or rallies.

In last week's column, I said I don't favor buying stocks on strength. I know as well as the next guy that such a statement is meaningless. Nobody likes to buy on strength. The trouble is how is one to tell when the turn of the market is at one point won't be followed by more strength. There's no easy answer to that one. Except perhaps, of course, the repeating action, combined with other factors too involved to go into here, tell us about the momentary point to a dim road. There have been exceptions, and there doubtless will continue to be exceptions, but at this

writing, new buying doesn't seem indicated.

When the signs change, and if they change in time to make a difference, I will not necessarily be notified. Until then, conserve your cash. In any event you are not entirely out of long

stocks. You were supposed to have sold only half on the post-election rally. The rest were to be held.

[The views expressed in this article, as well as those in any other items that coincide with those of the Chronicle, they are presented as those of the author only.]

Continued from page 3

Recent Trends in Corporate Financing

A trend which appeared before the war but became stronger during the war and became rapidly accelerated after the war because of the increase in government spending, is the borrowing by the preferred shares of the Public Corporation. The Public Corporation has made an increasing amount of additional money, and the number of its bonds outstanding has increased steadily in recent years. The effect of the tax on preferred stocks is an important aspect of this trend. The Public Corporation has sold preferred stocks at a lower cost than other forms of debt. In the years 1951 and 1952, a total value of corporate offering placed privately ranged between 15% and 17%. In 1946, they were 20% and in 1947 they were 25%. Thereafter, the number of offerings ranged between 41% and 44% of the total new issue. The trend had been accelerating since 1951. A change in this trend appeared, however, about the middle of 1951. A series of new issues was offered to be sold privately. For the first six months of 1952, only 23% of corporate offerings were placed privately compared with 50% in the first six months of 1951.

There are certain other advantages of placing issues privately. Private placements do not have to be registered, thus avoiding the necessity of public disclosure of information which some companies are unwilling to make for competitive reasons. There is a slight increase in the offering or reduction of accuracy of report. There is also a slight increase in the expense of the selling expenses of the investment banking distribution system. On a $10 million issue, the estimated expense is about $80,000. But against that saving must be offset the fact that usually the annual interest on a public issue is higher than on a public offering, particularly if the latter is large. Thus, the saving in cost would be eliminated.

Private placements ordinarily cost more than public offerings, and this is even more true of a series of fortunate coincidences, was completed by us in less than a year while the most rapid public offering with which my firm has been involved took 30 days from the beginning of the negotiations to the receipt of the money. Sticking an average might mean that private placements require a month or six weeks to complete. After two months, both at times can drag out on a long period without any immediate demand since the borrower is likely to find that the potential private placement market than in a public offering. The problem is important to the borrower. Another advantage of private placements is that in some instances to make advertising and public relations more effective. Instead of raising the entire amount now and paying the full carrying charge at a later date, the range for the total amount required and the period or part of the remainder staggered is usually made available along with an additional "stand-by" fee. Some deals with peculiarly complex involved, but if all of its friends in a private placement, it can be placed through a public offering.

Against these advantages, it is well known that there are certain disadvantages in making private placements. The most important is the loss of the advertising and goodwill goodwill appeal to the public’s interest. But the advertising of the issue and the subsequent publicity that may result from the carriage of the company’s name in the public relations. For example, if a company is not well known if not impossible, to bring all of its friends to a private placement.

It is possible that a company for call for tighter indentures, more restrictive features, and higher cost than the public offering. In a number of cases the amount of the bond no longer than 10% of the total new issue. Some of the bonds issued in 1951 are 30% of the total new issue. Such features as a 105% interest rate and ten years to pay down the bond may be more favorable to the investor than the public placement.

There is a limitation on the length of maturities has gone quite far, it is also true that the average maturity of short-term debt will, of course, continue, but other than this, it appears that the general trend will be to grow it will be continued in any form of the market in the future.

Unusual sinking fund and other special features have been included in some of the recent private placements. Both the Union Carbide and accompanying Chemical Machines issue carry no sinking funds in any year at any time by any changes in five years to 25% 3% notes at the option of either the company or the holders. Both are redeemable in cash at 101% of the original issue price. Both are payable dates from the sixth through the twenty-fifth. The sinking fund is due the company Chemical Debiters at St. Louis. It should be noted that the payment of interest as it accrues is dependent upon available funds in these instances. Many of the other new issues, as well as public offerings of shorter maturities, will have sinking funds to be deferred for the first five or more years. A relatively low rate of interest is required by some of the later offerings. If the original bond, or the bond that is due on the 15th of the month, can be called at 101% or higher in 1946.

In 1951 the Socovye Vzaimnye Kassa 2% bonds and all other similar issues were above 100 and the potential saving to the corporation in being able to call at 101% is a saving of 50% of the requirements in the open market is relatively small. However, if the corporation may not call the bond at 101% the policy may be more or less the same as in an open market. The bond may be repaid to semi-annual senior securities, or it may be repaid to semi-annual junior securities. The former may be repaid to semi-annual junior securities. The latter may be repaid to semi-annual junior securities.

To conclude on private placements, we believe that they can be useful in some companies. In certain situations, the straight corporate public issues may be preferable, but in other cases, the public issues may be preferable. In other cases, the public issues may be preferable.
The underwriting industry is not expecting too much in the way of new issues from these companies, but rather a turnover of between now and the end of the year, the opposite appears to be true.

The consensus is that in the immediate future we will see a shift to the secondary market. There are still a number of large institutional holders to work out "tax swaps" and otherwise improve their portfolio positions.

Thomson McKinnon Add 2

The conversion of securities into cash through the sale of common stock has become an important issue.

Thomson McKinnon & McKinnon, 11 East Las Olas Boulevard.

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Securities Now in Registration

NEW ISSUE CALENDAR

November 20, 1952
Northern Pacific Railway Co.—Hunt & Co. Trusts. (Bids, 6000 EST)

November 24, 1952
Garrett Freightways Co.—Debentures (I. Allen & Co.)
Gulf States Utilities Co.—Bonds
Standard Sulphur Co.—Common stock

November 25, 1952
Pacific Telephone & Telegraph Co.—Debentures (I. Allen & Co.)
Peoples Gas Light & Coke Co.—Common

November 26, 1952
Commonwealth Edison Co.—Preferred (Offering to stockholders—underwritten by S. Harris, Hall & Co., and The First Boston Corp.)

November 12, 1952
Shares of common stock to be offered to key employees. Price—$25.00 per share. Proceeds—For working capital. Office—New York, N. Y. Underwriter—None.

A. S. C. Corp., Marion, Ind.
Nov. 5 (letter of notification) 525,000 of 10-year 5% subordinate debenture bonds, series C. Price—At par (in denominations of $1,000 and $500). Proceeds—To be used in working capital of Adams St. Marion, Ind. Underwriter—Foehl-Patterson, Inc, Fort Wayne, Indiana. Offering—Now being made.

* Air America, Inc.

* American Mining Develop Corp., New York.

* American Metal Co., Ltd.
Nov. 2 (letter of notification) not more than 1,000 shares of common stock. Price—At market (around $12 per share). Proceeds—For account of common stockholders entitled to fractional shares in connection with payment of 5% stock dividend. Underwriter—Carter to be paid on the New York Stock Exchange.

* American Mutual Fund, Inc., Los Angeles, Calif.
Nov. 12 (letter of notification) 32,000 shares of common stock (par $1). Price—Approximately $9 1/4 per share. Proceeds—To acquire leases and for corporate purposes. Underwriter—None.

* American Oil & Mine Corp., Sutherland, Ore.
Nov. 3 (letter of notification) 25,000 shares of common stock (par $1). Price—At market (approx. $1 per share). Proceeds—To A. L. Albee & Co., Inc., Boston, Mass., who is the selling stockholder. Underwriter—None.

* Bristol Oil Ltd., Toronto, Canada
Sept. 25 filed 1,000,000 shares of common stock (par $1). Price—Approximately $4 3/4 per share. Proceeds—To acquire leases and for corporate purposes. Underwriter—None.

* Brunner Manufacturing Co.
Nov. 4 (letter of notification) 8,485,206 shares of common stock (par $1) being offered for sale by common stockholders of record Nov. 4 at rate of one new share for every 17 shares of common stock held. (Price $40 per share). Proceeds—To remodel plant and purchase new equipment. Underwriter—Mohawk Valley Investing Co., Inc., Utica, N. Y., for up to $500,000. Proceeds to remain undeposited until Jan. 15, 1953.

Nov. 7 (letter of notification) 10,000 shares of common stock (par $1) registrable for 100 shares of common stock (par $25). Price—At par. Proceeds—To T. E. Martin, Denver, Colo. Underwriter—None.

* Byrd Oil Corp., Dallas, Tex.
Oct. 22 filed $1,750,000 of 10-year 5% convertible stock mortgage bonds due Nov. 1, 1962, to be offered for subscription by common stockholders at the rate of $100 for each 25 shares of stock held (for a 14-day standby). Certain stockholders have waived their rights. Price—At par. Proceeds—To repay $1,014,500 of outstanding notes and for drilling expenses and working capital. Underwriter—Dallas, Busey & Son, Dallas, Texas; Carl M. Leib, Rhodes & Co., New York; and Strauss, Bonser & McDowell, Chicago, Ill. Offering—100%. Proceeds to remain undeposited until Jan. 1, 1953.

* Cincinnati Enquirer, Inc.

* Circle Wire & Cable Corp. (12-8-51)
Nov. 17 filed 100,000 shares of common stock (par $5). Price—To be filed by amendment. Proceeds—To two stockholders, Max B. and Sol Cohen, President and Vice-President respectively. Underwriter—Van Alstyne, Noel & Co. and Harwood & Weeks, both of New York. Offering—Expected week of Dec. 8.

- Cleveland Electric Illuminating Co. (11-28)
Oct. 22 filed $57,885 shares of common stock (no par) to be offered for subscription by common stockholders of record Nov. 24 at the rate of one new share for each five shares held; rights to expire on Dec. 19. Warrants will be issued about Nov. 28, 1952. Proceeds—For property additions. Underwriter—None.

* Commonwealth Edison Co., Chicago, Il.
Nov. 6 filed approximately 1,150,000 shares of convertible preferred stock (par $25) to be offered for subscription by common stockholders of record Nov. 24 for the purchase of one preferred share for each 12 common shares held. Rights will expire Dec. 19. Proceeds—For construction program. Underwriter—Curtis, Foshay, & Co. and The First Boston Corp., both of New York.

* Commonwealth Oil Co., Miami, Fla.

* Consolidated Gas, Light and Power Co. of Baltimore (12-1)
Nov. 15 filed 380,000 shares of convertible debentures due Dec. 18, 1967, to be offered for subscription by common stockholders of record Dec. 18 at rate of one new debenture for each $100 of debentures for each of 30 shares of stock held; rights will expire Dec. 31. Proceeds—To be used for expansion program and repay bank loans. Underwriters—To be determined by competitive bidding. Prohibitive bids—John Sturtevant, The First Boston Corp., Lazard Freres & Co., White & Co, Lazard Freres & Co., and Wetherell & Co. (Jointly); Harrison, Allen & Co., Pitney & Co., and Brown, Sons (Jointly). Bids—to be received up to 11 a.m. (EST) on Dec. 18.

* Copperweld Steel Co., Glassport, Pa. (12-9-52)
Nov. 17 filed 70,000 shares of cumulative preferred stock (par $50). Price—To be subscribed by holders of record Nov. 18 for purchase of one new share for each five shares held, for which purpose the preferred share for each five shares held and one share of common stock for each two shares held. Price—$50 per share, and for common, $6.50 per share. Proceeds—For working capital. Underwriter—Curtis—Cobble & Middleton, Hartford, Conn.

* Data Grade Co., Kansas City, Mo.
Sept. 18 (letter of notification) 250,000 of 4½% convertible debentures due Oct. 1, 1962, being offered for subscription by stockholders of record Oct. 17, rights to expire on Nov. 28. Price—At par (in denominations of $10, $100, and $1,000 each). Proceeds—To working capital. Offerings—2210 Central St., Kansas City, Mo. Underwriter—Curtis—Business Statistics Organizations, Inc., Baltimore, Md.

* Danielson Manufacturing Co., Danielson, Conn.
Nov. 12 (notice of registration) 100,000 shares of common stock (par $1). A preferred stock (par $5) and 10,000 shares of common stock (par $1) to be initially offered to stockholders of record Nov. 21, 1952 for each five shares held, for which purpose the preferred share for each five shares held and one share of common stock for each two shares held. Price—$5 per share, and for common, $6.50 per share. Proceeds—For working capital. Underwriter—Curtis—Cobble & Middleton, Hartford, Conn.

* Data Grade Co., Kansas City, Mo.

* Davis Chemical Corp. (12-2)
Nov. 12 filed 106,668 shares of common stock (par $1) to be offered for subscription by common stockholders of record Nov. 1, 1952. Proceeds—To pay off debts of record Nov. 1 of $5,000,000. Proceeds—To be used for expansion program.

* Deerpark Packing Co., Port Jervis, N. Y.
March 21 (letter of notification) 250 shares of common stock (par $10 per cent). Price—$40 per share. Proceeds—to repay 8½% loan of $4,000 and for working capital—Neither before or after.

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Digital Research Co., Long Island City, N. Y. 
Nov. 10 (letter of notification) 1,000 shares of common stock (par $10) will be sold at $6 per share and the funds thus received will be applied toward payment of the charge for the sale of 3,575 shares of common stock. Proceeds—For general corporate purposes. Underwriter—None. 

Empire Telephone Co., Elkhart, Ind. 
Nov. 7 (letter of notification) 250,000 shares of common stock (par $10), of which 50,000 shares will be offered and company and 170,000 shares will be offered by the existing stockholders for reoffering at $50 per share. Proceeds—For general corporate purposes. Underwriter—None. 

Ex-Cell-O Corp., Detroit, Mich. 
Nov. 21 (letter of notification) up to $30,000 aggregate amount for the purpose of extending and improving the corporation’s Employees’ Stock Purchase Plan. Proceeds—For general corporate purposes. Underwriter—None. 

Farm Equipment Acceptance Corp., Peoria, Ill. Oct. 22 (letter of notification) 250,000 shares of common stock (no par) and 5,000 shares of 5% preferred stock (par $100) at $7.48 per share and preferred stock at par. Proceeds—For new common and new preferred stock. Underwriter—None. 

Florida Paper Corp. (12/3) 


Food Fair Stores, Inc., Philadelphia, Pa. Sept. 20 (letter of notification) 30,000,000 shares of common stock (par $1) to be offered to the public at $15 per share and for the purpose of stock purchase plan. Proceeds—$5 below the average market price. Proceeds will be used for general corporate purposes. Underwriter—None. 

* General Steel Castings Corp. Nov. 10 (letter of notification) 2,400,000 shares of common stock (par $1) subject to offer of rescission (sold at an average price of $17.50 per share). Proceeds—To Baldwin-Southworth Co., the selling stockholder, but Butro & Co., Los Angeles, Calif., will act as broker. 

Gulf States Utilities Co. (11/24) 

* Diet-Rite Co., Long Island City, N. Y. 
Nov. 10 (letter of notification) 500,000 shares of common stock (par $10) will be offered at $8 per share and for the purpose of stock purchase plan. Proceeds—For general corporate purposes. Underwriter—None. 

* Deluxe Tire Long, Oklahoma City, Okla. 

* Idaho Maryland Mines Corp. 
June 8 filed 250,000 shares of common stock (par $1), of which 50,000 shares will be offered and company and 200,000 shares will be offered by the existing stockholders for reoffering at $15 per share. Proceeds—To repay short-term notes and for new corporate purposes. Underwriter—None. 

* Helogen Industries Inc., Long Island City, N. Y. Nov. 14 (letter of notification) 35,000 shares of common stock (par $10) will be offered at $5 per share and for the purpose of general corporate purposes. Proceeds—For working capital. Underwriter—35-10 Astoria Boulevard, Long Island City, N. Y. Underwriter—None. 

* Hillswest Corp., Oklahoma City 

Nov. 12 (letter of notification) 25,000 shares of common stock (par $1) will be offered at $30 per share and for the purpose of stock purchase plan. Proceeds—For general corporate purposes. Underwriter—None. 

* Mid-Gulf Oil & Refining Co. 
Nov. 10 (letter of notification) 400,000 shares of common stock (par $2) to be offered to the public at $20 per share and for the purpose of stock purchase plan. Proceeds—To acquire additional properties. Underwriter—227-229 Water Street, New York, N. Y. Underwriter—W. C. Doehler Co., Jersey City, N. J. 

Mineral Exploration Corp., Ltd., Toronto Canada Jan. 27 filed 2,000,000 shares of common stock (par $1), of which 1,000,000 shares will be offered and issued and an additional 197,500 shares have been subscribed for as of Aug. 28 and will be issued in connection with execution of an agreement. The remaining shares will be offered for sale primarily to farmers who are holders of warrants that were issued in connection with the agreement. Proceeds—For new construction. Underwriter—None. 

Mississippi Chemical Corp., Yazoo City, Miss. Sept. 29 filed 2,000,000 shares of common stock (par $5), of which 1,000,000 shares will be offered and issued and an additional 17,500 shares have been subscribed for as of Aug. 28 and will be issued in connection with execution of an agreement. Proceeds—To acquire additional properties. Underwriter—227-229 Water Street, New York, N. Y. Underwriter—W. C. Doehler Co., Jersey City, N. J. 

Mn-S-1 Corporation Inc., Salt Lake City, Utah 
Oct. 27 (letter of notification) 200,000 shares of common stock of class A non-assessable stock (par 10) at $1 per share. Proceeds—To use mine and for general corporate purposes. Underwriter—None. 

Mn-S-1 Corporation Inc., Salt Lake City, Utah 
Nov. 6 (letter of notification) 100,000 of 1/4% sinking fund bonds due 2021, of common stock (par $1). Proceeds—None. 

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Nov. 6 (letter of notification) 100,000 of 1/4% sinking fund bonds due 2021, of common stock (par $1). Proceeds—None. 

Mn-S-1 Corporation Inc., Salt Lake City, Utah 
Nov. 6 (letter of notification) 100,000 of 1/4% sinking fund bonds due 2021, of common stock (par $1). Proceeds—None. 

* MultiCrafters, Inc., Lincolnwood, Ill. (12/8) 
Oct. 27 (letter of notification) 20,000 shares of common stock (par $1) will be offered to the public at $3 per share and for the purpose of stock purchase plan. Proceeds—For new machinery and equipment. Underwriter—None. 


* Lowell Adams Discount Co., Inc., N. Y. Nov. 7 (letter of notification) 20,000 shares of common stock (par $10) will be offered to be sold at par and for the purpose of stock purchase plan. Proceeds—None. Underwriter—None.
Continued from page 43


State Securities, Inc., Santa Fe, N. M. Oct. 10 (letter of notification) 60,000 shares of common stock (par $1). Proceeds—For the purpose of acquiring properties. Underwriter—None.

Stout Oil Co., Denver, Colo. Oct. 23 (letter of notification) 1,000,000 shares of common stock (par $1). Proceeds—For the purpose of acquiring properties. Underwriter—None.

Streater-Amet Co., Chicago, III. Aug. 28 (letter of notification) 2,500,000 shares of common stock (par $50) to be offered for subscription by stockholders of record Nov. 5, 1923, at a rate of $85 for each share of new stock held at the close of the month of Sept. 1923. Among the executed subscription warrants are received from stockholders. Proceeds—For investment. Proceeds—For the purpose of acquiring properties. Underwriter—None.


Texas General Production Co. June 4 filed 2,500,000 shares of common stock (par $10). Proceeds—For the purpose of acquiring properties. Underwriter—To be named by amendment. Of the $25,000,000 par value stated in the amendment, $5,000,000 par value is to be paid up at present to form capital. Underwriter—F. W. MacDonald & Co., Inc., New York. Offering—Probable in May.
**Prospective Offerings**

**Aluminum Ltd.**

Oct. 15 directors expected that additional financing will be provided by the major part of the increase in the estimated cost of the project. The First Boston Corp. and A. E. Ames & Co., Ltd., have been appointed as managers in stock offering to stockholders in Oct. 1951.

**United Gas Co., Shreveport, La.**

Nov. 12 of common stock (par $5) to be offered for subscription by stockholders of record on Oct. 31. Stockholders may subscribe for one share, and entitled shareholders, to exercise the right on Nov. 10, with rights to expire on Dec. 3. Price—To be supplied by amendment. Proceeds—To purchase and install a 60% of 345 metric tons of liquid natural gas per day plant.

**Zenda Gold Mining Co., Seattle, Wash.**

Oct. 31 (letter of notification) 500,000 shares of common stock (par $5) to be issued to Underwriters. Proceeds—to build a new mill and equip. Underwriter—R. L. Palladino, New York, N. Y.

**Western Light & Telephone Co., Inc.** (11/28)

Nov. 7 filed 65,168 shares of common stock (par $10) to be offered for subscription by stockholders at rate of one share for every five shares held, for sale by a number of Underwriters. Proceeds—to repay bank loans and for additional capital will be required during the latter half of 1952. Underwriters—Harriss, Hall & Co.; Morgan Stanley & Co., Inc.; and Stanhope, Hall & Co., Hartford, Conn.

**California Electric Co.**

Nov. 3 it was announced that following proposed two blocs of preferred stock will be offered to its present stockholders the right to subscribe to purchase for $100 par value for one additional share for each share held.

**Dow Chemical Co.**

Nov. 9 the FPCA authorized the company to sell $50,000,000 of common stock to raise $25,000,000 for the purpose of expansion. Proceeds—to build and equip a new chemical plant with which will be necessary for the continued production of the FPCA program. Costing more than $250,000,000.

**Public Utility Stocks & Gas Co.**

Nov. 13 the FPCA authorized the company to construct a 100 miles of pipe line the estimated cost of which, $5,784,606, would be used for the purpose of splitting $4,000,000 of first mortgage bonds (which may be paid out of the proceeds of the program).

**Traditional Underwriter—White, Weld & Co., New York.**

**Eastern Utilities Associates**

Securities of companies that amended plant of reorganization of this company and subsidiaries calls for issuance of additional common stock and a sufficient amount of common stock to raise approximately $50,000,000 for further construction of the Blackstone Valley Gas & Electric Co., Brockton Edison Co., Maine Electric Light Co. Issue mortgage bonds. Proceeds—to repay bank loans and for additional capital which may be determined by competitive bidding. Probably bankers—Halsey, Stuart & Co., Oppenheimer & Co., Lehman Brothers, Kestrel & Co., and Sterling & Webster.

**European American Airlines, Inc.**

Nov. 10 it was announced that the company has been authorized to issue an additional $400,000 of equity capital. An issue of $200,000 for the purpose of strengthening the company's financial position and $200,000 for the purpose of strengthening the company's capital.

**Gastel Freightlines, Inc.** (11/24)

Oct. 17 it was announced company has applied to ICC for permission to issue 1,500,000 $1,100,000 6% convertible debentures due 1987. Price—$1,100 conversion privilege. Proceeds—to repay outstanding debentures and preferred stock and for new Common stock.

**General Electric Co., New York; Peters, Writer and Christensen, Denver, Colo.; and Blyth, Co., Inc., St. Louis, Mo.**

**General Public Utilities Corp.**

Nov. 15, A. T. P. Tegen, President, announced that its domestic subsidiary has issued in that amount to the public and has commenced its new construction in 1953. Of the total, $15,000,000 will be provided internally leaving about $20,000,000 to be financed by the sale of securities. Subsidaries will be used for $6,000,000 of bonds, debentures and preferred stocks and for new construction.

**Gulf Interstate Gas Co., Houston, Tex.**

Sept. 19 company applied for the authority to sell $25,000,000 of common stock to Louisiana to a point in northeastern Kentucky. This pressure, according to the Gulf, costs $77,967,000. Transportation of gas is expected to commence in 1953.

**Indiana & Michigan Electric Co.**

Nov. 6 it was announced company set to issue and sell in 1953 some bonds and/or preferred stock. Proceeds—to repay bank loans and for new construction. Underwriters—May be determined by competitive bidding. Probable bankers: (1) for bonds—Halsey, Stuart & Co.; Kuh, Lock & Co. and (2) for preferred stock—Brown, Bover Company, Inc. The First Boston Corp.; Harriman Ripley & Co., Inc.; and Smith, Barney & Co.

**Iowa-Illinois Gas & Electric Co.** (1/27/53)

Nov. 7 it was announced company is considering the sale of $40,000,000 of first mortgage bonds and 60,000 shares of preferred stock. Proceeds—to repay bank loans and for new construction. Underwriters—May be determined by competitive bidding. Probable bankers: Fidelity & Guaranty Trust Co., cum, Guaranty Trust Co., Brown, Bover Company, Inc. and Smith, Barney & Co.

**Kansas City Power & Light Co.**

Sept. 19 company plans to issue and sell late Jan. 1953 $12,000,000 principal amount of first mortgage bonds in the estimated cost of which, $7,000,000 will be provided by competitive bidding. Probable bankers: Halsey, Stuart & Co., Oppenheimer & Co., Lehman Brothers, Kestrel & Co., and Sterling & Webster.

**Ohio Edison Co.**

Nov. 11 filed application filed for its approval by the Public Utilities Commission. Proceeds—to construct a 100-mile transmission line from the new coal plant to the Consumers Power Co. Plant for $20,000,000 of capital stock.

**Continued on page 52**
Corporations: Federal Reserve Bank of St. Louis

Laclede Gas Co.

Macy (R. H.) & Co.

Mansfield Tire & Rubber Co.

Oct. 7 it was reported company plans to issue and sell $100,000,000 of first mortgage bonds, series D. Proceeds will be used for new construction.

Pacific Associates, Inc.

Northern Natural Gas Co.

Pennsylvania Power & Light Co.

Public Service Co. of New Hampshire

Southern Natural Gas Co.

Southern Western Development Co.

Southwestern Public Service Co.

Tennessee-Oil Gas & Electric Co.

Toledo Edison Co.

Union Planters National Bank, Memphis, Tenn.

United States Steel Corp.

Macy (R. H.) & Co.

Mansfield Tire & Rubber Co.

Pacific Associates, Inc.

New York

New York & Harrisburg RR.

New York, New Haven & Hartford RR.

New York, New Haven & Hartford RR.

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New York, New Haven & Hartfo
Harold Marache
Harold Marache, associated with Cola & Co, New York City, passed away at the age of 61.

SITUATION WANTED

CASHIER
and Bookkeeper available because of reorganization of firm. Twenty years’ experience in office work, including bookkeeping. Knowledge of Municipal, Box B 110. Commercial and Financial Exchange, 55 Park Place, New York 7.

DIVIDEND NOTICES

Lowe's incorporated Minnesota.
November 19, 1952
The Board of Directors has declared a dividend of 40% on the outstanding Common Stock of the Company, payable on December 19, 1952, to stockholders of record at the close of business November 29, 1952. Checks will be mailed.

Charles C. Morgenstern
Vice Pres & Treasurer
November 17, 1952.

Revel Miller Adds
Outside the Financial折り紙
Los Angeles, Calif. — Miles B. Larson has become affiliated with Revel Miller & Co., 620 South Spring Street, members of the Los Angeles Stock Exchange. He was formerly with Daniel Reeves & Co.

With King Merrill Co.

V & N E I C H, Pla. — Franklin N. Mulhern is connected with King Merrill Co., Inc.

DIVIDEND NOTICES

City Investing Company, 12 Broad Street, New York 4, N. Y. The Board of Directors has declared a quarterly dividend of 10 1/2% on the Common Stock, payable December 15, 1952, to stockholders of record December 1, 1952. Checks will be mailed.

William T. Smith, Treasurer
New York, N. Y., November 18, 1952.

Louis A. Vila Opens

Westminster, Colo. — Louis A. Vila is now in the securities business from offices at 7618 Raleigh Street.

DIVIDEND NOTICES

Newmont Mining Corporation

November 18, 1952. A dividend of One Dollar ($1.00) per share has been declared, payable December 15, 1952 to stockholders of record at the close of business on November 29, 1952.

William T. Smith, Treasurer

The United Corporation

The Board of Directors has declared a semi-annual dividend of 10 cents per share, plus an extra dividend of 5 cents per share on the COMMON STOCK, both payable December 15, 1952 to stockholders of record at the close of business November 26, 1952.

Wm. M. Hickey,

November 13, 1952

United Gas Co.

Shreveport, Louisiana

Dividend Notice

The Board of Directors has declared a dividend of ten and one-quarter cents ($0.10) per share on the preferred stock of this Company, payable November 15, 1952, to stockholders of record November 1, 1952.

B. W. Wadham

November 17, 1952

Secretary

Tennessee Gas Transmission Company

DIVIDEND NO. 21

The Board of Directors has declared a quarterly dividend of 35 cents per share on the Common Stock, payable January 2, 1953 to stockholders of record December 8, 1952.

W. D. Walsey,

Secretary

SOUTHERN CITIES

DIVIDEND QUARTERLY

Dividends of $1.02 a share on the 4.08% Cumulative Preferred Stock and $1.27 a share on the 2.07% Cumulative Preferred Stock, 30 cents a share on the 4.0% Cumulative Preferred Stock, and 40 cents a share on the Common Stock, have been declared for the quarter ending December 31, 1952, all payable on or before January 20, 1953 to stockholders of record at the close of business on December 29, 1952.

GEORGE H. BLAKE

President

PUBLIC SERVICE
CROSSROADS OF THE EAST

CITIES SERVICE COMPANY

DIVIDEND NOTICE

The Board of Directors of Cities Service Company on November 6, 1952, declared a quarterly dividend of one dollar ($1.00) per share on such outstanding preferred stocks and common stocks of the Company, payable January 15, 1953 to stockholders of record at the close of business November 21, 1952.

W. A. ALTON, President

DIVIDEND NOTICES

UNIVERSAL FRUIT COMPANY

214th

CONSECUTIVE QUARTERLY DIVIDEND

A dividend of seven-five cents ($0.75) per share is payable January 15, 1953 to stockholders of record at the close of business on December 21, 1952.

J. E. RENYARD,

Secretary and Treasurer


DIVIDEND NOTICES

MCL STREET

DIVIDEND NOTICES

BRIGGS & STRATTON CORPORATION

DIVIDEND

November 16, 1952.

The Board of Directors has declared a quarterly dividend of twenty-five cents ($0.25) per share to be paid on December 15, 1952, to stockholders of record December 1, 1952.

F. L. Peterman, Secretary
November 12, 1952.

Texas Gulf Sulphur Company

November 15, 1952
The Board of Directors has declared a dividend of $1.00 per share and an additional dividend of 47 cents per share on the Common Stock, payable December 15, 1952, to stockholders of record at the close of business November 24, 1952.

E. V. F. VANDERSTUCKEN, Jr.

Secretary

November 12, 1952.

COLUMBIA PICTURES CORPORATION

DIVIDEND

The Board of Directors has declared a dividend of twenty-five cents ($0.25) per share to be paid on December 15, 1952, to stockholders of record December 1, 1952.

A. V. BERGEN

Secretary
November 12, 1952.

Irving Trust Company

One Wall Street, New York
November 13, 1952
The Board of Directors has declared a dividend of ten cents ($0.10) per share on the capital stock of this Company. The dividend will be payable December 15, 1952, to stockholders of record at the close of business December 4, 1952. The stock transfer books of the Company will not be closed.

HERBERT J. MURPHY
Executive Vice Pres. & Sec'y

The greatest name in the ceramic tile industry

AMERICAN ENCAUSTIC TILING COMPANY, INC.

Common Stock
The Board of Directors has declared a quarterly dividend of 15% per share of $1.00 par value on the Common Stock, payable December 15, 1952, to stockholders of record December 1, 1952.

G. W. THORP, JR.

Vice Pres. & Trust.
November 14, 1952.

AMERICAN WOOLEN COMPANY

PREFERRED DIVIDEND

The Board of Directors of American Cyanamid Company today declares a quarterly dividend of eighty-seven and one-half cents ($0.871) to stockholders of record December 1, 1952. Checks will be mailed.

E. J. Du Pont de Nemours & Co.

WINCHESTER, DELAWARE

November 12, 1952

50TH ANNIVERSARY

1902 - 1952

E. J. Du Pont de Nemours & Co.

WINCHESTER, DELAWARE

The Board of Directors of American Cyanamid Company today declares a quarterly dividend of fifty cents ($0.50) to stockholders of record December 1, 1952. Checks will be mailed.

R. H. KELL.

New York, November 18, 1952.

SITUATION WANTED

CASHIER
and Bookkeeper available because of reorganization of firm. Twenty years’ experience in office work, including bookkeeping. Knowledge of Municipal, Box B 110. Commercial and Financial Exchange, 55 Park Place, New York 7.
WASHINGTON... And You

WASHINGTON, D.C.—Of the major pillars of the New Deal-Fair Deal, the one which it already may be suspected will be the most permanent is the Reciprocal Trade Agreement Act. This key Democratic enactment must be considered by the Republicans as potentially the one that is to be allowed to die, for it legally expires June 12, 1953.

Curiously enough it is likely to come under attack despite the prominent fact that there is poten-
tially a majority in Congress favorable to modification in tariff matters. For the tariff war which Republicans opposed to reciprocal trade agreements, there will be replacements from Southern Democrat’s who are the dominant elements in the GOP who will go along with a modified trade agreements program.

Of the long period of years the State Department has develop-
ed a view toward the reciprocal trade agreements program which has kept a foothold toward that program. That State Department attitude may be considered as the "protectionist" sentiment in putting the United States in jeopardy. In particular:

(1) Congress resents the "one-sided" attitude toward the State Department on the question of tariffs.

Regardless of monomousely successive increases in the re-
tation the Department has placed upon im-
ports, it has not heard the voice of the State Department over the war and certainly not audibly, at least, in protest. Britain’s successive increases in protective tariffs was not accompanied by protests from the United States for the so-called "cheese amendment" was only a matter of a few millions.

(2) At a recent meeting of officials of the General Agreement on Tariffs and Trade, several members from the United States mentioned the GATT in the face of this amendment. It is only a matter of a few millions.

At a recent meeting of officials of the General Agreement on Tariffs and Trade, several officials from the United States mentioned the GATT to President Eisenhower. The United States has been the chief proponent of the GATT since 1947.

Canada Threatens Retaliation

Canada’s relations with the United States present a sharper aspect of the tariff situation than the State Department attitude.

Canada regards the United States as the champion of multilateral trade and perhaps the outspoken critic of the nasty Republicans in Congress who now and then talk about a "delegation" of Sec. 104 of the Defense Production Act, the so-called "cheese amendment." Canada’s sentiments against a GATT Treaty in the United States were all but unanimously recorded in the press of Canada, stopping almost daily in the papers. The main reason for the unofficial, on-the-record enforcement of Canada by any responsible official of the Canadian Government. The chief intangible reason was "Republican tariffs."

Nevertheless, Canada maintains a generally high tariff upon imported commodities. Canada is the one country in the world which worked the "infant industry" protective tariff scheme to its maximum. Where America is missing tariffs, where U.S. manufacturers attempted to ship competitive consumer items, and low upon semi-manufactures where the U.S. manufacturer would establish a branch plant to manufacture in assembly and partly manufacture the U.S. product in

Canada, Canada also is careful to keep the tariff low on not only semi-manufactures, but on the machinery and equipment which attaches the product for use in the United States for assembly.

Besides never calling attention to Canada’s and the U.S. tariff walls, because of the so-called American manufacturers, the State Department has likewise neglected to give Congress any credit for the protection afforded French and Canadian products under these walls.

That, according to the report of the Mutual Security Administration, the U.S. purchased $480,700,000 of Canadian broad grain almost all wheat, during four years of the Marshall Plan. This wheat was paid for by the U.S. dollars and given to European clients of the Marshall Plan.

Including the $490,700,000 of bread grains, the U.S. has purchased and given away an aggregate of $603 million of Canadian food and agricultural items and $97 million worth of manufactured items, chiefly the metals, minerals, pulp, paper, etc., which make up the productive capacity of Canada’s exports.

That which arouses the irony of some Congressmen is the fact that the government effort Canada, before the Nov. 4, U. S. election, was threatening to retaliate against the United States for the so-called cheese amendment. That is only a matter of a few millions.

(3) At a recent meeting of officials of the General Agreement on Tariffs and Trade, several officials from the United States mentioned the GATT to President Eisenhower. The United States has been the chief proponent of the GATT since 1947.

In view of the developments before, the U. S. election, it is possible that the "recession" may be some
time coming.)

The Canadian situation, how-
ever, illustrates, as one opponent of reciprocal trade said privately, a glaring incident of how the State Department can see only the urgent appearing of Congress toward imports but not of foreign countries toward U. S. trade.

Say Trade Should Be Multilateral

(2) Another criticism of reciprocal trade as it has been practiced by the State Depart-
ment, say critics of the De-
partment, is that the U. S. Administration has seemed to be content with attempting to solve the "reciprocal trade problem only in terms of pre-
vious record of dealings of for-
eign goods.

But the point they make, the purpose of the Reciprocal Trade Agreements Act was to promote a dynamic multilateral commerce rather than to give access to the rich U. S. market alone. There has been too much criticism of efforts of the State Department and the government’s plan rather  to force U.S. purchases. It has been the whole world allied

With State against alleged U.S.

trade restrictions.

Indeed, it is asserted, the State Department if reciprocal trade is to be continued under the Republican Administration, should pay at least some attention to demanding that ad-
herents to trade agreements and GATT promote trade among another. The pre occupation with the U. S. market is tend-
ing to disturb what should be normal patterns of trade among all the nations, now in the quest of U. S. dollars.

(4) Finally, there is widespread skepticism among both propo-
nents and opponents of the reciprocal trade program that this program is in any way wedded to competitive, free in-
ternational trade. The prime example they cite was the late "International Trade Organization," widely construed in Con-
gress as a program to support cartelization, and now a truly dead duck.

Believe Public Housing Will Survive

While reciprocal trade will be under attack because a deci-
sion must be made next year if the program is not allowed to die, many other pillars of the

New Deal-Fair Deal may es-
cape a brush with Congress in 1953 simply because there will be such a press of business.

Among other things, the new Congress and Administration will be pre-occupied with what form capital gains taxes, if anything, with an attempt to work toward a balanced budget, than dealing with the expiring Defense Production Act, with shaping a new mutual security program, with revisions of the Tariff-Hartley Act, and with some lesser problems.

There will be virtually no possibility of debilitating T-TII beyond any amendments which Senator Taft himself will ac-
cept. As a matter of fact, a substantial majority of Con-
gress, unless stopped by the White House and by Senator Taft, is very likely to make a serious effort to ban industry-wide bargaining. With White House support this could prob-
ably pass.

Public housing is likely to be held down rather than abel-
ved. Some of the more zealous conservatives would like to wipe public housing institutions of their books. Neither the construction industry nor the majority of the conservaties, both of whom oppose this program, however, are likely to seek this fight against public housing be taken in 1953.

The chief question will be the number of new units to be authorized in 1953. Gue-
resses range from a minimum of 5,000 to a maximum of 30,000.

When the frontal attack upon public housing does come, it is likely to be in form of modification, as it is said, rather than abolition. Modification might reveal somewhat the sub-
ject to both houses.

(Col. 11 is intended to reflect the "behind the scene" interpreta-
tions of a number of important figures and may or may not coincide with the "Chronicle" own views.)

With Granberry, Marache

(Winter Park, Fla.—James L. Granberry, President of the Associated Traders with Granberry, Marache & Co. Mr. Richmond was formerly with Craighead, Ely & Co.)

With Johnston E. Bell

(Staten Island, N. Y.)

BRADENTON BEACH, Fla.—Robert L. Kramer is now asso-
ciated with Johnston E. Bell & Co. in their recently opened Bradenton Beach office.

COMING EVENTS

In Investment Field


Nov. 28-Dec. 5, 1952 (Baltimore, Md.) Investment Traders Association Annual Convention at the Hollywood Beach Resort, Pittsburgh, Pa., at the Lincroft Room of the Union League.

Dec. 12, 1952 (Pittsburgh, Pa.) Pittsburgh Securities Traders Association annual election and banquet at the Lincroft Room of the Union League.

Dec. 13, 1952 (San Francisco, Calif.) San Francisco Security Traders Association annual Christmas party at the St. Francis Yacht Club.


Business Man's Bookshelf

Planning for Freedom and other Essays and Addresses—Lud-
wig von Mises—Liberarian Press 99 West 33rd Street, South Hol-
limer at the-Clinton $5.00.

tional Association of Credit Men 229 Fourth Avenue, New Y. N. Y.—cloth $10.00.

For Large Appreciation Potential WE SUGGEST RIVERSIDE CEMENT CO. (CLASS B (common) Stock) Riverside Cement Co., in fast-growing Southern Cali-
nia. Articles of this Company and a review of the Cement Indus-
tree available as request. Available around 17

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BUSINESS BUZZ

The Commercial and Financial Chronicle... Thursday, November 20, 1952