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EDITORIAL

As We See It

"We must not try to turn the clock back," This, in substance, was the keynote of a good deal of the soul-searching at the annual meeting of the National Association of Manufacturers last week. The results of the voting in November cannot be interpreted, so several of the speakers emphatically asserted, as providing a green light for a return to past practices and policies, so far as these do not conform to present day conceptions of right and justice. American business is on trial for the next few years, they said, and the verdict will depend largely upon the results obtained in terms of individual welfare and "social progress."

Such generalities as these make sense or not, it seems to us, depending upon the meaning assigned to the words used. We can not readily think of any term that has been used in recent years to give expression to more nonsense than this one of "turning the clock back." Yet there is a good deal that the business community would do well to bear in mind about the dangers of return to any sins of the past, and about changes which run too strongly counter to what has, rightly or wrongly, come of late years to be regarded as fitting and proper. It is well, therefore, to inquire very briefly—for space obviously precludes any full treatment of so vast a subject—into the matter of what the attitude, the policies and the practices of American business should be in the years immediately ahead.

Wallace F. Bennett, at one time President of the National Association of Manufacturers and now a United States Senator from Utah, finds that the election returns merely show that the

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Bond Price Prospects

By W. W. TOWNSEND*

President, Townsend-Skinner & Co., Inc., Investment Counselors, New York City

Mr. Townsend, after discussing trends in interest rates, finds downward impact on bond prices of lower interest rates may be offset by investment needs of pension funds, insurance companies and savings institutions. Points out, however, heavy loan accounts now held by commercial banks may force borrowers to resort to more extensive use of long-term obligations.

Capitalism will not work unless capital is at work and capital will not work for starvation wages any more than will the bricklayer. The wages of investor capital are interest, of partnership capital are dividends and of venture capital are profits. All three of these wage scales have been much too low for much too long a period of time.

W. W. Townsend

The upward trend of interest rates, particularly in the case of the longer bonds, has been so slow since the end of World War II as to be almost imperceptible, averaging not much more than 10 basic points per annum but it has taken the yield on the highest grade corporate bonds from 2.40% to 3.10% and on the two next best quality issues from 2½% and 2⅝% up to 3.20% and 3.33%, respectively.

The rise in the short rate has been somewhat more rapid and the interest "curve," which was convex, from ⅜% on Bills to about 2.25% on long Governments, is now almost flat, from 2.05% on bills to 2.72% on the same long Governments.

It is entirely within the bounds of possibility that the interest curve may become concave and that the short rate will be higher than the long but this is looking a little too far down the road at the moment, although

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*Abstract of an address by Mr. Townsend before the Mid-Year Meeting of the National Association of Mutual Savings Banks, New York City, Dec. 8, 1952.

Revamp Our Foreign Policy That Is Leading to World War

By DOUGLAS MacARTHUR*

General of the Army

Chairman of the Board, Remington Rand, Inc.

Asserting he has clear and definite solution of Korean conflict, Gen. MacArthur calls for changes in foreign policy, and warns we must not sacrifice our resources in granting foreign aid. Calls attention to encroachment on capitalist system both at home and abroad, and urges sharp reorientation of government's course toward industry. Lauds industry's accomplishments, and holds American enterprise must be preserved.

It is with a sense of rare distinction that I address this gathering of the nation's industrial great. I do so as an Old Soldier who, in the march of events, finds service has shifted from the battle line to the assembly line. For modern war teaches that industry has become a main line of national defense. It has become the bulwark of human freedom.

Douglas MacArthur

It is an unassailable truth that the science of industry has become a major element in the science of war. The successful conduct of a military campaign now depends upon industrial supremacy. As a consequence, the armed forces of a nation and its industrial power have become one and inseparable.

The integration of the leadership of one into the leadership of the other is not only logical but inescapable. It has become indisputably clear that it is no longer the standing armies now in being, nor the naval and air forces which range freedom's vast frontiers, which stay the bloody spectre of willful aggression, but rather a realistic appreciation of our massive potential of industrial power

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*An address by Mr. MacArthur at the Annual Dinner of the 57th Congress of American Industry, sponsored by the National Association of Manufacturers, New York City, Dec. 5, 1952.

PICTURES IN THIS ISSUE—Candid shots taken at the Annual Business Meeting of the Security Traders Association of New York appear on pages 21 to 25 inclusive.

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The Security I Like Best

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

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

This Week's Forum Participants and Their Selections

Mount Vernon-Woodberry, Mills, Inc.—G. Frederic Helbig, Baron G. Helbig & Co., New York City. (Page 2)

Carborundum Corp.—T. Reid Rankin, R. M. Horner & Co., New York City. (Page 2)

G. FREDERIC HELBIG

Baron G. Helbig & Co., N. Y. City

Mount Vernon-Woodberry Mills, Inc.

Not so long ago I read a comment to the effect that over the extended period that this column "The Security I Like Best" has been running in the "Chronicle," only three times has the same security been mentioned more than once. The purpose of the comment was to point up the wide disagreement among professional analysts as to which, indeed, were the "best" securities. Personally, however, I think it is only natural that the contributors to this column prefer to avoid repeating securities previously reviewed out of consideration for reader interest.

G. Frederic Helbig

At any rate, I shall be an exception to the rule by repeating myself this time.

Two years or so ago I set forth my preference for Mount Vernon-Woodberry Mills, Inc. common, which had then been listed only recently on the New York Curb Exchange. At that time, Mount Vernon was selling around 20 and its regular dividend rate was $2 per annum. Since that time the stock has been split 2 for 1 and the new stock is again selling around 20 and is on a $1.50 annual dividend basis (payable quarterly). It is still the security I like best.

For the nine months ended Sept. 30, 1952, the company recorded sales of $41,000,000, the second highest volume for a like period in the company's history. Net income was $2,329,000, equal to $3.62 per share on the outstanding 640,000 common shares. Note that these nine months figures were well over twice the annual $1.50 regular dividend rate. For the full year 1951, net sales were a record $62,900,000, and net income was $5,218,677, equivalent to $8.13 per present share outstanding. While $1.60 of these earnings represented a non-recurring profit on property sold (net after applicable taxes), there still was left $6.53 per share earned out of normal operations. Thus, the stock is currently selling only slightly over three times last year's earnings.

Anyone familiar with the depressed conditions within the textile industry during the past two years might well raise an eyebrow at the foregoing accomplishments of Mount Vernon - Woodberry Mills. The explanation lies in the fact that this company specializes in fabrics for industry, as distinguished from the apparel and home-furnishing textiles, and to an equal degree that its management is experienced, capable, aggressive and conservative.

Mount Vernon - Woodberry's fine, modern mills are grouped at Baltimore, Md., Columbia, S. C., and Tallassee, Ala. The company produces over 2,000 different constructions for a diversity of industrial applications. An ever alert research and experimental policy is followed and while the great bulk of production is of cotton, an increasing proportion is made up of various synthetics. A good example of the forward looking attitude of the management is found in the company's participation in a joint venture that has built a modern cotton mill in Africa, thus giving them experience in foreign production, world cotton prices and wage differentials. The venture has been highly successful.

The normal growth and expansion of industry generally augurs well for the future of Mount Vernon-Woodberry. Perhaps the most promising single development that should benefit this company is the sharply rising use of conveyor belts for materials handling. Such belt systems use extensive quantities of heavy duty duck. Mount Vernon-Woodberry exported considerable quantities of such materials for use in the modernization of the English coal mines. The proposed conveyor belt system from the Great Lakes to Pittsburgh for transporting iron ore, which has been under consideration for the past few years, would probably require more duck than Mount Vernon and all its competitors could produce in a year.

From an analytical viewpoint, Mount Vernon-Woodberry would compare most favorably with any other textile stock. At Sept. 30, 1952, book value per common share was $35 and net current assets after deducting long-term notes payable and the unimportant amount of preferred stock outstanding, was equivalent to $15.50 per common share.

Two years ago I made a comparison of Mount Vernon with West Point Mfg. Co., the former's chief competitor. Since West Point is much more widely known in investment circles (traded over-the-counter), I think it still offers a logical yardstick for a new comparison.

West Point is currently selling around 25 (Mount Vernon-Woodberry 20). In its fiscal year ended Aug. 31, 1952, West Point earned $2.32, as compared with Mount Vernon's earnings of $3.62 for the **nine months** ended a month later. West Point has a book value of $18.50, a little over half the book value of Mount Vernon. Net current assets of West Point were $10.54, compared with $15.50 for Mount Vernon. True, West Point's regular dividend basis is $1.60 yearly or 10c a share more than Mount Vernon's highly conservative $1.50 annual rate. However, the earnings margin is so substantial that Mount Vernon may be expected to increase its dividends consistently in the future, either in the form of a higher annual rate or in the form of extras. Both methods have been used in the past.

Yes, Mount Vernon-Woodberry Mills is still the security I like best.

T. REID RANKIN

R. M. Horner & Co., New York City

Carborundum Company

After a market which has been in a long upward cycle, it is important in selecting an investment that consideration be given to a company which has some particular reason to resist any downward trend in the business curve. Obviously, such a company would produce a product which is a basic necessity, and in addition offer something new which will provide a wider field of operations. Thus, the greater volume of sales could be expected to offset any shrinkage in sales of the regular products.

T. Reid Rankin

Growth companies alone are not the complete answer to the problem, for while sales may be expected to increase as acceptance of the product becomes more universal, there must be a period where earnings are plowed back to expand production and construct larger manufacturing facilities. Many investors cannot afford to forego dividends while a company of this type is passing through the growth stage. I believe Carborundum Company offers the attractiveness of a regular dividend-income plus unusual growth potential.

For over 60 years, Carborundum Company has been a leading factor in a world-wide market for abrasives. The product is an absolute necessity and must be constantly replaced. Having attained an eminent place in this field, the company in 1947 under its new management revamped its internal organization which adversely affected the earnings in 1947, 1948 and 1949. In 1950, a research department was set up for the purpose of developing new products and to broaden the uses for its abrasives. Within a period of about three years the results began to reflect increased sales. Since 1950, the company has enjoyed a steady increase in sales.

Year	Net Sales	Earned per Sh.†	An. Div. Per Sh.
1952*---	$35,825,000	$1.63	$1.40
1951---	72,218,000	4.24	1.25
1950---	56,683,000	4.93	.67
1949---	38,714,000	.97	.08
1948---	43,450,000	.69	.67

*Six months to June 1952.
†Adjusted to reflect present common stock outstanding.

One of the new products, offering a whole new field for development is "Fiberfrax," a ceramic fiber. This is a new insulating material with unlimited applications for industrial purposes as well as for use in jet engine exhaust. "Life" magazine (Nov. 10) devoted three pages to this new product. It absorbs heat in excess of 2,000 degrees Fahrenheit without losing its qualities, whereas most presently competing materials break down at much lower temperatures.

Another new product is "Zirconium," a new atomic metal used by the Atomic Energy Commission. A new contract has been signed whereby the Commission will take 150,000 pounds annually at not less than $15 per pound. A new plant is being built on an 18-acre site at Akron (N. Y.) at a cost of approximately $2,500,000 to produce Zirconium and Hafnium.

Carborundum Co. is also working with Bell Aircraft on a new process for tapering aircraft metal "skin" by using abrasive belts instead of milling machines, and additional new products are ex-

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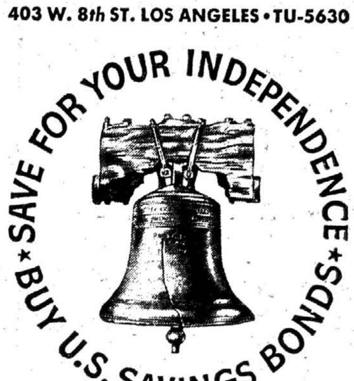

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We Must End Handouts Of United States Dollars!

By H. W. PRENTIS, JR.*
Chairman of the Board, Armstrong Cork Company

Though upholding U. S. foreign aid program as turning back postwar tide of Communism, Mr. Prentis asserts it is clear this must end, since "trade, not aid" is slogan of hour. As means of increasing world trade, Mr. Prentis recommends thorough statistical study of United States tariffs, claiming without adequate data, no intelligent estimate can be made of effects of tariff reductions. Says, despite obstacles, foreign investment has become a "must for both U. S. and foreign countries."

The United States is at a turning point in its foreign assistance program. The emergency precipitated by the biggest and most destructive war in history has lasted seven years. In that time we have lavished $38 billion in gifts and supplies on our friends and allies in the Free World.


H. W. Prentis, Jr.

There is no doubt but that this vast aid program—despite all the faults and the waste which inevitably accompanied it—has turned the postwar tide of Communism. Lend-lease, Marshall Aid, the British loan, Point Four, NATO, and the Mutual Security Program—these are the moves which have enabled Europe to recover from the chaos of war. And they have made it possible for other friends throughout the Free World to cling to their freedom and to make a new start on a sound and healthy national life in spite of Stalin's cold war which daily has threatened them from all sides.

But it is clear today that this emergency period must end. Our allies are protesting our charity, and clamoring for a more healthy economic relationship. "Trade, not aid" is the slogan of the hour. From London to Tokyo and from Stockholm to Johannesburg and Rio de Janeiro the demand is for leadership, not gifts; for assistance in rebuilding and expanding world trade so that every nation can share in the business and build the self-respect that comes from earning its own way in the world.

We have a special obligation in backward areas of the world where the spread of communism is a constant threat. Communism breeds and flourishes particularly where poverty, disease, and ignorance are the way of life. It can be stemmed when people are taught how to build a better life for themselves. It can be stopped when individual initiative is put in motion and directed toward self-emancipation.

The United States is the only free country with enough strength to set the climate for a healthy development of the economy of the whole Free World. Canada can help—and unquestionably will—but the real responsibility for providing aggressive leadership rests on us. We have all of the tools at our disposal. But a critical examination of our use of them must leave us with the foreboding knowledge that we have not been either sufficiently vigorous or ingenious in applying them, nor has there been any consistent pattern in our efforts.

Our Best Hope for World Peace

Our best hope for world peace must come from the increasing strength of friendly nations. And their strength must grow from their own self-created sound internal economy. They must learn to live within their means. We cannot and should not continue handouts of United States dollars. Our economy, strong and rich as it is, cannot stand such a drain indefinitely. It is clear today that our efforts to build a strong, free world need to be redirected.

Instead of receiving alms from us the world is asking for a chance to earn its way by being allowed to trade with us. Claim of our friends is that we give them money or offer them loans but we close our markets to their goods, so they have no way in which to repay us. There is the demand from all sides that we lower our tariffs or scuttle them completely.

Unfortunately, our country has gained a bad reputation abroad in respect to our tariff policies. Though a creditor nation continuously since World War I, we have pursued the consistently irrational procedure of lending without allowing our borrowers sufficient chance to repay us by selling us adequate supplies of their goods.

Since the end of the last war our foreign aid has totaled $38 billion. That just about equals our so-called "favorable balance of trade" for these postwar years. This is a very expensive way of continuing to *enjoy* a favorable trade balance, and it is one of the main reasons why our taxes are so high. Such statistics are—on the surface at least—a compelling argument for a complete overhauling of our tariff schedules. But before we undertake any such move let's carefully review the facts.

Growth of U. S. Imports

United States imports have grown almost fantastically in the last 15 years. Prior to the war they amounted to about $2 billion

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*An address by Mr. Prentis at the 57th Annual Congress of American Industry, sponsored by the National Association of Manufacturers, New York City, Dec. 3, 1952.

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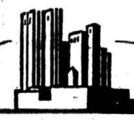

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Let's Give Them Credit

By IRA U. COBLEIGH

Author of "Expanding Your Income"

At a time of year when everyone needs money, a look-in on personal finance companies may prove interesting and perhaps profitable.

Two headlines of the last month prompted today's brisk research and review. First was the campaign argument that the average American had gone in debt $400 in 1951; and second that consumer credit was soaring to all-time highs; and might reach a staggering $23 billion by Christmas. That's a lot of money for people to owe, a lot of future income mortgaged, and a lot of buying power locked in for several months to come. What's it all for, anyway?

Ira U. Cobleigh

Well, on Sept. 30, 1952, U. S. consumer credit was actually $21.7 billion. Of that cozy sum, about 52% was money borrowed to buy things on "easy monthly payments" — cars, televisions, washing machines, etc. (where the "ease" of these monthly payments comes in has always baffled me). 23% was in store charge accounts, again to buy goods; 7% was in single payment loans, and the balance, roughly 18% (about $4 billion) was for personal loans, where for the most part, nothing new was bought. And these are what we're going to kick around today.

Of the four billion, the burden of supplying over 2/3rds of the dough was divided almost equally between commercial banks and the consumer finance companies. This is democracy applied, not to politics, but to economics. Why in 1910 you could no more go into a commercial bank and borrow $300 because the baby was sick, than you could clutter up the bank's ledgers with checks drawn at ten cents a copy. Then in 1917, the Bank of Morehead City, North Carolina, opened the first installment personal loan department in a commercial bank; and on May 4, 1928, the National City Bank of N. Y. launched the first specialized personal loan department of any major bank. The fantastic bank growth in this field is now history, with National City still perhaps the largest, and hundreds of banks throughout the country giving out money on the strength of good signature, an honest face, and a steady job.

The Personal Loan Companies

Personal loan companies, which usually loan money to individuals in much smaller amounts, started as a result of a study showing their need, by the Russell Sage Foundation, in 1907. This report led to the passage of "Small Loan Laws," first in Massachusetts (1911). Later, as years passed by, and the need to provide necessary funds at fair rates multiplied, other states followed, so that, today, 33, in all, have legalized small loan companies. Variously, these enterprises are permitted maximum loans of from $300 to $500, in most states, with top limits of $1,500 in Nevada and $5,000 in California. Interest rates run from 3 to 3½% a month on $100 or less, down to as little as ½% on the amount above $300.

Payment Record Good

These small loans are, on the record amazingly good. Over 20 years, payment default would probably not exceed 1¾% of the total, and experience of recent years is below 1%. Part of this loan quality is due to good screening, part to efficient servicing, but principally because John Doe is, at heart, a very honest fellow. He goes to personal loan companies 20% of the time to consolidate old debts; 18% for doctor, dentist or hospital bills; 22% for travel, repairs and clothing; and the balance of the time for emergencies, like burying a sad sack relative or hiring a lawyer.

Don't underestimate either the necessity for, or the use of, consumer finance companies. One family out of seven will sign a note with them this year, the average borrowing will be around $250, and the note, if not renewed, will get paid off in about 15 months. Typical loan payments, principal and interest, will not exceed $20 a month, and will, in any event, average less than 7% of monthly income. People from every walk of life are customers; and they go to the personal finance companies because of speed of funds' receipt, minimum red tape, and privacy afforded. You'd think they'd be more likely, say, to borrow on their insurance, but they're smart. If they did that, they figure they'd never pay it back! This finance company way, they will pay off at so much a month, and the average interest cost will probably be about 2% a month. The key to this whole deal is that the people borrow only when they really need it, and they realize that prompt repayment builds a life time asset—good personal credit.

The "Big Three"

There are over 6,000 licensed small loan companies in the U. S., and, of course, we couldn't possibly cover them all here. Most are privately owned, with no shares on the market; so we'll confine ourselves to the Big Three —Household Finance, Beneficial Loan, and American Investment, and in that order.

Household Finance is the largest company in this field with "employed assets" in 1951 of $316 million, $199 million being supplied by borrowed capital. Household offers altogether 573 offices where you can borrow money in the U. S. and Canada; it made a fabulous 1,871,915 total of personal loans last year, and aggregate loans of almost $527 million. Yes, small loans make big business, and profitable business, too. Household has paid dividends without a miss since 1917 including some nice extras along the route, and last year earned $4.25 on each of its 2,767,597 common shares outstanding and now selling on the NYSE at 48, paying $2.40 (plus extras). There are also two series of preferreds which you can buy to yield you a little over 4%.

Household Finance has done a pretty good job of satisfying both customers and stockholders.

Second on the loan parade is **Beneficial Loan** which appears likely to earn about $3.65 on its 3,428,753 common shares. It operated (3/1/52) 652 small loan offices in 430 cities in the United States and 61 offices in Canada. Financial position is excellent and progress is indicated by the fact that volume, number and size of loans have shown a steady upward curve.

Profitable earnings results here go way back to 1914; and dividends have been paid uninterruptedly since 1929. Present rate of $2.10 suggests a yield of about 5.70%. In addition to cash, some stock dividends have been paid through the years. There's also a $3.25 convertible preferred selling around 105. It might be beneficial if you looked into these securities.

American Investment Company of Illinois, operating through a number of subsidiaries, ranks third among personal finance enterprises in America, having made 588,512 loans in 1951, the largest number (171,761), to borrowers earning between $3,001 and $3,600 a year. By a policy of progressive expansion, American, either by acquisition, or the opening of new offices, has built up to 272 offices in 20 states. (This includes 55 loan offices of Domestic Finance Corporation, wherein American owns 67.9% of the outstanding common shares.)

Company attitude respecting its personnel is forward-looking, the policy being to develop managers and executives from within, and to provide favorable employee benefits such as pension and profit-sharing. The principal officers and directors here are large stockholders, a fact always of importance to investors in any enterprise.

For details of capitalization, please refer to a prospectus dated July 9, 1952, which lists the seven series of notes and debentures, and three series of preferred and preference shares which provide the leverage for 1,992,806 shares of common. The financial set up is a little complicated; but the earnings, management, record of sustained growth, and 21 years of dividends, without hiatus, give considerable investment substance to American Investment Company common. It sells today around 24⅝ paying $1.60.

Serves a Vital Function

These three will give you a pretty good idea of consumer finance at the lower bracket stage, where credit is given just on signature or by assignment of furniture or motor car. Quite apparently there is real need in America for this type of lending. Almost everyone gets a little short once in a while, and could use a fast advance for a tax bill, or perhaps a Christmas purchase. A trip to a personal loan office is the answer (or one of them). Arranging small loans is not lonesome work, for 9,000,000 families will borrow thus, in 1952. So let's give them credit. And when they graduate from the borrowing stage maybe they'll crave to become stockholders.

Post-Election Employment Outlook

By ROGER W. BABSON

Mr. Babson, in pointing out current tight labor situation arises from heavy and wasteful military expenditures, warns this may change and many now engaged in armament production will be discharged. Says high taxes and labor-saving machinery may cause unemployment. Sees more foreign competition for our manufacturers.

During my last trip through the Central West, I have systematically inquired about the employment situation. Most employers admit that good workers are now scarce and this situation will continue as long as the Government's military expenditures hold up. Furthermore, many employers feel that the Military Armament Industry will remain, **to a limited extent,** a new industry for many years to come, and certainly will not be stopped all at once.

Roger W. Babson

Haste Makes Waste

These people, however, further tell me that the armament program is now being carried on in a very wasteful manner due to the haste. When this rush is over, expenses can be materially cut. Therefore, barring World War III, many workers now directly, or indirectly engaged in armament production will be discharged.

The above explains why many labor unions have been able to get raises. In the end, employment is subject to the old Law of Supply and Demand. Unions can temporarily take advantage of this law and push up wages, but ultimately wages come down or else unemployment occurs.

High Taxes and Labor Saving Machinery May Cause Unemployment

Thus far, employers have taken no radical action to offset the Government's taking from 52% to 80% of their profits. Their attitude has been to wait until Dec. 31, and then review the entire situation, after which many corporations will radically cut expenses.

The tight employment situation, with high wages, has forced manufacturers to order new labor-saving devices. Most of these will not be delivered until 1953; but when they are delivered many present employees will not be needed. Also, during the recent lush years, much money has been wasted in connection with secretaries, travel, hotel bills, telephone calls, relatives, etc. Cutting down these expenditures will cause further unemployment.

Severe Competition Ahead

During the past few years, the production capacity of most concerns has been considerably increased. Companies making washing machines, vacuum cleaners and other household appliances have added to their manufacturing space and production output. In addition, many concerns which have not before made such products have — in order to replace outmoded products—begun their manufacture. Hence, the competition from this cause alone will be very severe; especially as most families have already purchased such things.

Next year, our manufacturers will also be obliged to meet foreign competition. Washington authorities state that—to prevent the spread of communism—our Government must supply machinery to foreign manufacturers to make goods to send to the U. S., which is their only possible customer. Naturally, U. S. manufacturers don't like this and will ask for much higher import duties on these foreign products. Washington will fight against higher import duties, believing such would result in World War III. As a counter move, our manufacturers will strive to reduce their production costs. This may result in reduced employment or reduced wages. Surely these rapidly increasing foreign imports, plus domestic competition, will result in keen price-cutting, forcing lower labor costs and consolidations.

Warning to Readers

The National Retail Dry Goods Association has already asked its President, Mr. George Hanson, to appoint a committee showing department stores, and also manufacturers, how they can cut expenses. These big merchants realize that the nation's build-up for defense will be reached late in 1953, resulting in a possible falling off of retail trade. They want to plan now how expenses can be reduced safely to meet this coming change.

This means that the readers of this column who now have jobs should work harder to hold his or her job. The old idea of "the last in should be the first out" may not be followed. The efficiency, loyalty and industry of each individual will be carefully considered. Now is the time for each reader to so qualify to hold his position when the price-cutting program starts.

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The State of Trade and Industry

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

Due to the observance of the Thanksgiving holiday by many plants, over-all industrial output in the period ended on Wednesday of last week showed some slight recession. It was, notwithstanding this decline, close to the highest point attained since the close of World War II and about 8% below the all-time high level reached during that conflict.

Despite the fact that unemployment insurance claims are showing a slight increase in recent weeks, they held close to the lowest level in seven years.

Steel production this year is expected to total very close to 93.3 million net tons of ingots, states "The Iron Age," national metalworking weekly. This will be the third highest year in the history of the industry, topped only by 1951 (105.2 million net tons) and 1950 (96.8 million tons).

Had it not been for loss of more than 19 million tons of production due to strikes last summer, output this year would have set an all-time record by a wide margin. "The Iron Age" estimates the industry could have produced as much as 112.3 million tons of steel this year if there had been no shutdowns because of labor trouble. Production losses attributed to strikes total 46 million tons since World War II.

The steel outlook for next year is promising for both consumers and producers. Steel industry people think they can produce as much as 118.8 million net tons of ingots in 1953—if needed. Military and atomic energy uses, as now planned, will take no more than 14 million tons. This would leave as much as 104 million tons for other purposes—one-third more than the estimated 80 million tons which will have been available for nondefense uses during 1952, declares this trade weekly.

In forecasting their production potential for next year steelmakers are counting heavily on their expansion programs which are fast reaching a climax. Capacity at the beginning of 1953 will be close to 116 million net tons, a gain of well over 7 million tons in a year. Early next year total capacity will spurt close to the industry's goal of 120 million tons, according to this trade magazine.

Steelmakers generally expect supply and demand to reach balance about the middle of the year. After that they expect consumer pressure to diminish somewhat, and they wouldn't be surprised if the ingot rate were to decline moderately. But they are nevertheless looking forward to a good year, notes this trade authority.

Reports from major steel consuming centers this week indicate that consumers are still on the prowl for maximum possible tonnage and early delivery on nearly all steel items.

Though demand for oil country goods remains intense at mill level, conversion steel demand for these products is easing. High costs, hope of an end to controls, seasonal drop-off in oil well drilling, and supplemental allotments are combining to encourage oil country people to thread out inventories and try to get away from conversion. At least one converter is expecting demand from his oil customers to be off 50% in the fourth quarter.

But this doesn't spell the end of steel conversion for oil country goods. If demand for petroleum products meets the expectation of Petroleum Administration for Defense (many doubt it will) and their future well drilling goals are met, conversion will have to help pad out integrated pipe capacity, concludes "The Iron Age."

Automotive production in the United States last week rose about 11% above the preceding period week when there was one less work day because of the Thanksgiving holiday.

"Ward's Automotive Reports" stated that U. S. plants assembled 96,164 cars the past week, compared with 86,403 in the preceding week.

Although truck makers are finishing out the year with a fast rate of production, only 1,210,000 trucks are expected for this year compared with 1,412,000 in record year 1951.

Income payments to individuals continued to climb in October, reaching a record annual rate of $276,000,000,000. This was $2,000,000,000 above September pace and $14,000,000,000 higher than in October, 1951. Wages and salaries in private industry set a yearly gait of $154,000,000,000 up $1,500,000,000 from the preceding month. Half this rise centered in durable goods manufacturing.

Construction expenditures in the first 11 months this year rose to $29,800,000,000, up 5% from a year ago, the United States Commerce and Labor Departments announced. The increase made it practically certain that 1952 will set a new record for money spent on building. The two Federal agencies have predicted the

Continued on page 34

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Continued from page 2

The Security I Like Best

pected to be developed from time to time through research.

Carborundum Co. is an old company and there is ample working capital available to develop new products. On Dec. 31, 1951 working capital was $24,427,815.

Six plants, having some two million feet of floor space, are located in the United States; and through subsidiaries, plants are operating in Canada and in Europe. That there is a very large and profitable equity in these subsidiaries is shown by the fact that while the value of the subsidiaries is carried in the balance sheet as of Dec. 31, 1951 at $3,105,352, the net assets were reported as approximately $12,500,000. During the five-year period 1947-1951 inclusive, Carborundum Co. received over $8 million as income from its investments and foreign subsidiaries.

Like many "old line" companies, the management has over a period of years been very conservative in depreciating plant facilities. While from 1947 to 1951 capital expenditures amounted to some $23,688,000, the balance sheet on Dec. 31, 1951 carried net properties at only $23,047,113 after depreciation reserves of $16,231,000.

So it is quite obvious that not only is there a large equity for Carborundum common beyond the balance sheet valuation, but the sizable earnings permit development of its new products without the necessity to pass through that expansion period needed by most "growth companies."

Nineteen fifty-one sales of $72,218,000 was an all-time high and net profit, after all Federal Income and Excess Profits Taxes, amounted to $6,474,692 equal to $4.24 a share. Against this a modest dividend of $1.40 is being paid

To keep abreast of the demand for its abrasive business, the company is now doubling the capacity of its Vancouver plant and is constructing another new plant to manufacture bonded abrasives.

The close association with the Mellon interests is reflected in two of the directors of Carborundum: Mr. Clinton F. Robinson, President and General Brehon Somervell, President of Koppers Co.

Capitalization of the company is modest, consisting of $11,500,000 long-term debt and 1,528,095 shares of common stock outstanding as of Dec. 31, 1951.

At present prices, around $32 a share, and paying a dividend of $1.40 a share, the stock offers a return of close to 4.5%. Attractive growth potentials and the possibility of increased future dividends are available without paying a sizable premium.

R. W. Pressprich to Admit Cushman McGee

Cushman McGee will on Jan. 1 become a partner in R. W. Pressprich & Co., 48 Wall Street, New York City, members of the New York Stock Exchange. Mr. McGee has been with the firm for a number of years.

Irving J. Rice Co. New Wire Connections

ST. PAUL, Minn. — Irving J. Rice & Company, First National Bank Building, is now on the Bonner & Gregory-Dempsey-Tegeler wire system, with direct connections to New York City, Detroit, Chicago, St. Louis, Denver, and Los Angeles.

Observations . . .

By A. WILFRED MAY

Do You Love Inflation in December as You Did in May?

ARDEN HOUSE, HARRIMAN, New York—Equally interesting and important as the substantive conclusions, were the psychological reactions to inflation revealed at the American Assembly on inflation on the Harriman campus of Columbia University over the weekend. For the changes in attitude and reversals of expectations of the cross-section of economists, businessmen, professional men and women, journalists, labor union officials, and housewives, round-tabling in the Ramapo Hills' Arden House under the aegis of General Eisenhower, typify significant mental processes characteristic of much discussion and thinking throughout economics and finance.

A. Wilfred May

The practice of suiting economic analysis, news interpretation and forecasting to the prior movement of prices, as was noted in its relevance to the stock market in this column of two weeks ago, has likewise been typically manifested here, particularly in the alteration of the group's reaction since its initial pow-wow-ing last May. In the document, *A Review of Developments Bearing on Inflation Since May, 1952*, which was prepared by Edward H. Collins as the basis of discussion for this follow-up meeting, it is frankly stated: "It would be highly unrealistic to pretend there had been no change in the public attitude toward the inflation question. Perhaps that change can be summarized in the following way:

"Last May, if you were in the habit of tuning your radio in on forums, debates, and other discussion of public issues, you would soon become aware that one of the two or three questions assailing your eardrums most repetitiously was the question, 'What shall (or can) we do about inflation?'." Recently, on the other hand, this tacit acceptance of inflation as the enemy at the gate has undergone a sort of stage-by-stage transformation. Instead of 'What can we do about inflation?', the question began to be asked, 'How long will the rearmament boom last?'; then, 'What lies ahead for the country—inflation or deflation?' and more, lately, in some cases, 'What can we do to head off deflation?'."

Drastic Change of "Climate"

The course of the discussion at this weekend's meeting has fully conformed to this prefatory document's depiction of the reversal of the inflation "climate." Stemming from widespread fear of business recession to follow the prospective post-arming peak (with 1953 corresponding to 1946, but forgetting how the experts' predictions went awry in that early period), not only has the general emphasis of the Assembly as a whole, but also some of its constituent groups, changed from "inflationary" to "deflationary" anticipations between May and December. This is not to imply that there has been a complete shift from black to white, but rather a distinct change of emphasis.

Six months ago—the emphasis was on in-flation as the chronic aftermath of war. Now—de-flation is being stressed as the aftermath of armaments.

Of course there have been some relevant events—as the Republican election victory, and industry's progress along the arming timetable—to warrant the conclusion that the weight of the deflationary elements in the situation has increased.

Deflationary Factors No Surprise

But it must be realized that in the first place these events did not constitute a surprise. Eisenhower was regarded as a likely winner ever since his announcement of availability last February, and stimulation to de-flation from the landslide result's unexpectedness is offset by the subsequent revelations of the new Administration's infiltration by Fair Deal-ish Dewey-ism. And neither is there anything unexpected about the prospect of an arming peak. In the second place, as has occurred in the stock market conversely, these same factors would not have prevented "economic interpretation" to rationalize an *in*-flationary trend had the intervening commodity price action and other indices been already running in *that* direction instead of "stabilization."

And most importantly must it be remembered that in the forecasting of the future course of effective inflation, the attitude changes we are citing are concerned with the *future*, not the present or past, inflation course. Similar premises are the basis for contradictory predictions; and again analysis and forecasting follow the preceding action of "the market"!

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Municipal Bonds for Bank Investment

By AUSTIN JENNER*
Vice-President, The First National Bank of Chicago

Mr. Jenner, in stressing role of municipal bonds as bank investments, describes investment merits of Municipals, and lays down rules for selecting issues. Says Municipals have good marketability, and, considering tax exemption, offer comparative good yields. Opposes use of municipal credit and tax immunity to encourage new industries in a community, and describes features of Revenue and Housing Authority bonds.

The subject of Municipal Bonds is a broad one, and I thought my best approach to it would be to tell you what we at The First National think and do about them, and then to venture some ideas of how the municipal market looks at present and what is ahead. Most of my remarks will be concerned with general obligation bonds, but I will touch on the subject of revenue bonds, later on in this talk.

Our bank has been interested in municipals almost as long as it has been in existence. As you know, we deal in them actively in our Bond Department and we also have been steady investors in municipals, and always have maintained a substantial portion of our investment account in this class of securities. At the present time, just about half of our investment account, other than Governments, is in municipals maturing from one to ten years. We aim to stay within 10 years and, with a few minor exceptions, have not gone beyond that period. We also try to keep our maturity schedule approximately even, and we are thus in the market every year to replace maturing bonds. As a result, we purchase the longer maturities, within the 10-year range, and so get a better rate of return than we could by rolling over short bonds each year. This process also maintains about the same average maturity.

Investment Characteristics of Municipals

As a medium of investment, we feel that municipal bonds have many desirable characteristics: First is the fact that they are available in maturities suitable for bank investment; then there is the excellent record of prompt payment over a long period of years. During the depression of the 1930's, defaults or delays were few—probably less than 2% of the amounts outstanding, and of this 2%, with few exceptions, the defaults were cured within a year or two, and in some instances interest was paid on the unpaid principal and interest. Despite this excellent record, municipals should not be purchased blindly, especially in a period such as the present, when many new municipalities are springing up and others are growing so rapidly that they are forced to borrow heavily to furnish facilities for an expanding population. Stability of the community is one of the important aspects we consider in our own municipal investments. What are the industries? How long established? What class of people do they employ? How many home owners? How good a residential community is it? What is the trend of the population? How have tax collections been over the years? What is the record of payment of debt? Debt ratio to assessed valuation? Per capita debt? Has there ever been a default? All of these matters should have consideration in making an investment in the municipality.

Many cities have overlapping taxing bodies, such as school districts, park districts, sanitary districts, etc. In considering the debt ratio of any municipality, the overlapping debt should be included to arrive at an appraisal of the tax burden. We regard 10% including all overlapping debt as a yard stick, and when the total debt exceeds that amount, we give very special attention to other elements before deciding whether we are willing to invest in the bonds.

We also use as a guide the median per capita debt of municipalities of the same population classification. This median is a figure compiled by Dun & Bradstreet, as an average of a group of representative cities in the same population bracket. It is not an actual average of all cities in the country. The most recent record we have (1951) shows that the median for municipalities of:

Population—	Net	Overlapping Included
50,000-100,000	$39.28	$86.86
100,000-250,000	55.37	81.19
250,000-500,000	55.86	102.25
Over 500,000	98.96	124.82

You will note from these figures that the per capita debt increases with the size of the population.

We also carefully screen the legal opinion accompanying any offering made to us. The legal factors require expert study and a comprehensive knowledge of the laws under which the bonds are issued, and a nationally recognized legal opinion is not only a contributing safeguard to the investment, but is a requirement for ready marketability.

Marketability of Municipals

Municipals are marketable and while they don't have the active volume and close markets of Governments, there is enough interest in tax exemption to assure a good secondary market. The tax-exempt feature has, of course, appeal for all of us and, unless we can persuade ourselves that there is good prospect for materially lower taxes over the foreseeable future, this feature of municipals should continue to be very important. A recent review of our investment account showed that our municipals purchased within the past 10 years are giving us a better net return than any other securities purchased in the same period. Railroad equipment obligations are, in general, the taxable securities most often available in the bank range of maturities, although there are some industrial, railroad and utility bonds available within a 10-year maturity. The following figures compare the net return on recent offerings of railroad equipments and municipals—both with AA ratings:

Railroad Equipments

Maturity	Taxable Return	After 52%	Municipals
1 Year	2.15%	1.03%	1.10%
3 Years	2.60	1.25	1.30
5 Years	2.70	1.30	1.40
8 Years	2.85	1.37	1.55
10 Years	3.10	1.49	1.65

In each maturity there is a higher net return from the municipals.

Diversification

In making our investments in municipals, we endeavor to avoid concentration in the obligations of any one issuer or section of the country. It is the normal tendency of all of us to favor investments in something we know most about, and we feel more secure in buying bonds of cities and other municipalities close to us. Very often when we buy a municipal issue for resale, we find the best market in the city and state in which the issue originated. In other words, there is a good market for Iowa bonds in the State of Iowa, for Wisconsin bonds in the State of Wisconsin, etc. We, ourselves, have larger investments in Illinois municipals than in bonds of any other State, and we usually carry a substantial amount of Chicago and Cook County bonds. One reason for this is perhaps the favorable yield available on our local bonds, which tempts us to place a greater than average amount of our municipal investments in them. However, we do diversify, and a recent check of our holdings showed that we had bonds of States and/or Municipalities in 34 States. It seems to me that geographical diversification in municipalities is just as advisable as diversification in any other form of investment. It may require more time and study to select bonds of relatively distant municipalities, but we believe it is the sound program to follow. If you live in Pennsylvania or New York, bonds of Greeley, Colo., or Boise, Idaho, don't excite a great deal of interest unless you happen to have been in one or both of those cities. If you have been there, you have found them to be good, progressive, sound communities, with people not much different from those at home, and just as likely to pay their taxes as your own neighbors.

Volume of Municipals

During the past six years, the volume of municipal financing has increased steadily. In 1940 there were approximately $20 billion in bonds outstanding—the high point up to that time. During the war years, the volume of new issues decreased, due to unavailability of materials and labor to carry out improvement programs, and the excess of maturing bonds over new issues brought down the total outstanding to $15½ billion. Since that time, volume has gone up each year, to reach the present figure of over $27 billion. Since 1946, retirement of outstanding bonds through maturities is estimated at a rate between $1½ billion and $2 billion annually, or a total of approximately $10½ billion in this period, which makes the increase to the present figure of $27 billions still more impressive. You may recall that 1946 saw the high point in municipal prices, resulting from rapidly mounting income taxes and the short supply of bonds. In April, 1946, the Dow Jones Index showed 20-year municipals at a 1.37% yield. With increased volume, prices receded and with some intermediate fluctuations we find the Dow Jones average for 20-year bonds in November, 1952, at a 2.44% yield. The current year—particularly the last six months—has seen a declining market, which may be attributed to the fact that new issues have been coming into the market at a rate of about $5 billion a year, compared to $3,100,000,000, last year. In spite of high taxes, this volume has been too much to be absorbed by ordinary municipal buyers without price concessions.

The growing population has created shortages in school facilities and many other local improvements, and there is insistent demand that these conditions be remedied speedily. New bond issues are being proposed constantly to meet the requirements of growing communities, and there is every indication that 1953 will see a still greater volume of new issues—some forecasts go as high as $10 billions, and if this materializes, it appears that long-term municipals will have to compete with corporate bonds to attract institutional investors. There has been more institutional interest in municipals, recently, than for many years, and if the volume of new financing meets expectations, it seems probable that there will be still more interest from those sources.

Price changes in the long-term bonds are reflected in the bank range of maturities, and it is not unlikely that the next year may afford further opportunities for attractive purchases of municipals in the 10-year range.

During the past year considerable attention has been directed to still another form of municipal financing. This is the use of municipal credit and income tax immunity to encourage the development of new industries in a community. This is accomplished by the issuance of revenue or general obligation bonds of a municipality for the construction or acquisition of manufacturing or industrial plants with the express purpose of leasing such plants to private corporations or individuals, the bonds being payable solely or primarily from the rentals thus obtained. There is some doubt that this practice serves an essential municipal function, and we share the concern of those who fear it might easily lead to abuses which could undermine municipal credit. The purpose for which a municipal bond is issued has always been a matter of prime importance, not only to the buyer, but to the issuer, and there is considerable difference between the desirability of financing a new school or a new playground or even a new highway, and the use of the community credit to promote a new private industry.

Revenue Bonds

The foregoing comments have to do with general obligation bonds. There is a growing tendency on the part of municipalities to finance their requirements whenever possible with bonds payable from a source of revenue other than general taxes. In many instances, this is justified and there are many sound revenue issues that are amply protected by earnings of the facilities from which the debt service is to be derived. Also, in some States where constitutional debt limitations are low, it is necessary for cities to resort to revenue bonds for needed expansion of services to their citizens. It has been our own policy to confine our municipal investments to general obligation bonds with very few exceptions, although we recognize that there are many well protected revenue bonds.

In appraising revenue bonds, the soundness of the project and management and supervision are of prime importance. The type of project—whether its service is essential, as water or electricity, or in the nature of a luxury, such as a swimming pool or golf course—should be considered. Questions should also be raised as to how political the management may be and whether the project is subject to the jurisdiction of a regulatory body that might raise a doubt as to the issuing municipality being able to fulfill covenants to maintain rates.

The appraisal of general obligation and revenue bonds thus requires a somewhat different approach, as every revenue bond must be judged upon its own merits, regardless of the general credit of the issuing community.

You will probably hear more and more about revenue issues as the pressure increases for new highways and new bridges and other public facilities susceptible to tolls. In addition to the comments made above, it should probably be here noted that there is a restriction imposed on National banks in the purchase of any one issue of this type of bond and that frequently Examiners require detailed information on these holdings, which information is not always easy to maintain in current form.

Among the larger and better known revenue issues there is

Continued on page 20

*An address by Mr. Jenner before the Conference of Bank Correspondents of The First National Bank of Chicago, Chicago, Ill., December 2, 1952.

New Issues

12

Federal Land Banks

Consolidated Federal Farm Loan Bonds

$100,500,000
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Dated January 2, 1953 Due November 1, 1954
99¾% and accrued interest

$131,000,000
2¾% Bonds
Dated January 2, 1953 Due May 1, 1958
99⅝% and accrued interest

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Macdonald G. Newcomb, *Fiscal Agent*
31 Nassau Street, New York 5, N. Y.

December 9, 1952

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More Imports—Less Foreign Aid Gifts

By HERBERT V. PROCHNOW*
Vice-President, First National Bank, Chicago

Foreign banking expert of Chicago bank, after reviewing fiscal and economic policies of Western European nations, points out our foreign aid will be useless, unless these nations are enabled or permitted to use their increased production for exports. Says fear is false that importing more goods is bad for U. S. Urges we buy more foreign goods to aid in closing dollar gap, and stresses need of balanced world trade to bring about a peaceful and stable world.

In August, 1945, World War II ended. The summer sky that year looked down upon a distraught world. There was sad disillusionment and deep weariness in the hearts of men. Thirteen million men lay dead. Great cities were vast piles of rubble. Currencies had been debauched. Nations staggered under debt with their savings dissipated. Millions of people were destitute, hungry refugees. For the second time in a generation, man has watched his social, economic and political structures crumble.

H. V. Prochnow

Into that distress and devastation, the United States poured billions of dollars in aid to prevent dangerous unrest. That assistance took various forms between 1945 and 1948. From 1948 to the present time, the assistance has been largely under the E. C. A. and M. S. A. We propose in these few minutes to see what has happened and what may logically be the next step.

By the middle of 1952, industrial production in Western Europe was 40% above prewar levels and agricultural output was about 12% ahead of prewar. French production is now almost 50% above prewar. Italian production is up 42%; German production is up 44% over prewar and 131% since 1948. The United Kingdom is up about 29% over prewar, but only about 12% since 1948.

On the records, the reconstruction of the industrial plant of Western Europe has made phenomenal progress. But that is not sufficient. If these countries are now to stand on their own feet, this increased production must help them to increase exports and reduce imports sufficiently to balance their accounts with all other nations. It is not enough to say that industrial production is restored if these nations cannot stand alone in a competitive world. To accomplish this, they must have sound management of their internal finances, with balanced budgets. This is the next imperative step for those nations that have not taken it. A nation may have the appearance of prosperity, but may actually be facing economic difficulties. Let me illustrate the problem.

When a nation in Western Europe, for example, has an unbalanced budget, it is not taking as much money out of the pockets of the people in taxes as the government is giving the people. The people use the excess money to buy goods which forces prices higher. That means manufacturers try to import large quantities of raw materials to make into goods to sell at inflated prices in the country. Retailers also will import manufactured goods to sell at the inflated prices. Consequently, the imports of the nation rise, and it must pay other countries for goods imported. With its internal prices rising, it becomes more difficult to sell its own high-priced goods abroad. So its imports rise and its exports fall. The country is then squeezed tighter and tighter in an economic vise that will delay its recovery and finally may seriously impair its finances. At the same time, the country may have full employment with everyone producing goods to sell in that country at inflated prices and profits, and with no one wishing to shift to the production of goods at lower prices that can be sold abroad to earn dollars. Thus, you have a paradox—a nation with high production, full employment, high wages, inflated prices, increasing imports but decreasing exports, and a steadily deteriorating financial position. The result finally is financial bankruptcy. So it is not enough to say that the production of a nation in Western Europe is up. The question is—are the internal finances of the nation sound?

Every nation that has set up a sound financial program internally has had a remarkable recovery. Those that did not have had trouble. Look at some of these nations and the policies they followed. Belgium is an outstanding illustration of a good financial program. It squeezed out its excess money supply. It followed a strict internal financial policy. It led Western Europe in recovery. It undersold nation after nation. It now holds $718 million in gold compared to $573 million in gold held, for example, in France.

The Netherlands record has also been quite good. Germany has been another outstanding example. Working hours there are long. No one would have guessed that the German reichmark which was almost worthless would quickly become a good currency. The Occupation Authorities with the government of Western Germany destroyed approximately 90% of the currency and savings accounts of the country. It was a hard measure, but it was successful. Today Germany has made remarkable economic progress. She will be a very difficult competitor, as Belgium has been, in world markets.

The British Situation

The British situaton, because of the tremendous losses of investments, markets and property in the War, has been very serious. We must be sympathetic with her, but her socialistic ventures were unfortunate. Free spectacles, wigs and teeth temporarily glossed over the necessity for hard economic measures. They diverted attention from Britain's urgent need—to produce more and more goods at lower and lower costs. There are those who say Britain is unfortunate because it has few raw materials to export. But they overlook entirely that Britain has a great resource—a pool of skilled labor, and that labor when put into manufactured goods at low costs is highy exportable commodity. The present government has taken some of the first steps to strengthen its economic and financial situation. A year ago Britian's complete collapse seemed but a matter of months at the rate it was losing its gold and dollars. In the year ended June 30, 1952, Britain's gold and dollar reserves fell from $3,876 million to $1,685 million. At that rate, it faced complete bankruptcy in nine months. Today at least that outflow has been partially stopped, and there is some hope because of better financial management. In fact, for November, 1952, Britain reported a gain in its reserves of dollars and gold of over $128 million.

If you were to come to this part of the world, you would also see the importance of sound financial management in nations. Canada has managed its economy well, and investment funds have flowed into Canada from all over the world. In the last five years, Canada has reduced its tax load four separate times and has at the same

Continued on page 28

*A talk by Mr. Prochnow at the Sixth Annual Conference of the Bank Correspondents of the First National Bank of Chicago, Chicago, Ill., Dec. 3, 1952.

$4,440,000

Chicago, Rock Island and Pacific Railroad Equipment Trust, Series O

2¾% Equipment Trust Certificates
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Certificates maturing on or after July 1, 1962 are redeemable at par as a whole or in part (but not less than the whole of any maturity) in inverse order of maturity on January 1, 1958 or any dividend payment date thereafter.

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Priced to yield 2.15% to 2.90%, according to maturity

Issuance and sale of these Certificates are subject to authorization by the Interstate Commerce Commission.

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GREGORY & SON INCORPORATED MULLANEY, WELLS & COMPANY

December 10, 1952

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Great Northern Railway Equipment Trust of 1953

2⅞% Equipment Trust Certificates
(Philadelphia Plan)

To mature $284,000 semi-annually July 1, 1953 to January 1, 1968, inclusive

To be guaranteed unconditionally as to payment of par value and dividends by endorsement by Great Northern Railway Company

MATURITIES AND YIELDS
(Accrued dividends to be added)

July	1953	2.15%	July	1958	2.70%	July	1963	2.875%
January	1954	2.25	January	1959	2.75	January	1964	2.90
July	1954	2.30	July	1959	2.775	July	1964	2.90
January	1955	2.35	January	1960	2.80	January	1965	2.925
July	1955	2.40	July	1960	2.80	July	1965	2.925
January	1956	2.45	January	1961	2.825	January	1966	2.95
July	1956	2.50	July	1961	2.825	July	1966	2.95
January	1957	2.55	January	1962	2.85	January	1967	2.95
July	1957	2.60	July	1962	2.85	July	1967	2.95
January	1958	2.65	January	1963	2.875	January	1968	2.95

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December 5, 1952

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Dealer-Broker Investment Recommendations & Literature

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

Convertible Bonds and Stocks — Bulletin — First California Company, Incorporated, 300 Montgomery Street, San Francisco 4, Calif. Also available is an analysis of **Marchant Calculators, Inc.**

Corporate Bond Experience Re-Examined—Articles in "Banking" for December 1952, 12 East 36th Street, New York 16, N. Y.

Dollar-Value Balance as a method of investing—Discussion—The Western City Company, Limited, 544 Howe Street, Vancouver 1, B. C., Canada.

Electronics Industry—Study—E. W. Axe & Co., Inc., 730 Fifth Avenue, New York 19, N. Y.—50 cents per copy (25 cents to public libraries and non-profit institutions).

Excess Profits Tax — Discussion of effects of expiration on **Collons Radio, P. R. Mallory, Towmotor** and **Warner & Swasey**—Walston, Hoffman & Goodwin, 265 Montgomery Street, San Francisco 4, Calif.

Excess Profits Tax—Discussion of expiration on **Collins Radio, P. R. Mallory, Towmotor** and **Warner & Swasey**—Walston, Hoffman & Goodwin, 265 Montgomery Street, San Francisco 4, Calif.

Facts and Figures About Canadian Oil—Brochure by Imperial Oil Limited—Copies available from Wood, Gundy & Co., Inc., 14 Wall Street, New York 5, 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, New York.

Over-the-Counter — Bulletin discussion how 60 over-the-counter stocks might benefit from elimination of E. P. T.—Troster, Singer & Co., 74 Trinity Place, New York 6, N. Y.

Penny Stocks Worth Dollars in Tax Savings—Bulletin—Francis I. du Pont & Co., 1 Wall Street, New York 5, N. Y. Also available in the current issue of "Market Pointers" is a discussion of the **Natural Gas** industry, a list of **Growth Stocks**, and some suggestions for **Tax Savings**.

Price Earnings Ratio—Bulletin—Oppenheimer, Vanden Broeck & Co., 40 Exchange Place, New York 5, N. Y.

Railroad Earnings—Bulletin (No. 113)—Smith, Barney & Co., 14 Wall Street, New York 5, N. Y.

Statistics of Natural Gas Companies — 1951 operations and status at end of the year of 140 natural gas companies—Federal Power Commission — Publications Section, Federal Power Commission, Washington 25, D. C. — $5.00 per copy (order No. FPC S-98). A 25-page summary of the report, priced at 25 cents per copy, will be available in January.

Tables of Related Values of rights expiring Dec. 11 to 19—New York Hanseatic Corporation, 120 Broadway, New York 5, N. Y.

* * *

Alleghany Corporation—Bulletin—Dreyfus & Co., 50 Broadway, New York 4, N. Y.

American Cyanamid—Memorandum—Hirsch & Co., 25 Broad Street, New York 4, N. Y.

American Marietta Co.—Analysis—A. C. Allyn and Company, Inc., 44 Wall Street, New York 5, N. Y.

American Metal Products Company—Report—Gartley & Associates, Inc., 68 William Street, New York 5, N. Y.

Arizona Public Service Company—Analysis—G. A. Saxton & Co., Inc., 70 Pine Street, New York 5, N. Y. Also available is a tabulation of **Public Utility Common Stocks.**

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

Canada Southern Oils, Ltd.—Analysis—Leason & Co., Incorporated, 39 South La Salle Street, Chicago 3, Ill.

Central Electric & Gas Company—Analysis—Central Republic Company, 209 South La Salle Street, Chicago 3, Ill.

Central Railroad of New Jersey—Review—Ira Haupt & Co., 111 Broadway, New York 6, N. Y.

Kansas Nebraska Natural Gas Co. — Memorandum — Lentz, Newton & Co., Alamo National Building, San Antonio 5, Tex.

Libby, McNeill & Libby—Memorandum—Auchincloss, Parker & Redpath, 729 Fifteeth Street, Washington 5, D. C.

Missouri Pacific Reorganization—Analysis—Vilas & Hickey, 49 Wall Street, New York 5, N. Y.

New Amsterdam Casualty Co.—Memorandum—Goodbody & Co., 115 Broadway, New York 6, N. Y.

Northern Engineering Works—Bulletin—Daniel F. Rice and Company, 141 West Jackson Boulevard, Chicago 4, Ill.

Northwestern Public Service Co.—Memorandum—Dempsey & Co., 135 South La Salle Street, Chicago 3, Ill.

Oklahoma Gas & Electric Co. — Memorandum — First Boston Corporation, 100 Broadway, New York 5, N. Y.

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

Rome Cable Corp.—Analysis—Sulzbacher, Granger & Co., 111 Broadway, New York 6, N. Y.

Southern Production Company—Analysis—Cruttenden & Co., 209 South La Salle Street, Chicago 4, Ill.

Sterling Oil of Oklahoma, Inc.—Report—Hunter Securities Corporation, 52 Broadway, New York 4, N. Y.

Studebaker Corporation — Analysis — Rothschild & Company, 135 South La Salle Street, Chicago 3, Ill.

Temco Aircraft Corporation—Analysis—John H. Lewis & Co., 63 Wall Street, New York 5, N. Y.

Title Guarantee and Trust Company of New York—Bulletin—Conrad, Bruce & Co. of Los Angeles, 530 West Sixth Street, Los Angeles 14, Calif.

Whitaker Cable Corporation—Analysis—Barret, Fitch, North & Co., 1006 Baltimore Avenue, Kansas City 6, Mo.

Primary Markets

Minerals Separation
North American Corp.
Filtrol Co. of California

TROSTER, SINGER & CO.
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74 Trinity Place, New York 6, N. Y.

Value Line Investor's Counsel Inc. Formed

Arnold Bernhard & Company, Inc., announces the incorporation of its Personal Investment Planning Service as Value Line Investor's Counsel, Inc. Officers are Arnold Bernhard, President; Frank Eliot Sweetser, and Harold A. Hanning, Vice-Presidents; and William Rand, Assistant Vice-President.

Arnold Bernhard

The new organization will offer specialized and continuing investment counsel for individuals, corporations, pension and profit sharing funds, trusts and institutions. Offices are at 5 East 44th Street, New York City.

Mrs. L. Kemper V.-P. Of Albert Frank Agency

SAN FRANCISCO, Calif. — Lucrezia Kemper, manager of the San Francisco office of Albert Frank-Guenther Law, Inc., has been elected a Vice-President of the agency, it is announced by Howard W. Calkins, chairman. Mr. Kemper handles among other accounts, Miss Saylor's Chocolates, Bond Investment Division of the Bank of America, Keystone Bros., and the San Francisco Stock Exchange and has been associated with the agency since 1940.

Lucrezia Kemper

Joins R. A. Harrison

(Special to THE FINANCIAL CHRONICLE)

SACRAMENTO, Calif.—John R. A. Pearne has become connected with Richard A. Harrison, 2200 16th Street.

Joins Walter Gorey

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Lawrence Skalowsky is now affiliated with Walter C. Gorey Co., Russ Building. He was formerly with Schwabacher & Co.

NSTA Notes

BALTIMORE SECURITY TRADERS ASSOCIATION

The Baltimore Security Traders Association will hold their 18th Annual Mid-Winter Dinner on Jan. 16, 1953 at the Lord Baltimore Hotel. Howard L. Kellerman, Alex. Brown & Sons, is Chairman of the Entertainment Committee.

SECURITY TRADERS ASSOCIATION OF NEW YORK

Security Traders Association of New York (STANY) Bowling League standing as of Dec. 4, 1952 is as follows:

Team:	Points
Donadio (Capt.), Demaye, Whiting, O'Connor, Rappa, Seijas	44
Murphy (Capt.), Manson, D. Montanye, O'Mara, Pollack, Gavin	41
Hunter (Capt.), Klein, Weissman, Sullivan, Murphy, Searight	38
Goodman (Capt.), Smith, Valentine, Meyer, Farrell, Brown	38
Meyer (Capt.), Kaiser, Swenson, Frankel, Wechsler, Barker	36
Serlen (Capt.), Gersten, Krumholz, Rogers, Gold, Young	35½
Leone (Capt.), Greenberg, Tisch, Werkmeister, Leinhard, Corby	35
Mewing (Capt.), Bradley, Weseman, Hunt, Gronick, Huff	31
Burian (Capt.), G. Montanye, Voccoli, Siegel, Reid	26
Bean (Capt.), Frankel, Strauss, Nieman, Bass, Krassowich	24
Growney (Capt.), Craig, Fredericks, Bies, McGovern	21½
Krisam (Capt.), Ghegan, Jacobs, Gannon, Cohen	20

200 Point Club
Richy Goodman ____212

5 Point Club
George Leone
Joe Donadio

COMING EVENTS

In Investment Field

Dec. 11, 1952 (San Antonio, Tex.)
Investment Women of San Antonio Annual Christmas Party at the Party House on San Pedro Avenue.

Dec. 12, 1952 (Pittsburgh, Pa.)
Pittsburgh Securities Traders Association annual election and dinner at the William Penn Hotel.

Dec. 19, 1952 (San Francisco, Cal.)
San Francisco Security Traders Association annual Christmas party at the St. Francis Yacht Club.

Jan. 16, 1953 (Baltimore, Md.)
Baltimore Security Traders Association 18th annual Mid-Winter Dinner at the Lord Baltimore Hotel.

Jan. 16, 1953 (New York City)
New York Security Dealers Association 27th Annual Dinner at the Biltmore Hotel.

Feb. 13-14, 1953 (Chicago, Ill.)
Investment Bankers Association of America winter meeting at the Edgewater Beach Hotel.

May 7-8, 1953 (San Antonio, Tex.)
Texas Group Investment Bankers Association of American Spring Meeting at the Plaza Hotel.

May 13-16, 1953 (White Sulphur Springs, W. Va.)
Investment Bankers Association of America Spring meeting at the Greenbrier Hotel.

Sept. 14, 1953 (Sun Valley, Idaho)
National Security Traders Association 20th Annual Convention.

Nov. 29-Dec. 4, 1953 (Hollywood, Fla.)
Investment Bankers Association of America Annual Convention at the Hollywood Beach Hotel.

W. C. Jones Named V.-P. of Lanston Co.

CHICAGO, Ill. — Aubrey G. Lanston, President of Aubrey G. Lanston & Co. Inc., has announced that the Board of Directors had elected Willard C. Jones of the Chicago office, 231 South La Salle Street, of that organization to be an Assistant Vice-President.

Two New Partners for Wood, Struthers Co.

William A. McCluskey, Jr. and A. Oakley Brooks will become partners in Wood, Struthers & Co., 20 Pine Street, New York City, members of the New York Stock Exchange, effective Dec. 31.

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Financial Leadership

By W. HAROLD BRENTON*
President, American Bankers Association
President, State Bank of Des Moines, Des Moines, Iowa

ABA President, stressing the broadening horizon of banking in last quarter-century, finds vital economic questions now "in the banker's lap," and points out new role of banker is protecting the depositor's dollar. Says government spending should be kept down. Advocates better training of banking personnel.

In the last 25 years, trust officers of banks have made great strides forward in their importance to banks and in their standing with the public. This is because of the greatly increased volume of trust assets and also due to the fact that trust assets and public relations have been increasingly well handled. More and more people are depending on bank trust officers to manage at least a part of their assets—the assets which may account for a sizable portion of their income. So, I feel, it is appropriate to talk to trustmen about leadership, as each year you are occupying a more important place in the financial leadership of your communities.

W. Harold Brenton

Moreover, in the last 25 years, the whole field of banking has broadened its horizon. When I started out in a little country bank, the kind of information I needed then was of the homespun variety. Nowadays, however, our customers come in with such questions as these: How much foreign aid can our economy stand? Why should we pay for arming the world? How can we cut down our huge government debt? Is inflation or deflation ahead? Will labor costs continue to exceed labor productivity and thus push prices still higher? What kind of an investment can I make to maintain the present value of my dollars?

These are a few of the vital questions nowadays, and they are questions right in the banker's lap. It takes more than a horse 'n buggy variety of understanding to answer the public's demands for information.

Banker's Creed to Protect Dollar's Value

It has always been a part of the banker's creed to protect the depositor's dollar. The banker is now coming into a position where he can be of some help to the people in protecting the value of that dollar.

You men with trust responsibilities are probably more sensitive to the value of the dollar than other bankers since it is so closely tide in with your daily work.

We are building up in this country an important population of persons dependent on retirement income provided through pensions and social security. The number of pension plans now in operation in American business has increased to about 15,000. Annual contributions to these private plans now exceed $2 billion — and the beneficiaries include about 25% of the industrial working force of the nation. This group of people constitute a tremendous pressure group, and they will demand that the value of the dollar be maintained at a level consistent with their expected living standards.

People are sensitive about their money. They are covetous of receiving maximum value. They are jealous of the competitive factors which drain off some of their substance.

You are in a key position to speak out concerning the monetary and business operations that affect the value of our dollar. You face, daily, people who have entrusted you with the funds that furnish them with their spending money. Many of them rely on the fixed income from funds under your management. When that fixed income depreciates through the lowered value of their dollar, then your best explanation is to point out some of the factors that are causing that less valuable dollar and the lower purchasing power from their investment. If our citizens want to protect the future purchasing power of their dollar, they must understand certain things and do their part.

The public should understand that we will eventually have more price increases and recurring inflation if we keep on with our deficit financing. A government, the same as an individual or business, which continues to overspend and overwaste will find out that its credit also becomes impaired.

Government Expenditures Should Be Kept Down

The people of this country and their elected representatives, the Congress, should assume their responsibility and undertake to keep our governmental expenditures to an amount we can afford and an amount which is consistent with prudent financial management. With the amount of funds raised through taxes, we should be able to meet adequately our domestic, military, and foreign requirements.

Every now and then, some economist says that a gradual price rise over a period of years would be good. Just recently, one of this country's best known economists has been arguing in the press on the thesis that a deliberate, but slow, rise in prices of from 2 to 3% a year is a preferable course for our economy. Here is what will happen if that theory prevails. Prices will be forced higher as wages are pushed upward—pushed upward more rapidly than the increase of productivity. If a course such as this is continued, you can see what it will do to the value of your dollar over a period of years.

We are inclined to think of each wave of price increases as temporary and something we can muddle through without much permanent damage. But the danger lies in the succession of such inflationary periods, interrupted now and then by short periods of stability.

Even with the inflation we have now, many people are questioning the advisability and advantage of saving and providing for the future. A constant price rise would rock the very foundations of our individual incentive system. Our competitive economy was based on the theory that people should save and provide for their future. If the dollar depreciates still more through planned price rises, private initiative will be stifled and even more people will become dependent upon their government for security.

Importance of Saving and Investing

The people who save and invest are the backbone of this country's productivity; and if they are willing to stand by meekly and allow these manipulations, they can't expect a sound dollar. You can't have a little bit of planned inflation any more than you can be a little bit pregnant. Inflation, ounce started, cannot easily be shut off.

Undoubtedly you men in the trust field have visualized the debilitating effects on your trust departments if a set of conditions were promulgated so that people couldn't save and provide for the future. No phase of the banking business would be more severely affected than the trust departments of our banks if incentive to save and build an estate were thwarted.

Inflation not only undermines our economy at home; it also affects our standing abroad. Let us not overlook the responsibilities and the role of world leadership which history has thrust upon us. America has been the outstanding example to the world of a free, dynamic, productive nation. Our greatest desire should be to conduct ourselves so that other peoples will want for themselves a similar type of free productive economy. To gain such leadership, a nation must follow an exemplary pattern of conduct. Are the American people willing to exercise the self-restraint necessary to keep our own economy healthy and strong?

Dollars cannot buy, or military might cannot force, leadership upon a world. It is "by their fruit ye shall know them." We are depending too much upon dollars to do everything for us, but dollars alone won't buy respect for us as a nation. Our allies like our generosity and the benefits from our superior economic resources. But, through experience, they can recognize what happens to such economic resources when they are dissipated through overspending and inflation. They recognize signs of instability, and it weakens their confidence in American leadership.

Here are the words of our former ABA President, Joe Dodge, who is one of this country's recognized authorities on international affairs:

"Without protecting the elements of our own strength, we cannot provide any real or lasting help to other nations. And, any delusions that our resources are inexhaustible are dangerous to the security of ourselves and of every one else.

"A strong economic foundation is essential to any successful defense program, and the United States only can be as strong abroad as it is at home. Weakness here imperils freedom everywhere. No amount of words, diplomatic efforts, or appropriations for loans or gifts can create the same confidence and the same firm support as maintaining the moral, economic, and military strength which is so vital to us and to every one else. May we have the wisdom and the courage to do it!"

Gap in Potent Business Leadership

Now, let's evaluate our situation, as we are just emerging from a 25-year gap in potent business leadership.

Back in the late 1920's, you remember, businessmen, bankers, and all kinds of people went too heavily into debt. As the consequence of their excesses dawned on them, people reduced their spending in order to pay their debts. This sudden change brought unemployment and depression. New pseudoleaders appeared, as they do in depressed periods. They became the principal exponents and interpreters of a new economy. These false prophets did a thorough job of maligning successful business leaders. As a result, businessmen and bankers pretty much retreated and started to recoup their resources.

Through these intervening years, businessmen and bankers have done a tremendous job of rebuilding their forces. Now articulate and enlightened business leaders are coming to the front. They recognize the need for economic literacy and the necessity for an informed citizenry in order to avoid the fallacies of the past.

What blueprints and plans do bankers have for the next 25 years?

One of the greatest services that bankers today can offer their customers is the clarification of the issues before us. We must do everything possible to show our people how to keep our economy stable.

Public opinion is the controlling force in this country. Our people, as a whole, simply do not comprehend the magnitudinous character of our nationwide, worldwide economic threat. Our people must understand fundamental issues if they are to guide intelligently the course of our economy. The informed citizen, with power of decision, is the last defense for a free world.

Looking ahead to the next 25 years, the bankers' plan should be to train men for leadership. They should be trained to understand what makes or economy tick and to interpret their understanding to the people of their communities, large and small.

Entire staffs of officers and key employees must be better trained. I contend that it is just as much a part of a banker's responsibility nowadays to understand how our economy works as it is to understand how to invest our assets and operate the mechanics of our banks. The day will come when the executive bank officer of any-sized bank will not be considered

Continued on page 16

*An address by Mr. Brenton at the 21st Mid-Continent Trust Conference of the American Bankers Association, Dallas, Texas.

$6,360,000

Wabash Railroad
Equipment Trust, Series D

2¾% Equipment Trust Certificates
(Philadelphia Plan)

To mature $212,000 semi-annually July 1, 1953 to January 1, 1968, inclusive*

To be guaranteed unconditionally as to principal and dividends by endorsement by Wabash Railroad Company

Priced to yield 2.20% to 2.975%, according to maturity

*As more fully provided in the Agreement, on and after January 1, 1958, the Certificates maturing on or after January 1, 1964, are to be subject to redemption at the election of the Company at any time prior to maturity either as a whole or in part (but not less than the whole of any maturity), in the inverse order of maturity, on any dividend payment date on thirty days' published notice, or on any other date on sixty days' published notice, at an amount equal to the principal amount thereof, plus, in each case, accrued and unpaid dividends thereon to the date designated for redemption.

Issuance and sale of these Certificates are subject to approval by the Interstate Commerce Commission. The Offering Circular may be obtained in any State in which this announcement is circulated from only such of the undersigned and other dealers as may lawfully offer these securities in such State.

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December 11, 1952.

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A New Government Policy In Labor Relations?

By LEO WOLMAN*
Professor of Economics, Columbia University

Dr. Wolman holds decision must be made whether government is to use its influence to enhance power of organized labor or to protect rights and liberties of individual. Sees rights of individual in labor relations being "whittled away," and accuses Federal agencies of being more concerned with promoting trade unionism than ensuring individual's right of self-organization.

Probably the most important and useful observation that can be made about government policies toward labor organization and labor relations is that they are today surrounded by doubt and uncertainty. After 20 years of discussion, experiment, practice and experience the government, if not the country, is far from clear about what it ought to do. Though organized labor and labor relations have changed as radically and completely as any of the country's leading institutions, the major proposals of public policy continue to deal with old issues, most of which are irrelevant to current problems and to foreseeable developments in the future. If, then, those who undertake to make policy in this troublesome area are concerned, as they should be, with the public interest and the basic rights, duties and responsibilities of American citizens, they will address their policymaking to the few underlying problems which the course of events in labor relations since 1935 has thrown up.

Prof. Leo Wolman

Rights of Individuals

The first of these problems has to do with the rights of the individual. These rights have been, and are being, whittled away by the numerous powerful unions which were created and nurtured by governmental policies of the past several decades. The methods by which this was accomplished are familiar to everyone. They have run the whole gamut from deliberate and planned efforts by government agencies to promote the unionization of employees, through the general use of force, coercion and intimidation, to the recommendation and sanction by public agencies of one or another form of compulsory membership.

All of this has been done in spite of the fact that neither the Wagner nor the Taft-Hartley Acts grant any peculiar rights or privileges to organizations of labor. These statutes were not written for the benefit of labor unions. The rights with which they are concerned are the rights of individuals. The individual employee is granted by the law of the land the right of self-organization, to exercise as he sees fit. He receives from the law freedom of choice, the right to join or not to join a labor organization, and if he elects to join an organization he is accorded a wide range of choice as to the kind of organization he wishes to join. Nothing in the law requires him to join anything.

Nor does the law express preference for one kind of organization as against another, for a national as against a local union, for the CIO or the AFL or what not. Whatever these statutes may say on the matter, it certainly could not, and should not, have been their intent or the public policy of the United States to require an employee to make this decision so vital to him under duress, under threat of reprisal or bodily harm, or under the impression that his government wanted him to join one union rather than another.

So the law said, in plain and unmistakable terms. It could not very well have said anything else. For it is not within the power of our government to give away these rights. They are rights granted us by the Constitution. They are not the government's to give away, since their possession is the protection a man has against abuse of authority, arbitrary and tyrannical practices by government, as well as by private organizations like labor unions. Once such rights are surrendered or seized, the entire foundation of American principles and system of government is put in jeopardy.

Federal Agencies Distort Law

Yet, it is not too much to say that it was the agencies of the Federal Government that distorted the intent and purposes of the law, by their powerful aid to organized labor, and, in their interpretation and application of the law, became more concerned with promoting trade unionism than with safeguarding the individual's right of self-organization.

It is out of this process that have come the great current problems of labor—the rise to power of the national union, the progressive centralization of labor relations, the increasing intervention of government in labor issues—which we have been trying so hard and so unsuccessfully to solve. Each year witnesses a new crop of legislative proposals—amendment or repeal of the Taft-Hartley Act, reinstatement of the Wagner Act, prohibition or extension of the use of injunctions, redefinition of the secondary boycott, a fresh approach to the problem of emergency strikes, and so on.

These proposals, and others like them, deserve careful and informed consideration. Adoption of the wrong ones will certainly make things worse. But, whatever we do by way of detail, we shall fail to come to grips with the real source of our present and future troubles in labor relations. If we are to aim for peace and constructive relations between employees and business, we must first decide the goal of our public policy. Is it to protect the rights and liberties of the individual, or is it to use the prestige and force of government to enhance the power of organized labor? If we propose through public policy to employ the instrumentalities of government in promoting the membership, strength and authority of labor unions, then we must resign ourselves not only to the persistence of labor strife but also to much more radical encroachment on the authority of business to manage its own affairs than we have yet seen.

*An address of Prof. Wolman before 57th Annual Congress of American Industry, sponsored by the National Association of Manufacturers, New York City, Dec. 4, 1952.

Harris, Upham Partner

Harris, Upham & Co., 14 Wall Street, New York City, members of the New York Stock Exchange, will admit Henry L. Terrie to limited partnership Jan. 1.

Crudgington Opens

AMARILLO, Tex. — Charles A. Crudgington is conducting an investment business from offices at 621 West Fourteenth Avenue.

From Washington Ahead of the News

By CARLISLE BARGERON

The majority of the country's voters undoubtedly feel relieved and relaxed now that the New Deal is on its way out. But among the Republican politicians there is a lot of anguished writhing as to who is going to be what. This is the interim between election and inauguration when usually there is a steady trek of the job seekers to the man on high. But Eisenhower barricaded himself to all but a chosen few at Augusta and New York and then took off for Korea. One of the most important items in the papers these days is the list of those accompanying him; they are the men close to the throne.

Carlisle Bargeron

Ordinarily none of the new President's Cabinet would now be known. The names of one or two might have leaked out but likely there would have been no certainty about a single one. But the General was faced with naming two key men, his Secretary of State and Defense Secretary, and once he got started he went right on and made public his entire Cabinet. In the past it has been a rule of politics not to make the Cabinet appointments known until the last moment in order that the opposition could not begin shooting at them before they were confirmed. Apparently the type of the General's appointments leaves him nothing to fear on that score.

It has become clearly apparent that while there is no reason to believe he is so disposed, there are those in his confidence who are determined to deflate Taft. Because of this man's intellectual capacity I doubt this can be done, but the determination on the part of some around the General is clear.

One of the bitterest ironies in the great struggle now for political recognition in the overturn in government that is to take place, is the experience of Governor Fine of Pennsylvania. For months before Chicago he basked in the beautiful sun of heading a large and probably decisive delegation to the convention and of playing coy about his intentions. The national magazines wrote him up, he was widely photographed and his life history, an American success story, was given considerable prominence. Here was the man who would likely say whether the nominee was to be Ike or Taft.

As the time for the convention neared, it had become fairly clear to Washington political observers that, despite the Governor's coyness, the delegates whom he controlled, more than a majority of the delegation, were to be thrown to Eisenhower. In other words, it was clear that the Governor was in the General's camp but he wanted to deliver the delegates in a big surprise move for its psychological effect. Senator Jim Duff of Pennsylvania, on the other hand, was early on the Ike bandwagon and confidently predicted all the time that these delegates would go to the General.

In the early test votes in the convention, Pennsylvania voted with the Eisenhower forces but the Governor took pains, by way of continuing to play his little game, that these votes were not significant as to where his delegates would land on the roll call for selection of the nominee. The first roll call showed Pennsylvania split. Fine intended to switch the vote before the roll call was announced and with a great show of having thrown the nomination to Eisenhower, vote the entire delegation for him.

But Joe Martin who was presiding wouldn't let him have the floor. With Fine waving frantically and pleading for recognition, Minnesota was recognized instead and to that delegation, which had voted for Stassen, went the honor of putting the General across.

If we read and hear aright now, the Eisenhower forces are to recognize Jim Duff as the big political cheese in Pennsylvania. The Governor is being given credit for nothing. Insofar as the record reads, he couldn't make up his mind until after it was clear the General had the nomination in the bag. This is not the real story but it is what the record shows, and the Eisenhower forces are seemingly holding, as they do in the courts, that you can't go behind the record. I don't believe I have seen the Governor's name in the papers, outside of Pennsylvania, since the convention. He is not to be in the Cabinet, he has no claim against the new President which he can make stick. To me, it is a bloomin' shawm, as the British would say. In the division between Eisenhower supporters and Taft supporters, the Governor finds himself in neither camp. He is without friends in the one group and without sympathizers in the other. At least the Taft people can get together and cry on one another's shoulders. There is nowhere for the Governor to go.

We cite this experience of the Governor's as a little human interest story in the great struggle of American politics. For sheer drama there is nothing like it. To guess wrong at the National convention is just about one of the worst mistakes a political leader can make.

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December 4, 1952

H. Hentz to Admit

H. Hentz & Co., 60 Beaver Street, New York City, members of the New York Stock Exchange on Jan. 1, will admit Jerome Lewine, Jr., to partnership.

Merrill Lynch Adds

(Special to THE FINANCIAL CHRONICLE)

FRESNO, Calif. — Robert M. Coleman has joined the staff of Merrill Lynch, Pierce, Fenner & Beane, 917 Divisadero Street.

With Dempsey-Tegeler

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Esmer M. Guerre is now with Dempsey-Tegeler & Co., 210 West Seventh Street.

With Paul C. Rudolph

(Special to THE FINANCIAL CHRONICLE)

SAN JOSE, Calif. — Harry F. Rothschild is with Paul C. Rudolph & Company, Bank of America Building.

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An Economic Policy For a Free World

By WALTER LICHTENSTEIN*
Formerly Vice-President, First National Bank, Chicago

Criticizing New Deal domestic and foreign policies, Mr. Lichtenstein points out we must be economically sound and keep our finances in order, if we are to preserve a free world. Opposes government in business, and advocates tariffs, but with adjustments to permit greater imports. Says American people will not support Point IV program, and there is no need to encourage foreign investment through government subsidies, if conditions of safety of principal and income exists. Holds grandiose plans of international cooperation fail, while creation of specialized international agencies generally succeeds.

I should like to analyze what has been and is our economic policy, and we do not have to distinguish very sharply between domestic and foreign aspects because, after all, they are necessarily interrelated. In the first place, we must be economically sound if we are to be of any assistance to other countries. That, it seems to me, goes without saying. To be economically sound, we ought to keep our own finances in order, which we have not been doing for about two decades. It is true that after the collapse of 1929, we could not possibly for some years thereafter have kept our budget in balance; but I am one of those who believed from the outset that the fiscal policies of the New Deal merely tended to prolong the depression. I wish to call your attention to the fact that European countries, with much fewer resources and much less inherent economic strength, nevertheless recovered far more quickly than we did. I still believe it was a mistake to go off the gold standard and to change the gold content of the dollar. I think many of the other measures which were adopted were kept in force much longer than was advisable. Controls of all kinds were enforced, huge sums were spent on needless works after the pressing need had passed, and private enterprise was handicapped by government competition of every kind and type. To illustrate, I might mention such an undertaking as the Tennessee Valley development, the R.F.C., and the abortive attempt to control practically all private enterprises by the N.R.A., fortunately declared unconstitutional by the U. S. Supreme Court. I am quite ready to argue about the undesirability of all this, certainly for any long period of time.

Walter Lichtenstein

R.F.C. Should Be Abolished—Tariff Preserved

I have little patience with Senator Douglas, whom I admire in many ways, when he advocates the continued existence of the R.F.C. Entirely aside from the fact that I regard it as economically unsound, I should say that under existing conditions it is practically impossible to conduct it without danger of having more or less corruption. You know, the fact is that most businessmen and politicians talk about the desirability of free enterprise, and practically none of them really wants it. Now, you may ask what does this have to do with international affairs? I think very much, if not directly, certainly indirectly. I, for one, regard developments of this kind as being likely to undermine our financial strength, without which it is clear we cannot play the role we should in international economic life. That is one point. Now let me proceed to another.

I said just now that nearly everyone is a believer in the free enterprise system, and no one wants it. Likewise, there is continual talk of opening up the avenues of international trade by lowering the tariffs. Have you ever found businessmen who, faced by foreign competition, wish to have the tariff rates lowered on those products which they produce? Let me emphasize the fact that I, myself, do not believe actually in complete free trade. Theoretically, there are many arguments that can be presented as to why free trade is desirable. But, whatever may have been true, or may now be true theoretically, many important industries have been built up which employ millions of our people and which could not have been created, and in many cases could not continue to flourish, if we had a complete system of free trade. I know it is often said that we should produce those things for which we are best equipped and exchange them for those which others can produce more cheaply than we.

I take it for granted that you do not wish me to go into the copybook arguments of why this is so. For the long run, it all sounds well; but, as Lord Keynes once said, in the long run we shall all be dead. In the meantime, what happens to the people who have invested a large amount of capital in those enterprises which would be wrecked by foreign competition, and what would happen to the employees of such concerns, who perhaps have spent the better part of their lives learning a particular job and are too old to find equivalent and comparable employment elsewhere. Do you think that either the investor in such as case or the employees involved could be expected to be such martyrs to the cause that they would advocate free trade even though they themselves would be the sufferers and the losers? Is not that asking too much of human nature? And, what would be the situation in this country in the transition period?

While I am trying to make it clear that free trade in the theoretical sense is not a practical proposal, nevertheless we ought in many instances to reduce our tariffs and probably place many items on the free list that are not there now. I am not impressed by the arguments so often advanced, that the greatest percentage of imports eming into this country are not dutiable. You will find, if you go through such lists, that nearly all the articles that come in free of duty are not produced here, or produced in such small quantities that they are not important either from an economic or a political standpoint. I do not like it when a very small segment of our industry prevents the adoption of rational tariffs on particular items, and thereby ruins major industries of other countries.

I think in such instances it is quite in order to demand that such small segments of our economy suffer for the benefit of the country as a whole. Perhaps the government should undertake in such cases to reimburse investors and employees of such enterprises. Far more than the actual duties imposed, we have sinned by issuing administrative regulations which others quite rightly regard as unfair, even subjecting us to the justifiable charge that we are hypocrites. Many of you are probably aware that even when foreign countries, despite our tariffs, can compete in our country with our products, we prevent them from doing so, by means of what amounts to chicanery, from sending goods to us. There are instances where the clearing of shipments is deliberately delayed so long that the articles spoil, or the proper time for selling them has passed. This is one of the constant complaints that foreign countries make about us.

The "Dollar Gap"

If you are talking about economy in a free world, this sort of thing is of fundamental importance. Nearly all countries need some of our production. They must pay us in dollars because we do not buy enough from them in most instances to be ready to accept payment entirely in foreign currency. This is what creates the so-called dollar gap. I suppose you have all read in the newspapers, and especially in economic periodicals like the London "Economist," of the difficulties that Great Britain faces by not having a sufficient amount of dollars or gold reserves. It means that Great Britain and other countries in the so-called Sterling Area—namely, those countries whose currency is based on the pound sterling — must make all sorts of sacrifices in order to obtain the food and the raw materials which they require to maintain a decent standard of living. To be sure, we are not to blame for this situation. There are many other factors involved in the British situation besides our tariffs and administrative regulations.

This is probbaly not the place to enter upon a discussion of that particular subject, but I may say that personally I do not think the British economic problem can be solved except by a large-scale emigration from Great Britain, perhaps as many as 20 million people, or, failing that, by the British being ready to accept more or less permanently a much lower standard of living than the one to which they were accustomed in the years before the First World War, and perhaps even in the period between the two wars. I am perfectly willing to admit that, as regards the future of sterling, I am a confirmed pessimist; but, as I just indicated, that is another story. I may sum up this part of my paper by saying that I do regard our commercial policy as being of fundamental importance in the problem of maintaining a free world in a healthy economic state.

Point IV Program

Then we get to the question of the so-called Point IV which, as you are well aware, is the proposal made that we should be ready to assist in the development of backward countries. I am afraid that when it gets to that subject, I am again somewhat less enthusiastic than many other very well-meaning people. Just as a matter of practical politics, I am convinced that in the long run the American people are not going to stand a burden of taxation which will deprive them of those luxuries which have come to be regarded as necessities, simply in order to build up other countries. I do not believe we are that altruistic; therefore, I do not believe it can be done by government subsidies handed over to other parts of the world. We have been doing pretty well in that regard. In one way or another we have given away since the end of the war something like $40 billion. We cannot continue on this path without wrecking our own economy and, as I stated at the outset, we shall certainly not be able to help the free world if we ourselves are wrecked economically. Of course, Point IV does not envisage that the government will do it, but rather that it will be done by private enterprise.

Now what does that mean? Private enterprise on any large scale is in the hands of corporations. These corporations get their funds from stockholders or by borrowing money from banks and insurance companies, or selling bonds on the open market. Are any of you here present prepared to buy shares of stock of a company that is putting money into a foreign country without much hope of getting any returns? Are those of you who are bankers or representing other lending agencies prepared to lend money to enterprises which you think are going to be unprofitable and therefore not able to repay either capital or meet interest payments when due? In other words, you cannot get investment funds either domestically or internationally unless the investment offers some reasonable prospect of safety to capital, and with probabilities of some return at some period or other in the form of dividends.

Of course, there are investments that any of us are prepared to make. We know that Canada has no difficulty at all in obtaining foreign capital. To a lesser degree I think that may be said to be true of Australia and New Zealand, and even of France and Great Britain and a number of other countries; but those are hardly the countries which were in the minds of the authors of Point IV. Those are neither undeveloped nor backward countries. Perhaps somewhat more than those just mentioned, some of the Latin-American countries might fall into the classification we have in mind. Considerable investment of American funds is being made in a number of Latin-American countries, in spite of some unfortunate experiences that investors in those countries have had in the past. Are most people very enthusiastic about those investments? Oh, yes, we have developed the oil industry in Venezuela, and we are in the process of developing in that country the great iron ore resources which seem to be there. Undoubtedly in the course of time we may be able to do something of the same type in Brazil, that is develop the natural resources; but let us take those two countries as contrasting examples.

As far as I know, the situation in Venezuela is very satisfactory. The Venezuelans seem to have no illusions that they possess the technical facilities or have the know-how to develop these resources themselves and they are deriving relatively enormous revenues as their share of the net profits obtained. Certainly for the

Continued on page 33

*An address by Mr. Lichtenstein at meeting of the World Institute, Moline, Ill., November 22, 1952.

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December 9, 1952

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Quebec: Clue to Canada's Future!

By CYRUS S. EATON*

Canadian-Born American Industrialist

In calling attention to Canada's recent progress and prosperity, Mr. Eaton points out the industrial revolution now taking place in Canada is "the most significant economic phenomenon in the world today." Tells story of Steep Rock Iron Mines, in Western Ontario and other similar developments, and asserts exploration of her iron ore deposits is making a positive contribution to Canada's prosperity. Holds Quebec can become a world supplier of iron ore and Quebec City a great center of commerce and agriculture.

The question I would like to pose to you is this: how can Canada make accessible to all her sons and daughters a ready opportunity to enjoy material prosperity? In my boyhood, the young men and women of my Province and yours were as often as not forced to make their way a few miles south over the border into the United States in order to find profitable employment.

Cyrus S. Eaton

For an example, I can cite my own case. Upon finishing school, I went to Cleveland, where the two best known citizens were John D. Rockefeller, the richest man in the world, and Napoleon Lajoie, the best baseball player in the world. Nap, as he was affectionately called by the Cleveland fans, was a native of Quebec and the ideal of Cleveland youth.

It was my good fortune to find immediate employment with Mr. Rockefeller. From that early association, I obtained a broad perspective of business and industry that has had a profound and lasting effect on my entire career.

Mr. Rockefeller's business life was based on the development of natural resources, and it was giants of his stature who led the United States to industrial greatness. Since the time that I first came under his influence, I have never missed an opportunity to urge the statesmen and businessmen of Canada to turn her unlimited natural wealth to account so that she could occupy her deserved place as a first rank nation.

*An address by Mr. Eaton at meeting of the Quebec Board of Trade, Quebec City, Dec. 4, 1952.

The Canadian Economy Comes Into Its Own

Canada is now coming into her own. The most significant economic phenomenon in the world today is, in fact, the industrial revolution that is taking place in Canada.

In no part of Canada is the remarkable expansion that is occurring in farming, mining and industry more impressive than it is in the Province of Quebec. For this reason, the world may well look to Quebec for a clue to Canada's future.

With almost 600,000 square miles and 4,000,000 people, Quebec ranks first in area and second in population among Canada's 10 Provinces. Slightly larger than Norway, Sweden, Finland and Denmark combined, Quebec has less than one-quarter of the combined population of those four northern European countries. No less favorable in climate, Quebec is far richer in resources.

I have chosen northern nations for this comparison, because it is my considered belief that Quebec's destiny lies in the full exploitation of her own vast northern treasure house. Already a world supplier of such vital products as asbestos, aluminum and newsprint, she is no novice in manufacturing and marketing. The sound experience she has had with these commodities has paved the way for rapid and orderly procedure with new products.

To illustrate what can be done in the northern wilderness, I call your attention to our Steep Rock Iron Mines in western Ontario. Ten years ago, Steep Rock was a lake surrounded by moose pasture and cut off from the outside world. Today, Steep Rock is Canada's major iron ore producer, connected with the outside world by rail and soon also to be connected by highway. Our original mine, which has been in volume production for several years, will be joined in the near future by five more mines, to bring our output up to 10 million tons a year.

Severity of winter climate is no serious handicap to our operations at Steep Rock. The swift pace that we have set there is not slackened in the winter months. Our pumps operate at 50 below zero. I visit Steep Rock at regular intervals around the year, and I always make a point of being there during the coldest part of the winter. While I was there last January, I spent a full day out of doors when the temperature was 35 below. Everyone on the job was comfortable, and everything was going forward full speed.

Iron Ore Makes a Positive Contribution to Canada's Prosperity

At the time when I first turned my hand to Steep Rock, in the early 'forties, Canadian interest in iron ore was negligible. The project appealed to me as a positive opportunity to contribute to Canada's prosperity so, although it was a herculean task, I welcomed it. We have spent millions of dollars at Steep Rock to bring our immense reserves of high grade, direct shipping ore into production, and with the cooperation of the Federal and Provincial Governments, we have created a new industry in the Canadian wilderness.

Private initiative, as it should be, has been the prime mover at Steep Rock. And Steep Rock is now on the high road to success. But new business ventures, especially in the mining field, involve heavy risks, and for every success like Steep Rock, there are bound to be other likely prospects that fail to pan out. The hazards are such as to justify government cooperation with promising new enterprises, and ample returns to the entrepreneurs.

The Province of Quebec is on the threshold of tremendous iron ore developments. I have visited the properties of the Iron Ore Company of Canada, and I should like to pay tribute to the courage and resourcefulness that are being put into that joint Canadian and American undertaking, in which your distinguished citizen Jules Timmins and our new American Secretary of the Treasury George Humphrey have been playing such an important part.

Quebec Can Become a World Supplier of Iron Ore

Other groups are searching northern Quebec and, in time, a number of sources of iron ore will be established there. One of our companies undertook four years ago to supply the funds for a large-scale investigation south of the Hanna-Hollinger area, but gave the speculation up as a failure after the expenditure of half a million dollars over a period of three years. In the past two years, my son and I and our associates have supplied substantial sums to Canadian geologists and prospectors for the discovery of very large tonnages of medium and lower grade iron ore near Ungava Bay. Costly pilot plant tests of the ore have been conducted. The deposits are so located that water transportation to Europe would be the logical route for them to follow. First, however, extensive power facilities and elaborate and expensive processing equipment and machinery would have to be installed to treat the raw ore to make it desirable for the blast furnaces of England and continental Europe.

Further investigation and study of the technical problems of ore processing, or "beneficiation," as it is called in the trade, are required before our Ungava Bay project can go forward. Some concept of the scope of the undertaking may be obtained from the realization that American iron and steel companies are currently in the course of expending $1,000,000,000 to develop commercially practicable methods of beneficiating the lower grade iron ores of Minnesota and Michigan. These American ores have the advantage of being located near established mining communities, while ours are in the absolute wilderness. Nevertheless, when we determine the process best suited to our needs, it is our hope that our large quantities of easily mined ore will be the basis of an important new industry in the far northern Ungava Bay area.

Iron ore is the basic material of iron and steel and hence the foundation of modern industry. The steel making furnaces of the United States alone consume about 130,000,000 net tons of iron ore a year, and the demand is likely to go higher. England urgently needs iron ore as do Holland, Belgium and France. There will be a world market for the iron ore of Quebec provided the costs of production and transportation in Quebec can be made competitive with other new sources of ore in South America, Africa and Asia.

Northern Quebec Will Have Many New Communities

Distance is a matter of serious consideration in laying the plans for development of the northern areas of the Province of Quebec. It is as far from Montreal to the northernmost outpost of the Province, for instance, as it is from Montreal to Winnipeg. Again I offer the example of Steep Rock as a guidepost. In evolving the executive organization of the Steep Rock company, I insisted that we follow the philosophy of local direction and control. Some of our friends thought that the company's headquarters ought to be located at Cleveland, the acknowledged iron ore capital of the world. Others of our eastern friends urged the establishment of an elaborate head office in Toronto or Montreal. The argument was advanced that many of the world's great enterprises at distant places have been successfully directed from London. My answer to that was that they would have been conducted with considerably greater success had the officers moved to the scene of action rather than remain remote and inaccessible in London.

Our Steep Rock head office is located at the mines. Our president and general manager, secretary and treasurer, superintendents, engineers, geologists and chemists live in the Steep Rock area; the civic and cultural life of the community is strengthened by the presence of these able men and their wives. Where 10 years ago there was wilderness, there is now a fine town of 3,000 people, which will grow to 25,000 before many more years pass. Many such new communities can be created in northern Quebec.

Perhaps you may feel that I am laying too much stress on the material side of life, to the neglect of the needs of the mind and the spirit. Consider then how much of the time of women is occupied with pots and pans, how much of the lives of men is spent in providing housing, clothing and food. The golden age of Pericles in Athens, the era of the greatest Greek masterpieces of literature, philosophy, art and architecture, coincided with Athens' period of greatest material prosperity, based on bustling trade with the far corners of the then-known world.

Quebec City Combined Commerce and Culture

Your wonderful City of Quebec combines commerce and culture in an admirable manner. Your historic buildings, parks and monuments bring travelers from far and wide. It has been my custom to sail from Quebec on trips abroad so that my family could have the opportunity to appreciate the beauty and the glory of your ancient City. I am also aware of the richness of your cultural life. Three years ago it was my privilege to entertain the Executive Council of the Association of Universities of the British Commonwealth, at my summer home in Nova Scotia. One of the most cultivated and distinguished participants was Monseigneur Vandry, Rector of your great Laval University.

For an apt description of the commercial attractions of your city, I cannot improve upon the following statement of your own Mayor Borne: "Businessmen will find here a magnificent harbor with extensive possibilities for the maritime trade, a progressive commercial and industrial center surely to become one of the leading factors of the economic development of our country and where new industry is assured of the best advantages, such as abundant skilled labor, cheap power, excellent water and land transportation facilities and a vast territory offering a most profitable market."

Let me pay one last compliment to your climate, to me the most invigorating in the world. Both summer and winter, hundreds of thousands of Americans and Canadians from other Provinces flock to Quebec for their vacations. For more than 15 years, first my children and then my grandchildren have joined me in schussing down the skiing slopes of your Province during the December holidays. Your own people do not overlook the opportunities for wholesome recreation afforded by your wonderful winter weather. There is no more delightful and thrilling spectacle than the throngs of gaily dressed Quebec youths gracefully gliding down the sunlit snow-covered hills on a Sunday afternoon.

Quebec Is a Rich Empire

Richly endowed with natural resources and possessed of an able and industrious people, the Province of Quebec is destined for a brilliant economic future. The creation of vigorous new communities, all the way to the far northern limits, will increase the business of Quebec City, will furnish a constantly expanding market not only for manufactures, but also for the farm products of all of eastern Canada, and will make the Province of Quebec a rich empire in her own right.

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S. H. Gertzman With Westheimer & Co.

Sam H. Gertzman

(Special to THE FINANCIAL CHRONICLE)

CINCINNATI, Ohio — Sam H. Gertzman has become associated with Westheimer & Co., 326 Walnut Street, members of the New York and Cincinnati Stock Exchanges. Mr. Gertzman was formerly manager of the trading department for A. & J. Frank Co.

With Lester, Ryons

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Paul H. Desbrow has joined the staff of Lester, Ryons & Co., 623 South Hope Street, members of the New York and Los Angeles Stock Exchanges. Mr. Desbrow was previously with Morgan & Co. and Hill Richards & Co.

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A Re-appraisal of Inflation

American Assembly meeting at Columbia's Harriman Campus finds immediate inflationary dangers have moderated, but first step toward international monetary stability is internal control of inflation in individual countries. To supplant aid with trade, advocates reduction of tariff rates and procedures, with increased private investment abroad. Urges reform of U. S. debt management.

The American Assembly's second meeting on inflation and monetary policies was held from Dec. 5-7 at Arden House on the Harriman (New York) Campus of Columbia University. Attended by 70 men and women from many parts of the country and both political parties, representing business, labor, farm groups, Government, education, and the professions, the group re-examined the findings of its first meeting, held last May.

Philip Young

The text of its formal conclusions follows:

The conclusion of the Assembly after reviewing economic developments since the meeting last May was that immediate inflationary dangers have moderated but that forces making for inflation are still present. It was agreed that inflation may break out anew with any sudden or serious increase in international tensions.

Budget and Taxes

It was agreed that a determined effort should be made to balance the Federal budget by expenditure reductions.

The excess profits tax should be allowed to expire and other emergency tax increases imposed by the Revenue Act of 1951 should also be permitted to lapse, as scheduled, but not at the cost of unbalancing the budget. It was further agreed that the tax system should be thoroughly re-examined, with a view to removing inequities and strengthening economic incentives.

Control of Government expenditures can be improved by better machinery for Congressional review of requests for funds. Thorough review cannot be achieved without adequate staff assistance. Accordingly, we recommend that the Committees of Congress charged with responsibility for appropriations set up a permanent joint staff—along the lines of the joint staff on Internal Revenue Taxation — to work closely with Government departments and agencies at every stage of the budgetary process as well as in its presentation to the Congress.

Direct Controls

On the question of direct controls, it was agreed that price and wage ceilings should be removed but that stand-by authority to impose controls should be provided.

Debt Policy

General support was expressed for a flexible public debt management policy which would reduce the burden of early maturities and seek to shift more of the debt into the hands of individual savers and savings institutions. Both interest rates and maturities should be shaped to these ends.

Monetary and Credit Policies

The Federal Reserve System has primary responsibility for influencing the cost, supply and availability of credit and, in the conduct of its operations, should seek to promote economic stability. At the present juncture, an important function of the Federal Reserve is to protect the purchasing power of the dollar from further shrinkage. In pursuing these objectives, primary reliance should be placed on the discount rate and open market operations with selective credit controls over consumer and residential mortgage credit used only at times of clear national emergency. It was agreed that these selective credit controls should be suspended promptly upon the subsidence of emergency conditions, but that stand-by authority for such controls should be provided.

International Relationships

The Assembly emphasized that the first step toward international monetary stability is the internal control of inflation in the individual countries.

In our international financial and economic relationships the Assembly urged shifting the emphasis from aid to trade. As specific means of furthering trade to mutual benefit among the nations, the Assembly favored simplification of customs procedures; reduction in tariff rates with due regard to the effects on American business, agriculture and employment; reconsideration of the principle of quota restrictions on imports; an intensified program of technical assistance accompanied by increased private American investments abroad; and larger purchases abroad by American procurement agencies where such purchases can effect savings.

A strong minority felt that the phrase "with due regard to the effects on American business, agriculture and employment" weakens the conclusion unduly; the improvements suggested should be made in any event with consideration given to alleviating the consequent effects on American business, agriculture and employment.

Proposed Study

The Assembly agreed that in the event of a business recession, the National Government should take positive action. It was urged that the new Administration should promptly set in motion a comprehensive study of methods to combat business recession in order that appropriate action may be ready should it be needed.

Importance of Increased Productivity

Technological developments, improved skills, research and increased capital investment should be encouraged to create increased productivity and a higher real income for the entire population without a continually rising commodity price level.

Peters, Writer Adds

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Margaret A. Lawrence has been added to the staff of Peters, Writer & Christensen, Inc., 740 Seventeenth Street.

With Hamilton Manage't

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — James R. Bachar is now with Hamilton Management Corporation, 445 Grant Street.

Two With H. M. Grove

(Special to THE FINANCIAL CHRONICLE)

WINTER PARK, Fla. — Benjamin A. Simms and Charles J. Wray have become connected with H. M. Grove & Associates, 801 Euclid Avenue.

Foreign Aid Has Not Weakened Nation!

By HARRY A. BULLIS*

Chairman of Board, General Mills

Prominent industrialist contends, in undertaking burden to aid other countries, we lifted our capacity to produce as well as to consume. Points to large European investments abroad prior to 1913, which exceeded U. S. foreign outlays.

Since 1913, our international policies have required us to extend aid and grants to our allies to an aggregate total of some $110 billion. It has not been repaid. I doubt if we expect it to be repaid. During the past seven years the aid we have extended has amounted to more than $35 billion. Carrying out international policies which require such high costs surely must have a tremendous effect on our economy at home.

Harry A. Bullis

The American economy itself has enormous impact upon the rest of the world. When our economy is hitting on all eight cylinders, our trade with other countries gives them great assistance. At such times, we require huge imports and the rest of the world is kept busier and more prosperous because of its trade with us. This effect of a high productive rate in the American economy is no doubt of greater importance in international affairs than tariffs and trade treaties.

It is a peculiar fact that the United States, which has poured out aid in such huge amounts, has not been weakened thereby. If anything, we have become stronger. The countries which we had hoped to strengthen by our aid have not become stronger. They have become dependent in a manner which should, as quickly as possible, be brought to a close for their good and for our good.

In undertaking the burdens of aid to other countries, we lifted our capacity to produce. As the result of continued high employment and high wages, we also lifted our capacity to consume. It is probable that the lack of production during the depression of the 1930's was more costly in a purely economic way than the production which we gave away during the 1940's. In any event, we have proved that we were able to give a great deal of aid to the rest of the world and at the same time enlarge our standard of living at home. In this area, we are moving along a new course for America.

One additional fact may be significant. The countries which have received our aid under the Marshall Plan are largely the same countries which aided us in various ways during the century from 1815 to 1914. We used that aid wisely. We were fortunate in being able to pay back all of the loans, which were large as measured on the basis of values of those times, and which, calculated in terms of today's price levels, equaled amounts far beyond the annual rate of aid we have given in past years.

During the period from 1883 to 1913, the countries of Western Europe were pouring out for investment in the rest of the world, including the United States, amounts annually equivalent to 20 billion of today's dollars. That is a large figure compared to our average annual assistance of one-third of that amount since 1945. Therefore, when we think of future private investment abroad, we need to think in terms even larger than the best years of our private foreign investment in the past.

*Excerpt from remarks by Mr. Bullis at the 57th Congress of American Industry, New York City, Dec. 3, 1952.

J. C. Strong Opens

WASHINGTON, D. C.—James C. Strong has opened offices at 4606 Thirtieth Street, N. W. to engage in a securities business. In the past he was with Bache & Co., and R. H. Johnson & Co.

IDENTIFYING STATEMENT

This is not an offer to sell these securities. They are subject to the registration and prospectus requirements of the Federal Securities Act. Information about the issuer, the securities and the circumstances of the offering is contained in the prospectus which must be given to the buyer.

Standard Sulphur Company

1,250,000 Shares Common Stock

(Par Value 10c per Share)

Price to the Public: $1.00 per Share

Standard Sulphur Company was organized on August 18, 1952, for the purpose of producing, selling and exploring for crude sulphur. This is the Company's first public financing and there has hitherto been no market for the Common Stock.

As of October 27, 1952, the Company had outstanding 1,750,000 shares of Common Stock, excluding 1,250,000 shares held in the treasury of the Company.

The registration statement covering these securities is not yet effective. No offer to buy or sell the securities should be made and no offer to purchase the securities will be accepted until the registration statement has become effective. The publication of this notice is no assurance that the proposed offering will be made or as to the amount of securities, if any, that will be available for distribution by this firm.

Copies of the proposed form of prospectus may be obtained from:

Gearhart & Otis, Inc.
45 NASSAU STREET
NEW YORK, NEW YORK

F. L. Rossmann & Co.
120 BROADWAY
NEW YORK, NEW YORK

Please send me a copy of the proposed form of prospectus relating to Standard Sulphur Company.

Name ____________________

Address ____________________

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The Future of New York City

By CURTIS V. ter KUILE*

Mr. ter Kuile reviews factors which led to the upbuilding of New York City, and now finds conditions which impede its growth and may cause its decline. Points out neglect of shipping and warehouse facilities, and lists as corrective steps: (1) better management of warehouses and piers; (2) a campaign to attract commerce to the port; (3) an adjustment of pier rentals, port charges and cost of ship repairs, and (4) more expediting of customs and health inspection.

When one reads in history about the rise and fall of great cities like Carthage and Ninevah, the almost invariable feeling is that such things happened long ago and could not possibly be repeated in these socalled modern times. In ancient history there are many stories of how caravan routes, safe harbors, products of agriculture and mines helped to build up great ports from which shipping departed to all of the known world. Yet the exhaustion of a mine, repeated plagues of insects, droughts, the change in the course of a river or a shift in the caravan routes, unreasonable duties or confiscatory taxation, earthquakes, one or more of these usually started to gnaw at the economic foundation of the great city and kept at it until the whole structure was destroyed and now nothing remains but a series of ruins for archeologists to explore. Of course there have been many cases of cities having been destroyed by a conquering army, but more often the destruction was economic.

Curtis ter Kuile

All of this may seem irrelevant to modern people and so it may come as a surprise to many when they learn that what they thought could not take place in this day and age is actually in the process right here and now in the great City of New York. For here history is repeating itself, but on a far greater scale than ever before, because, Rome and Athens notwithstanding, there has never been a city so great in population, wealth, area and commerce as New York.

Persons who were born in New York or have adopted it as their home—and they are often the most enthusiastic citizens—usually feel that all this size, business activity and "white lights" have always been here. This is, of course, an uninformed assumption because, by the historical measure of such events, the rise of New York to its position of preeminence has probably been the most rapid of any great city anywhere in any past time. It took Babylon about 2,000 years and Rome 1,000 years to attain their zeniths of power and domination of commerce. New York actually did not amount to very much until the Erie Canal was built and opened to traffic in 1825. For before that time such ports as Charleston and Boston greatly outranked New York in commercial activity. Philadelphia was the largest seaport in the country for about 100 years. The Erie Canal changed the whole picture, for by its use freight from the Middle West could be moved cheaply to the Atlantic Ocean with very little interruption from ice blockades and other hazards. The extension of the Erie Railroad to Jersey City and later the construction of such important crossings as the Holland Tunnel, the George Washington Bridge and the Hell Gate Bridge, by whose use through freight to and from New England and the South can be expedited with safety and at reasonable cost, all of these added materially to New York's greatness.

The Port of New York was possibly at its pinnacle in the year 1914. This was just prior to the outbreak of the first World War and the harbor and docks were filled with shipping from great European countries like Germany, France and Italy that have now been so reduced by two world wars that their commerce has been practically destroyed. England and Holland in turn have lost a great deal of their former standing in world trade due to the decline of their empires, and dictatorships in such countries as Russia and the Argentine have greatly curtailed the export and import business of those nations. But despite the effect of wars and dictatorships the decline in the Port of New York may be largely ascribed to U. S. Government bureaus which have seized our entire foreign trade in copper, cotton, rubber and certain other commodities normally handled in great bulk by private business firms. Moreover, excessive taxation and duties, high port charges and pier rentals, excessive wages of stevedores, all of these things have helped to turn away trade and reduce the standing of this great city.

A Ferryboat Excursion

Recently the Delaware, Lackawanna and Western Railroad took a group of financial experts on a specially arranged trip on one of their ferryboats. It was a great and novel experience. The boat was fitted out like a first class floating restaurant. Did you ever see a hat-check girl on a ferryboat? Well there were two of them on board, complete with uniforms, coat racks, checks and all. In the upper cabin tables had been erected and on them was spread one of the most delicious buffet luncheons imaginable. The boat left from the foot of Barclay Street on the Hudson River, sailed up along the Manhattan shore as far as 96th Street, crossed over to the New Jersey side and sailed down past Hoboken, Jersey City, Greenville, all the way to Staten Island. There it crossed over to Bay Ridge, sailed past the Bush Terminal, Gowanus Bay, the Atlantic, Baltic and Fulton Terminals, up nearly to the Brooklyn Bridge, and thence across to the Manhattan side, along the Battery, and finally back to the Barclay Street slip.

During this very interesting trip, after the delicious luncheon was over, an expert on New York Harbor gave a running commentary over a public address system, telling about the various docks, terminals and other points of interest. It was a most informative cruise and on board the boat everything was delightful, but the view outboard was depressing and sinister. The writer was born and raised in New York and comes from a shipping family. He remembers the Port of New York

Continued on page 18

*The writer, who is connected with Hallgarten & Co., New York City, is a graduate mechanical engineer, Cornell University. He is a member of the Cornell Engineering Society and the New York Society of Security Analysts, and has been engaged in engineering and the investment business for many years.

Lasser Answering Year-End Tax Questions

J. K. Lasser, author of "Your Income Tax," will speak on "Your Tax Questions — with Particular Reference to Year-end Problems" at the New School for Social Research, Thursday, Dec. 11, 5:20 p.m. Mr. Lasser, Certified Public Accountant and Chairman of the Institute on Federal Taxation, New York University is guest speaker in the series "Investing Today" given at the New School by A. Wilfred May, economist and editor.

J. K. Lasser

Otis & Co. Petition to Drop Reorganization Plan Approved

According to an Associated Press dispatch from Cleveland Federal Bankruptcy Referee Carl Freibolin recommended on Dec. 8 that Otis & Co., petition for reorganization be dismissed and that the firm be allowed to reopen.

However, Federal Judge Emerick B. Freed must make the final decision in the case.

The investment banking firm of Otis & Co. applied for the dismissal after a $3,200,000 court judgment in favor of Kaiser-Frazer Corp., against it was reversed. The case grew out of Kaiser-Frazer Corp.'s claim that Otis & Co. repudiated a stock underwriting deal involving sale of the automobile company's stock.

There is still pending in the same proceedings a Securities Exchange Commission action to revoke Otis' license to do business, but if Judge Freed accepts the recommendation of the referee and dismisses the reorganization petition, it is believed the SEC action would automatically be dropped, and Otis & Co. restored to full standing in the securities industry.

Ball, Burge & Kraus to Admit Two Partners

CLEVELAND, Ohio—On Jan. 1 Albert A. Augustus, II and Paul H. Gaither will become partners in Ball, Burge & Kraus, Union Commerce Building, members of the New York and Midwest Stock Exchanges. Mr. Augustus is Manager of the firm's Municipal Department. Mr. Gaither has been with the firm for some time.

Blunt Ellis to Admit Robt. Clark as Partner

CHICAGO, Ill. — Robert M. Clark will be admitted to partnership in Blunt Ellis & Simmons, 208 South La Salle Street, members of the New York and Midwest Stock Exchanges on Jan. 1. Mr. Clark has been with the firm for some time.

Joins Mullaney Wells

(Special to The Financial Chronicle)

CHICAGO, Ill.—John J. Walsh, Jr. has become associated with Mullaney, Wells & Company, 135 South La Salle Street.

Hayden, Stone Adds

(Special to The Financial Chronicle)

PORTLAND, Maine—Lawrence M. Burke, Jr. has been added to the staff of Hayden, Stone & Co., 477 Congress Street.

LETTER TO THE EDITOR:

Western Banker Asks Independent Banking System Be Preserved

Orval W. Adams, of First National Bank of Salt Lake City, says independent correspondent banking system, with local ownership and control, is bulwark against banking monopoly. Warns against complacency toward "creeping socialism."

Editor, Commercial and Financial Chronicle:

The independent banking system has been an integral part of our system of free enterprise upon which our economy has been built. To it, in no small degree, must be credited the sound and rapid growth of our industries. It is founded upon the basic American concept of local control and local responsibility. This embraces a knowledge of local conditions, ability to render prompt and efficient service to the community and maintain those personal man-to-man relations between officers and clients which are inevitably lost when remote or holding company control is substituted for local management.

Orval W. Adams

The independent system has afforded us all the benefits of adequate banking service on a national scale, without the objections incident to centralization of control in one or a few big combines. At Houston, Texas, in 1937, as President of the American Bankers Association, I said: "A great majority of the 15,000 American banks are independent banks, and opposed to concentration of banking resources in branch systems, which, unless curtailed, will create a money and credit monopoly more dangerous to and destructive of the American System of State Rights than any other form of capital concentration."

If the independent banking system is to survive, we must turn from the monopolistic path we have followed for the past several years, and return to the American way of local ownership and local control.

The battle must be fought on the State level as well as on the National level. What will it profit us to fight the battle on the national level and win, if, while the battle is in progress, great combinations of banking resources spring up within the states, absorbing as they grow a large portion of our independent banks, as has been the case in California? We must understand that any departure from the preservation of the independent banking system is a threat to our future welfare. As large holding company and chain banking systems develop, they tend to expand into other fields; we see them active in insurance, mortgage loans, building and loan companies, real estate. Such expanded interests will inevitably bring criticism of banking; there will be an implication of political activity, and the unthinking and unwarranted urge for the nationalization of banks will be intensified.

The absorption of local independent banks into holding companies would lead finally to the destruction of the correspondent banking system. These banks, home owned and home managed, carry out the great concept of decentralization, the enemy of monopoly. The nationalization of banking could come more easily through holding company operations. We are safe just so long as we maintain the 15,000 independent banks inviolate. In OPA days, when the government attempted to seize the cattle ranges and the packing houses, the plan was rejected because seizure of thousands of operators was impracticable. Let us maintain that spread in the banking field and preserve for ourselves that factor of security which seemingly alone saved the cattle men of this country from confiscation by the government. Ponder well what happened in England when Socialism came into power. There were only five banks to take over. Let us keep our 15,000 banks strong and virile, and spread over the great expanse of free America. Their independence is the surest guarantee of our free enterprise system.

The protagonists of nationalization of industry have been repudiated at the polls; but we must not be lulled into complacency and conclude the trend toward creeping Socialism has been arrested. The ideology which has flourished for the last 20 years under government sponsorship is still a deadly threat to our American way of life. Now is the time to rally our forces and unite all patriotic and farsighted Americans in a drive to limit, through Legislation, the further encroachment of centralization of branch banking and holding company combines. In so doing we will strengthen the independent banking system which is a bulwark against the ever-present danger of a banking and credit monopoly and at the same time guarantee the preservation of the correspondent banking system, which has contributed so much to the economic virility of our great nation.

ORVAL W. ADAMS

First National Bank,
Salt Lake City.
Dec. 1, 1952.

Wall St. Anchor Club Elects Officers

Wall Street Branch No. 18 of the Supreme Anchor Club of America, Inc., has elected the following new officers:

President, Peter Brochu, Allen & Company; First Vice-President, Frank Grande, W. P. Hoffman & Co.; Second Vice-President, Joseph Stevens, Mabon & Co.; Treasurer, William Harrington, Hayden, Stone & Co.; Recording Secretary, John Skehan, Chase National Bank of New York; Financial Secretary, Eugene McCormack, Marine Midland Bank, New York.

With Barret, Fitch

(Special to The Financial Chronicle)

KANSAS CITY, Mo.—Ralph E. Weaverling is now with Barret, Fitch, North & Co., 1006 Baltimore Avenue, members of the Midwest Stock Exchange.

Joins Uhlmann-Latshaw

(Special to The Financial Chronicle)

KANSAS CITY, Mo. — Francis K. Justus, Jr. is now associated with Uhlmann & Latshaw, 111 W. Tenth St., members of the New York and Midwest Stock Exchanges.

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PHILCO

Celebrates 60 Years of Progress through Leadership

During the past 60 years, Philco Corporation has enjoyed such spectacular growth that today it is a world leader in the development, manufacture, and distribution of quality products for the home and industry.

Foundation for this tremendous growth has been the pioneering spirit of Philco in advanced scientific research, and the constant development of new manufacturing and marketing methods that year after year have raised the standards of the entire industry.

Leadership is a Philco tradition. Here is just part of the record: World's largest radio and television manufacturer . . . leader in room air conditioners for 15 straight years . . . creator of the famous Philco Dairy Bar Refrigerator, by actual sales records the most wanted by American Housewives in 1952 . . . new, exclusive achievements in electric ranges and home freezers . . . pioneer in the development of microwave relay and other communications equipment . . . vital research and production for the government's defense program.

Yes, these are the fruits of Philco leadership . . . leadership that is constantly expanding the frontiers of better living.

On this, its 60th Anniversary, Philco reaffirms its policy of ever-broadening the horizons of scientific research, to bring the highest quality, the most advanced products to the public and industry . . . constantly fulfilling the responsibilities of leadership.

PHILCO

TELEVISION • RADIO • REFRIGERATION • HOME FREEZERS
ELECTRIC RANGES • AIR CONDITIONERS
ELECTRONIC PRODUCTS FOR INDUSTRY AND ARMED FORCES

PHILCO Famous for QUALITY the World Over

60th ANNIVERSARY 1892-1952

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Financial Leadership

good enough unless he has an understanding of our nationwide financial structure and is prepared to explain it to his customers and his exployees.

In the past, there have been too few bankers over this country who have had a comprehensive understanding of our economy. Now, how can bankers acquire enough economic understanding and interpret it to the public? There are many ways of doing it.

Here is one: Recently while visiting with the president of one of tne large banks of the country, he told me of his amazement when he discovered the woeful lack of understanding among the officers of his bank regarding the rise in value of the Canadian dollar over our own dollar. The realization came to him that if important bankers didn't understand or show an interest, we could not expect the public to understand the principles that govern their free economy. That bank decided to do something about it. The two top officers assumed the responsibility of developing a thoroughgoing program for their entire staff toward an understanding of the factors affecting our economy.

Here is another source for acquiring economic insight: Bankers are starting to school again. In banking, we now have 26 schools for educating bankers at all levels. The big job now is to convince more bank bosses to demand an enlarged educational structure, and one that will include a wing for more economic education. We are just in the foundation stage, but I believe that we are on the verge of a tremendous development in the number and quality of educational facilities for bankers.

There is a danger that our educational facilities will be expanded without adequate guidance and planning. For that reason, the Administrative Committee of the American Bankers Association has just authorized special committee consideration, under the guidance of Dr. Harold Stonier, of a plan for the development of appropriate curricula for economic study. These findings will be made available to all banking school leaders.

The American Bankers Association has additional plans that will contribute to banking leadership. It will establish a Department of Monetary Policy to give direction to banking thought and action in this important area of finance. Our monetary policies have had a far reaching effect not only upon commodity prices and volume of production and employment, but upon the operations of the banks themselves. Such policies also affect the banks' ability to attract and maintain the private capital that is essential to the chartered banking system. It will be the responsibility of this new Department of Monetary Policy to study the impact upon our economy of such factors as government expenditures, government debt and management of that debt, extent and type of taxation, the extent of foreign aid, the money and credit supply, and the impact of selective credit controls upon the economy.

This new department will not be an investment department. Rather it will be of help to Association committees and to its individual members and to those who represent the Association before Congress in the development of information and opinion on monetary policy and its practical effects upon banking.

Now to summarize.

Business leaders over this country are realizing their responsibilities for improving the economic literacy of our people. Bankers must visualize their part in protecting the value of the dollar. The bankers of this country have a greater opportunity in returning the nation to financial soundness than any other group, and by bankers I don't mean just the chairmen of the boards or the presidents; I mean all bank officers.

People who never had a bank account or the need for a banking service are now coming into our banks and into our trust departments. There is an ever increasing number of people in this country who will be dependent upon the income from the dollars held in trust for them. They are asking for, and are receptive to, information on how to protect the purchasing power of their dollar.

Bankers have made steady progress in the last 25 years in the handilng of their assets and in the building of public acceptance. During the next 25 years, we must add to our usefulness through the greater public acceptance of bankers as sources of economic know-how and knowwhy.

These new horizons are a challenge to banking leadership. Bankers must develop a skill and training undreamed of in days of the past.

One of the most important concerns should be to train men for banking leadership—leadership of a quality sufficient to understand and cope with the demands of our vast and confusingly tangled economy. I have full confidence that bankers will continue to strengthen their position of public trust.

Your
RED
CROSS
must carry on!

With Reid, Higbie

(Special to The Financial Chronicle)

DETROIT, Mich. — John N. Campbell is with Reid, Higbie & Company, Ford Building, members of the Detroit Stock Exchange.

Four With Slayton

(Special to The Financial Chronicle)

ST. LOUIS, Mo.—Lawrence D. Boyer, Helga K. Moore, Alfred S. Rosser and Robert L. Thompson have joined the staff of Slayton & Co., Inc., 408 Olive Street.

S. Weinberg Opens Dept. Under Stein

Irving Stein

S. Weinberg & Co., 60 Wall St., New York City, members of the New York Security Dealers Association, announce the opening of a mining and oil stock department under the management of Irving Stein, formerly of Stein & Co.

National City Bank Appoints Three V.-Ps.

The National City Bank of New York has announced appointment of three Resident Vice-Presidents, in the bank's Overseas Organization. They are: John B. Arnold, in charge of the bank's operations in Argentina and Uruguay; Joseph F. Dawson, in Chile; and, Chester T. Swinnerton, in Venezuela.

Mr. Arnold has been in the bank's Overseas Division 22 years. Mr. Dawson has been Manager in Santiago, Chile, since 1937 and has served in Central and South America since 1920. Mr. Swinnerton, now in charge of National City's branch in Caracas, Venezuela, has served in five National City overseas branches during the past 36 years.

Christmas Trade May Equal Record High

The value of department store sales in the United States recovered in October from the setback in September, with sales showing more than usual seasonal increase, says the Alexander Hamilton Institute. As compared with sales in October last year, sales in the same month this year showed an increase of about 6%.

This increase, however, was not sufficient to bring the total for the first 10 months of this year up to the corresponding figure for last year, and the period ended with a decrase of 1% in the cumulative total. The prospect is not too bright that this decrease will be overcome by the end of this year. Returns for the first three weeks of Nevember indicate that sales for the month were lower than a year ago, and it is questionable whether Christmas trade at the best will do more than equal last year's record high December figure.

Mittendorf, Niehoff V-Ps. of Weil, Roth

CINCINNATI, Ohio — Carl R. Mittendorf and Karl Niehoff have been appointed Vice-Presidents of The Weil, Roth & Irving Co., Dixie Terminal Building. Both have been associated with the firm for many years.

With Collin, Norton

(Special to The Financial Chronicle)

TOLEDO, Ohio—Carl R. Kalnow has become affiliated with Collin, Norton & Co., 506 Madison Ave., members of the New York and Midwest Stock Exchanges.

Forecasts Continued Good Business in 1953

United Business Service says activity will rise gradually in first half of year under stimulus of increased arms output, ending of most controls and more confidence in Washington policies. Expects business to taper off later in year as high point in defense spending is reached.

In its special Annual Outlook Report issued Dec. 8, the United Business Service makes the following forecasts for 1953:

Business—The year 1953 will be another good one for business. Activity for the full year is expected to show a moderate (3-4%) gain over 1952. Activity will rise gradually in the first half under the stimulus of increased arms output, new highs in personal income, ending of most controls, and more confidence in Washington policies. Business will level off later in the year as the high point in defense spending is reached.

Prices — Average wholesale commodity prices are expected to show a moderate decline for the year as a whole — with chief weakness in agricultural items. The Bureau of Labor Statistics wholesale price index will probably decline 3-5% during the next 12 months. On the other hand, the BLS consumer price (cost of living) index is expected to edge slightly higher in 1953 due mainly to rising rents and costs of miscellaneous items.

Profits and Dividends — Total corporate earnings next year are expected to run 5-8% above 1952 results. The increase will be due primarily to excess profits tax relief. The EPT is scheduled to expire June 30—and is expected to be substantially eased even if continued by Congress. Full year corporate dividends are expected to show an 8-10% gain over 1952 payments — which will lift disbursements to a new all-time high.

Steel—Total 1953 ingot output should reach 110-112 million tons compared to the 93 million tons produced in strike-depressed 1952. Civilian supplies will become progressively more plentiful, and CMP controls will be ended by mid-year. Some price advances are probable after controls end, but they will be selective and moderate.

Automobiles—About 6.2 million new cars and trucks should be turned out next year against 5.6 million in 1952. Output of passenger cars is expected to rise from 4.4 million this year to about 5 million in 1953. Truck production should about equal the 1.2 million this year. Car prices will not change much next year. Demand will be good, but sales conditions will become increasingly competitive.

Building—Volume of new construction in 1953 should total about $33 billion against $32.5 billion this year. Residential outlays are likely to be off about 5% and industrial building down 15%. However, utility outlays will show a 10% gain and public works expenditures a 5% increase. Commercial and institutional construction aided by ending of curbs, should show a 10-15% gain next year. Costs will show little change. Rent controls will be ended in more areas next year.

Retail Trade — Full-year 1953 sales are expected to reach a record $170-$172 billion in 1953 against an estimated $165 billion this year. Sales of consumer durables should be up 4-5%, with soft goods sales showing a slightly smaller gain. Retail prices will tend upward in the first half, but are likely to weaken later in the year. Urban trade prospects are brighter than rural. Trade buying will remain conservative, and competition will continue to be keen.

Labor Conditions—The new Administration will have a neutral rather than pro-labor attitude. This will have restraining effects on unions. Wage controls will be ended. Prospects, however, are against any big new round of wage boosts next year. Unemployment will remain low, and the supply of skilled workers will remain tight.

Harriman Ripley Co. Elects Three Officers

W. Scott Cluett, John B. Judy and John M. Walsh were elected Assistant Vice-Presidents of Harriman Ripley & Co. Incorporated, 63 Wall Street, New York City, the firm announced.

Mr. Cluett has been Manager of the syndicate division since July 21, 1948 and, except for four years of military service, has been identified with the Syndicate and Sales Divisions since joining the organization in September 1935.

Mr. Judy has been Manager of the public utility division since 1947 and, except for about four years of military service, has been identified with the Buying Department since joining the organization in March 1936.

Mr. Walsh has been Manager of the municipal division since 1951 and has been identified with the Municipal and Canadian Divisions since the formation of the company in June 1934. Prior to that time he was a member of the staff of The National City Company of New York.

Central Nat'l Corp. Elects D. E. Peiser

Donald E. Peiser was elected Assistant Vice-President of Central National Corporation, 100 Park Avenue, New York City.

Kidder, Peabody Open San Francisco Branch

SAN FRANCISCO, Calif.—Kidder, Peabody & Co. have announced the opening of a new office in the Russ Building under the management of Arthur A. Laibly. Mr. Laibly formerly was associated with the Chicago office of Kidder, Peabody & Co.

J. H. Remington With Burgess & Leith

(Special to The Financial Chronicle)

PROVIDENCE, R. I.—J. Herbert Remington has become associated with Burgess & Leith, Hospital Trust Building. Mr. Remington was formerly Providence manager for Coburn & Middlebrook Inc., and R. H. Johnson & Co.

H. B. Batchelder to Join Bank in Jersey City

Harry B. Batchelder will join the First National Bank of Jersey City as Vice-President in charge of loans and credits on Dec. 15. He has been connected with the Guaranty Trust Co. of New York, the First National Bank of Hoboken, later merged with the First National Bank of Jersey City, and the Reconstruction Finance Corporation, where he is now serving as Manager of the Philadelphia agency.

R. E. Evans Adds

(Special to The Financial Chronicle)

SAN DIEGO, Calif.—Joseph P. Rockwell is now connected with R. E. Evans & Co., 202 Broadway.

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Robt. Toolan With Wainwright, Ramsey

Robert E. Toolan has become associated with Wainwright, Ramsey & Lancaster, 70 Pine Street, New York City, consultants on municipal finance.

Robert E. Toolan

Mr. Toolan, formerly in the municipal bond department of the Guaranty Trust Company of New York, has specialized in the municipal bond business for seven years and founded the Municipal Council of New York.

He is a graduate of Fordham University and the Columbia University Graduate School of Business.

The firm of Wainwright, Ramsey & Lancaster specializes as consultants to states and municipalities as fiscal advisors.

IBA Meetings Are Announced for 1953

CHICAGO, Ill. — The Investment Bankers Association of America will hold its winter meeting February 13 and 14 at the Edgewater Beach Hotel, Chicago.

The Spring meeting will be held May 13-16 in the Greenbrier Hotel, White Sulphur Springs, West Virginia.

The 1953 annual Convention will again be held at the Hollywood Beach Hotel, Hollywood, Florida, Nov. 29 to Dec. 4.

Juran & Moody Now In New Quarters

ST. PAUL, Minn. — Juran & Moody have announced the removal of their offices to new and more spacious quarters at 93 East Sixth Street. The firm deals exclusively in municipal bonds of all types.

Large Offer Made by Federal Land Banks

The 12 Federal land banks are offering publicly today through Macdonald G. Newcomb, their Fiscal Agent $100,500,000 consolidated Federal farm loan 2½% bonds to be dated Jan. 2, 1953, and to mature Nov. 1, 1954, and $131,000,000 consolidated Federal farm loan 2¾% bonds to be dated Jan. 2, 1953, and to mature May 1, 1958. Interest on both of these issues will be payable on May 1, 1953, and thereafter semiannually. The 2½% bonds of 1954 are being offered at 99¾% and accrued interest, and the 2¾% bonds of 1958 at 99⅝% and accrued interest. The bonds are being distributed on a nation-wide basis with the assistance of a large selling group of recognized dealers in securities.

Net proceeds from the sale together with cash on hand are to be used to redeem the consolidated Federal farm loan bonds which mature on Jan. 1, 1953, and which are outstanding in the approximate amount of $185,800,000 and to provide approximately $45,700,000 for repayment of commercial bank borrowings and for lending operations.

The consolidated bonds being offered are the secured joint and several obligations of the 12 Federal Land Banks. They are not guaranteed by the government. The banks are Federally chartered institutions and operate under the supervision of the Farm Credit Administration, which is under the general supervision of the Secretary of Agriculture.

Elected Directors

Albert C. McMenimen, Vice-President and Comptroller of Boston Edison Company and George K. Dorsey of Reynolds & Co., Philadelphia, have been elected directors of International Glass Fibres Corp., it has been announced by Charles Wendt, Jr., President.

Boston Ins. Trusts

NASHVILLE, Tenn. — Boston Insured Trusts, Inc., is conducting an investment business from offices in the American Trust Building.

Rock Island 2¾% Equip. Tr. Ctfs. Offered

Halsey, Stuart & Co. Inc. heads an underwriting group which yesterday (Dec. 10) ofered $4,440,000 Chicago, Rock Island and Pacific RR. series O 2¾% equipment trust certificates, maturing semi-annually July 1, 1953 to Jan. 1, 1965. The certificates were priced to yield from 2.15% to 2.90%, according to maturity. Issuance of the certificates is subject to authorization by the Interstate Commerce Commission.

Certificates maturing on or after July 1, 1962 will be redeemable on and after Jan. 1, 1958 at the option of the railroad company.

The issue will be secured by new standard-gauge railroad equipment estimated to cost not less than $5,920,000.

Other members of the underwriting group are: R. W. Pressprich & Co.; L. F. Rothschild & Co.; Freeman & Company; Ira Haupt & Co.; The Illinois Company; McMaster Hutchinson & Co.; Wm. E. Pollock & Co., Inc.; Gregory & Son, Incorporated; and Mullaney, Wells & Company.

Goodbody to Admit

Goodbody & Co., 115 Broadway, New York City, members of the New York Stock Exchange, on Jan. 1, will admit Hubert K. Reese to limited partnership. Joseph A. Rushton and Robert Goodbody, general partners, on the same date will become limited partners.

Electronic Devices Stock Being Offered

Tellier & Co. are offering publicly "as a speculation" an issue of 3,000,000 shares of common stock (par 1 cent) of Electronic Devices, Inc., of Brooklyn, N. Y., at five cents per share.

The net proceeds are to be used as working capital and for expansion of operations.

The corporation was organized in Delaware in February, 1951, to manufacture and develop electronic devices and component parts for military and civilian use. The corporation has commenced the manufacture of an automatic resistor machine and the manufacture of selenium rectifiers.

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Security Analysis for The Trust Company

By LINCOLN W. HALL
Trust Investment Officer
Fidelity-Philadelphia Trust Co., Philadelphia, Pa.

Mr. Hall points out nature of information required by trust companies to aid in executing effectively and efficiently different types of trusts and agency accounts. Describes the three A's of security analyses.

Security Analysis is based pretty much the same whether performed by a bank, insurance company, brokerage office, investment trust, or other groups. The most important part is the effort to assess the probabilities of the future. The past is important, but primarily because the patterns disclosed may throw some light on future trends.


Lincoln W. Hall

No individual security, whether it be a common stock, preferred stock, or bond, is studied all by itself or in a vacuum. The individual security has to be related to the capital structure of the company, the company to its industry, and the industry to the general economic conditions of the country.

Process of Operations

The fundamental problem of a trust company such as ours is how to secure a wide range of economic, industrial, and security information and apply this information in an effective and efficient manner to a number of different types of trust and agency accounts. To do this we are highly organized for what we sometimes call the three A's of our work, which are: Acquisition, Analysis, and Application of investment knowledge. Acquisition is performed by those who are specialists along certain lines such as: industrial stocks, utility stocks, municipal bonds, corporation bonds, and others. Such knowledge is acquired without particular reference as to how it shall be applied in the case of a specific account. Analysis is performed by a group of investment officers experienced in coordinating investment knowledge into a group opinion on specific securities and investment policies in form for application to specific accounts. The application of this knowledge is performed by another group who are experienced in the operation of individual trusts, pension and profit sharing trusts, religious and charitable organizations, and insurance companies among others. This group, after consultation and discussion from the analytical point of view, are then in position to more effectively choose the investments for specific accounts.

We think that this type of organization is both compact and flexible. The flexibility is quite evident in the fact that all of our accounts receive the individual touch, and the choice of securities can be made for the best interests of owners, beneficiaries, financial committees, and other parties in interest.

NYSE Seat Reduction Plan Narrowly Approved

G. Keith Funston, President of the Exchange, reports vote was 565 in favor, and 556 opposed. Limit of $45,000 placed on purchase price of membership.

On Dec. 4, G. Keith Funston, President of the New York Stock Exchange, announced that the proposal to retire 50 memberships over a five-year period has been approved by members of the Exchange. The vote of the membership was 565 for, 556 against and two defective.


G. Keith Funston

On Nov. 20, the Board of Governors submitted to the membership for balloting proposed amendments to the Constitution which, by the vote of the membership announced today, will provide for the retirement of a maximum of 50 memberships, beginning Jan. 1, 1953, over a period of five years.

The members began voting on the amendments Nov. 21, and voting continued through the close of trading on Dec. 4.

The memberships to be retired can be purchased at a price not to exceed $45,000 each. The seat retirements will be financed by (1) the use of $1,000,000 in initiation fees received by the Exchange from members elected during the next five years, plus (2) an annual contribution of $180 from each member over the five-year period or for such shorter period as may be required to complete the program.

The amendments also provide for a pro rata increase in dues and assessments for the Gratuity Fund to offset the loss of contributions from retired memberships.

A rotating committee — consisting of four members of the Board of Governors who are members of the Exchange and one Board member who is an allied member—will administer the membership retirement program. This committee must report to the Board on its activities at least once a month.

This question of the retirement of Exchange memberships has been reviewed five times by the Exchange authorities since 1938—not including the present survey.

In 1938, a special committee recommended that a committee on retirement of memberships be established; that a maximum price be paid for memberships, said price to be fixed from time to time by the committee; that the Exchange make a contribution from its current assets of $1,000,000 to establish the fund; that each member make a contribution to the fund of one cent on each transaction of 10 shares of stock or part thereof executed on the Exchange; one cent on each $1,000 or part thereof of par value of Government bonds and three cents on each $1,000 or part thereof of par value of other bonds; and that in addition, members make a contribution to the fund of not more than $250 annually, if and when it was needed. This report did not suggest the number of seats to be retired. No action was taken on the recommendations.

In February, 1939, Mr. E. E. Bartlett, Jr., Chairman of the Board, submitted a questionnaire to the membership outlining several suggested plans for the retirement of memberships. Less than 40% of the membership responded to the questionnaire. A large percentage of those replying were opposed to all of the suggested plans. The membership was informed that due to the lack of interest no further action would be taken at that time.

In June, 1940, an unofficial committee known as the "Forum Committee," submitted a report to the Board in which it was suggested that 100 memberships be retired; that a fund of $500,000 be established by a loan from the Exchange; that a seat retirement committee be appointed; that each member firm contribute to the fund on a fee basis, comparable to the SEC registration fee, one cent on each $500 of sales value on orders executed on the Exchange; and that each member contribute 4% of his monthly floor commission bills. After considering the report in August, 1940, the Board determined to take no action.

In January, 1948, the Board authorized the appointment of a special committee to again review the problem. After several months of study, during which the views of 403 members had been received through correspondence and personal appearances, the committee reported to the Board that while there was a very definite interest on the part of a large portion of the membership for the submission of a seat retirement plan, no workable plan could be agreed upon. It further concluded that under no circumstances should any portion of the Exchange's reserve funds be allocated to the seat retirement fund, and that any method for financing a plan should provide for equal participation of all members of the Exchange, regardless of the nature of their business.

This committee suggested that because of the interest on the part of a large number of members to see some plan presented, it appeared advisable for the Board to follow through. It recommended that any plan provide for the retirement of at least 75, but not more than 100 memberships; that a maximum price should be established at which memberships would be retired; and that funds for financing any seat retirement program should be accumulated in advance.

The Board considered this report on May 6, 1948, and concurred with the unanimous opinion of the committee that memberships should not be retired with present Exchange funds. The Board also felt that any retirement program could not be selective. The Board was of the further opinion that the effect of a seat retirement program upon the market for memberships could constitute a radical departure from the fundamental principle of Exchange policy of a free and open market, with supply and demand governing price. The membership was advised of the Board's decision on May 13, 1948.

In May, 1949, the Chairman of the Board requested a further expression of opinion from the membership on the same subject. Responses were received from 448 members of whom 158, or approximately 35% of those who responded, favored a reduction in the number of memberships. Because of the apparent lack of interest in the subject, the Board determined to take no further action on the matter at that time.

'Nuff Said!

"If your action means that the small and the weak are to be restricted by wage controls, while the big and the powerful are to be allowed whatever excessive increases result from the threat of a paralyzing strike, then there no longer exists the equality with which all law and all regulation should be applied in a republic. The 'equality of sacrifice' for which you have so often pleaded becomes a pious delusion. We cannot participate in a program which would require us to grant special privilege to a few, and to make second-class citizens of all others.

"On the other hand, if your action means that all employers and employees may put into effect increases as far in excess of sound stabilization policy as those you have approved for the coal miners, then we must advise again, as both we and the board's public members advised in our coal case opinions, that wage controls become an empty shell, and a fraud upon the people.

"Not only will there be no wage stabilization if this action is generally applied, but it may well build irresistible pressures under prices and once again send inflation into an artificial but nevertheless destructive spiral.

* * *

"As industry members of the Wage Board, we cannot be parties to what we believe to be the perpetration of a fraud upon the American people. We cannot conscientiously go through the motions of administering a program which in effect no longer exists. We are left with no moral alternative but to resign."—Industry Members of the Wage Stabilization Board to the President.

Of course!

Continued from page 14

The Future of New York City

vividly in what may be called the "good old days." For then it seemed that the slips were crowded with vessels of all kinds from all parts of the world. Ferry-boats and other craft in the river were continually forced to dodge or circumvent great ocean liners out in the stream, docking or departing. There were a great many more tug boats, car floats and lighters and the whole lower Hudson River seemed alive with shipping activity. Many of the foreign ships, such as those of the North German Lloyd, docked at Hoboken, so that both sides of the river bristled with the sterns of ocean greyhounds. These boats were often famous for different reasons; one was the largest, another the fastest, another had the best cuisine or gave free wine, or had the most popular captain. What voyageur could ever forget the cleanliness of the little Deutchland, the speed of the Mauretania or the cuisine on the De Grasse?

Obstructions to Foreign Travel

In those days it was a great pleasure to go abroad and all you had to have was the money. One did not need any passport or visa or receipt for his income tax. He actually did not have to have a cabin reservation or a ticket. If an American citizen had the sudden urge to go abroad all he needed to do was grab his money and hurry down to the dock of the liner next scheduled to depart. If he missed one boat he got on the next. Even if he got there after the gang plank had been stowed, they would swing him aboard on a bo'sns chair or get a tug to carry him down the harbor and overtake the ship off Quarantine. Once on board, and with no ticket or cabin, the purser would fix him up somehow, perhaps even making up a berth for him on the billiard table.

Those were wonderful times; no war clouds, big active foreign commerce conducted by private citizens, practically no government interference with business, moderate taxation, freedom. What a change has come over the Port of New York! Even the Statue of Liberty seemed to look desolate and neglected as we sailed by. The lack of activity was very noticeable. That is why the view from the ferryboat was depressing. For on that trip covering over twenty-two nautical miles of waterfront one saw a continuous procession of broken-down docks and vacant slips, with practically no harbor activity. There were about two United Fruit ships, two of the Furness Line, the Vulcania, and two or three small freighters on the Manhattan side. On the whole New Jersey shore the only large commercial steamer visible was the Nieuw Amsterdam.

There was not even the appearance of the usual activity around ship repair yards and about one-third of the available floating dry-docks were empty. It seems that the high cost of wages and materials have caused shipowners to get their repairs and painting done abroad whenever possible. They are building tankers for the Standard Oil Company in Holland, yet the famous Cramp's Shipyard at Philadelphia was recently offered for sale. At this rate it will not be very long before they will be building United States battleships at Bremen and on the Clyde. Do not forget that some of the largest warships Greece and the Argentine ever had were built right at the New York Shipbuilding Company at Camden, New Jersey.

Piers and Dock Facilities

Business looked slow at the Bush Terminal and although the New York Dock Company properties seemed fairly busy, it may have been due to Government business rather than private commerce. That is why the impression of our waterfront was depressing. To begin with, the greater part of the dock facilities on the Jersey shore appeared to be given over to the shipment of NATO supplies to Europe, and a large number of piers and lighters were piled

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with huge cases of goods awaiting bottoms to carry them over.

From this brief inspection one can get a slight impression of the tremendous amount of merchandise involved in our foreign aid program. Apparently shipping facilities are lacking for transporting these goods to their destination. This is borne out by the activity along the Erie Basin at Brooklyn where surplus freight ships were being reconditioned in feverish haste after having apparently been out of service for quite a long time.

As has been stated before, it was all quite depressing—the absence of truly commercial shipping, the dilapidated and vacant docks usually given over to passenger and cargo boats in private transatlantic and coastwise trade. The economy looked false, and it seemed that were it not for government controlled projects the great shipping facilities of the Port of New York would have been nearly at a standstill.

Just as the construction of the Erie Canal and the rerouting of railroads served so potently to build up New York to its pinnacle of commercial supremacy, just so are strong latent forces gradually going to work to tear down the structure of our economy and shift it elsewhere. Of course the high cost of seamen's wages and the exorhitant charges for stevedore work have taken their toll in coastwise shipping, which cannot now compete with railroad and motor truck competition. So have the costs of dry-dock and repair service driven away much of that business. Also new motor truck routes leading from the Middle West to Savannah, Baltimore and Philadelphia have diverted much traffic away from this port, and they will continue to do so at an increasing rate as more toll turnpikes are built in the Middle Atlantic states.

Besides all this, those interested in the future of the Port of New York must study carefully the possible effect on this harbor of the proposed construction of the St. Lawrence Waterway. For if that new project is completed it is safe to say that a large portion of the exports of grain and other products of the Middle West will pass directly through the Gulf of St. Lawrence into the Atlantic Ocean in all but the most severe months of winter. In that case the decline of the Port of New York will be materially hastened and one can picture a severe setback in office rents, hotel, department store and theatre trade and real estate values on Manhattan and its environs.

What Can be Done

At this point one may ask — "What can be done about all this?" What steps should be taken to arrest the decline and work towards the rehabilitation of this great port with its wonderful harbor and its ideal layout for the conduct of world shipping enterprise?

The answer is not easy, for it entails many varied factors. To begin with it is evident that the management and operation of our piers and warehouses is partly at fault. It would seem that all of these facilities should be taken out of political domination and placed in the hands of an independent dual-state authority armed by law with the power to rehabilitate, systemize and manage all of the shipping properties in the area. Moreover a campaign should be started to attract commerce to this port, both from within the country and from abroad.

The grip of union domination over stevedores, shipyards, lighters and tugboats should be curtailed. Pier rentals should be reviewed and adjusted to place our docks and warehouses on a sound paying basis. A campaign of business promotion should be started and the laws should be overhauled in order to facilitate the economic handling of goods and the transfer of merchandise from railroads and trucks to the boats. Costs of repair yards, also port charges should be brought in line with competition from other ocean gateways. The customs and health inspections must be reorganized and expedited, and this is true not only as regards transatlantic shipping but also in connection with the arrival and departure of aircraft. At present it takes nearly as long, sometimes, for passengers to clear customs, health and passport inspections at the airports as was consumed in the entire flight across the ocean.

It will all take time and hard work, but it must be done if this port is to maintain its proper position in world trade. If we are to survive the threat of competition from abroad and from other harbors in this country, it will be necessary to make many changes and sacrifices in order to achieve our objective. We have already lost much in oceanic and coastwise trade, our shipyards are losing business and eventually the whole economy of this great city will start to slow down. Every businessman, every newspaper, all politicians regardless of party, all labor leaders and citizens generally will have to cooperate in an endeavor to meet this threat. For if they do not all pull together now it may eventually be too late and New York, once the greatest city in the world, could then take its place among the hasbeens along with Carthage and Ninevah, Athens and Tyre.

Maine Slate Products Common Stock Offered

Charles J. Maggio, Inc. is offering 299,970 shares of Maine Slate Products Corp. 10¢ par common stock at $1 per share, less 20¢.

The proceeds will be used to build a mill, to buy machinery and for working capital.

The company is the owner of a 10-year lease, with perpetual option to renew every 10 years, on slate waste estimated to contain 14,000,000 tons of slate, with quarries nearby should the present supply be exhausted. The waste slate is to be crushed into granules and flour to be used in the manufacture of felt base shingles and by-products.

The underwriter states: "We are particularly pleased to be offering this issue since it conforms to our ideas of a true growth stock, neither experimental nor exploratory. The material for the finished product is already above ground and ready to be used and, considering the surge toward increasing building activity throughout the country, the prospects for a flourishing and profitable business seem highly favorable."

Chapin, Walker Co. Opens

BALTIMORE, Md. — Chapin, Walker & Co., has been formed with offices at 100 East 20th Street to engage in the securities business. Bedford Chapin is a principal of the firm.

Dakar, capital of French West Africa, one of the latest cities connected to the United States through Bell System Overseas Telephone Service.

A VITAL SPEECH PATH TO FARAWAY COUNTRIES

World-wide events emphasize the value of Overseas Telephone Service

Great forward strides have been made since the Bell System inaugurated Overseas Telephone Service in 1927.

Then there was only one link and that was from New York to London. Today this radiotelephone service reaches out to more than ninety faraway countries and territories.

In 1927, only twenty-three hundred Overseas calls were made. More than that are now made every day. There have been important improvements in the quality of service and substantial reductions in rates.

Here is a tool of increasing importance to finance, industry and commerce and a vital international voice channel for Government and the Armed Forces. The growth of the service over the past twenty-five years is proving of particular value right now.

BELL TELEPHONE SYSTEM

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Chicago Exch. Firms Elect 1953 Officers

CHICAGO, Ill. — Harry A. Baum, partner, Wayne Hummer & Co., was re-elected Chairman of the Chicago Association of Stock Exchange Firms at the organization's annual meeting and Fred W. Fairman, Jr. Sills, Fairman & Harris, Inc., was re-elected Vice-Chairman. Herbert Levy of Paine, Webber, Jackson & Curtis was elected Treasurer. Governors elected for three-year terms were: Joseph A. Fagan, Daniel F. Rice & Co.; Thomas Hosty, Jr., Sincere & Co.; Harry W. Puccetti, Hornblower & Weeks; and George D. Rees, Shearson, Hammill & Co.


Harry A. Baum

Richard L. Kennedy, Jr., of Harris, Upham & Co. was named Chairman of the 1953 Nominating Committee.

New Officers of White-Phillips Co.

DAVENPORT, Iowa — The White-Phillips Company, Inc., First National Building, announce the following organization of their official staff: Blair A. Phillips, Chairman of the Board; Blair A. Phillips, Jr., President; Robert Alexander and Carl N. Stutz, Vice-Presidents; Richard E. Phillips, Secretary; Roy T. Crowe, Treasurer; and Gerald C. Fiedler, Assistant Secretary.

The firm maintains a branch office at 38 South Dearborn Street, Chicago.

Ladenburg, Thalmann To Admit Partner

Ladenburg, Thalmann & Co., 25 Board Street, New York City, members of the New York Stock Exchange, on Jan. 1 will admit Carl K. Erpf to general partnership and Jane R. Heimerdinger to limited partnership. Mr. Erpf has been with the firm for a number of years.

Robert D. Brown Opens Own Investment Co.

HOUSTON, Texas—Robert D. Brown has opened offices at 711 Main Street, to engage in the securities business under the firm name of Robert D. Brown & Co. Mr. Brown was formerly Houston representative for Blyth & Co., Inc.

Chicago Analysts to Hear

CHICAGO, Ill.—David A. Shepard, director and executive assistant to the President of Standard Oil Company of New Jersey, will address the luncheon meeting of the Investment Analysts Society of Chicago on Dec. 11.

BANK and INSURANCE STOCKS

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Specialists in Bank Stocks

Bank and Insurance Stocks

By H. E. JOHNSON

This Week — Bank Stocks

Among the holders of New York City bank stocks, there have been few disappointments this year so far as dividend declarations are concerned. True, some of the distributions have not been as liberal as some holders would have liked, but the actions taken have generally been favorable.

In fact, within the past two weeks, 7 of the 17 major New York institutions have announced increases in cash distributions or an intention to pay a stock dividend.

These combined with announcements made in the past three months, brings the number of New York banks which have enlarged their payments to 11. Only 6 of 17 banks in the city, have not increased their dividends or extras within the past 12 months. This is certainly one of the best showings among the major stock groups.

Many industrial companies have, because of a decline in earnings or a tight cash position, been forced to reduce payments to stockholders this year. So far in the current year all U. S. corporations issuing public reports paid stockholders approximately $6,535,000,000 in dividends. This is a 3% increase over the first 11 months of 1951. While the general trend of payments was thus upward, there were many individual groups including chemical, textile, food, beverage, and tobacco, which paid less from January to November of this year than in the same period of 1951.

Viewed against this background, the dividend action of the New York banks, including its general character, is unusual and reason enough to make stockholders pleased at this time.

One of the most surprising developments during the past week was the action taken by Guaranty Trust. Although a sizable extra had been anticipated the five-for-one stock split had not been generally expected. On several occasions in the past, the management of Guaranty has denied that a stock split was likely or that it would serve any particular worthwhile purpose. Evidently conditions have changed or a different point of view has been adopted.

The declaration of a $2.50 share extra by Guaranty was also good news. The bank last June raised the quarterly payment from $3.00 to $3.50 a share so that declarations in 1952 amount to $13.00 as compared with $14.00 in 1951 when only a $2.00 extra was declared.

The action taken by the First National Bank of New York was also somewhat unexpected. The dividends of First National for several years have been approximately equal to and in some years more than earnings. As a result the Bank paid a 200% stock dividend earlier this year and reduced the annual dividend from the equivalent of $26.66 on the present stock to $20.00. Thus the payment of a $2.00 extra was something of a surprise and indicates that First National along with most other banks is showing an improvement in operations. Also, it marks something of a departure in dividend policy for First National since it is the first extra payment to be made by the bank in over 25 years.

The extra $2.00 payment declared by U. S. Trust was also somewhat unexpected. While earnings have shown a modest increase this year, dividend payout in recent years has been one of the largest among the New York Banks. Thus, the $2.00 extra commemorating the centennial of the institution was welcome news.

Among some of the other banks, the increases in cash payment or stock dividends had been generally anticipated, although the specific action varied slightly in some cases from previous expectations.

Bank of Manhattan announced an increase in the quarterly rate from 35 cents to 40 cents a share. Also, the Bank stated its intention to offer rights to stockholders, to subscribe to 250,000 additional shares on a one-for-ten basis. The increased dividend of of $1.60 is to be maintained on the new shares.

Manufacturers Trust announced an increase in its annual dividend from $2.60 a share to $2.80. New York Trust increased its quarterly rate from $1.00 a share to $1.25 and in addition declared $1.00 extra. The Empire Trust announced its intention to pay another stock dividend equal to one additional share for each nine held.

There are still several banks in New York which have participated in the improvement in operations and which may increase their distributions to stockholders in the coming month.

With Real Property

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif. — Arnold North has become associated with Real Property Investments, Inc., 233 South Beverly Drive. Mr. North was formerly with Dean Witter & Co. and National Securities & Research Corp.

Joins Burke & MacDonald

(Special to THE FINANCIAL CHRONICLE)

KANSAS CITY, Mo.—Eldon W. Michaels is now with Burke & MacDonald, 17 East 10th Street.

Waddell & Reed Add

(Special to THE FINANCIAL CHRONICLE)

KANSAS CITY, Mo.—Mrs. Lillie L. Peyton is now with Waddell & Reed, Inc., 1012 Baltimore Avenue.

"There Won't Be Much of a Recession, if Any!"

H. Thomas Hallowell, Jr., President of Standard Pressed Steel Company, however, predicts inflation "as long as you can see in the future," but says solution lies in better machines and better organization.

In delivering the opening address at the American Management Association's manufacturing conference in Cleveland, O., on Dec. 3, H. Thomas Hallowell, Jr., President of the Standard Pressed Steel Company, forecast "there won't be much of a recession, if any," next year," and, if we keeping working hard, we may bypass the recession, without even noticing it. Mr. Hallowell, however, predicted inflation "as long as you can see in the future." The solution, he said, is better machines and better organization. Industry must buy more machines and use more capital in relation to labor. Instead of postponing modernization, Mr. Hallowell advised companies to "get rid of the old stuff" and put new equipment in now. It will cost more later, he warned.


H. T. Hallowell, Jr.

Too many companies, Mr. Hallowell charged, have been sitting back, waiting to see what will happen. Standard Pressed Steel, he said, has gone ahead to modernize its plants and to develop manufacturing plans that have an over-all long-range aim of several years or more yet are flexible enough to incorporate any short-range changes up or down.

The developments many thought would require 10 years—increased competition, higher costs, inflation, and the profit squeeze—have been accelerated by the Korean War, Mr. Hallowell declared. But inflation, he said, is a world-wide phenomenon; "The Democrats didn't do it all." He reported that in the foreign countries he visited recently he found the same long-range inflationary trend that is visible in the American economy.

This means, according to Mr. Hallowell, that prices and wages will keep going up. With a Full Employment Act on the books, he said, wages can go no other way. The only way to beat the squeeze on profits is to get more efficiency now, he declared. Industry needs more productive organization in terms of output per payroll hour.

Continued from page 6

Municipal Bonds for Bank Investment

usually a secondary market, but many of the smaller issues are sold in the first instance through a negotiated sale to a dealer or small group of dealers, in which event, except for the original purchaser, there is little if any secondary market interest. Good revenue bonds yield very little more than general obligation bonds, and for this and other reasons mentioned above, we prefer the general obligations payable from ad valorem taxes.

Housing Authority Bonds

I would like to refer briefly to Housing Authority bonds. These bonds, as you know, are issued by separate local housing authorities created by statutes of the various States, and they issue their bonds as their own obligations. They have no taxing power and their only income is from their housing projects. However, when they issue bonds or short-term notes, the Public Housing Authority, a Federal Agency, contracts with the local housing Authority to provide the necessary funds to meet principal and interest payments as they mature, and these contracts are pledged as security for the bonds. These contracts were authorized by Act of Congress, and under this Act the full faith and credit of the Federal Government was pledged to provide funds annually to meet obligations of the Public Housing Authority for the bond service. The amount authorized is a maximum of $308 million per year, which was calculated to be sufficient to take care of the $7 billion program at a 3¼% interest rate, with amortization over a 40-year period. Up to the present time, the highest interest rate paid on the bonds sold is 2⅝%.

The contract provides that the contribution called for in the contract must be made despite any breach of contract on the part of the issuing local authority. While the Housing bonds are not specifically guaranteed by the Federal Government, they have the nearest thing to such a guarantee, and I believe any holder of these bonds needs lose no sleep over their prompt payment.

The Housing bonds are, of course, exempt from Federal income taxes, but are in the same position as any other municipal bonds as to local taxes. The market differentiates between various housing authorities, but it is only the market that does so. Mesa, Ariz., has the same Public Housing Authority contract as Milwaukee, Wisc., but many buyers prefer well known names and are willing to pay higher prices for them. This does not appear very logical, since I'm sure few of us would be willing to buy any Housing Authority bonds without the Public Housing Authority contract.

So far, only $650,277,000 Housing bonds have been sold. This is less than 10% of the original program, so we may expect many more of these bonds to come into the market. This large volume will tend to make the prices somewhat more favorable than those of high grade general obligation municipals.

Schiff & Co. Forming

Schiff & Co., members of the New York Stock Exchange, will be formed Jan. 6, with offices at 25 Broad Street, New York City. General partners will be Stanley Schiff, Gerald T. O'Connor, members of the Stock Exchange, and Joseph Silverstein. Limited partners will be Sydney Lewinson, Exchange member, and Lewis Van Wezel, Messrs. O'Connor, Schiff and Silverstein are partners in E. H. Stern & Co.

To Be Granger & Co.

The firm name of Sulzbacher, Granger & Co., 111 Broadway, New York City, members of the New York Stock Exchange, on Jan. 1, will be changed to Granger & Company.

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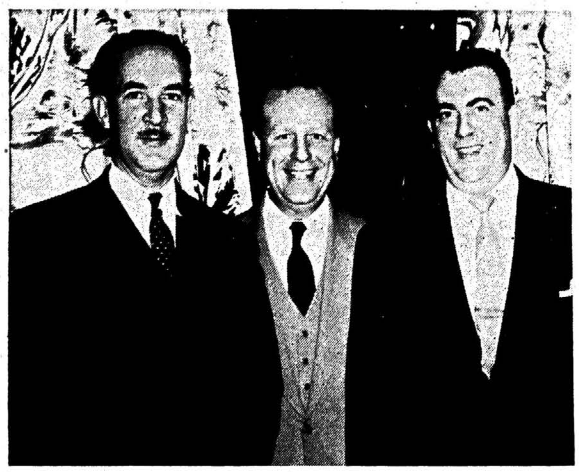
Security Traders Association of New York

Col. Oliver J. Troster, *Troster, Singer & Co.;* Ernest Lienhard, *Troster, Singer & Co.;* Samuel De Socio, *L. H. Ingraham & Co.;* Mickey Pinkus, *Troster, Singer & Co.*

Hans Ben, *New York Hanseatic Corporation;* Allen Broomhall, *New York Hanseatic Corporation;* Bert Pike, *Troster, Singer & Co.;* Lester Frenkel, *Gersten & Frenkel;* Walter Filkins, *Troster, Singer & Co.*



Hal Murphy, *Commercial & Financial Chronicle;* Edwin L. Beck, *Commercial & Financial Chronicle;* Al Tisch, *Fitzgerald & Co., Inc.*

Harold B. Smith, *Pershing & Co.;* Clifton B. Smith, *Francis I. du Pont & Co.;* George Kranz, *Putnam Fund Distributors, Inc.*

Harry J. Arnold, *Goldman, Sachs & Co.,* retiring President of STANY; John Meyers, *Gordon Graves & Co.,* President of STANY

Sid Jacobs, *Sidney Jacobs Co.;* Sal Rappa, *F. S. Moseley & Co.;* Sam Colwell, *W. E. Hutton & Co.;* Harry Casper, *John J. O'Kane, Jr. & Co.*

Bernie Weissman, *Siegel & Co.;* Earle E. Land, *Green, Ellis & Anderson;* Arnold J. Wechsler, *Ogden, Wechsler & Co.;* Edward W. Schaefer, *H. D. Knox & Co., Inc.*

"Duke" Hunter, *Hunter Securities Corporation;* Ted Young, *J. Arthur Warner & Co., Incorporated;* Sam Magid, *Hill, Thompson & Co., Inc.;* John J. Meyers, Jr., *Gordon Graves & Co.;* George V. Hunt, *Starkweather & Co.*

Ed Whiting, *Carl M. Loeb, Rhoades & Co.;* Ed Kelly, *Carl M. Loeb, Rhoades & Co.;* Cy Murphy, *John C. Legg & Company;* Vic Reid, *Eisele & King, Libaire, Stout & Co.;* Horace I. Poole, *Eisele & King, Libaire, Stout & Co.*

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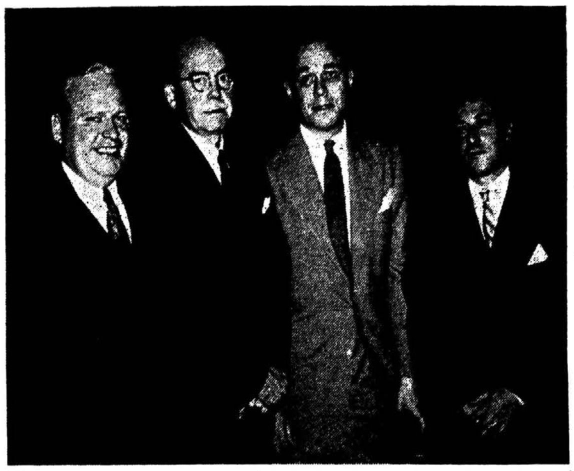
Annual Election Meeting

Henry Kuipers, *Lord, Abbett & Co.;* Jim Durnin, *H. D. Knox & Co., Inc.;* Charles Ogden, *Ogden, Wechsler & Co.;* Roy Larson, *H. D. Knox & Co., Inc.*

Tom Greenberg, *C. E. Unterberg & Co.;* Charles Jann, *Estabrook & Co.;* Oscar D. Griffin, *O. D. Griffin Co.;* John Halk, *R. L. Day & Co.*

Larry Lyons, *Allen & Company;* Syl Bies, *E. S. Ladin Company;* Edward S. Ladin, *E. S. Ladin Company;* Michael Voccoli, *Chas. King & Co.*

Soren D. Nielsen, *New York Hanseatic Corporation;* Carl Swenson, *G. H. Walker & Co.;* Frank Welch, *R. S. Dickson & Co., Inc.;* Sid Siegel, *Siegel & Co.*



John O'Mara, *Goodbody & Co.;* Frank E. Mulligan, *Goodbody & Co.;* Allan Kadell, *Homer O'Connell & Co., Inc.;* Frank Orlando, *Goodbody & Co.*

Barney Nieman, *Carl Marks & Co. Inc.;* Ben Van Keegan, *Frank C. Masterson & Co.;* Gerard Burchard, *Charles King & Co.;* James Siepser, *Shaskan & Co.*

Peter Barken, *Peter Barken Co.;* George A. Searight; George Collins, *Geyer & Co. Incorporated;* Edwin Markham, *Wertheim & Co.;* Bill Boggs, *Hill, Thompson & Co., Inc.*

John J. O'Kane, Jr., *John J. O'Kane, Jr. & Co.;* Stanley Roggenburg, *Roggenburg & Co.;* Murray Barysh, *Ernst & Co.;* Chas. Zingraf, *Laurence M. Marks & Co.;* Alfred Powell, *Alfred Powell Company*

Martin King, *Sutro Bros. & Co.;* Michael J. Heaney, *Michael J. Heaney & Co.;* John M. Mayer, *Merrill Lynch, Pierce, Fenner & Beane;* John Heck

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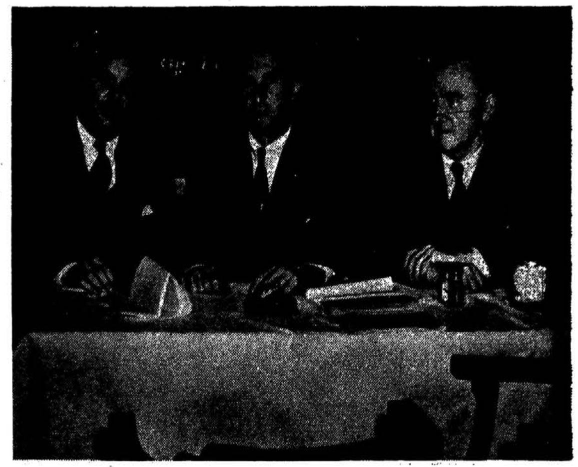
Held Friday, December 5th, 1952

John D. Hines, Everett R. Rubien, F. Daniel Wasservogel and Charles Bruggeman, all of *Dean Witter & Co.*

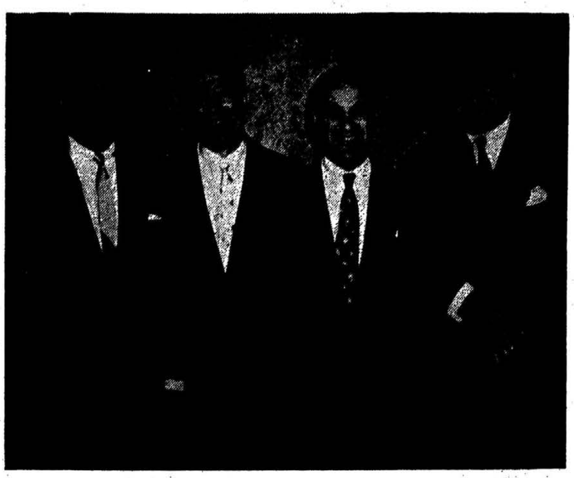
Irving A. Greene, *Greene and Company;* Joe Alberti, *Walston, Hoffman & Goodwin*



Joe Cabble, *Burns Bros. & Denton, Inc.;* William F. Thompson, *Greene and Company;* Al Frank, *Ladenburg, Thalmann & Co.*

David Mitchell, *Hill, Thompson & Co., Inc.;* Hoy Meyer, *Nielson, Gordon & Co.;* Fred Stern, *Gruntal & Co.;* Ed Abele, *Tellier & Co.;* Bill Carey, *Albert H. Weck & Co.*

Jack Gertler, *Barr Brothers & Co.;* Gus Schlosser, *Union Securities Corporation;* Harry Peiser, *Ira Haupt & Co.;* Jim Musson, *B. J. Van Ingen & Co. Inc.*



P. Fred Fox, *P. F. Fox & Co.;* Eddie Ruskin, *Singer, Bean & Mackie, Inc.;* Martin Davis, *F. Eberstadt & Co. Inc.;* Abe Strauss, *Strauss Bros. Inc.*

John J. O'Kane, Jr., *John J. O'Kane, Jr. & Co.;* Louise Spinoso and Betty Kuzma, Antlers' hostesses; Irving Feltman, *Mitchell & Company*

Hanns E. Kuehner, *Joyce, Kuehner & Co.;* Elbridge Smith, *Stryker & Brown;* Adrian A. Frankel, *Ungerleider & Company;* Gerard Hulsebosch, *Godnick & Son*

Bill Chave, *Hornblower & Weeks;* Bill Eiger, *Goodbody & Co.;* Jim McGivney, *Hornblower & Weeks;* L. E. Copple, *Smith, Barney & Co.;* Edw. Zinna, *Smith, Barney & Co.*

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At the Antlers' Restaurant

John Reilly, *J. F. Reilly & Co. Incorporated;* Arthur Schwartz, *Bache & Co.;* Hank Serlen, *Josephthal & Co.;* Sidney Holtzman, *J. F. Reilly & Co. Incorporated;* Bob Herzog, *Herzog & Co., Inc.*

Jim Campbell, *H. C. Wainwright & Co.;* John McLaughlin, *McLaughlin, Reuss & Co.;* Harry Michels, *Allen & Company;* Sam Milt, *J. Arthur Warner & Co. Incorporated*

Catharine Schepf; Edna Chipak; Charles Carroll and Frank Eiras, proprietors of the Antlers Restaurant

Ted Plumridge, *J. Arthur Warner & Co., Incorporated;* Ely Batkin, *Batkin & Co.;* Sam Englander, *Englander & Co.*

Sam. Gronick, *Garfield & Co.;* Dave Wittman, *Stanley Heller & Co.;* Steve Blanchard, *Schwabacher & Co.*

William O'Connor, *Fitzgerald & Company, Inc.;* George Leone, *Leone & Pollack;* D. Raymond Kenney, *D. Raymond Kenney & Co.;* Jim Brewer, *John C. Legg & Company*

Dick Abbe, *Shields & Company;* Daniel G. Mullin, *Tucker, Anthony & Co.;* Joe Eagan, *Frank C. Masterson & Co.;* John French, *A. C. Allyn and Company, Inc.;* Pete Steven, *A. C. Allyn and Co., Inc.*

John R. Stein, *J. F. Reilly & Co. Incorporated;* Samuel Weinberg, *S. Weinberg & Co.;* John W. Bair, *H. M. Byllesby and Company, Incorporated;* Douglas C. Alexander, *Joseph J. Lann Securities, Inc.*

Henry Oetjen, McGinnis & Comany; Louis McIntosh, *J. & W. Seligman & Co.;* Michael Cappa, *Bendix, Luitweiler & Co.;* R. J. Petke, *Garvin, Bantel & Co.*

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At STANY Business Meeting

David Goldstein, *Newburger, Loeb & Co.*; Joseph Guiton, *Craigmyle, Pinney & Co.*; A. Joel Canter, *Sartorius & Co.*; Ed Jacobs, *Steele and Company*; Bill Kumm, *Dunne & Co.*

Joe Krasowich, *Bonner & Gregory*; Wilbur Krisam, *Geyer & Co. Incorporated*; Les Gannon, *Peter Morgan & Co.*; Bill Swords, *Zuckerman, Smith & Co.*; Steve McDonald, *W. E. Burnet & Co.*

Cites High Cost of Corporate Equity Capital

Roland P. Soule, Vice-President of Irving Trust Co., New York, says common equity capital is six times as expensive as borrowing. Urges corporate executives to raise sights in estimating rate of return on new projects.

Speaking at the Winter Meeting of the Manufacturing Chemists' Association, held recently in New York City, Roland P. Soule, Vice-President in charge of Research and Planning of the Irving Trust Co. of New York, warned financial managements will do well to recognize in their planning that common equity capital has risen greatly in cost since prewar years and will probably remain on a high level in the foreseeable future. Mr. Soule pointed out that common equity—in both the form of new common stock and retained earnings—deserves the important position it has held in postwar financing, but industrial companies now find it nearly six times as expensive as borrowed capital, he said, whereas before the war it cost only twice as much.

Roland P. Soule

Some companies, he added, must now earn as much as 20% on equity-financed projects merely to break even from the stockholders' point of view.

Many managements might profitably take several steps under today's conditions, he said. They should (1) raise their sights in estimating what rate of return to expect from new projects of certain types, (2) recognize that a reduction in the cost of equity capital is one of the advantages of diversifying a business or otherwise improving the "quality" of its earnings, (3) keep investors fully informed of their company's progress so that this progress will be fully reflected in higher prices for their stocks and lower costs of their equity capital, and (4) reexamine capital structures to make sure the best balance exists between cheap, risky borrowed capital and safe, costly equity capital.

Mr. Soule pointed out that to the accountant borrowed capital is the only type of capital which has cost. Yet in the eyes of the common stockholder, preferred stock, common stock, and retained earnings have cost as well. The cost of borrowed capital is measured by interest yields and the cost of new preferred by preferred dividend yields, but the cost of new common stock is not fully measured by common dividend yields, he said. Something more must be considered.

"The common stockholder has a type of ownership position which cannot be valued in terms of dividends alone but which requires recognition of his equity in earnings. Hence the cost of new common stock capital is measured, at least in the eyes of the common stockholder, by its 'earnings yield,' or the ratio of earnings to market price," he said. When, for example, a company with earnings of $1 a share sells its new stock at $10, the "earnings yield" is 10% after taxes. If taxes are 50%, then the earnings yield before taxes is 20%.

Using the Standard Statistics indices of the average yields of A1 bonds and industrial preferred stocks and the Dow-Jones index of industrial common stock prices, Mr. Soule stated that the pretax cost of common equity capital rose from an average rate of 8.1% in 1937 to 20.9% in 1951. In contrast, the pretax cost of preferred stock rose only from 5.3% to 8.3% in the same period. The cost of long-term debt actually declined from 3.6% to 2.9%.

Retained Earnings Also Have "Cost"

Most companies make it a practice to retain a portion of their earnings as protection against various contingencies, Mr. Soule said. Not all of their retained earnings, however, have been used for this purpose alone. A large portion in recent years has gone into plant expansion. When thus used, the question of their cost becomes important.

While some managements appear disposed to regard retained earnings as free of all cost, Mr. Soule disputed this viewpoint. He pointed out that in the eyes of the common stockholder their cost is the same as that of new common stock. "Both retained earnings and new common stock are merely different forms of common equity capital. And the cost of common equity capital to a company is always the lowest when the 'earnings yield' of its common stock is the lowest or—expressing the same relationship in a more familiar form — when the price-earnings ratio of its common stock is the highest."

Price-earnings ratios in Mr. Soule's opinion, reflect investor confidence toward both the market as a whole and individual stocks. The confidence in the market as a whole was lowest in 1950, when the price-earnings ratio of the Dow-Jones industrial stocks sank to about 7, compared with 15 in 1937. In 1951 it rose to nearly 10 because of increased confidence in the long-term outlook for general business coupled with the effect of increased buying by pension trusts and investment companies. The ratio is now about 11½ but this is still equivalent to a pretax cost of 18% for common equity capital, on the basis only of combined normal and surtax rate of 52%.

He added, "In any one year the more favored stocks consistently command much higher ratios than the less favored ones. This difference in favor again seems to be largely a matter of confidence. And the confidence is highest in the companies whose earnings seem to the investor to have the highest 'quality'."

What then does quality consist of?

It appears to be determined principally, Mr. Soule said, by two things: stability and durability.

"'Stability' means resistance to the ups and downs of the business cycle. Thus, the earnings of a pharmaceutical, tobacco or other consumer goods company are inherently more stable than those of a steel, machine tool or other capital goods company of the prince or pauper type. 'Durability' in earnings, on the other hand, is the capacity to resist possible long-term developments of an adverse nature. Such developments might include the shifting or disappearance of markets, the technological obsolescence of products or processes, and the appearance of new competition. Single-product companies in new industries are particularly vulnerable to such contingencies, whereas well-diversified, well-managed and growing companies in proved industries are much more immune."

The stocks of the well-diversified chemical companies have consistently commanded price-earnings ratios from one-third to one-half higher than those of the Dow-Jones industrial stocks, he pointed out.

Remarking on the great divergencies to be found among the capital structures of 20 diversified chemical companies, Mr. Soule asked whether this was justified by such differences as there have been in their relative rates of growth and other operating characteristics.

Capital structures, like everything else, can get out of date and may in some instances include more common equity without undue risk, he said.

"There is no more merit to an unnecessarily conservative capital structure than to an unnecessarily conservative engineering design. Each must have an adequate safety factor, of course, but a safety factor which is needlessly high may become—at least from the common stockholder's point of view—little more than a costly waste," he said.

Railroad Securities

Chicago & North Western

With the revival of interest in the more speculative railroad stocks there was considerable buying of Chicago & North Western common last week. Presumably, aside from general market considerations, many traders were favorably impressed with the road's earnings statement for the month of October. For the month the company reported net income, before sinking funds, of $1,852,103 or almost double the net income realized in the like month a year earlier. Moreover, the October showing brought cumulative results for the year to date well above the 1951 figure. Net, before sinking funds, came to $2,957,987 for the 1952 interim compared with $1,990,949 for the first 10 months of 1951.

Coming on top of a year-to-year gain of 160% in net income, before funds, in September, this October showing has apparently raised hopes that for the year 1952 at least the full preferred dividend will be earned, and paid, and that perhaps there will be something left for the junior equity. For dividend purposes available income is calculated after allowance for sinking and other reserve funds. Also, the dividend on the preferred is cumulative only to the extent earned, after funds, and it has not been the practice of the management to make payments in excess of the amount earned. Thus, distributions in recent years have been erratic.

In 1949 earnings on the preferred amounted to only $0.15 a share. Nothing was paid on the stock but the $0.15 earned carried over as an accumulation and was paid, along with the regular $5.00, in the following year. In 1950, also, a dividend of $1.50 a share was paid on the common out of earnings, after funds, of $1.61. Thus, it can be seen that when earnings have been there the management has tended to be liberal with stockholders. Last year earnings again dropped, amounting to only $2.55 a share on the preferred. No payment was made during the year but the entire earned amount of $2.55 was distributed on March 1, 1952. Therefore, there are no accumulations on the stock at the present time, except what may be earned this year.

While year-to-year earnings comparisons in most recent months have been highly favorable, North Western has had its share of troubles in 1952 as a whole. There were heavy snows in the winter months and in the spring there were the Missouri River floods. Finally, the road was seriously affected, particularly with respect to its important iron ore tonnage, by the prolonged strike in the steel industry. According to recent press reports the management has estimated that the combination of these developments resulted in the loss of between $6 million and $7 million in revenues. It was further estimated that flood damage inflated expenses by approximately $1 million.

Chicago & North Western is traditionally a high cost operation. It does a relatively large passenger business, a substantial proportion of which is represented by the costly commutation service. It operates a large amount of low density branch line mileage. Average haul on freight is quite short, as a consequence of which the rapidly mounting cost of terminal operations has weighed particularly heavily on the road. To a considerable degree these are basic problems, inherent in the nature of the property and characteristics of the territory served. Thus, even with increasing dieselization and other constructive steps operating costs remain high.

For the nine months through September the transportation ratio amounted to $46.7%. While this represented a modest improvement over a year earlier, when the ratio was 47.2%, it was still more than 12 points higher than the Class I average. Some of this wide disparity, but by no means the major portion of it, is naturally due to the highly seasonal nature of the road's business. The full year's ratio will not likely be as low as 45%. Another factor to be borne in mind is that the company will not have this year, as it did last December, benefits from retroactive mail pay increases. Thus, the chances of any earnings on the common this year must remain highly questionable.

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Kuhn, Loeb Arrange With S. G. Warburg

Kuhn, Loeb & Co., investment bankers of New York City, and S. G. Warburg & Co., Ltd., London, have made arrangements for close cooperation between the two firms.

S. G. Warburg

To give effect to this cooperation, Siegmund G. Warburg will have full power to act on behalf of Kuhn, Loeb & Co. and to sign the name of the firm.

Siegmund G. Warburg remains Chairman of S. G. Warburg & Co., Ltd., with residence in London.

Kuhn, Loeb & Co. and S. G. Warburg & Co., Ltd. have formed a company in Toronto with the name of L N T North American Holdings, Ltd., which will take industrial and financial positions mainly in the United States and Canada.

Halsey, Stuart Group Offers Equip. Tr. Ctfs.

Halsey, Stuart & Co. Inc. and associates on Dec. 5 offered $8,520,000 of Great Northern Ry. 2⅞% equipment trust certificates, equipment trust of 1953, maturing semi-annually July 1, 1953 to Jan. 1, 1968, inclusive. The certificates were priced to yield from 2.15% to 2.95%, according to maturity. Their issuance was subject to authorization by the Interstate Commerce Commission.

These certificates will be secured by new standard-gauge railroad equipment estimated to cost $10,655,500.

Also participating in the offering are R. W. Pressprich & Co.; L. F. Rothschild & Co.; Baxter, Williams & Co.; Freeman & Co.; Wm. E. Pollock & Co., Inc.; Gregory & Son Inc.; Ira Haupt & Co.; Hayden, Miller & Co.; The Illinois Co.; McMaster Hutchinson & Co.; The Milwaukee Co.; William Blair & Co.; McCormick & Co.; Mullaney, Wells & Co.; and F. S. Yantis & Co., Inc.

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Our Reporter on Governments

By JOHN T. CHIPPENDALE, JR.

The Government market continues on the thin and rather inactive side despite minor pick-ups in volume here and there which is attributed mainly to tax operations and year-end adjustments. The tight money conditions are still pressing on short-term rates, but this has brought about a somewhat enlarged interest in these securities because of the higher yield that has been available in these obligations.

The longer-term issues have had greater attention than in the recent past, because there is a more constructive attitude toward these securities in certain quarters of the financial district. Switching is still very important to the market as a whole, as far as activity is concerned, even though there are reports that there has been a moderate increase in the amount of new cash buying, especially in such obligations as the 2½s of 1963/68 and the 2¼s of 12/15/59-62.

State pension funds continue to be the principal buyers of the tap bonds, with commercial banks showing an interest in the newly eligible restricted issues and the 2⅜s of 1958.

New Eligibles in Demand

According to reports, the newly eligible 2½s due 12/15/63-68 have been given a fairly good reception, both from the standpoint of new money purchases as well as switch buying, with the out-of-town commercial banks supposedly the leading buyers of this issue. However, it seems as though the large money center deposit banks have not been exactly inactive as far as this obligation is concerned either, since it is indicated these institutions, led by the New York City banks, have taken on quite a few of these bonds.

The 2¼s due 12/15/59-62 have likewise been acting well, with reports that considerable attention is also being paid to this security, which will be eligible for purchase by the deposit banks next Monday. Switching has here again played a part in the somewhat increased activity in this bond, but it is reported that new money purchases have been responsible for the greater part of the slightly enlarged volume which has developed. Dealers, it is indicated, have taken modest positions in the 2¼s of 12/15/59-62 in the belief that they will be disposed of in the not distant future at prices better than those currently prevailing.

2⅜s of 1958 Have Large Following

Despite opinions that some of the lower coupon bonds, such as the 1½s and 1¾s, might have more attraction for certain institutions, it appears as though the 2⅜s of 1958 continue to have considerable of a following among the deposit banks. According to reports, this security is still one of the most active eligible issues. A good-sized two-way market is the leading characteristic of this obligation, with not only the commercial banks, but non-bank investors showing an interest in this security. Switches into and out of the 2⅜s of 1958 have been responsible for the favorable market that is around for this security, although new money purchases, according to advices, have also helped to keep it in good shape, even though these are not supposed to be as large as they were not so long ago.

The short-term issues have been well bought despite the higher yields at which the Treasury bills have been going at. The better return that has been available in the shortest Government obligation has, however, brought some switching from other near-term obligations into the bills. It is reported also that tax loss switching has in some instances enlarged the temporary positions in Treasury bills and certain of the certificates.

Long-Terms Increase in Favor

Despite all the talk about what money market conditions may be in 1953, there is considerable bullishness around, which has brought buying into the longer-term Government obligations. Some of those who sold the higher income Treasury issues, and went into short-term securities, have disposed of the temporary investments and put the proceeds into other longer-term Treasuries, because they believe the higher income bonds are attractive at present levels. Also there has been a fair amount of new money buying of the longer-term bonds both by commercial banks and certain non-bank investors, because of the better feeling that appears to be around for the higher income Government obligations.

State funds have again come into the market for some of the higher-income restricted obligations and, despite the thinness of the market as a whole, it is reported they have been able to acquire the merchandise they were after without too much trouble and without any too great effect upon quotations.

Savings banks in some cases have again been letting out small amounts of Treasury securities, with the proceeds going into non-Government investments. Despite the increase in deposits, these institutions seem to have plenty of channels, other than Government securities, into which they can put surplus funds.

Life insurance companies continue to be on the inactive side as far as the Treasury issues are concerned, with no change in this status looked for in the foreseeable future.

Finds Inflation Curb in Flexible Federal Reserve Open Market Policy

In a bulletin of the Institute of International Finance of N. Y. University, Dean G. Rowland Collins and Dr. Marcus Nadler point out, however, new policy of Federal Reserve must meet basic influences, which counteract its anti-inflationary effects.

According to a bulletin entitled "The New Flexible Open Market Policy," issued today by Dean G. Rowland Collins, Director, and Dr. Marcus Nadler, Research Director, of the Institute of International Finance of New York University, the abandonment by the Federal Reserve authorities of the policy of supporting government bonds at fixed prices has made the System a more effective agency for combating the forces of inflation.

G. Rowland Collins

Marcus Nadler

In appraising the results of the policy inaugurated in March, 1951, following the accord between the Federal Reserve and the Treasury ending the controversy over credit control and interest rate policies, the bulletin points out, however, that basic influences operating in the economy have tended to counteract the anti-inflationary effects of the new policy.

The flexible open market policy of the Reserve authorities has now been in operation for over one and one-half years, the bulletin states, and it is therefore possible to appraise tentatively its achievements and shortcomings. Perhaps the first outstanding fact to be noted is that the new Federal Reserve open market policy has not brought in its wake either the dire consequences predicted by some people or the beneficial effects on the economy claimed for it by some advocates of higher money rates. The government bond market and the high-grade bond market in general have not collapsed. To be sure, prices have declined, but the decrease has been only moderate in character. Although the Treasury has had to pay somewhat higher rates of interest on short-term and medium-term obligations, it has not found it difficult to refund matured obligations or to borrow new money. In fact, since the institution of the flexible open market policy, the Treasury found it advisable, for the first time in many years, to offer medium-term government obligations which were readily taken by the market. At the same time, commodity prices at the consumer level have continued to rise and reached a new peak in August, 1952.

The bulletin further points out that the economy has remained under the influence of the same basic forces as before, primarily the increased military expenditures, the constant increase in wages and in the cost of production, and the great activity in the construction industries.

On the whole, the writers claim, the flexible open market policy has been moderate, and at times even passive. It has not endeavored to follow the example set by the central banks in other countries, which adopted restrictive credit measures in order to curb the forces of inflation and to rectify an adverse balance of payments. The policy of the Reserve authorities has been based mainly on the desire to regain control over the creation of reserve balances through open market operations and in general to permit the government bond market to seek its own level. The assistance the Reserve authorities have given the Treasury in its refunding and borrowing operations was not consistent, varying from time to time in order to avoid setting a definite pattern and thereby to keep the money market uncertain. At the same time, the Reserve authorities have regarded it as their obligation to assist the Treasury in its financing operations in order to avoid large-scale cash redemptions by the Treasury and to keep the market orderly. The Reserve authorities have been feeling their way, watching the reaction of the banks and of the investors in general to their policies.

L. Turnure Partners To Be Admitted to T. L. Watson & Co.

T. L. Watson & Co., 40 Wall Street, New York City, members of the New York Stock Exchange, will shortly admit to partnership in the firm Lawrence Turnure, John Kerr, William T. Veit, H. Thurston W. Huntting, and George R. Payne, subject, it is understood, to the usual approval of the New York Stock Exchange. The proposed partners are members of Lawrence Turnure & Co.-Blyth & Bonner.

It is also understood that T. L. Watson & Co. will take over the offices of Lawrence Turnure & Co.-Blyth & Bonner at 50 Broadway.

Rogers Pres. of H. C. Flood Co. Ltd.

John C. Rogers

MONTREAL, Canada—John C. Rogers has been elected President of H. C. Flood & Co. Ltd., investment dealers, it is announced. Terence C. Flood is Vice-President and H. Carson Flood, Chairman of the Board.

Loeb, Rhoades to Admit

Carl M. Loeb, Rhoades & Co., 42 Wall Street, New York City, members of the New York Stock Exchange, on Jan. 1, will admit Frances L. Loeb to limited partnership. On the same dae, Theodore Bernstein, general partner, will become a limited partner. Samuel L. Hornstein, members of the Exchange, and Everett Ware Cady, limited partner, will retire from the firm Dec. 31.

Joins J. M. Dain Co.

(Special to THE FINANCIAL CHRONICLE)

MINNEAPOLIS, Minn. — Paul A. Stoner, Jr., has joined the staff of J. M. Dain & Company, 110 South Sixth Street, members of the Midwest Stock Exchange.

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NEWS ABOUT BANKS AND BANKERS

CONSOLIDATIONS
NEW BRANCHES
NEW OFFICERS, ETC.
REVISED CAPITALIZATIONS

Winthrop W. Aldrich, Chairman of the **Chase National Bank of New York**, announced on Dec. 6 that he will retire from all of his posts in the Chase organization, effective Jan. 19. On that date his place as Chase Chairman will be assumed by John J. McCloy, formerly President of the International Bank for Reconstruction and Development, and more recently U. S. High Commissioner for Germany. Mr. Aldrich stated that the Chase board of directors planned to take action on Dec. 10 to accept his formal resignation and to elect Mr. McCloy to be his successor as Chairman and as a member of the board, both effective Jan. 19. Mr. McCloy is a lawyer and former member of the firm of Milbank, Tweed, Hope, Hadley & McCloy, which firm is legal counsel for the Chase. Mr. Aldrich also was a member of the same firm, which was known as Murray, Aldrich & Webb when he left the practice of law in 1929 to become President of the Equitable Trust Company a few months prior to its merger with the Chase National Bank in 1930. Mr. Aldrich said that Mr. McCloy as Chairman and Mr. Percy J. Ebbott as President will be the chief executive officers of the Bank.


Winthrop W. Aldrich

Mr. McCloy, who is 57 years old, was born in Philadelphia and educated at Amherst College and Harvard Law School after interrupting his law studies to serve as a Captain of artillery with the A.E.F. in France. He was admitted to the New York Bar in 1921. After 20 years in the practice of law with two New York firms he left Cravath, De Gersdorff, Swaine & Wood in 1940 to be consultant to Secretary of War Henry L. Stimson. He later was appointed special assistant to the Secretary of War and in 1941 was appointed the Assistant Secretary of War. Leaving the War Department in 1945 he joined the firm of Milbank, Tweed, Hope, Hadley & McCloy. Two years later he accepted the Presidency of the World Bank, and in 1949 was appointed U. S. High Commissioner for Germany. Since returning from Germany Mr. McCloy has been acting as consultant with the Ford Foundation on problems in connection with international relations. Mr. McCloy is a member of the American Bar Association, the Bar Association of the City of New York, etc.

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The Chase National Bank of New York has announced the following appointments to its official staff: Jay J. Jaeger, in Salary Administration, and George R. Thomson, Nationwide Transfer Department, as Assistant Cashiers; and Herbert P. Patterson, Assistant Manager, Foreign Department.

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The National City Bank of New York announced on Dec. 5 that the shareholders have been asked to approve at the annual meeting, to be held Jan. 13, an employees' profit sharing plan which has been adopted by the Board of Directors. As previously announced, (noted in our Oct. 9 issue, page 1324), the shareholders will also vote at the meeting upon a proposal, recommended by the Board, to increase the capital stock of the bank by $6,000,000 by the declaration of a stock dividend of 300,000 shares, at the rate of one additional share for each 24 now outstanding. A letter summarizing the profit sharing plan and the terms of the proposed stock dividend accompanied the notice of the meeting, which was mailed to shareholders on Dec. 5.

The profit sharing plan, which covers officers and employees of the bank, **City Bank Farmers Trust Company**, and subsidiaries, who are participants in the bank's Retirement Plan, have reached age 30 and completed five years of service, is designed to supplement the Bank's Retirement, Group Insurance and Hospitalization Plans. Profits to be shared under the Plan will be limited to the smaller of (a) 3% of the combined net operating earnings of the Bank and Trust Company before taxes, or (b) one-quarter of the amount of such earnings, after applicable taxes, remaining after deducting a return of 5% of the combined average capital funds of the Bank and Trust Company. The bank's announcement of Dec. 5 further said:

"National City employees will share at the rate of 5% of their annual salaries up to $6,000. Any profit sharing monies remaining after this basic division is fully satisfied will be distributed to employees earning over $6,000 at a rate not to exceed 7½% of the amount of their annual salaries over $6,000, or ⅛ of the residue of that year's combined net operating earnings, after applicable taxes, remaining after deducting 5% of the combined average capital funds of the Bank and Trust Company for such year. It is estimated a full distribution at these rates could be made on the basis of the bank's profits in 1952. These profit shares become payable to employees earning $6,000 or under annually two years after Dec. 31 of the year to which contributions are related. Individuals may request that payment be deferred, as in the case of participants with compensation in excess of $6,000 whose payments are normally deferred, until their retirement, death, or severance of employment.

"The Board has directed that at the time of the capital stock increase, if it is voted by the shareholders, capital be increased $6,000,000, to $150,000,000 (7,500,000 shares of $20 par value each), and surplus be increased $14,000,000, to $170,000,000, by transfer in approximately equal amounts from undivided profits and certain reserves. After such transfer, with undivided profits estimated at more than $60,000,000, the total capital funds of the bank would exceed $380,000,000. The total capital funds of City Bank Farmers Trust Company exceed $31,000,000.

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Charles S. McVeigh, a Senior Partner of the law firm of Morris & McVeigh, has been elected a Trustee of the **United States Trust Company of New York**, it is announced by Benjamin Strong, President. Mr. McVeigh is a Trustee of New York University-Bellevue Medical Center and the President of the Down Town Association.

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S. Sloan Colt, President of **Bankers Trust Company, New York**, announced on Dec. 8 the promotion of four officers to the post of Vice-President, the promotion of four other officers, and the election of eight staff members to official positions. The new Vice-Presidents, all of whom had previously been Assistant Vice-Presidents, are Talbot Babcock, Graham H. Brewer, W. Neal Fulkerson, Jr., and Robert B. Lee. Additional promotions were those of Frederick J. Behlers, Henry F. Dobbin, and Frederick J. Leary from Assistant Treasurers to Assistant Vice-Presidents, and Chester C. Lloyd, formerly an Assistant Trust Officer, who was made a Trust Officer. The staff members raised to official positions are Donald N. Brandin, Sidney B. Congdon, Jr., John L. Fenton, and Joseph C. Fox, who were elected Assistant Treasurers; Quintin U. Ford and William H. Deale, who were named Assistant Secretaries, and Theodore Spahn, who was made Assistant Manager of the bank's London office. Mr. Babcock has been with the bank since 1948, and is in charge of the Rockefeller Center Office; Mr. Brewer has been with the bank since 1924, and is an officer of the Pension and Personal Trust Department; Mr. Fulkerson became associated with the bank in 1927; he is an officer of the Bond Department. Robert B. Lee has been with the bank since 1929 and is a Banking Department officer, associated with the group handling the bank's business in the Southeast.

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Horace C. Flanigan, President of **Manufacturers Trust Company of New York** announces that Ernst F. Kuhn has been appointed an Assistant Vice-President of the Trust Company. In 1923 Mr. Kuhn became associated with Manufacturers Trust after a background in banking and brokerage in Germany, England and the United States. He was promoted to an Assistant Secretary in 1945. Mr. Kuhn is in charge of the Foreign Department at the Empire State Office, 350 Fifth Avenue at 34th Street.

Manufacturers Trust Company of New York on Dec. 8 opened a new office at 570 Lexington Avenue, corner of 51st Street, on the ground floor of the General Electric Building, in quarters vacated only five days earlier by the **Manhattan Savings Bank of New York**. The officer in charge of the new office is James G. Little, Jr., Assistant Vice-President, who recently returned from his second tour of active duty as a Major in the United States Army Signal Corps, during which time he served with the military Advisory group assisting the Chinese Nationalist forces in Formosa. Assisting Mr. Little is James G. Agnew, Assistant Secretary, formerly assigned to the Fifth Avenue Office of the Manufacturers Trust at Fifth Avenue and 43rd Street and Miss Virginia L. Kraus, formerly of the 57th Street Office, 741 Fifth Avenue at 57th Street.

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The Board of Trustees of **The Bowery Savings Bank of New York** on December 8 elected Montague T. Smith and John W. Larsen, Vice-Presidents and appointed Harry A. Myers, Edwin W. Goat and Elbert B. Schenkel, Assistant Vice-Presidents; Stephenson Outhwaite, Assistant Treasurer; Aubrey J. Hood and Herbert F. Reilly, Deputy Controllers; Albert S. Doolittle, Assistant Secretary; Ralph A. Moller, Stanford Holzman, Edwin W. Billmire, Martin J. Lindloff, Martin E. Evers and Cortland O. Burckhardt, Principal Executive Assistants. Mr. Smith and Mr. Larsen were promoted from Assistant Vice-Presidents. Mr. Myers was promoted from Assistant Treasurer, Mr. Goat from Assistant Secretary and Mr. Schenkel from Deputy Mortgage Officer. Mr. Hood and Mr. Reilly were formerly Principal Executive Assistants.

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The Board of Trustees of **United States Trust Company of New York** on December 4 declared a Special Centennial dividend of $2.00 per share, payable April 13, 1953 (the Trust Company's one hundredth anniversary) to stockholders of record March 16, 1953. The Trustees also declared the regular quarterly dividend of $3.50 per share, payable Jan. 2, 1953 to stockholders of record Dec. 15, 1952.

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Joseph W. Ganann has been named head of the **New York Agency of The Royal Bank of Canada**, it is announced. Mr. Ganann, Agent at New York, succeeds E. C. Holahan who is retiring after a long career with the bank. W. H. Sharpe, Assistant Agent at New York since 1951, will succeed Mr. Ganann as Agent.

Mr. Ganann has seen service with the bank at various branches in Ontario, and in the Assistant General Manager's department, Toronto. In 1938 he joined the Business Development department at New York Agency, where he was appointed Assistant Agent in 1945 and Agent in 1949. Mr. Sharpe joined the bank in 1925 at Victoria, B. C. He has served at a number of branches in British Columbia, with the Assistant General Manager's department, Toronto, and at Head Office, Montreal. He was appointed Assistant Agent at New York Agency in 1951. Mr. Holahan has spent his entire career with the bank's New York office, having joined it in 1911.

* * *

Western Germany, acting through the United States-German Chamber of Commerce in New York, is the sponsor of an exhibit of West German products, services and transportation facilities now on view in the 15 Rockefeller Center windows of **Colonial Trust Company** at Avenue of the Americas and 48th Street, **New York**. According to Arthur S. Kleeman, President of Colonial Trust, the display was arranged as a means of illustrating the recent progress made by West German industry and is the outgrowth of a recent trip through Western Germany by Mario Diez, Vice-President in charge of the bank's International Division.

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Joseph A. Kaiser, Executive Vice-President of **The Williamsburgh Savings Bank, of Brooklyn, N. Y.** was elected President by the Board of Trustees, effective Jan. 1, it was announced on Dec. 9. Elliott M. Eldredge, President since 1942, was elected Chairman of the Board, also effective Jan. 1. Mr. Eldredge has been a Trustee since 1923. As President, he helped guide the bank through the difficult war and postwar years. Mr. Kaiser, who has been associated with the bank for 27 years rose through the ranks to his present office. He was elected Assistant Cashier in 1942, Assistant Comptroller in 1943, Assistant Vice-President in 1944, Executive Vice-President in 1945. In 1950, he was elected a member of the Board of Trustees. The Williamsburgh Savings Bank, incorporated 1851, is one of the nation's largest savings banks with resources over $590,000,000, and surplus and reserves over $75,000,000.


Joseph A. Kaiser

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John Heinrich, Vice-President of **The Lincoln Savings Bank of Brooklyn, N. Y.** was elected President of the **Bankers Club of Brooklyn** at the annual dinner meeting held December 9 at the Towers Hotel, Brooklyn. He succeeds Carl J. Mehldau, Vice-President of **Kings County Trust Company**. Mr. Heinrich, an alumnus of the Graduate School of Banking, Rutgers University, is a past President of Group Five Savings Banks Officers Association and resides in Glendale. Serving with Mr. Heinrich during the coming year will be: Vice-President, Alfred M. Olsen, Cashier, Lafayette National Bank; Secretary, Roger Saxton, Asst. Vice-President, East New York Savings Bank; and Treasurer, William H. Morrison, Asst. Manager, Corn Exchange Bank.

* * *

The final chapter of the merging of the **First National Bank & Trust Company of Floral Park, N. Y.** and the **Franklin National Bank of Franklin Square, N. Y.** was written on Dec. 6, when the "Open House" celebration commemorating the occasion was held. The newly decorated and remodeled office of the bank was open to the public from 9 in the morning to 9 in the evening. Arthur T. Roth, President of the Franklin National Bank, in his announcement of the bank's program, issued an invitation to all to participate in the event with drawings for five major door prizes. An item bearing on the merger of the Floral Park Bank with the Franklin National appeared in our issue of Oct. 30, page 1630. While reference to the increase in the capital of the Franklin National Bank was made in these columns Nov. 20, page 1933.

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The merger of the **Huguenot Trust Company** with the **New Rochelle Trust Co.**, both of **New Rochelle, N. Y.**, became effective under the title of the latter on Nov. 28, following the action taken by the stockholders of the New Rochelle Trust Co. in increasing its capital from $500,000 to $1,000,000, in shares of $10 par each. An earlier item on the merger plans appeared in these columns Sept. 11, page 1923.

* * *

An addition of $500,000 has been made as of Nov. 24 to the capital of the **First National Bank & Trust Co. of Evanston, Ill.** by the sale of new stock, increasing it from $500,000 to $1,000,000.

* * *

The recent increase in the capital of the **Hibernia National Bank of New Orleans** from $2,000,000 to $2,500,000 (by the sale of $500,000 of new stock), became effective on Nov. 24. Details of the enlargement of the capital were given in our Nov. 13 issue, page 1835.

* * *

Announcement is made of the death on Dec. 4 of E. Key, Jr., Chairman of the Board of **The First National Bank of Marshall, Texas.**

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Appointment of Ellsworth Lockerby to the London branch of the **Bank of America National Trust & Savings Association of San Francisco** as Assistant Manager and Operations Officer in London was announced recently by Russell G. Smith, Executive Vice-President in charge of the bank's international operations. Mr. Lockerby has already assumed his new duties. He has been in the organization since 1937, and in the International Banking Department since 1948. At that time he was assigned to the branch in Kobe, Japan, where he served for two years as Assistant Manager and Operations Officer, returning to San Francisco Head Office early this year.

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No Atlantic Payments Union Likely!

By PAUL EINZIG

Commenting on proposal of the London "Economist" that an Atlantic Payments Union, similar to the European Payments Union, is only way of solving dollar-gap deadlock, Dr. Einzig contends there is little chance U. S. will enter any such scheme. Says present Commonwealth Conference in London is looking toward better utilization of existing organizations.

LONDON, Eng.—On the eve of the Commonwealth Economic Conference the government was inundated with unsolicited good advice and exhortations. A crop of proposals appeared in the press. Many of the unofficial advisers adopted an attitude of "listen or perish," stating in no uncertain terms that unless their particular method of salvation is adopted there will be no hope for survival let alone recovery. Irrespective of the merits of these various proposals they were, however, somewhat late in the day. For the delegates of the participating governments had already been briefed and the subject matter of their discussions had been thoroughly thrashed out at the Conference of Commonwealth officials held in London in September and October, and, as far as the United Kingdom is concerned, at the numerous meetings of the Cabinet and of Cabinet Committees that have taken place in recent months.

Dr. Paul Einzig

Those directly concerned hold the view that no international Conference has ever been so well prepared. All the subjects which were expected to come before it had been discussed and thrashed out well in advance. By such means it had been possible to eliminate a good many proposals the discussion of which would have wasted the time of the Conference. This does not mean that preliminary agreement was reached except in the sense that the participating governments agreed as to which subjects would be worth considering.

One of the proposals which had failed to survive the preliminary process of elimination was the idea of an Atlantic Payments Union. On the eve of the Conference it was put forward among others by such authoritative quarters as the Special Dollar Supplement of the "Economist." That newspaper put forward the case that there is no other way of solving the present dollar-deadlock than through the application of the principles of the European Payments Union to the Atlantic Community of nations. In substance its proposal, and that of other quarters thinking on similar lines, amounted to the adoption of a system under which the United States would be prepared to accept, in payment for their export surplus, credit balances with a Clearing Union created for that purpose largely on the lines of the Keynes Plan rejected at Bretton Woods. The idea did occur to the experts of the Treasury and of the Commonwealth Governments long before it received publicity. Together with other ideas it was duly considered during the Conference of Commonwealth officials but was rejected as impracticable.

Those acquainted with the American attitude have no illusions about the chances of the United States Government accepting a proposal under which European nations would be allowed free hand to draw upon the resources of the United States automatically. In official circles it is considered inconceivable that a United States Administration present or future would ever endorse such a scheme or that even if it did Congress would ever pass it. Although the idea had first originated in the United States — something on similar lines was originally put forward during the War by Mr. Herbert Feis—it is contrary to the fundamental American attitude towards assistance to Europe.

Those in favor of the scheme seek to make it more palatable for American consumption by suggesting that if a country should draw upon the facilities of the proposed Clearing Union beyond a certain limit it would have to relinquish its sovereignty in favor of the Clearing Union and allow that organization to determine its various economic and financial policies. It seems utterly unlikely, however, that any Government or Parliament would agree to such a degree of external interference with its internal affairs. Quite conceivably the proposed system is the system of the future.

It is impossible, however, to visualize any Government in the year 1952 to be prepared to submit to an international body its Budget, its monetary policy, its Tariff policy, its system of social security, its capital investment program, etc., for the sake of additional dollar resources, no matter how badly they may be needed. From this point of view the recent violent reaction in France against American criticism of French finances is characteristic. Although France is in desparate need of dollars her citizens, from President downward, rejected with scorn the critical observations contained in an American note. Is it then likely that the same people would be prepared to submit not only to such criticisms but to action on the part of the critics tending to determine their policies? Any Government that would be willing to do so would be swept out of office. In the case of Britain the acceptance of such conditions would be a sure way of giving Mr. Aneurin Bevan a chance for achieving power.

The minds of the Governments participating in the Commonwealth Conference were not in any event working in the direction suggested by the above proposal or by other admittedly brilliant and bold proposals. In preference to establishing new organizations they were inclined to explore the possibilities of better utilization of existing organizations. It would be indeed strange if, having established six years ago the International Monetary Fund and the International Bank for Reconstruction and Development, the Governments concerned were to embark on the creation of new international organizations serving substantially the same purpose. It is well to remember that the Bank for International Settlements is still in existence and it would serve little practical purpose to create new international organizations as an alternative to making better use of the existing ones.

What is even more important, the Governments concerned must remain within the realm of practical politics. Even if the proposed schemes represented the ideal solution from an economic point of view they would be impracticable from a political point of view. It is a difficult task to reconcile the economically ideal with the politically practicable. The outcome is bound to be a compromise solution, but this cannot be helped.

Continued from page 7

More Imports—Less Foreign Aid Gifts

time balanced its budget. Canada has no excess profits tax and no capital gains tax.

On the other hand, Argentina, a great nation with a highly intelligent population and substantial resources, is today beset with financial problems because of the manner in which its economy has been managed. Compare it with little Uruguay, its next-door neighbor, which is so well managed that capital has flowed to it from all over the world. The historical record of the last seven years clearly supports the view of those who maintain that nations like individuals grow stronger economically when they have the courage to follow sound financial policies.

The Problem of Survival

Great tests are now going on in Western Europe, in South America, in Asia, and in North America to see which nations have the qualities to survive, and which may be destined to die. The noted historian, Arnold Toynbee, studied twenty-six civilizations. Sixteen are now dead and nine of the remaining ten are broken down. History is filled with the record of nations that rose to power, and then died because their people lacked the courage, character and willpower to meet their problems. No nation in history has ever been invested with immortality.

Weak nations talk of leisure; strong nations talk of work. Weak nations talk of spending and unbalanced budgets; strong nations talk of saving and balanced budgets.

The time for gifts to Western Europe should now be essentially over, and any aid should largely be in the form of loans. Nations which have not put their finances in order should be expected to do so.

Major External Problems Abroad

So much for the internal problems of foreign nations. Let us briefly look at a major external problem of foreign nations, which is the problem of selling their goods abroad. Their ability to sell goods abroad to earn dollars, depends in part upon our willingness to remove restrictions for the import of their goods into the United States. One of the greatest fallacies in American thinking is the belief that importing goods is bad for the United States. Unfortunately, the view seems to be widely held. We apparently believe that we are better off by giving away our steel, wheat, cotton and automobiles as gifts. It is an unbelievable philosophy—this unwillingness to take goods in return. But it is significant that both the American Farm Bureau Federation and the National Grange have begun campaigns to bring down trade barriers. Business associations are also active in this direction now.

The familiar argument for restricting our imports is that low-priced labor in other parts of the world can produce goods so cheaply that our people will be put out of work and our factories will be idle. The facts contradict that view. We produce a large part of the world's goods at a lower cost — not a higher cost — than any other nation. That's why other nations buy here, and that's one reason why they are short of dollars. But let's forget these facts. At the risk of over-simplification, the answer to this viewpoint can be given in one sentence. When someone says that if we permit foreign goods to enter our markets, American labor will be unemployed and our markets will be flooded with foreign goods, ask that person one simple question—What can the foreign seller do with the large number of dollars it is alleged he will receive from selling goods in our markets? There is only one answer. The answer is that the foreigner can only spend dollars finally in the American market. For every dollar a foreigner receives for goods he sells here, he must spend a dollar for goods in this market. This problem of balancing world trade between nations is today a major factor in the life or death of nations, and it is one of the two or three great problems of our time because some countries must sell 25 or more per cent of their total production abroad in order to live.

A teacher once asked each eighth-grade student in a spelling test to name his father's occupation and spell the word. The first student said, "Banker. B-A-N-K-E-R." The second said, "Electrician. E-E-L. No, I think it's E-L-R." The teacher said, "Think it over. I'll come back to you." The next student said, "Bookie. B-O-O-K-I-E, and I'll bet you two to one the other kid can't spell electrician." I suppose one could bet two to one that we will not change for some time our unwillingness to import freely. But it is equally certain that eventually our views will change, for they are economically unsound. For we, too, must give away goods free or sell abroad billions of dollars of goods to keep our economy going. One out of every three bushels of wheat; one out of every three pounds of lard; four out of every ten bales of cotton; one-fourth of our tobacco; one-fifth of our tractors; one-tenth of our farm machinery; one out of every six trucks; hundreds of millions of dollars of heavy machinery, automobiles, trucks and equipment from Illinois, Indiana, Ohio, Michigan and Wisconsin alone—all these and many more of our goods must move to foreign markets. In 1952, the United States will ship $21 billion in goods abroad, and will import $15 billion. The difference, or $6 billion, represents gifts for which the American taxpayer will pay and for which he will get no goods in return. How long will the American taxpayer feel that this is sound business? Obviously, the business of the world is not on a sound basis until trade moves both ways.

In this critical period, world leadership is clearly in our hands. Our machine civilization is irresistibly pushing its way into every corner of the world. At a thousand crossroads in the world today there are radios, soap, corn flakes, fountain pens, batteries, elevators, road machinery, tractors, automobiles, trucks and refrigerators that came from American factories. Our machines are weaving the economic life of the world into a single fabric. Perhaps America's businessmen and not her politicians hold the key to the solution of the world's problems. Perhaps the 140,000 people that are added every week to the population of Southeast Asia and the two-thirds of the world's people with an income of only $30 to $150 per person each year, will eventually be fed, clothed, and sheltered through the genius of American business leadership.

Balanced World Trade is Imperative

While the jungles of Africa may not go down tomorrow before an avalanche of American automobiles; while the people of Peru may not eat an American breakfast food tomorrow that pops and crackles as they pour on the cream; and while the people of India may go through life ignorant of the social advantages of Listerine and Lifebuoy, nevertheless, and speaking seriously, balanced world trade—imports and exports—is imperative to a stable and peaceful world, where Americans and others are not to be called upon to die in wars every twenty-five years, but where people can exchange their goods freely, raise their standards of living, and work and hope with faith in the future.

We have discussed the subject hurriedly because of the limitations of time. There is a story that two buzzards were flying over a western state, when a big jet plane went by at 500 miles per hour, shooting out flame, smoke and fire. One buzzard turned to the other and said, "Boy, that bird was on fire!" Gentlemen, I have other buzzard said, "Listen, son, you'd be in a hurry too if your tail was on fire!" Gentlemen, I have spoken very hurriedly, but if you had been given this assignment to complete a discussion on the international situation in fifteen minutes you would have been in a hurry, too.

Halsey, Stuart Group Offers Equip. Tr. Ctfs.

An offering of $2,640,000 The Nashville, Chattanooga & St. Louis Ry., series H 2⅞% equipment trust certificates, maturing annually Dec. 15, 1953 to Dec. 15, 1967, was made on Dec. 9, by Halsey, Stuart & Co. Inc. and associates. The certificates were priced to yield from 2.25% to 2.975%, according to maturity. Issuance of the certificates is subject to authorization by the Interstate Commerce Commission.

The certificates will be secured by new standard-gauge railroad equipment estimated to cost $3,300,000. Other members of the underwriting group are: R. W. Pressprich & Co.; Wm. E. Pollock & Co., Inc.; and McMaster Hutchinson & Co.

New York Stock Exchange Weekly Firm Changes

The New York Stock Exchange has announced the following firm changes:

Transfer of the Exchange membership of Robert V. Nehrbas to Robert H. Wyshak will be considered by the Exchange Dec. 18.

Transfer of the Exchange membership of Henry W. Sage to Harry W. Lunger will be considered Dec. 18.

Tuller, Crary & Ferris will be dissolved effective Jan. 2.

E. M. Black Director

E. M. Black has been elected to the Board of Directors of American Seal-Kap Corp., of Delaware, Daniel A. Mackin, President, announced. Mr. Black, who is head of the department of Business and Industry and an officer of American Securities Corp., investment bankers, is also a director of Lamb Electric Co. of Kent, Ohio.

Spencer Trask Partner

SCHENECTADY, N. Y.—Theodore H. Lydgate, resident manager for Spencer Trask & Co., members of the New York Stock Exchange, on Jan. 1, will become a partner in the firm.

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Public Utility Securities

By OWEN ELY

Empire District Electric Company

Empire District Electric Company has been engaged in the electric utility business for 43 years but was a subsidiary of Cities Service Company until 1944, when it was merged with several other subsidiaries and the new common stock was sold to the public. The company serves a population of about 300,000 in an area covering part or all of 23 counties in an area where Missouri, Kansas, Oklahoma and Arkansas converge. This area is about the size of Massachusetts and contains 125 communities, the largest being Joplin, Mo., with a population of 40,000.

The area has received the name of "Empire District" because of the wide diversity of natural resources, which include lead, zinc, coal, limestone and timber. Some years ago the company was generally known as a "zinc-lead utility" since in 1945 it derived 29% of its revenues from the mines. Since it was known that the reserves of these metals were declining rather rapidly, there was some fear that the company might be hurt in the post-war period. However, while the percentage of revenues from the lead and zinc mines has now declined to about 13%, other industrial power sales have increased from 16% to 24%. The company's business is now much better diversified, and earnings should not prove vulnerable to any further contraction of the lead-zinc mines, which are now confined to a small area of 30 square miles with a total employment of about 1,800. Development of agriculture, diversification of industry, and promotion of recreational facilities in the Ozarks have far more than outweighed the decline in the mining industry. Revenues have increased 70% in the postwar period.

Due to the temperate climate and the nature of the soil and water, the area has developed into one of the leading dairy and poultry regions in the nation, with the greatest concentration of milk production in the country in one section. The use of commercial fertilizer (largely produced locally) has doubled in the postwar period, stimulating farm output. Local industries are largely tied in with agriculture—production of feed for cattle and poultry, plants for producing dairy products and frozen foods and for processing poultry. The famous Ozark playgrounds attract a tourist trade of over $100 million annually, and this in turn has attracted industry to the area.

During the past eight years, due in part to the company's efforts, over 124 new industries have come into the area, employing over twice as many people as are engaged in lead and zinc mining. Moreover, the company has extended its service to 5,000 additional farms during this period, making a total of 9,000 served. Five major industries are now planning to spend $12.5 million in expansion of plant facilities in the Empire District—Vickers, Inc., Spencer Chemical, Thurston Chemical, Eagle Picher and the Missouri Farmers Association.

Generating capacity is being substantially increased, and with the addition of a 40,000 kw unit now under construction, the company will have more than doubled its 1945 capacity—the new units being geared to burn coal, gas or oil. Including the new unit, over half the generating capacity will be less than four years old. Fuel consumption per kw is being cut 20%, and a further increase in efficiency is expected with the new unit. About 16% of power generated last year was hydro and 84% steam.

Empire District Electric now has a capitalization of 54% debt, 11% preferred stock and 35% common stock; the equity ratio was increased in June this year by sale of 150,000 shares of common. The company has obtained a $5 billion bank credit and it appears unlikely that additional permanent financing will be done before 1954. Average earnings and dividends have been as follows in recent years:

Year	Earned Per Share	Dividends Per Share	Per Cent Payout
1951	$2.10	$1.36	65%
1950	2.07	1.24	60
1949	2.40	1.21	50
1948	2.30	1.12	49
1947	2.03	1.12	55
1946	2.38	1.12	47
1945	1.85	1.12	61

For the 12 months ended Oct. 31 share earnings of $2.33 were reported based on the 500,000 average shares. (On the 600,000 outstanding shares, the figure would be $1.94.) President McKee in his recent talk before the New York Society of Security Analysts forecast earnings of $2.25 for the calendar year on average shares and about $2.36 on 600,000 shares in 1953. The present dividend rate is $1.40, reflecting a relatively low payout, which would seem to indicate that an increase might logically be expected some time next year—although in the postwar years payout has ranged between 47% and 65%. The stock is selling around 25½ on the New York Stock Exchange.

H. Hentz Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

HOLLYWOOD, Fla.—Malcolm M. Flash has been added to the staff of H. Hentz & Co., 1911 Harrison Street.

Joins J. H. Goddard Co.

(Special to THE FINANCIAL CHRONICLE)

PROVIDENCE, R. I.—Alfred F. Anderson has become associated with J. H. Goddard & Co. Inc., 17 Exchange Place.

LETTER TO THE EDITOR:

Wants Reciprocal Free Trade with Canada

John Elton Whiteside says it will extend North American trading area, and thus furnish better competitive position against large Eurasian land region.

Editor, Commercial and Financial Chronicle:

While attention has been focused upon foreign trade by the articles related to the National Foreign Trade Convention in *The Commercial and Financial Chronicle* of Thursday, Nov. 27, 1952, I would like to express an opinion on what should now be the basis of trade between the United States and Canada.

J. Elton Whiteside

Every U.S. dollar spent for a Canadian product or service creates foreign exchange of a dollar that must be spent for a product or service of the United States. This fact can hardly be too strongly emphasized. Therefore, I propose that every product manufactured, grown, raised, mined or otherwise produced in Canada should be admitted into the United States free of tariff.

My basic reason for this radical proposal is that, in my opinion, only by so doing can the economy of the United States be operated at its highest efficiency and capacity, and so insure the greatest security of the North American continent.

The United States and Canada together are involuntarily and unescapably drawn into total competition with a certain very large Eurasian land area, the parts of which are not separated by tariff barriers, and which are under a strong aggressive central authority.

The United States and Canada are committed to the joint defense of North America by the Ogdensburg Agreement of 1940.

Conversely, I propose that, for similar reasons, Canada should be induced to allow every product manufactured, grown, raised, mined, or otherwise produced in the United States to be admitted into Canada free of tariff.

Then the United States and Canada each would economically supply the things that each can produce more efficiently, and would exchange them with the other country for the products that the other can supply more economically, under the same system of free exchange of products now existing among the states of the United States.

The net wealth of the United States and also that of Canada would be increased by this reciprocal freeing of trade.

The total industrial productive capacity of the United States and Canada together, upon which production for maximum security depends, would be increased by this efficient integration. Free trade between the United States and Canada would ease and decrease the cost of operation of the many companies doing business in both countries.

The currencies, the standards of living, the political ideals, and the international interests of the United States and of Canada probably more nearly approximate each other than those of any other two countries. Both countries now enjoy prosperity. All these conditions make the present time most opportune to begin this freer trade relation between the U. S. and Canada.

Together we must show that the free cooperation of two nations is superior to the economy of a compliance of diverse peoples enforced by dictatorship. I believe that an association to work for the single specific objective of reciprocal free trade between the United States and Canada should be formed immediately.

JOHN E. WHITESIDE
229 Kensington Place
Syracuse 10, New York
Dec. 2, 1952.

Canadian Securities

By WILLIAM J. McKAY

A current item of interest in Canada is the effect of the revision in subsidies granted under the Emergency Gold Mining Assistance Act of the Canadian Government. Although every gold mining company in Canada, which elects to accept the assistance granted under the Act, will benefit to some extent from the new subsidy formula, the extent to which each individual mine will benefit will be small in the opinion of most mining executives. It may mean, however, that some of the dozen or so mines which have been selling their gold on the free market will again sell to the Canadian mint, some thought.

The increased assistance will be of most benefit to the marginal producers. Those mines which have been barely able to get along the last few years will be able to continue to operate, one spokesman said, but if they haven't been paying dividends in the past the new assistance won't give them enough to pay dividends in the future.

"It is a distinctly helpful step," said an official of the Canadian Metal Mining Association, "but it is by no means the answer to all our problems. It will help make up the loss in revenues suffered by the mines as a result of increased costs."

Commenting on the gold mining subsidy revision, V. C. Wansbrough, Managing Director of the Canadian Metal Mining Association, said the Canadian Government's increased assistance to Canadian gold mines will probably save at least five mines from suspending operations, but will fail to provide incentive to reopen mines that have closed because of inability to reap profits. Since 1949, more than 50 gold operations in Canada, including 30 established mines, have shut down.

The Canadian mining official pointed out that the increased value of Canadian money in terms of United States currency has decreased the average price of gold this year to $34.50 an ounce, compared with $36.85 in 1951. The extra aid of $1 an ounce does not bring the price to last year's level.

The Government's increased assistance, recently announced, changed the rate of assistance to one-half the cost of production over $18 an ounce, with a maximum of $13.50 an ounce, from one-half the cost over $22 an ounce with a maximum of $11.50.

For most mines, the change means an additional $1 an ounce.

Another mining executive, H. H. Cox, President of the Quebec Mining Association, states that while the proposed additional government assistance to the gold mining industry "recognizes the serious plight of the industry, it cannot be considered adequate to meet the decreased revenue and increased costs that the mines have sustained during the last few years."

Mr. Cox expressed the view that the increased subsidy is an indication of the reversal of the attitude of the government toward the use of gold as a medium of exchange.

Through a Reuter's despatch comes word that in London on Nov. 27 Labor Member of Parliament Richard Stokes urged the Government to try to get the price of gold revised and thus enable shut-down Canadian gold mines to resume normal operations.

Stokes claimed that there are only 68 gold mines operating in Canada at present because the cost of production is higher than the "artificially fixed" price of gold—$35 an ounce. In 1942 there were 160 mines running.

"It is not extraordinary that gold, which is so valuable that it forms the basis of currencies of many countries, is now so costly that no one can afford to deal in it?" he added.

In reply, Reginald Maulding, Economic Secretary to the British Treasury, stated that he didn't know why Canadian gold mines have shut down.

He also said that the British Government cannot be responsible for the variation of the Canadian gold production level.

While these pessimistic views relating to the expansion of the Canadian gold mining industry were being passed around, The Metal Mining Association of Canada was urging the Canadian Government to permit fine gold to be disposed of on the free gold markets of the world. Under the Canadian Gold Mining Assistance Act, mines selling on the free market are not entitled to the government subsidies. The proposals of the Mining Association are as follows:

(1) Marketing of fine gold be encouraged by permitting producers selling on the premium markets to sell fine gold.

(2) Fine gold be minted in Canada for general purchase and sale in forms suitable to the market, the price to be freely determined between buyer and seller.

(3) Foreign purchasers of newly-minted Canadian gold and foreign holders of gold who wish to store it in Canada for safekeeping, receive assurance they will be permitted to export such gold when they desire.

(4) Cost-aid assistance to those mines electing to receive such aid be increased and made more adequate to the current crisis in the industry.

Of the estimated 3,700,000 ounces of gold produced this year in Canada, 74% is from mines receiving cost-aid and production may be expected to decline sharply unless that assistance is adequate.

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Gordon M. Averyt

Gordon M. Averyt, eastern sales manager for Investors Diversified Services, Inc., with headquarters in Harrisburg, Pa., fell to his death while on a trip to New York.

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Mutual Funds

By ROBERT R. RICH

THE AMERICAN PUBLIC is increasing its ownership of the nation's industry by purchase of shares of mutual investment companies, S. Waldo Coleman, President of Commonwealth Investment Company, a leading diversified open-end fund, stated Wednesday, at a press luncheon at the Bankers Club. This trend, he said, "is evidenced by the fact that approximately one out of every 10 stockholders in the United States owns mutual fund shares."

Pointing to the increase in the assets of mutual investment companies from $440 million in 1940, to over $3.5 billion today, Mr. Coleman drew an analogy between the impressive growth of mutual investment companies and the growth of the automobile industry. Just "as the growth of the automobile industry was due largely to financing policies which make it possible for the car buyer to purchase an automobile from his monthly income, after a small down payment, so many mutual funds today make it possible for the investor, through very small investments, to acquire an interest in the shares of leading American corporations."

The mutual fund, Mr. Coleman said, is an instrument of democracy. "It is sometimes forgotten," he declared, "that the basic principle of democracy includes the principle of equality—equality of opportunity as well as of liberty. If private industry is to continue to expand, business must through a sense of social conscience develop practical ways for more and more millions of people to participate in the ownership of American industry—that is, in the securities of American corporations."

Mutual investment companies, he continued, "provided such equality of opportunity and a practical method of investing by supplying a degree of diversification of investments and a continuous supervision of funds which very few investors could obtain individually." The combining of the funds of many small investors into a large aggregate of investment capital, he said, "makes possible such diversification and supervision."

UNITED FUNDS, which already has three mutual investment funds aggregating over $90,000,000 in total net assets, is offering a new portfolio known as United Continental Fund.

The initial offering consists of 2,000,000 shares which will be offered at $5 per share during the two weeks ending Dec. 22. Management has announced no investments will be made during this period.

Policy of the management, the company stated, will be to invest substantially in those companies which search for and produce basic raw materials, especially companies with programs for increasing reserves.

Continental Research Corporation, managers of United Science Fund, United Income Fund and United Accumulative Fund wil be the manager of the new Fund.

DELAWARE FUND has been reappraising its investment positions this past month as a result of the recent sharp advance in stock prices, D. Moreau Barringer, Chairman of the Board, said in his investment report to directors.

Mr. Barringer said the Fund has continued to reduce its electronics holdings. Recent sales included part of the investment in Sylvania Electric Products and all of its Admiral Corp. shares.

Other changes included the elimination of Federated Department Stores and Northern Natural Gas from the portfolio; a switch to Allis Chalmers from Oliver Corp., a slight reduction in the railroad investment through sale of some Southern Pacific; and some trimming in the United Air Lines Investment.

The Delaware Fund executive said purchases mostly were confined to additions to existing holdings except for a new position in U. S. Rubber.

CONTRARY TO impressions of inefficiency, American railroads are the most efficient means of mass transportation of both goods and passengers known to man. Such is the judgment of Theodore A. Rehm, Vice-President of the Keystone Company, a leading Boston mutual fund, voiced Sunday over WOR when guest-appearing on the radio program "Your Money at Work."

"American railroads have been substantially dieselized at a cost approaching three billion dollars," the speaker stated. "Since the end of World War II alone, railroads have spent more than $7 billion for diesel engines, new freight cars, new passenger equipment, new freight yards and many other money-saving improvements."

Admitting that opportunities for further improvements exist, Mr. Rehm declared that "over the last 15 years railroad management has improved perhaps more than that in any other line of business. "An example of what can be done is indicated by the New Haven RR. which reports that some of its self-propelled diesel passenger cars are actually traveling 17 out of 24 hours a day, compared with the three hours a day the average freight car travels."

Citing the increase in the price levels of railroad securities in recent years, Mr. Rehm said that many good railroad stocks still sell at prices which appear low in relation to current earnings. "Over the next 5 to 10 years," he continued, "provided we have a good level of business activity, a reasonably favorable labor atmosphere, and some legislation to more fairly regulate the various forms of transportation, I believe the basic efficiency of railroads generally will result in earning power that will astound many investors."

Mr. Rehm advocated a regulatory atmosphere — both Federal and State—in which each form of transportation may compete fairly and aggressively for available business with special privileges and advantages for none.

Milton Fox-Martin, Kidder, Peabody & Co., was moderator of the program.

NO SIGNIFICANT change in investment policy is called for by Eisenhower's election. This is the view of Distributors Group, set forth in a current letter to dealers.

"The atmosphere has changed, the climate for business is now unquestionably improved," the statement read, but our analysis still leads us to prefer stocks of companies which show up well in a combination of these three tests: an ability to increase or at least maintain **unit** output, an ability to increase or maintain **price** of the company's product, and to be in a position to benefit from the reduction or elimination of EPT.

"We have increased our holdings of selected stocks in such industries as the tobaccos, utilities, food chains, dairy products, auto parts, and electrical equipment-electronics because they appear to have a high combination of these desirable factors."

Despite October's "bad" stock market, Group Securities, which Distributors Group manages, reported sales that month to be highest since mid-1951.

HOW A TRUST company devoted exclusively to the management of investments for individuals and trusts makes its investment facilities available to the small investor is told in a four-page folder published by Hudson Fund Distributors, Inc. (135 South La Salle Street, Chicago 3, Ill.).

The company in question is the Fiduciary Trust Company of New York which now cares for upwards of $200 million in total property.

The title of the folder is "The Story of the Formation of Hudson Fund, Inc."

HOW ELECTRONICS is changing our lives is discussed by the Television Shares Management Co. in an eight-page folder titled "Electronics—Its Importance to You."

"Electronics is man's seventh sense," says the folder. "It is the best and in many cases the only way man has found to supplement his senses and nervous system," the excerpt continues. "Its uses are as varied as the functions of the sensory and nervous system itself. Electronics helps man to see, hear, feel, smell, taste, to accept and evaluate data, and to make automatic decisions. It does all these things over wider ranges of stimuli and greater distances in space than is otherwise possible."

The folder goes on to discuss investment in the electronics field. Its publisher is the investment manager of Television-Electronics Fund, Inc., the mutual fund whose objective is investment of its assets in the expanding field of electronics.

AN ORIGINAL booklet on an unusual subject has been published by the sponsors of Group Securities, Inc., a leading mutual fund. Its theme is the **"unfriendliness to one another"** of those purposes which prompt people to invest.

Citing three reasons for investing, stability of principal, generous income, or growth of income and principal, the booklet declares "it is not reasonable to expect a high degree of all three in any single form of investment. For example, an investment that is stable in bad times is not likely to provide for growth in good times; one that offers exceptional opportunities for growth is not likely to provide generous income today, and so forth."

This booklet, **"The Custom-Made Mutual Fund,"** says that the prudent investor will decide what he wants most and then select the mutual fund that is designed to give him just that. It further describes the variety of investments offered by Group Securities, Inc., each plainly labelled as to its primary investment objective, making it practicable for the investment dealer to fit the needs of each of his customers.

NET ASSETS of National Stock Series as of Nov. 30, 1952 were at a new high of $53,021,000, an increase of over 65% from the $31,961,000 level as of Jan. 1, 1952, according to Waln Hare, Vice-President of National Securities & Research Corporation.

Shareholders as of Nov. 30, last, totaled 24,759, an increase of over 60% from the Jan. 1, 1952 figure.

During the past three months, the investment management of National Stock Series has added to the investments of the fund in the food, paper, steel, railroad, rubber and auto parts groups. Substantial increases to holdings within period include the following common stocks:

	Shares
Ward Baking Company	8,000
U. S. Rubber Company	12,000
Republic Steel	22,000
Bethlehem Steel	2,500
Chic. Rock Island & Pacific	6,500
Delaware & Hudson	2,000
Briggs Manufacturing	6,000
Mead Corporation	7,360
Union Bag & Paper Corp.	6,500

A RECORD OF growth of Affiliated Fund, Inc., issued yesterday by Lord, Abbett & Co., managers, states that in the ten years ending Oct. 31, 1952 the Fund has grown from 12,000 shareholders with net assets of $3,000,000 to 110,486 shareholders with net assets of $223,470,374, ranking it as the fourth largest investment company in the country. During the year ended Oct. 31, 1952 net assets increased by $72,798,191 and shareholders by 31,105.

COMMONWEALTH Investment Company reports that net assets on Nov. 30, 1952 reached a new

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high of $58,935,871, an increase of 38% since the beginning of the year.

The portfolio of the company was diversified as follows: common stocks 62.2%; preferred stocks 23.2%; corporate bonds 6.4%; and cash governments and receivables 8.2%.

With the payment of the 80th consecutive quarterly distribution on Dec. 22, 1952 the total distributions for 1952 amount to 28½c a share from investment income and 13½c a share from capital gains.

SCUDDER, STEVENS & Clark Fund, Inc. reports total net assets on Dec. 8, 1952 of $40,277,969, equal to $59.57 per share on 676,158 shares outstanding on that date. This compares with total net assets a year ago of $37,365,859, equivalent to $58.92 on 634,172 shares outstanding at that time.

SCUDDER, STEVENS & Clark Common Stock Fund, Inc. reports total net assets on Dec. 8, 1952 of $4,385,334 equal to $30.32 per share on 144,650 shares outstanding on that date. This compares with total net assets a year ago of $3,090,955 equivalent to $29.06 on 106,376 shares then outstanding. Total net assets at the time of reopening for the issue of new shares in the Spring of 1950 were $664,758.

THE JOHNSTON MUTUAL Fund, reports net assets on Sept. 30, 1952 of $1,733,554.01 equivalent to $30.81 per share. This compares with $1,333,568.19 and $30.81 per share on the smaller number of shares outstanding Dec. 31, 1951.

WALL STREET INVESTING Corporation today reported total net assets of $3,510,720 or $13.98 a share on Sept. 30, 1952 compared with $3,158,894 or $13.27 a share at Dec. 31, 1951. Shares outstanding at the end of the latest period were 251,051 compared with 238,012 at the year-end.

NET ASSET value of Pell, de Vegh Mutual Fund, Inc. on Sept. 30, 1952 was $1,450,748, an increase over the $1,061,956 reported on the same date one year earlier, according to the quarterly report issued to shareholders by Imrie de Vegh, President.

Net asset value per share on September 30 equals $34.33 per share on the 42,256 shares of capital stock outstanding and compares with $34.50 per share on the 41,178 shares outstanding on June 30 of this year.

During the third quarter of 1952, additions have been made to the Fund's holdings of insurance stocks, bank stocks and aircraft manufacturing stocks. Minor changes took place in the position held in miscellaneous industrial, mining and other companies. "We continue to pursue a policy of caution," Mr. de Vegh said, "looking for good values at attractive prices, and being willing to dispose of minor holdings on an opportunistic basis."

IN THE QUARTER ending Sept. 30, a number of investment changes were made by Dividend Shares, a common stock fund managed by Calvin Bullock.

4,400 shares of Firestone Tire & Rubber Company represented a new acquisition. Additions to stocks previously held included, 4,300 shares of Air Reduction Company, Incorporated, 3,000 shares of American Gas & Electric Company, 5,500 shares of Armstrong Cork Company, 3,200 shares of Celanese Corporation of America, 14,000 shares of Commercial Solvents Corporation, 6,200 shares of Deere & Company, 3,700 shares of Grant (W. T.) Company, 10,900 shares of Louisville & Nashville Railroad Company, 11,000 shares of Pacific Gas & Electric Company and 3,200 shares of Radio Corporation of America.

Eliminations included Atlantic Coast Line Railroad Company, Doehler-Jarvis Corporation, Middle South Utilities, Inc., Southern Railway Company, United Aircraft Corporation and United Gas Corporation.

I. D. S. Reports On Nation's First Comprehensive Housing Survey

RESULTS OF the first comprehensive national survey on living and housing preference of elderly men and women looking forward to retirement were announced by Earl E. Crabb, Chairman and President of Investors Diversified Services, Inc., of Minneapolis, one of the nation's largest factors in the financing of low-cost housing throughout the United States.

The survey responses disclosed:

(1) That most of those replying prefer to own single-family detached homes.

(2) That most respondents will have adequate cash and retirement income to finance such homes.

(3) And that about 30% of the respondents expect to retire within the next two years and more than 50% within the next five years.

More than 76% of the 6,030 responding to the survey prefer their own separate retirement home and 82% specified that they wanted a one-floor residence. The desire for land was predominant, with 36% of the responses stating a preference for a large lot with garden space, 25% preferring land equal to a small city lot and 24% preferring an acre or more. Preference for large retirement homes was also marked. Fifty-seven per cent of the respondents indicated their liking for a two-bedroom home and 14% stated a three-bedroom home would be desirable. Only 21% voted in favor of a one-bedroom retirement home.

Aside from those who wanted to stay where they now live, Florida and California were top selections as retirement home locations. About 17% wished to retire in Florida, while 10% preferred California. Only about one-third of the survey respondents preferred to stay where they are and of these the largest group were residents of California, the Great Lakes area, Florida, or the Pacific Northwest.

Financing retirement homes of their selection out of accumulated savings and expected retirement income will apparently not be a major problem among most of the 6,030 persons who responded to the I.D.S. survey.

More than half of all respondents, stated that they will have at age 65 a lump sum of $3,000 or more with which to make a down payment on a retirement home. About 24% stated they expected to have between $1,000 and $2,000 available for a down payment on their retirement homes. More than two-thirds of the respondents own their own homes; while 32% rent. The remainder did not answer.

Retirement is near for most of the survey respondents. A total of 30% said they intend to retire between 1952 and 1954; 22% between 1955-57; 13% between 1958-60 and 22% after 1960.

More than half, or 3,356 of the 6,030 respondents, expected to have retirement income of $200 per month or more, with 14% expecting to have $350 a month or over. About 20% expect to have $150 a month; 15% will have $100 a month and only 6% expect to have $50 a month income.

A total of 55% indicated that they expect to work for pay to supplement their retirement income. A total of 39% stated they do not expect to work after retirement in order to maintain additional income—and the remainder had not decided about possible need for employment in their later years.

Hobby planners were in the majority, with 65% stating they will have a retirement hobby, and 28% replying they would not, with the remainder undecided or not answering. Among recreations, fishing ranked as a top favorite, with 23% of the replies.

Gardening, golf, bathing, travel or spectator sports ranked next. However, 34% of the respondents said they expected to have more than one retirement recreational activity.

Seventy-three per cent of the replies came from people living in cities of under 200,000 population, and more than 100 came from U. S. citizens living outside the United States. Regionally, the largest number of responses—22%—came from East North Central States; 21% from the Middle Eastern States; 13% from Southeast States; 12% from West North Central States; 9% from Pacific Southwest States, with smaller groups of responses from New England, Southwestern and Intermountain regions.

Varied occupations of those replying indicated the survey had reached a wide cross-section of men and women in every state. For example, 34% of the respondents had been engaged in more than one type of work or occupation. Nine per cent of the replies came from executives, 4% from factory workers, 10% from office workers, 3% from farmers, 7% from owners of their own businesses, 17% from professional men and women, 6% from salesmen and 4% transportation and other workers.

Working Capital Need Causing Corporate Borrowing

December issue of the "Monthly Bank Letter" of the National City Bank of New York points out industrial expansion and consequent need for more working capital is main force back of increased bank and other borrowing.

In an article entitled "Industrial Expansion and Working Capital," published in the December issue of the "Monthly Bank Letter" of the National City Bank of New York, a point is made that a leading cause of the substantial increase in bank and other borrowing by business concerns has been the need of working capital.

"Despite the large portion of new funds provided by corporate earnings, a substantial increase in bank and other borrowing has been necessary, particularly since Korea," the "Bank Letter" notes.

"The manufacturing corporations since prewar have increased their current liabilities, including accounts payable, income tax reserves, and other accruals, by $28 billion, in addition to which their long-term debt has increased by $11 billion.

"Working capital—the excess of total current assets over total current liabilities—has continued to build up year after year despite the heavy investment of funds in plant and equipment. As the chart shows, it has kept approximately equal to the net property account. Liquidity, however, has been pulled down sharply from the peaks of the postwar period, although it is still above the levels prevailing generally before the war. In the first half of 1952, the SEC-FTC quarterly study indicates a reversal of the downtrend with a slight upturn, as may be seen from the chart showing the working capital ratios.

"For example, the ratio of total current assets to total current liabilities, which at the end of 1945 stood at 259% and by the end of 1949 had climbed to 291, fell by the end of 1951 to 223, then moved up to 238 by June, 1952. In the 15 prewar years from 1926, when Treasury statistics first became available, through 1940, this ratio averaged 221%.

"Excluding the large portion of current assets absorbed in inventories, which involve risks of both price and liquidity, as well as the funds tied up in receivables, the ratio of cash plus government securities alone to total current liabilities declined from 98% at the end of 1949 to a postwar low of 63 in March, 1952. In the June quarter it improved slightly, to 67%, reflecting not only the payment of Federal income taxes, but also some liquidation of inventories. This ratio during the years 1926-40 averaged 50%.

"The fact that working capital and liquidity have been relatively well maintained for American industry as a whole does not, of course, mean that all individual companies have been able to keep in comfortable position. Not only has borrowing been substantial, as the composite balance sheet shows, but it has been concentrated since Korea in a relatively few branches. Out of 21 major industry classifications, the sharpest debt increases have taken place in seven: lumber and wood products, primary non-ferrous metals, fabricated metal products, industrial machinery, electrical machinery, transportation equipment except motor vehicles (i.e., aircraft and railway equipment), and miscellaneous manufacturing including ordnance.

"Economic progress based on continual expansion and modernization of plants requires, of course, a huge supply of new capital. In the future an increasing amount of such money will become available through the charges for depreciation and depletion—expense items involving no cash outlay which more and more will come to reflect the rise in plant and equipment costs on which they are based. For all U. S. manufacturing corporations such charges in the first half year 1952 reached an annual rate of $5 billion — three times that of 1940."

Wabash RR. Sells 2¾% Equipment Trust Ctfs.

Halsey, Stuart & Co. Inc., and associates are offering today (Dec. 11), $6,360,000 Wabash Railroad Series D 2¾% equipment trust certificates, maturing semi-annually July 1, 1953, to Jan. 1, 1968. The certificates are priced to yield from 2.20% to 2.975%, according to maturity, and those certificates maturing on and after Jan. 1, 1964, will be redeemable on and after Jan. 1, 1958 at the option of the railroad company at any time prior to maturity.

The certificates will be secured by new standard-gauge railroad equipment estimated to cost $7,987,325. Issuance of the certificates is subject to authorization by the Interstate Commerce Commission.

Also participating in the offering are—R. W. Pressprich & Co.; L. F. Rothschild & Co.; Baxter, Williams & Co.; Freeman & Co.; Ira Haupt & Co.; Hayden, Miller & Co.; Wm. E. Pollock & Co., Inc.; First of Michigan Corp.; Mullaney, Wells & Co.

With Straus, Blosser

(Special to The Financial Chronicle)

DETROIT, Mich. — Walter M. Novikoff is with Straus, Blosser & McDowell, Bankers Equitable Building.

Inv. Securities Adds

(Special to The Financial Chronicle)

JACKSON, Mich. — Robert F. Wochholz is now associated with Investment Securities Company, National Bank Building.

With Waddell & Reed

(Special to The Financial Chronicle)

TRAVERSE CITY, Mich.—Arno E. Zobel and Edgar R. Zobel are now associated with Waddell & P ed, Inc.

E. F. Hutton Adds

(Special to The Financial Chronicle)

LOS ANGELES, Calif. — Louis G. de Ladomersky has joined the staff of E. F. Hutton & Company, 623 South Spring Street.


Chemical Fund
Inc.
58TH CONSECUTIVE QUARTERLY DIVIDEND
The Directors of Chemical Fund, Inc., today declared a dividend of 18¢ per share from net investment income, payable on December 26, 1952, to shareholders of record December 15, 1952.
DANIEL BREITBART, Secretary
December 10, 1952

CIC
COMMONWEALTH INVESTMENT COMPANY
ESTABLISHED 1932
80TH CONSECUTIVE QUARTERLY DISTRIBUTION
10½¢ a share from investment income and 9½¢ a share from capital gains has been declared, payable December 22, 1952, to shareholders of record December 4, 1952.

WELLINGTON WF FUND
ESTABLISHED 1928
A BALANCED MUTUAL INVESTMENT FUND
prospectus from your investment dealer or PHILADELPHIA 3, PA.

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As We See It

American people "have tentatively agreed to take another look at private enterprise, to see whether the things we have been telling them are correct. They are not going to trust themselves very far from the shores of government paternalism until they see what private enterprise can do.

"Will there be another depression? Is my job safe? Will my standard of living continue to rise? If I decide not to look to the government for help, will private enterprise deliver the goods?

"We must prove that our free economy can solve these problems for the people, that it can produce jobs and prosperity and raise the standard of living. We must have a sense of social responsibility to see that our economic machine is operated for the benefit not only of our stockholders but also of our customers and employees and the whole people."

Other Comments

In a broadly similar analysis of the situation, Earl Bunting, Managing Director of the National Association of Manufacturers, warned that "if we disregard these opportunities for public service, we will remain headed toward a purely socialistic state leading to oblivion for free enterprise." But Mr. Bunting is optimistic. He is certain that "industry can well lead the way in health, safety, good neighbor practices, resistance to monopoly in any form, and provision of opportunities for people to build security for people by people."

There were other contributions, sometimes by very practical executives who have evidently been thinking about these things on their own. Thus Howard M. Dirks, Vice-President of the Carrier Corporation, says: "Let's hope none of us thinks we can now return to some of the autocratic or paternalistic methods of dealing with employees practiced in the past. We have learned a lot about good employer-employee relations in recent years, and we dare not step backward. We must continue to move forward." Then there was John R. Suman, Vice-President of the Standard Oil Company (New Jersey), who observes that "our new objective (in foreign relations) must be 'Trade, not Aid.' As we stop giving and start buying more from our friends abroad, we will be helping them along the road to economic recovery. We can do that most effectively by reducing our own trade restrictions. Thus to make world trade flow in freer channels, we ought to start by examining and altering the trading policies of the United States."

Hard Sense

Now, obviously there is a thread of good hard sense running through most of this. Willingness not only to suffer competition to exist but to encourage it and then insist upon it—as has not always been true in the manufacturing world — is a most worthy goal not only for manufacturers, but for all business at this time. For manufacturers as a group to take the initiative in removing barriers to freer trade between this country and the remainder of the world would not only be a break with the past but would signal a fresh and constructive attitude in this highly important area of business. Labor unionism, whether we like it or not, is without question here to stay. Neither is there any practical likelihood that it can be reduced to anything approaching a state of "innocuous desuetude" by any manner of scheming or indirection. The state of public thinking about employer-employee relations is such that a return to many of the practices of the past simply is out of the question, practically speaking. Recognition of this fact is hardly more or less than hard realism on the part of business. And so it is with a number of other questions which came in for a good deal of discussion among the manufacturers last week.

But there is, or ought to be, reason in all things. Any man would be foolish in the extreme to suppose that all the changes, or anywhere near all of them, that have occurred during the past decade or two are good or worthy of perpetuation. It may be that business must not expect to revert to some of the labor practices of a half century ago, but it is certain that it cannot reasonably be expected to submit forever (if it can help it) to some of the practices which have been rammed down its throat during the New Deal and the Fair Deal. It may be true, we are afraid it is true, that as a practical matter business cannot escape in the degree which used to be the case burdens allegedly growing out of its "social responsibilities," but it is scarcely reasonable to expect it willingly to continue to carry all this sort of thing to the extremes which have been forced upon it in recent years.

Enlightened Self-Interest

Of course, the self-interest of the businessman must be enlightened. Without question at times "enlightenment" includes recognition of the existence of a state of public opinion even when it is not soundly based upon fact or logic. The businessman no more than any of the rest of us—indeed much less than many of the rest of us—can afford to fly in the face of public opinion even though the latter be but another name for public prejudice which owes its origin to rabble rousers. At the same time, it is equally clear that he need not be an abject slave of the whims of *vox populi,* or that he must not join hands with the intelligent elements of the public to change the course of fallacious thinking.

Most important of all, perhaps, at this moment, business must not delude itself that it knows how to prevent depressions. Equally important is it that it not give the public the impression that it either knows or thinks it knows how to do any such thing. This, as well as the other worthy objectives now being laid out for business will best be attained, so far as they can be attained, by attending assiduously to business and avoiding excesses.

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Revamp Our Foreign Policy That Is Leading to World War

which is so capable of rapidly mounting the means to retaliate and to destroy.

Industry has thus become the leavening influence in a world where war and the threat and fear of war would otherwise completely distort the mind of men and violently react upon the peaceful progress of the human race.

In the mighty and almost limitless potential of American industry — the brilliance and rugged determination of its leaders; the skill, energy and patriotism of its workers—there has been welded an almost impregnable defense against the evil designs of any who would threaten the security of the American continent. It is indeed the most forceful and convincing argument yet evolved to restrain the irresponsibility of those who would recklessly bring down upon the good and peace-loving peoples of all of the nations of the earth the disaster of total war.

I say the peace-loving peoples of all of the nations, for the masses behind the Iron Curtain just as do the masses of the free world long for real peace. It is political leaders who fail this great concept—whose talents have as yet been unable to solve the mechanics of a true solution. Indeed, until their spiritual and moral and literate statute has achieved the proportions which permit the unequivocal recognition of the futility of war as an arbiter of international discord, our industry will continue to be the best deterrent.

Its mighty potential, which not only imposes an almost impassable barrier before the tides of modern war, but also insures a continuity of human progress, must be preserved in full readiness. It must be left unimpaired as a dynamic promise to foster good and an inherent threat to repel evil.

Must Preserve American Industry

But to preserve it, we must understand it. We must understand that it comprises not only a power in being, but a reserve power capable of being quickly mounted to meet and overcome any eventuality. We must understand that it represents a condition of readiness born of American enterprise and vision, nurtured upon American energy and incentive and finding its ultimate strength in American will and determination.

It is the product of the capitalistic system. This system embraces every segment of our American society—the owners of industry, the workers in industry and the public served by industry. It has been well said in describing it:

"This is America's Age of Triumph. The brain of man is abstracting from the Universe its fundamental secrets. There are no limits any more to production. Historic deficits are transmuted into future surpluses. So fast is progress that today's wonder is tomorrow's obsolescence. More and more! Better and better!

"These things are the achievements of free men. Freedom is not merely the right to worship God in one's own way, or to speak one's mind in public places, or to move about unmanacled. It is also, most importantly, the right to create, the right to work and the right to possess the fruits of that labor. Economic freedom is the basis of all other freedoms.

"It is this fundamental liberty that is the driving soul of Americanism. Degrade or abolish it and nothing is left but the shadow of hope.

"It is the Age of Triumph—in everything except the art of government. In that area barriers to progress are repeatedly erected. For, the world over, the politicians are engaged in a titanic struggle to seize control of the economies. Whether it be in the masquerade of Communism or Fascism or Socialism, their purpose is the same—to wipe out a primary element of Freedom and usurp it for the State. They are the State. The threat is terrifying because it carries the certainty of disaster.

"It is imperative that we stand militantly for the most vital quality of Americanism — Economic Freedom."

Belabored by the Communists, their fellow travelers and the Socialists, the capitalistic system has even been tacitly repudiated by some capitalists themselves. Succumbing to propaganda, they have waivered in their loyalty to a theory and a practice which has both served them well and built this nation far beyond the wildest dreams of its architects. It has never failed to maximize the fruits of human energy and creative enterprise. It has never failed to provide the resource for an ever increasing standard for human life. It has never failed to provide the sinews for victory in war and has become now the one great hope in the struggle for peace.

Was there ever greater hypocrisy than that which flows from those who castigate private capitalism as an evil to be renounced by human society while avidly seeking to ensnare its benefits—those who regard American dollars as the panacea for all economic ills while denouncing and condemning the source of such wealth—those who seek American goods while scoffing at and deriding the very institutions by which those goods are produced?

The Encroachment on Capitalist System

The past 20 years have witnessed an incessant encroachment upon the capitalistic system through the direction of our own public policy. This has left our free economy badly bruised and sorely tried. The assault has taken various forms. For political expediency and even baser purposes, efforts have constantly been made by those in power or those seeking to be in power to provoke distrust and strife between industrial owners and industrial workers, between management and labor—to breech the community of propose and effort which so logically must exist between these two great segments of our industrial economy. The effect of this has been to produce a sense of unrest and antagonism where a firm and confident alliance built upon a mutuality of faith and understanding and a community of purpose will not only serve the interests of both, but further the well-being of the third great economic segment, the consuming public.

Another and yet more serious form of assault upon the capitalistic system has been the increasingly oppressive government levies upon both capital and profit. The principle underlying such levies has not been to equalize the burden of meeting the legitimate costs of government by a just and uniform assessment, but has followed instead a conspiratal design originally evolved by Karl Marx to first weaken and then destroy the capitalistic system. Thus, many of our tax laws amount in practical effect to a series of graduated penalties upon the efficiency and the thrift which produces profit and accumulates capital—penalties which strike at the very roots of the incentive to labor, to create and to cheerfully accept the risks and hazards of enterprise in the traditional American pioneering spirit.

Karl Marx shunned the use of violence and sought the voluntary acceptance of the principle of communal ownership of the sources and means of production. The innate common sense of the human race, however, rejected this principle and the element of force was injected by the Bolshevik after the close of the First World War. Then was combined the theory of Karl Marx with the principle of Nihilism under which the control of public policy was sought through terrorism and assassination. This combination known as Communism was far more successful. The minority in many sectors of the globe was able to establish its rule over the majority. Only where the concept of human liberty was most deeply rooted and greatly advanced were such minority pressures decisively thrown back.

Such was the case in this nation where our economy, built upon the principle of private capitalism, became recognized as the great barrier to the universal enforcement of the theories of modern Communism. There followed repeated and diversified efforts to reduce and destroy it. Resort was had to the control of private profit by the Marxism-inspired device of confiscatory taxation and the absorption of private wealth by inheritance, gift and other direct levies upon privately accumulated resources. Most officials of our government over the past years

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will deny, and justifiably, any intent to establish in this nation the basis for the emergence of a Socialistic or even eventually a Communistic state, but the course of fiscal policy has done just that.

Government's Course Should Be Sharply Reoriented

The fact is unmistakable and clear that if the capitalistic system—free enterprise—is to be preserved to the future generations of our people, the course of government must now be sharply reoriented and America's industrial leadership must assume an invincible and uncompromising defense of that system. Only thereby may there be fostered and preserved adequate incentive to encourage the thrift, the industry and the adventure which brought our nation to its present preeminence among all of the other nations of the earth and which alone can carry it forward in peace and security and progress.

In accordance with our constitutional precepts, we are now about to send a new Administration to Washington to assume the reins of government. It is an Administration chosen by the American people in reliance upon the pledge that in domestic affairs it will root out corruption, waste, incompetence and subversion in the public administration; that it will sharply reduce the costs of government and lighten the existing burdens of taxation; that it will abolish unnecessary control by government upon business and otherwise curb unjustifiable interference by government in private affairs; that it will stem the spiral of inflation and through sound fiscal policy gradually restore the lost purchasing value of the dollar; and that it will stop the advance of socialism in this country and re-establish measures designed to encourage the development of our traditional free enterprise economy.

This pledge accepted by mandate of the electorate is deserving of the full faith of America's industrial leadership. For under our system of government and in the American tradition, it becomes our duty as citizens to rally in firm support of the new Administration and give it every chance and assistance within individual and collective power to fulfill its pledge and restore to the country a prosperity based upon sound rather than illusory considerations.

We must not fear the return to this land of normalcy merely because of the possible temporary dislocation of our economy now so largely resting upon the production in massive quantities of the sinews of war. We must not fear to end the reckless and exhausting extravagance of government merely because it may force upon us an increase of frugality. Better if need be we increase our own thrift than leave our children and children's children a heritage of want and despair.

All of these reforms cannot be accomplished overnight. It will take time to avoid a precipitate cure which might prove even more exhausting than the disease itself. But it is the responsibility of America's industrial leadership in the exercise of its great power and influence, not only to support the new Administration in its efforts to eradicate existing economic evils, but to see to it that the Administration does proceed with reasonable diligence to the task with which under our electoral process it has been charged and entrusted. This is a responsibility America's industrial leadership cannot abdicate and cannot avoid.

There is involved not alone a sharp revision of domestic policy, but of equal importance, the reorientation of foreign policy to conform to realism and the unmistakable lessons of history. We must recognize that the very survival of freedom, as the concept best ensuring the continuity of human progress, is now largely dependent upon a strong and vibrant American industrial economy, soundly rooted in a free and competitive system of private capitalism. We must by exemplification encourage other nations and peoples to build soundly for their own security and economic progress, and scrupulously avoid the underwriting at our own jeopardy of any ill-considered experiments with economic theories already tested and found wanting in the crucible of experience.

Must Not Sacrifice Our Resources in Foreign Aid

While helping to the extent reasonably possible, we must not assume purely from altruism the risks and burdens which rightfully belong to others. We must abolish the idea that world leadership and universal respect may be purchased for a price. We must not hypothecate beyond redemption our own liberties in the illusory belief that the pledge of our resources will alone suffice to secure the liberties of others. They must help themselves even as we help them.

We have only recently witnessed sharp debates on the question of isolationism. Few are so foolhardy as to wish to isolate this nation from the community of nations drawn close by the advance of modern communications. But all, even the most advanced internationalists, wish in varying degrees to circumscribe the nature of our relations and commitments abroad. All see the danger to our national integrity from yielding too much of our sovereign individualism. Few realize, however, that the effect of our foreign policy over the past years has been to establish the very basis for isolation whether we choose it or not. For we have not only lost many former friends abroad, but weakened many friendships which we still retain in varying degree.

This could have been avoided had our leaders but recognized the simple truism that a nation is but the collective expression of the individuals which comprise it, with all of the emotions which rule the individual mind. As a consequence, one finds in the experience drawn from the relationship between individuals a generally accurate guide as to the reactions to be expected in relationships between nations.

This should have taught us that nations are just as sensitive as are individuals; that nations recoil against arbitrary dictation by others just as do individuals; that nations lose their self-respect just as do individuals if the burdens they should bear themselves are borne by others; and that a nation's loss of self-respect more often than not is translated into antagonism against its benefactor just as is that of the individual.

This, coupled with the loss of faith abroad due to the weakness and vacillation of our foreign policy, is forcing us into isolation just as surely as though we deliberately set out to sever our foreign contacts. It bespeaks the utter lack of realism underlying the approach to our foreign affairs and gives clear warning that we must get back to the fundamentals of history's teachings if we would preserve a position of leadership and respect among the other nations of the world.

In Korea, the principle of collective security is now on trial. If it fails there—and thus far it shows few signs of succeeding—it will fail everywhere and its failure will become one of the great contributing causes for nations to withdraw again towards isolation. For one is the very opposite of the other. This seems to be little recognized, for it is not the least of the strange anachronisms of these strange times that those who advocate most strongly the principle of collective security in the protection of Western Europe are either lukewarm or actually opposed to the successful application of the same principle in the protection of Korea and the Far East.

There Is a Solution to Korean Conflict

Indeed, if we would frankly face and review our own weaknesses we need go no further than the great tragedy of Korea. While it is well known that my own views have not been sought in any way, yet I am confident there is a clear and definite solution to the Korean conflict. There has been a material change in conditions from those of 20 months ago when I left the scene of action, and the solution then available and capable of success is not now entirely applicable.

A present solution involves basic decisions which I recognize as improper for public disclosure or discussion, but which in my opinion can be executed without either an unduly heavy price in friendly casualties or any increased danger of provoking universal conflict.

"Our Present Course Leading to World War"

On the other hand, our present course, with the mounting hatreds which it inspires, is inevitably leading toward a world war. No greater fallacy exists than by those who for varying reasons tell you otherwise.

Our respected President-elect has announced his intention to go there in search for an honorable end to so tragic a slaughter, and all Americans join in prayer that he may safely pass through the hazards involved and accomplish his self-appointed task with vision and wisdom. For until a solution is forthcoming, hundreds of thousands of the flower of American youth must continue their fight to hold barren wastes of unfriendly soil, with only an occasional uneasy rest before re-entering the valley of the shadow of death.

So it has been these endless weeks and months which have now grown into years since Red China initiated war against us in Korea, and the indecision of our leaders committed us to the terrible blood tribute exacted by this type of stalemated attrition. Never before has this nation been engaged in mortal combat with a hostile power without military objective, without policy other than restrictions governing operations, or indeed without even formally recognizing a state of war. Wherever and whenever Americans foregather, this issue should be foremost in their deliberations and the question must be asked and repeated time and time again of those in authority and responsibility: "What do you intend to do about Korea?" How else can we keep faith with those we ask to die in that distant land?

Today we stand on the threshold of a new life. What vast panoramas will open before us none can say. They are there, just beyond the horizon, just over there, and they are of a magnificence and a diversity far beyond the comprehension of anyone here today. Our progress up to now has been in direct ratio to the degree of human freedom afforded us. Our rate of progress in the future will be determined in identical fashion. With freedom assured, there can be no limit to the progress we can make. The new world that lies before us has no boundaries. It has no lost horizons. Its limits are as broad as the spirit and the imagination of man.

I have an abiding faith in the future of this nation—a faith grounded in the invincible character of the American people. It has never failed to triumph in our hours of national adversity and peril; and, as it has in the past, it will again restore to our land the serenity of hope without fear. To such end, I am happy indeed to be among so distinguished a company as this, charged in the service of our beloved country with so primary a responsibility for the course of our destiny as a free, happy and prosperous people.

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An Economic Policy For a Free World

time being, I should say that the large corporations such as the oil companies and steel companies of this country feel perfectly safe in Venezuela.

How is it with Brazil? Brazil has laws which under existing conditions make it very difficult to be able to send profits outside the country. If sums were to be invested in Brazil comparable to those invested in Venezuela, I am certain the investors would not be satisfied to receive their profits in Brazilian currency deposited in Brazilian banks. After all, the average American stockholder is not benefited by receiving his dividends in the form of a credit established for him in a Brazilian bank. This sort of situation prevails in a good many parts of the world, and there is even worse, as you know.

Foreign Investment Confiscation

In consequence of the rising spirit of nationalism, investments have in many instances been nationalized, which is simply another word for confiscation, and the foreign owners have not been adequately, if at all, compensated for their losses. I refer to what took place in Mexico not so many years ago and, much more recently, in Iran. The fear prevails that similar methods may be followed in other countries. What can we do about that? I venture to suggest that if we followed, as far as feasible, the policy of the British during the period of their hegemony in the nineteenth century it might in the long run be easier for us to help some of the undeveloped and backward countries. The British in their heyday were quite ready to protect the investments made by their citizens in foreign lands. They supposedly did not undertake to protect them against ordinary business risks, but perhaps did not always draw the line very sharply. They certainly were ready to step in to prevent confiscation of the property of their nationals. On the other hand, we have followed an extremely vacillating policy.

President Wilson as good as announced that American capitalists abroad need not look to this government for any protection. To a great extent this policy was also followed by President Franklin D. Roosevelt. I am not now arguing that our people have always acted in foreign countries as we should like to have them. There is no question that there have been times when native officials have been bribed to make concessions to foreign investors on terms much too favorable to the latter. On the other hand, I should not think there would be very much enthisiasm aroused by urging people to put their money into risky enterprises abroad when it is perfectly well known that we are just as likely as not in the future to have administrations following a course somewhat like that of Presidents Wilson and Roosevelt. You cannot have it both ways.

Concrete Proposals

Now, what concrete proposals can be made? In stating some, I wish to say that they are not in the least original. As far as I am concerned, there is nothing original about them. One of the difficulties, it seems to me, in all these discussions about foreign affairs—whether they be in respect to military arrangements, cultural arrangements, or economic arrangements—is that we start off with too grandiose plans. Take for instance the League of Nations and United Nations. Why did the former fail and why is the latter, let me venture to assert, not very successful? Isn't it that more has been bitten off than can be chewed? Take our Constitution as a contrast. It is a very different document in actual fact today from what it was when the Founding Fathers adopted it. It has taken 165 years to give the Federal government the huge power which it now wields, and some of us think that too much power has been granted to it. But be that as it may, progress was made rather slowly. Even in my boyhood days—that is, within the period of one life—the average citizen had almost no contact with the Federal government.

On the other hand, the League of Nations and the United Nations have sprung like Pallas Athena full grown from the head of Zeus. I believe both institutions would have been much more satisfactory if originally little more had been attempted than bringing together those international agencies already in existence, such as the Postal Union, the Health Office, the International Labor Office—which last to be sure did not exist prior to the League of Nations—and other similar organizations. If they had all been located in one place and an opportunity thereby had been furnished for the statesmen of the world to meet together to discuss simple problems, there might have developed out of this gradually more and more international cooperation.

It seems to me that something like this might be done in the economic field. The European Payments Union seems to be a good start. It furnishes for European countries a place where a good many international currency problems can be solved. Countries do not feel that their sovereignty is invaded by the actions of the European Payments Union any more than they feel that to be so in the case of the International Bank for Reconstruction and Development or, in earlier days, the Bank for International Settlements. Even countries behind the Iron Curtain—such as Poland and Czechoslovakia — have accepted membership in the International Bank for Reconstruction and Development, and the Soviets themselves, while not members, took a very active part in the establishment of both the International Bank and the International Fund. The problems considered are practical, everyday ones, in which divisions are not so likely to be of an ideological nature. It is not a question of Communists on one side of the fence and those of the Free World on the other.

When you start by trying to settle fundamental political problems, without any prior experience and testing, you run into difficulties. So I rather believe that what should be done is to support organizations similar to the European Payments Union and the International Bank. You might begin, as has been suggested by others, with separate groupings and not try to make them worldwide. As you start groups in various regions—let us say a group in Europe, another in Asia, another in Africa, etc.—it may be that gradually these groups can cooperate, and in time you may develop a real international organization. It requires patience, but I do not think you can expect suddenly to change the world. If too much is ventured at the outset, and the scheme collapses, you make it just that much more difficult to attain the goals we all desire. Every failure makes

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An Economic Policy For a Free World

nations more hesitant to support any new venture.

I recognize that this is not the kind of picture some kindly souls would paint. I am always surprised by the enthusiasm of some in supporting such schemes as "Union Now," "World Federation," and what have you. Do they really think that by getting together and whooping it up, the Soviets will suddenly change and give up all their present policies? Do the people of Russia even know of these various ideas? I suppose there are some who do. But are they of any consequence in the vast, seething population of the Soviets and their satellites? Do you suppose that the Chinese coolie fighting in Korea has the faintest notion of such plans? I recognize that there is no need waiting until everyone in the world is won over, and that if you can convince a sufficient number of the leaders in the various countries you may get somewhere. But what makes anyone think you can convince the leaders? I suppose I am just a Doubting Thomas; but I do wish to drive home this—namely, that well-meaning people often do great harm by trying to force through a perfectly good plan at the wrong time in the wrong place. This is a hard world and, if you look over the long period of history, it has taken often decades and in most instances centuries for progressive ideas to prevail. The pendulum swings backward and forward. The old proverb—make haste slowly—is the one to which we had better adhere.

William T. Robbins With Saunders, Stiver

(Special to The Financial Chronicle)

CLEVELAND, Ohio — William T. Robbins and Edward R. Rupple have become associated with Saunders, Stiver & Co., Terminal Tower Bldg., members of the Midwest Stock Exchange. Mr. Robbins was formerly with Ball, Burge & Kraus and prior thereto conducted his own investment business in Cleveland. Mr. Rupple was with Prescott & Co.

Joins Kaiser & Co.

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif.—Raymond J. Roberts, Jr. is now with Kaiser & Co., Russ Building, members of the San Francisco and Los Angeles Stock Exchanges.

With Salomon Bros.

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif.—Robert L. Parish is now associated with Salomon Bros. & Hutzler, Russ Building.

Waldron Adds to Staff

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif.—William R. Veith is connected with Waldron & Company, Russ Building.

With Atwill & Co.

(Special to The Financial Chronicle)

MIAMI BEACH, Fla.—Norman R. Kevers is now affiliated with Atwill and Company, 605 Lincoln Road.

With Goffe & Carkener

(Special to The Financial Chronicle)

CENTRAL CITY, Neb.—Earnest Phares is with Goffe & Carkener, Inc. of Kansas City, Mo.

H. Hentz Adds

(Special to The Financial Chronicle)

MIAMI BEACH, Fla.—Edward Levenson is with H. Hentz & Co., 414 71st Street.

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The State of Trade and Industry

year's outlay will reach $32,300,000,000, and the 1953 total will be even higher—about $33,500,000,000.

Steel Output Scheduled at 105.5% of Capacity

There is nothing on the horizon to indicate any substantial easing in demand pressure for the major steel products until well into the second quarter of 1953, states "Steel," the weekly magazine of metalworking.

Some steelmakers think it will be beyond midyear before loosening of supply is experienced. These, however, are the exceptions, the majority withholding their views beyond second quarter pending developments after Jan. 20 when the new Republican Administration takes over the reins of government, it declares.

Strong hope prevails that controls will be removed to large extent after the Eisenhower Administration takes over. Yet, such action can be reasonably expected only if world political conditions improve markedly, if enlargement of the Korean war is averted, and if further stretchout of the defense program can be safely effected. Continuance of controls until Jan. 20 is a virtual certainty, this trade magazine asserts.

Currently, steel is being consumed in almost as great volume as it is being produced. Consumer stocks are rising ever so slowly and, manufacturing needs seem to be gaining rather than diminishing. Defense needs have not yet attained peak. And virtually every civilian durable goods manufacturing line, with the possible exception of farm equipment, is pushing the mills aggressively for every possible pound of steel it can get now and in the near future, reports "Steel" magazine.

The American Iron and Steel Institute announced that the operating rate of steel companies having 93% of the steelmaking capacity for the entire industry will be at an average of 105.5% of capacity for the week beginning Dec. 8, 1952, equivalent to 2,191,000 tons of ingots and steel for castings. In the week starting Dec. 1, the rate was 105.0% (revised) of capacity and actual output totaled 2,180,000 tons. A month ago output stood at 106.6%, or 2,215,000 tons, while a year ago when the capacity was smaller the estimated output was 2,081,000 tons with the rate at 104.1%.

Electric Output Spurts Ahead to All-Time High Record

The amount of electric energy distributed by the electric light and power industry for the week ended Dec. 6, 1952, was estimated at 8,165,463,000 kwh., according to the Edison Electric Institute. This constituted a new all-time high record and compared with the previous high level of 7,971,149,000 kwh. attained on Nov. 22, 1952.

The current total was 464,287,000 kwh. above that of the preceding week when output amounted to 7,701,176,000 kwh. It was 721,499,000 kwh., or 9.7%, above the total output for the week ended Dec. 8, 1951, and 1,256,832,000 kwh. in excess of the output reported for the corresponding period two years ago.

Car Loadings Decline 17.4% in Holiday Week

Loadings of revenue freight for the week ended Nov. 29, 1952, which included the Thanksgiving Day holiday, totaled 670,167 cars, according to the Association of American Railroads, representing a decrease of 140,755 cars, or 17.4% below the preceding week, largely due to the holiday.

The week's total represented a decrease of 151,609 cars or 18.4% below the corresponding week a year ago, which did not include the holiday, and a decrease of 69,998 cars, or 9.5% below the corresponding week in 1950, which was also a non-holiday week.

United States Auto Output Advances 11% in Post-Holiday Week

Passenger car production in the United States last week rose about 11% from the level of the previous week, when there was one less workday because of Thanksgiving Day.

It aggregated 96,164 cars compared with 86,403 cars (revised) in the previous week. This was about 6% more than in the year ago week when 90,306 cars were built, according to "Ward's Automotive Reports."

Total output for the past week was made up of 96,164 cars and 32,792 trucks built in the United States, against 86,403 cars and 26,847 trucks the previous week and 90,306 cars and 22,159 trucks in the comparable period a year ago.

Canadian plants turned out 3,644 cars and 2,180 trucks against 3,256 cars and 3,275 trucks in the prior week and 2,807 cars and 1,660 trucks in the comparable 1951 week.

Business Failures Continue Lower Trend

Commercial and industrial failures dipped to 120 in the week ended Dec. 4 from 127 in the preceding week, according to Dun & Bradstreet, Inc. While casualties were down slightly from a year ago when 136 occurred, they were off considerably from the 1950 total of 170. Continuing far below the prewar level, failures were down 60% from the 297 recorded in the similar week of 1939.

Wholesale Food Price Index Touches New Low Since July 4, 1950, in Latest Week

A decline of one cent last week brought the Dun & Bradstreet wholesale food price index for Dec. 2 to $6.22, a new low since July 4, 1950, when it stool at $6.19. The current figure compares with $6.68 on the corresponding date a year ago, or a drop of 6.9%. It is still 4.4% above the pre-Korea level of $5.96 on June 20, 1950.

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

Wholesale Commodity Price Index Shows Mild Upturn In Latest Week

Although movements were irregular, strength in some leading commodities caused a mild upturn in the Dun & Bradstreet wholesale commodity price index last week. The index closed at 285.27 on Dec. 2, up from 283.90 a week ago, but well below the 311.23 on the corresponding date last year.

Leading grain markets closed the week with moderate net gains.

Despite the improved outlook for Winter wheat as the result of rain and snow over the past ten days, prices for the bread cereal strengthened, largely due to the apparent breakdown in Korean truce negotiations. Corn prices advanced, reflecting good demand for the cash article for both domestic and export account. Oats were in active demand and prices rose despite continued arrivals from Canada. Rye showed strength along with other grains, while barley prices were about unchanged. Average daily sales of grain and soybean futures totaled 59,200,000 bushels last week, against 51,500,000 the week previous, and 61,000,000 a year ago.

Domestic bookings of hard wheat bakery flours remained very limited, with bakers and jobbers displaying little interest despite a large potential demand due to generally small balances carried on mill books. The export flour market continued very quiet. Cocoa prices advanced sharply toward the close of the week, influenced by lower crop estimates for the 1952-53 season and increasing strength in the London market. Warehouse stocks of cocoa were lower, totaling 36,275 bags, against 37,987 a week earlier, and 122,442 bags a year ago. Trading in coffee was quite active with prices holding firm. Domestic raw sugar was slightly easier for the week. Lard was weak as hog prices in the early part of the week slumped to the lowest in more than two and a half years. Steers and lambs were strong and finished moderately higher for the week.

There were mixed trends in spot cotton prices last week with closing quotations up slightly from a week ago.

Early strength in the market reflected firmer outside markets and a more rapid movement of the staple into the government loan. Further support was attributed to a report that the armed services were in the market for a substantial quantity of ducks and oxford cloths. There was some easiness at times due to hedge-selling and liquidation influenced by continued slow export trade. Sales in the ten spot markets last week were reported at 243,500 bales, as compared with 314,000 the previous week, and 464,700 in the corresponding week a year ago. Entries of cotton into the government's 1952 loan during the week ended Nov. 21 increased to 94,500 bales, from 72,600 a week earlier, and 64,200 two weeks previous. For the current season through Nov. 21, loan entries totaled 333,300 bales, comparing with 790,000 bales to the same date last season. The volume of cotton ginned prior to mid-November was reported at 12,277,000 bales, the largest to that date since 1937.

Trade Volume Rises Under Impetus of Brisk Christmas Buying

Shoppers increased their spending noticeably in most parts of the nation in the period ended on Wednesday as Christmas shopping started at a brisk pace. Although the total retail trade was slightly less than a year ago due to the loss of a shopping day, it was estimated that daily volume was well above last year.

The Friday after Thanksgiving, usually considered a bell-wether of the entire shopping season, was marked by new records in sales volume in most sections.

The total dollar volume of retail trade in the period ended on Wednesday was estimated by Dun & Bradstreet, Inc., to be from 2 to 6% below the level of a year ago. Regional estimates varied from the year-ago levels by the following percentages: New England 0 to —4; East and Midwest —3 to —7; South and Southwest —2 to —6; Northwest —4 to —8; and Pacific Coast —1 to —5.

The buying of apparel rose considerably last week as many shoppers began to work their way down their gift lists. Traditionally popular items such as haberdashery, accessories and lingerie rose seasonally. The arrival of Winter weather stirred the interest in outerwear in many parts. Leather goods were more in demand than a year before.

The purchasing of food on the retail level declined slightly from the all-time high reached during the prior week but continued to be close to the level of a year earlier.

The interest in household goods remained more avid than in the similar 1951 week. Giftware, small appliances, silverware and phonograph records were increasingly popular. Television sets were in higher favor than a year before with substantial rises reported in cities with new stations such as Portland, Ore., which has the nation's first operating UHF station.

Although trading time was reduced by the holiday in the week ended this Wednesday, the total dollar volume of wholesale orders did not vary appreciably from the near-record level of the prior week.

As during the past few months, total orders continued to outnumber those of a year earlier.

Merchants were much less reluctant to augment their inventories than they were a year ago; their earlier expectations of a new record in Christmas shopping appeared to be justified. The purchasing of Spring merchandise was noticeably earlier than in the last few years. Recent delivery snags due to delayed ordering spurred buyers to anticipate their needs.

Department store sales on a country-wide basis, as taken from the Federal Reserve Board's index for the week ended Nov. 29, 1952, decreased 14%* from the level of the preceding week. In the previous week an increase of 9% was reported from that of the similar week of 1951. For the four weeks ended Nov. 29, 1952, sales declined 4%. For the period Jan. 1 to Nov. 29, 1952, department store sales registered a drop of 1% below the like period of the preceding year.

Retail trade in New York last week was stimulated by Christmas buying, but unseasonably warm weather served to check in some degree the expansion in dollar volume. As a consequence, the week's sales were about even with those of one year ago.

According to the Federal Reserve Board's index, department store sales in New York City for the weekly period ended Nov. 29, 1952, decreased 24%* below the like period of last year. In the preceding week an increase of 2% was reported from that of the similar week of 1951, while for the four weeks ended Nov. 29, 1952, a decrease of 11% was recorded. For the period Jan. 1 to Nov. 29, 1952, volume declined 9% under the like period of the preceding year.

*In using year ago comparisons for the weeks ending Nov. 22 and Nov. 29, allowance should be made for the fact that in observance of the Thanksgiving holiday, store closings occurred in the week ending Nov. 24, 1951, whereas this year they occurred in the week ending Nov. 29.

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Indications of Current Business Activity

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

		Latest Week	Previous Week	Month Ago	Year Ago
AMERICAN IRON AND STEEL INSTITUTE:					
Indicated steel operations (percent of capacity)	Dec. 14	105.5	*105.0	106.6	104.1
Equivalent to—					
Steel ingots and castings (net tons)	Dec. 14	2,191,000	*2,180,000	2,215,000	2,081,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	Nov. 29	6,668,550	6,662,550	6,549,050	6,246,350
Crude runs to stills—daily average (bbls.)	Nov. 29	‡7,143,000	7,076,000	6,892,000	6,700,000
Gasoline output (bbls.)	Nov. 29	24,107,000	23,842,000	23,687,000	22,346,000
Kerosene output (bbls.)	Nov. 29	2,842,000	2,946,000	2,587,000	2,627,000
Distillate fuel oil output (bbls.)	Nov. 29	10,939,000	10,857,000	9,907,000	10,271,000
Residual fuel oil output (bbls.)	Nov. 29	8,942,000	8,885,000	8,525,000	9,180,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished and unfinished gasoline (bbls.) at	Nov. 29	126,833,000	123,885,000	120,563,000	122,893,000
Kerosene (bbls.) at	Nov. 29	32,190,000	32,036,000	33,760,000	32,545,000
Distillate fuel oil (bbls.) at	Nov. 29	117,990,000	117,834,000	120,267,000	102,722,000
Residual fuel oil (bbls.) at	Nov. 29	53,001,000	52,081,000	53,292,000	47,904,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	Nov. 29	670,167	810,922	862,012	821,776
Revenue freight received from connections (no. of cars)	Nov. 29	654,949	698,403	663,772	646,877
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	Dec. 4	$344,173,000	$203,025,000	$195,442,000	$324,110,000
Private construction	Dec. 4	220,700,000	129,149,000	120,681,000	240,813,000
Public construction	Dec. 4	123,473,000	73,876,000	74,761,000	83,297,000
State and municipal	Dec. 4	78,856,000	40,426,000	57,272,000	54,044,000
Federal	Dec. 4	44,617,000	33,450,000	17,489,000	29,253,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	Nov. 29	9,000,000	10,425,000	9,220,000	12,189,000
Pennsylvania anthracite (tons)	Nov. 29	653,000	809,000	849,000	1,076,000
Beehive coke (tons)	Nov. 29	82,400	*95,300	65,300	148,100
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	Nov. 29	138	134	115	161
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	Dec. 6	8,165,463	7,701,176	7,806,795	7,443,964
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	Dec. 4	120	127	143	136
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	Dec. 2	4.376c	4.376c	4.376c	4.131c
Pig iron (per gross ton)	Dec. 2	$55.26	$55.26	$55.26	$52.72
Scrap steel (per gross ton)	Dec. 2	$42.00	$42.00	$42.00	$42.00
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	Dec. 3	24.200c	24.200c	24.200c	24.200c
Export refinery at	Dec. 3	34.725c	34.950c	34.675c	27.425c
Straits tin (New York) at	Dec. 3	121.375c	121.500c	121.125c	103.000c
Lead (New York) at	Dec. 3	14.000c	14.000c	13.625c	19.000c
Lead (St. Louis) at	Dec. 3	13.800c	13.800c	13.425c	18.800c
Zinc (East St. Louis) at	Dec. 3	12.500c	12.500c	12.500c	19.500c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	Dec. 9	96.88	96.82	97.47	97.69
Average corporate	Dec. 9	109.79	109.79	109.06	108.70
Aaa	Dec. 9	113.70	113.89	113.12	113.31
Aa	Dec. 9	112.37	112.37	111.81	112.19
A	Dec. 9	109.24	109.06	108.52	107.44
Baa	Dec. 9	103.97	103.97	103.47	102.46
Railroad Group	Dec. 9	107.09	106.92	106.21	104.48
Public Utilities Group	Dec. 9	109.60	109.79	109.24	108.52
Industrials Group	Dec. 9	112.37	112.37	112.00	113.31
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	Dec. 9	2.72	2.72	2.68	2.70
Average corporate	Dec. 9	3.18	3.18	3.22	3.24
Aaa	Dec. 9	2.97	2.96	3.00	2.99
Aa	Dec. 9	3.04	3.04	3.07	3.05
A	Dec. 9	3.21	3.22	3.25	3.31
Baa	Dec. 9	3.51	3.51	3.54	3.60
Railroad Group	Dec. 9	3.33	3.34	3.38	3.48
Public Utilities Group	Dec. 9	3.19	3.18	3.21	3.25
Industrials Group	Dec. 9	3.04	3.04	3.06	2.99
MOODY'S COMMODITY INDEX	Dec. 9	404.7	407.8	410.5	463.9
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	Nov. 29	188,958	205,897	226,485	179,689
Production (tons)	Nov. 29	228,894	248,614	244,854	192,085
Percentage of activity	Nov. 29	91	98	97	80
Unfilled orders (tons) at end of period	Nov. 29	457,365	502,963	452,959	365,363
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE = 100	Dec. 5	109.20	109.24	109.86	114.82
STOCK TRANSACTIONS FOR ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON N. Y. STOCK EXCHANGE — SECURITIES EXCHANGE COMMISSION:					
Odd-lot sales by dealers (customers' purchases)—					
Number of orders	Nov. 22	31,082	22,637	25,139	22,305
Number of shares	Nov. 22	923,384	648,337	694,152	618,109
Dollar value	Nov. 22	$40,314,408	$28,623,489	$30,480,614	$27,462,391
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	Nov. 22	29,894	19,383	20,797	16,917
Customers' short sales	Nov. 22	146	119	124	199
Customers' other sales	Nov. 22	29,748	19,264	20,673	16,718
Number of shares—Total sales	Nov. 22	858,850	543,012	594,255	468,73[illegible]
Customers' short sales	Nov. 22	4,843	3,949	4,281	6,429
Customers' other sales	Nov. 22	854,007	539,063	589,974	462,304
Dollar value	Nov. 22	$34,239,581	$22,128,328	$23,838,174	$19,954,455
Round-lot sales by dealers—					
Number of shares—Total sales	Nov. 22	271,220	144,590	170,310	126,020
Short sales	Nov. 22	------	------	------	------
Other sales	Nov. 22	271,220	144,590	170,310	126,020
Round-lot purchases by dealers—					
Number of shares	Nov. 22	353,980	271,040	279,150	251,720
TOTAL ROUND-LOT STOCK SALES ON THE NEW YORK EXCHANGE AND ROUND-LOT STOCK TRANSACTIONS FOR ACCOUNT OF MEMBERS (SHARES):					
Total Round-lot sales—					
Short sales	Nov. 15	221,630	404,060	205,290	236,540
Other sales	Nov. 15	5,996,720	6,643,500	6,048,480	5,331,990
Total sales	Nov. 15	6,218,350	7,047,560	6,253,770	5,568,530
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS:					
Transactions of specialists in stocks in which registered—					
Total purchases	Nov. 15	636,510	826,350	625,210	616,870
Short sales	Nov. 15	118,600	225,980	116,940	122,310
Other sales	Nov. 15	500,980	652,980	543,620	439,570
Total sales	Nov. 15	619,580	878,960	660,560	561,880
Other transactions initiated on the floor—					
Total purchases	Nov. 15	135,480	153,970	116,000	160,040
Short sales	Nov. 15	7,100	36,400	8,100	11,600
Other sales	Nov. 15	132,500	160,350	156,400	122,310
Total sales	Nov. 15	139,600	196,750	164,500	133,910
Other transactions initiated off the floor—					
Total purchases	Nov. 15	284,840	260,747	223,700	206,199
Short sales	Nov. 15	40,350	45,050	22,330	39,140
Other sales	Nov. 15	263,995	285,075	325,780	240,520
Total sales	Nov. 15	304,345	330,125	348,110	279,660
Total round-lot transactions for account of members—					
Total purchases	Nov. 15	1,076,830	1,241,067	964,910	983,109
Short sales	Nov. 15	166,050	307,430	147,370	173,050
Other sales	Nov. 15	897,475	1,098,405	1,025,800	802,400
Total sales	Nov. 15	1,063,525	1,405,835	1,173,170	975,450
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100):					
Commodity Group—					
All commodities	Dec. 2	110.2	*110.0	110.0	------
Farm products	Dec. 2	102.6	101.7	104.7	------
Processed foods	Dec. 2	104.3	*104.5	105.5	------
Meats	Dec. 2	96.2	*96.2	99.2	------
All commodities other than farm and foods	Dec. 2	113.0	113.0	112.1	------

*Revised figure. ‡Includes 605,000 barrels of foreign crude runs.

	Latest Month	Previous Month	Year Ago
ALUMINUM (BUREAU OF MINES):			
Production of primary aluminum in the U. S. (in short tons)—Month of September	76,882	85,175	69,429
Stocks of aluminum (short tons) end of Sept.	12,438	19,842	14,327
AMERICAN GAS ASSOCIATION—For month of September:			
Total gas (M therms)	3,464,037	3,316,416	3,147,700
Natural gas sales (M therms)	3,282,775	3,152,189	2,945,500
Manufactured gas sales (M therms)	62,451	58,184	94,100
Mixed gas sales (M therms)	118,811	106,043	108,100
AMERICAN PETROLEUM INSTITUTE—Month of August:			
Total domestic production (barrels of 42 gallons each)	211,057,000	206,537,000	210,178,000
Domestic crude oil output (barrels)	192,798,000	188,868,000	193,201,000
Natural gasoline output (barrels)	18,232,000	17,628,000	16,969,000
Benzol output (barrels)	27,000	41,000	8,000
Crude oil imports (barrels)	19,596,000	18,519,000	16,404,000
Refined products imports (barrels)	7,639,000	9,122,000	7,783,000
Indicated consumption domestic and export (barrels)	223,804,000	219,145,000	224,148,000
Increase all stock (barrels)	14,488,000	15,033,000	10,217,000
AMERICAN ZINC INSTITUTE, INC.—Month of October:			
Slab zinc smelter output, all grades (tons of 2,000 pounds)	80,588	76,019	79,432
Shipments (tons of 2,000 pounds)	84,548	78,129	73,583
Stocks at end of period (tons)	90,581	94,541	23,084
Unfilled orders at end of period (tons)	37,533	42,791	66,293
COAL OUTPUT (BUREAU OF MINES)—Month of October:			
Bituminous coal and lignite (net tons)	32,480,000	46,870,000	*51,797,000
Pennsylvania anthracite (net tons)	4,113,000	*3,705,000	4,675,000
Beehive coke (net tons)	319,400	*396,400	632,900
CONSUMER CREDIT OUTSTANDING—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM — Estimated short-term Credit in millions as of Oct. 30:			
Total consumer credit	$22,311	$21,661	$19,585
Instalment credit	15,595	15,196	13,196
Sale credit	8,669	8,339	7,355
Automobile	4,892	4,708	4,134
Other	3,777	3,631	3,221
Loan credit	6,926	6,857	5,841
Noninstalment credit	6,716	6,465	6,389
Charge accounts	4,071	3,848	3,868
Single payment loans	1,494	1,470	1,413
Service credit	1,151	1,147	1,108
CONSUMER PRICE INDEX FOR MODERATE INCOME FAMILIES IN LARGE CITIES—1935-39=100—Adjusted as of Oct. 15:			
All items	190.9	190.8	187.4
All foods	232.4	233.2	229.2
Cereals and bakery products	194.3	194.1	189.4
Meats	274.1	278.5	281.0
Dairy products	216.1	216.7	207.9
Eggs	230.6	221.4	243.4
Fruits and vegetables	227.3	227.6	210.8
Beverages	346.3	346.6	345.8
Fats and oils	140.7	141.1	160.6
Sugar and sweets	190.7	190.4	187.0
Clothing	202.1	202.3	208.9
Rent	143.0	142.4	138.2
Fuel, electricity and refrigerators	148.4	147.6	144.6
Gas and electricity	99.0	99.0	97.4
Other fuels	212.8	210.1	205.8
Ice	166.3	165.8	156.3
Housefurnishings	204.6	205.0	210.4
Miscellaneous	174.4	173.8	166.6
COTTON AND LINTERS — DEPT. OF COMMERCE — RUNNING BALES:			
Lint—Consumed month of September	736,248	744,383	721,248
In consuming establishments as of Sept. 27	949,000	814,000	994,000
In public storage as of Sept. 27	3,977,000	1,795,000	3,312,000
Linters—Consumed month of September	88,000	95,000	116,000
Stocks Sept. 27	577,000	528,000	274,000
Cotton spindles active as of Sept. 27	21,432,000	21,398,000	21,895,000
COTTON GINNING (DEPT. OF COMMERCE)			
Running bales to Dec. 1	13,419,943	------	12,804,430
COTTON PRODUCTION — U. S. DEPT. OF AGRICULTURE—Estimates as of Dec. 1:			
Production 500-lb. gross bales	15,038,000	14,905,000	15,144,000
COTTON SPINNING (DEPT. OF COMMERCE):			
Spinning spindles in place on Nov. 1	23,122,000	------	23,182,000
Spinning spindles active on Nov. 1	20,215,000	20,041,000	20,394,000
Active spindle hours (000's omitted) Nov.	11,525,000	9,134,000	10,721,000
Active spindle hours per spindle in place Nov.	498.6	------	460.3
INDUSTRIAL PRODUCTION BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM, 1935-39=100—Month of Oct.:			
Seasonally adjusted	227	*226	218
Unadjusted	231	*231	222
NEW YORK STOCK EXCHANGE—			
As of October 31 (000's omitted):			
Member firms carrying margin accounts—			
Total of customers' net debit balances	$1,315,863	$1,332,534	$1,290,774
Credit extended to customers	30,640	39,328	40,316
Cash on hand and in banks in U. S.	343,722	339,800	413,947
Total of customers' free credit balances	692,017	691,515	853,001
Market value of listed shares	112,151,693	112,633,085	106,439,230
Market value of listed bonds	100,349,123	99,712,148	97,511,473
Member borrowings on U. S. Govt. issues	106,402	67,713	61,634
Member borrowings on other collateral	912,280	945,366	675,235
RAILROAD EARNINGS—CLASS I ROADS (ASSOCIATION OF AMERICAN RRS.)—Month of October:			
Total operating revenues	$985,214,968	$942,139,287	$965,810,712
Total operating expenses	707,482,556	674,576,858	696,947,250
Operating ratio	71.81	71.60	72.16
Taxes	$139,823,853	$129,932,014	$124,998,764
Net railway operating income before charges	120,668,578	120,912,578	125,802,327
Net income after charges (estimated)	92,000,000	95,000,000	102,000,000
UNITED STATES GROSS DEBT DIRECT AND GUARANTEED—(000's omitted):			
As of Nov. 30	$267,482,827	$264,964,296	$259,646,943
General fund balance	7,635,969	6,175,061	4,624,091
Net debt	$259,846,858	$258,789,235	$255,022,852
Computed annual rate	2.345%	2.349%	2.307%
ZINC OXIDE (BUREAU OF MINES)—Month of September:			
Production (short tons)	14,633	*13,378	15,705
Shipments (short tons)	17,613	17,408	[illegible]
Stocks at end of month (short tons)	18,300	21,280	20,3[illegible]

*Revised figure.

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Tomorrow's Markets Walter Whyte Says—

By WALTER WHYTE

As this is being written the market is milling about. First it is the rails, then the motors, then the oils, etc. As one group steps out another steps back, and so the impression of an advancing market is continued.

* * *

In the past such wheel-within-wheel behavior was often the sign of internal weakness, characterized by a violent bubbling on top with little to substantiate it underneath. I'm well aware that the phrase "little to substantiate it underneath" doesn't apply too well today. I'm aware that new business orders are rising in many industries, hard as well as soft, and that the building boom is still in its ascendancy. In fact all the statistical data that I read almost daily can be construed as fuel for a continuation of a bull market, or in any case an advancing market.

* * *

Even the headlines in the financial sections of the daily papers are optimistic. Such heads as "Market Hits New Highs" or "Stock Prices Make New Highs" were plentiful last week.

* * *

Of course if you happen to be long of a stock which isn't making these new highs, in fact may be under not only 1952 highs but 1951 and further back, the headlines will be a poor substitute.

* * *

The sad fact is that for every stock which is at a new high there are about five others that are way under it. If you've taken the trouble to read an analysis issued last week by the New York Stock Exchange, you may have noticed a statement which pointed out a number of stocks which were selling considerably below the "postwar high and only moderately above the low for the same period."

* * *

The assumption, I suppose, is that these "behind-the-market" issues are attractive.

* * *

From where I sit there is little attractive about the current market and many of the stocks that make it up. As 1953 automobile models hit the showrooms there's a spurt in motor stock prices. As a "think piece" about oils appears in a widely read publication, there's a spurt in oil stock prices. The pattern is being repeated all throughout the market.

* * *

This doesn't rule out any further rise. In fact the familiar averages may go up again and give rise to more "New Highs" headlines. It seems to me, however, that the cream has been skimmed off the top and any new buying here presents more risks than is usually inherent in the buying or selling for potential profits.

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

Continued from first page

Bond Price Prospects

it might be well to note that of the approximately 40 such curves which have persisted since the turn of the century long enough to be charted, half of them have been higher at the short end than at the long.

Long-Term Trend of Interest Rates

Over the past 70 years there has been a broad, slow, secular trend toward lower interest rates, which has been interrupted from time to time but which has carried the rental value of riskless credit from approximately 6% in the '80s and the Gay '90s through 5% in the Pre- and Post World War I period to 4% in the Roaring '20s and this trend, if continued without interruption, would have brought the rental value of riskless credit to something just over 3% by 1950.

It is interesting to note that every time the trend has been interrupted it has been through the intervention of the commercial banks. In fact, it may be stated that every pronounced or protracted trend of interest rates has been brought about by the activities of these institutions rather than by the activities of the thrift institutions, as they are commonly designated, and of which the Mutual Savings Banks are a part. This applied with equal force to the cheap money of 1900, the money panic of 1907, the postwar liquidation in 1919, the collapse of the commodity credit pyramid in 1922, the security credit pyramid in 1929 to 1930 and the futile effort of the commercial banks to invest the gold which had been monetized into the banking system in 1934 and which produced the greatest bond price inflation of all time. This is the distortion from which we are now suffering some inescapable consequences, although there is no doubt that it helped us win World War II. However, cheap money at the bank means cheap money at the bakeshop and our present 50 cent dollar is also traceable to the bond price inflation of the middle and late '30s.

Present Outlook for Bond Prices

But the burning question at the moment is what constitutes the present outlook for bond prices. The remarks up to this point have been prefatory and for the purpose of establishing a framework of reference for the discussion which is to follow.

Just as the rate of new family formation is the primary determinant in home construction, rather than labor or material costs, so the appearance of the commercial banker in the bond market as a buyer or a seller is the principal determinant in current interest trends and the commercial banker is presently preoccupied with his primary purpose in life, which is to supply short-term self-liquidating credit to business. The loans in the commercial banks of the country aggregate about $62 billion, which is about equal to their total holdings of Governments and about 45% of their total earning assets. They have no present desire or intention to increase their security holdings. In fact, if loans continue to mount, they will be sellers of securities, on balance, rather than buyers and the reason for this is a reason entirely apart from any action the Federal Reserve might take with respect to reserve requirements.

The commercial banker is running a margin account. The margin in the account consists of his capital funds. The securities in the account are his earning assets. He does not need margin against cash. The money he owes his depositors is the same item as the money the speculator owes to the broker. Historically and until the outbreak of World War II, the ratio of capital funds to earning assets in the commercial banks of the country was about 1 to 6. In order to win the war and to escape the consequences of the worst of all possible evils—which would have been to lose it—the commercial bankers allowed this ratio to get down as low as 1 to 13. It is now about 1 to 11 and nothing short of a national emergency, such as another war, would possibly induce these bankers to let that margin position drop below today's level.

The next question at issue is whether the tremendous inflow of funds to the thrift institutions of the country, including the pension funds, will be so great that they will be forced to bid against each other in the open market for outstanding issues of bonds and thereby force the price up. This is a situation which almost never has occurred previously and which is highly improbable at present. Normally, the flow of funds to the thrift institutions is calculable. The demand for securities resulting from this increase has been met and more than met by new issues. There will be no dearth of new issues in 1953 unless all signs now visible should fail.

The insurance companies are likely to increase their investible funds by approximately $6 billion. The savings banks, which will increase their deposits by about $1½ billion this year, may duplicate that performance in 1953, or even exceed it. The corporate pension funds should increase their assets by about $1.2 billion. The State and Federal pension funds could grow by as much as $800 million and the aggregate demand from these sources should be substantially less than $10 billion. Time deposits in the commercial banks could increase again by the same $2.5 billion that they did in 1952 but these deposits carry relatively low rates of interest and are reinvested in relatively short obligations so they do not serve as a competitive factor in the long bond market. The savings and loan associations will increase their share capital this year by about $3 billion, but they almost never buy corporate bonds. Their primary investments are mortgages, which now promise to be in fairly substantial supply, and they might conceivably enter the market for $500 million worth of Governments, but no more. So much for demand.

The corporations of the country will have to raise in 1953, according to their expressed intentions, about $23 billion to cover replacements and to continue or complete their expansion programs. Of this amount accelerated depreciation might provide them with as much as $12 billion and they might conceivably find it possible to plow back another $8 billion out of earnings after taxes, although this is debatable. They will need to raise about $8 billion by the sale of new securities and it is a moot point whether they will be able to obtain much of this money by the sale of equities. In recent years they have borrowed about ten times as much as they have obtained in this fashion.

Commercial Loans

We now return to the problem of commercial loans in the commercial banks. These institutions have put their customers on notice that they are not interested in anything but short obligations, with perhaps one or two turnovers, at most. Loans which cannot be promptly repaid must be funded by the sale of securities to the public, first as a matter of good banking and, second, in order to make room in the banks for the absolutely essential short-term loans that will be coming along next year. Inquiry among the commercial bankers as to how much this funding of bank loans might amount to elicited an illuminating response. It was, "All the market can possibly take." The question at issue, therefore, is not a dearth of supply but a dearth of demand and the only thing to watch is the ebb and flow of the new issue market in respect to quantity. Funds flow into the thrift institutions in a pretty even stream. The new issue market is very spotty and for the past 60 days there has been a dearth of such issues, which has created the apparent picture of a trend reversal. This is more than likely to prove a transitory phenomenon and the tipoff to that development lies in the obvious fact that within the past two weeks three separate issues, all priced only a few basis points too high, in the estimation of the institutional buyers, have been almost complete failures and will have to be distributed at lower prices and higher yields.

Interestingly enough, the activities of the Open Market Committee of the Federal Reserve Board, no longer under the domination of the Treasury Department, have produced a situation or prospect which is fraught with far-reaching possibilities. If, for example, it would seem wise, necessary or expedient some time next year to bring out a 30-year 3% Government bond, it would create a situation in which the 20-year issues should sell on a 2.75 basis, the 10-year issues on a 2.50, the 5-year issues on a 2.35, the 2-year issues on a 2¼ and the 1-year issues on a 2⅛, with the Bills on a 2% basis. If you will take a look at the yields now current on these very bonds you will find that they are today selling within a few basis points of exactly those yields, all the way down the line. This means, quite simply, that the Government bond market has been put in readiness for a long-term 3% obligation, without any disturbance to the other Government issues presently outstanding and there are so many reasons why such a move would be desirable that it could be characterized as a reasonable probability.

Its impact, however, on the corporate bond market would be terrific. Corporate bonds due in 1982 have been priced consistently at about 40 basis points above the yield on Government bonds due in 1972. The discrepancy between Governments and corporates is about what it should be, but the basis of comparison is completely askew and if a 3% issue due in 1983 were to put in its appearance, the corporate bond yield would move almost at once from a 3.15 to a 3.40 yield basis—and that would represent a market loss in the outstanding bonds of almost 5 points. Nothing of the sort can be predicted with absolute confidence but the probability of this development and its consequence is altogether too real not to be recognized and acted upon. Any danger clearly anticipated is about three-quarters averted.

The market for the tax-exempts will probably remain in a parlous state until the new tax schedules are announced. These yields are influenced not only by quality but by the mathematical calculations represented by taxable equivalents and this entire matter is so much in doubt at the moment that the municipal security buyer is either sitting on his cash and awaiting further developments or is employing his funds in the shortest obligations he can possibly obtain. This situation is not likely to change for some months to come.

L. W. Simonds, Director

Leonard Spangenberg, President of United Stores Corporation, announces the election of Laurence W. Simonds of Newton Centre, Mass., as a director. United Stores Corp. owns a controlling interest in two of the largest variety chain stores, McCrory Stores Corporation and McLellan Stores Company, operating over 400 stores in 38 States. Mr. Simonds has been in charge of the brokerage division of Brown Brothers Harriman & Co., Boston, since 1944, prior to which for 15 years he was in the brokerage business in Hartford, Conn. He is a trustee and member of the finance committee of Babson Institute of Business Administration.

Davies Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Howard T. Snedicor and William R. Whitehead are now connected with Davies & Co., 425 Montgomery Street, members of the New York and San Francisco Stock Exchanges. Mr. Snedicor was previously with Wilson, Johnson & Higgins.

Globus Joins Dreyfus

The Stock Exchange firm of Dreyfus & Co., 50 Broadway, New York City, announced that Morton Globus has joined their staff as a customers' broker.

For the past five years, Mr. Globus has been associated with Bruns, Nordeman & Co., as a registered representative. He has been active in the securities business for 17 years.

Irwin L. Fife Opens

OKLAHOMA CITY, Okla. — Irwin Fife is engaging in the securities business from offices in the Petroleum Building. He was formerly resident manager for Barrett Herrick & Co., Inc.

With Waddell & Reed

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif. — Edwin C. Carey has been added to the staff of Waddell & Reed, Inc., 8943 Wilshire Boulevard.

With E. E. Mathews

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—Guy M. Gray, Jr. is now with Edward E. Mathews Co., 53 State Street.

2 With Hannaford Talbot

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—William F. Marshall and Roger M. Upton, Jr. have been added to the staff of Hannaford & Talbot, 634 South Spring Street.

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Continued from page 3

We Must End Handouts Of United States Dollars!

a year; now they top $10 billion. Of all our imports last year, 55% entered this country free of duty. The remaining 45% jumped a tariff hurdle averaging only 12½%, with a total of about $600,000,000 collected in import duties. The extent to which tariffs have already been cut is indicated by the fact that the average duty paid in 1943 was 33%.

It is impossible to say how far our imports would expand if duties were completely eliminated. I personally feel that the deterrent effects on imports of our existing tariffs is exaggerated by our European friends. This view is confirmed by a recent statement of Mr. Robert Marjolin, Secretary General of the Organization for European Economic Cooperation, which reads as follows: "However much European exports to the dollar area might be expanded, they would not suffice to finance all essential imports. One of the essential responsibilities of Europe is to produce at competitive prices the goods which the rest of the world needs."

Certainly no responsible manufacturer is going to propose that the United States go on a free trade basis, or that we make further drastic cuts in our tariffs without a full examination of the possibly dangerous effects on local producers of competitive goods and without some estimate of the beneficial effects on overseas economies. No figures are available today as to how much of our dutiable imports are subject to tariffs exceeding 100%, 75%, 50% or 25%, for example. Without such figures no intelligent estimates can be made of the actual effects on imports of tariff reductions.

A Tariff Study Needed

I would, therefore, like to propose that we undertake a thorough statistical study of our tariffs from the point of view of reducing or removing them completely when they are protecting no domestic industry or where our own shrinking reserves of strategic materials make it no longer wise to maintain a barrier to soaring demands for imports.

The research, I warn you, is going to surprise a good many of us. Why, for instance, is there a cent-and-a-half per pound duty on nickel? We mine none in this country; we don't even smelt it here. And yet dozens of us in this room today use nickel in the products we manufacture. Would we import any more if we killed the tariff on nickel? I doubt if we would increase our purchases very much on this score alone, but we would be paying less for it and we would have removed one big item from our tariff schedule.

No nation in this world can afford better than we the dozens of luxury items made abroad. Europe is filled with them, and Europe—more than any other part of the world—needs to sell to us. There is no security angle on this business, but duties are very high —quite often in the neighborhood of 100%. What are we protecting domestically with these high duties?

A word of caution to foreign manufacturers may well be injected here. They must constantly keep in mind that imported goods *per se* no longer enjoy the preference they once had in the United States. Hence, if foreign producers are to gain access to any markets in America, they must offer goods that in design and price are adapted to the needs of the American consumer and which are truly competitive in every respect.

Two developments demonstrate dramatically why the new study of the effects of our tariffs on specific industries and on our whole American economy is urgently needed.

With our foreign aid averaging about $5 billion a year over the last few years, would it be possible to save this amount—and thus save each of us his share of a $5 billion tax bill—by reducing still further the relatively small amount collected annually through tariffs?

We may readily find, when we have all of the data at hand, that our ability to consume any vast increase in these particular imports is too limited to make a great difference to our suppliers. But if we should find otherwise, the taxpayers and businesses themselves should have the opportunity to determine afresh whether they are willing to support existing tariffs in the light of today's taxes and of today's changed domestic demand for the affected imports.

I would remind the team that may make this study, however, that what we are searching for is a rational tariff policy and not one which blindly seeks the elimination of all tariffs. Our high labor standards and our national security are responsible for some of our tariffs and there should be no question of endangering either. Our allies in the Free World would gain nothing if we jeopardized either of these principles in order to buy from them. Our national defenses are the main bulwark for all of us against the rising tide of Communist aggression.

Even before we know the results of our tariff study I would suggest that another far more promising avenue for sales to the United States is opening to alert overseas suppliers.

Raw Materials Problem

Gradually over the last twenty years the United States has begun to run out of adequate supplies of some raw materials to feed ourselves and our industries. From 1900 to 1920 the United States was a net *exporter* of all materials combined. The surplus going abroad amounted to nearly 15% of our total production. But now, despite the fact we have vastly increased our production, we are net *importers* of 9% of the gross value of the materials we consume. In the field of minerals and metals we now import nearly one-third of all we use.

The whole world is beginning to feel the effect of this shift. Despite our rich oil fields we are now a net importer of petroleum. Dwindling domestic supplies of iron ore will by 1955 be supplemented by significant imports from Canada and Venezuela. Though as recently as 1938 we exported copper, today we import 7% of the world supply instead of exporting 17% of it. More than 98% of our chrome ore is bought abroad, largely from Turkey, Cuba, Africa, and the Philippines. Uranium, cobalt, and industrial diamonds come from the Belgian Congo. Indonesia, Malaya, Nigeria, and Bolivia send us our entire supply of tin. The Caribbean provides us with 65% of our bauxite for the burgeoning aluminum industry.

Few of us realize that the United States today can meet its entire local demand for only two industrial minerals (except coal). They are molybdenum and magnesium. For 36 materials we are now wholly dependent on foreign sources. Even in such staples as lead, zinc, cadmium and bismuth, our consumption has so far outpaced production that we are now dependent upon imports for a substantial part of our requirements.

This analysis of our market for minerals already is imposing. But when the special Paley Commission made its forecast of our requirements in 1975, the potential of our market took on really exciting proportions for any eager overseas supplier. Long-range forecasts always need to be taken with a grain of salt, but according to the Paley report, even without all-out war, we will be using 53% more of all materials than we did in 1950, and for minerals alone we shall need to up our purchases by 90%. This means, for example, that we shall double our present imports of nickel, triple the inflow of cobalt, and boost our demand for chrome ore by at least 100%.

These are the predicted facts which seem to me to offer our overseas friends their really important opportunities to boost their sales to the United States. In this we have even made the market survey for them. Tariffs are a minor item on most of these commodities now; almost surely we will want to reduce them further as our home supplies near exhaustion.

The second field in which decisive action must be taken if we are effectively to put our foreign trade relations on a sound basis is overseas investment. Immediately after the war it was assumed that private risk capital would flow from the United States to develop the world's resources much as private European capital went abroad in the 19th Century.

There are a number of reasons why this has not happened. One is the unprecedented capacity of our own economy to absorb new capital. Another is the fear that the cold war will become a hot one. Others are the inconvertibility of currencies, fear of nationalization, local discrimination against foreign capital, and the unstable position of many foreign governments.

Foreign Investment Becoming a "Must"

Despite these formidable obstacles, it is generally recognized now that foreign investment is becoming a "must," both for the United States and for foreign countries, if we are to keep the Free World on a functioning basis.

Further, this flow of investment capital cannot follow the narrow channels of the last few years—largely to the Middle East oil fields and to Canada. The raw materials we shall desperately need in the next 20 years are scattered far beyond these areas—in Africa, Latin America, and Asia. These vital supplies will be most speedily and efficiently produced if United States private capital and know-how join forces with local interests overseas to do the job on a partnership basis.

To speed this development we urgently need cooperation from our Government in the form of tax relief for capital going abroad on basic development projects. Even more importantly we need the fullest cooperation both from Washington and from the governments of other countries to create overseas a more inviting investment climate—one freed of crippling exchange controls, of discriminatory legislation against foreign citizens and enterprises, unreasonable restrictions on earnings and the transfer of profits, and uninformed attempts to dictate managerial policies.

For our part there is the responsibility of proving to other countries that their apprehension about admitting foreign capital is groundless. We must demonstrate that modern foreign investment is a far different institution from the exploitative adventures of a half century ago. The development of our own country—with millions in investment capital during our formative years coming from Britain, France and Switzerland—should be the best demonstration of the importance of foreign investment.

Europe was too impoverished by the war to have adequate supplies of local capital for the big development jobs that need to get started at once. Africa, Asia, and Latin America have never built up adequate supplies of local capital to meet their requirements. This places the responsibility for doing the job squarely on us. It is one of the surest ways of helping other nations to help themselves, even though the sending of American capital abroad will gradually increase the necessity of our accepting more imports in order to pay a return on such investments.

Almost more important than the export of investment capital itself is our willingness to send our "know-how" with it. When the American Cyanamid Company built for an Indian industrialist the first modern dyestuffs plant near Bombay, it invested relatively little in the project. Indians provided the bulk of the capital themselves. What they wanted from America was a modern plant, a staff of experts to start it and train local engineers, and a continuing contract for technical advice to keep the plant operating efficiently and to assure the incorporation of new techniques as they became available.

When one of our largest Wall Street banks introduced the idea of cattle loans to the capital-pinched farmers of Panama it was considered locally to be a radical experiment which only a rich United States bank could afford to do. Today, as a result of the success of the experiment, local banks have taken up the program and are competing vigorously for the market.

When Sears Roebuck extended their chain store business south of the Rio Grande they set out to stock as much local merchandise as possible. But they had very little luck because few local manufacturers — whether they made furniture or alligator handbags—knew how to produce in quantity to fixed quality standards or how to test style trends in the metropolitan centers. Today, though far from satisfied, General Wood can point with pride to a handful of local manufacturers in Mexico and Brazil who have been sent to the United States and trained and are now producing a gradually expanding flow of well-made, mass-produced merchandise. Sears has introduced more than chain store merchandising to Latin America; they have helped to establish efficient, small industries which will eventually become the backbone of a sound local economy.

In the current fiscal year about $350,000,000 has been appropriated for Point Four aid in underdeveloped areas. More than 900 technicians are in the field teaching poverty-stricken farmers in 40 countries how to get bigger crops as a result of deep plowing with steel-tipped plows; how to boost cultivated acreage with modern tractors; how to dam small streams and create irrigation systems; and how to improve the strain of their stock or the quality of their seed.

I am not sure how effectively this job is being done but it seems plausible to me that the long-term effect of this $350,000,000 investment is going to be one of our most important counter measures to creeping communism. If at the same time private business supplements this government-supervised drive with the kind of "show-how" typified by Sears Roebuck and other of our private industries, we shall gradually build a foreign assistance program that is as beneficial to us and our need for expanded markets and our security as it is to our less fortunate overseas friends.

Foreign Economic Assistance Problems Will Continue

There is no question today but that foreign economic assistance problems are going to be with us for a long time. They are the inevitable responsibility of the world's No. 1 power.

Military aid will go on as long as Stalin threatens aggressive expansion. Today's pattern may shift but for the immediate future it is likely to follow pretty much along the lines of our present operations. But our non-military economic assistance program must change fast. The period of financial handouts must give way very soon to a constructive, long-term program fitted to today's changed conditions. "Trade, not aid" is the key to the future. If our imports must double in the next 20 years, where can we get what we need? More vital: *can* we possibly get as much as we must have of specific items in so short a time?

Obviously the whole direction of our foreign economic effort must be changed. Instead of bolstering a wobbly foreign government here today, and sending a shipload of wheat to another tomorrow, we need to think in terms of what these people might supply us that we must have. Then, with the dollars they earn from the sale, they can buy what they need. No such constructive planning can possibly be achieved so long as our foreign economic program is administered, as it is today, through more than a score of Washington agencies.

I urge, therefore, that a single agency be created in which all our foreign economic policy is coordinated and reoriented to this new concept—a single agency to which all of us in business can turn when we need data about overseas plans and conditions, one agency to which we can turn for all of the facts we need in order intelligently to do our own planning for private foreign business. This agency would not assume the responsibility of the Pentagon in the military field, but it should cooperate with it to eliminate duplicate action and expense.

We in the NAM have a double stake in seeing that our foreign economic policy is revamped soundly and promptly. Exports at today's levels are essential to many of us if we are to keep our industries functioning at economic levels. But without growing imports these levels cannot be maintained—unless we are willing to go on indefinitely subsidizing our exports through grants in aid and high taxes.

Looking farther into the future we have a responsibility to ourselves and to our country to see that this nation makes adequate provision for the raw materials we no longer will be producing at home.

On our sound handling of these problems now will rest the eventual security of our country and the long-term strength of American industry.

Yuma Inv. Co. Formed

YUMA, Ariz. — Yuma Investment Company has been formed with offices in the Flamingo Hotel to engage in a securities business.

With Hamilton Manage't

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—Walter M. Bakula has joined the staff of Hamilton Management Corporation, 445 Grant Street.

Inv. Service Corp. Adds

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—Gene E. Szynskie and Jonathan W. Wilson are now connected with Investment Service Corporation, 444 Sherman Street.

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Securities Now in Registration

★ INDICATES ADDITIONS SINCE PREVIOUS ISSUE
● ITEMS REVISED

American Seal-Kap Corp.
Nov. 24 (letter of notification) 18,978 shares of common stock (par $2) being offered to common stockholders of record Dec. 2 at rate of one new share for each eight shares held; rights to expire on Dec. 16. **Price** — $11.50 per share. **Proceeds**—To increase working capital. **Underwriters**—American Securities Corp. and Hirsch & Co., both of New York.

★ Ansonia Wire & Cable Co., New York
Dec. 8 filed 100,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To pay part of purchase price of assets being acquired from Noma Electric Corp. **Underwriter**—Putnam & Co., Hartford, Conn.

★ Arcol Oil Co., Denver, Colo.
Nov. 26 (letter of notification) 125,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—To purchase oil and gas leases and for working capital. **Office**—714 E. & C. Bldg., Denver, Colo. **Underwriter**—Carroll, Kirchner & Jaquith, Inc., Denver, Colo.

Beaver Lodge Oil Corp., Dallas, Tex.
Nov. 24 (letter of notification) 10,500 shares of common stock (par $1). **Price**—At market (approximately $2.87½ per share). **Proceeds**—To the Tioga Petroleum Corp. of Dallas. **Office**—301 Mercantile Commerce Bldg., Dallas 1, Tex. **Underwriter**—None.

Bristol Oils Ltd., Toronto, Canada
Sept. 25 filed 1,000,000 shares of common stock (par $1). **Price**—Approximately 64.48 cents per share. **Proceeds**—To acquire leases and for corporate purposes. **Underwriter**—None. To be named by amendment.

● Bryant Chucking Grinder Co., Springfield, Vt.
Nov. 24 (letter of notification) 20,000 shares of common stock (par $5) to be offered first for subscription by common stockholders of record Dec. 2 on basis of two new shares for each five shares held; rights to expire Dec. 15. **Price**—To stockholders, $10 per share, and to public, $11 per share. **Proceeds**—For working capital. **Underwriter**—Lee Higginson Corp., New York.

★ Buyers Cooperative, Inc., N. Y.
Dec. 9 (letter of notification) 50,000 shares of common stock (of these, 163 shares have already been sold and are being reoffered hereunder). **Price**—At par ($5 per share). **Proceeds**—For working capital. **Office**—21 East 30th Street, New York, N. Y. **Underwriter**—None.

Byrd Oil Corp., Dallas, Tex.
Oct. 22 filed $1,750,000 of 10-year 5½% convertible sinking fund mortgage bonds due Nov. 1, 1962, to be offered for subscription by common stockholders at the rate of $100 of bonds for each 28 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. **Underwriters** — Dallas Rupe & Son. Dallas, Texas; Carl M. Loeb, Rhoades & Co., New York; and Straus, Blosser & McDowell, Chicago, Ill. **Offering**—Postponed until after Jan. 1, 1953.

● Canadian Prospect Ltd., Calgary, Alta., Canada
Nov. 24 filed 303,595 shares of common stock (par 33⅓ cents), of which 235,000 shares are to be issued upon exercise of share rights and 68,595 shares are to be sold for account of selling stockholders. **Price**—To be supplied by amendment. **Proceeds**—To company to be used for operating expenses to pay for future exploration and development of leases, etc. **Underwriters**—White, Weld & Co., New York, for an undetermined number of shares; balance through a Canadian underwriter to be named later. **Offering**—Not expected until after Jan. 1, 1953.

★ Cenco, Inc., Colorado Springs, Colo.
Dec. 1 (letter of notification) 1,250 shares of common stock. **Price**—At par ($20 per share). **Proceeds**—To purchase bank building. **Office** — 215 Mining Exchange Bldg., Colorado Springs, Colo. **Underwriter**—None.

★ Century Natural Gas & Oil Corp.
Dec. 9 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—At market (estimated at 20 cents per share). **Proceeds**—To Kenneth P. Milliken, Vice-President, who is the selling stockholder. **Underwriter**—Hunter Securities Corp., New York.

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NEW ISSUE CALENDAR

December 11, 1952
Southern Ry.-New Orleans & Northeastern RR. ---- Bonds
(Bids noon EST)

December 12, 1952
New England Telephone & Telegraph Co. ---- Com.
(Offering to stockholders—no underwriting)
Texas Telephone Co. ---- Preferred
(Moroney, Beissner & Co.)

December 15, 1952
Multicrafters, Inc. ---- Preference
(Steele & Co.)
Standard Sulphur Co. ---- Common
(Gearhart & Otis, Inc. and F. L. Rossmann & Co.)
Western Natural Gas Co. ---- Preferred
(White, Weld & Co.)

December 16, 1952
Consolidated Engineering Co. ---- Common
(Blyth & Co., Inc.)
Erie Meter Systems, Inc. ---- Debentures
(Smith & Root)
Franklin Stores Corp. ---- Common
(Merrill Lynch, Pierce, Fenner & Beane)

December 17, 1952
Diana Stores Corp. ---- Common
(Van Alstyne, Noel & Co.)
Fluor Corp., Ltd. ---- Common
(William R. Staats & Co.)
New York Central RR. ---- Equip. Trust Ctfs.
(Bids noon EST)

December 18, 1952
Commonwealth Oil Co. ---- Common
(Gordon Graves & Co.)
Filtrol Corp. ---- Common
(Blyth & Co., Inc.)

December 29, 1952
Garrett Freightlines, Inc. ---- Debentures
(Allen & Co.)

January 7, 1953
New York, New Haven & Hartford RR. ---- Bonds
(Bids to be invited)
Ohio Edison Co. ---- Common
(Bids to be invited)

January 13, 1953
National City Bank of Cleveland ---- Common
(Offering to stockholders—underwritten by Merrill, Turben & Co.)
Ohio Edison Co. ---- Preferred
(Bids to be invited)

January 14, 1953
Consumers Power Co. ---- Common
(Bids to be invited)

January 15, 1953
Southern California Edison Co. ---- Common
(Bids to be invited)

January 20, 1953
Kansas City Power & Light Co. ---- Bonds
(Bids to be invited)
Ohio Power Co. ---- Bonds & Preferred
(Bids 11 a.m. EST)

January 22, 1953
Southern Ry. ---- Equip. Trust Ctfs.
(Bids to be invited)

January 26, 1953
Culver Corp. ---- Common
(Offering to stockholders—no underwriting)

January 27, 1953
Iowa-Illinois Gas & Electric Co. ---- Bonds & Pfd.
(Bids 11 a.m. CST)

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

Cleveland Electric Illuminating Co.
Oct. 22 filed 557,895 shares of common stock (no par) being 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. **Price**—$43.25 per share. **Proceeds**—For property additions. **Underwriter**—None.

★ Coca-Cola Bottling Co. of St. Louis
Dec. 5 (letter of notification) 2,500 shares of common stock (par $1). **Price**—At market (approximately $25 per share). **Proceeds**—To Willard R. Cox, the selling stockholder. **Underwriters** — G. H. Walker & Co. and Wm. F. Dowdall & Co., both of St. Louis, Mo.

Code Products Corp., Philadelphia, Pa.
Dec. 1 filed 500,000 shares of 6% cumulative preferred stock (par $1) and 255,000 shares of common stock (no par—stated value $1) to be sold in units of two shares of preferred and one share of common stock. **Price**—$3 per unit. **Proceeds** — For working capital. **Business** — Manufactures electrical equipment. **Underwriter**—None. Company intends to offer securities to broker-dealers for public offering.

★ Colorado Fuel & Iron Corp., Denver, Colo.
Dec. 8 filed 340,000 shares of common stock (no par). **Price**—To be supplied by amendment. **Proceeds**—To finance purchase by a subsidiary (Colorado Steel Corp.) of all plants and inventories of John A. Roebling's Sons Co. **Underwriter**—Allen & Co., New York.

Commonwealth Oil Co., Miami, Fla. (12/18)
Nov. 28 filed 150,000 shares of common stock (par one cent). **Price**—To be supplied by amendment. **Proceeds**—For investigation of potential oil areas and for general corporate purposes. **Underwriter**—Gordon Graves & Co., New York.

Consolidated Engineering Co. (12/16)
Nov. 25 filed 225,000 shares of common stock (par 50 cents). **Price**—To be supplied by amendment. **Proceeds**—To purchase vacuum equipment business from Kodak's Distillation Products Industries. **Underwriter**—Blyth & Co., San Francisco and New York.

Consolidated Gas, Electric Light & Power Co. of Baltimore
Nov. 5 filed $16,484,300 of 3¼% convertible debentures due Dec. 18, 1967 being offered for subscription by common stockholders of record Dec. 1 at rate of $100 of debentures for each 30 shares of stock held; rights will expire Dec. 18. **Price**—At par (flat). **Proceeds**—To finance expansion program and repay bank loans. **Underwriters**—Halsey, Stuart & Co. Inc.

Crown Finance Co., Inc.
Nov. 19 (letter of notification) $250,000 5% subordinated debentures due 1983. **Price**—At par (in denominations of $1,000 each). **Proceeds**—For working capital, to reduce debt, for expansion and investments. **Underwriter**—Hodson & Co., Inc., New York.

Daitch Crystal Dairies, Inc.
Nov. 20 (letter of notification) 3,000 shares of common stock (par $1). **Price**—At market (about $6.75 per share). **Proceeds**—To Louis Daitch, Chairman of the Board, who is the selling stockholder. **Underwriter** — None, but Hirsch & Co., and Thomson & McKinnon may act as brokers.

Danielson Manufacturing Co.
Nov. 6 (letter of notification) 5,526 shares of class A preferred stock (par $5) and 10,000 shares of common stock (par $1) to be initially offered to stockholders at rate of one preferred share for each five shares held and one share of common stock for each two shares held. **Price**—For preferred, $8.50 per share, and for common, $6.50 per share. **Proceeds**—For working capital. **Underwriter**—Coburn & Middlebrook, Inc., Hartford, Conn.

★ Davega Stores Corp. (N. Y.)
Dec. 9 (letter of notification) 550 shares of common stock (par $2.50) and 125 shares of 5% cumulative preferred stock (par $20). **Price**—At market (estimated at $8.87½ per share for common stock, and at $14.50 for the preferred stock). **Proceeds**—To Bernard N. Cohn, a director. **Underwriter**—None, but Bache & Co. will act as broker.

Davison Chemical Corp.
Nov. 12 filed 160,666 shares of common stock (par $1) being offered for subscription by common stockholders of record Dec. 1 at rate of one new share for each four shares held; rights to expire Dec. 16. **Price**—$34.50 per share. **Proceeds**—From sale of stock, together with other funds expected to be obtained through long-term debt, will be used for expansion program. **Underwriter**—Alex. Brown & Sons, Baltimore, Md.

Deerpark Packing Co., Port Jervis, N. Y.
March 21 (letter of notification) 235,000 shares of common stock (par 10 cents). **Price**—$1.25 per share. **Proceeds**—To repay RFC loan of $41,050 and for working capital. **Offering**—Expected before Oct. 15.

★ Denman Oil & Drilling Corp., Wichita Falls, Tex.
Dec. 5 (letter of notification) 299,500 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—To drill oil and gas wells. **Office**—332 Nacol Oil & Gas Bldg., Wichita Falls, Tex. **Underwriter**—Hunter Securities Corp., New York.

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

● Diana Stores Corp., New York (12/17)
Nov. 28 filed 100,000 shares of common stock (par 50 cents). **Price**—To be supplied by amendment. **Proceeds**—To Mrs. Selma Beck Oritt, the selling stockholder. **Business**—Chain of women's wearing apparel stores. **Underwriter**—Van Alstyne, Noel & Co., New York.

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★ Ekco Oil Co., Philadelphia, Pa.
Dec. 4 (letter of notification) 99,000 shares of common stock (par one cent). **Price**—$3 per share. **Proceeds**—To acquire leases and drill wells. **Underwriter**—Hopper, Soliday & Co., Philadelphia, Pa.

Electronics & Nucleonics, Inc., N. Y.
Nov. 10 (letter of notification) 1,200,000 shares of common stock (par one cent). **Price**—25 cents per share. **Proceeds**—To expand current operations and for working capital. **Underwriter**—To be furnished by amendment.

Empire Oil Corp., Tulsa, Okla.
Nov. 6 (letter of notification) 600,000 shares of common stock (par 5 cents). **Price**—50 cents per share. **Proceeds**—To drill well. **Office**—Mayo Bldg., Tulsa, Okla. **Underwriter**—I. J. Schenin Co., New York.

★ Erie Meter Systems, Inc., Erie, Pa. (12/16)
Dec. 9 (letter of notification) $300,000 of 15-year 6% sinking fund debentures dated Nov. 1, 1952 and due Nov. 1, 1967. **Price**—At par and accrued interest. **Proceeds**—To repay bank loans and for working capital. **Office**—1602 Wagner Avenue, Erie, Pa. **Underwriter**—None. Smith & Root, Erie, Pa., will act as distributor.

Farm Equipment Acceptance Corp., Peoria, Ill.
Oct. 10 (letter of notification) 2,000 shares of common stock (par $50). **Price** — $60 per share. **Proceeds** — For working capital. **Office**—3500 North Adams St., Peoria, Ill. **Underwriter**—Paul H. Davis & Co., Chicago, Ill.

★ Feldt Manufacturing Co., Inc., Temple, Tex.
Nov. 25 (letter of notification) $100,000 of 6%-10% participating 15-year debenture bonds and 6,000 shares of common stock (par $10) to be offered in units of a $1,000 bond and 60 shares of stock. **Price**—$1,750 per unit. **Proceeds**—For acquisition of assets of predecessor company. **Underwriter**—John L. Hall, New York. **Offering**—Now being made.

★ Films for Television, Inc., Hollywood, Calif.
Dec. 1 (letter of notification) $182,000 of subordinated debentures and 1,820 shares of class B stock (the stock to be offered by J. H. Skirball who will issue, without charge, five shares of class B stock for each $500 of debentures purchased). **Price** — At par. **Proceeds** — For working capital. **Offices**—1041 North Formosa St., Hollywood, Calif., and 19 Rector St., New York, N. Y. **Underwriter**—Bruns, Nordeman & Co., New York.

● Filtrol Corp., Los Angeles, Calif. (12/18)
Nov. 28 filed 653,500 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To Atlantic Co., F. Eberstadt & Co., Inc. and Lazard Freres & Co. and certain individuals. **Underwriters**—Blyth & Co., Inc., San Francisco and New York. **Business**—Production of clay cracking catalysts for petroleum refining, etc.

Fluor Corp., Ltd., Los Angeles, Calif. (12/17)
Nov. 26 filed 100,000 shares of capital stock (par $2.50). **Price**—To be supplied by amendment (estimated not to exceed $17 per share). **Proceeds**—For working capital. **Underwriter** — William R. Staats & Co., Los Angeles, Calif.

Food Fair Stores, Inc., Philadelphia, Pa.
Sept. 9 filed 100,000 shares of common stock (par $1) to be offered to certain employees pursuant to the terms of stock purchase plan. **Price**—$3 below the average market price for the month in which payment is completed. **Proceeds**—For general funds. **Underwriter**—None.

Franklin Stores Corp., New York (12/16)
Nov. 26 filed 95,225 shares of common stock (par $1). **Price** — To be supplied by amendment. **Proceeds** — To Executors of Estate of Marcus Rubenstein. **Underwriter**—Merrill Lynch, Pierce, Fenner & Beane, New York.

● General Steel Castings Corp. (12/20)
Nov. 26 (letter of notification) 434 shares of common stock (no par). **Price**—$21.50 per share. **Proceeds**—To Baldwin Securities Corp., the selling stockholder. **Underwriter**—Drexel & Co., Philadelphia, Pa.

★ Gripso Flat Clasp, Inc. (N. Y.)
Dec. 4 (letter of notification) 50,000 shares of capital stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For equipment and working capital. Office, New York, N. Y. **Underwriter**—None.

Gyrodyne Co. of America, Inc.
Nov. 13 filed 350,000 shares of class A common stock (par $1), of which 50,000 shares will be issued to stockholders, directors, officers and employees for services rendered and 300,000 shares will be offered to public. **Price**—To be supplied by amendment. **Proceeds**—For engineering and construction of prototype coaxial helicopter. **Office**—St. James, L. I., N. Y. **Underwriter**—None.

★ Hasco, Inc., Portland, Ore.
Nov. 25 (letetr of notification) 291 shares of common stock. **Price**—At par ($100 per share). **Proceeds** — For construction. **Office**—9425 N. E. Prescott, Portland, Ore. **Underwriter**—None.

Hawthorne House of Nevada, Inc.
Nov. 17 (letter of notification) 30,000 shares of common stock. **Price**—At par ($10 per share). **Proceeds**—For new construction and furnishings of motel. **Office**—Room 4, Cornet Bldg., Las Vegas, Nev. **Underwriter**—Lester L. LaFortune, Las Vegas, Nev.

★ Hemisphere Western Oil Co., Oklahoma City, Okla.
Dec. 3 (letter of notification) 1,196,000 shares of common stock (par one cent). **Price**—25 cents per share. **Proceeds**—To acquire working interest in oil wells. **Office**—Cravens Bldg., Oklahoma City, Okla. **Underwriter**—Winner & Meyers.

Horizon Oil & Gas Corp., N. Y.
Nov. 24 (letter of notification) 600,000 shares of common stock (par 10 cents). **Price**—50 cents per share. **Proceeds**—To drill test wells. **Office**—50 Broadway, New York, N. Y. **Underwriter**—Teden & Co., Inc., New York. **Offering**—Indefinitely postponed.

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

★ Insurance Exchange Corp., Walla Walla, Wash.
Nov 25 filed 30,000 shares of common stock (par $10) and 14,000 shares of preferred stock (par $50) of which 28,000 common shares and all of the preferred stock are to be offered in units of one share of preferred and two shares of common stock. Of remaining 2,000 common shares, 500 have been sold to directors and 1,500 are to be reserved for directors and sales representatives. **Price**—$70 per unit. **Proceeds**—For working capital. **Underwriter**—None.

★ Inter County Telephone & Telegraph Co.
Dec. 3 (letter of notification) 6,000 shares of 5% cumulative preferred stock, series B. **Price**—At par ($25 per share). **Proceeds**—For general corporate purposes. **Underwriter**—H. W. Freeman & Co., Fort Meyers, Fla.

International Glass Corp., Beverly Hills, Calif.
Sept. 22 (letter of notification) 299,635 shares of common stock, to be issued as follows: To William Hoeppner, 6,985 shares; to stockholders of Soft-Flex Glass Fabrics Corp., 17,650 shares; and to public, 275,000 shares. **Price**—At par ($1 per share). **Proceeds**—For general corporate purposes. **Office**—119 South Beverly Drive, Beverly Hills, Calif. **Underwriter**—Douglass & Co., Beverly Hills, Calif.

Ispetrol Corp., New York
Oct. 29 filed 49,500 shares of common stock. **Price**—At par ($100 per share). **Proceeds**—To finance purchase of crude oil for Israeli enterprises and to purchase crude oil and oil products for resale in Israel. **Underwriter**—Israel Securities Corp., New York.

Israel Industrial & Mineral Development Corp.
Oct. 6 filed 30,000 shares of class A stock. **Price**—At par ($100 per share). **Proceeds**—For industrial and mineral development of Israel. **Underwriter** — Israel Securities Corp., New York.

★ Kropp Forge Co., Cicero, Ill.
Dec. 3 (letter of notification) 10,000 shares of common stock (par 33½ cents). **Price**—At market (approximately $3.75 per share). **Proceeds**—To Roy A. Kropp, the selling stockholder. **Office**—5301 West Roosevelt Road, Cicero 50, Ill. **Underwriter**—None.

★ Lassiter Corp., Charlotte, N. C.
Dec. 4 (letter of notification) 14,344 shares of class B common stock (par $5) and 2,500 shares of class A common stock (par $5). **Price**—$10 per share. **Underwriter**—R. S. Dickson & Co., Charlotte, N. C.

Lee Paper Co., Vicksburg, Mich.
Nov. 13 (letter of notification) 30,000 shares of common stock to be offered for subscription only by stockholders of record Aug. 18. **Price**—At par ($10 per share). **Proceeds**—For working capital. **Underwriter**—None.

Leon Land & Cattle Co.
Nov. 6 (letter of notification) 30,000 shares of 5% cumulative convertible preferred stock being offered for subscription by common stockholders of record Nov. 15, 1952 on basis of 4½ preferred shares for each 100 common shares held (with an oversubscription privilege); rights to expire Dec. 31. **Price**—At par ($10 per share). **Proceeds** — To pay loans. **Address** — c/o S. H. Collier, President of First National Bank, Mercedes, Tex. **Underwriter**—None.

Lindemann (A. J.) & Hoverson Co.
Nov. 21 (letter of notification) 6,510 shares of common stock (par $1). **Price**—$2 per share. **Proceeds**—To Mrs. Julia Lindemann Amendt, the selling stockholder. **Underwriter**—Merrill Lynch, Pierce, Fenner & Beane, Milwaukee, Wis.

★ Louray Gas & Oil Corp., Phila., Pa.
Dec. 5 (letter of notification) 290,000 shares of capital stock. **Price** — At par ($1 per share). **Proceeds** — To acquire and drill wells. **Office**—2717 Fidelity-Philadelphia Trust Bldg., 123 So. Broad Street, Philadelphia, Pa.

★ M Bar Oil Co., Newcastle, Wyo.
Dec. 3 (letter of notification) 173,200 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—To drill well. **Underwriter**—Carroll, Kirchner & Jaquith, Inc., Denver, Colo.

Macco Corp., Paramount, Calif.
Nov. 4 (letter of notification) 1,470 shares of common stock (par $1). **Price**—At the market (about $10 per share). **Proceeds**—To Mrs. Helen R. Davis, the selling stockholder. **Underwriter** — Dean Witter & Co., San Francisco, Calif.

★ Macco Corp., Paramount, Calif.
Dec. 2 (letter of notification) 1,380 shares of common stock (par $1). **Price**—At market (approximately $9.50 to $10.50 per share). **Proceeds**—To Francis E. Cornwall, the selling stockholder. **Underwriter** — Dean Witter & Co., San Francisco, Calif.

Magma King Manganese Mining Co.
Nov. 12 (letter of notification) 553,500 shares of common stock (par 10 cents). **Price**—50 cents per share. **Proceeds**—For working capital. **Office** — 532 Security Bldg., Phoenix, Ariz. **Underwriter**—Weber-Millican Co., New York.

★ Marsh Steel Corp., North Kansas City, Mo.
Dec. 1 (letter of notification) 4,500 shares of common stock (par $10). **Price**—$20.50 per share. **Proceeds**—To Estate of James C. Shepherd. **Underwriter**—H. O. Peet & Co., Kansas City, Mo.

McCarthy (Glenn), Inc.
June 12 filed 10,000,000 shares of common stock (par 25 cents). **Price**—$2 per share. **Proceeds** — For drilling of exploratory wells, acquisition of leases and for general corporate purposes. **Underwriter**—B. V. Christie & Co., Houston, Tex. **Dealer Relations Representative**—George A. Searight, 50 Broadway, New York, N. Y. Telephone WHitehall 3-2181. **Offering**—Date indefinite.

McGraw (F. H.) Co., Hartford, Conn.
Sept. 10 (letter of notification) 5,000 shares of common stock (par $2) and warrants to purchase 20,000 shares of common stock at $6 per share to be offered in units of one share and warrants to purchase four additional shares. **Price**—$19.87½ per share. **Proceeds**—To Clifford S. Strike, the selling stockholder. **Underwriter**—Granbery, Marache & Co., New York.

★ Mercast Corp., New York
Dec. 5 (letter of notification) 12,200 shares of common stock (par 10 cents). **Price**—$5.87½ per share. **Proceeds**—To seven selling stockholders. **Underwriter**—None, but J. G. White & Co., Inc., New York, may act as broker.

Mex-American Minerals Corp., Granite City, Ill.
Nov. 3 filed 113,000 shares of 6% cumulative preferred stock (par $5) and 113,000 shares of common stock (par 10 cents) to be offered in units of one share of each class of stock. **Price**—$6 per unit. **Proceeds**—For working capital. **Business**—Purchase, processing, refining and sale of Fluorspar. **Underwriter** — To be supplied by amendment.

Mid-Gulf Oil & Refining Co.
Nov. 10 (letter of notification) 400,000 shares of common stock (par five cents). **Price**—60 cents per share. **Proceeds**—To acquire additional properties. **Office**—927-929 Market St., Wilmington, Del. **Underwriter**—W. C. Doehler Co., Jersey City, N. J.

Mineral Exploration Corp., Ltd., Toronto Canada
July 29 filed 2,000,000 shares of common stock, each share to have attached an "A," "B" and "C" warrant, each giving the holder the right to buy one additional share for each two shares purchased in two, three, or five years, at $1, $2 and $3 per share, respectively. **Price**—For 2,000,000 shares, $1 per share—Canadian. **Proceeds**—For exploration, development and acquisition of properties. **Underwriter**—Brewis & White, Ltd., Toronto, Canada. Names of United States underwriters to be supplied by amendment.

Mississippi Chemical Corp., Yazoo City, Miss.
Sept. 29 filed 2,000,000 shares of common stock (par $5), of which 849,038 shares have been subscribed, paid for and issued, and an additional 107,550 shares have been subscribed for as of Aug. 28 and will be issued in connection with expansion of ammonia plant. The remaining shares will be offered for sale primarily to farmers and farm groups. **Price** — At par. **Proceeds** — For new construction. **Underwriter**—None.

★ Modern Ladders, Inc., West Somerville, Mass.
Dec. 2 (letter of notification) 400 shares of common stock. **Price** — At par ($100 per share). **Proceeds** — To perfect aluminum ladders. **Office**—71 Raymond Avenue, West Somerville, Mass. **Underwriter**—None.

Montana Basin Oil Corp. (N. Y.)
Sept. 19 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For exploration and development expenses. **Underwriter**—Aetna Securities Corp., New York.

★ Mosser Oil Corp., Yakima, Wash.
Nov. 25 (letter of notification) 240,000 shares of common stock (par 10 cents). **Price**—15 cents per share. **Proceeds**—To drill wells. **Office**—Room 217, Miller Bldg., Yakima, Wash. **Underwriter**—None.

Multicrafters, Inc., Lincolnwood, Ill. (12/15)
Oct. 28 (letter of notification) 99,900 shares of 6% convertible prior preference stock. **Price**—At par ($3 per share. **Proceeds** — For new machinery and equipment. **Office**—3517 Touhy Ave., Lincolnwood, Ill. **Underwriter**—Steele & Co., New York.

Multiple Dome Oil Co., Salt Lake City, Utah
Sept. 8 (letter of notification) 150,000 shares of common stock. **Price**—At market (approximately 10 cents per share). **Proceeds**—To George W. Snyder, President. **Underwriter**—Greenfield & Co., Inc., New York.

Nash Finch Co., Minneapolis, Minn.
Oct. 21 (letter of notification) 1,000 shares of common stock (par $10). **Price**—At market (estimated at from $17 to $20 per share). **Proceeds**—To Willis King Nash, the selling stockholder. **Underwriter**—J. M. Dain & Co., Minneapolis, Minn.

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Nevada Tungsten Corp., Mina, Nev.
Nov. 21 (letter of notification) 4,000,000 shares of common stock (par one cent). **Price**—Five cents per share. **Proceeds**—For working capital. **Underwriter**—Tellier & Co., New York.

New England Telephone & Telegraph Co. (12/12)
Nov. 20 filed 232,558 shares of capital stock to be offered for subscription by stockholders of record Dec. 10 at rate of one new share for each ten shares held; rights to expire on Jan. 12. Subscription rights will be issued on Dec. 12. **Price** — At par ($100 per share). **Proceeds** — To repay borrowings made from American Telephone & Telegraph Co., the parent (owner of 69.15% of the present outstanding stock), and for other corporate purposes. **Underwriter**—None.

Nielco Chemicals, Inc., Detroit, Mich.
Nov. 19 (letter of notification) 34,800 shares of common stock. **Price**—At par ($5 er share). **Proceeds**—To liquidate notes. **Office**—8129 Lyndon Ave., Detroit 21, Mich. **Underwriter**—Smith, Hague & Co., Detroit, Mich.

★ **Northeast Investors Trust, Boston, Mass.**
Dec. 8 filed 59,000 shares of beneficial interest. **Proceeds**—For investment. **Underwriter**—None.

Northland Oils, Ltd., Calgary, Alta., Canada
Nov. 21 filed 1,000,000 shares of capital stock (par 20 cents—Canadian) and subscription warrants for 600,000 shares, of which the stock and subscription warrants for 400,000 shares are to be offered in units of 100 shares of stock and subscription warrants for 40 shares. **Price**—$52 per unit. **Proceeds**—For drilling of additional wells and to purchase producing wells. **Underwriter**—M. S. Gerber, Inc., New York.

★ **Northside Improvement Association, Lincoln, Neb.**
Dec. 4 (letter of notification) 5,000 shares of common stock. **Price**—$10 per share. **Proceeds**—To purchase property and building housing units. **Office**—1319 O St., Lincoln 8, Neb. **Underwriter**—None.

Pacific Telephone & Telegraph Co.
Oct. 24 filed 703,375 shares of common stock being offered for subscription by stockholders at rate of one new share for each nine preferred or common shares held on Dec. 3; rights to expire on Dec. 30. American Telephone & Telegraph Co., the parent, presently owns more than 90% of the outstanding shares. **Price**—At par ($100 per share). **Proceeds**—To repay advances and bank loans and for new construction. **Underwriter**—None.

Pacific Western Oil Corp.
Aug. 5 filed 100.000 shares of common stock (par $4). **Price**—At the market. **Proceeds**—To J. Paul Getty, President, **Underwriter** — None, sales to be handled by brokers on the New York Stock Exchange.

Paradise Valley Oil Co., Reno, Nev.
Aug. 20 filed 3,000,000 shares of capital stock. **Price**—At par (10 cents per share). **Proceeds**—To drill six wells on subleased land and for other corporate purposes. **Underwriter**—None, with sales to be made on a commission basis (selling commission is two cents per share). **Office**—c/o Nevada Agency & Trust Co., Inc., Cheney Bldg., 139 N. Virginia St., Reno, Nev.

Peoples Gas Light & Coke Co.
Oct. 24 filed 186,715 shares of capital stock being offered for subscription by stockholders of record Nov. 19 at rate of one new share for each five shares held; rights to expire on Dec. 15. **Price** — At par ($100 per share). **Proceeds** — For new construction. **Underwriter** — None. Statement effective Nov. 12.

Petroleum Service, Inc. (Texas)
Oct. 29 (letter of notification) 100,000 shares of preferred stock (par $1) and 100,000 shares of common stock (par 10 cents) to be offered in units of one preferred and one common share. **Price**—$1.25 per unit. **Proceeds** — For operating capital. **Address** — c/o N. A. Tinker, Jr., Mercantile Securities Bldg., Dallas, Tex. **Underwriter**—Garrett & Co., Inc., Dallas, Tex.

● **Pittsburgh Reflector Co.**
Dec. 2 (letter of notification) 60,000 shares of class B common stock being offered to all stockholders of record Dec. 1 at rate of one new share for each class A or B share held. Officers of company have waived sufficient of their preemptive rights (33,078 shares) so that the remaining stockholders may subscribe on a one-for-one basis. **Price**—At par ($5 per share). **Proceeds**—For expansion and modernization of plant and for working capital. **Office** — 403 Oliver Bldg., Pittsburgh 22, Pa. **Underwriter**—None.

Powers Manufacturing Co., Longview, Tex.
Sept. 25 filed 250,000 shares of common stock (par $1). **Price** — $2 per share. **Proceeds** — For machinery and equipment and new construction. **Business**—Production of heavy duty power transmission chain, prockets, gears, etc. **Underwriter** — Dallas Rupe & Son, Dallas, Texas. **Offering**—Expected in January.

★ **Premo Pharmaceutical Laboratories, Inc.**
Dec. 8 (letter of notification) 8,000 shares of common stock (par $5) to be offered to employees. **Price**—$12.50 per share. **Proceeds**—For working capital. **Office**—Lenning Street, South Hackensack, N. J. **Underwriter**—None.

★ **Prestole Corp., Toledo, Ohio**
Dec. 5 (letter of notification) 20,000 shares of common stock (par $1). **Price**—$5 per share. **Proceeds**—To purchase factory building. **Office**—1345 Miami St., Toledo 5, Ohio. **Underwriters**—Ball, Burge & Kraus, Cleveland, Ohio, and Collin, Norton & Co., Toledo, Ohio.

★ **Rochester-Monroe Dairy Products, Inc.**
Dec. 8 (letter of notification) 750 shares of 6% cumulative preferred stock (par $100) and 750 shares of common stock (par $10) to be offered in units of one share of each class of stock. **Price**—$100 per unit. **Proceeds**—For working capital, etc. **Office**—35-37 N. Washington Street, Rochester, N. Y. **Underwriter**—None.

Safeway Stores, Inc.
Sept. 12 filed 1,900 shares of 4% cumulative preferred stock (par $100) and 18,000 shares of common stock (par $5) to be issued to James A. Dick Investment Co. (formerly The James A. Dick Co.) in exchange for inventories, fixtures, operating supplies, good will and other assets of Dick. It is anticipated that the Dick Company will sell all or a substantial part of these shares from time to time on the New York Stock Exchange. **Underwriter**—None.

Sapphire Petroleums Ltd., Toronto, Canada
Oct. 28 filed 50,000 shares of common stock (par $1—Canadian). **Price**—To be supplied by amendment. **Proceeds**—To Ken Kelman, the selling stockholder, who will offer the shares from time to time either on the New York Curb Exchange or in the over-the-counter market. **Underwriter**—None.

Schweser's (George) Sons, Inc., Fremont, Neb.
Oct. 17 (letter of notification) 989 shares of 6% cumulative preferred stock. **Price**—At par ($100 per share). **Proceeds**—For working capital. **Office**—108 East 6th St., Fremont, Neb. **Underwriter**—None, but Ellis, Holyoke & Co., Lincoln, Neb., will act as broker.

★ **Scott Paper Co.**
Dec. 5 filed $1,000,000 of memberships in the company's Stock Purchase Plan for 1953 and 23,529 shares of common stock purchasable under the plan. **Underwriter**—None.

Seaboard Finance Co., Los Angeles, Calif.
Nov. 14 (letter of notification) 14,000 shares of common stock (par $1). **Price**—$20.75 per share. **Proceeds**—For working capital. **Office** — 945 South Flower St., Los Angeles 15, Calif. **Underwriter**—None.

Seacrest Productions, Inc., Newport, R. I.
Sept. 8 (letter of notification) 5,000 shares of non-voting common stock, series B (no par). **Price**—$10 per share. **Proceeds**—To acquire real estate and buildings, convert sound stages, install recording equipment and cameras, and for other corporate purposes. **Office**—73 Bliss Road, Newport, R. I. **Underwriter** — Kidder, Peabody & Co., Providence, R. I.

Seiberling Rubber Co.
Oct. 1 filed $3,750,000 convertible sinking fund debentures due Oct. 1, 1967. **Price**—To be supplied by amendment. **Proceeds**—To repay $1,200,000 loan and for working capital. **Underwriter**—Blair, Rollins & Co., Inc., New York. **Offering**—Postponed indefinitely.

Signode Steel Strapping Co., Chicago, Ill.
Oct. 9 (letter of notification) 2,044 shares of common stock (par $1). **Price**—At market (about $17 per share). **Proceeds**—To John W. Leslie, trustee of Walter S. Underwood and Emily C. Underwood. **Underwriter**—Ames, Emerich & Co., Chicago, Ill.

Sinclair Oil Corp.
Nov. 10 filed 298,735 shares of common stock (no par) to be offered to certain officers and other employees of the company and its subsidiaries under the Stock Purchase and Option Plan. **Price**—$39.50 per share. **Proceeds**—For general corporate purposes. **Underwriter**—None.

★ **Smith Investment Co., Milwaukee, Wis.**
Dec. 1 (letter of notification) 14 shares of common stock (par $10). **Price**—$6,850 per share. **Proceeds**—To Estate of Lloyd R. Smith. **Underwriter**—Gardner F. Dalton & Co., Milwaukee, Wis.

Standard Coil Products Co., Inc.
Nov. 19 filed $5,000,000 of 5% convertible subordinated debentures due Dec. 1, 1967, and 250,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—From sale of debentures, to repay bank loans and for working capital; and from sale of stock, to three selling stockholders. **Underwriter**—F. Eberstadt & Co., Inc. **Offering**—Expected today (Dec. 11).

● **Standard Sulphur Co., New York (12/15)**
Nov. 7 filed 1,250,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For construction of plant and purchase of new equipment and for working capital. **Underwriters**—Gearhart & Otis, Inc., and F. L. Rossmann & Co., both of New York.

State Street Investment Corp.
Oct. 24 filed 180,556 shares of capital stock (no par) being offered for subscription by stockholders of record Nov. 5, 1952, at rate of one new share for each 10 shares held; rights to expire on Dec. 20. **Price**—At net asset value in effect when properly executed subscription warrants are received from stockholders. **Proceeds**—For investment. **Underwriter**—None.

★ **Sterling Telecasting Co., Spartanburg, S. C.**
Dec. 2 (letter of notification) 60,000 shares of common stock. **Price** — At par ($5 per share). **Proceeds** — To construct television station. **Office**—124½ East Main Street, Spartanburg, S. C. **Underwriter**—A. M. Law & Co., Spartanburg, S. C.

Streeter-Amet Co., Chicago, Ill.
Aug. 27 (letter of notification) 2,367 shares of common stock (par $50) to be offered for subscription by common stockholders at rate of one new share for each four shares held. **Price**—$100 per share. **Proceeds**—To increase equity capital to take care of increased business and increased costs. **Office**—4101 Ravenswood Avenue, Chicago 13, Ill. **Underwriter**—None.

Sweet Grass Oils, Ltd., Toronto, Canada
July 29 filed 375,000 shares of common stock (no par). **Price**—To be related to quotation on the Toronto Stock Exchange at time of offering. **Proceeds** — For working capital. **Underwriter**—F. W. MacDonald & Co., Inc., New York. **Offering**—Probaby some time in October.

Texas General Production Co.
June 4 filed 2,500,000 shares of common stock (par 50 cents). **Price**—To be supplied by amendment. **Proceeds**—To buy property for oil prospecting. **Office**—Houston, Tex. **Underwriter**—To be named by amendment. **Offering**—Tentatively postponed. Statement may be withdrawn.

★ **Texas Oil Exploration Co., Fort Worth, Tex.**
The company on Dec. 5 filed a letter of notification with the SEC covering 1,200,000 shares of common stock (par 10 cents). **Price**—25 cents per share. **Proceeds**—To drill oil and gas well. **Underwriter**—Peter W. Spiess Co., New York.

Texas Western Oil Co., Inc., Houston, Tex.
Nov. 12 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—50 cents per share. **Proceeds**—For working capital. **Office**—1 Main St., Houston, Tex. **Underwriter**—Scott, Khoury & Co., Inc., New York.

TexSoDak Oil Co., Sioux Falls, S. D.
Nov. 24 (letter of notification) 1,000 shares of class A common stock (par $25) to be offered for subscription by stockholders; 6,226½ shares of class A common stock in exchange for leases and beneficial interest; and 2,679½ shares of class A common stock and 13,750 shares of class B common stock (par $1) to be issued to G. L. Clifton as the promoter. **Price**—Of class A stock, at par. **Proceeds**—To drill and equip wells. **Office**—1213 South Hawthorne Ave., Sioux Falls, S. D. **Underwriter**—None.

★ **Thrift Investment Corp., Pittsburgh, Pa.**
Dec. 3 (letter of notification) 25,000 shares of convertible preferred stock (no par). **Price**—$10 per share. **Proceeds**—To reduce bank loans and for expansion of business. **Underwriter**—McKelvy & Co., Pittsburgh, Pa.

Torhio Oil Corp., Ltd., Toronto, Canada
Aug. 21 filed 300,000 shares of common stock (par $1) to be offered first to stockholders and then to the general public. **Price** — 60 cents per share. **Proceeds**—For exploration of oil and gas properties, and to drill a test well. **Underwriter**—None, but offering to public will be handled through brokers.

★ **Transue & Williams Steel Forging Corp.**
Dec. 2 (letter of notification) 368 shares of capital stock (no par). **Price**—At market (estimated at $23 per share). **Proceeds**—To stockholders entitled to receive fractional shares in connection with recent stock dividend. **Underwriter**—None.

Union Bag & Paper Corp., New York
Nov. 7 filed 253,008 shares of capital stock (par $20) being offered for subscription by stockholders of record Nov. 28 at rate of one new share for each six shares held. Rights will expire on Dec. 15. **Price**—$42 per share. **Proceeds**—For working capital and expansion program. **Underwriters**—Morgan Stanley & Co., New York.

United Equipment & Service, Inc., Baltimore, Md.
Nov. 20 (letter of notification) $238,400 of 6% bonds. **Price**—At par (in denominations of $100, $500, $1,000 and $5,000 each). **Proceeds**—To reduce outstanding notes. **Office**—629 Title Bldg., Baltimore, Md. **Underwriter**—None.

United Petroleum & Mining Corp., Bismarck, N. D.
Nov. 17 (letter of notification) 150,000 shares of class A voting stock and 150,00 shares of 4% class B non-voting stock. **Price**—$1 per share. **Proceeds**—To purchase oil and gas leases. **Office**—222 Main Street, Bismarck, N. D. **Underwriter**—John G. Kinnard & Co., Minneapolis, Minn.

Victoria Copper Zinc Mines Ltd., Montreal, Canada
Oct. 22 filed 1,050,000 shares of common stock. **Price**—To be taken down in 10 blocks ranging from 50,000 to 200,000 shares at prices ranging from 15 cents to $1 per share. Estimated public offering prices range from 35 cents to $1.50 per share. **Proceeds**—For mining operations. **Underwriter**—Jack Rogers, of Montreal, Canada, who is the "optionee" of the stock to be taken down.

Video Products Corp., Red Bank, N. J.
Oct. 3 (letter of notification) 75,000 shares of common stock (par 50 cents). **Price**—$2.50 per share. **Proceeds**—For working capital. **Office**—42 West Street, Red Bank, N. J. **Underwriter**—None.

★ **Virginia Iron, Coal & Coke Co., Roanoke, Va.**
Nov. 26 (letter of notification) $64,000 aggregate amount of common stock (par $10). **Price**—At market. **Proceeds**—To Samuel T. Brown, the selling stockholder. **Office**—310 Campbell Avenue, S. W., Roanoke, Va. **Underwriter**—None.

Warren Petroleum Corp., Tulsa, Okla.
Nov. 7 (letter of notification) 3,000 shares of common stock (par $3). **Price**—At market. **Proceeds**—To J. A. La Fortune and Mrs. Gertrude La Fortune. **Underwriter**—Harris, Upham & Co., New York.

● **West Coast Pipe Line Co., Dallas, Tex.**
Nov. 20 filed $29,000,000 12-year 6% debentures due Dec. 15, 1964, and 580,000 shares of common stock (par 50 cents) to be offered in units of one $50 debenture and one share of stock. **Price**—To be supplied by amend-

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ment. **Proceeds**—From sale of units and 1,125,000 additional shares of common stock and private sale of $55,000,000 first mortgage bonds, to be used to build a 1,030-mile crude oil pipeline. **Underwriters**—White, Weld & Co. and Union Securities Corp., both of New York. **Offering**—Not to be made until after Jan. 1, 1953.

● West Coast Pipe Line Co., Dallas, Tex.
Nov. 20 filed 1,125,000 shares of common stock (par 50 cents). **Price**—To be supplied by amendment. **Proceeds**—Together with other funds, to be used to build pipeline. **Underwriters**—White, Weld & Co. and Union Securities Corp., both of New York. **Offering**—To be made after Jan. 1, 1953.

West Flagler Amusement Co., Inc., Miami, Fla.
Nov. 20 filed 170,000 shares of common stock (par 50 cents). **Price**—$10 per share. **Proceeds**—To nine selling stockholders. **Business**—Amusement park. Is owner of West Flagler Kennel Club. **Underwriter**—Floyd D. Cerf Jr. Co., Miami, Fla., and Chicago, Ill.

Western Natural Gas Co., Houston, Tex. (12/15)
Nov. 25 filed 183,002 shares of convertible preferred stock (par $30) to be offered for subscription by common stockholders of record Dec. 15 at rate of one share of preferred stock for each 20 shares of common stock held. **Price**—To be supplied by amendment. **Proceeds**—To retire outstanding preferred stock and bank debt. **Underwriter**—White, Weld & Co., New York.

★ Westshore Hospital, Inc., Tampa, Fla.
Dec. 3 (letter of notification) 30,000 shares of common stock (of which 1,250 shares will be issued to Dr. Samuel G. Hibbs and John R. Himes for services rendered). **Price**—At par ($10 per share). **Proceeds**—For property and equipment expenses. **Office**—349 Plant Ave., Tampa, Fla. **Underwriter**—Louis C. McClure & Co., Tampa, Fla.

Wisdom Magazine, Inc., Beverly Hills, Calif.
Sept. 17 filed 6,600 shares of 5% cumulative preferred stock (par $100) and 6,600 shares of common stock (par $10) to be offered in units of one share of preferred and one share of common stock. **Price**—$110 per unit. **Proceeds**—To publish new national picture magazine. **Underwriter**—None. An earlier registration statement filed July 14, 1952, covering a like offering of preferred and common shares was withdrawn Aug. 1, 1952.

Wyoming National Oil Co., Inc., Denver, Colo.
Nov. 17 (letter of notification) 500,000 shares of common stock (par five cents). **Price**—25 cents per share. **Proceeds** — For oil and gas leases. **Underwriter** — R. L. Hughes & Co., Denver, Colo.

★ Yardley Water & Power Co.
Dec. 5 (letter of notification) 2,000 shares of common stock. **Price**—At par ($50 per share). **Proceeds**—For new construction. **Office**—College Avenue, Yardley, Pa. **Underwriter**—None.

Prospective Offerings

Aluminium Ltd.
Oct. 15 directors expected that additional financing will be undertaken in 1953 to meet the major part of the increase in the estimated cost of the expansion program. The First Boston Corp., and A. E. Ames & Co., Ltd., acted as dealer-managers in stock offering to stockholders in Oct. 1951.

★ Bank of the Manhattan Company
Dec. 2 it was reported Bank plans offering of 250,000 additional shares of capital stock to its stockholders on a one-for-ten basis. **Underwriter**—Probably The First Boston Corp., New York.

California Electric Power Co.
Oct. 7 it was announced company intends to sell early in 1953 approximately $10,000,000 of additional new securities, viz: $8,000,000 of first mortgage bonds and about $2,000,000 of common or preferred stock. **Proceeds**—For new construction and repayment of bank loans. **Underwriters**—May be determined by competitive bidding. Probable bidders: (1) For bonds only—Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler. (2) For bonds and stocks: Merrill Lynch, Pierce, Fenner & Beane and Dean Witter & Co. (jointly); Kidder, Peabody & Co.; Blyth & Co., Inc.

Central Maine Power Co.
Sept. 2 it was announced company soon after March 1, 1953, intends to issue and sell $6,000,000 of first and general mortgage bonds and sufficient common stock to yield approximately $5,000,000 to refund the then outstanding short-term notes. **Underwriters**—To be determined by competitive bidding. Probable bidder—(1) For bonds, Halsey, Stuart & Co. Inc.; Coffin & Burr, Inc. and The First Boston Corp. (jointly); Blyth & Co., Inc. and Kidder, Peabody & Co. (jointly); Merrill Lynch, Pierce, Fenner & Beane and White, Weld & Co. (jointly); Harriman Ripley & Co., Inc.; Salomon Bros. & Hutzler. (2) For stock, Blyth & Co., Inc. and Kidder, Peabody & Co. (jointly); Coffin & Burr, Inc. and The First Boston Corp. (jointly); Harriman Ripley & Co., Inc.

● Charter Oil Co., Ltd.
Nov. 18, it was reported that company plans to offer and sell 900,000 additional shares of common stock (no par). **Price**—To be named later (around $1.70 per share). **Proceeds**—For expansion program. **Underwriters**—Lehman Brothers and Bear, Stearns & Co. for about 800,000 shares; balance to be offered in Canada. **Offering**—Not expected until after Jan. 1, 1953.

Columbia Gas System, Inc., N. Y.
Oct. 10 it was announced company plans to issue and sell common stock and additional debentures early in the Spring of 1953. **Proceeds**—To repay bank loans and for construction program. Company has sought SEC authority to borrow from banks an aggregate of $25,000,000. **Underwriters**—To be determined by competitive bidding. Probable bidders: For stock, Merrill Lynch, Pierce, Fenner & Beane, White, Weld & Co. and R. W. Pressprich & Co. (jointly); Morgan Stanley & Co. For debentures, Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.

● Consumers Power Co. (1/14)
Nov. 26 it was announced company plans to offer 617,669 additional shares of common stock (no par) to common stockholders of record about Jan. 14 on a 1-for-10 basis; rights to expire on Jan. 30. **Price**—To be supplied by amendment. **Proceeds**—For expansion program. **Underwriters**—To be determined by competitive bidding. Probable bidders: Lehman Brothers; Morgan Stanley & Co.; Harriman Ripley & Co. Inc. and the First Boston Corp. (jointly). **Bids**—Tentatively expected to be received on Jan. 14. **Registration**—Expected about Dec. 16.

Culver Corp., Chicago, Ill. (1/26)
Nov. 22 it was announced that company proposes to offer to stockholders on or about Jan. 26, 1953, a total of 23,640 additional shares of common stock on a share-for-share basis; rights to expire Feb. 9. **Price**—At par ($2 per share). **Proceeds**—For investment. **Office**—105 West Madison Street, Chicago, Ill. **Underwriter**—None.

Eastern Utilities Associates
Sept. 3 it was announced that amended plan of reorganization of this company and subsidiaries calls for issuance by company of $7,000,000 debentures and a sufficient amount of common stock to raise approximately $2,000,000. plan further provides that Blackstone Valley Gas & Electric Co., Brockton Edison Co., and Fall River Electric Light Co. issue mortgage bonds. **Proceeds**—To repay bank loans. **Underwriters**—For EUA debentures may be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc. (for bonds only); Lehman Brothers; Estabrook & Co. and Stone & Webster Securities Corp. (jointly); Glore, Forgan & Co. and Harriman Ripley & Co., Inc. (jointly).

Equitable Gas Co.
Nov. 20 it was announced company may offer early next year $10,000,000 of preferred stock. **Proceeds**—To repay $8,000,000 of bank loans and for construction program. **Underwriters**—May be determined by competitive bidding. Probable bidders: Blyth & Co., Inc.; Kidder, Peabody & Co.; White, Weld & Co.; The First Boston Corp.; Merrill Lynch, Pierce, Fenner & Beane. **Meeting** — Stockholders will vote Jan. 20 on authorizing an issue of $20,000,000 preferred stock.

European American Airlines, Inc.
June 11 it was reported company plans to raise an additional $400,000 of equity capital. An issue of $200,000 of capital stock was just recently placed privately at $7.50 per share. **Underwriter**—Gearhart & Otis, Inc., New York.

● Garrett Freightlines, Inc. (12/29)
Oct. 17 it was announced company has applied to ICC for authority to issue and sell $1,100,000 6% convertible debentures due 1967. **Price**—At par. **Proceeds**—To retire outstanding debentures and preferred stock and for new equipment and working capital. **Underwriter**—Allen & Co., New York; Peters, Writer & Christenson, Denver, Colo.; and Edward D. Jones & Co., St. Louis, Mo.

General Public Utilities Corp.
Nov. 15, A. F. Tegen, President, announced that its domestic subsidiaries may spend around $80,000,000 for new construction in 1953. Of this total, $15,000,000 will be provided internally leaving about $65,000,000 to be financed by the sale of securities. Subsidiaries expect to sell around $49,000,000 of bonds, debentures and preferred stocks and GPU will furnish about $16,000,000 to them. GPU expects to obtain the funds from bank loans, the sale of debentures, the sale of common stock or a combination of these. If present conditions continue well into next year, GPU would expect to offer additional shares to stockholders rather than resort to borrowing.

Indiana & Michigan Electric Co.
Nov. 6 it was reported company plans 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 bidders: (1) for bonds—Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co.; The First Boston Corp.; Union Securities Corp.; Harriman Ripley & Co., Inc. (2) for preferred—Lehman Brothers; The First Boston Corp.; Smith, Barney & Co.

Iowa-Illinois Gas & Electric Co. (1/27/53)
Nov. 26 directors approved plans to issue and sell $8,000,000 first mortgage bonds and 60,000 shares of preferred stock (par $100). **Proceeds**—To repay bank loans and for new construction. **Underwriters**—To be determined by competitive bidding. Probable bidders: For bonds, Halsey, Stuart & Co. Inc.; Harriman, Ripley & Co. Inc., Union Securities Corp. and White, Weld & Co. (jointly); Equitable Securities Corp.; Glore, Forgan & Co.; Harris, Hall & Co. (Inc.); Lehman Brothers; Blyth & Co., Inc.; The First Boston Corp.; Smith, Barney & Co. For preferred, Blyth & Co., Inc.; Merrill Lynch, Pierce, Fenner & Beane; Glore, Forgan & Co.; Lehman Brothers; Salomon Bros. & Hutzler and Union Securities Corp. (jointly); Kidder, Peabody & Co.; Harriman, Ripley & Co. Inc. **Registration**—Expected late in December. **Bids**—Tentatively scheduled to be received at 11 a.m. (CST) on Jan. 27.

★ Jamaica Water Supply Co.
Dec. 2 it was reported company plans late in 1953 to raise about $2,000,000 (about 60% in bonds and 40% in stock). Underwriter—Blyth & Co., Inc., New York.

Kansas City Power & Light Co. (1/20)
Nov. 19, H. B. Munsell, President, announced company plans to issue and sell $12,000,000 of first mortgage bonds. **Proceeds**—To repay bank loans and for new construction. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Glore, Forgan & Co.; Blyth & Co., Inc. and Lazard Freres & Co. (jointly); The First Boston Corp.; White, Weld & Co. and Shields & Co. (jointly); Smith, Barney & Co.; Kuhn, Loeb & Co., Salomon Bros. & Hutzler and Union Securities Corp. (jointly); Equitable Securities Corp.; Lehman Brothers and Bear, Stearns & Co. (jointly); Harriman Ripley & Co., Inc. **Bids**—Tentatively scheduled to be received on Jan. 20.

Macy (R. H.) & Co.
Nov. 13 it was reported company may do some financing in 1953 in the form of debentures or long-term bank loans. Previous financing was done privately through Lehman Brothers.

Missouri Power & Light Co.
Nov. 24 it was announced that company intends to borrow $2,800,000 from The Chase National Bank of the City of New York, the loan to be later funded through a form of permanent financing. Probable bidders for bonds: Halsey, Stuart & Co. Inc.; White, Weld & Co., Kidder, Peabody & Co. and Shields & Co. (jointly).

★ Monongahela Power Co.
Dec. 1 it was reported the company plans issuance and sale in the Spring of 1953 of $10,000,000 first mortgage bonds. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; W. C. Langley & Co. and The First Boston Corp. (jointly); Kuhn, Loeb & Co.; Kidder, Peabody & Co.; Glore, Forgan & Co.; Lehman Brothers; Equitable Securities Corp.; Union Securities Corp. and Salomon Bros. & Hutzler (jointly); Merrill Lynch, Pierce, Fenner & Beane; Harriman Ripley & Co., Inc.

Narragansett Electric Co.
Oct. 7 it was reported company plans issuance and sale of about $10,000,000 first mortgage bonds, series D. **Proceeds** — To repay bank loans and for new construction. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co. and Glore, Forgan & Co. (jointly); Salomon Bros. & Hutzler; Kidder, Peabody & Co. and Stone & Webster Securities Corp. (jointly); Lehman Brothers and Goldman, Sachs & Co. (jointly); Union Securities Corp.; The First Boston Corp.; White, Weld & Co. **Offering**—Expected late this year or early in 1953.

● National City Bank of Cleveland (1/13)
Dec. 5 it was announced company plans to offer to stockholders of record about Jan. 2, next, 125,000 additional shares of capital stock (par $16) at the rate of one new share for each six shares held; rights to expire on Feb. 2. Offering is subject to approval of stockholders on Jan. 13. **Price**—$36 per share. **Proceeds**—To increase capital and surplus. **Underwriter** — Merrill, Turben & Co., Cleveland, Ohio.

New Orleans Public Service Inc.
July 24 company announced plans to issue and sell $6,000,000 of first mortgage bonds due Dec. 1, 1982. **Proceeds**—For new construction. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers; Kidder, Peabody & Co. and Stone & Webster Securities Corp. (jointly); Equitable Securities Corp.; Union Securities Corp. **Bids**—Originally scheduled to be received on Dec. 15 have been postponed until around the end of the first quarter of 1953.

● New York Central RR. (12/17)
Bids will be received by the company in New York up to noon (EST) on Dec. 17 for the purchase from it of $11,625,000 equipment trust certificates, 1953 series, to be dated Jan. 1, 1953 and to mature $775,000 annually from 1954 to 1968, inclusive. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

New York, New Haven & Hartford RR. (1/7)
Oct. 31 it was announced company plans to issue and sell $14,000,000 of bonds. **Proceeds**—Together, with other funds, to refund $14,482,000 Harlem River & Port Chester first mortgage 4% bonds due May 1, 1954. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co.; Kuhn, Loeb & Co.; Morgan Stanley & Co.; The First Boston Corp.; Smith, Barney & Co.; W. C. Langley & Co. **Bids**—Expected to be received on or about Jan. 7.

Northern Indiana Public Service Co.
Sept. 18 it was reported company may issue and sell shortly after the close of this year some additional preferred and common stock. **Underwriters**—May be Central Republic Co. (Inc.), Blyth & Co., Inc. and Merrill Lynch, Pierce, Fenner & Beane.

Ohio Edison Co. (1/13-1/7)
Nov. 20 company sought SEC authority to issue and sell, early in 1953, of 150,000 additional shares of preferred stock (par $100) and 479,846 additional shares of common stock (par $12), the latter issue to be first offered for subscription by common stockholders of record Jan. 7, on a 1-for-10 basis at a price to be determined by the company. **Proceeds**—To finance construction program. **Underwriters** — To be determined by competitive bidding. Probable bidders: (1) For perferred stock: Morgan Stanley & Co.; Lehman Brothers and Bear, Stearns & Co. (jointly); W. C. Langley & Co.; Glore, Forgan & Co. and White, Weld & Co. (jointly); The First Boston Corp. (2) For common stock: Merrill Lynch, Pierce, Fenner & Beane and Kidder, Peabody & Co. (jointly); Lehman Brothers and Bear, Stearns & Co. (jointly); Morgan Stanley & Co.; The First Boston Corp. **Bids** — For preferred, expected Jan. 13; for common, Jan. 7.

Continued on page 42

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Ohio Power Co. (1/20/53)
Oct. 28 it was reported company plans to issue and sell $22,000,000 of first mortgage bonds and 100,000 shares of preferred stock (par $100). **Proceeds** — To repay bank loans and for new construction. **Underwriters** — To be determined by competitive bidding. Probable bidders: (1) For bonds, Halsey, Stuart & Co., Inc.; The First Boston Corp.; Union Securities Corp. and Salomon Bros. & Hutzler (jointly); Kuhn, Loeb & Co., Harriman Ripley & Co., Inc. and Stone & Webster Securities Corp. (jointly); Blyth & Co. Inc.; Glore Forgan & Co. (2) For preferred stock, Blyth & Co., Inc.; Dillon, Read & Co., Inc.; Harriman Ripley & Co., Inc. and Stone & Webster Securities Corp. (jointly); Glore, Forgan & Co.; Lehman Brothers; The First Boston Corp.; Union Securities Corp. and Salomon Bros. & Hutzler (jointly). **Bids**—Tentatively expected to be received on Jan. 20 at 11 a.m. (EST). **Registration**—Scheduled for Dec. 18.

Oklahoma Gas & Electric Co.
Nov. 13 it was announced company plans to issue and sell additional common stock at about a one-for-ten basis (2,411,945 shares of common stock outstanding). **Proceeds**—For new construction. **Underwriters**—May be determined by competitive bidding. **Probable bidders:** Lehman Brothers; The First Boston Corp.; Smith, Barney & Co. and Harriman Ripley & Co., Inc.

Pacific Northwest Pipeline Corp.
Aug. 29 company filed a second substitute application with the FPC proposing to construct a 1,384-mile transmission line extending from the San Juan Basin in New Mexico and Colorado to market areas in the Pacific Northwest. Estimated overall capital cost of the project is $179,000,000. Financing is expected to consist of first mortgage pipe line bonds and preferred and common stocks, and is expected to be completed by April, 1953. Underwriters—White, Weld & Co. and Kidder, Peabody & Co., both of New York, and Dominion Securities Corp., Ltd., Toronto, Canada.

Pan-American Sulphur Co., Dallas, Tex.
Oct. 23, J. R. Patten, President, said that it is planned to float an issue of over $3,000,000 of common stock (probably around 500,000 shares to be offered to stockholders on a 1-for-2½ basis. **Price**—About $7 per share. **Proceeds** — For construction program. **Underwriters** — Kuhn, Loeb & Co. and Carl M. Loeb, Rhoades & Co., both of New York.

Peoples Gas Light & Coke Co.
Oct. 24 it was announced that company and each of its subsidiaries will issue mortgage bonds or other debt securities. **Proceeds**—To finance construction programs. **Underwriters**—To be determined by competitive bidders. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Glore, Forgan & Co.; Kuhn, Loeb & Co.

Public Service Co. of New Hampshire
Nov. 3 it was announced company plans to issue and sell approximately $5,000,000 of bonds in May or June, 1953, and in the latter part of 1953 to issue sufficient common shares to raise about $4,000,000. Proceeds—To repay bank loans and for new construction. Underwriters—To be determined by competitive bidding. Probable bidders: For bonds, Halsey, Stuart & Co. Inc.; The First Boston Corp. and Coffin & Burr, Inc. (jointly); Kidder, Peabody & Co.; White, Weld & Co. For stock, Kidder, Peabody & Co. and Blyth & Co., Inc. (jointly); Harriman Ripley & Co. Inc.

Rockland Light & Power Co.
Nov. 12, F. L. Lovett, President, announced company expects to raise about $24,000,000 in the next two years through sale of bonds, and preferred and common stock, viz: $5,500,000 of first mortgage bonds and $5,500,000 prefererd stock in 1953 and $6,000,000 bonds, $6,000,000 preferred stock, and $1,000,000 common stock in 1954. **Proceeds**—For expansion program. **Underwriters** — For bonds and preferred stock may be determined by competitive bidding. Probable bidders: (1) For bonds—Halsey, Stuart & Co. Inc.; First Boston Corp. and Salomon Bros. & Hutzler (jointly); Stone & Webster Securities Corp.; Lehman Brothers, Bear, Stearns & Co. and A. C. Allyn & Co., Inc. (jointly); Merrill Lynch, Pierce, Fenner & Beane; Estabrook & Co. (2) For preferred—Stone & Webster Securities Corp.; Lehman Brothers; W. C. Langley & Co.; Estabrook & Co. and Kidder, Peabody & Co. (jointly). Common stock will probably be offered for subscription by stockholders.

Sinclair Oil Corp.
Oct. 28 it was announced company plans to issue and sell a total of $101,758,900 of new convertible subordinated debentures, which are first to be offered for subscription to comon stockholders at rate of $100 of debentures for each 12 shares of stock held. **Price**—To be determined at a later date. **Proceeds**—To retire $40,000,000 of bank loans and for expansion program. **Offering**—Expected some time in January. **Registration**—Expected after Dec. 18. **Underwriters**—Smith, Barney & Co. and Merrill Lynch, Pierce, Fenner & Beane, both of New York. **Registration**—Expected Dec. 19.

Southern California Edison Co. (1/15)
Dec. 2 Harold Quinton, Executive Vice-President, announced that company plans to issue and sell 500,000 additional shares of common stock. **Proceeds**—For new construction. **Underwriters**—To be determined by competitive bidding. Probable bidders may include Blyth & Co., Inc.; The First Boston Corp.; White, Weld & Co. **Bids** — Tentatively expected to be received on Jan. 15. **Registration**—To be filed Dec. 12.

Southern Natural Gas Co.
Nov. 3 FPC authorized company to construct pipeline facilities estimated to cost $32,518,500. On Sept. 15 it had been announced that the company expects to sell additional bonds during the first six months of 1953 in the amount then permissible under its mortgage indenture, and to provide for other permanent financing by the sale of additional first mortgage bonds or other securities in such amounts as may be appropriate at the time. Probable bidders for bonds: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co.; The First Boston Corp., Blyth & Co. Inc. and Kidder, Peabody & Co. (jointly). Any stock financing may be via stockholders.

Southern Ry. (12/11)
Nov. 2 it was announced company and New Orleans & Northeastern RR. plan to issue and sell $15,000,000 of joint 25-year mortgage bonds due Nov. 1, 1977. **Proceeds**—For refunding. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co.; Morgan Stanley & Co.; Kidder, Peabody & Co. **Bids**—To be received by John B. Hyde, Vice-President, Room 2018, 70 Pine Street, New York 5, N. Y., up to noon (EST) on Dec. 11.

★ Southern Railway (1/22)
Dec. 5 it was reported company expects to open bids Jan. 22 on an issue of $3,600,000 equipment trust certificates. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler; Kidder, Peabody & Co.

★ Southwestern Bell Telephone Co.
Nov. 28 company applied to the Missouri P. S. Commission for authority to issue and sell $186,000,000 of additional securities as the need arises (in addition to the proposed issuance to its parent, American Telephone & Telegraph Co., of $85,000,000 common stock. If debentures are issued, probable bidders may include Halsey, Stuart & Co. Inc. and Morgan Stanley & Co.

● Southwestern Public Service Co.
Nov. 21 it was reported that the company's financing program tentatively involves offering early in 1953 of $12,000,000 bonds and $2,000,000 preferred stock in addition to about $5,500,000 to be raised from the sale of additional common stock (about 293,500 shares) to common stockholders on a 1-for-12 basis (with an over-subscription privilege). Bond and preferred stock financing was previously done privately. **Proceeds**—To repay back loans and for new construction. **Underwriter**—Dillon, Read & Co. Inc., New York. **Registration**—Expected in January, 1953.

★ Tennessee Gas Transmission Co.
Dec. 3 it was reported company plans to issue and sell early in 1953 between $25,000,000 and $30,000,000 of first mortgage pipe line bonds. Underwriters—May be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Stone & Webster Securities Corp. and White, Weld & Co. (jointly).

Texas Telephone Co. (12/12)
Nov. 25 it was announced company plans to issue and sell 25,000 shares of 6% cumulative preferred stock of which 15,000 shares will be offered publicly to residents of Texas only and 10,000 shares will be sold to Citizens Independent Telephone Co., an affiliate. **Price**—At par ($20 per share). **Proceeds** — For new construction, etc. **Underwriter**—Moroney, Beissner & Co., Houston, Tex.

★ Texas Utilities Co.
Nov. 26 it was reported that this company, Texas Power & Light Co., Dallas Power & Light Co. and Texas Electric Service Co. plan new financing totaling about $53,000,000 to finance, in part, a $69,500,000 construction program.

Toledo Edison Co.
Oct. 3 it was reported company plans issue and sale of $7,500,000 first mortgage bonds and 500,000 shares of common stock. **Proceeds**—For construction program. **Underwriters**—For bonds, to be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Equitable Securities Corp. and Salomon Bros. & Hutzler (jointly); Carl M. Loeb, Rhoades & Co.; Kidder, Peabody & Co.; The First Boston Corp. and Glore, Forgan & Co. (jointly); Union Securities Corp.; Smith, Barney & Co.; White, Weld & Co. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Lehman Brothers. The common stock offering may be underwritten by The First Boston Corp. In 1950, the following group bid for common stock issue: Merrill Lynch, Pierce, Fenner & Beane; Blyth & Co., Inc.; Smith, Barney & Co. and Collin, Norton & Co. (jointly); Lehman Brothers, Harriman Ripley & Co., Inc., Bear, Stearns & Co. and Carl M. Loeb, Rhoades & Co. (jointly); W. C. Langley & Co. **Offering**—Of bonds probably early in 1953; and of stock, late in 1952.

Union Planters National Bank, Memphis, Tenn.
Dec. 1 company offered common stockholders of record Nov. 25 the right to subscribe for 100,000 additional shares of common stock (par $10) on a one-for-five basis; rights to expire Dec. 16. **Price** — $32 per share. **Proceeds**—To increase capital and surplus. **Underwriter**—Equitable Securities Corp., Nashville, Tenn.

★ Washington Water Power Co.
Dec. 3 it was reported company may issue and sell in June, 1953, $10,000,000 of first mortgage bonds and between $14,000,000 and $18,000,000 of debentures. If competitive, bidders may include: Halsey, Stuart & Co. Inc.; Union Securities Corp. and Lehman Brothers (jointly); Blyth & Co., Inc., Smith, Barney & Co. and White, Weld & Co. (jointly); W. C. Langley & Co. and The First Boston Corp. (jointly).

★ West Penn Electric Co.
Dec. 1 it was reported company plans to offer about 264,000 additional shares of common stock to common stockholders early in February on a 1-for-15 basis. **Underwriters** — To be determined by competitive bidding. Probable bidders: W. C. Langley & Co. and The First Boston Corp. (jointly); Lehman Brothers and Goldman, Sachs & Co. (jointly); and Harriman Ripley & Co., Inc. **Registration**—Expected late in December.

Wisconsin Public Service Corp.
Nov. 26 it was announced that company plans permanent financing prior to June 1, 1953, which may include the issuance and sale of between $7,000,000 and $8,000,000 of bonds and from $2,000,000 to $3,000,000 of preferred stock. An indeterminate number of shares of common stock may be offered late in 1953 or early in 1954. Stock financing, if negotiated, may be handled by The First Boston Corp. and Robert W. Baird & Co. Probable bidders for bonds: Halsey, Stuart & Co., Inc.; The First Boston Corp.; Union Securities Corp.; Kidder, Peabody & Co.; Shields & Co.; Merrill Lynch, Pierce, Fenner & Beane; Harris, Hall & Co. (Inc.); Carl M. Loeb, Rhoades & Co.; Salomon Bros. & Hutzler.

Our Reporter's Report

What promises to be the last public utility underwriting for the year went through like a "Man-o-War" this week. But it had little or no effect on the status of recent offerings which have been slow to catch on.

New England Telephone & Telegraph Co. received five bids for its offering of $20,000,000 of 25-year debentures. And the range of these tenders indicated that all groups were disposed to pretty much the same line of reasoning.

The top bid was 101.411 for a 3¼% interest rate. That of the runners-up was only seven cents per $100 lower while the lowest of the five bids was but 17 cents per $100 under the top.

And according to marketplace discussion, the lowest group had planned reoffering on almost the same basis as fixed by the winner, 101.721 for a yield of 3.15%.

Dealers explained the celerity which market the resale as reflecting the fact that this was a sort of "special" paper which appealed to institutions which have not yet closed up their books.

Falling into that category were banks, pension funds and savings banks. The issue had "name appeal" and the maturity fitted rather nicely into a number of portfolios.

Even though it required but a few hours to bring oversubscription, the quick success of this operation failed to generate any noticeable interest in some recent issues which have been laggard.

Pillsbury a "Quickie"

Pillsbury Mills, Inc.'s offering of $17,000,000 of 20-year sinking fund debentures proved another quick operation as had been forecast on the basis of preliminary inquiry.

Interest in this business had been building up steadily from the time of registration and the undertaking was foreordained for success.

Carrying a 3⅛% coupon and priced at 100¼, the offering met with quick oversubscription. A sinking fund provides for retirement of 5% of the bonds annually from 1957 through 1972.

Next Week's Features

There isn't too much fat left on this year's hog but for those who like a little speculative appeal next week is slated to bring public offering of West Coast Pipe Line Co.'s $20,000,000 of 12-year debentures with warrants for a share of common for each $50 principal amount of the debentures.

This underwriting is being undertaken to put the company in funds to build a crude oil pipe line from West Texas to California. The stock warrants are not detachable until July 1 next.

New York Central meanwhile is slated to open bids for $11,625,000 of equipment trust certificates, and while there has been slight backing up of such paper, along with other types, as the year-end approaches competition is expected to be keen.

Reinvestment Demand

Corporations with new money needs shaping up can be expected to go into registration in the weeks ahead with a view to catching the "reinvestment demand" which normally develops during January and February.

Dividend payments are running slightly ahead of last year, and the customary heavy interest disbursements will go out over the year-end, giving recipients a problem of deciding how best to employ such funds.

One company, Southwestern Public Service Co., already has indicated its intention of filing next month for some $20,000,000 of new securities, probably $12,000,000 bonds, $2,000,000 preferred stock and the balance in common to be offered on a "rights" basis.

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American Nat'l of Chicago Elects

Herbert F. Murphy has been elected a director and Walter A. Gatzert a Vice-President of the American National Bank and Trust Company of Chicago.

Mr. Murphy is Vice-President and a director of Sears, Roebuck and Co. and replaces William O. Kurtz, former Executive Vice-President of the Illinois Bell Telephone Company, who is retiring from the bank's board of directors after 11 years, and now spends much of his time away from Chicago. Mr. Gatzert was Secretary and Treasurer of Spiegel, Inc. retail store and mail order company, from 1933 to 1951. In 1951 he became a financial consultant and specialized in the oil business.

LIQUIDATION NOTICE

The Love County National Bank at Marietta in the State of Oklahoma is closing its affairs. All creditors of the Association are therefore hereby notified to present claims for payment to the undersigned, at Marietta, Oklahoma.

G. C. McMAKIN,
Liquidating Agent.

DIVIDEND NOTICES

QUARTERLY DIVIDEND NOTICE

The ARO EQUIPMENT CORP.
Bryan, Ohio

ARO

• The Board of Directors has declared a regular quarterly dividend of 20c per share of common stock payable January 15th to shareholders of record at the close of business January 2, 1953.

L. L. HAWK
Nov. 25, 1952 *Sec.-Treas.*

AMERICAN ENKA CORPORATION

DIVIDENDS

The Board of Directors has declared the following dividends on the common stock:

A YEAR-END EXTRA dividend of 40c per share, payable on December 27, 1952 to stockholders of record at the close of business December 17, 1952.

A REGULAR QUARTERLY dividend of 40c per share, payable on December 27, 1952 to stockholders of record at the close of business December 17, 1952.

GAYLORD DAVIS,
Vice President and Treasurer
December 5, 1952

ENKA RAYON **TEXTILE and TIRE YARNS**

Avisco®

AMERICAN VISCOSE CORPORATION

Dividend Notice

Directors of the American Viscose Corporation at their regular meeting on December 3, 1952, declared a year-end dividend of fifty cents (50¢) per share on the common stock, payable on December 23, 1952, to stockholders of record at the close of business on December 12, 1952.

WILLIAM H. BROWN
Secretary

With Williams Inv. Co.

(Special to THE FINANCIAL CHRONICLE)

JACKSONVILLE, Fla. — Benjamin H. Troemel and James H. O'Reilly have joined the staff of Williams Investment Company, Barnett Building.

Hamershlag, Borg Admit

Hamershlag, Borg & Co., 20 Broad Street, New York City, members of the New York Stock Exchange, on Jan. 1, will admit John Ryder Stern to partnership.

W. C. Thornburgh Adds

(Special to THE FINANCIAL CHRONICLE)

CINCINNATI, Ohio—Robert O. Buse has become affiliated with The W. C. Thornburgh Co., Union Trust Building.

DIVIDEND NOTICES

J. I. Case Company
(Incorporated)

Racine, Wis., December 8, 1952

A regular dividend of $1.75 per share upon the outstanding Preferred Stock of this Company has been declared payable January 1, 1953 to holders of record December 12, 1952 and a year-end dividend of 87½¢ per share upon the outstanding $12.50 par value Common Stock of this Company has been declared payable January 1, 1953 to holders of record December 12, 1952.

WM. B. PETERS, *Secretary.*

COMBUSTION ENGINEERING-SUPERHEATER, INC.
Dividend No. 196

A quarterly dividend of seventy-five cents (75c) per share on all the outstanding stock of the Company has been declared payable January 22, 1953 to stockholders of record at the close of business December 12, 1952.

OTTO W. STRAUSS, Treasurer.

CANADIAN PACIFIC RAILWAY COMPANY

Dividend Notice

At a meeting of the Board of Directors held today a final dividend of seventy-five cents per share on the Ordinary Capital Stock was declared in respect of the year 1952, payable in Canadian funds on February 27, 1953, to shareholders of record at 3.30 p.m. on December 30, 1952.

By order of the Board.

FREDERICK BRAMLEY,
Secretary.

Montreal, December 8, 1952.

GT GENERAL TIME

GENERAL TIME CORPORATION

Dividends

The Board of Directors has declared the following dividends:

PREFERRED STOCK

The regular quarterly dividend of $1.06¼ on the 4¼ per cent cumulative preferred stock, payable January 2, 1953 to shareholders of record December 19, 1952.

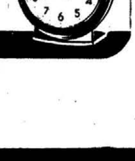
COMMON STOCK

A dividend of 50 cents per share payable January 2, 1953 to shareholders of record December 19, 1952.

JOHN H. SCHMIDT
Secretary-Treasurer

December 3, 1952.

WESTCLOX • BIG BEN • SETH THOMAS
STROMBERG RECORDERS
HAYDON MOTORS



Bank of Montreal Appoints Two

MONTREAL, Canada.—The Bank of Montreal has announced the appointment of two new assistant general managers — Allan T. Corner, manager of the bank's main office in Montreal for the past four years, and William T. G. Hackett, the bank's economic adviser since 1943. To succeed Mr. Corner, the bank has named R. D. Mulholland, who has been manager of the bank's main office in Ottawa for the past two years.

Mr. Corner has had wide branch experience in Ontario, Quebec and Newfoundland, and also in New York where he served as the bank's third agent. In 1944 he became assistant to the president and three years later was appointed superintendent of the Montreal district branches.

Mr. Hackett has served on Canada's National War Finance Committee and on the Wartime Industries Control Board. During his service with the Bank of Montreal, he has written and spoken extensively on economic matters.

DIVIDEND NOTICES

CALUMET & HECLA, INC.
DIVIDEND NO. 74

A dividend of fifteen cents ($0.15) per share will be paid on December 26, 1952, to holders of the outstanding Capital Stock of the Calumet & Hecla, Inc., at the close of business December 15, 1952. Checks will be mailed from the Old Colony Trust Company, Boston, Mass.

J. H. ELLIOTT, Secretary.

Boston, Mass., December 4, 1952.

HOMESTAKE MINING COMPANY
DIVIDEND NO. 886

The Board of Directors has declared a year-end dividend No. 886 of sixty-five cents ($.65) per share of $12.50 par value Capital Stock, payable December 22, 1952 to stockholders of record December 15, 1952.

Checks will be mailed by Irving Trust Company, Dividend Disbursing Agent.

JOHN W. HAMILTON, Secretary.

December 5, 1952.

DIVIDEND NOTICE

THE MINNEAPOLIS & ST. LOUIS RAILWAY COMPANY

The Board of Directors of this Company on November 29, 1952, authorized the payment of a dividend of Twenty-five (25¢) Cents per share on all shares of common stock outstanding as of the close of business December 12, 1952 and an extra dividend of Ten (10¢) Cents per share on all shares of common stock outstanding as of the close of business December 12, 1952, such dividends to be payable December 22, 1952, to the holders of record of shares of said stock at the close of business on December 12, 1952.

By order of the Board of Directors.

JOHN J. O'BRIEN, Secretary

Exide BATTERIES

THE ELECTRIC STORAGE BATTERY COMPANY

209th Consecutive Quarterly Dividend

The Directors have declared from the Accumulated Surplus of the Company a year-end dividend for the year 1952 of fifty cents ($.50) per share on the Common Stock, payable December 22, 1952, to stockholders of record at the close of business on December 15, 1952. Checks will be mailed.

H. C. ALLAN,
Secretary and Treasurer

Philadelphia, December 5, 1952.

International MINERALS CHEMICALS

Mining and Manufacturing

Phosphate • Potash • Plant Foods • Chemicals
Industrial Minerals • Amino Products

★

Dividends were declared by the Board of Directors on Nov. 20, 1952, as follows:

4% Cumulative Preferred Stock
43rd Consecutive Regular
Quarterly Dividend of One Dollar
($1.00) per Share.

$5.00 Par Value Common Stock
Regular Quarterly Dividend of
Forty Cents (40¢) per Share.

Both dividends are payable Dec. 30, 1952, to stockholders of record at the close of business Dec. 12, 1952.

Checks will be mailed.

Robert P. Resch
Vice President and Treasurer

★

INTERNATIONAL MINERALS & CHEMICAL CORPORATION

General Offices: 20 North Wacker Drive, Chicago 6

DIVIDEND NOTICES

NOMA
Electric Corporation
55 W. 13th St., New York 11, N. Y.

The Board of Directors has declared a dividend of Fifty cents (50¢) a share on the Capital Stock of this Corporation for the year 1952, payable December 29, 1952 to stockholders of record at the close of business December 19, 1952.

HENRI SADACCA
President

December 9, 1952.

Old Town CORPORATION
Manufacturers of DUPLICATING MACHINES
CARBON PAPERS • RIBBONS

DIVIDEND No. 42

The Board of Directors has declared a dividend of 30 cents per share on the Common Stock of the Company, payable on December 31, 1952 to stockholders of record at the close of business on December 19, 1952.

JEROME A. EATON, *Treasurer*

December 9, 1952

DIVIDEND NOTICES

OLIVER

Common Stock Dividend:
The Board of Directors has declared a quarterly dividend of 60 cents per share on the Common Stock, payable January 2, 1953, to shareholders of record December 5, 1952.

Preferred Stock Dividend:
The regular quarterly dividend of $1.12½ per share on the 4½% Cumulative Convertible Preferred Stock has been declared payable January 31, 1953, to shareholders of record January 15, 1953.

ALVA W. PHELPS — Chairman of the Board
A. KING McCORD — President

THE **OLIVER** CORPORATION
Chicago, Illinois

INTERNATIONAL SHOE COMPANY
ISCO
St. Louis

167TH
CONSECUTIVE DIVIDEND
Common Stock

A quarterly dividend of 60¢ per share payable on January 30, 1953 to stockholders of record at the close of business January 5, 1953, was declared by the Board of Directors.

ANDREW W. JOHNSON
Vice-President and Treasurer

December 2, 1952

DIVIDEND NOTICES

New York & Honduras Rosario Mining Company
120 Broadway, New York 5, N. Y.

December 10, 1952.

DIVIDEND NO. 401

The Board of Directors of this company, at a Meeting held this day, declared a dividend of One Dollar ($1.00) per share on the outstanding capital stock, payable on December 24, 1952, to stockholders of record at the close of business on December 16, 1952. This distribution represents the final dividend in respect of earnings for the year 1952.

W. C. LANGLEY, Treasurer.

TOBACCO AND ALLIED STOCKS, INC.
DIVIDEND NOTICE

The Board of Directors on the date below, declared a dividend of $1.00 per share on the capital stock without par value of this corporation, payable December 24, 1952, to stockholders of record at the close of business, December 18, 1952. Transfer books will remain open. Checks will be mailed.

G. C. SCHEUERMANN, *Treasurer*

December 8, 1952

MRS WAGNER'S PIES

WAGNER BAKING CORPORATION

The Board of Directors has declared the regular quarterly dividend of $1.75 per share on the 7% Preferred Stock payable January 1, 1953.

The Directors also declared a dividend of 15 cents per share and an extra year-end dividend of 15 cents per share on the Common Stock, both payable December 27, 1952.

All dividends payable to stockholders of record December 19, 1952.

J. V. STEVENS, Secretary.

REYNOLDS METALS

REYNOLDS METALS COMPANY

Reynolds Metals Building
Richmond 19, Virginia
PREFERRED DIVIDEND
COMMON DIVIDEND

The regular dividend of one dollar thirty-seven and one-half cents ($1.375) a share on the outstanding 5½% cumulative convertible preferred stock has been declared for the quarter ending December 31, 1952, payable January 1, 1953, to holders of record at the close of business December 17, 1952.

A dividend of twenty-five cents (25¢) a share on the outstanding common stock has been declared payable December 24, 1952, to holders of record at the close of business December 17, 1952.

The transfer books will not be closed. Checks will be mailed by Bank of the Manhattan Company.

ALLYN DILLARD, *Secretary*

Dated, December 4, 1952

ROYAL TYPEWRITER COMPANY, INC.

The regular quarterly dividend of $1.12½ per share for the current quarterly dividend period ending January 31, 1953, has been declared payable January 15, 1953 on the outstanding 4½% cumulative preferred stock, series A, of the Company to holders of preferred stock of record at the close of business on December 26, 1952.

A dividend of 50¢ per share has been declared payable January 15, 1953, on the outstanding common stock of the Company, of the par value of $1.00 per share, to holders of common stock of record at the close of business on December 26, 1952.

ROBERT S. MILLER
December 10, 1952 *Secretary*

ROYAL

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Washington . . . And You

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

WASHINGTON, D. C.—There is no ignoring that there is a growing uneasiness among the well-wishers of the newly-elected Administration in this Capital over the delay of Mr. Eisenhower thus far in establishing an adequate liaison between himself and his receptive following in Congress.

This is rather a constant topic of current conversation. The only visibly happy persons are the numerous devotees of the retiring Administration who with eager prematureness are seeing a "split" in the GOP.

Up until the appointment of Martin P. Durkin as Secretary of Labor there was not serious concern, only a little disappointment that the Eisenhower entourage did not at least follow the amenities by notifying Senators of selections from their own bailiwicks, prior to making the selections public.

Whatever disappointment this omission caused it was offset by the favorable reaction which greeted the names of most of the chief Cabinet men selected by Mr. Eisenhower.

The Durkin appointment, however, gave the appearance of being a gratuitous slap at Senator Robert A. Taft. The Ohio Senator is not believed to have intended to promote in 1953 a tightening up of the Taft-Hartley Act and a curbing of the vast legal advantages embedded in the present law for the labor organizations. Such a tightening up would have been politically unrealistic in view of the precarious GOP hold on Congress, and it was ruled out anyway by Mr. Eisenhower's campaign avoidance of a quarrel with labor.

The appearance of the gratuitous slap arose, of course, because of the fact that an outspoken advocate of Taft-Hartley repeal was named Secretary of Labor. The appearance was heightened by Senator Taft's quick reaction thereto. Some of the Senator's friends wish "Bob" had withheld his statement and had bided his time until he could straighten it out with Mr. Eisenhower.

There will be no such "split," however, unless General Eisenhower has forgotten his both generous and politically realistic declaration of dependence upon Mr. Taft, or, unless the obviously ascendant Dewey crowd should have the notion of trying to "cut down" Senator Taft while General Eisenhower's prestige is so high and there is a great amount of patronage to be dispensed.

That General Eisenhower has forgotten his pledge of cooperation or would countenance a drive to "cut down" Mr. Taft is something which it will still take a lot of proving to convince some of the less mercurial followers in Congress of the newly-elected President.

Trumanites Stress Personalities

Mr. Truman's dispossessed adherents know, of course, that it is not a question of Mr. Taft personally, while they try to egg on a split. They know that the Ohio Senator stands for a viewpoint, and his prestige and his standing arises in a large part because he is rated as the most able spokesmen for that viewpoint.

That viewpoint is that of the Congressional conservative Republican. If any group of men could be imagined so successfully unwise as to persuade Mr. Eisenhower, in effect, to do away with Mr. Taft as a prime political force, they would only find that while they probably could be immediately successful the things the Senator stands for would come back to try them sorely, if not in 1953, then in 1954, 1955, and 1956.

For the pressures upon Representatives and Senators are at least by degree distinct and different from the pressures which operate against a President. Members of Congress have more definite, tangible, and inescapable local interests which cannot be disregarded.

See Liaison Need

So the Durkin incident, as observers see it, is merely a sign that General Eisenhower has delayed long enough in establishing this liaison with Congress.

When such a liaison is established Eisenhower, if he does not already appreciate it, will find that Congressmen beyond the second political grade are occupationally aware of the necessity for constant compromise. Although Governor Dewey is intensely disliked by the greatest majority in Congress, most of their leaders of the GOP could not be expected, so long as they were not unnecessarily pushed around, to attempt to quarrel with the accomplished fact that the Dewey crowd is definitely in the saddle in the Administration. They instinctively recognize Eisenhower's enormous debt to the politically masterful Gov. Dewey.

Avoid Leadership Interference

The key shortcoming, as it is seen from the Congressional viewpoint, is the absence of anyone in General Eisenhower's personal entourage who has a feel for the Congressional viewpoint.

This feeling is sort of an intuition in the sense of arriving at a sound political judgment in a complex dealing with Congress from having gone over parallel ground before for years. It is like the feel a successful merchant has of new brands or merchandise that will sell.

Such a man or such a liaison would not only give sound advice in hundreds of specific cases. He could also advise the still politically untutored Eisenhower of some fairly well-established political principles.

One of these is not to interfere with the Congressional leadership except at the peril of considerable lost progress in legislation and a constantly-plaguing feud.

Thus, Roosevelt "purged" Chairman John O'Connor of New York, who as a working level political gent probably would have gone along on three out of four FDR things. The result was that neither he nor Truman ever once gained control of the House Rules Committee.

The alert, nimble, brilliant late Senator Pat Harrison of Mississippi, who did so much to cut the ground under the GOP under Hoover, was prevented from being the obvious choice for Senate Democratic leader in favor of the more conforming but pedestrian Alben Barkley. As a result Roosevelt called upon (now) Gov. Jimmy Byrnes to be his chore boy in putting across New Deal legislation. Alben wasn't up to it.

Another thing a capable Congressional liaison would be dogmatic about is that it is as futile to carry out a grudge in politics as it is for a merchant to overstock a slow item because it catches his eye.

Every election provides a case which demonstrates this. One of the latest was in Maryland, when Senator O'Conor was given the heave-ho by the State party organization because he wouldn't rally to the organization in an intramural party scrap or wouldn't defend Tydings. The organization's man won the primary and the resulting wounds in a large part lost them the Senatorship to Glenn Beall.

Hoover Lacked Liaison

Herbert Hoover notably lacked even an initial successful liaison. Despite his personal landslide victory in 1928, he gradually lost the regard, and finally incurred the private enmity, of his own nominal leaders in Congress, in some cases.

This correspondent recalls being at the White House during the consideration of the Tariff Act of 1933. This developed into pretty much an old-fashioned log-rolling party. Individual Senators and Representatives had their local interests to cater to. The President appeals by occupation across these interests to a broad sector of the whole nation.

By the time the Act was in the Senate certain of Mr. Hoover's leaders came to the White House begging for Mr. Hoover to "interfere," that he publicly whip Congress on the tariff bill while it was still under consideration, in order that the MC's would have an excuse to get out from under the local pressure and the resulting act would be less deleterious than it was to the party's prestige.

Mr. Hoover at that time went by the political science book which said that the Executive and Legislative departments of the Government were separate and never should the twain meet. He refused to help bail out the boys, and this was a characteristic factor in Mr. Hoover's political decline, even if later on he almost seemed to be shouting daily imprecations at Congress when he became frustrated.

A feel for Congress and its workings is something which is learned only by subjection to long parochial experience. It cannot be learned out of books on political science. It cannot even be learned by such preeminent qualities as being one of the ablest governors of one of the greatest States, or being one of the country's most adroit convention and campaign managers.

Alternative to Liaison

Franklin D. Roosevelt, who neglected to cultivate harmonious and smooth working relations with Congress, giving as well as taking except when forced, provided the alternative to such a liaison. That is to fight. Mr. Roosevelt, however, perhaps proved that fighting Congress is a painful and not entirely successful enterprise.

(This column is intended to reflect the "behind the scene" interpretation from the nation's Capital and may or may not coincide with the "Chronicle's" own views.)

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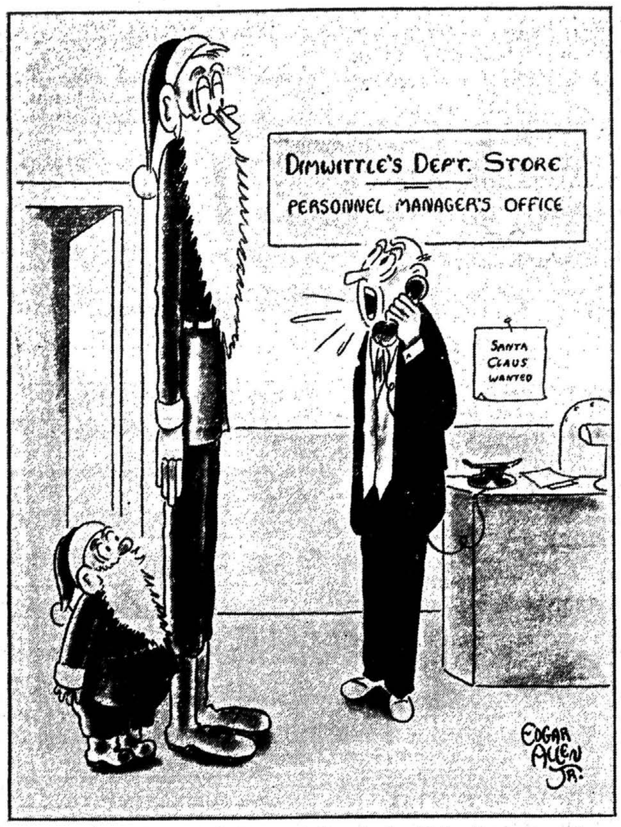

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