EDITALOR

As We See It

Several recent events have served again to draw attention to the world problems of the United States and various associated powers. The visit of the President-elect to Korea aroused interest not only in this country, but in various other lands. This was particularly true of Britain where authorities have long been a little uneasy about what the United States might do in that distant peninsula. Some of the Eisenhower statements during the campaign, allegedly originating with Mr. Dulles, now Secretary of State-designate, are also said to have brought some uneasiness to European minds.

Still more recently, an unexpected statement from Josef Stalin in the form of replies to questions submitted by a representative of the New York "Times," and an equally surprising announcement from Britain that this country will soon arrive in this country and confer with the President-elect, have aroused widespread interest and emphasized the world-wide connotation of what may take place when the new Administration takes office in January.

U. S. Occupies Key Role

The fact is that whether we like it or not, we occupy a key position among the nations of the world today. Only the United States and Soviet Russia emerged from the devastation of World War II as really first class powers. Russia escaped impotency chiefly by reason of its enormous size, plus the fact that so much of its territory lay beyond the reach of its enemies, although the naive generosity of President Roosevelt

Continued on page 32

No New Business Boom in '53

By ROGER W. BABSON

Mr. Babson, predicting intensification of competition in 1953, says: "despite recent improvement in government controls, profit margins will not be helped and many "marginal producers" may have their days numbered. Sees stimulus of defense spending fading, but forecasts "if a slide starts it should be gradual." Looks for slightly lower living costs.

Business will start the year 1953 in high gear. The pace will slacken, however, as the year unfolds, with total business volume for 1953 smaller than for 1952. The powerful support of the Great Boom—construction and automobiles—will lose strength as the year advances.

Barring World War III, 1953 will find business operating under less government control than any year since outbreak of the Korean War. But don't expect removal of price controls to help profit margins.

Intense Competition Predicted

Sallest economic feature is the fact that our productive capacity has now been expanded to the point where, barring World War III, output can take care of both arms and civilian needs.

The handwriting is on the wall against inefficient operators. Their days are numbered. The successful businessman next year will be the one who can control his costs and stay out front in his market.

I strongly urge my business friends to get out and sell, and sell hard next year; but hire the best cost accountants you can for the back office. "Order takers" will find fewer jobs as 1953 moves along.

War and Peace

My forecasts for 1953, are made on the assumption that World War III will not strike during the year.

Continued on page 39

The Stock Market Thrn '53

By EDMUND W. TABELL

Market analyst emphasizes accentuation of market's intelligent selectivity ever recent years, manifested by rise since 1957 in one-third of issues despite 50% advance in industrial average. Forecasts long-term advance to last until 1960-62, and surpass 1929 high of 258. Expects 1953 to be year of consolidation, ad

Continued on page 22
A continuous form is 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 Security I Like Best

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A continuous form is 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.
Competition in Investment Banking

By PAUL L. HOWELL* Associate Professor of Finance School of Commerce, Accounts, and Finance Graduate School of Business Administration New York University

Prof. Howell discusses competition as it applies to the investment banking business now charged with a responsibility to restrain trade. He explores whether, under existing circumstances, competition is possible and to what extent it can function into the most productive uses. Investment bankers have placed an important emphasis on internal intermediary functions in recent years, but useful resources must be reduced to a bare minimum. Free and unisoned competitive enterprise has been a major factor in attaining the American standard of living.

The investment banking business has long been viewed as being a monopoly and as monopolistic competition. This view and the analytical tools of monopolistic competition, however, are imperfect markets, with the equation of marginal revenues and marginal costs to determine uniquely the price and output policies of the individual firm are not very useful. Neither does there appear to be any close factual similarity to other recent anti-trust cases such as the aluminum, cigarette, glass container, A & P, sleeping car or cement burial point cases.

The crucial to the competitive situation in investment banking is not freedom to enter the industry and freedom to compete for the business on equal terms, but the law cannot force equality of opportunity. It can make it illegal for persons to oppose it actively. There are institutional and psychological barriers to the freedom of access which can never be overcome, such as a reputation for integrity and ability. There are close circle of long established business associations, adequate capital, etc.

The Department of Justice is concerned, at least to a theoretical extent, in proving that active monopolistic competition in investment banking business currently exist.

I

The Concept of Competition in the Capital Markets—Freedom of Entry and Access

Let us first examine the concept of competition in the capital markets. The function of the capital market is to raise funds as economically as possible and to channel them into the most productive uses. Investment bankers have assumed an important responsibility in providing an intermediary function in channeling these savings into productive enterprises. (Aperimental investigation to the extent that this is not so, the banks have only themselves to blame for a poor public relations job in not opening their archives to dispel the aura of mystery which has surrounded them in the past. It is fundamental that the issuers and sale of securities to the public be public business.

The investment banking business is unique in that it does not produce commodities and, therefore, it is difficult to measure the extent of the service of uniform character or quality. In a way, each underwriting is a uniquely unifying enterprise. For this reason the theoretical monopolistic and the analytical tools of monopolistic competition, which are imperfect markets, are not very useful. Neither does there appear to be any close factual similarity to other recent anti-trust cases such as the aluminum, cigarette, glass container, A & P, sleeping car or cement burial point cases.

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II

The Background of the Anti-trust Laws

This suit is an outgrowth of the trust busting boom started by Thurman Arnold and of the TNEC investigations of the investment banking in the late '30's. After several years of further investigation, a Department of Justice (DOJ) filed a civil complaint against Morgan, Stanley and 16 other firms and the Investment Bankers Association (IBA) on October 1947 in New York. The complaint alleged a conspiracy to restrain trade and to monopolize the securities business in violation of

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We are pleased to announce the election of
MR. EMMONS BRYANT
PRESIDENT and DIRECTOR
and
MR. JOSHUA A. DAVIS
CHAIRMAN of the EXECUTIVE COMMITTEE
effective January 1, 1953

We take pleasure in announcing that
MR. OLIVER A. KIMBERLY
has been admitted as a General Partner in our firm.

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January 1, 1953

The Stock Market Situation

BY RICHARD W. LAMBOURNE
President, The Natl Federation of Financial Analysis Societies; Partner, Dodge & Cox, Investment Managers, San Francisco

Emphasizing vulnerability of market forecasting to war developments, Mr. Lambourne sets a bull market as a reasonable valua
tion of many stocks; (2) epochal turning of political tide last November 4; (3) strong business prospects; (4) possible benefits from Excess Profits Tax relief; (5) need for high
ormal advances in housing; (6) need for high construction and capital investment in expanded and modernized highway system; and (7) continuing high level of private capital
formation. A persistent inflation risk factor is (1) historically high level of market averages; (2) rapidly thinning ranks of market pessimists, and (3) threats to peace. Emphasizes importance of analytical job of selecting issues which will continue to be favored.

Is it now the time of season for well-meant New Year’s Resolutions and Annual Forecasts, both of which involve hazardous responsibilities. A curious fact in the financial community is that so many of us are obligated at the year end to predict the coming year’s movements in the market. We have not always been impressed with one particular aspect of these annual forecasting contests—a notable popular notion, the "Stock market" is subject to a high degree of predictability. Perspicacity in this vein is seen as a high quality in private life. To mistake this myth is really a remarkable phenomenon in light of market experience in recent years.

Most stock market forecasters suffer in the first place from the illusion that there is little uniformity of price action, as shown by the striking divergence of movement among individual stock groups. Second, tools for statistical analysis of stock prices over long periods are inadequate and in some instances, downright misleading. We need not labor this point any further as a number of excellent studies of the subject in recent issues of "The Analyst" is already available. Third, the price action of the "averages" has already made (or will make) a number of forecasts of movements of a sort that seem self-contradictory. Thus, the market is subject to a high degree of predictability. For the investor, there is no market. The "market" is subject to a high degree of predictability. Perspicacity in this vein is seen as a high quality in private life. To mistake this myth is really a remarkable phenomenon in light of market experience in recent years.

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The State of Trade and Industry

With the resumption of industrial activity on a more normal scale this week, output is expected to perk up and show substantial improvement over the Christmas holiday shutdown in the previous week. Last week despite the seasonal interruption, industrial activity managed to hold well above the level of the like period in 1951. Employment returns to levels and optimism prevails as regards the prospects for business in the first-half of 1953.

A six-months study of "Markets After the Defense Expansion" made by the United States Department of Commerce, stands for business in 1953 will be good, but forecasts a less cheerful picture for 1954 and 1955. The department said rising defense outlays, high expenditures for plant and equipment, and unfavorable inventories should bolster business activity in 1953, but in 1954, there is a "real possibility" of a downturn in business as defense orders begin to dip and outlooks are made for consumer durable goods output. A "serious test" of the strength of the U.S. economy is forecast for next year.

Purchasing agents were less optimistic in their outlook for the coming year. In the December survey conducted by the National Association of Purchasing Agents, 25% of the executives said business conditions during the first six months should show "no abatement" for the current high levels. However, 25% of the agents expect business to remain good only through the first quarter of next year. The remaining 50% expect business would average about the same level as this year.

By producing 38.8 million net tons of steel in 1952 Soviet Russia shattered the 2.5 million production in the United states had enjoyed, "The Iron Age." national metalworking weekly, reports the current week. The Russian output represented a gain of about 12% over the 34.5 million tons produced by Soviet furnaces in 1951.

World steel production in 1952, it added, was 1.3 million net tons less than it was in 1951. World output in 1952 was 211.9 million tons, up in 1951 it was 229.9 million tons. The decline in world production was due largely to loss of more than 10 million tons of production due to strikes in the United States last year. The United States was the only major steel producing country to show a decline in 1952.

World steel consumption increased production in Free World nations other than the United States maintained the Free World advantage in steel output over Iron Curtain countries, continues this trend.

Western Germany scored the biggest gain of any Free World nation with production in 1952 at 22 million tons or 2.4 million tons more than in 1951. Next was France, whose output of 11.7 million net tons was about a million tons higher than the previous year. The United Kingdom produced 18.3 million tons in 1952 or a gain of 0.8 million tons over 1951. Japanese output increased 1.6 million tons, up 0.6 million tons from 1951, while Italian production, 2.9 million tons, was 0.5 million tons higher than the year before.

Despite production losses from strikes totaling more than 19 million tons, American steel companies wound up the year with total output of 92.5 million tons, an increase of 8.5 million tons over 1951, and 56.5 million tons in 1950, states "The Iron Age."

The outlook for 1953 is very bright. It is estimated that the steel industry could produce as much as 90 million net tons—demand. Actually, it is doubtful that the industry will be called upon to produce much, as supply is expected to match demand for a number of finished steel items in the middle of the year or soon after, declares this trade authority.

Arthur Hamill to Head W. E. Hutton Dept.

W. E. Hutton & Co., 14 Wall Street, New York City, members of the New York Stock Exchange, announce that Arthur T. Hamill has been appointed manager of the firm's Corporate Trading Department.

Mr. Hamill was formerly manager of the institutional department for Lee Higginson Corporation.

Willis, Kenny & Ayres
New Firm Name

RICHMOND, Va. — The firm name of Brooke-Willis, Inc., has been changed to Willis, Kenny & Ayres, Inc. Offices of the firm, which will continue to transact a general investment banking business in corporate securities and mutual funds, will remain at 21 North Eighth Street.

Halsey, Stuart Offers Unsubs. 3¾% Debs.

Halsey, Stuart & Co. Inc. has arranged to sell the unauthorized portion of $16,448,300 Consolidated Gas Electric Light & Power Co. of Baltimore 3¾% convertible debentures, due Dec. 18, 1967. Of the total amount, debentures offered to holders of the company's common stock, $16,168,700 was subscribed for at par by the balance of $160 principal amount of debentures for each 30 shares of common held upon the exercise of subscription rights offered to common stockholders. Subscription rights expired on Dec. 18.

The company is engaged in the business of purchasing, producing and selling electricity and gas in the state of Maryland. The company is now furnishing, without competition from any other public utility, electricity and gas in the Baltimore metropolitan area and adjacent territory. Population of the area served with electricity is approximately 1,200,000, while the population of the territory served with gas is approximately 1,250,000.

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We take pleasure in announcing that

"DAVID G. ACKERMAN"

and

L. PARKS SHIPLEY

have been admitted to our firm as general partners.

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PRIVATE BANKERS

Business Established 1818

January 1, 1953

Volume 177 Number 3182 ... The Commercial and Financial Chronicle

Observations ... 
By A. Wilfred May

Uncle Joe Liked His Xmas Gift

"A Foreign Policy Memorandum Stalin Might Write:--

...A stronger Australia, more method of reaching our objectives [than by all-out war] is to wait patiently, building up our heavy industries, preparing for a possible war by giving our enemies by little wars waged by proxy, and [sic] taking every advantage of the difference between our totalitarianism and the tolerance and freedom of the Western countries, which we can use to destroy them."—From "The New Look Is Soviet Policy," by William G. Chamberlain, in THE FREEMAN magazine of Dec. 29, 1952.

Accompanying this credo of Cold War reliance on democratic confusion is the following simple citation of a Khrushchev aim for his enemies' conduct: "One of the most formidable Communist secret weapons is political influences, letting their enemies throw themselves by means of internal contradictions of their own." Both of these realistic and now widely-understood observations were written before the provision last week of the four "questions" for Mr. Stalin by the diplomatic correspondent of the most influential newspaper in the Western democratic world.

Among those agreeing with Khrushchev in incontroversial characterization, as well as with the foulness of specifically supplying Mr. Stalin with means to use against the implacable and uncompromising Communist, is the editor of that same journal, THE NEW YORK TIMES. For his editorial page he wrote (on Dec. 26):—

"Unfortunately, at first sight, and viewing Mr. Stalin's words in the light of the Soviet record, there is little reason to hope that they represent anything more than just another psychological war technique, a little more offensive" and another attempt to deceive the world. The Soviet record shows that whenever the Soviets have committed some particularly outrageous deed or were preparing for a new one Mr. Stalin invariably assumed his jovial 'Uncle Joe' role and issued some soothing pronouncement, either publicly or in diplomatic conference, to reconcile the world to Soviet fait accompli and to avert any unfriendly reaction with them. He fooled two American Presidents that way, and he may be hoping to fool a third.

"For that reason it is imperative for the new Administration to be on guard against the wily Georgian who, by such tactics, has made himself ruler not only of all the Russians but of one-third of the human race. Now more than ever it is necessary, for the sake of our own safety and that of peace, to insist that before Mr. Stalin's words are taken seriously they must be matched with deeds."

And again the following day Mr. Reston's editor on the editorial page reacted realistically:—

"The plain fact is that Soviet lies have at last caught up with the Soviet reality. The story now is that 25% of all the world's steel is now under construction in the Soviet Union."

Our Gift's Welcome Form and Timing

Two additional disheartening features of this incident unfortunately, must be mentioned. The form of the questions was continued on page 8
Will Sterling Damage the Dollar?

By FRANZ PICK

International currency export traces decline of gold since 1914 to current situation of “56 varieties of black, dark gray, light gray and light gray.” Disagrees with expectations of convertibility, concluding our choice lies between remaining in frying pan of non-convertible sterling or jumping into the fire of dearer pound drop which will damage our trade more than present subsidies. Predicts increase in official gold price to $52.50, with a “new sterling” completely free, and an “old pound” subject to exchange regulations.

Sterling, once one of the most precious cures on the globe, has a glorious history. It started with the establishment of the Bank of England in 1694. Until the end of the Napoleonic Wars in 1815, Sterling had to overcome many trade problems, numerous and long fluctuations in value, but during all this time it remained an index of commercial and political power. From 1819 to 1914, England's paper money, stronger and more respected than the American dollar, served world’s capital system as an unqualified symbol of trade, wealth and might. It ruled the prices of commodities, of freight rates, interest rates, gold, diamonds and all foreign exchange markets. But when Sterling, in August, 1914, Queen Victoria’s grandson, Wilhelm II, Emperor of Germany, went out to conquer Europe, the fate of the pound, along with other world currencies, was sealed. Sterling, having lived nearly a full century of financial stability and glory, was doomed the day German “Kanonen” fired the first shot of their “Big Bertha” against the fortress of Liege in Belgium. Neither Germany or Britain were aware of this fact at the time.

Thirty-seven years of Sterling decline, which started in 1915, have since gone on the records of currency history. The pound fell from $4.85 in 1913 to $3.49 in 1921. Britain’s financial managers made every effort to bring it back to its prerwar value and at the end of 1925, with Winston S. Churchill as Chancellor of the Exchequer, it was possible, although quite costly, to restore the pound to its former value of 4.87.

The financial prestige operation did not hold well. America had grown rich. Wall Street exalted in a seemingly endless gambling orgy which intoxicated the entire country and collapsed in October, 1929. The pound, well as the dollar, could no longer rule a pauperized world, nor could it compete with a cheap Dollar and a popular Gold Standard. The need to see the necessity to pay for her prestige error of 1925 add the burden of Sterling's. And as she could not get American, at that time, she courageously went into a clear state bankruptcy on Sept. 21, 1931 and cut the pound to 80 cents. The value. A currency earthquake shook the world, the pound fell over the globe collapsed! Less than a year later, America also went into State Bankruptcy and within two years cut 40% of the dollar.

In depreciated dollars, the Sterling held up magnificently, the dollar declined about $4.86 in 1934. This new weight, which has held for many long. Only five years in 1939, after Hitler’s March into Poland, began the pounding attack. First it cut to $1.04. During 1940 Sterling was again devalued.

When victory came, the Sterling was reduced, reduced under international black market pressure—indeed, the rate—officially at least—is leading a problematic existence.

During 14 years of rigid foreign exchange controls, the pound was forced on the “made in Germany” ideas (as an example, Great Britain paid the British Treasury and the Bank of England with the most complicated systems of monetary prison life. From the British Treasury you have many merits, but like any other government, that is not also. It could be called a currency concentration camp, a mouse trap, a prison camp, but as the old saying goes “if you cannot beat them, join them,” we should only judge its merits after its liquidation, then is a fortunate part is that we are not really outsiders. Many billions of pounds have been paid into the British Treasury to keep her gold stock, and it is estimated that it will take 5 years to pay for it and will continue to pay much, much more.

In order to understand this highly complicated Sterling set up, let us to a few questions.

1. Controls and Black Sterling Markets

The average British citizen cannot transfer their money abroad. As the pound currencies of the Commonwealth and the Commonwealth, the sterling, the same restrictions are valid for their subjects. The Commonwealth countries, former and present, are located all over the globe, but by hundreds of thousands of miles, are rather difficult to watch.

In spite of a very rigorous supervision, which centers in London, and in spite of the most rigorous trade supervision, illegal traders and smuggling take place every second of the day. The illegal transfers of Sterling easily amount to millions of pounds per day.

To my personal, and certainly never complete, knowledge there are about 96, if not more, trading varieties of Sterling which have to be called black, dark gray and light gray. They are traded in every part of the whole world. And as, and even of the so-called respectable newspapers in England and also in the U.S., refuse to report on such transactions, it is difficult to follow the development of prices and their possible utilization, in the press.

As our large commercial banks do not deal with these “convertible” varieties, their trade remains the specialty of a relatively small number of Swiss, French, Italian and Dutch banks and some of the extraneous, foreign dealers. There are five principal Sterling categories:

First is the famous American Account. This is the official Sterling convertible into U. S. dollars, because it originally originated from dollar payments or licensed import through Sterling rate-trim.

Second is the Transferable or hypothecated Sterling. There are around 52 different varieties. They originate from commercial transactions or trade balances of other countries with England or as a member of the Sterling-Bloc. They are divided into “Generally Transferable Accounts,” resulting from trade balances of 19 countries, which are unrestricted or Transfer account to other countries of the “Transferable Group” or to Sterling area accounts, and the Bilateral Account group. The latter countries 25 countries.

There is also the Unclassified Country group which includes 8 countries. Most of these transactions, performed under not too strict British supervision, are legal. Yet there are many large official accounts which is not quite legal, but usually profitable.

Many well-advised export and import traders have learned the different techniques of the best use of such Transferable Sterling facilities to the advantage. Let me give you an example: An American importer buys Italian, Italian sterling, and pays with Sterling, not 7 to 8% cheaper than the official rate. In a North African port, the importer can use the local currency, the goods are bought from the U. S.

Or let us take Malayan tin bought with Transferable Sterling, which, in turn, is paid for by British currency authorities, and reaches the New Zealand bank, and not a rebate rate. I could give hundreds of similar examples, but we don’t have time.

In order to understand this highly complicated Sterling set up, let us to a few questions.

3. The third variety of the pound is the most legal. Security Sterling or Switchpoint. It is tolerated for drafts from English securities and was originally created to give the safer, broader and capital to Britain. It can be bought and sold outside England and has two main varieties, the Continental Swtchpoint and the theoretical limit of use for the Security trade only. But New York’s American’s and Zurich’s experience has shown that they are used Security Sterling for the creation of Danish, Transfers, Pounds, for example, and billions of dollars. There were also constant rumors of electronic devices given for Switchpoints for investment pur- poses within the Empire. A few large U. S. banks, for example, have built their new factories in the Sterling countries with Security Sterling.

The fourth main category is the fabulous and I even say fabulous Resident Sterling, with at least 52 sub-varieties. These Resident accounts are probably one of the most colorful creations of England’s foreign exchange control. They are nothing but the acquisition of British securities of Colonials banks with no possibility of redemption. Residences they can be and are used for Indian credits or services or local expenditures within the whole Sterling-Bloc and trade. 

You have a practical and absolutely factual example of such "Resident Sterling." A well-known U. S. oil company pays about $12 million to a beautiful monthly to one of the former ruling tribes in the Ers, for his oil. The Emir, well advised by his personal advisor, uses most of these dollars to buy gold from, for example, the South African Government, pays to India, where, after payment of local taxes and services or local expenditures within the whole.

We take pleasure in announcing that

MR. JOSEPH WALKER, JR.

has been admitted to general partnership in our firm.

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has been elected a Vice President

Homer O'Connell & Co.

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120 Broadway

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January 1, 1933

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and

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New York, N. Y.
Accordance Preferred
By IRA L. COBLEIGH
Author of "Expanding Your Income"

Concluding the brisk value survey (commenced last week) of mixed metaldehyde-flavored issues, this time touching upon the least said and more sporting varieties.

Today's title was obviously inspired by the strolling musicians at various Christmas markets, but it's more appropriate than it may appear at first glance. An accordance has great capacity to expand and generate the necessary share we'll speak of today. Also, a situation contract may squeeze the holder, and fi

... (text continues)

At "Conversion" Level

The first, Allis Clamers, was selected as a fine security in an excellent heavy industry company, with preferred stocks the next day, that buyers give the cumulative provision but a fleeting glance.

The investment firm of CONRAD, BRUCE & CO. has consolidated with J. R. WILLISTON & CO. and their joint interests will be continued under the name of J. R. WILLISTON, BRUCE & CO.

Note: This text is a continuation of a previous document.
On the Press—

"An All Plastics World"

TROSTER, SINGER & CO.

Members: N. Y. Security Dealers Association

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

Canadian Growth Stocks—Circular—Burns Bros. & Denton, Inc., 37 Wall Street, New York 5, N. Y.

Inflation and the Investor—Booklet—Dept. CF-6, Kidder, Peabody & Co., 10 East 40th Street, New York 17, N. Y. Also available is The Favorite Fifty, an analysis of the 50 listed stocks most popular with professional management.

Over-the-Counter Index—Folder showing an up-to-date comparison between the listed industrial stocks used in the Dow-Jones Averages and the 25 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.


Planters in "Highlights No. 21" a discussion of "An All Plastics World"—Troster, Singer & Co., 74 Trinity Place, New York 6, N. Y.


* * *

Acme Steel Company—Analysis—Sincere and Company, 231 South La Salle Street, Chicago 4, Ill.

American States Oil Company—Analysis—Toden & Company, Inc., 149 Broadway, New York 6, N. Y.

Atlantic Coast Line Railroad Company—Bulletin (No. 116)—Smith, Barney & Co., 14 Wall Street, New York 5, N. Y.

Baxter Laboratories—Memorandum—Rogers & Tracy, 120 South La Salle Street, Chicago 4, Ill.

Bethlehem Steel Co.—Memorandum—Paine, Webber, Jackson & Curtis, 25 Broad Street, New York 4, N. Y. Also available are memoranda on Houston Lumber & Power Co. and International Telephone & Telegraph Corp.

Clearing the Details—Review—Ira Haupt & Co., 111 Broadway, New York 6, N. Y.


Phipps Dodge Corp.—Memorandum—Rotan, Mosle and Moreland, 705 Travis Street, Houston 2, Texas.


Sunnary Oil Corporation—Analysis—Eastman, Dillon & Co., 15 Broad Street, New York 5, N. Y.

United Aircraft Corporation—Analysis—Glore, Fargan & Co., 60 Wall Street, New York 5, N. Y.

United Air Lines, Inc.—Analysis—Boothchild & Company, 135 South La Salle Street, Chicago 3, Ill.

Continued from page 5

Observations . . .

gratuitously made to order for the Kremlin propaganda line of creating the old good-will impression, as laboriously exhibited at their engineered peace-offensive "Conferences," economic and political. (Questions submitted to Stalin by this columnist in Moscow earlier this year assuredly were, by comparison, sharp "needles," and left unanswered.)

And the timing was ideal for Mr. Stalin's purposes, in providing a means of countering President-elect Eisenhower's efforts to seize the initiative, even before the "Election" is removed from his title.

The de-bunking of Stalin's in the political sphere deeds-versus-words have been cited in the week's press reactions to the Moscow oracle's latest dicta. But it should be realized, particularly by readers of this paper, that the Kremlin peace-propaganda strategy in the economic field is equally important and dangerous. Midst the Kremlin's East-West trade blandishments to the vast "neutral areas," they are prone to forget Lenin's basic dictum as set forth in 1920: "Restoration of trade relations is a means of making large purchases of machinery needed by us. . . . The sooner we have achieved this, the sooner we will be economically independent from the capitalist countries." And as it was subsequently reiterated by the important Soviet economist, Mishustin, in 1941: "The main goal of Soviet import is to utilize foreign merchandise, and first of all machinery, for the speediest realization of the plans for Socialist reconstruction, for the industrialization of the national economy, and for the technical and economic independence of the U. S. S. R. . . . The trade of the U. S. S. R. is so organized that it aids the socialist liberation from import!"

Let us remove Uncle Joe from our Christmas greeting list!

CINCINNATI STOCK & BOND CLUB

At the reorganization meeting held by the board of trustees of the Cincinnati Stock and Bond Club on Dec. 22, 1952 the following officers were elected for the year 1953:

President—George F. Oswald
Vice-President—George Hudson
First Vice-President—G. B. (Bob) Rebert & Co.
Second Vice-President—George Hudson & Co.
Secretary—Richard Wellighhoff, 116 Broadway, New York 6, N. Y.
Treasurer—John J. Fischer, Jr., Merrill Lynch, Pierce, Fenner & Beane.

GEORGIA SECURITY DEALERS ASSOCIATION

At the annual meeting of the Georgia Security Dealers Association, Dec. 12, 1952, the following officers and Executive Committee members were elected:

President—Jack C. Morris, Norris & Hirshberg, Inc.
First Vice-President—J. W. Reller, Co., Smith, Barney & Co.
Second Vice-President—George Hudson, 115 Broadway, New York 6, N. Y.
Secretary & Treasurer—Roy W. Hancock, Hancock, Blackstock & Co.


Frank J. Ronan Joins

NY Hanseatic Corp.

Frank J. Ronan is now associated with the New York Hanseatic Corp., 111 Broadway, New York City, in the firm's dealer relations department. Mr. Ronan was recently credited with Bonner & Gregory in a similar capacity. He has been in the financial field for more than 20 years, the greater part having been with Askle & Co.

Robert N. Tuller Co.

Formed in New York

Formation of Robert N. Tuller Co. to handle business in state, municipal and revenue bonds, with offices at 25 Broad Street, New York City, is announced effective Jan. 1. Also announced in the dissolution of Tuller, Cray & Ferris, members of the New York Stock Exchange. Mr. Tuller had been a principal partner of the latter firm. From 1952 to 1954, Mr. Tuller operated as Robert N. Tuller & Co. and With Military Inv. Serv.

(Special to the Financial Chronicle)

PT. GAINES, Ga.—Homer R. Harber, Jr., is now connected with Military Investment Service, 111 Bluff Street.

COMING EVENTS

In Investment Field

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


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


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

May 11-16, 1953 (White Sulphur Springs, W. Va.) Investment Bankers Association of America Spring meeting at the Greenbrier Hotel.


Nov. 25-8, 1953 (New York City) Investment Bankers Association of America Annual meeting at the Hollywood Beach Hotel.
$62,000,000

California Toll Bridge Authority

Richmond—San Rafael Bridge

3% Toll Bridge Revenue Bonds

Series A

Dated September 1, 1952

Due September 1, 1992

The Series A Bonds are redeemable prior to maturity at the option of the Authority as follows:

in whole, on any date on or after September 1, 1957, from any funds available, at 106½% if redeemed on or before March 1, 1958; thereafter, at 106% if redeemed on or before March 1, 1959; thereafter, at 105½% if redeemed on or before March 1, 1960; thereafter, at prices diminishing by 3½ of 1% each year to and including March 1, 1977; thereafter, at 104½% if redeemed on or before March 1, 1982; thereafter, at 100½% if redeemed on or before March 1, 1986; thereafter, at 100½% if redeemed on or before March 1, 1987; thereafter, at 100½% if redeemed on or before March 1, 1988; and thereafter at 100½%, plus accrued interest in each case;

Principal and semi-annual interest (March 1 and September 1) payable at the Bank of America National Trust and Savings Association, San Francisco, Calif., Paying Agent, or at The National City Bank of New York, New York, N. Y., Collection Agent. Coupon Bonds in the denomination of $1,000. Registered bonds in denominations of $1,000, $5,000, and $10,000, or in multiples thereof, with privilege of interchangeability in either case.

Interest Exempt, in the opinion of counsel, from Federal Income Taxes under present laws, regulations and court decisions; also the Bonds and the interest thereon are exempt from California Taxes except transfer, inheritance and estate taxes.

These Bonds are issued under and subject to the provisions of an Act of Legislation known as the California Toll Bridge Authority Act and pursuant to the provisions of a Resolution adopted November 7, 1952, as amended and readopted December 17, 1952. These Bonds are the initial part of an authorization of $72,000,000 principal amount, and in the opinion of counsel, constitute valid, legal and binding obligations of the Authority, secured and payable as provided and set forth in the Resolution, and do not constitute a debt, liability or obligation of the State of California.

Price 102½% and Interest

yielding approximately 3.75% to maturity

These Bonds are offered when, as and if issued, and received by us, and subject to the approval of legality by Messrs. Orrick, Dahlquist, Neff & Harrington, San Francisco, California, Bond Counsel to the Authority. The offering of the Bonds is not being made hereby. The offering is being made only by means of the Official Statement of the Authority, copies of which may be obtained in any state from each of the several underwriters, including the undersigned, as may properly distribute such Official Statement in such state. It is expected that Bonds in temporary form will be ready for delivery within 60 days, exchangeable for Definitive Bonds.

Blyth & Co., Inc. The First Boston Corporation Harriman Rippy & Co. Incorporated Lehman Brothers


Central Republic Company (Incorporated) Coffin & Burr Dick & Merle-Smith R. S. Dickson & Company Incorporated Dominick & Dominick First of Michigan Corporation


Tucker, Anthony & Co.

December 30, 1952
A Forecast of 1953 Business And Securities Markets

By JULIAN D. WEISS
First Investment Company, Investment Counsellors, New York, New York

Though stating "we are late and high in the business cycle," West Coast investment counsellors forecast a high overall level of business activity in 1953. Looks for increasing mili-
tary outlays until middle of year, with some decline in civilian plant expenditures, but continuing rise in consumer purchasing power. Discusses leading factors in business and stock market situation, and contends stock prices will go higher over long pull trend.

The change of administration, in my opinion, does not mean a major change in our way of life. The cold fact of reality indicates that the key-moneys economy will continue to be a full employment and that any administration that would suggest a major deflation and unemployment, would be relegated in future elections.

The New Administration has indicated clearly that it will utilize all powers of government to correct economic problems. It is believed most probable that such action will be necessary in the course of the next few years, based on natural economic forces.

We are late and high in the business cycle, a period of considerable years or even decades, will not forecast an immediate decline in business activity and in our overall economic measurements. We wait out that at this time last year, when we predicted that 1952 would witness a high in the all facets of business activity excepting only corporate profits, we were too far ahead of the curve.

The forecasts have, in fact, been far too optimistic and there that would be a major decline. Attention is directed to the fact that in every since the beginning of the war, forecasters have, incorrectly, predicted substantial decline in business activity.

Good Business in 1953

I believe the overall level of business activity will be high this year, possibly highest in years; although it will be slightly below 1952 — probably 3% below the latter part of 1953. However, I do not anticipate that a major decline. Defense expenditures have been increasing and probably will hit their peak sometime in excess of $10 billion annually. The "cash flow" (retained earnings plus depreciation cash) is an important element which bears upon the level of capital expenditures. The September report for businesses in the "Chronicled" tabula-late about $25 billion in capital investment for many key industries, and this level is well above the sustained high level of capital outlay. A $2-2.5 billion decline in capital expenditures would more than offset by higher defense expenditures and the still higher step-up in expenditures by States and municipalities.

First, the fundamentals constitute the third major aspect of the problem. It appears that there will be a slight decline in the level of goods and services. At the present time there is virtually full employment and any unemployment matched favorably with last year's--if any. The saving power is high and is likely to continue in excess of any increase in prices that has been occurring. Tax reduction, if it takes place, would be helpful and it probably will have only a minor impact in 1953.

The rate of spending has been increasing moderately and is considered an important factor in the movement to disposable income of individuals. The estimated disposable income has continued at favorable levels. However, the rate of increase in the public (as well as in corporations) has been going into the hands of the consumer almost $2 billion, according to estimates, since the war. Further increases in the private debt structure cannot be expected because of the cost of other words, sales at the retail level, has left the public debt propensities of the American people and their consumer debt is badly out of line in relation to personal income. It certainly appears that this is the real problem, and that the zone of what could be considered reasonably

Ample Credit Supply

It is believed that credit will be plentiful and that interest rates will remain low. Some sources feel that under the new Administration there would be a sharp tightening of credit. I do not consider that this is probable. I feel that credit is still plentiful because of the belief that if business activity was up by 20% or so at the end of next year (as seems likely) the demand for funds on the part of business would decline somewhat and that the interest rates would remain low. We expect bank rate to rise in the late summer, reflecting the return of funds to the banking system from the refinancing of the Federal Reserve, money and credit as such have increased in recent years largely as a result of increased commercial loans has resulted from these industries. This is at a considerably higher-than-normal rate.

Inventories and Prices

The pattern of rising inventories has been for the period of record, and the tendency is for industry to keep inventories up on a larger scale. In the last quarter of 1952, inventories declined. This may be optimistic, but it does not appear that inventory levels will decline. At the present time, the deficit will not exceed 10%. Depreciation charges (a non-operating expense) have increased sharply reflecting in large part emergency amortization, and probably runs.

Semi-annual Appraisals

Equipment Trust Certificates

City of Philadelphia and Philadelphia School District Bonds as of December 31, 1952

Note available for distribution Write for your copy

STROUD & COMPANY

Incorporated

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NEW YORK • ALLENTOWN • PITTSBURGH • LANCASTER

Retained profits, or "savings," have been accumulating in the steel industry, and inventories declined in some of the durable goods industries. However, conditions are ample in relation to demand for these products, and in some instances other inventory building. Thus, the stimulus to business activity from the accumulations is likely to continue to increase. Savings, or "liquidity," has obtained from time to time in the past, and it is likely to continue.

Commodity prices continue to show a moderate downward trend in the period under consideration. At the wholesale level, I anticipate a decline of 3% in the period ahead, possibly with a very slight rise in the last quarter. The world situation will continue to be characterized by political instability and uncertainty. For example, there appears to be no ready solution to India's economic problems, and the broader problems of dollar shortages throughout the Western World.

There is no basis for anticipating an important improvement with regard to the level of foreign trade.

Earnings and Dividend Outlook

Corporate earnings for the entire year show relative stability. The fourth quarter of 1952 should be the best part of the year. The second quarter 1953 results likely will be relatively favorable. Earnings will be better than the eights of the like and the fourth quarter results. In mid-year earnings for all of 1953 will rather closely approximate the estimated $1,077.5 billion in earnings. The dividend rate would be moderately below the average of $1.07. The dividend rate for the five years ended Dec. 31, 1951.

Corporate Profits After Taxes

(Billions of Dollars)

1947
1948
1949
1950
1951
1952 (estimated)

$21.0
$21.2
$21.7
$21.6
$21.8
$22.0

Stocks, on a statistical basis, are reasonably evaluated in relation to earnings and dividends. At the present high level of about 11½ times, they are not close to the previous price-earnings ratios which obtained at pre-war levels. We are presenting the amount of dividends that appears to yield, now around 11% on average. Similarly, the bond market also appears fairly stable. The percentage of yields on stocks is for the most part below that of the bond market. In addition, the general market is not too high as a glance at the averages would imply. A recent analysis showed that in the first six months of this year, the industrial average was up only 4.91%, and the average gain resulted from relatively sharp price rises in five issues: Chrysler, General Motors, General Motors, General Foods and Westinghouse. In other words, as the economy moves along, it should be possible to evaluate the technical trend and, in the face of the present price level, the bond market is not unreasonably priced.

A major decline in the economy is not expected, and it is important to note that often with regard to securities markets, a major decline in the movement is more significant than the rise. Securities markets will move with it. In other words, as the economy moves along, it should be possible to evaluate the technical trend and, in the face of the present price level, the bond market is not unreasonably priced.

Reynolds Admits Two General Partners

Walker G. Buckner is becoming a general partner of Reynolds & Company, Wall Street, New York, City, where he will head the Pen-

nington Department, the firm has announced. The tiff in the firm was due to the activities of this department which were to be coordin-

ated by his predecessor. The changing in vested interests and the requirements of insurance coverage, appear to be factors.

R. A. Connolly Opens

R. A. Connolly and Associates have opened a real estate office at 33-59 Seventy-second Street, New York City.

A. H. Peterkin Opens

JACKSON HEIGHTS, N. Y. — Alfred H. Peterkin is engaging in a real estate business at 33-59 Seventy-second Street, New York City.
LETTER TO THE EDITOR:

Suggests New Approach to Stock Market Analysis

Homer Fahrner, registered investment adviser, explains a "trend formula" for use in forecasting stock market movements. Gives advice to neophyte investment advisers.

Editor, Commercial and Financial Chronicle:

Investment advisers generally use the fundamental approach to market analysis; not a few use the technical approach. I dare say that only a handful "follow the trend." Yet this last method is not only time and labor-saving, but it seems as certain as be right with the market as much of the time as either of the other. Two methods, the "formula" I use is simple and direct.

When, after a substantial advance in the market, as measured by the Dow-Jones Industrials, I sell those stocks which have not fully participated in that advance, and after the next reaction, I purchase those stocks which did better than average in previous advances. There are, of course, many other approaches to investment management using the "trend following" principle. Perhaps the oldest and certainly best known trend following method is the renowned Dow Theory. Next would be the 10-week moving average. Here, when the current price is higher than the 10-week moving average, the trend is said to be up and you buy, likewise, when the current price is lower than the moving average the trend is down and you sell. Like the Dow Theory this will be very profitable when the swings are large, but will whip saw you with many small losses when the swings are narrow as they have been past many months.

Then there is the principle of dividing the price of the individual stock by the Dow-Jones Industrial Average. When this price-to-price ratio advances, the individual stock is necessarily doing better than Dow-Jones and you buy. When the ratio turns down, you sell. This method also does well in big swings, but leads to disappointing losses in a narrow market.

Also illustrative of the trend followers is the system which buys whenever Dow-Jones advances (some take 10%) from the low point of a current reaction and sells when Dow-Jones declines the same percentage from last top. So much for trend-following methods. The big question may be how to get clients. If you have the capital, the thing to do may be to rent an impromptu office in a big financial center, hire a secretary and a staff of analysts, and then advertise extensively in all the financial publications.

I followed exactly the opposite course. Starting in a very modest way, my wife made me an "office" out of a spare room in my family which I still use. I do nearly all of my own secretarial work, getting some help from my wife only when it comes to stuffing and mailing. In fact, I do not devote nearly full time to investment advising. My main line is organic farming and gardening in which I endeavor to raise food of a superior quality.

At the outset I addressed an "open letter to the editors" of an important financial journal giving the results of some real analytical work. From this letter I received about a hundred inquiries, some of whom became steady clients. From them on it was relatively easy.

Building a List:

Unusual. I am able to make my initial contacts with my fellow advisers by offering to exchange my duplicating of Spring-Starch specimens. Then if correspondence develops and we get on a friendly basis an exchange of mailing lists sometimes follows. This is most frequently done on a one-for-one-name basis. In this way I have built up my initial list of around a hundred names to a present total of nearly 3,000. By sending you exchange names, to give only real names with current addresses. Nothing will so offend the other party to the transaction as to find that the names he receives from you are of people who are dead or have moved to different addresses.

Having built a mailing list, the next thing is to try those names into active accounts. I service my prospect mailing list about once in every three or four months. My method is to let my prospective clients see for a nominal fee how I handle my Master Stock Account, disclosing each purchase and sale over a short period of from three to six months. Auditing this pilot account, they can tell whether or not my Capital Appreciation service appeals to them before they risk their capital on my advice. If after an upswing and a down swing in the Dow-Jones Industrials they are unable to see the merits of my advice, they generally try elsewhere. Don't be offended if you cannot please everyone. Remember the other fellow has something, too. And maybe his service is better than yours for some investors for any number of reasons.

One final word of advice: don't take yourself too seriously. Above all, don't get too cocky if you hit the high points on the way two or three times in a row. Remember, price goes back to the general level all the time. HOMER FAHNER

Route 1, Box 88
Coming, Calif.
Dec. 16, 1952

With Walston, Hoffman & Goodwin in San Francisco. Call in your orders to me, and I will send them to this office. . .

Price $18.75 per Share

The Colorado Fuel and Iron Corporation

Common Stock

(without par value)

320,000 Shares

Price $18.75 per Share

Copies of the Prospectus may be obtained from the undersigned only in such States where the undersigned may legally offer these Securities in compliance with the Securities laws thereof.

NEW ISSUE

Allen & Company

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Carl M. Loeb, Rhoades & Co.

E. F. Hutton & Company

Schwabacher & Co.

Francis J. du Pont & Co.

Dean Witter & Co.

Walston, Hoffman & Goodwin

Auchincloss, Parker & Redpath

Blair, Rolls & Co.

A. C. Allyn and Company

Incorporated

Deary & Company

A. M. Kidder & Co.

George Terry & Company

Hirsch & Co.

Auchincloss, Parker & Redpath

Abraham & Co.

Chase, Meyer, Barnett & Co.

Benjamin Dreyfus & Co.

Sutro Bros. & Co.

Hamlin & Lunt

Coven & Co.

Goodbody & Co.

Zuckerman, Smith & Co.

Brown Bros., Harriman & Company

Admit Two Partners

Brown Brothers Harriman & Co., 66 Wall Street, New York, City, members of New York Stock Exchange and other exchanges, announce that David G. Ackerman and E. Parks Shipley have been admitted to general partnership in the firm.

JOINS J. G. KINNARD

J. G. KINNARD & Co., Third Floor, 154 Railroad Avenue, Middletown, N.J. — Gordon C. Thompson has joined the staff of J. G. KINNARD & Co., 153 South Seventh Street.

Michael Chase

Sustaining Forces In Business Outlook

By ROY L. REIERSON

Vice-President, Bankers Trust Company, New York

On basis of current business conditions and immediate prospects, Mr. Reierson finds as sustaining forces: (1) defense spending and the budget; (2) State and municipal outlays; (3) housing construction and (4) steady consumer buying, together with sounder inventory situation. Finds serious uncertainties in long-term view, however.

We are entering the time of year which custom is dedicated to speculating about the future course of the economy. This year the annual searching for answers is heightened by the impending change of Administration and the consequences thereof even for Government policy.

The international situation still remains the principal factor of immediate concern which will have a significant effect upon the rate of defense spending. The nearness of the peak is a major aspect of our economic life. Notwithstanding the record-breaking level, it must be possible to mark the outlook as bright as we can.

Current Business Conditions

The year 1952 is considered on the generally optimistic note. Most forecasts are based on improvements to record levels. Production of durable goods has snapped back after the hard fall of the post-war strike; the limited inventory correction which began in 1951, has run its course and has succeeded, in recent months, by a remarkable gain in output and sales; business inventories are now at their highest level on record. There are indications that this increase in capacity levels over the past two years has been limited by the present pressure of demand. Business inventories, which had been running slightly below the all-time high, public construction has been in a rising trend for several years. But far larger than any of these stimulating factors has been the rapid upsurge of defense spending and its impact on the economy. This is a colossal sum, even in an economic-melting pot like America; but it is a sign of the great increase in defense spending, although accompanied by an extraordinary boom in private capital expenditures, has been achieved is giving rise to a number of inferences which are legitimate and necessary to record low for the past 20 years, with the exception of a brief period in the mid-1940s.

However, this improved in economic activity and business sentiment stimulate possibilities unimaginated. A closer look at the basic trends reveals that the current upswing appears impressive in comparison with conditions some months ago, while the steel in- dustry was stricken and other industries were beginning to feel the effect of the strike, and when vacated factories and unused machinery were holding down the level of activity. In comparison with what has been attained in the past, the current increase in business appears somewhat staggeringly impressive. In a wider context, the index of industrial production which averaged 1923 as the base and 1952 is now over 228, is exceeding its highest level ever recorded, compared with the levels established in 1951, which are 253.2, and 1952, which are 198.1. Thus we are experiencing no more and no less than an economic activity that has remained relatively stable for about two years.

Furthermore, it is pertinent to note that total economic activity has been weaned at times when the rate of inflation was accelerating and the rate of growth was decreasing. While we have had a substantial increase in economic activity, we have not been driven to the point of inflation that we have experienced in the past. We have not been forced to sacrifice growth in order to maintain a reasonable rate of inflation.

Arms race with a rebuff. The question is whether the current rate of growth is sustainable, or whether the economy will gradually decline.
of business management. With business success, wages remain stable, and profits remain high. As businesses become increasingly effective in their operations, they reduce costs, and profits increase. This positive feedback loop is a powerful driver of economic growth.

In the context of the current business climate, the following points are evident:

1. **High Profits**: With the recent economic downturn, businesses have been profitable. This allows them to reinvest in their operations and hire more employees.

2. **Economic Growth**: Companies are investing in new technologies and expanding their operations. This leads to increased demand for goods and services, which in turn stimulates the economy.

3. **Investor Confidence**: Business success has led to increased investor confidence. This has resulted in higher stock prices and a stronger banking sector.

4. **Consumer Spending**: The rise in business profits has led to higher consumer spending. This has further strengthened the economy and created a virtuous cycle of growth.

5. **Global Business**: The success of businesses in the local market has also led to increased international trade and investment. This has helped to sustain the global economy during a period of uncertainty.

In conclusion, the current business climate is one of continued growth and stability. Businesses are succeeding, and this success is driving the economy forward. The focus should now be on maintaining this momentum and ensuring that the benefits of this success are shared by all members of society.
The Lessons of Price and Wage Controls

By ARTHUR M. ROSS

Associate Professor of Industrial Relations, Univ. of California, formerly Chairman of the Wage Stabilization Board, San Francisco

In answering whether question whether price and wage controls were necessary to curb inflation, Prof. Ross holds distinctions must be made. In general, price controls were needed, but wage controls were not. The Federal Reserve Bank of St. Louis

Price and wage controls, a "social invention" of the past dozen years, have become one of the most controversial issues of the policy. That government in moder¬

ations, and, as a result, controls take the responsibility of prevent¬

ing severe inflation, as well as serious unemployment is clean

Plicht. But no firm agreement has ever been reached on what consti¬

tutes direct controls or what effect they have. Hence the contro¬

versy continues. In a balanced way, Prof. Ross reviews the history of controls.

Issuing old tax and credit curbs ample inflation check.

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**News About Banks and Bankers**

**Directors of The National City Bank**

Mr. J. W. Gage Brady Jr., chairman of the bank's retirement plan, has resigned as a director of The National City Bank and as a member of the bank's trust affiliate, City Bank Farmers Trust Company. J. W. Gage Brady Jr., the International Finance Corporation, and as a director of The National City Bank and as a member of the board of directors of the bank.

**Chief Executive Officer of the Bank**

Burgess, 20, has been appointed Chief Executive Officer of the Bank. He succeeded Mr. J. W. Gage Brady Jr., who retired as Chairperson of the board of directors of the bank.

Mr. Burgess joined the bank in 1929 and has been with the bank since then. He served as Assistant Chief Executive Officer and as President of the bank from 1950 until 1953, when he was appointed President of the bank and became a director of the bank.

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*Continued on page 16*

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**International Problems Awaiting Solution**

**By MAX WINKLER**

Partner, Bernard, Winkler & Co., Members N. Y. S. Stock Exchange

Dr. Winkler lists among major problems: (1) war in Korea; (2) depression in Western Europe; (3) disturbances in Africa; (4) unrest in Latin America; and (5) division in Europe.

Nineteen fifty-three may well prove the most critical year of the 20th century, with the United States and the rest of the world as well. Many and complex items which confront the world today are the result of political, economic, social, and religious conditions.

It is expected that these problems will have considerable influence on the economic and political conditions in the world in the future.

(1) War in Korea: The conflict in Korea has been going on for several years, with the United States and China each taking a major role. The United Nations has been involved in the conflict, and the United States has provided military aid to the South Korean government.

(2) Depression in Western Europe: The European economies have been recovering from the effects of World War II, but unemployment and inflation remain significant issues. The European countries are also facing challenges in their relations with their former colonies.

(3) Disturbances in Africa: The African continent is experiencing political changes, with several countries gaining independence from European and Arab colonial powers.

(4) Unrest in Latin America: The United States has been involved in the region's affairs, with conflicts in various countries affecting the region's stability.

(5) Division in Europe: The Cold War between the United States and the Soviet Union continues, with tensions rising in various parts of Europe.

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**Volume 177**

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**News about Banks and Bankers**

**Chief Executive Officer of the Bank**

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*Continued on page 16*
News About Banks and Bankers

Two men appointed by the board of directors of the Reserve Bank of New York, who will represent the banking industry and consumer interests, respectively, have been named as the immediate past President of the Board, and is serving on the Montana State Board of Education, Mr. Johnson's interests of business, is financial vice-president of the Northwestern Life Insurance Company and was formerly associated with the National Surety Corporation, of which directors succeed Theodore Jacobs, president of the Bank of Missoula, Mont., and Mr. Maclaffie of Helena, Mont.

Elliott McAllister, President of The Bank of California, N.A., in 1946, Mr. Johnson's vote to the bank's annual meeting was elected Vice-President and Cashier. He joined the bank in 1949 in 1932 to 1929, and was with the bank in 1942, and was with

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The commercial and Financial Chronicle... Thursday, January 1, 1953

Our Reporter on Governments

By John T. Chippendale, Jr.

The government bond market in 1952 was again under the pressure of making adjustments to higher interest rates which, in many ways, was not unfamiliar. However, the year 1952, saw the market become a much freer one, in which investors had more confidence in the general attitude than in the past, and quotations generally were allowed to evolve according to the demand and supply of investible funds. This resulted in increased price movements, with the professional element in complete control of the market.

The demand for funds was so sizable, in 1952, both from the standpoint of the commercial banks and other lending institutions, that government securities found only a rather unimportant place in the commitments of those that had monies to be invested. Short-term Treasury obligations had a demand because of the need for liquidity, which is always the sequel to making commitments in assets that carry more risk than government securities. Nonetheless, due to the money tightening policies of the monetary authorities, short-term rates went to the highest levels in 20 years. This tightened the pressure on money rates had an effect upon the entire money market, but it was more pronounced among the near-term obligations.

Savings bank and life insurance companies, according to reports, were again sellers of government obligations on balances which brought the pressure mainly on the longer end of the list. Private pension funds as well as private trust accounts, along with state funds, were the principal buyers of the securities that were being liquidated by investors that could obtain higher yields in non-Treasury obligations.

However, the adjustment that took place in government obligations during 1952 was sharp and had an impact on the demand for bonds for the coming year. Debt deflation became important last year and it seems as though the year 1953 witnessed the real tightening of the market. It is expected that Wall Street markets will be geared more closely to the economic conditions of the country. However, the cost of new money, it is believed, will be factors of secondary importance.

The adjustment in the taxable eligible bonds during 1952 was sharp and had an impact on the demand for these bonds for the coming year. Volume was not heavy due to the lack of buyers, which was caused by the reduction in the securities policies of the monetary authorities. Results were as follows:

<table>
<thead>
<tr>
<th>Eligible Taxable Bonds</th>
<th>Dec. 31, ’51</th>
<th>Dec. 31, ’52</th>
<th>Price Change</th>
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<tr>
<td>2s 3%, 1964-71</td>
<td>100.00</td>
<td>99.30</td>
<td>-0.70</td>
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<tr>
<td>3s 4%, 1964-71</td>
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<td>-1.70</td>
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<tr>
<td>5s 6%, 1964-71</td>
<td>106.20</td>
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<tr>
<td>6s 7%, 1964-71</td>
<td>108.20</td>
<td>106.20</td>
<td>-2.00</td>
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<td>-2.00</td>
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<td>8s 9%, 1964-71</td>
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<tr>
<td>9s 10%, 1964-71</td>
<td>114.20</td>
<td>112.20</td>
<td>-2.00</td>
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<tr>
<td>10s 11%, 1964-71</td>
<td>116.20</td>
<td>114.20</td>
<td>-2.00</td>
</tr>
<tr>
<td>11s 12%, 1964-71</td>
<td>118.20</td>
<td>116.20</td>
<td>-2.00</td>
</tr>
<tr>
<td>12s 13%, 1964-71</td>
<td>120.20</td>
<td>118.20</td>
<td>-2.00</td>
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The tax shelter obligations were written off the face in 1953, especially in the drying days of the year. This is what happened to the partially exempt last year.

<table>
<thead>
<tr>
<th>Eligible Partially Exempt</th>
<th>Dec. 31, ’51</th>
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<tbody>
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</tr>
</tbody>
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Because of the pressure of tight money and the demand for funds from non-Treasurer notes during 1952, bank credit was on a defensive most of the year. The list was cut down by the become-
This is National Steel
Tapping the world's largest open hearth furnaces
to help give America the steel it needs

Huge heart of the steel-making process is the open hearth furnace. Here come together the raw materials of steel, to be fused under volcanic heat into this most vital metal.

To achieve maximum efficiency and economy in production, National Steel operates the world's largest open hearth furnaces. National's smallest furnace is larger than the great majority of furnaces now in use in the steel industry. National's biggest—of which there are twelve turning out more than 300 tons of steel in a single heat—are almost three times as large as the average steel industry furnace.

Illustrated here is the tapping of one of these giant open hearth furnaces. After completion of the melting process, the liquid steel is being poured from the furnace into 300-ton ladles from which it will be poured again into the molds that form steel into ingots. As an ingot, steel starts through the long series of rolling and finishing operations which prepare it for the many thousands of applications which make steel man's most useful servant.

The expansion of open hearth facilities is an important part of the program through which National has been contributing to the upbuilding of America's steel production capacity—a program which will give National a total steel-making capacity of 6,000,000 tons per year during 1953.

Here, again, is evidence of leadership in developing the steel resources of the nation—resources of major importance to America's strength and prosperity. This is National Steel ... entirely independent ... completely integrated ... a leading steel producer.

NATIONAL STEEL CORPORATION
GRANT BUILDING, PITTSBURGH, PA.
SERVING AMERICA BY SERVING AMERICAN INDUSTRY
John C. Legg to Admit
Three New Partners

Baltimore, Md.—John C. Legg & Co., members of the New York Stock Exchange, have announced that Mr. David A. Enright, a prominent New York lawyer, and Mr. James E. Enright, a New York lawyer and investor, have been admitted as partners in the firm.

Public Utility Securities

By Owen Ely

North American Company

Union Electric Company of Missouri

North American Company's integration plan was recently approved by the Illinois Public Utilities Commission, and will become effective Jan. 20, when the first step is implemented—acquisition of one tenth share of Union Electric Company of Missouri common stock. Since the entire plan was made prior to the Atomic Energy Act of 1942, North American is now selling "ex" this distribution. About a year more will be required to liquidate the remainder of the issue, about 25 months a full share, making the total distribution 1.2 shares.

North American has been selling recently at 21% compared with 23% for Union Electric "when distributed." Based on the evidence, Union Electric still to be received, the current "break-up" value of NA would exceed 25%, so that at the present price, a discount of about 34% points. However, a substantial part of this discount is accounted for by the fact that holders of North American will not receive any cash dividends during the operating year. North American expects to receive dividends on its remaining holdings, and was paid no cash dividends by its own holders. Thus, the holder of North American will lose $2.25 ($2.40 less 12%) during the two years. This leaves the market very unexplained. Possibly some investors who want current income and are willing to bid up the market, but others might well question whether it would seem advantageous to retain the stock and save two years' taxes on most of the excess.

Union Electric has (to date) sold in a range of 24-1/4-23%. At the present price the stock yields about 5.16%. Shares earning for the 12 months ending Apr. 30, 1949, show a per share earnings of $1.80, an extraordinary dividend paid ($1.20) but it will be paid only to public holders of the stock. North American stockholders will receive dividends on its remaining holdings, and will pay no cash dividends to its own holders. Thus, the holder of North American will lose $2.25 ($2.40 less 12%) during the two years. This leaves the market very unexplained. Possibly some investors who want current income and are willing to bid up the market, but others might well question whether it would seem advantageous to retain the stock and save two years' taxes on most of the excess.

Union Electric's earnings, while currently falling a short of the projected dividend, are expected to improve rather sharply during that period. Only a few years back were the power obtained in the third quarter as in the same period of last year which was in sharp contrast to this year. At the same time, the price of coal and Cahokia steam power plants has been improved, and the first month of March, production operating economies.

In September 1949, applications were filed with regulatory authorities in the North Carolina, South Carolina, and Georgia to use interconnected operation of the power plants of Union Electric. The projected opposite economies of the Tennessee Valley Authority and the state Public Service Commission. The construction of the New York manufacturing plant will be on the line in March, producing operating economies.

Union Electric has a heavy expansion program scheduled for the next few years, with its灯火. We are told that the company will be able to meet its needs for this period, but the public, thus retaining almost $2 million of cash. At the end of the two-year period, this is the largest single investment of this kind in the utility industry. The company has also been used for the second year, and it is not likely that the rate of return obtainable on the capital invested can be maintained.

The Atomic Energy Commission on Oct. 15, announced approval of an agreement with Electric Energy, Inc. for the purpose of providing an additional 250,000 kw of power for the operation of its Uranium Production Plant now under construction near Paducah, Kentucky. This will increase Electric Energy's share in the total power supply to the Atomic Energy Commission's three centers at 735,000 kw. Electric Energy, Inc. was organized by Union Electric and other neighboring utility companies for the purpose of supplying 30% of the power requirements of the project. The remainder of the power will be furnished by government-owned plants.

These various factors, it is estimated that by 1954 earnings may improve to around the $1.50 level. Better rates, better, and this it proves true, a somewhat higher dividend rate than $1.20 might eventually prove feasible, it is conjectured.

J. H. Dagenais Mgr.
Of New Reynolds Branch

Hagerstown, Md.—Reynolds & Co., members of the New York Stock Exchange, have announced the opening of a new branch office in Hagerstown. The management of Joseph H. Dagenais, Jr., Mr. Dagenais formerly conducted his own investment business in Hagerstown.

Now Shawell & Company

Houston, Texas—Mr. Charles Ellsworth has withdrawn from Shawell-Ellsworth Co. and the new firm, Shawell & Company, has been conducted henceforth by William Shawell, who will continue to use the name of Shawell & Company. Shawell & Company is located in the Pioneer American Insurance Building.

Why was the "freeze" delayed so long? Congress passed the Defense Production Act in August, 1950, but the price and wage provisions were not used, except in the case of the steel companies, for at least the last five months. Most of the damage was done during the last Thanksgiving week, particularly the last three. It is true that from Sept. 27 to Nov. 30, the price of steel went up by $10, but that was just the tip of the iceberg. The war might end quickly. But even before the Chinese intervention, action was postponed for another two months.

There were four official explanations for the delay. First, the late acceptance by the administration of the "real impact" of defense spending couldn't be felt until the middle of 1951. This was based on a study by the Office of Price Administration. The "real impact" was discounted by the market and the explanation was not very convincing. In fact, it was a late disclaimer of the previous view of the stock market. The second, it was contended that it was a decision of the Fed rather than the OPA, but both were involved. There is little real impact. As the word went out, the market immediately turned down. The price of steel will be reduced by the operation of the new company. The company is to be organized in the spring of 1952, and it is expected to be completed by the end of the year. The company is to be organized in the spring of 1952, and it is expected to be completed by the end of the year.

The Administration also tried to " voluntary self-restraint."

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The Lessons of Price

And Wage Controls

continued from page 14

The Commercial and Financial Chronicle... Thursday, January 1, 1953
Views of Purchasing Agents on 1953 Business


According to the year-end opinion of purchasing agents who comprise little or no control in the cycle, a further decline in the price levels seems warranted, and the Department of Commerce is prepared to administer conditions that looked rather dismally in January and June.

Commodity Prices

On the principal commodities the prices of most of the materials, raw or fabricated, have been cut, reducing the cost of production of many finished products, and involving less imputations. In the lumber industry and in steel, the decline has been especially great.

In the agriculture area, both the prices for farm products and prices of farm equipment have been cut. The same is true of most purchased materials in the building trades. The prices of construction materials have been greatly reduced. The prices of all kinds of equipment have been cut, and the prices of labor, both skilled and unskilled, have been reduced.

In the manufacturing area, the prices of most materials have been cut, and in many cases the prices of finished products have been cut. The prices of most manufactured goods have been reduced, and the prices of most finished products have been cut.

In the service area, the prices of most labor services have been cut, and the prices of most professional services have been cut. The prices of most services have been reduced, and the prices of most professional services have been cut.

In the transportation area, the prices of most transportation services have been cut, and the prices of most transportation services have been reduced. The prices of most transportation services have been cut, and the prices of most transportation services have been reduced.

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In the finance area, the prices of most financial services have been cut, and the prices of most financial services have been reduced. The prices of most financial services have been cut, and the prices of most financial services have been reduced.

Inventory

Industry is facing the year with inventories in better shape than at any time since the war. The trend of the past was toward a higher inventory position and a lower price structure. The current trend is toward a lower inventory position and a higher price structure.

Employment

Employment in the manufacturing area has been cut, and the employment in the manufacturing area has been reduced. The employment in the manufacturing area has been cut, and the employment in the manufacturing area has been reduced.

Buying Policy

With supply lines filling up, scarce materials replaced, substitute, a conservative inventory policy and more evidence of a buyers' market, Purchasing Agents are holding to a short-range future coverage of hand-to-mouth, to 90 days; the movement is toward 60-90 days where needed materials for definite production schedules are available within any section of the country. Skilled mechanics and office personnel are very little comment on strikes this month.

DeCoppet & Dorems

DeCoppet & Dorems, 63 Wall Street, New York City, a member of the New York Stock Exchange, in the 15, will address Richard T. Wharton, Jr., president of the New York Stock Exchange, to limited partnership.In the firm, Mr. Wharton has returned to New York as an individual floor broker.

With Dempsey-Teigler

Dempsey-Teigler (Special to the Providence, Ri., Times), LOS ANGELES, Calif.—Charles F. N. Levitt, vice-president and treasurer of Dempsey-Teigler & Co., 219 West Seventh Street, Los Angeles, Calif., has been elected as an individual floor broker.


**The Stock Market Situation**

By Paul Einzig

**During** the years of 1920-23 the rise in prices, through the **creases** in **credence**, has reversed some of the inflationary trends, and there is still an upward movement of wages, where the new money growth is not sufficient to **diminish** the price level, the retail prices will continue to rise.

**The question is, will the government be able to face this problem?** It is a question of timing, and it is a question of how much additional money the government will be able to raise in order to pay for the rising costs of living.

**Market valuation studies, on the other hand, are much more conservative than those prevailing in major high-inflation countries.** They were in 1929 and 1939, and the closest similarity on these tests has been in a period of depression in 1920 and early 1927.

**Long-Term Underpricing**

Undervaluation of common stocks outside of the United States is a serious question of uncertainty. All of us know the classic examples of bargain-counter stocks in the 1929 and 1937 depressions. The difference is that the American shares have not been selling at prices they would have sold at in the private section of the national economy.

**Even if the budgetary deficit proved to be successful in 1922-23 and 1929-37,** the government would have to cut down unemployment and spend more money. If this is not done, or if the recovery is to be continued, the deflationary effects of the budgetary surplus would be canceled out by the effects of the reduced government spending and the surplus of the private sector of the national economy.

The budgetary deficit is a factor in the rise in prices. The government's inflationary policy should prove to be successful if the government is able to control the rise in prices. The Keynesian view of the government's inflationary policy is that it is necessary to dampen demand in order to control the rise in prices.

It is obvious that the cotton textile industry of Britain has become redundant because of the growing competition of eastern Europe and Japan. The government and the development agencies have in the past granted considerable credits to British companies in countries which have large cotton textile industries. This is because it is necessary to save Britain's best customers, and the government's inflationary policy was the cause of these developments. The government will be well advised to close down these redundant plants and to transfer the workers to other industries where there is still work available.

If prices continue to rise and the monetary authorities refuse to meet the increased requirements of the Federal Reserve, there will be a rise in the money supply which will lead to a rise in prices and will further reverse the trend of retail prices.

In fact, already the index of retail prices showed an increase in October, and this has continued in the two previous months. Once the expectation of future rises in the cost of production through the repercussion of higher freight charges is established, the trend of retail prices will continue.

**One thing is certain, is that the government will be able to control the rise in prices.** It will have to do so in order to prevent a further rise in prices and to control the inflationary spiral.

During the period of 1929-33, the price of gold was kept at a level which was somewhat in excess of the gold parity, and so the alternative was to be no other way of breaking the inflationary spiral, Judging by the experience of Lancashire, however, it is quite certain that even if gold were to be kept in sight, the trend of prices will continue.

Continued from page 4

**Table I**

<table>
<thead>
<tr>
<th>Price Movement of Selected Common Stock Groups (1945-1950)</th>
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<tbody>
<tr>
<td>Group</td>
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<td>Oil-Producing</td>
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<td>Composite Indust.</td>
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</table>

*High points reached at varying times in 1960-1962.*
$32 billion (at $101 prices). Other effects of the growth of the GNP may be understated and publicized funds for public works, on the other hand, the "decline in the new family formation rates year after year" seems to be an outgrowth of a misinterpreted statistic. In my own view these considerations are much more than offset by the evidence of a real change in the population growth rate, which has changed for the better. To turn to somewhat more ominous and more important evidence, however, we must recognize that this apparent decline in family formation rates no longer has the free and easy-money supply of the early postwar years. The evidence is that the dollar volume of activity (production) in the auto industry has finally caught up to what, with the expanded supply of credit in the postwar years, it has been able to get away with, and which remains to be seen whether the new administration will act decisively in its handling of the credit situation and the related problem of income tax revisions. And we recognize, too, that the international economic position of the "first" world, especially Western Europe and Japan, has become more tenuous. The international commodity position is likewise very uncertain.

For reasons given earlier you will hardly dare to leave you with a prophecy of the future. But I can do even more foolhardily than submitting a precise forecast of what the course of events will be at the end of 1953 or 1954 or 1955. I wish merely to state a personal belief, as you know, that our economy will continue to be dynamic, growing economy it just appears "too soon" for a major crash. If this general economic background does not change, then the risks for most industries and companies will be very low indeed. A number of those risks that are already being taken by the companies at the present time are those that are much higher. (food, tobacco, telephone, oil, insurance, electric utilities, etc.). Several of these are clearly more (due to higher efficiency) and moderately lower levels of business than they do now, with no tax relief, tax relief.
$62,000,000 California Toll Bridge Authority 37 1/2% Revenue Bonds Publicly Offered

A national wide underwriting group headed by Blith & Co., Inc., The Robert W. Finnegan Co., LeBaron, Hartman, Ripley & Co., and others, has just completed the sale by private negotiation of 207 investment firms making public sale on Dec. 30 of a new issue of $62,000,000 California Toll Bridge Authority, Richmond-San Fransisco Bridge, third series revenue bonds, series A. The coupon is 3 1/2% and the bonds are priced at 103% plus accrued interest to yield approximately 3.75%. The offering was over-subscribed and was awarded to the syndicate on Dec. 29 on a basis of one for one and with a 10-day option.

The success of the sale will be used by the Authority to construct a new 4-mile bridge over San Francisco Bay linking Marin and Contra Costa Counties. The bridge will form an important link in the existing highway systems connecting Route 40, the San Francisco-Oakland Bay Bridge and other vital state highways on the east side of San Francisco Bay, with U.S. Route 101 and other public highways throughout the state.

In order that the bridge may carry out its function of making the most efficient use of the state highway system while at the same time meeting estimated growth in traffic volume for a number of years, it is essential that the financial solution upon final completion be a double-decked structure with three 12-foot traffic lanes on each level. Such a capacity, however, is required only during the immediate future and it is therefore necessary to construct the bridge in two stages. Initially, and from the proceeds of the sale of series A bonds, the bridge will be constructed with only one roadway at a time, with two traffic lanes in each direction. When increased traffic will require the addition of a second road, the Authority has the option of doubling the bridge as a two-level structure, the lower level will be added.

An initial step toward this end was taken on and after Sept. 1, 1957 at prices to par at 103 1/2.


Continued from first page

The Stock Market Thru '53

during 1951 or 1952 or in 1946 or 1947. Over 40% of the listed companies closed 1950 on a loss. Their 1946 highs when the industrial average was 108.63 were reached only by the 51 stock groups that make up the Dow-Jones Industrial Index and & Poor's weekly industrial index. In 1949, 229 points, the highest selling below their highs reached in 1950 are the industrial average was 236. 1951 1952January February March April May June July August September October November December February, 1951 1952 1951 1952 1951 1952 1951 1952 1951 1952 1951 1952 1951 1952 1951 1952 1951 1952 1951 1952 1951 1952 1951 1952 1951 1952

All of this leads to the conclusion that the action of the averages has little meaning as far as the individual investor is concerned. Closing price levels on the Dow-Jones Industrial Index on Dec. 31, 1951 was 269. The average now is 208 and it is an advance of almost 20 points. Many individual stocks have shown gains in percentage advance, as witness Servelt from 8 to 13, General Electric at 16, and the U.S. Steel, 27 from 20 to 44 and Carrier Corporation from 60 to 81. The Dow-Jones Industrial Index has been able to hold its own, bought on the last of 191, and 191 industrial stocks were above its 1934 peaks at 54 and now 56. Celanese was at 17 the day after July 7, 1950 closed at 23 and now 31 of the 50 industrial stocks are above their respective peaks. And 18 of the 20 already laboratories are at 59 and now 63.

Of course, the market has always done more than that. In the past, people have been more or less satisfied if the market did not lose more than 10%. In the past, the principal motive was to make a profit. And the market was mainly the property of individuals—those are the short-term investor for capital appreciation, and the long-term investor for dividend and appreciation.

The buying and selling of the speculator, operating on low margin requirements, and the movement of bids up and down at this level of their high, is what the market is all about. Their 1946 highs when the industrial average was 108.63 were reached only by the 51 stock groups that make up the Dow-Jones Industrial Index and & Poor's weekly industrial index. In 1949, 229 points, the highest selling below their highs reached in 1950 are the industrial average was 236. 

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Chinese investors are buying and selling their obligations, operating on low margin requirements, and the movement of bids up and down at this level of their high, is what the market is all about. In the past, people have been more or less satisfied if the market did not lose more than 10%. In the past, the principal motive was to make a profit. And the market was mainly the property of individuals—those are the short-term investor for capital appreciation, and the long-term investor for dividend and appreciation.

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Carrier Corporation would be an interesting situation in the event such actions also have shown above average action in this group. Alpha and Penn are attractive. Penn shows the greatest appreciation. This group of building actions may require inclusion American Radiator, American Howells, and Shearman, Peabody, Crane, Masonic, National Can, Eastland, and U. S. Gypsum.

Chemicals: This group continues to show favorable technical patterns. Most issues are above average buying action in the recent rally. Would avoid this group as far as purchased patterns are concerned.

Coal & Coke: Most issues in this group have found a topping appearance and appear to be in lower levels. Would buy only on weakness.

Retailers: This group is showing a topping action. These retailers may be undervalued. They have not moved as much as the common selling above parity. Their returns are not as good as the common stock in the group, but above average. This group shows a topping action, but below average in appreciation.

The Security I Like Best

Continued from page 2

The Pacific coast investment house of Conrad, Bruce & Co. has been a conservative broker in the New York Stock Exchange firm that is a member of the New York Stock Exchange. The firm is known for its conservative approach to investments and its focus on high-quality, well-managed companies.

The firm's reputation for excellence has helped it to establish a strong clientele base throughout the Western United States, with a particular focus on the Pacific Northwest.

Conrad, Bruce & Co.'s approach to investing is grounded in a commitment to research and analysis. The firm's team of experienced analysts works closely with clients to develop customized investment strategies that align with their individual needs and objectives.

The firm's focus on quality and value has helped it to build a reputation for excellence in the industry. Conrad, Bruce & Co. is recognized for its ability to identify and capitalize on market opportunities, while maintaining a conservative approach to risk.

J. R. Williston Co.

Conrad, Bruce & Co., through its New York office, has been in business since 1909 and acts as broker and distributor of commercial paper in the 12th Federal Reserve District, in addition to being active in underwriting insurance stocks, the marketing of mutual funds, and all other types of securities, both common and preferred.

Underwriters and Partners: The New York office of Conrad, Bruce & Co. was founded in 1909, and its primary focus is on representing the leading stock and commodity exchanges, and the various issues associated with them.

Market Trend: The New York office of Conrad, Bruce & Co. has a strong focus on market trends and analysis, which helps to guide its investment strategies and decision-making processes.

The firm's commitment to understanding market trends enables it to make informed decisions and provide valuable insights to its clients.

J. R. Williston Co.
Invest $4 Billion in Mortgages in 1952

Purchases by life insurance companies include loans on homes, commercial and industrial establishments and farms. Companies now hold $3 billion in real estate, an increase of nearly $400,000,000 over their largest single investment category.

According to an estimate of the Institute of Life Insurance, nearly $4,000,000,000 of life insurance funds have gone into the financing of mortgages in 1952.

This represented new financing for hundreds of thousands of homes, commercial and industrial establishments and farms. In the year-end figures, the companies' total mortgage holdings were valued at $1,394,000,000.

VA mortgages have been written in the amount of $450,000,000 in the last two years. The VA mortgages at year-end will come to about $3,350,000,000, not including VA farm mortgages.

Many Farms Financed

Farm mortgages of all types have made up $375,000,000 of the 1952 new mortgages, bringing to more than $1,000,000,000 the new real estate loans extended to farmers in the past three years. Total mortgage holdings now exceed $1,675,000,000, compared with $776,000,000 held by life insurance companies a year ago.

Other mortgages, including those on homes directly financed by the companies, and those on commercial property, have comprised $2,300,000,000 of the 1952 new financing and will bring the total of mortgage holdings to about $3,000,000,000.

Total mortgage holdings of the life insurance companies now represent 26% of total assets; in 1946 they were 14% of assets.

Life Insurers

Investments in the life insurance companies of the country during October and December at the end of 1952 are shown here from the point of view of the Institute of Life Insurance (in thousands):

<table>
<thead>
<tr>
<th>Acquired</th>
<th>Acquired</th>
<th>Holdings</th>
</tr>
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<tbody>
<tr>
<td>1952</td>
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<td>1950</td>
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<td>U. S. Government Securities</td>
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<tr>
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<tr>
<td>Railways (U. S.)</td>
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<tr>
<td>Railways (Non-U. S.)</td>
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<tr>
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<td>134,000</td>
</tr>
<tr>
<td>Industrial and Mine Bonds (Non-U. S.)</td>
<td>134,000</td>
<td>134,000</td>
</tr>
<tr>
<td>Foreign Stocks</td>
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<td>342,000</td>
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<tr>
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<tr>
<td>Farm Mortgage: Veterans' Affairs</td>
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<td>Farm Mortgage; Veterans' Affairs</td>
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<tr>
<td>Non-Part Mortgage; FHA</td>
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<tr>
<td>Non-Part Mortgage; FHA</td>
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</tr>
<tr>
<td>Other Investments</td>
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<td>1,989</td>
</tr>
</tbody>
</table>

Total Assets | $722,047,000 |

Allen Group Offers

Colo. Fuel & Iron Shs.

Public offering of $20,000,000 shares of Colorado Fuel and Iron Corp. was made Dec. 1. The company was founded in 1870 by Charles Allen, the firm was headed by Allen & Company. The stock reached $10.75 per share. This offering has been oversubscribed and the books have been closed.

Proceeds from the offering will be used to pay off the share purchase of the preferred subsidiary and common stock, is selling $320,000,000 of its outstanding shares to the public and $12,000,000 of its own bonds. This series B $50 par value, to be refunded.

Consolidated sales of Colorado Fuel and Iron Corp. for the year ended June 30, 1952 totaled $195,757,164 while net income was $7,561,766.

Great number of John A. Rockefeller's Co. and subsidiaries. The company, founded in 1876, manufactures steel wire and cold rolled products, wire rope, electric transmission and bridge products and services.

To finance the purchase of the Roebing assets, for approximately $23,000,000, and to provide additional working capital, Colorado Steel Corp. is selling privately $10,000,000 of its first mortgage 15-year sinking fund 4% bonds due 1967 to a group of insurance companies and institutional investors, and simultaneously the Colorado Fuel and Iron Corp., which is a subsidiary of the parent company, is selling $3,000,000 of common stock.

John A. Rockefeller & Co. is a subsidiary of John A. Rockefeller's Co. and subsidiaries. The company, founded in 1876, manufactures steel wire and cold rolled products, wire rope, electrical transmission and bridge products and services.

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H. Noll Brady — R. George LeVind, New York City, has been associated with the company for 14 years, and is currently Assistant Manager of its Trading Department; R. George LeVind, of the New York office, with the firm 20 years, and now manager of the firm's Municipal Bond Department; Ernest Stent, with the Chicago office investment department since 1952, with its Municipal Bond Department; and Donald W. Critchlow, a member of the firm's organization in 1936 and is now Resident Manager of the Detroit office; John E. Hollett, Jr., with the firm since 1936 and now Resident Manager of its Agricultural and Rural office; Wilber W. Wittenberg, Resident Manager of the Minneapolis office, who came with the firm in May, 1943; Owen Kraft, with the firm since 1936 as Resident Manager of its Pittsburgh office; Charles B. Ehrlich, in charge of the Trading Department in San Francisco (and northern California and Oregon), since 1926; Edwin Mott, Sales Manager of the company's New York office, since 1936; and Ernest Stent of Chicago, who started with the company in 1925.

S. F. Analysis

F. R. A. "Elect"

SAN FRANCISCO, Calif.—John G. Dusatko, who has been elected as President-in-Chief of Salesmen's National Benefits Association, for 1952, for the fourth year in succession, President of the Anglo California National Bank will be Vice-President and President of the Bank of America, N. T. & S. A. for the year 1952. The Board of Directors for the coming year in addition to the above mentioned officers includes: Nathaniel S. Chadwick of F. R. A. "Elect," in New York, E. W. Eisboth of Kimberly & Co.; M. J. Duncan of Crane & Co.; Philip A. Fisher of Fisher & Co.; William P. Held of J. S. Strauss & Co. and Ernest Stent of Schoeben & Co.; William P. Held is the outgoing President.

Joins Shearman, Hammill

Shearman, Hammill

(Special to The Financial Chronicle)

PASADENA, Calif.—F. Thomas Kemp has become associated with Shearman, Hammill & Co., 320 South Grand Avenue. He previously was with Donald F. H. Sutro & Co. and Henry Heiser & Co.

Shearman, Hammill, Add: (Special to The Financial Chronicle)

PASADENA, Calif.—Fred T. Shearman, who has been associated with Shearman, Hammill & Co., 320 South Grand Avenue, was formerly affiliated with Donald F. H. Sutro & Co. and Henry Heiser & Co.
Will Sterling Damage the Dollar?

Emir's country, where they are legal tender, and deposited with the British Bank for Iran and the Middle East, and we do not credit them to, let me say, the accounting procedure. The next step is the sale of these hard currency balances to the United States or Switzerland or to New York or Hong Kong. I have seen a dozen of these charters of British vessels, which were due to arrive in New York or Amsterdam to have known of million pound pound sterling. I think the most interesting dollar saving transactions, from diamond transfers to gold, are to be found in London, and I believe that at any time you can buy or hangar hundreds of thousand "Residencies" in New York. Just two blocks from this room.

Britain's newly nominated Ambassador to Washington, until now Foreign Exchange Expert of Eng¬land, has a few days to arrive in Kuwait 10 months ago with the mission to plug the hole of Resi¬dencies. I think Britain may be dead, I mean, is the proverbial "dead cat" of European currencies. The fifth Sterling variety is the fact that Sterling Council also called the "diamond pound." This Sterling results from illegal transfers. It is a sort of illegal counter¬part of the dollar, though sometimes as much as 1,000 pound equivalents are called "black market transfers" have been sold in New York in one day. The money received is called, not just as the dollar paid for it, but also in this sort of "private clearing" where clearers are recognizing the Bank of England, which has to give a false receipt, that can¬ not be legally checked. The home countries of U. S. illegal diamond imports are among other deals large sums of debt which can be bought and sold by London dealers.

The sixth Sterling variety is the so-called "Finn Sterling," which cannot be legally exported from England. Principal smuggling goes via Finland, and you may see red wine from Scandinavia. World, Zurich has the largest mar¬ ket.

You easily see in these 60 differ¬ ent Sterling varieties a rather com¬ plicated set of factors, most of these conditions, which clarifies —if you may call it—the "treatment" — the advanced demand side of the dollar. You cannot manage a huge currency system as efficiently. And the Sterlingarkin, because it is a bit more手工好a job as humanly possible, will not be able to snap the control regulations which daily add new walls and dead-end lanes to the network of trade barriers that surround the pound.

Resulting Unpleasant Trade Practices

The trade picture, therefore, cannot be pleasant. I do not want to go into the factors that make up the figures of the British trade deficit. You will find them here in this room. I will not go through it in detail. There are about than 1.5 billion of gold and dollar reserves.

Low government spending such an amount every week! And if you could not do our utmost to help Britain, we would be stranded. But our whole North Atlantic Pact, aside from the political, hidden and strategic military or other matters, will not be about than 1.5 billion of gold and dollar reserves.

At the beginning of a new year it seem¬ ingly a balance sheet in the six months ahead. While many stocks are held, or more, less, as permanent, at least many individuals are in¬ tended to realize their balances, particularly to their opportunities for losses of which issues are the most favorably appreciated in the near future trends.

In keeping with this proposition, several of the leading investment banking house in insur¬ ance stocks have been observed to be sell¬ ing it may prove advantageous to switch holdings of fire insurance stocks into casualty stocks at least to identify posi¬ tions along these lines.

The major premise of this idea is that the large slowdown in profitable underwriting on fire insurance, which is now vulnerable to rate reductions in the current year for the third time, is pointed out. There may have already been several rate decreases.

Conversely, casualty insurance has been very profitable for several years. Indeed, the 1921 underwriting experience on casualty lines was one of the most profitable in the history of the industry. To a large extent, the casualty insurance companies have been able to hold their profit margins, in part because at the same time there are indications that the business is turning around. Al¬ though it seems likely that this is a major problem, adjustments in business will be made and when effective should place casualty insurance in the highest profitable basis. In other words, the difference in the rate business appears to be on the verge of turning from a high rate of underwriting into one which may be profitable.

This premise is believed to be generally sound and certainly one should be given consideration in considering insurance investments at this time. However, the fore¬ going is believed to be a simplifica¬ tion of a complicated problem and other factors that may be of considerable im¬ portance in making decisions about invest¬ ments.

The fact that the place where the insurance industry should be monitored. Monthly line under¬ writing basis. In recent years with major com¬ panies experience extensive reductions of the business. Then,再度, is the widespread with large companies continuing to be engaged in insurance and fire subsidies.

The net result of this condition is that most companies, fol¬ lowing a basic insurance principle, have spread the underwriting risk over several lines. Fire lines are more profitable in the back of crying to fear, underwriting is not the same as doing business with financial enterprises. But, I hate to tell you what we will have paid for these dollars, destroyed and buried in the dust of the United States, and more than 400 billion buried in European French and Swiss francs.

With Inv. Service (Special to the Financial Com¬ mercial)

DENVER, Colo.—Edwin M. Oil¬ son, President of The Investment Service Corporation, 44 Sherman Street.

With Williston, Bruce

(Special to the Financial Com¬ mercial)

The new owner of the Chicago firm is J. W. Williston, 611 71th Street. Williston, Bruce & Co., is with the company and Carl M. Loeb, Rhoades & Co.

Bank and Insurance Stocks

By H. E. Johnson

This Week — Insurance Stocks

At the beginning of a new year it seems advisable to review stock holdings and determine those suitable for long-term investment. We have been advised that the current year will probably reach a new peak for 1952, underwriting on fire line. This has increased to 2 to 3 billion, very profitable. Increases in costs as a result of the increased business, brought on by the Korean War, have been absorbed through more efficient operations.

Currently there are signs which indicate that the underwriting risk is being elevated. Should this be the case, there should be prices decline ever further for the current year, such adjustments could ab¬ sorb a large portion of any rate re¬ duction.

As can be seen from the above, the problem is a complicated one. While the basic premise that casualty stocks are in a better position to benefit from current trends than fire shares is sound, further investigation into the various companies and selection of shares continues to be fundamental for a successful investment policy.
LARGER CORPORATE earnings and recent dividend disbursements will highlight the first quarter for business under the new Republican Administration, according to a forecast released by National Securities & Research Corporation, sponsors and managers of a group of mutual investment funds.

Net earnings of all U.S. corporations are expected to rise to $18.5 billion in 1953, the forecast said. This would compare with estimated earnings of about $17.1 billion for 1952. Dividends are expected to total $3.35 billion, up from the previous record of $3.06 billion attained in 1950 and 1951 and believed to amount to about $70 million, and common stock offerings are estimated at about $1.3 billion—for a grand total of $87.1 billion.

ANNUAL PAYMENTS of American industry into retirement funds now total $2.2 billion a year and constitute one of the largest and fastest growing investment markets in the country, Russell Lloyd, Vice-President of the $228 million W. E. Hohnen, estimated in his recently completed study of pension and profit sharing plans.

The study, made to assist employers in the establishment of retirement funds, places the number of such plans presently in operation at 28,000 and adds that new plans are being filed at the rate of more than 300 a month.

Employers, Mr. Lloyd found, now are at $1.2 billion in untrusted retirement funds and an additional $1 billion in insured plans every year. The Wollaston executive estimated that trusted funds now total between $8 and $10 billion and are growing rapidly from substantial annual contributions and establishment of new plans.

He attributed the growth of retirement funds partly to the fact that many companies are able to set up such plans at such a major part of the cost is offset through group savings.

Many firms have banded together to meet this opportunity," he pointed out, "in a common effort to establish a retirement plan for their employees. The W. E. Hohnen, listed the "5-10-15 plan, or profitable gain."

"In fact," he continued, "with income taxes and the cost of living on the rise and the return on savings so low, a company plan is sometimes the only way many can put aside enough for retirement."

The study makes the point that most progressive companies can go a long way toward accommodating employees in a form of retirement plan for their workers.

"The competition for workers," Mr. Lloyd says, "and the large tax advantages available to the companies and their employees under present high income taxes are compelling reasons for the smaller companies to follow the big companies in providing for their employees."

"In conclusion, the report went on to analyze the advantages to both employees and employers, in the form of a tax based on profit sharing. Stressed was the fact that the tax savings available under profit sharing plans go, but to employees as well, under other plans."

MASSACHUSETTS Investors Growth Stock Fund, in its 20th year, has reported net assets of about $40,664,326 with 2,358,168 shares outstanding, as of March 30, 1952.

The report shows that at the year end, the Fund owned stocks of 112 different companies, representing 39 different ind industries. The report goes on to say that the Fund's net assets of $25,115,000, of which $2,000,000 was in real assets of securities.

The report to shareholders took notice of the company's addition of 20 operations of securities, which it has paid more than $3,000,000 in dividends and net investment income and distributed more than $2,000,000 from net profits on sales of securities.

President Halagard told shareholders: "Psychology is one of the principal sources of economic behavior. Confidence in the employment stemming from a constructive and congenial political environment, can produce unexpectedly favorable consequences.

This was the final meeting of the Economics and Investment Staff and of the consulting economists of National Securities & Research Corporation New York, and the last forecast for the 1953 Forecast, seated around the table starting from the left are: John A. Mann, Vice-President, and Chairman of the Investment Committee; Dr. Max Winkler, consulting economist; Frank Davis Newberry, consulting economist; Dr. Frederick R. Marasay, consulting economist; Dr. Robert M. Hohnen, Jr., President and Chairman of the Policy Committee; Victor C. Harris, assistant to the manager, Industrial Division; D. Andrew A. Bock, co-manager, Industrial Division: Anthony Osborne Leech, Manager, Railroad Division. Robert T. Shabold, Manager of the Public Utility Division, was absent.

Purchases

PROFITS OF THE FUND FOR THE YEAR ENDING NOVEMBER 30, 1952, were $1,961,971, compared with $1,471,014 for the same period of 1951.

The annual income of the Fund comprised $1,270,435 in management fees, $1,173,400 in interest on securities, $1,176,675 in gain realized from sale of securities, and $1,176,675 in gain realized from sale of securities.

The Fund has 3,000,000 shares outstanding, with a net asset value of $238 million, and 4,9% dividend, the highest return in the history of the Fund.
Bankers Expect Continued High Business Level in the First Half of New Year

Fred F. Florence, Chairman of Credit Policy Commission of the National Bankers Association, said that condition of business made by the Credit Policy Commission of the National Bankers Association did not surprise bankers as it was expected by members of the association from all sections of the country.

Mr. Florence said that there are no indications of a decrease in the present high level of business activity during the first six months of 1953, Fred F. Florence, Chairman of the Commission and President of the Republic National Bank of Dallas, Texas, reported: "A feeling of confidence in business optimism and confidence in the future continue to be evident. There is no constructive adjustment of the business outlook. The public's confidence in the future is prevailing. This is in line with previous years. Some indications of a decline in the second half of the year are expected, but this does not mean a decrease in the high level of business activity. The rate of increase in business activity, supported by defense spending, is expected.

The survey was made among bank representatives of all sizes of communities and different business environments to obtain the opinion of bankers as to the future outlook of the economy and future trends affecting the stability of bank credit. The detailed information obtained from participating banks will be the subject of a report by the Credit Policy Commission in Chicago, January 25-28.

During the first six months of 1953, bankers expect that competition will be tremendously increased, and that small towns and rural districts will have to operate with enlarged capacity to seek new financial services.

Moreover, bankers report that inventories of manufactured goods, materials, and raw materials are increasing in some areas. However, the increase in inventory levels has not been as rapid as expected by bankers as a result of the slowdown in economic activity.

The opinion of the majority of bankers agrees with the survey that there will be some decrease in housing starts during the second six months of 1953; and in some areas a saturation point is being reached in the residential housing.

The majority of bankers expect an increase in construction other than housing. This is predicated on the belief that the defense production expansion program is nearing completion and that the reduction in defense spending will be offset by self restraint if it represents, the construction case falls.

This is a conspiracy under the government's definition of the term. Conspiracy is spelled out, say the Government's men, as a "public conspiracy" or "parallel action," a "common course" of action among the participants in the same criminal pattern. Such was the case of so-called independent cement producers who were linked by supply points and the trade association they dominated. Governmental aid fell on prices, geographic bid prices on government contracts were reduced to an absurd level. The results were costs. Counsel has frequently declared that the government is not satisfied that the principle of the act is not being enforced in the abuse of the syndicate method.

It is unlawful to pass on the merin-

the evidence is in and it is considered a sales price in the same case while it is under consideration as a common course to influence the Court. But it does seem in order to summarize some of the arguments of the Senate with respect to the triple concept, as follows: First, the so-called traditional banker to try to maintain a business, he is expected to do something in the business. It is much easier to keep old customers of his bank than to find new ones. But other bankers know it is expected of them. A good banker when he has satisfactory relationships elsewhere. Therefore, many bankers are willing to make only a participation in the syndicate's profit. The implications of keeping a syndicate group intact over a period of time of a few years, and of the associations that have been discussed successfully and want to continue to work together as an effective group. If future financing arises. The syndicate when there is a risk to their interests and the ability of the others' ability and judgment. The syndicate as a whole will plan to stay together for many years.

The government does not rely only on a substantial number of these arguments which show an overall mosaic or pattern of evidence, a conclusion of which is spelled out of the conspiracy to restrain trade.

Conclusions on the Conspiracy

The character of the government's evidence does seem rather straightforward, in substantial and inferential, often hearsay. It is based upon the fact that the government is seeking a declaration of a decree to govern the future of such an industry. Such an intangible and subjective standard of proof calls for the government to prove an intent to restrain trade, and for purposes of the症-
reasonably restrained and a situation where a positive administrative determination would indeed lead to a detailed statute that "competitive commerce" is not a concept particular to the statute. It was becomesthe subject of an administrative particular transaction. It was being contended that the SEC in 1941 promulgated Rule 10b-5 requiring public-selling agents meeting its administrative the SEC's statutory directive under the...terms which do not exist today.

- Revolutionary changes have taken place in the capital market. The SEC's unique role in underwriting techniques during the past decade not only changes in the growth of internal financing, private placements, and rights, but also the issuing, issuance of convertible bonds and other rights financing without an accompanying issue of equity.

- There have so narrowed the field by excluding the bankers or by requiring a capitalization that the area left to monopoly is almost negligible. The determination for the little business left is exclusively collateral. Capital may obtained certainly not monopolistic in character or amount. A decrease in equity investment does not necessarily be irrelevant to the postwar economy.

IV Analysis of the Charges of Price Fixing in Securities

(a) Price Practices in Security Distribution: One of the chief cases for the complaint is that the defendant bankers have by price fixing operations in the area left to monopoly is almost negligible. The determination for the little business left is exclusively collateral. Capital may obtained certainly not monopolistic in character or amount. A decrease in equity investment does not necessarily be irrelevant to the postwar economy.

(b) Legal Aspects of Pricing Practices: It is now a settled rule of law that price restraints on price competition are illegal per se. The purpose of price fixing is to question as to the reasonableness of the price. The court from the fact that the purpose of the whole process is not to make such determinations of reasonableness.

(c) The use of the sharp edge of the law to...- 3.

- Not only the...price fixing charge is the...the defendants.

- Enforcing the legal
tech
ticalities of the law of price fixing it seems that the legality of...the SEC law makes no complaints.

- One 1982 Supreme Court decision...the Chicago Board of Trade, approved by participating members from discussing or offering upon purchase...between sessions of the Board at a price below that...the previous official trading hours. Branden's opinion resulted.

- "But the legality of an agreement...as a pure price fixing - price fixing or resale price main...as it may suppress or even destroy competition. To determine that question the court...as the fact of restraint...the restraint is imposed; its condition before and after the restraint was imposed; the nature of the restraint, and its effect, actual or probable. The history of the restraint, the evil believed to exist, the character of the restraint, the...the very purpose of the restraint is legality is whether...the restraint is illegal. And perhaps thereby...price fixing is not illegal, or...in such as may suppress or even destroy competition. To determine that...the restraint is unlawful.

The government's position is that the...and not an act of the public utility. It cannot be an act of the public service. The law of price fixing is not a regulatory statute and perhaps thereby...price fixing...or price fixing is not legal. As...the restraint is...the restraint makes it unlawful.

(d) The proposal by...the restraint of price fixing is for wholesalers...that...the restraint is unlawful; its condition before and after the restraint was imposed; the nature of the restraint, and its effect, actual or probable. The history of the restraint, the evil believed to exist, the character of the restraint, the...the very purpose of the restraint is legality is whether...the restraint is illegal. And perhaps thereby...price fixing is not illegal, or...in such as may suppress or even destroy competition. To determine that...the restraint is unlawful.

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Without compulsory public offering.

As will be shown, the industry's large volume of common stock for rail and utility bonds probably would have been pre-empted by the public in such a direct manner.

The second impact of complications of the SEC interpretation on the elimination of direct placements is that it has almost pre-empted the market in the case of bond business in the corporate bond market. This impediment is the subject of the present analysis of the role of public sealed bidding. It is only necessary to test the results of public sealed bidding for a few, representative cases.

An analysis of the bidding over the past decade will show:

(1) Active competition for rail and utility bond issues as demonstrated by the number of bidders participating and the number submitting bids. In only a few cases out of the 1,109 issues of the period did there exist less than two bids. In the case of 78% of the issues bids were submitted by at least three bidders.

(2) An analysis of the "cover" or number and size of bids and the next bidder shows the bidding to be extremely close and, therefore, the "cover" would be a good measure of the operation of the SEC interpretation.

(3) There have been, of course, misjudgments of the market which have led to poor conditions for bond issues which were "protected" in relation to the "cover." Indeed, the SEC interpretation did not aid the bond market.

(4) An analysis of the gross underwriting risk premiums on the market, the underwriting risk premiums on the securities market, the underwriting risk premiums on the market, and the underwriting risk premiums on the market.

(5) Public sealed bidding definitely negates the existence of competition in monopoly in two ways. There is no "cover" or "debt" among the bankers, the underwriting risk premiums are negated by the underwriting risk premiums on the market.

(6) On occasion, insurance companies have bid and won an entire issue of a bond offering. The direct effect of this is to free the market of non-competition. It is generally possible to accept any action which will "force the yield of any lower" from the market, although the price is lower than the market, or that in the case of retaining the capital for a longer period of time, the price is lower than the market.

Statistics from the ICC and the SEC indicate that 99% of the rail bond business and 98% of the utility bond business is dominated by the SEC interpretation. The net result is that less than 10% of all corporate bond issues have been negotiated through investment bankers. In addition, about $1.5 billion have been publicly offered through rights without the assistance of investment bankers, as witness the ATT common stock issue. Thus it is readily seen that the use of the "rail and utility" Authority, or to monopolize the securities business is very small indeed.

(7) The effect of SEC's interpretation is to reduce the number of bidders. If it is remembered that the sealed bidding is continuously setting a price for the market and that the alternative is the exclusion of the transaction to the corner as a threatening competitor who will get out of line.

It is well known that some firms have been reluctant to bid and no judicial decree can force them to do so. But that does not alter the fact that the market is competitive. This is true of the rail and utility bond market.

(8) Competitive Forces in the rail and utility bond market. It is now considered the extent of competition in the market, the effect of the sale of preferred and common stock.

(9) A total of 218 of the 1109 postwar issues, SEC figures show $3.7 billion through common stock, a total of $9.5 billion raised through common stock and $12 billion through common stock expansion requirements.

(10) A total of 32 of the 1109 postwar issues, SEC figures show $1.5 billion through common stock, a total of $3.5 billion raised through common stock and $12 billion through common stock expansion requirements.

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Continued from first page

**No New Business Boom in '53**

However, I want to make it clear that I do not think it is a Stalin dies or retirees. There may be a few others as another lease on time. Our first lease, from Hiroshima, will be coming up for A-bomb explosion in 1949, was frayed away in idle bickering. The only hope for a solution is for "breathe." It may be our last chance.

1953 will be most important in the struggle for World Peace. We must try to make the Korean war a bomb to win the peace. We shall need every man, every woman, every ounce of strength, which is not now evident.

**No New Business Boom**

The long business boom following World War II was beginning to look like a real one. As late as Korean War-gave it a new lease on life. However, the stimulus of defense spending is already fading. Barrage further international competition, and the prospects of 1953 will be a floor under, and not a new upswing of business activity.

Capital expansion will be no more a readjustment phase something in 1953. The need for an outstanding economic force behind our present domestic troubles. Nevertheless, I do not now anticipate any sharp break in business. If war is avoided, that is not, until 1957.

Stock market expansion has been a powerful "shot in the arm" for business during the past two years. The need for price and interest rate reductions, moreover, will be the normal price of a floor, and not of a new bull market. Business will be able to outpace the consumer's desires for many years. A 30,000 increase in commerce passenger receipts. This could handicap over-all business, and would make the leveling expenditures are increased.

Under an Eisenhower Administration, a program of consumer financing will be the key to our future. With the amount of our money supplies as a result of increased deficit financing. Thus, a 1955 escalating in the price of goods, and a sharp in the price of services, will be the normal price of a floor, and not of a new bull market. Business will be able to outpace the consumer's desires for many years.

**More Conservatism in Government**

Although the Eisenhower Administration is not conservative, there is a tendency to believe that government is a Conservative in his own way. This may be the case in the case of the conservative tradition of the Congress. The Congress, in favor of certain things, is to be in favor of the slight excess of Republicans over Democrats over the next few years. In the fact that several Democrats can be counted on the conservative side of the fence. On the other hand, Republicans have been found on purifying Bureaus and Committees.

All government departments will be at the service of the Republican will. As President or after Jan. 26. Never before in the history of the United States has a conservative government had such a powerful bureauacy at its finger tips. In 1854, the defense activity of the Democrats will be to aid rather than handicap business.

**Hang On Your Job**

Unemployment will be no problem for the workers of the nation during 1953. However, business will usually demand for the supply of labor. However, the lower demand for business will increase their demand for labor. The higher demand for labor will tend to increase the labor market.

**Real Estate**

Over-all trends during 1953 will be close to 1952 levels as far as physical volume is concerned, with a slight increase in the use of the land. The most attractive merchandising properties will be in the central business districts of the larger cities. The most attractive ones are the ones in the central business districts of the larger cities. The most attractive ones are the ones in the central business districts of the larger cities. The most attractive ones are the ones in the central business districts of the larger cities.

**Conclusion**

For the war as a whole I look for an increase in defense spending during the early months of 1953. Profits will marginally be higher in 1953 than in 1952. However, the trend toward lower prices will continue during the year. The trend toward lower prices will continue during the year. The trend toward lower prices will continue during the year.
Indicators of Current Business Activity

AMERICAN IRON AND STEEL INSTITUTE—Individual and operating capacity of capacity—Jan. 6

Table 1.1

<table>
<thead>
<tr>
<th>Year</th>
<th>Capacity</th>
<th>Operating Capacity</th>
<th>% of Capacity</th>
</tr>
</thead>
<tbody>
<tr>
<td>2023</td>
<td>25,000,000</td>
<td>20,000,000</td>
<td>80%</td>
</tr>
<tr>
<td>2022</td>
<td>24,000,000</td>
<td>18,000,000</td>
<td>75%</td>
</tr>
<tr>
<td>2021</td>
<td>23,000,000</td>
<td>17,000,000</td>
<td>74%</td>
</tr>
</tbody>
</table>

Note: Figures compiled by the American Iron and Steel Institute.

COTTON AND LINEN—DEFT. OF COMMERCE—Dec. 31

Table 1.2

<table>
<thead>
<tr>
<th>Year</th>
<th>Production</th>
<th>Export Sales</th>
<th>Consumption</th>
</tr>
</thead>
<tbody>
<tr>
<td>2023</td>
<td>2,000,000,000</td>
<td>500,000,000</td>
<td>1,500,000,000</td>
</tr>
<tr>
<td>2022</td>
<td>1,800,000,000</td>
<td>400,000,000</td>
<td>1,400,000,000</td>
</tr>
<tr>
<td>2021</td>
<td>1,600,000,000</td>
<td>300,000,000</td>
<td>1,300,000,000</td>
</tr>
</tbody>
</table>

Note: Figures compiled by the Department of Commerce.

AMERICAN PETROLEUM INSTITUTE—Month of December

Table 1.3

<table>
<thead>
<tr>
<th>Component</th>
<th>Sales</th>
<th>Production</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gasoline</td>
<td>12,000,000</td>
<td>10,000,000</td>
</tr>
<tr>
<td>Diesel</td>
<td>8,000,000</td>
<td>6,000,000</td>
</tr>
<tr>
<td>Fuel oil</td>
<td>4,000,000</td>
<td>3,000,000</td>
</tr>
</tbody>
</table>

Note: Figures compiled by the American Petroleum Institute.

COTTON—DEPT. OF COMMERCE—Jan., 1924

Table 1.4

<table>
<thead>
<tr>
<th>Month</th>
<th>Production</th>
<th>Export</th>
<th>Consumption</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan.</td>
<td>1,500,000</td>
<td>500,000</td>
<td>1,000,000</td>
</tr>
<tr>
<td>Feb.</td>
<td>1,700,000</td>
<td>600,000</td>
<td>1,100,000</td>
</tr>
<tr>
<td>Mar.</td>
<td>1,800,000</td>
<td>700,000</td>
<td>1,100,000</td>
</tr>
</tbody>
</table>

Note: Figures compiled by the Department of Commerce.

The following 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.
If you've been watching the market you know that the Dow industrials made another new high last week. At least the industrials did; the rails remained unchanged. And yet, the trader doesn't get bleak. He knows that the highs made last week were about eight points above the August highs made by the industrials. So he's looking ahead to the next half of the year. He may not be very enthusiastic about bull averages, but he has no doubt that the various issues haven't brought the averages much higher.

**Continued from first page**

**As We See It**

The major hope now is that with the entrance of the United States into the so-called blue chip group, that any new vista will be opened for our traders which hadn't been opened up to them, to be post¬poned. At this time the trader is saying when the industrials were about 285.

Since then the milling around and the advance on speculation, the run-up of the various issues has brought the averages much higher.

Would Be Easier for the Kremlin

It is equally clear that the Kremlin would have a relatively easy time reaching out in all directions were its intentions to be carried through. The resources and unmatched productive power of the United States. Moreover, it is true, we are afraid, that at least some of the Kremlin's most likeable aspects of Soviet expansion have to look upon the United States as a sort of rich uncle who can be more or less indefinitely held in the notion that he must keep his relatives financially afloat in order to protect his own hide.

The group at Moscow that the current situation has not been able to draw up with industry to a catastrophe conflict. Thus a good many people look with great uneasiness upon our activities in international affairs, and yet can¬not bear the thought of us withdrawing if that would mean an end to the benefactions to which they have now grown accustomed.

Meanwhile, we must admit to ourselves that blunder¬ing, loose talk and commitment to a almost incredible sort of conflict on the Continent and in the East we have as yet found no feasible way of winning and from which we seem unable to withdraw without undesirable result. If the feeding of the East and the West in the thinking and the actions of the United States. Even short of the catastrophic develop¬ment, when the officer abroad, a change might occur in our official policy which would drastically affect some of our resources and our help from the West to the East, and this is one of the things that Europe would find most to its disliking.

Mr. Churchill once said (during the war) that he had not become the Prime Minister for the purpose of pre¬dicting the liquidation of the British Empire, or words to that effect, and we need a moment ever to doubt that British and British interests are always the first con¬sideration of this worthy descendant of the Duke of Marl¬borough. It is for this reason that President-elect Eisenhower would do well always to bear in mind.

Yet, it is a fact that Mr. Churchill really does have a world view, and that he is the product of a tradition of...
Wholesale Commodity Price Index Lifted Mildly Higher in Latest Week

The Dun & Bradstreet daily wholesale commodity price index moved 0.3% higher to 298.12 this week, the largest rise of the week at around the lowest level in about a week and a half, and after a week that began as if to close at 281.80. This was up slightly from 281.80 a week earlier, an increase of 0.3% from the 280.79 figure registered at the beginning of the year.

Price movements were irregular and narrow in the above week with small net changes for the period. Most future prices rose and sold off registered new lows for the season. Export sales of wheat under the International Wheat Agreement continued in good volume, totalling over 18,000,000 bushels, but were somewhat lighter than in the previous week. Prices werefairly firm toward the close on expectations of a much smaller Winter wheat crop next year. This was borne out by the U.S. Department of Agriculture estimate of only 91,000,000 bushels, which would be the smallest Winter wheat crop since 1940. Corn also displayed strength in late dealings, supported by the improved U.S. crop forecast estimate, which was placed at 3,307,000,000 bushels, the second largest on record. Oats showed increasing demand and closed slightly higher. Trading in grain and oilseed indices continued relatively steady.

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

Allen Kadell, V.-P. of Homer O'Connell

Allen Kadell has been elected a Vice-President of the investment banking firm of O'Connell & Co., incorporated, 129 Broadway, New York City. Mr. Kadell has been associated with the firm for some time as manager of the Trading Department. In the past he has been with Blair, Rollins & Co.

R. B. Whitaker V.-P. of Lee Higginson

CHICAGO, III.—Lee Higginson & Co., 21 South Wabash Ave., has announced the election of Robert B. Whitaker as a Vice-President and Director. Mr. Whitaker was formerly a partner of F. S. Moseley & Co., and has been associated with that firm. He is the former partner of their Boston and Chicago offices.

Vincent Kane with Smith, Burris Co.

Chicago.—Vincent Kane has been elected a partner in Smith, Burris & Co., 637 La Salle St., Chicago. Mr. Kane is a member of the firm's corporate and directorate. He has been a member of the firm for some years, formerly a partner of A. E. Rogers & Co., and a member of the firm's trading department. Mr. Kane is a graduate of the University of Notre Dame.

Joseph Walker & Sons Admit to Firm

Joseph Walker & Sons, 150 Broadway, New York City, owners of the New York Stock Exchange, have announced that Joseph Walker, Jr., has been admitted to general partnership in the firm. Mr. Walker, a great gram of the family, has been a full-time trader on the floor of the Exchange and in direct line to become a member of the firm since its founding in 1935.

Rogers Manager of Bache Toronto Office

TORONTO, Canada.—Alfred Rogers, who is general manager of the Toronto Office, 36 Melinda Street, of Bache & Co., member of the New York Stock Exchange, has been appointed manager of the Toronto Office, 36 Melinda Street, of Bache & Co., member of the New York Stock Exchange. Mr. Rogers is a director of Elian, Rogers Co., Ltd. St. Mary's cement Co., and Rosedale Securities Ltd., a member of the Toronto Club, Royal Canadian Yacht Club, the Royal York Yacht Club and the Royal Canadian Yacht Club. He attended Toronto University, McGill University, and McGill University.
Proceeds.—To expand current operations and for working capital. Underwriter.—To be furnished by an investment banking house.

Empire Oil Corp., Tulsa, Okla., Sept. 27 (letter of notification) 1,101,431 shares of common stock (par $1). Price—At par. Proceeds.—To sell stockholders for net proceeds of $1,101,431.


Iowa-Illinois Gas & Electric Co. (27 Days), Sept. 27 (letter of notification) 67,933 & 60,000 shares of preferred stock (par $100). Price—At par. Proceeds.—For expansion and construction. Underwriter.—To be determined by company. Underwriters.—To be determined by company.

Israel Industrial & Mineral Development Corp., Sept. 27 (letter of notification) 6,000 shares of class A stock. Price—At par ($100 per share). Proceeds.—For industrial and mineral development of Israel. Underwriter.—Israel Securities Board.


Kalamazoo West Michigan Corp., Sept. 27 (letter of notification) 11,500 shares of capital stock (par $1). Proceeds.—To build new stockholders' rights exchange for stockholders of record Jan. 9 at rate of one share for each two shares of common stock. Price—$1 per share. Proceeds.—To be distributed to current stockholders and to certain individuals in payment for interest and dividends due Jan. 23, 1924. Underwriter.—Steele, Barney & Co., New York.


Continued from page 35

shares, of which the stock and subscription warrants for 400,000 shares are to be offered in units of 100 shares of each, at $100 per share to New York & Southern investors, $32 per unit. Proceeds—For drilling of additional wells and to purchase producing wells. Underwriter—M. S. Green & Co., New York.

Western Drug Co., Tacoma, Wash.

Dec. 28 filed $8,000,000 of common stock (no par). Price—$2.50 per share. Proceeds—To retire certain notes held by Stockholders, which are to be reissued. Proceeds—For general corporate purposes. Underwriter—None.

Sahapalpe Ltd., Toronto, Oct.


Ohio Edison Co. (1/13)

Dec. 20 filed 2,000,000 shares of preferred stock (par $100). Proceeds—For repayment of bank loans and for new construction. Underwriters—To be determined. Proceeds—For general corporate purposes. Underwriter—None.

New England Power Co. (1/20)

Dec. 18 filed 1,000,000 shares of common stock (par $10). Proceeds—$175 per share. Proceeds—To retire certain notes held by the company and to purchase additional equipment and real property. Underwriter—Merrill, Piercy, Fenn, Beane & Kidder, Peabody & Co. (Jointly); Lehman Brothers & Bear, SEC. Proceeds—To be held in escrow by the Secretary of the First Boston Corp., to be used to meet working capital needs. Underwriter—First Boston Corp. Bids—to be received up to 11 a.m. (EST) on Jan. 15. (2% of the amount of any bids will be credited to the Underwriters.)

Ohio Power Co. (1/20)


Pan American Sulphur Co., Dallas, Tex.

Dec. 20 filed 2,500,000 shares of capital stock (par $10). Proceeds—to be used to repay bank debt and for new construction. Proceeds—to be used for general corporate purposes. Underwriter—Kuhn, Loeb & Co. Bids—To be received at 11 a.m. (EST) on Jan. 15.

Paradise Valley Oil Co., Reno, Nev.

Aug. 20 filed 3,000,000 shares of capital stock. Price—At par. Proceeds—For drilling and development of new wells on unleased land and for other corporate purposes. Underwriters—To be determined on a commission basis (selling 6% of the amount of any bids to be credited to the Underwriters). Of- fice—20 Nevada Agency & Trust Co., Inc., Chesny Blvd., 330 E. Second St., Reno.

Pennzoil Co., Oil City, Pa.

Dec. 18 (letter of notification) 53,223 shares of common stock of the company. Proceeds—to be used for the benefit of certain stockholders at the rate of one new share for each 100 shares owned by them on Dec. 18. Proceeds—To be held in escrow until Jan. 16. (South Penn Oil Co. will subscribe for 5,000 shares of this issue.) Proceeds—For capital expenditures, etc. Underwriter—None.

Powers Motor Truck Co., Fort Worth, Tex.


Texas Western Oil Co., Houston, Tex. (1/14)


New & Old Oil Co., Sioux Falls, S. D.

Nov. 27 (letter of notification) 2,000,000 shares of class A common stock (par $25) to be offered for subscription to holders of preferred stock only, for purposes of exchange for preferred stock and 3,750 shares of class B common stock (par $1) to be offered to the public. Price—For class A stock, at $55 per share; for class B stock, at $175 per share. Underwriter—None.

Seaboard Financial Co., Los Angeles, Calif.

Nov. 12 (letter of notification) 1,400,000 shares of common stock (par $1). Price—$30.75 per share. Proceeds—To finance the acquisition of new offices and working capital. Office—945 South Flower St., Los Angeles 95, Calif. Underwriter—None.


Dec. 22 (letter of notification) 5,000 shares of preferred stock (par $100). Price—at $100 per share. Proceeds—For working capital. Underwriter—None.


Dec. 22 (letter of notification) 1,000,000 shares of common stock (par $1). Price—$1.50 per share. Proceeds—to be held in escrow. Underwriter—None.


Dec. 17 filed 500,000 shares of common stock (par $5), to be offered to the public. Price—$6 per share. Proceeds—For expansion of the company. Underwriter—None. Pursuant to letters of notification.

Union Financial Co., Inc., Tampa, Fla.

Dec. 12 (letter of notification) 4,000 shares of 6% preferred stock (par $100). Price—at $100 per share. Proceeds—to be used to purchase and retire bonds. Underwriter—None.

United Equipment & Service, Inc., Baltimore, Md.

Nov. 20 (letter of notification) 100,000 shares of common stock (par $1). Price—to be determined. Proceeds—to be held in escrow. Underwriter—None.

United Oil Corp., New York.

Dec. 29 (letter of notification) 4,000,000 shares of common stock (par $10). Price—to be determined. Proceeds—to be held in escrow. Underwriter—None.

United Petrol & Mining Corp., Bismarck, N. D.

Nov. 17 (letter of notification) 100,000 shares of common stock (par $1). Price—to be determined. Proceeds—to be used in developing additional oil and gas reserves. Underwriter—222 Main Street, Bismarck, N. D., Underwriter—None.


Dec. 2 (letter of notification) 75,000 shares of class A common stock (par $100). Price—to be determined. Proceeds—to be used in the purchase of land and buildings to be used in the conduct of the insurance business. Underwriter—Life Underwriters, Inc., Phoenix, Ariz.

Montreal, Canada

Oct. 1 filed 1,500,000 shares of common stock. Price—$1 per share. Proceeds—not to be used in Canada. Underwriter—None.

Streeter-Amet Co., Chicago, Ill.

Aug. 27 (letter of notification) 2,500 shares of common stock (par $50) to be offered for subscription by stockholders at a price of $55 per share. Proceeds—to be held in escrow. Underwriter—None.


Dec. 22 (letter of notification) 100 shares of common stock (par $100). Price—to be determined. Proceeds—to be held in escrow. Underwriter—None.

Warren Petrold, Utah.

July 29 filed 375,000 shares of common stock (par $5). Proceeds—to be held in escrow. Underwriter—None.

West Coast Pipe Line Co., Dallas, Tex.

Nov. 20 filed 29,000,000 shares of common stock (par $1). Proceeds—to be sold in units of 100 shares to each of New York & Southern investors, $3 per share. Proceeds—to be used to purchase and develop the company's property. Underwriter—None.
**West Penn Electric Co.** Dec. 19 filed 264,000 shares of common stock (no par) for registration under the Securities Act of 1933. Proceeds—For subscription by stockholders of record on Oct. 15 for an estimated price of $15 per share to be offered on or about Feb. 4 to stockholders of record. Proceeds—For redemption of the $5,000,000 of 6% cumulative preferred stock of Monom- hela Power Co. and for general corporate purposes. Underwriters—Loeb, Rhoades & Co., Inc.; Morgan Guar- tney & Company Inc.; and salad. The First Boston Corp. (jointly); Atlanta, Halsey, and Biddle, Inc.; Loeb, Rhoades & Co., Inc. (jointly); and F. H. Loeb & Co., Inc. (jointly).—To be offered at $11 per unit. Proceeds ($25,000,000) will be used for the purchase of refrigerated trucks and expansion and food-handling facilities.

**Michigan Electric Co.** Nov. 6 it was reported company plans to issue and sell in 1953 some bonds and/or preferred stock. Proceeds—May be used for the purchase of new equipment and for refunding old debt. Underwriters—May be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.; Kuhn, Loeb & Co.; The First Boston Corp.; and Harrisman Ripley & Co. (jointly).—To be offered at $15 per share. Proceeds ($25,000,000) will be used for the purchase of new equipment and to refund old debt.

**Harris Foods Co.** Pittsburgh, Pa. Dec. 10 it was announced company plans offer and sale in the amount of $2,000,000 of 7% cumulative preferred stock (par $50) and debentures due 1974 at $111 per unit. Proceeds ($250,000) will be used for the purchase of refrigerated trucks and expansion and food-handling facilities.

**Florida Power & Light Co.** Dec. 15 it was announced company plans to issue and sell in 1953 some bonds and/or preferred stock. Proceeds—May be used for the purchase of new equipment and for refunding old debt. Underwriters—May be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.; Kuhn, Loeb & Co.; The First Boston Corp.; and Harrisman Ripley & Co. (jointly).—To be offered at $15 per share. Proceeds ($25,000,000) will be used for the purchase of new equipment and to refund old debt.

**Macy (R. H.) & Co.** Jan. 15 it was announced company may make some financing in 1953 in the form of debentures or long-term bank loans. Fee—Debeets, Vice-President and Treasur- er, roughly estimated $15,000,000, which company plans to issue over the next year or more, for acquisition of furniture fixtures, which enhancing its store. Proceeds—It was done privately through Lehman Brothers.

**Sto[politan] Edison Co.** Dec. 15 it was announced company plans to issue and sell in May about $9,000,000 of first mortgage bonds due 1953. Proceeds—To be used for competitive bidding. Probable bidders: Halsey, Stuart & Co.; Kuhn, Loeb & Co.; The First Boston Corp.; Kidder, Peabody & Co.; Peabody & Co.; and Harrisman Ripley & Co. (jointly).—To be offered at $15 per share. Proceeds ($25,000,000) will be used for the purchase of new equipment and to refund old debt.

**Mississippi Power & Light Co.** Dec. 15 it was reported company may issue and sell in March about $15,000,000 of first mortgage bonds due 1953. Underwriters—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.; Kuhn, Loeb & Co.; The First Boston Corp.; Kidder, Peabody & Co.; Peabody & Co.; and Harrisman Ripley & Co. (jointly).—To be offered at $15 per share. Proceeds ($25,000,000) will be used for the purchase of new equipment and to refund old debt.

**Missouri Power & Light Co.** Dec. 15 the SEC authorized the company to borrow $2—$0,000,000 by first mortgage bonds due 1953. Proceeds—To be used for competitive bidding. Probable bidders: Halsey, Stuart & Co.; Kuhn, Loeb & Co.; The First Boston Corp.; Kidder, Peabody & Co.; Peabody & Co.; and Harrisman Ripley & Co. (jointly).—To be offered at $15 per share. Proceeds ($25,000,000) will be used for the purchase of new equipment and to refund old debt.

**Commonwealth Electric Co.** Dec. 11 it was announced company plans issuance and sale of shares of $100,000 of 6% first mortgage bonds due 1953. Proceeds—To be used for competitive bidding. Probable bidders: Halsey, Stuart & Co.; Kuhn, Loeb & Co.; The First Boston Corp.; Kidder, Peabody & Co.; Peabody & Co.; and Harrisman Ripley & Co. (jointly).—To be offered at $15 per share. Proceeds ($25,000,000) will be used for the purchase of new equipment and to refund old debt.

**Continued on page 31**
Naragansett Electric Co. Dec. 17 it was announced that the company plans issuance and sale of about $10,000,000 first mortgage bonds. [Details not fully transcribed.]

Pacific Telephone & Telegraph Co. Dec. 17 it was announced that the company expects to sell $125,000,000 first mortgage bonds to be refinanced later in the year, probably by offering of bonds through competitive bidding.

Pennsylvania Railroad. Dec. 15 it was reported that the company plans to issue and sell in June about $8,250,000 first mortgage bonds due 1983 and a like amount for construction purposes. The company expects to sell the bonds through competitive bidding. Proceeds: To be used for constr. purposes.

Peoples Steel Co. Oct. 24 it was announced that the company and its subsidiaries will issue mortgage bonds or other debt securities to provide funds. Proceeds: To be used for constr. purposes.

Southern Pacific Co. Dec. 15 it was announced that the company plans to issue and sell in June about $8,250,000 first mortgage bonds due 1983 and a like amount for construction purposes. The company expects to sell the bonds through competitive bidding. Proceeds: To be used for constr. purposes.

Texas Utilities Co. Dec. 15 it was reported that the company may issue and sell in June about $8,000,000 first mortgage bonds to be refinanced later in the year, probably by offering of bonds through competitive bidding. Proceeds: To be used for constr. and other purposes.

Union Pacific Railroads. Dec. 15 it was announced that the company plans to issue and sell in June about $8,250,000 first mortgage bonds due 1983 and a like amount for construction purposes. The company expects to sell the bonds through competitive bidding. Proceeds: To be used for constr. and other purposes.

Utah Power & Light Co. Aug. 29 the company filed a second postponement application with the ICC proposing to construct a 1,384-mile transmission line through New Mexico and Colorado to market areas in the Pacific Northwest. The line will cost about $179,000,000. Financing is expected to consist of notes and preferred and common stock, and is expected to be completed by April, 1983.

Western Union. Dec. 23 it was announced that the company plans to issue and sell $10,000,000 of bonds to be refinanced later in the year, probably by offering of bonds through competitive bidding.

Whitehall & Portland. Oct. 24 it was announced that the company and its subsidiary will issue mortgage bonds or other debt securities. Proceeds: To be used for constr. purposes.

White Cross. Dec. 15 it was announced that the company will issue and sell $10,000,000 first mortgage bonds due 1983 and a like amount for construction purposes. The company expects to sell the bonds through competitive bidding. Proceeds: To be used for constr. purposes.

Woburn-mortgage. Dec. 17 it was announced that the company plans to issue and sell in June about $8,250,000 first mortgage bonds due 1983 and a like amount for construction purposes. The company expects to sell the bonds through competitive bidding. Proceeds: To be used for constr. purposes.

York, Pa. Oct. 24 it was announced that the company and its subsidiaries will issue mortgage bonds or other debt securities to provide funds. Proceeds: To be used for constr. purposes.

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Canadian Securities

By WILLIAM J. MCKAY

Since the publication of this column in last week's "Chronicle," there have been arguments regarding the efficacy of a charter to be controlled banking institution in Canada, notably the Bank of Canada. The Canadian Parliament in Ottawa, indicate there is opposition among some bodies, including the Bank of Canada, that such a charter would be a deviation from the Canadian chartered bank system. Federal Reserve Chairman Mr. Moquette has suggested that incorporation of such a bank would result in the creation of a new Canadian chartered bank, along with new foreign-controlled banks.

It seems that Canada is following the same pattern as the United States, wherein it is endeavoring to limit banking influence of foreign-owned banks. It is noted in this column last week that the Bank of Montreal, which has been a chartered bank for 90 years, has discontinued its operations in the United States and has decided to concentrate its business to the First National Bank of Chicago. The reason given for this action was an Illinois law, enacted in 1929, which required all banks to be licensed by the Illinois Department of Financial Institutions, where the bank is licensed. The enforcement of this law would have required the Chicago branch of the Bank of Montreal to be incorporated under the Illinois banking laws.

Another development, which would seem to be a trend in joint business ventures of U. S. and Canadian banks, is the proposed split-up of Canadian Imperial Chemical Industries, which has been jointly controlled by Du Pont de Nemours of the U. S. and the Imperial Chemical Industries, Ltd. of Canada. The split-up, which would result in the creation of two separate companies, one controlling American operations and the other controlling Canadian operations, is the outcome of a U. S. Federal District Court decision rendered last July.

At present, Du Pont and Imperial Chemical each hold approximately 42%, or 84% of the Canadian-controlled common shares of Canadian Imperial Chemical Industries, Ltd. While a majority control is held by a fairly widespread distribution of shares among the share- holding public, the present 650,000 of preferred—5% cumulative, $10 par—is outstanding.

Under the proposed plan to meet the court's direction for an end of joint control, the existing business resources, business and undertakings of Canadian Imperial Chemical Industries, Ltd. would be divided between two new companies. Du Pont would own approximately 70% of the shares of the new company, which would be subject to a 5% annual dividend, payable to holders of the old preferred and common shares of Canadian Imperial Chemical Industries, Ltd.

The balance of common stock in each new company would be allocated to present common-share holders, with the shares in the new company to be exchanged on a one-for-one basis for the shares of the old company.

The expectation is that January and February will bring the market a strong rebound in demand. On that score it is noted that poten- tial buyers have been directed to building up their cash positions. It is, some expect, the market gets back into its old habits, it is assumed that the element of scarcity will be a strong factor.

Daystrom Incorporated

No new opportunities for two young men

Two junior salesmen wanted (one in New York and one in Chicago) by long established publishing house to call on banks and insurance companies in securities, particularly suitable for young men of ability, contemplating marriage or recently married, who are willing to work hard to better themselves. Must have 3 years experience in the line. Salary and commission. Please write giving age, experience, if any, and full particulars. Box 10, Commercial & Financial Chronicle, 25 Park Place, New York 7, N. Y.

Our Reporter's Report

This has been a dull week for the rank and file in the under- writing business. But there is a sentiment in the industry that the market has been putting in some of its hardest looks despite the apparent lack of enthusiasm.

State of Washington Public Utility District authorities are seeking bids for an overall total of about $180 million of bonds to raise funds to finance the pur- poses of the Puget Sound Power & Light Co.

Since the financing is being broken up into several segments, it is one of those operations that calls for more than the customary amount of calculation allocated to new issues.

Bonds issued to the Fund will mature at varying times from 1959 through 2026. An issue of $84,000,000 will be sold on Nov. 29, 1952, of $10,000,000 by one County, a third of $2,500,000 by a single County and a small issue, $500,000, by another County.

Those who are interested in the business have been talking a 2.75% coupon for the 1959 maturity and 2.9% for the 1970; a 3.7% rate for the 1980 maturity and 3.85% for the 1985 maturity.

The fact that builder, carry a 4% and would be priced at a premium back down to 3% and may go to 2 1/2%.

Looking for Recovery

Those who contact institutional buyers find this element inclined to look for further signs of recovery from current levels in the bond market. Such investors note the latest recession which has taken place, but remark also the absence of any real volume on the decline.

They are not disposed, it appears, to take too much guidance from events of the present moment in making the task which lies ahead of the industry. The government has been paying "up" for money over a period of months.

While it is true that January and February will bring the market a strong rebound in demand, it is noted that that score is not what it to be,

Dayton's New Year investment bankers are hop- ing for a redevelopment of activity. It is a week to start the parade although the calendar does not show. The market is always hopeful of a business in prospect for that period.

The only solid business in sight is the $6,000,000 of convertible subordinated de-

Mutual Funds

In the economic realm. Such circumstances may be expected to proceed more vigorously with expansion plans and consumers are likely to spend more confidently. This should result in sound economic growth with greater productivity and broader markets.

Bonds diversified in common stocks, largely of a favorable long time growth character, constituted 52.5% of net assets, compared with 43% of net assets in 31 last and 23.5% a year earlier.

NATURAL RESOURCES Fund, Inc., reports net assets at the close of the fiscal year on Nov. 30, 1952, of $4,281,844 compared with net assets of $2,363,360 on Nov. 30, 1951, according to Frank Valenta, President, in a statement issued with the release of the annual report today.

The number of shareholders increased from 1,533 to 2,000. The Fund's assets are invested in 87 different companies operating in more than 12 different natural re- sources fields.

In a letter to shareholders, Mr. Valenta said: "Your management firmly believes than a long-term growth potentialities of soundly managed natural resource companies. The factors affecting the respective natural resource fields will vary, however, from time to time as a result of shorter term economic factors. Consequently constant supervision of the in-

DIVIDEND NOTICES

LONG ISLAND LIGHTING COMPANY

Notice of Quarterly Dividend

The Board of Directors has declared a quarterly dividend of $1.00 per share of Common Stock of the Company, payable February 15, 1953, to all shareholders of record January 21, 1953.

This dividend will be distributed to holders of the old Preferred and Common shares of the Company on a pro rata basis, without the consent of the holders of the old Preferred Stock, to the extent that the holders of the old Preferred Stock have consented.

DIVIDEND NOTICES

VANADUM CORPORATION OF AMERICA

420 Lexington Avenue, New York 17

Dividend Notice

As a meeting of the Board of Directors held today, a dividend of sixty per cent of the par value of the Corporation, payable March 21, 1953, to the holders of record March 10, 1953, will be declared. This dividend is fixed after March 2nd for maximum tax purposes.

R. B. O. BRAND, Secretary.

DIVIDEND NOTICES

DAYSTROM INCORPORATED

Operating Units

AMERICAN TRUCKS

DAYSTROM ELECTRIC CORP.

DAYSTROM FURNITURE DIVISION

DAYSTROM INSTRUMENT DIVISION


Liquidity Notice

The Lowcountry National Bank at Mari- ville, South Carolina, has been closed for its affairs. All creditors of the Association are urged to present their claims for payment in the usual manner.
WASHINGTON, D. C.—Meet the CED—Committee for Economic Development. It is an organization of the type which is leading the way of approaching great national problems. Its membership includes some of the foremost businessmen of the United States and it is seedily thinking of the Economic Development of the country.

Marion B. Folson, Treasurer of the Eastern Ezekiel Co., is Chairman of CED and is an influential member of the Board of Directors of the National Bank of Commerce.

Mr. Folson will become Under Secretary of Commerce when the new Administration is inaugurated. His superior, the prospective new Secretary of the Treasury, George M. Humphrey, Chairman of the Board of the M. A. Hanna Co., is a prominent member of CED.

W. Walter Wilson, Under Secretary of CED, is another prominent member of CED. Wilson is a leading Bankers in the financial world and is a recognized expert on the CED's activities, which will give prominent place in the new Administration.

As a matter of fact, Dwight Eisenhower himself was a CED member for a couple of years, largely on account of the capacity of President of Columbia University. Because he left Columbia to take up the work of the Federal Forces, Mr. Eisenhower was largely inactive in CED affairs and he resigned his trusteeship when he became an active candidate for the Republican nomination.

CED Is Dynamic

The CED is not a static organization. Its program is constantly changing as the times change. The CED is dynamic.

Eisenhower, once a CED member, is now a prominent businessman in the government. Because he left Columbia to take up the work of the Federal Forces, Mr. Eisenhower was largely inactive in CED affairs and he resigned his trusteeship when he became an active candidate for the Republican nomination.

The CED is not a static organization. Its program is constantly changing as the times change. The CED is dynamic.

One Lesson


# Foreign Trade

The Truman-Roosevelt foreign trade policy is apparently exactly the same as that of the CED. The reciprocal Trade Agreements Act should be continued. Without the "escape clauses" on which the Custom Union makes that the country will be passed. Congress should repeal the "escape clauses" to avoid the permanent classifying of imports from foreign countries.

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# BUSINESS BUZZ

MacBurg Wine and Liquor Co. SALES

The Commercial and Financial Chronicle... Thursday, January 1, 1953