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In 2 Sections – Section 1

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The COMMERCIAL and FINANCIAL CHRONICLE

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EDITORIAL

As We See It

The Year Ahead

This is certain to be an eventful year. It appears destined for that role even if a new and radically different Administration is unable to accomplish what it and its friends hope to achieve in the course of the next 12 months. In such a case the eventfulness of the period would be found in the fact that the course of affairs refused to yield to a kind of treatment not administered for two decades or more and heretofore by many believed to be the cure of many of our ills. For our part, we do not expect this latter eventuality, but rather a beginning in the march back to common sense in the management of our affairs. At all events this is our ardent hope as the year gets under way.

History, we believe, will accord this year of our Lord, 1953, a high rating, or will refuse to do so, depending in large part not upon the degree of activity in business, but rather upon the success we have in getting our house in order and thus setting up good defenses against one of those "depressions" which are so likely (or should we say, certain?) to follow artificial "booms."

We have now got up so much momentum, we have before us such large commitments in the form of defense operations and foreign aid promises, and we have got up such a head of optimism and confidence in light of the political developments of the year, that it would appear about as certain as such things can be that some time will elapse before any great decline in the general state of business will occur. The outgoing President and his economic advisers seem this time to have given expression to the almost unanimous view that factors are present which make a

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President Eisenhower's Inaugural Address

New Chief Executive comments on preoccupations that absorb us at home and which involve all human kind, and lays down nine principles to guide nation in its labor for world peace. Says we must proclaim anew our faith in the abiding creed of our fathers.

Gen. Dwight D. Eisenhower, on Jan. 20, was inaugurated the 34th President of the United States and delivered the customary inaugural address.

The text of the inaugural address follows:

My fellow citizens:

The world and we have passed the midway point of a century of continuing challenge. We sense with all our faculties that forces of good and evil are massed and armed and opposed as rarely before in history.

D. D. Eisenhower

This fact defines the meaning of this day. We are summoned, by this honored and historic ceremony, to witness more than the act of one citizen swearing his oath of service, in the presence of his God. We are called, as a people, to give testimony, in the sight of the world, to our faith that the future shall belong to the free.

A Tempest on the Continents

Since this century's beginning, a time of tempest has seemed to come upon the continents of the earth. Masses of Asia have wakened to strike off shackles of the past. Great nations of Europe have waged their bloodiest wars. Thrones have toppled and their vast empires have disappeared. New nations have been born.

For our own country, it has been a time of recurring trial. We have grown in power and in responsibility. We have passed through the anxieties of depression and of war to a summit unmatched in man's history. Seeking to secure peace in the world, we have had to fight through the forest of the Argonne, to the shores of Iwo Jima,

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Business and Finance Speaks After Turn of the Year

Continuing our custom of former years, the CHRONICLE features in today's ANNUAL REVIEW AND OUTLOOK ISSUE the individual opinions of government officials and of the country's leading industrialists, bankers and financiers as to the probable trend of business in the current year. These forecasts, written especially for the CHRONICLE, provide the reader with up-to-the-minute official views as to the indicated course of business in all industries. The statements begin herewith:

HON. IRVING M. IVES

U. S. Senator from New York

This new year of 1953, inaugurates a change of major proportions in the political destiny of the nation. Following two decades of Democratic Party rule, the Amercan people have now placed the reigns of Government in the hands of the Republican Party. For the first time in 20 years, a Republican Administration and a Republican Congress will chart the course which the country will traverse over the coming years.

Irving M. Ives

As a Republican member of the Senate, I am justifiably proud of the overwhelming vote of confidence the American people have given to the incoming Administration. At the same time, however, I am ever mindful of the tremendous responsibilities this victory imposes; responsibilities which have been placed on the shoulders of the Chief Executive and the legislators in the Halls of Congress.

With General Eisenhower in the White House and Republican majorities in the House and Senate, we can look forward to a reversal of the vacillating policies of the New Deal Administrations. Yet we should bear in mind that this change at the helm

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In the SECOND SECTION of today's ANNUAL REVIEW ISSUE we show monthly high and low prices of every stock and bond issue in which dealings occurred on the New York Stock Exchange during 1952.

The Security I Like Best

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

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

This Week's Forum Participants and Their Selections

Elliott Company—James C. Luitweiler, Partner, Bendix, Luitweiler & Co., New York City. (Page 2)

Hygrade Foods Co.—Bradbury K. Thurlow, Partner, Talmage & Co., New York City. (Page 2)

JAMES C. LUITWEILER
Partner, Bendix, Luitweiler & Co., New York City
Members New York Stock Exchange

Elliott Company

The only certain prediction that can be made for 1953 is that it will be a year of profound change in the political, economic and financial realms. This is the inevitable result of a change from 20 years of government "to the left" to a regime "to the right" or "middle of the road."

James C. Luitweiler

Investors evidently view such prospect without misgivings, with confidence, or enthusiasm depending upon temperament. Those who are convinced the change will be good for the country as a whole cannot gainsay it will have unfavorable effects upon some businesses while probably highly stimulating to others.

In choosing a security favored for investment in 1953 these are the dominant considerations:

(1) A business that will benefit more from stable, or declining, raw material prices and stable wage levels than from an upward inflationary spiral.

(2) A business well intrenched in its field with definite growth characteristics.

(3) A business supplying a steady demand for essential products and catering to customers whose patronage is assured throughout the year.

(4) A company that can benefit by removal of price and other government controls.

(5) A company whose stockholders would profit by expiration of the Excess Profits Tax in June of this year.

Elliott Company seems to meet these tests.

Any business that designs specialized machinery, which takes many months between the order and its delivery, is favored by stable price and wage levels. Elliott Company's main products are steam turbines, electric generators, and motors from a single horse-power to 25,000 hp.; turbo chargers essential for four-cycle diesel engines (it is the country's leading producer of this equipment); and many other items supplied to the utility industry, diesel engine manufacturers, the chemical industry and other large industries in process of wide-scale expansion. If one can judge a business by the quality of its customers, Elliott's are the "Blue Book" of American industry.

Elliott's place in this industry is indeed well intrenched. The company has been in existence for over 50 years and has paid annual dividends uninterruptedly every year since 1905. It may be classed as a pigmy alongside its giant competitors, General Electric and Westinghouse, but it has managed to hold its own and grow notwithstanding. Its sales have increased eight-fold since prewar years; doubled since the end of World War II.

The outlook for 1953 is promising. Despite record sales last year, the company ended with a backlog of unfilled orders in excess of $33,000,000, almost a full year's production.

The utility industry, which it serves, is presently highly prosperous and steadily growing with the expanding use of electricity. Dieselization of our entire railroad industry in time seems inevitable. The chemical industry has the most ambitious plans for continued expansion. Small wonder then that Elliott Company, serving these industries, has a present backlog of approximately an entire year's output.

Price controls and government control of materials, to which Elliott has been subject, are on their way out. In 1951 normal and excess profits taxes took 64% of earnings away from its stockholders—about twice what it left to the stockholders.

Reverting to the competition with General Electric and Westinghouse the following comparative tabulation of the last five years' earnings in relation to the respective share price may be interesting:

Company	Current Price	—1952— Div.	Yield	Earnings per Share 1948	1949	1950	1951	Est. 1952
Elliott Company	32	2.10	6.6%	$7.14	$6.85	$4.44	$5.36	$5.00
General Electric	70	3.00	4.3%	4.29	4.36	6.01	4.79	5.00
Westinghouse El.	47	2.00	4.3%	3.88	4.95	5.36	4.03	4.50

This table shows Elliott's stock to be priced at half General Electric's and two-thirds of Westinghouse's, while last year's earnings were approximately the same. Moreover, this relationship has existed over the past five years' price and earnings record. The comparison is not made to indicate that Elliott's common stock is under-valued to that extent. The size and dominance in the electric industry of General Electric and Westinghouse warrant their popular favor with investors. But there are many students of the market who feel the "blue chips" may now be fully valued at present price levels, while sound secondary issues have been neglected and are under-valued. It may be significant that at the last preceding market peak (1946) Elliott's stock sold at 39½ with much lower earnings and a book value of $25 per share, while today with $5 per share earnings and a book value of around 42, it is selling in the low 30s!

For the past two years the price has been hovering in the high 20s and only at the close of the year did it break into the 30s. It would seem reasonable to suppose that it would sell for its full book value if its present rate of earnings is maintained.

Editor's Note: Elliott's also has a 5% convertible preferred stock outstanding, now around 58¾. The dividend is covered by present earnings more than *seven times.* Moreover, this stock is convertible into common stock through April 1, 1956 at $27.50 per share; thereafter at higher prices. In simple terms, that means a holder of 100 shares of this preferred stock, with a par value of $5,000, can use this $5,000 to get approximately 182 common shares at $27.50. This privilege gives preferred shares a value of approximately 58 when the common is 32; over 70 if the common rises to 40.

BRADBURY K. THURLOW
Partner, Talmage & Co., N. Y. City
Members New York Stock Exchange

Hygrade Foods

This is the fourth time I have had the privilege of expressing ideas in this forum. On the first three occasions I choose low-priced stocks in general as a favored category, adducing a number of reasons as to why they were a logical vehicle for "long-term speculation" under today's high taxes and margin requirements. Today, with the status of low-priced stocks as a group more or less unchanged from a year ago, I have selected a higher priced stock which in my opinion has all the volatility of a typical low-priced issue together with certain unusual features which could produce spectacular capital gains from these levels irrespective of the course of other stocks in general.

B. K. Thurlow

The company is Hygrade Foods, now the country's fifth largest meat packer; a concern well-known to housewives as the manufacturer of "Honey Brand" products and the "all-beef frankfurter." Sales for 1953 may easily top $350,000,000, but at its present price of 24, 100% of the common stock could be bought for $6,000,000; for there are only a little over 250,000 shares outstanding. In addition, the company has outstanding long-term debt of approximately $1,900,000. These basic figures are important to bear in mind because from them derive the salient features which may make this company a spectacular performer on the American Stock Exchange.

Last October, Hygrade (with a total market valuation of $7.9 million as computed above) purchased for $6.4 million cash 94% of the common and 82% of the preferred stock of the Kingan Company, a competitor one and one-half times its own size. *It was able to borrow $7.3 million from ten New York banks in order to consummate the transactions.* This rather unusual generosity leads one to conclude that the public market's valuations of Hygrade or Kingan, or both, must be substantially lower than those of the professional financiers.

A look at some of the company's recent statistics *reduced to a per share basis* for easier comprehension may explain why Hygrade was able to borrow such a large amount of money. (All figures are from Nov. 1, 1952 balance sheet.) Total assets, $141; total liabilities, including reserves, $70.80; book value, $70.20; net current assets, $31.40; long-term debt, $7.48.

Kingan's net sales in 1951 totaled $213 million; Hygrade's, $143 million. This adds up to $356 million, or about $1.424 per share. In only one out of the past ten years (1949) has Hygrade operated at a loss. In the other years reported

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Time of Decision

SEC Abolition advocated. Grievances enumerated. Unusual opportunity for relief from autocratic regulation presented to new Administration.

With respect to the Securities and Exchange Commission, the controversial issue of "to be or not to be" has been focused into the forefront by the change of Federal Administration.

We believe it is this which caused Donald C. Cook, Chairman of the SEC, to venture the opinion at the recent dinner of the New York Security Dealers Association that an elimination of the Securities Acts would be misdirected.

He admitted that both Acts (the Securities Act of 1933 and the Exchange Act of 1934) can stand revision, but contended that any attempt to reduce the powers of the Commission would be a mistake. Said he: "If the laws administered by the SEC were to be seriously tampered with * * * it would be like deciding to eliminate crime by removing the laws defining crimes from our statute books and disbanding our police force. This sounds ridiculous, but I believe the analogy to be apt." It not only "sounds ridiculous," Mr. Chairman, but it is ridiculous to our way of thinking. We can only hope that the new Administration will take no stock in such an "analogy."

Our own reaction as evidenced by our editorial policy over the years is unmistakable. We favor the abolition of the SEC. We advocate the repeal of the Securities Acts and the enactment of sensible definitive legislation as a substitute for what now, contrary to our American philosophy, provides for government by men instead of government by law.

Among other things this legislation, as to new issues, should declare the propriety of price maintenance during the life of the underwriting syndicate right through to the ultimate investor in harmony with trade custom, so that the continuous threat of action by the Attorney General for price fixing is completely erased.

In this time of decision as the New Deal sings its swan song after 20 years of playing hob with the securities industry, and hope for remedial action has at last emerged, we deem it expedient and in the public interest to restate some of our reasons for opposing the existence of the SEC.

We believe it to be basic that the common law supplemented by regulatory supervision imposed by purely voluntary securities organizations can be wholly adequate to protect the interest of the public and to maintain the securities business on a respected ethical plane.

We believe that underwriters, brokers and dealers as a class are honorable men. In our view, it is wrong to treat them as though they were knaves and to saddle them with numerous onerous burdens because there may be a few who are on the "fringe."

Their product, securities, is merchandise, should be so treated, and ordinary merchandising methods should be available to them.

Contrary to present provisions of existing laws and the rules of existing regulatory bodies, neither prices nor profits should be controlled. These should find their level in a competitive market based on supply and demand.

We believe manipulation of stock prices is inimical to the public interest. However, present legislation and SEC rules makes no distinction between speculation, which serves a desirable economic function, and manipulation. This lack of distinction has made for thin and unhealthy markets that have worked to the detriment of all.

Exhaustive reporting of transactions, mandatory registration and control of employees, periodic filing of financial statements, visitation to examine books and records in

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Articles and News **Page**

BUSINESS AND FINANCE SPEAKS AFTER THE TURN OF THE YEAR

Starting on the cover page of today's ANNUAL REVIEW AND OUTLOOK ISSUE we present the opinions of leaders in Government, Industry and Finance regarding the outlook for business in 1953.

* * *

In the SECOND SECTION of today's issue will be found our usual tabular record of the high and low prices, by months, of every stock and bond issue in which dealings occurred on the New York Stock Exchange during 1952.

Regular Features

*See article "Canada Looks at Problems of 1953" on page 10.

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A New Look at Foreign Aid

By EUGENE R. BLACK*
President, International Bank for Reconstruction and Development

World Bank executive, in discussing Foreign Aid Program, warns it should not be a permanent and major prop, which would weaken incentives of recipient nations to build up their economies. Says much has been accomplished by foreign aid, but "dollar gap" has not been overcome. Holds undeveloped countries should not be aided, unless their political leaders concentrate on mobilizing their own economic resources. Warns government loans should not be gifts and opposes giving long-term loans at low interest rates. Advocates U. S. "throw open her markets to foreigners."

I want to talk to you about foreign aid, in its national as well as its international connotations.

This is a moment of transition—a time of change in this country that also is of deep significance for the whole of the world. A new captain is taking command of the American ship of state. New personalities will man the bridge and the engine room. The haven the ship is seeking may perhaps be the same as before. But will the course and speed stay unchanged?

Eugene R. Black

It is inevitable that there will be a new look at the charts—and at the fuel consumption. Policies at home, and in the wider spaces of international relationships, are certain to come under review. Fresh minds, fresh ideas, fresh techniques will be brought to bear, in a new attempt to meet those seemingly intractable problems we inherit at the mid-century.

International economics is a field in which both the World Bank and the American government are operating. Our business constantly brings us together. Most often, we meet in cooperation; but there inevitably have been situations where anomalies have arisen. It is now, in this moment of transition, that I think I can most appropriately offer some personal views about how operations might best be conducted in the common cause.

Fifty-four countries are members and stockholders of the Bank. If tonight I occasionally seem to discard all but one of the 54 hats that have been given me to wear, and speak to you as an American, I trust that my other 53 hatters will forgive me. For I have the interests of all my hatters in mind. And in any case, I hope that none of you will adopt my metaphor—and accuse me of talking through my hat.

*Address by Mr. Black before the Economic Club of New York, New York City, Jan. 14, 1953.

Philosophy Underlying Foreign Aid Program

What is the philosophy underlying the American program of foreign aid? What are its objectives? What are we trying to get to?

Let me first mention an objective that in the postwar years has become uppermost in our minds. The threat of further aggression by international Communism must, for the present, be the first concern of the United States and the rest of the free world. We must be ready to meet force with force. So long as today's international tensions continue, the burden of defense must be carried. The sharing of that burden with our allies is obviously a proper instrument of United States policy.

I have neither the knowledge nor the professional competence to express a view about the size and scope of America's contribution to this joint defense effort. I do believe, however, that what we contribute to the common defense should not be regarded, either here or abroad, as foreign aid in the normal sense. Its amount should be determined by criteria quite different from those used in determining what kind of a foreign aid program there should be. It should not be in a form which would encourage the recipients to look on it as a permanent and major prop to their economies and which would weaken their incentive to take action of their own to build a more stable base.

For my part, I see the continuing purpose of American economic policy in something like the following terms: It aims at building up a world economic system based on steadily increasing standards of living here and abroad. It would seek to do this in two ways: first, by re-establishing multilateral trading relationships among the nations of the free world, resting on full convertibility of currencies and nondiscriminatory trade; and second, by increasing the productivity of underdeveloped countries and the standard of living of their peoples.

What have been the instruments, supplementing private investment, which the American Government has used to achieve this long-term objective?

For Europe, there has been the Marshall Plan.

For the underdeveloped world, the official American position has been that Point Four and loans from existing institutions engaged in international lending would provide the assistance needed to raise productivity and living standards.

How Far Has Foreign Aid Succeeded?

How far have these instruments taken us toward the objective?

So far as Europe is concerned, you only need to compare the situation of today with that of 1947 to conclude that the expenditure of $12 billion by the United States has helped Europe accomplish much. Production and exports are higher than before the war. Inflationary pressures have lessened. Living standards have been maintained. Europe has been lifted from economic prostration.

But in spite of all the progress made, and even before Korea imposed new burdens of rearmament, dollar balance had not been restored. Europe was still unable to purchase supplies of great importance to her economy, to the tune of some $1 to $2 billion a year. Here is the so-called "dollar gap" which up to now has been filled by American aid. And the gap was of that size, even while Europe had been imposing, by and large—and as she still is—the most severe restrictions against imports from the dollar area.

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The State of Trade and Industry

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

Recovery from the reduced levels of a few weeks ago was further noted in total industrial output for the past week. Over-all production last week approached the highest level reached since the close of World War II, but fell short by about 6% from equalling the all-time high recorded in the latter part of 1943. With respect to employment, claims for unemployment insurance benefits moved ahead slightly but remained well below the year-ago level.

Living costs eased 0.2% in the month to mid-December, the Bureau of Labor Statistics reported. It added, a 1% decline in retail food prices was the chief factor in the dip. The bureau's consumer price index dropped to 190.7% of the 1935-39 average. This was 0.8% above a year ago and 12% higher than in the period just before fighting began in Korea.

In the steel industry this week steelmakers still describe the market for their products as "tighter than a drum," and demand for alloy steel is threatening to split the seams, "The Iron Age," national metalworking weekly states. Strong points of demand, of course, are automotive and defense business. Barring a major reversal of these strong props, considered highly unlikely, alloy producers expect business to still be at a strong level entering the second half. At least one important alloy source is optimistic for the entire year, this trade authority notes.

Such expressions of confidence in demand are usually taken at little more than face value because steelmakers have seldom been known to be overly optimistic over the market outlook.

Warehouse demand for alloy steel in extremely strong. One warehouse offered to place a spot order for the second quarter amounting to more tonnage than was shipped to it in the entire year 1952. About the only brake on current warehouse ordering seems to be caution against overstocking alternate grades of steel in the event the National Production Authority suddenly releases critical alloying material. This doesn't appear likely in the near future, declares this trade publication.

An "Iron Age" check of big tonnage carbon steel items, bread and butter products of the industry, reflects no sign of easing demand. Bars, sheets, plate and pipe of any kind are still pursued by eager customers. Only soft spots at the moment are nails and merchant wire, both seasonal products, this trade weekly notes.

A good many people in the steel industry believe that percentage set-asides for defense orders are too high on various products. They seem convinced, some for the first time, that set-asides for the second quarter will not be entirely taken up.

Another complaint frequently heard says "The Iron Age," is that military set-asides do not hit all producers uniformly. Depending on where they are located, some mills are forced to accept defense business to the limit of the set-asides, while other producers find their defense tonnage only partially taken up. Also, very little, if any, defense business is being placed with the premium-price producers. The military has the advantage of being able to buy from the lower-price producers. Of course this means that civilian customers have to buy the higher priced steel.

The total "take" of military steel is not increasing. Rather it has tapered off from the post-strike high when mills were hit with heavy demands for make-up tonnage in addition to regular scheduled quotas, concludes "The Iron Age."

Automotive production the past week advanced by 8% from the preceding week to its highest point in 10 weeks, "Ward's Automotive Reports," states.

United States auto makers last week assembled 111,398 units, an increase from 103,266 of the preceding week and considerably greater than the 67,320 in the like week a year earlier.

The main reason for last week's improved output, "Ward's" added, were the "strong" production gains made by Chevrolet and Studebaker over the prior week. Chevrolet's increased output helped to lift General Motors Corp.'s auto production last

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Washington's "Morning After" — Is the Honeymoon Off? —

By A. WILFRED MAY

WASHINGTON Jan. 21 — The traditional characterization of an incoming President's first hundred days as a post-inaugural *honeymoon period* has surely become a gross fiction.

A. Wilfred May

On this cold Wednesday "Morning-after" Ike's "wedding day," it is evident that any honeymoon of sweet bliss and harmony will be sharply curtailed—if it has not, in fact, already been ended before it began by the Wilson "accident." Realization of the volume and difficulty of the problems facing a new Administration at this time is conclusively brought home by exploration of their immediate agenda with members of the President's official family.

Policy Problems at Commerce

The aim of the Republican-run Commerce Department, as discussed by its Under Secretary-designate Walter Williams with your correspondent this morning, will be "to develop an atmosphere in which business (as distinguished from business-men) can live, to further the aim of the nation's ever-increasing productivity; to do everything that can be soundly done to improve the economic climate in which free enterprise can operate."

Surely this is an altogether ideal and unobjectionable aim. But—what will happen to this CED-steered-middle-of-the-road course in the event of either heated-up war or recession? Will not the inevitable politically popular demands for controls over prices, or over prices-and-profits with exemption of wages (following the latest CEA-Keyserling dictum) then require hard decisions of practical governmental policy as well as theoretical ideology? The event of all-out war would, of course, vastly intensify the pressure for enlarged NPA-techniques, among other Commerce functions.

On the other hand, can the Department's distinction between pro-business and pro-business-men, with confinement of government functions to the policeman's role, be maintained? And should it be; in the light of its sister Labor Department's gradual development into a pro-laboring man pressure agency?

An apparent forerunner of Commerce Department difficulties in statements of policy occurred a month ago in Secretary-designate Weeks' statement to the press on tariff philosophy. While his allaying of fears of tariff reduction was soothing to some business interests, it runs directly counter to the "trade-not-aid" principle increasingly pervading other sectors of the new Administration as well as rest of the community.

* * *

Treasury's Household Burdens

The Treasury constitutes another typical place where the new Family, even though aided by an outstandingly excellent team of servants, including George Humphrey, Marion Folsom, Randolph Burgess and the held-over Andrew Overby, cannot for a moment avoid nettlesome household problems.

In the area of debt managing, the Treasury must soon make up its mind about taking care of the $8\frac{3}{4}$ billion of $1\frac{7}{8}$%'s coming due Feb. 15 (there are $5 billion additional certificates coming due June 1, and $2.9 billion Aug. 15). The incoming officials must choose between the alternatives of either a simple *roll-over;* or a combined offer of an option to extend for a year or to go into an intermediate bond; or to go entirely into intermediate bonds—the said intermediate bond to be a 5-6 year $2\frac{1}{2}$.

Important Treasury Decisions

The course decided on here will be momentously significant. Choice of the straight roll-over of short-term low interest obligations would presage continuation of the past Administrations' easy-money debt-management policy. In view of the oft- and emphatically-stated convictions of Treasury debt-Manager Burgess and Reserve Board Chairman Martin, and of their colleagues now in the saddle, favoring lengthening the term of the debt, this course seems extremely improbable. On the other hand, the change from short- to long-term financing must necessarily be evolutionary, rather than sudden.

Taxation recommendations by the Treasury constitute a field embracing interest that is broader and more political. The disposition of the future of the politically-loaded Excess Profits Tax at its scheduled deadline next June 30, will certainly be influenced by the Treasury's attitude.

While Secretary-designate Humphrey testified before the Senate Tuesday that expression of Treasury views now would be premature, the EPT controversy is sure to begin soon. Similarly is remission of the 10% rise in individual income tax a matter for early Treasury consideration, for while it is scheduled to apply only beginning with 1954 income, it can be made effective at any time by legislative action.

Budget Difficulties

On the Budget also the Treasury will be pulling considerable weight—at least in a direction away from Secretary Snyder's continued blessings on budget fat. The new Secretary, Mr. Humphrey, will of course be facing the dilemma posed by the late campaign's promises of cutting of spending and taxes midst the enormous Congressionally-appropriated but still-to-be-spent billions (in fact, it is conceivable that the new Administration's deficit may even show an increase). No matter what cuts may be instituted under Budget Director Dodge (even down to an unattainable $50 billion total) a balance will not be possible before fiscal 1955.

Another Treasury headache, for Under Secretary Folsom, may arise from reorganization of the Internal Revenue Department with its 50,000 employees, to prevent repetition of corruption and still live up to the political exigencies.

International Headaches

In the international field too, the Treasury along with other departments, faces a list of duties and policy decisions. Following the visit of Mr. Churchill who made a sneak play to steal a march on our other Free World friends,

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Some Aspects of Negotiated Securities Markets

By DONALD C. COOK*
Chairman, Securities and Exchange Commission

Though lauding "self-regulation" in the securities industry, Commissioner Cook stresses that outside regulation is essential to safeguard public interest. Says any substantial reduction of SEC powers would be a mistake. Points out importance of over-the-counter markets, and approves Frear Bill, as to which, he says, if shown negotiated markets will be injured by it, SEC "will receive suggestions" as how to serve the investor, while maintaining balance in both auction and negotiated markets. Holds there is still room for improvement in securities industry, and says, in many cases, spread between bid and asked prices is too wide.

I am very happy to be able to participate in the 27th annual dinner of the New York Security Dealers Association. These are always enjoyable occasions as well as extremely worthwhile. It is mutually helpful for the regulators and the regulated to get together periodically for an exchange of ideas and viewpoints. This is particularly true in the securities industry, where the regulated are also to a very real extent, regulators themselves.

Donald C. Cook

Despite the remarkable development of our mid-western and far western states, and a coincident increase in the importance and responsibility of the financial communities in those areas, it is unquestionably true that New York is still the financial center of our country. The power and attendant responsibility of you who make up its financial industry are accordingly enormous.

*An address by Chairman Cook at the 27th Annual Dinner of the New York Security Dealers Association, New York City, Jan. 16, 1953.

Over the years since 1926, your Association has played a very prominent role in this industry. From that early date you have recognized the tremendous importance of both government regulation and self regulation in the securities industry. Both as a group and as individuals you strongly supported the enactment of the first Federal securities statutes. Without the benefit of your enlightened cooperation those regulatory statutes would not have been as good as I consider them to be.

And again in 1938, when it was proposed to the Congress that national security dealers associations be allowed to organize and, under the supervision of the Securities and Exchange Commission, undertake a high degree of self regulation of their memberships, your association was in the foreground of the groups lending their support. Subsequently, when the Maloney Act was passed virtually all of you became members in the National Association of Securities Dealers. Because you appreciated the importance of self regulation in your industry you have been a substantial factor in placing and maintaining the NASD in the powerful position it now occupies.

My years as a Federal regulator in the securities field have taught me the value of a substantial amount of self regulation in this industry. This experience has shown that it takes something more than government regulation to achieve an all-round regulatory job.

I suspect that very few people outside of the securities business realize that in many areas the standards of business practice and fair dealing established and enforced by industry regulatory groups are even higher than the standards imposed by Federal statute. A government necessarily deals in the enforcement of legal standards. It is inevitable that such standards far too often become maximum standards. But you are concerned with the more advanced ethical standards. And it is all to your credit and, I am convinced, to your long term advantage also, that you do endeavor to maintain these high ethical levels of fair and equitable trade principles. Indeed, without imposing a stifling rigidity, government regulation alone simply could not accomplish the objective of maintaining those high business standards in the industry which we all recognize as necessary.

It should be stressed, however, that both types of regulation are essential if the public interest is to be safeguarded. In a few days we will have a new Administration take office. No one can be sure what the new Administration will do in the field of securities regulation. We can only guess, and perhaps sound a note of caution.

Substantial Reduction of SEC Powers Would Be a Mistake

Of one thing I am certain. Any attempt to eliminate or substantially reduce the regulatory powers of the Commission would be a serious mistake. Indeed, in my opinion, such an attempt would be unsuccessful. With the cooperation and assistance of the industry, the SEC has succeeded in substantially ridding the field of those unscrupulous operators and ruthless business practices which gave the trade such a black eye in the late twenties and early thirties. As a result public confidence has been greatly restored in our financial markets and in our securities dealers.

If the laws administered by the SEC were to be seriously tampered with, I am convinced that it would only result in permitting the lawless and ruthless operators once again to swarm into the field—to the irreparable harm of investors, the securities industry, and the country generally. It would be like deciding to eliminate crime by removing the laws defining crimes from our statute books and disbanding our police forces. This sounds ridiculous, but I believe the analogy to be apt.

While I was in England recently I heard a story which may illustrate my point. During World War II an American airman was traveling from Southampton to London on a very crowded train. After a long and fruitless search, the airman came to the last compartment in the last car. There he saw a little dog sitting beside an English lady. The soldier walked up to the lady, said politely, "Madam, the train is full and I am very tired. Would you mind holding your dog so that I may have the seat she occupies?"

The lady looked up at the American soldier and replied, "Indeed, I would mind, young man. I procured this space for Gwendolyn and I intend that she

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"The Uneasy Triangle"

By C. E. WILSON*
Secretary of Defense-Designate
Former President, General Motors Corporation

Describing the "uneasy triangle" facing nation as: (1) collective bargaining; (2) reasonably full employment, and (3) dollar purchasing power stability, newly designated Secretary of Defense says we can have all three. Expresses confidence continuous inflation can be avoided in a situation of a stable economy, full employment, growing population, and better living for all. Reveals details of his appointment as Defense Secretary and promises streamlining of defense organization.

Some three months ago when we were planning the program for today we had agreed that I would take as my subject "The Uneasy Triangle," the uneasy triangle being collective bargaining, reasonably full employment and the stability of the purchasing power of the dollar. This is a current problem in all free nations.


C. E. Wilson

I was going to make a serious effort to discuss this broad subject from the perspective of my experience in General Motors and my observations of the results achieved by our policies in this area. Many people seem to believe that there is an essential incompatibility between a stable price level, full employment and free collective bargaining. They argue that you can have any two of the three but not all three at the same time. The American people want and hope they can have all three. Those who think we cannot have all three have underestimated the importance of technology and the contribution that an advancing science can make toward raising the standard of living. They have entirely overlooked the possibility that a reasonable division of the new wealth that can thus be created—a division between those involved in producing it and those who consume it—and provided each of us is willing to continue to work for the things he would like to have—can give workmen the improving standard of living they expect without inflating the price level.

We in General Motors have proceeded on the basis that a stable price level, reasonably full employment and free collective bargaining can be made compatible through progress and progress-sharing. We have assumed not only that it is theoretically possible to achieve this desirable result, but we are doing our part in practice to bring it about. Of course, unsound monetary and fiscal policies beyond our control, and perhaps I should say the Korean War, have impeded progress in this direction somewhat. I feel sure that the new Administration is going to take care of that.

An understanding of the proper relationships between wages, prices, productivity and progress is a vitally important matter not only for industry and the workmen in our plants but for all the people of our country.

Our free world has demonstrated beyond a question that the greatest productivity can only be achieved by stimulating the initiative of the millions in a free society. Likewise, it has been demonstrated that to maintain political stability in such free nations it is necessary to maintain the general welfare and improve the living standards of the people.

Therefore, such progress, based on technology, improved organization and a continuing effort to accomplish more with the same human effort is doubly important—important both from a political and economic point of view. Progress and progress-sharing offer the possibility of establishing a stable economy even in a free society committed to collective bargaining.

I am confident that continuous inflation can be avoided and a stable economy achieved with reasonably full employment, a growing population, and better living for all even though our country must support a substantial defense program. The basis of my confidence that these desirable objectives can be achieved is the vision I have of what could be accomplished in both industry and agriculture if all of our people would subscribe to the importance of this kind of balanced progress.

Message from Gen. Eisenhower

My proposed detailed discussion of "The Uneasy Triagle" was suddenly set aside and became as obsolete as last year's Federal budget when ten weeks ago I received a telephone call.

My caller said: "I have a special message for you from General Eisenhower. You know he is in Augusta. He regrets that he cannot present the matter to you himself. When are you going to be in New York so we can talk about the matter?" I said, "Wednesday, but can you tell me a little more about it?" My caller answered, "It is really not a proper matter to talk about over the phone, but if you will take on the responsibility he has in mind, it will probably change your way of life." That ranks as one of the great masterpieces of understatement.

Shortly I found out that the great American we have elected President of our country wanted me to be his Secretary of Defense. I called Mr. Sloan on the phone and said, "Mr. Sloan, I need some good advice, and I would like to come to New York to talk with you about it." He said, "All right, C. E., what's it about?" I replied, "It concerns me even more than it does General Motors." When Mr. Sloan found out what President-elect Eisenhower wanted me to do, he said, "Well, you will have to give that real consideration." After thinking about it overnight, he told me the next morning that he did not see how I could turn it down unless it was for personal reasons of health, and that, if I were willing to take the assignment, the corporation would agree that I could retire under the provisions of the General Motors Retirement Plan which requires retirement at 65 but permits retirement between 60 and 65 on a mutually satisfactory basis.

After thinking about the matter for a week, I told the President-elect that I would take the assignment and sever all of my business connections. He then asked me if I would go with him to Korea. I then said, "When I join up I'm in. When do we go?" As you men know, the President-elect made the announcement of my appointment along with that of George Humphrey as Secretary of the Treasury and Douglas McKay as Secretary of the Interior on November 20.

It occurred to me that you might be interested in a letter I wrote Mr. Sloan on Nov. 25, a few days after the appointment was announced:

"Dear Mr. Sloan:

"This is just a note to let you know how much I appreciated the statement you made in connection with my appointment as Secretary of Defense and in the light of the fact that in all probability I will shortly be completely severing all my connections with General Motors Corporation.

"I also greatly appreciated your analysis of the problem and your advice in regard to the matter. I still have very mixed emotions over the whole thing and have not as yet gotten up proper enthusiasm and steam for the new assignment on account of my feeling of regret—perhaps better described as nostalgia—over leaving General Motors.

"I had no other ambitions than to finish out my time with General Motors and was satisfied to have my work in General Motors represent my life's work. I have greatly appreciated your support, help and encouragement through the years. You have been especially understanding during the last six years when I have been the chief executive officer, and you were willing to turn over to me this great responsibility. I doubt if any man in all industry or business ever did as fine a job of turning over such responsibility to his successor and still maintain his interest in the business, made himself available for consultation, but gave the junior executive the complete latitude to exercise his own initiative and get the job done.

"I would like to tell you again how much I have appreciated your

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*An address by Mr. Wilson at the "GM Motorama of 1953" Luncheon, New York City, January 19, 1953.

Dealer-Broker Investment Recommendations & Literature

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

Annual Review and Forecast—Appraisal of the outlook for business and the markets featuring analyses of underlying economic trends and their probable effect on business in the coming months—Write Manager, Research Department, H. Hentz & Co., 60 Beaver Street, New York 4, N. Y.

Bank Stocks — Special study — William R. Staats & Co., 640 South Spring Street, Los Angeles 14, Calif.

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

Canada's Natural Gas Resources—Discussed in monthly bulletin—Ross, Knowles & Co., 330 Bay Street, Toronto, Ont., Canada.

Commodity Review and Outlook: 1953—Brochure—Bache & Co., 36 Wall Street, New York 5, N. Y.

Construction Machinery Manufacturers — Bulletin — Bregman, Cummings & Co., 100 Broadway, New York 5, N. Y.

Financial Services to Industry and Investors—Brochure discussing financing for industry, planning of issues for new capital, etc. — F. Eberstadt & Co. Inc., 39 Broadway, New York 6, N. Y.

Graphic Stocks—1001 charts complete with dividend records for full year 1952 showing monthly highs, lows, earnings, dividends, capitalizations, and volume on virtually every active stock listed on the New York Stock Exchange and American Stock Exchange, covering 12 years to Jan. 1, 1953—Single copy (spiral bound), $10; yearly (6 revised issues), $50; three editions of "Graphic Stocks" 1924 through 1935, 1936 through 1946 and up to date current edition, all for $25 —F. W. Stephens, 15 William Street, New York 5, N. Y.

Industrialists' View of the Crossroads of the East — Brochure regarding industrial possibilities in New Jersey—Box J, Public Service, 76 Park Place, Newark, N. J.

Monthly Investment Guide—Tabulation of issues appearing interesting—Sutro Bros. & Co., 120 Broadway, New York 5, New York.

Municipal Bonds—Brochure on advantages of municipal bonds —John Nuveen & Co., 135 So. La Salle Street, Chicago 3, Ill.

New York Bank Stocks—83rd quarterly comparison of leading banks and trust companies of New York—New York Hanseatic Corp., 120 Broadway, New York 5, N. Y.

New York City Bank Stocks—Year-end comparison and analysis of 17 New York City Bank Stocks—Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

Oil in Canada—Discussion in current issue of "Market Pointers" —Francis I du Pont & Co., 1 Wall Street, New York 5, N. Y. In the same issue is a list of **Potential Stocks** for 1953. Also available is a tabulation of **Steel Companies** and in the current issue of "Gleanings" a report on **International Harvester.**

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

Paper Stocks—Report with special reference to **Robert Gair Company, Inc., International Paper Co.** and **Kimberly-Clark Corp.**—E. F. Hutton & Co., 61 Broadway, New York 6, N. Y.

Performance—19-year study of market action and income—J. R. Williston, Bruce & Co., 530 West Sixth Street, Los Angeles 14, Calif.

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

Products and Processes—Illustrated booklet describing use by science and industry of alloys, carbons, chemicals, gases and plastics made by Union Carbide—Ask for booklet D—Union Carbide and Carbon Corp., 30 East 42nd Street, New York 17, N. Y.

Railroad Securities—Outlook for 1953—Ask for Circular C-22 —Vilas & Hickey, 49 Wall Street, New York 5, N. Y. Also available is Circular C-23, discussing **Buffalo, Rochester & Pittsburgh** 4½s of 1957, and a leaflet of data on **New Haven.**

Securities Outlook—January issue surveying business prospects for the new year with selected list of securities with possibilities for 1953—Ask for Copy C—G. H. Walker & Co., 1 Wall Street, New York 5, N. Y.

Tax Status of Dividends on investment funds for 1952—Bulletin—Taussig, Day & Co., Inc., 316 North Eighth Street, St. Louis 1, Mo.

Ten Year Statistics—Booklet on industrial development of New York State—New York State Electric and Gas Co., 62 Henry Street, Binghamton, N. Y.

What's Ahead?—10 reports a year by Edward R. Dewey sent to those contributing $10 a year to the Foundation for the Study of Cycles, 9 East 77th Street, New York 21, N. Y. (plus a chart of stock market cycles, projected to 1990—ask for Chart C).

What We Do—How We Do It—Brochure describing services to assist management—Georgeson & Co., 52 Wall Street, New York 5, N. Y.

* * *

Alma Trailer Company—Card memorandum—Baker, Simonds & Co., Buhl Building, Detroit 26, Mich.

Baltimore Transit Company—Analysis—J. V. Manganaro Co., 50 Broad Street, New York 4, N. Y.

Benguet Consolidated Mining Company—Bulletin—Seligman Lubetkin & Co., 30 Pine Street, New York 5, N. Y.

Canadian Investment Fund, Limited—Bulletin—James Richardson & Sons, 173 Portage Avenue, East, Winnipeg, and Royal Bank Building, Toronto, Canada.

Central Maine Power Co.—Analysis—Ira Haupt & Co., 111 Broadway, New York 6, N. Y.

City of Philadelphia and Philadelphia School District Bonds —Semi-annual appraisal as of Dec. 31, 1952—Stroud & Company, Incorporated, 123 South Broad Street, Philadelphia 9, Pa. Also available is a semi-annual appraisal of **Equipment Trust Certificates.**

Denver & Rio Grande Western Railroad — Memorandum — Hirsch & Co., 25 Broad Street, New York 4, N. Y.

Distillers Corporation-Seagrams — Bulletin — Dreyfus & Co., 50 Broadway, New York 4, N. Y.

Eastern Industries, Inc.—Bulletin—de Witt Conklin Organization, 100 Broadway, New York 5, N. Y. Also available is a bulletin on **Servomechanisms, Inc.**

Ekco Products Company—Analysis—Freehling, Meyerhoff & Co., 120 South La Salle Street, Chicago 3, Ill.

Filtrol Corp.—Memorandum—Hayden, Stone & Co., 25 Broad Street, New York 4, N. Y.

Indiana Gas & Water Co.—Annual report—Indiana Gas & Water Co., Inc., Indianapolis, Ind.

Iowa Southern Utilities Co.—Card memorandum—G. A. Saxton & Co., Inc., 70 Pine Street, New York 5, N. Y.

Laclede Gas—Memorandum—Josephthal & Co., 120 Broadway, New York 5, N. Y.

National Airlines—A study and appraisal—Selig Altschul, 25 Broad Street, New York 4, N. Y.

North American Acceptance Corporation — Circular — J. G. White & Company, Incorporated, 37 Wall Street, New York 5, N. Y.

Plastic Wire & Cable Corp.—Analysis—Amott, Baker & Co., Inc., 150 Broadway, New York 38, N. Y.

Pittston Company—Analysis—Stieglitz & Co., 40 Wall Street, New York 5, N. Y.

Riley Stoker Corporation—Analysis—Dempsey-Tegeler & Co., 210 West Seventh Street, Los Angeles 14, Calif.

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

Rochester, City of Exceptional Opportunities—Booklet describing the industrial opportunities in Rochester—Rochester Gas & Electric Corp., 89 East Avenue, Rochester 4, N. Y.

Sapphire Petroleums, Ltd.—Analysis—Leason & Co., Inc., 39 South La Salle Street, Chicago 3, Ill.

U. S. Vitamin Corporation—Analysis — Loewi & Co., 225 East Mason Street, Milwaukee 2, Wis. Also available is a special report on **Ed. Schuster & Co., Inc.**, and a brochure on **Stocks Widely Held in Wisconsin.**

COMING EVENTS

In Investment Field

Jan. 22, 1953 (Detroit, Mich.)
Bond Club of Detroit 37th Annual Dinner at the Sheraton Cadillac.

Jan. 22, 1953 (New York City)
American Stock Exchange Five and Twenty Club annual meeting and dinner at Cavanagh's Crystal and Emerald Rooms.

Jan. 26, 1953 (Chicago, Ill.)
Bond Traders Club of Chicago Annual winter Dinner and installation of officers at the Furniture Club.

Jan. 27, 1953 (Boston, Mass.)
Boston Investment Club dinner meeting at the Boston Yacht Club.

Jan. 27, 1953 (Minneapolis, Minn.)
Twin City Security Traders Winter Dinner.

Uneasy Prosperity

By RICHARD GLENN GETTELL*
Chief Staff Economist, Time, Inc.

Asserting schizophrenic qualities which epitomize our times are likely to lead historians to call present "A Time of Uneasy Prosperity," Dr. Gettell calls attention to situation which, along with prosperity, progress, technical advances and economic growth of the postwar years has been accompanied by uneasiness, insecurity and "just plain jitters." Denies inflation is responsible for an "illusory" growth, and ascribes uneasiness to "devastating experiences of our lifetime." Decries scramble for security, and holds it imperative that key decisions be not based on it. Says full security means stagnation and calls for increased marketing efficiency.

One day, some of our grandchildren are going to be historians, recording and interpreting our times. From a better vantage point than is available to us, benefiting from hindsight, they will instruct their grandchildren in the strange developments and quaint cross-currents that characterized the middle of the 20th Century. It is tempting to speculate about their findings. What will they say about us? When they are describing the period immediately after World War II will they call it the Beginning of the American Century or will they dismiss it as the Final Fluttering Gasp of Capitalism? Will it mark the Renaissance of the Individual or the Triumph of the Monolithic State? Or will it even be identified as the brief interval before the Final War, the Decadent Age of Technology, the Time when Man was Overcome by his creations, the machines?

Dr. R. G. Gettell

Short of that vehicle so beloved of science fiction writers, a time machine, we can't tell for sure which, if any, of these characterizations will prove accurate. Each represents an extreme. Each implies a decisive solution of one of the basic conflicts which preoccupies all of us today: man vs. machine, individual vs. state, capitalism vs. communism.

But history has a way of resolving conflicts short of final decision, of blunting the edges of events which appear crucial and trends which seem dominant when viewed by a contemporary. The recurring phrase "We are at the Crossroads" has become a stale cliche. Like other platitudes it carries little conviction, not because it is untrue—usually a platitude is true—but because it is so chronically, so monotonously true that no one can continue to stay consciously excited about it.

So it is with analyses of the present made by men living in the present. We are always at one crossroad or another. Current history is constantly presenting us with choices of direction. Any one of them, consistently maintained, would lead us to an extreme position. But historically the extreme is rarely reached. With such a succession of crossroads facing us, the path we actually take typically proves to be a zig-zag, sometimes even an apparently aimless route. It is a route, nevertheless, which can be determined by our own choices along the way.

To torture this analogy once more, it is worth pointing out that the man who turns to the left at every crossroad makes little forward progress. He merely walks in a circle. By the same token, a choice to move always to the right is a fruitless way to get anywhere.

With this in mind, I venture to suggest that our descendant-historians are likely to describe our times in a more temperate fashion than we. Instead of the extremes which were first mentioned, the future historian's shorthand phrase for the 1950's will more probably be the Time of Uneasy Prosperity.

Schizophrenic Qualities Epitomize Our Times

Future phrasemakers may find another term: Insecure Progress. Uncertain Advance, Jittery Growth. Each phrase carries some of the schizophrenic qualities which epitomize our times. Along with the prosperity, progress, advance and growth of the postwar years, has been a profound and widespread sense of uneasiness, insecurity, uncertainty, and often enough, just plan jitters. Call it what you will: uneasiness despite prosperity or prosperity overshadowed by uneasiness, no interpretation of the current scene makes sense unless it centers on the underlying contradiction. Perhaps we never had it so good; still we are oppressed by a suspicious fear that it's too good to last. Hence the Time of Uneasy Prosperity.

It shouldn't be necessary to labor the argument as to our prosperity. Whether comparisons are made over the last dozen years (with prewar levels), the last half dozen (postwar) or just the last couple (since Korea), the facts are incontrovertible. They come close to describing the statistician's version of the approach to economic Paradise.

Take a few of the standard measures of the national economy. The Gross National Product, the annual value of all the goods and services produced in the country, is now pushing $350 billion. Before Korea it was around $275 billion; at the end of the war barely $200 billion; prewar it was well under $100 billion. Total business transactions, manufacturers', wholesalers', and retailers' sales combined, grew from around $10 billion monthly before the war, to $25 billion postwar, to $35 odd billion before Korea, to $45 billion currently. Consumer spending has risen from around $65 billion annually during the prewar years, to $125 billion postwar, to nearly $225 billion today. Gross private domestic investment has increased from under $10 billion annually prewar, to well over $50 billion since Korea.

Is Inflation Causing an Illusory Growth?

"Ah," says the sophisticate, "what about inflation? Isn't this illusory growth—offset by the declining value of the dollar?" Only in part. Not nearly enough to belie the fundamental truth of a dynamic economy: we have enjoyed prodigious growth. The national product, in constant prices, is now nearly double the prewar level. So is consumer buying. The real volume of business transactions and of industrial production is more than double. Employment is far higher; over 15 million more persons are at work than before the war. And productivity is greater than ever before. Continuing miracles of technology have become commonplace. Working hours are shorter. Even that infallible index of good times, the birth rate, reflects the prosperity of recent years.

In terms of material comfort there is no question that the American people are becoming increasingly well off. Over the years they are being better fed, clothed and housed; better both quantitatively and qualitatively. They are better educated (assuming education can be measured in years of schooling) and they enjoy more leisure. They travel more, drive more and better autos (they drive them faster, too). They have more gadgets in the kitchen, the laundry and the livingroom to lighten the tasks of daily living. They are more heavily insured. More of them own their own homes. They earn more, they buy more and they save more than they used to.

New and improved products have been developed, and great mass markets for them. Vast new productive capacity has been put in place, suited for military as well as civilian production. America, emerging from the war as the

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*An address by Dr. Gettell at Standard & Poor's "Advertising In Action" Conference, New York City, Jan. 16, 1953.

Canada Looks at Problems of 1953

THE HONORABLE DOUGLAS C. ABBOTT, Q.C.*
Minister of Finance, Canada

Prominent Canadian Cabinet officer reviews postwar economic developments in his country which have been characterized by expanding population, increasing productivity and a major scale of capital financing. Points out Canada is approaching a well balanced economy, and is no longer merely a producer of agricultural products and raw materials. Reveals economic implications of Canada's defense program, and, in pointing out his country's dependence on foreign trade, calls for maintenance of healthy economic conditions and reasonably free world wide trading relations. Warns against too glowing accounts of Canada's progress.

You have asked me to speak about Canada and to project a view into 1953. No experienced politician ever ventures into the field of prophecy, except in the most general and platitudinous terms. I am therefore not going to forecast events or policies in 1953, but rather review the trends of the recent past and by implication suggest an approach to the problems that lie ahead. I need hardly tell you that Canada is a wonderful country, growing rapidly and expanding in almost every direction. The past 10 or 12 years, and especially the past 6 or 7 years have been years of unprecedented achievement. Whatever measurements or indicators you choose to adopt, the record is remarkable. Back in 1944 and 1945, as the war was drawing to its close, we viewed the outlook with a good deal of concern. Six years of war had cost us the equivalent of three and one-half years of prewar total gross national product. In spite of a wartime tax policy that was as drastic as that of any belligerent country, our net national debt had more than quardupled. We faced the task of recasting a very large sector of our industry and redeploying one-third of our total labor force from the armed services and war industry to peaceful employment. We are a country that lives by foreign trade—20 to 25% of our total production is for the export markets—yet we looked out on a world where destruction and dislocation had impoverished many of our most important traditional customers. It was not easy to be optimistic about the coming five-year period at that time.

Hon. D. C. Abbott

*Address by Mr. Abbott before The Economic Club of New York, New York City, Jan. 14, 1953.

A Period of Expansion

But postwar Canada has confounded the pessimists both at home and abroad. By a fortunate combination of good luck, good geography, good people—and perhaps I should be allowed to add, good government—we have embarked upon a tremendous period of expansion, a period of sustained expansion which in relative terms has, so far as I know, not been exceeded anywhere in modern times.

Our population is increasing at a rate of 3% per annum. Before the war we were a country of about 11 million people. We shall cross the 15 million mark before the end of this calendar year.

This significant increase in population has been an important factor in our rapid increase in production. In 1939 our gross national product was a little less than $6 billion. In 1952 it was about $23 billion. After correcting for changes in price levels, the real increase in physical output is better than 100%. In other words, 30% more people have produced more than twice as much output. Much of this, but by no means all, has gone into rising standards of living. A large part has gone into increased savings and investment, and during the past three years an increasing portion has gone into defense.

Although this increase in production would not have been possible without a rapid growth in population and employment, it is equally clear that it could not have been achieved without very heavy capital expenditures for construction, for machinery and for basic development in such fields as power and transportation. In the past seven years, Canadians have set aside about $25 billion for new investment, or about one-fifth of our total output during this period.

A Major Scale of Capital Financing

The financing of investment expenditures on this scale has been a major undertaking. Some of this basic development has been financed by governments but by far the greater part of the necessary funds has been obtained from private sources—from corporate reserves and from personal savings. During the past two years the rate of personal savings has been maintained at about 10% of total personal incomes. The inflow of capital from abroad has also financed a considerable volume of investment. However, it may surprise you to hear that although this capital inflow has been very large, we have, ourselves, lent or invested abroad since the war more than we have received from other countries. In effect, if we take into account the funds we have lent abroad since the war, we have provided enough capital out of our own savings to have financed the whole of our postwar development.

Capital investment is not merely a matter of borrowing "money." In foreign investment, as in most other economic affairs, money is merely a convenient common denominator of a great variety of goods and services. 75 years ago when we were building the Canadian Pacific Railway, we borrowed "money" in London, Paris and Amsterdam, but among our most rapidly increasing imports in that period were enormous quantities of beans and salt pork imported from Chicago and Minneapolis to feed the hungry construction gangs who built the railway. To an important extent the C.P.R. was built out of mid-west pork and beans purchased with British, Dutch and French money.

So in recent years the capital inflow into Canada has its reflection in heavy imports of a great variety of machinery and equipment. We have been glad to borrow this specialized equipment and the specialized technical knowledge that accompanies it. We welcome this technical assistance and we are quick to profit and learn from it. When the major oil discoveries of five years ago launched us into an intensive program of exploration and drilling, much of the money and most of the specialized equipment and skilled operators came in from the United States. But we soon learned their skills, and today within a five-year period a high proportion both of the skilled labor and technical and professional men of the industry are Canadian; and at the same time the proportion of direct Canadian investment in oil is increasing rapidly.

I do not propose to discuss in any detail the nature of the developments which are going on. Alberta oil, Quebec-Labrador iron ore, Kitimat aluminum, the St. Lawrence Seaway Authority are almost as familiar to such a New York audience as this as they would be to a similar audience in Montreal or Winnipeg. These great developments are of basic and primary importance, but I would not have you think that we are reverting to an economy based exclusively on extractive industries, primarily producing raw materials and foodstuffs for the United States and the other highly industrialized areas of the world.

Canada's Well Balanced Production

Ours has been a reasonably well-balanced development. Canadians are not merely drilling oil wells, they are also building new and modern refineries, and are undertaking large new petrochemical developments of modern and complex types. During the war years Canadians learned how to manufacture all sorts of complex equipment and our businessmen discovered that when they had orders sufficient for large-scale production, they could produce a great variety of specialized equipment as efficiently and as cheaply as any other nation. We have developed an efficient industry in several important branches of electronics. We have made great strides in aircraft construction and design. In addition our businessmen have put a very large amount of new capital into the modernization and expansion of the older manufacturing industries — textiles, motor vehicles, consumer durables and so on. The pulp and paper industry, for example, has doubled its plant investment since the end of the war and has increased its tonnage output by about 60%.

The foundations of our economy, however, are still the great staple industries, agriculture, forest products, mining and hydro-electric power. These foundations have been greatly strengthened, expanded and diversified, and on these foundations a sturdy and balanced economy is steadily growing.

Impact of Defense Expenditures

Let me say a word now about the economic implications of defense. Our defense expenditures reached a postwar low of about $200 million in 1947 and 1948. By 1950 they had increased to nearly $800 million, in 1951 to nearly $1,500 million and for the fiscal year that will end next March our appropriations amount to more than $2,000 million. Included in these figures are mutual aid appropriations for our European allies amounting to nearly $700 mil-

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Cycles and Imbalances Affecting the 1953 Outlook

By CHARLES E. YOUNG*
Economist, Weyerhaeuser Timber Company

After describing four major kinds of business cycle, Mr. Young depicts the outlook for 1953 and 1954. Maintains major elements of strength that have supported the postwar boom are now potential elements of weakness, and we are approaching stage of cycle that has always preceded decline of 20% or more in industrial production. Believes boom will last until mid-1953, with comparative indicators not heading lower until end of the year.

Business cycle theories seem to run one to a customer. We have probably all heard about 999 different variations from 999 different proponents. No doubt each one of you has his own convictions on the subject, developed out of his own thinking and experience. I am going to talk about two approaches with which I have had some first-hand experience and about which I have done some thinking. The first is the analysis of cycle swings, and the second is what might be called "imbalance analysis." One of the leading exponents of this technique, Dr. Charles F. Roos, has termed it "dynamic economics." By either name, it means the detection of imbalances within the economy and analysis of the extent and duration of the correction that is likely to follow.

Charles E. Young

It is clear that any analysis of the future outlook for the economy by either of these methods involves, first, an appraisal of where we are now. Such an appraisal has particular interest at present because it serves to distinguish between the economic problems faced by the outgoing and incoming administrations in Washington.

*Address of Mr. Young at the Business Outlook Luncheon, American Statistical Association, Chicago, Illinois, December 27, 1952.

From the business cycle approach, it seems clear that we have climbed pretty well up the left-hand side of the postwar boom. This is true of three of the four kinds of cycle movements that I want to talk about. In the fourth, we seem to have climbed over the peak, although we are still in the high country near the peak on the other side.

Kinds of Cycles

These four kinds of business cycle movements are:

First, the swings of general industrial activity that generally last three to four years from peak to peak or from bottom to bottom;

Second, the longer, more basic swings of industrial activity, generally lasting six to ten years from peak to peak or from bottom to bottom;

Third, the shorter swings, generally about two years from peak to peak, or one year from bottom to peak, that have characterized the textile business; and

Fourth, the very long swings of 15 to 20 years from peak to peak that have occurred in new residential building.

Before I discuss these cycle movements individually, let me make it clear that I think cycles are useful primarily for showing *how* changes occur, not *why* they happen. I have no mystical faith in the inevitability of cycles or in their dominance over other factors affecting economic activity. At the same time, however, there appears to be a great deal of validity to the proposition that we can't always be above average. Inasmuch as these cycle swings are measured by differences between moving averages, any prolonged or pronounced departure from average on the high side will normally be balanced sooner or later on the low side, with the net gain reflected only in the gradual increases of longer-term averages.

Practical Uses of Cycle Observation

The chief practical uses of keeping track of these business cycle movements are these:

First, the observation of current cycle swings in relation to the past provides a note of caution after prolonged periods of rise and a note of optimism after prolonged periods of decline.

Second, such observation helps to distinguish between erratic month-to-month changes in activity and the beginnings of prolonged periods of rise or decline.

Third, it is possible to distinguish between the circumstances that usually precede a major rise or decline in business activity (that is, one that includes a year-to-year change of 20% or more in total industrial production) and those that usually precede a less drastic change.

A comparison of the present situation with the general pattern of postwar developments may serve to illustrate these uses.

The three-to-four year business cycle in the short postwar readjustment period of 1945-46, showed a deeper decline than in the civilian depressions of 1920-21 or 1937-38. It rose sharply throughout 1946 after the strike-torn first quarter, leveled out in 1947 and reached a peak late in 1948. In 1948-49 it showed a decline that was normal by prewar standards of timing and amplitude; this decline had ended, and the cycle was well along in the subsequent rise, before the outbreak of war in Korea. The rise was accelerated in the nine months following the Korean outbreak, reaching a peak early in 1951. Since that time, this cycle has been in a declining phase, with the decline apparently capped by the dip from March through July of this year. The decline was normal in terms of its length, but unusually mild in its extent. The lack of any depth to this decline casts considerable doubt on the likelihood that the rise now under way will be as extensive as these moves have usually been in the past.

A normal rise in this three-to-four-year cycle, beginning at the middle of 1952, would ordinarily carry to the end of 1953 or early 1954. Because the preceding decline was less than normal, it is probable that this ensuing rise will also be less than normal, both as to duration and amount.

The more basic six-to-ten-year cycle that is also characteristic of general industrial activity declined as much from the war peak to the early postwar lows as it had in 1929-32. The subsequent postwar rise began in 1947, and it carried through normally enough to a peak level at the end of 1950. Since that time it has maintained this peak level, forming a long, flat top. In the absence of any strong new external stimulus, this cycle is not likely to rise farther; on the contrary, it is overdue for a decline.

In the early postwar years, the cycle prospect was clearly for a sustained rise in activity from the lows of 1946, interrupted by at worst a mild setback in 1948 or 1949. This kind of pattern has followed every joint bottom in the two cycles I have described. It is a pattern that can develop from the arithmetic of the computations only when the current 12-month average is below the three-year average, and the three-year average, in turn, is below the long-term trend. From such a situation, a rise is clearly in prospect.

Current Reversal of Favorable Situation

At the present time, that favorable situation of the early postwar years is reversed. All indications are that the current three-year average of industrial production is some 15 points above the long-term trend, and we have recently embarked on a rise that is likely to carry the 12-month average an additional 10 to 15 points above the three-year average, or a total of 25 to 30 points (12 to 15%) above the long-term trend. From such a situation, all past history calls for a compensating decline. In addition, declines from such a situation have usually been major ones, including at some time in their course a drop in total industrial production of 20% or more within a 12-month period. We are now approaching the same cycle situation that preceded the declines of 1920-21, 1929-32 and 1937-38.

It seems only fair to note that this is the situation that has developed before the new political administration takes office. It is similar in some respects to the state of affairs that confronted the new Hoover Administration in 1929 after the postwar boom of the 1920's, although it seems entirely unlikely that the decline in prospect will be nearly as drastic as that of 1929-32. Nonetheless, there is a clear challenge to the new administration and its supporters to weather the difficult period ahead without the disastrous social, economic and political consequences that befell the Hoover Administration.

In addition to the two cycles that are characteristic of general industrial production, I mentioned two others, a two-year cycle in textile production, which also appears in some other consumers' non-durable goods lines, and a long cycle that has appeared in residential building.

Consumers' Non-Durable in Early 1951

The two-year cycle in the consumers' non-durable goods field clearly reached a top in early 1951, from which point inventory reduction began in the department store field and spread throughout many phases of consumers' goods production. The general shift of consumers to more cautious buying, coupled with an increase in savings, added to the troubles of soft goods producers in the following year. By the late summer and early fall in 1952, it was clear that the decline in soft goods production had ended, and the subsequent rise had begun. Normal timing for the rise that is now under way would carry it to about the middle of 1953. Because the decline just ended apparently failed to carry inventories to a subnormal level, as would normally be expected at the end of such a period, there is a clear possibility that the rise now begun will be abbreviated either in timing or in extent. If it is not, there is danger that inventories at the end of the rise will be more than normally excessive.

As for the long cycle in residential building, it was interrupted for about five years by the

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Water Stocks

By IRA U. COBLEIGH

Author of "Expanding Your Income"

A fluid account of a few of the remaining privately-owned companies which provide our oldest and most vital utility service—water.

From the dawn of history and before, primitive man slaked his thirst at the water holes of ebony Africa, drew buckets of water from the Nile, from which he drank, or irrigated his fields; and the waters of the Tigris and Euphrates nurtured our earliest civilization. There are numerous Biblical accounts of people gathering at life sustaining wells in the villages of Palestine, where they not only filled their earthen jars, but gleaned and transmitted the news and spice of the day. Gossip by the bucketful, you might call it, but it was primarily thirst for water, not for news, that created these pre-tabloid gatherings.

Ira U. Cobleigh

This scintillating historical reference is merely to point up the fact that water is indispensable; that it has ever been (and must be) provided; and that private enterprises which distribute this fabulous fluid to us for a fee, possess a business of unexcelled stability.

It is, of course, well known that, of all our utilities, water service has most completely found its way into public ownership. Gas, pipe-line and telephone services from coast to coast, are owned by stockholders; and producers and distributors of electricity, except for TVA, and certain big water power areas in the West and Northwest, are privately owned and run. Not so with water. Over 95% of our population get that by paying taxes, not bills for it.

For this reason a look at private water companies securities right now is interesting on two counts: (1) the traditional earnings stability of these pump and pipe dividend payers has made them good long-term investments; and (2) the steady advance of municipal ownership suggests, in certain cases, the romance of possible capital gains from sale of operating properties. Because a city can borrow, at low cost, through the sale of its tax-exempt bonds, it has a useful gimmick for financing purchases; and water lien bonds, whether of municipal or private issuance, enjoy a record for promptness and regularity in meeting principal and interest payments, that is both faultless and defaultless!

Best place to start is with the biggest — American Water Works Company Inc. This corporation was created in 1947 (in compliance with the Public Utility Holding Company Act) to acquire the water companies in the old American Water Works and Electric system. It now supplies water for lips, laving, shaving and bathing in 71 cities in 19 states, having a combined population of 2,750,000. Biggest operating units serve Chattanooga, Tenn.; Pittsburgh, Pa., and Peoria, Ill. For 1951 residential sales, overall, were 46%, commercial 22%, and industrial 17% of consolidated gross, with the balance going for watering streets and putting out fires.

AWK differs from others we'll talk about today, in that it's a highly leveraged holding company (water companies are exempt from SEC regulation). Thus its 2,704,472 shares of common were preceded (12-31-51) by $20.3 million of subsidiary preferreds, $107.9 million of subsidiary bonds, plus $15 million of AWK debentures—altogether $143 million in the corporate conga line ahead of the common. Since issuance in 1948, this common has paid regular dividends: 60c a year for three years; then 50c for 1951 and 1952. This dividend dip was due to needed property expenditures, and a lag in the granting of rate increases. However, during 1952, 11 rate increases were, in due course, granted; but most of them came through too late in the year to have much effect on earnings. By taking these 11 boosts, adding them together, and applying same for the full year in 1953, reasonably accurate slide rule readings would suggest about 35 cents increase in per share net after taxes. That should provide some cushion for present distribution rate and might even throw another dime or two on the dividend drum.

About plant sales to cities, the company's Birmingham property was sold in 1951, and some negotiations for South Pittsburgh Water were carried on this year, without result. The general practice now seems to be for a city to pay somewhere between 120% and 150% of book values, when acquiring water properties. There have been some dazzling buy-ins however. For example, South Bay Consolidated Water preferred was selling around $6, and hunchbacked under a boat load of back dividends in 1949, when all of a sudden the community served decided to buy. The stock shot up to over $200 a share—so substantial was the indicated sale value of this property! Final redemption in 1951 was $215.90 a share —$100 face amount and $115.90 back dividends. There was, I believe, some litigation about all this; but meanwhile any holder lucky enough to make that market swing didn't have a water stock—he had a geyser!

Disregarding such fantastic finance, the earnings of AWK appear substantial enough to support the current dividends, yielding at 9¾ 5.1%; and sales of portfolio property, if made at 130% of book or thereabouts, could conceivably create interesting overtones of capital gains for patient shareholders.

My next aquatic entry is California Water Service Company, serving some 670,000 people in sections near Los Angeles and San Francisco. Largest communities are Stockton, South San Francisco, East Los Angeles and Bakersfield. Residential sales are over 75%. 80% of the water delivered is from company's owned wells; the balance purchased. Revenues have expanded steadily and in 1951 for the first time, California grossed over $8 million, and netted over $1 million. Since 1946 the dividend rate on the common has been $2 a share; with earnings at $2.71 in 1951.

Financing the expansion of this company has been done by an assortment of preferreds. There are five series of same ahead of the common. Four of these have conversion features permitting a switch into, variously, from .931 of a share of common down to .850.

Here is a fine example of a durable water company with a favorable growth curve. For the common stockholder, the worst drawback is dilution through possible conversion of preferreds. At 32, paying $2, California Water affords a creditable and reasonably reliable yield. California law permits cities to buy out, or compete with private water companies; and units producing over 40% of the revenue of California Water are possible condemnation bait.

New York Water Service Company was recapitalized by an exchange of preferred (with back dividends) for common in 1947, and an 8-for-1 split of this common in 1950. Present quotations of $46 a share for a stock paying 80c and earning around $2 seems a little out of line by ordinary standards and appears to be accounted for by the possibility of favorable property disposition.

This company sprawls a bit, serving the Woodhaven section of New York City; communities on Long Island including Glen Cove, Huntington, Hempstead, Sag Harbor, Centerport and Oyster Bay; Haverstraw on the Hudson; White Plains (wholesale); part of Rochester; some towns outside of Syracuse and, through a subsidiary (Western N. Y. Water Co.), the city of Lackawanna, N. Y. Most of the water is from driven wells, but in Rochester it's lake water —Lake Ontario.

Capitalization is quite simple— $14,875,000 of bonds, and 372,256 shares of common. The buyer here finds meager rewards from the dividend angle; but maybe attractive potentials for capital gains exist, since there are so many separate communities that might, at some future time, want to own the works—water works that is!

Jamaica Water Supply Company is an old and successful operating water dispenser, with a record of continuous dividend payments going back to 1918. Jamaica Supply serves over half a million people in a 40 square mile area in Queens (New York City) and Nassau Counties. The company's own wells service this area except in periods of extraordinary demand, when the New York City Water Department furnishes an additional supply. As of June 30, 1952, debt was $9,195,000; and 21,600 shares of $5 preferreds preceded 162,631 shares of common. Annual per share earnings are running about $2.60 against present dividend rate of $1.50. Current quotation—$30.

Labor and wage costs, which usually run around 25% of gross for water companies, are probably subject to some upward revision here, as, while this is written, operating employees are on strike.

If the foregoing has whetted your thirst for water stocks, you may want to look up some others such as Northeastern Water or Scranton-Spring Brook Water Co. There are really very few left but they do offer special opportunities for capital gain not found in most operating utilities, and they present substantial resistance and defense against earnings slippage. Not spectacular, perhaps, but not dangerous, either, these water stocks.

George V. Hunt With Terry & Company

George V. Hunt has become associated with Terry & Company, 44 Wall Street, New York City. Mr. Hunt was formerly with Starkweather & Co. in the trading department. He is a former Vice-President of the Security Traders Association of New York and in the past was President of the Corporation Bond Traders Club.

George V. Hunt

The Dollar Problem and Raw Materials Prices

By PAUL EINZIG

In commenting on problems of raw material producing countries, Dr. Einzig finds low prices are leading these countries to develop secondary industries to consume their own products rather than using their energies to increase their raw materials output. Asserts sooner or later, competition will bring down prices of manufactured goods, while raw materials prices will rise because of scarcities.

LONDON, Eng.—Amidst preoccupation of the world with the acute problem of dollar scarcity, an even more important economic problem has not received the attention it deserves. It is the problem of the industrialization of raw material producing countries. Although the process has been going on for a long time, since the second World War its progress has become greatly accentuated. The difficulties experienced during and immediately after the War by the raw material producing countries to obtain early deliveries of much-needed manufactures at reasonable prices stimulated to a great extent their determination to reduce their dependence on industrial countries.

Dr. Paul Einzig

The sudden efforts of industrial countries to raise their standard of living were largely responsible for both high prices of industrial products and for delays in deliveries in the most needed articles. Real wages were raised. This, together with increased social service benefits, resulted in an increase in domestic consumption in industrial countries which left no adequate margin of exportable surplus especially as far as capital equipment was concerned. Although Britain is an outstanding example to illustrate this situation other industrial countries were similarly unable to deliver capital equipment and other urgently needed goods at a sufficiently low price and at a sufficiently early date. To a large extent the United States provided an exception, but in this instance lack of dollars prevented the satisfaction of the requirements of raw material producing countries.

Consequently the last few years witnessed a spectacular expansion of secondary industries all over the world. If the expansion had been confined to the industries linked with the raw material production of the countries concerned the world as a whole would have stood to benefit by it. To a very large extent however, the industries developed were not connected with the basic production of these countries. They are simply rivals to the corresponding well-established industries of industrial countries. Owing to the lower standard of living prevailing in raw material producing countries their new industries are able in many instances to compete successfully with the more efficient industries of the industrial countries operating on a basis of higher wages. Where they are unable to compete their governments feel impelled to protect them by means of high protective tariffs and import restrictions.

The result of this trend is a high degree of over-production in many lines of manufactures. At the same time the raw material producing countries now tend to consume more of their own raw materials, while concentrating less of their national energies on the production of such materials. This means that there is a rising trend in the prices of certain foodstuffs and other primary products, simultaneously with a falling trend in textiles and other manufactures.

Deplorable as this may appear from the point of view of industrial countries it nevertheless indicates the solution. Although postwar shortages of certain manufactures were the immediate cause of the growing trend of industrialization the basic cause lies in the fact that industries tend to secure a higher standard of living than the production of raw materials. Raw material producing countries feel that their salvation lies in industrialization. From the point of view of world economy it would be much more advantageous if they were to devote their energies to an increase of their production of food and raw materials. Since, however, this would not provide them with a standard of living comparable with that of industrial countries there is bound to be a temptation for them to choose industrialization rather than an increase of raw material production. This trend carries the threat of a very grave disequilibrium culminating in a series of crises. Sooner or later competition between old and new industries will bring down the prices of manufactures while scarcity of raw materials will secure high raw material prices. The terms of trade are bound to change to the detriment of industrial countries.

The choice lies between reaching this adjustment through a series of violent crises with grave economic, social and political repercussions or reaching it as a result of orderly arrangements under which industrial countries agree to pay higher prices to raw material countries, insuring them a steady market at such prices over a long period. One of the resolutions of the recent Commonwealth Economic Conference in London dealt with the possibility of some such arrangements. Owing to the prominence given to questions relating to convertibility, disinflation and other topics of immediate interest this resolution has not received the attention it deserves. Yet it is of the utmost importance that the industrial countries should give this problem immediate consideration and that they should be able in the immediate future to offer raw material producers sufficiently tempting terms to make it worth while for the latter to abstain from further industrialization or at any rate to slow down the pace of the process.

A situation must be created in which raw material producers could feel that they stand at least as good a chance to raise their standard of living through increasing their raw material production as through developing their industries. The conception which is at present deeply ingrained in the consciousness of nations all over the world that production of raw materials is an inferior kind of activity compared with production of manufactures, must be eradicated. The mere fact that there is less scope for mechanization in raw material production than in industries should not in itself justify the claim of industrial countries for a higher standard of living. The benefits of scientific and technological progress should be shared more evenly by those engaged in industrial production and raw material production. A situation should be created as a result of an adjustment of relative prices, in which raw material producers would have every reason to hope that by increasing the efficiency of their production they could raise their standard of living without having to resort to industrialization.

In any event the rise in the standard of living all over the world calls for larger quantities of primary products and the additional quantities will not be forthcoming unless prices are sufficiently tempting to make it worth while to expand arable land and to work relatively unproductive mines. It stands to reason that industrial countries, in order to be able to maintain their present high standard of living, must insure an expansion of raw material production with the aid of higher prices.

Our Prime Objective in Labor-Management Field

By HON. H. ALEXANDER SMITH

U. S. Senator from New Jersey

Chairman of Senate Committee on Labor and Public Welfare

Senator Smith, asserting two major challenges facing new Administration are: (1) achievement of world peace, and (2) maintenance of full employment and labor relations harmony, says prime objective in labor-management field is promotion of collective bargaining.

I believe that the two major challenges facing the new Administration as the year 1953 gets under way are: (1) how best to achieve world peace on the international scene; and (2) how to maintain maximum production, full employment and labor relations harmony on the home front. The second task is equally as important as the first, since the two are inextricably inter-related. We cannot maintain unity with our allies abroad if we suffer from strife and dissension at home. We cannot produce the goods needed by our friends abroad if our economy is to become bogged down by industrial conflict.

H. Alexander Smith

It is my firm conviction that this nation need not suffer from the industrial unrest which has plagued us so often in the past. Fair, intelligent and vigorous leadership can, I am sure, develop a labor-management partnership capable of meeting the demands of this critical period. Let me outline my own basic beliefs in connection with the subject of labor-management relations.

I believe that collective bargaining between free labor unions and private management is the best way to solve disputes over wages and working conditions. *The prime objective of Federal legislation in the labor-management field should be to protect and promote such collective bargaining.*

I believe that labor's right to strike is a fundamental right in our democratic capitalist system. This right, however, like other basic American rights, is not absolute. The right to strike should be protected by Federal legislation, but should always be subject to restrictions where its exercise would unduly endanger the public welfare.

I believe that the major role of the Federal Government in labor-management relations should be to encourage wider cooperation between labor and management in improving working conditions and employment security, and in developing between them their own codes of fair practices.

I believe that it is the responsibility of the Federal Government to protect the industrial worker and his family, as free American citizens, from exploitation by either big business or big labor unions.

With these principles as a basis and a real will on the part of both labor and industry to develop an effective program of cooperation, I have faith that America can meet the great challenges which face it.

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(Special to THE FINANCIAL CHRONICLE)

CINCINNATI, Ohio—Edward O. Huey has become affiliated with H. B. Cohle & Co., Union Trust Building, members of the Cincinnati and Midwest Stock Exchanges.

Stock Market Prospects

By ROGER W. BABSON

I freely admit that a great change is taking place in the government of this country. Not only did the country give Eisenhower a "landslide" victory last November, but Eisenhower is now giving "Big Business" a "landslide" stock market in return. The appointment of so many successful businessmen to high offices has made them and their friends very bullish.

Roger W. Babson

These friends have passed along the word to other friends, who have bought stocks at an unprecedented rate. Naturally, stock prices have been going up and will continue to climb as long as this buying exists.

Have these Republicans bought for investment or to sell again soon at a profit? Frankly, I do not know, but my guess is the latter. If so, when these friends of the big shots begin to sell, who will be the buyers? A stock market can tumble from present prices as fast as it can climb. After Hoover's election in 1928 the Industrial Averages went up 100 points within ten months, but then fell back over 100 points in only one month!

Will History Repeat Itself?

Stocks rallied again during the first part of 1930, but in April began an almost steady decline until, in 1932, they had fallen a total of 300 points from the 1929 peak! This means that the Industrial Averages, which were selling above 350 after Hoover had been in office six months, sold at only 50 the fourth year of his term.

This does not mean that such a decline can now happen again, primarily because very few stocks are held on margin today. Technically, the stock market is now in a sound position, but this is not the reason people are buying stocks today. The reason is that they believe that "Big Business" has at last taken back the control of our country. But if this is true (which I doubt) it is no reason to buy stocks for speculation. Hoover selected as his Secretary of the Treasury Andrew Mellon—one of America's richest and brainiest men. "Big Business" controlled the Hoover Administration.

The sad truth is that the present period of prosperity has not been built upon honest work and savings. It has been built on borrowed money, much of which has been spent on useless war. In 1914, when World War I started, our national debt was less than $2 billion. Today it is over $250 billion.

If the Republicans will continue the Truman finance, they probably can keep the balloon inflated a few years more. If, however, they start to operate in an honest way—as did President Hoover and Andrew Mellon—by reducing the debt, discharging government employees and urging economy, stocks will surely have a bad fall.

Making Money in the Stock Market

Successful brokers are, by nature, bullish. They must try to get you to buy stocks. I, however, suggest you ask your broker these two simple questions:

(1) Are stocks cheap today?

(2) Will they *some day* sell 100 points below present quotations?

Most brokers are honest, even when wearing rosy glasses. Get a "Yes" or "No" answer—then use your judgment.

It is entirely possible that the stock market will go higher; but this possibility does not interest me. Based on all previous history, I know stocks will some day sell 100, or perhaps 200, points lower. I'm putting my hard-earned savings in the bank awaiting such a time. What money I have made has been through patience. Who was it said: "Patient Waiters are Never Losers"?

From Washington Ahead of the News

By CARLISLE BARGERON

For the students of American history it strikes me there should be some second looking into the thousands of words that have recently been devoted to Mr. Truman's political obituary about how he may have been a pretty poor President on the domestic front but on the international scene he showed brilliancy and courage and will go down in history in this respect to the extent of his domestic ineptitude being overshadowed.

Carlisle Bargeron

You wonder just what sort of a mental attitude it is that brings this editorial judgment about.

It so happens, now that it is all over, there is little to hold against the man's domestic policies. He never accomplished them. They did no harm and they did no good. I am speaking generally. There was his association with the CIO, of course, and the inflation which came about. But this inflation was inescapably caused by Government spending which was a part of the very foreign policy which is said to have been such as will make historians cock their eyes in admiration a hundred years from now.

It took downright genius, fortitude and statesmanship, we are told, for Truman to go into Korea. This inspired the peoples of all Asia and caused them to take a renewed hold on the torch of freedom. Strangely enough, it was his going into Korea that, in my opinion, had more to do with his party's being repudiated than any other single issue. Nevertheless, this going into Korea, it is insisted, should be marked up to his credit and will be so marked by the writing gentry that comes along later.

There is plenty of information available to the effect that he didn't know just exactly what he was getting into when he went into Korea, that he was misinformed by his military advisers, and furthermore that his Secretary of State, Dean Acheson, was motivated, to some extent, by a feeling that he wanted to show he despised the Commies as much as the rest of us.

But this episode aside, other outstanding marks of achievement on Truman's part, we are told, were his masterful strokes in the "Truman doctrine" for spending hundreds of millions for the relief of Greece, and the "Marshall Plan" for spending billions for the relief of other European countries.

You can say what you want to about Truman's domestic policies, the political obituaries say, about his crony Vaughan, Caudle, the deep freezes and the mink coats, but you've got to admit that in foreign policy he showed some superb strokes of statesmanship. If this is true it is amazing the ease with which he exercised these strokes. He didn't know at the time, I think I can truthfully record, that either the aid to Greece, that was to become known as the Truman Doctrine, or the European aid, that was to become known as the Marshall Plan, were masterful strokes or anything of the kind.

But what strikes me as strange is that it has apparently become a fixed part of our nature to regard a man as great if he has led us into war or has almost impoverished us by giving away our wealth to foreign nations. It is apparently not what a man does in this country, what his domestic policies may be, his test of greatness is measured by his foreign outlook.

Franklin D. Roosevelt was a tremendous controversy until we went into World War II. Then he became great. Similarly, there is a tendency to look upon Truman as a mediocre man in regard to domestic affairs, but in world affairs, he was superb.

Woodrow Wilson was, up until the time of World War II, always referred to reverently as "our war President," "America's war President." That was the outstanding accomplishment on his part. You go on back through history and the greatest Presidents, according to the historians, were our Presidents during wars. They are the ones the kids read mostly about in the school books. The Presidents who served during peace are skipped over; little is to be heard about them or their wives.

Well, manifestly one's stature goes up if he has engaged in war or sent billions abroad. A man can engage in all sorts of skullduggery on the home front and cover it up with "bold strokes" overseas. That this is apparently our national state of mind is something rather interesting upon which to meditate.

Road to Serfdom Blocked

By ALFRED P. SLOAN, JR.*
Chairman of the Board of General Motors

Hailing the national election results as repudiation of a socialistic economy, Mr. Sloan warns, however, the clock must not be turned back, since industrial management has much to learn from socialistic experiments of past 20 years. Says management must realize its increased responsibilities as well as its opportunities, and should work for economic stability. Foresees new vistas of opportunity resulting from tremendous increase in scientific research. Looks for good year in 1953.

The 4th of November was a happy day for me. I have been waiting with impatience and growing apprehension for something like twenty years for that event to happen. It is well said that the only certain thing in life is change. But I was beginning to wonder. Nevertheless, it did happen. And with a b-a-n-g! Incompetence, dishonesty, unwise taxation, group discrimination, planned inflation and the like have been repudiated by an electorate that finally recognized the facts and adequately discharged its responsibilities. No longer will our Ship of State be tossed about in an ocean of expediency and mediocrity. Our people demanded leadership. And real leadership they have found. The **road to serfdom** has been blocked. A socialistic economy recedes into the distance. Everyone who believes in the American way of living, in opportunity and in the freedom of the individual, has a right to give thanks.

Alfred P. Sloan, Jr.

But what does this mean to us of industry? It does not mean that we should set the clock back these twenty years. We know better than that. It certainly does mean that industry has much to learn as a result of the experiments of those twenty years. Management has moved far afield from the old concept that its opportunities and responsibilities were limited solely to the production of an expanding flow of goods and services. It has learned that it is not a law unto itself but is rather a prime component of a society which has a right to demand and will continue to demand that management take care of its part of the economy so as to insure sound progress with stability. And particularly must management insure stability, for it is clear that our people will never again accept the hardships of a severe depression. They will, in desperation, demand something different—sound or unsound. And it is more likely to be unsound. There lies the danger!

Thus political change, as I see it, enormously increases management's responsibility both to itself and to a free society. And, concurrently, it expands industry's opportunity to serve the people. Such are the implications that, to me, stand out crystal clear as a result of what happened last November.

Verdict Not Final

We shall make a most serious mistake if we evaluate that verdict as final. It should be looked upon more as conditional—as providing an opportunity to demonstrate that industry, in collaboration with a national administration of intelligent and experienced personnel, and supported and encouraged by forceful leadership, can insure far greater and sounder social progress in a free society where effort is unrestricted than in a society in which the essential feature is bureaucratic control of economic activity. I believe that a demonstration of this thesis during the next four years is of vital consequence. I believe that a successful demonstration of that thesis will determine to an important degree, the future status of a free society as we have known it in the past.

The concept of an economy, motivated by inflation, war or its equivalent and other synthetic incentives as formulas for social progress is artificial. It is true that such measures have contributed in part to an expansion of economic activity. That can happen. But it is equally true that such measures are expedients of the moment and unsound for the long term. They must come to an end, sooner or later, or lead to disaster. Then what happens?

Right there I am confident that our new administration will seek out and recognize the innumerable opportunities for constructive change in all the component parts of government, especially those affecting the national economy in which industry is so vitally concerned. I am sure ways and means can be found to reconstruct the incentive of accomplishment which has made this country great, making it more worthwhile to do constructive things as an adequate substitute for the synthetic methods which have recently prevailed.

Our country is predominantly a business society—as business goes so do we all. Our national administration is, in part, the general staff of our society. Hence business. American business stands pre-eminent because of its competence, imagination and aggressiveness. If this be true of the business structure, why should it not be equally essential for the general staff of the nation and of business? The national administration is, to an important degree, a major policy group of an enormous aggregation of individual business enterprises.

It is both encouraging and gratifying to me to see men of demonstrated experience and competence in the business world being selected to help man the administration of the greatest business enterprise on earth. And I am sure that we will find that the experience of such men is not incompatible with their new political responsibilities. What, indeed, could be more orderly or intelligent? What else could inspire a greater resurgence of confidence in the future opportunities of our country? And not in any way to promote the selfish interest of industry but for the advancement of our society in terms of social gain. It is impossible to separate one from the other.

I do not subscribe to the idea that has prevailed—or that now exists in various quarters—that a recession is likely during the current year. I believe 1953 will go down in history as a year at least as good in the aggregate and probably better than 1952. I believe both volume and profits will be more than well sustained. The present indications are that the automotive industry will have a better year in 1953 than in 1952. Neither do I believe we shall experience a major recession in 1954. But I do look for what I might call a period of adjustment in that year or in 1955. This will provide an opportunity to consolidate our gains preparatory to moving forward to higher levels of activity in the following year.

We must remember that human effort never proceeds, whatever its trend, along a straight line. I believe that the magnitude of this adjustment will depend, in large part, on the scope of the changes adopted by the new national administration and the extent to which they serve to improve the economic climate in which industry operates. Opportunities for constructive policy changes exist in abundance. They can have an important influence on what will happen as compared with what might otherwise happen.

Two major factors stand out with particular emphasis as important influences in our present economic activities and those of the next few years. One is government spending for armament. The other is business spending for rehabilitation and expansion. I do not believe that industry yet fully appreciates, or is effectively organized, to give recognition to the fact that the political consequence of having lost the peace was the establishment, on a permanent basis, of a new and important industry—munitions. Unfortunate as it is and burdensome as it will be, we must carry this load as far into the future as any of us can now see. Its influence on economic activity will continue to be important—changing from time to time depending upon government policy.

Expect Decline in New Capital Outlays

Business spending for capital goods continues, as we all know, on a very high level. Since the war, business has spent something like $150 billions for this purpose. We all know that when the ratio of spending for capital goods declines in relation to the national income such a condition forecasts a decline in national income. It is hard for me to see how business spending can continue at its present rate.

At the same time, a sharp curtailment in capital goods, reflecting even a moderate period of adjustment, would serve to increase the magnitude of any adjustment that might otherwise take place. It should be avoided. Here is one opportunity for industry to make an effective contribution to stability. Let us consider the long-term rather than the short-term position. Let us look forward through 1954 or 1955 into the immediate years to follow. If we do this, new vistas of opportunity open up on a wide front.

Increase in population, redistribution of population, a healthy climate for industrial activity, renewed confidence in opportunity and a huge backlog of demand for schools, hospitals, highways and other public construction present themselves.

But far more significant than any or all of these things is the expansion of fundamental knowledge made possible by the tremendous increase in scientific research. We know that technological progress is the most potent of all forces serving to expand economic activity, for it creates

Continued on page 89

*An address by Mr. Sloan at the "GM Motorama of 1953" Luncheon, New York City, January 19, 1953.

NEWS ABOUT BANKS AND BANKERS

CONSOLIDATIONS
NEW BRANCHES
NEW OFFICERS, ETC.
REVISED
CAPITALIZATIONS

The Board of Governors of the Federal Reserve System announced on Jan. 13, the appointment, effective Jan. 20, of Jay E. Crane, Vice-President of the Standard Oil Company (New Jersey), as a Class C Director of the **Federal Reserve Bank of New York** for the unexpired portion of the three-year term ending Dec. 31, and his designation as Chairman and Federal Reserve Agent at the bank for the remaining portion of the year 1953. As a director and Chairman and Federal Reserve Agent, he succeeds Mr. Robert T. Stevens, Chairman of the Board of J. P. Stevens & Co., New York, who has resigned, effective Jan. 19, 1953, to accept appointment as Secretary of the Army. Mr. Crane was employed by the Federal Reserve Bank of New York from Dec. 6, 1915, through April 30, 1935, and served as an officer of the bank from Jan. 1, 1919. Immediately prior to his present appointment he had been serving since Jan. 1, 1949 as a Class B Director of the bank, elected by member banks of the Second Federal Reserve District.

Mr. Crane has had a successful career in the financial world, after graduating from Yale College he joined the "Chronicle's" editorial department, which was followed by his connection with the Federal Reserve Bank and later his identification as Assistant Treasurer, Treasurer and Vice-President of the Standard Oil Company of New Jersey.

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The election of Stephen Van Renssalaer and C. Malcolm Davis as Vice-Presidents of the **First National Bank of the City of New York**, was announced on Jan. 14, by Alexander C. Nagle, President. Mr. Van Renssalaer, formerly an Assistant Vice-President, has been associated with the bank since 1928. Mr. Davis, formerly an Assistant Vice-President, has been with the bank since 1946. Announcement was also made of the election of F. Donald Terry as Assistant Vice-President and Julien L. McCall and Ernest Bentsen as Assistant Cashiers. Mr. Terry, formerly Manager of the Credit Department, has been associated with the bank since 1933.

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George O. Nodyne, President of the **East River Savings Bank, of New York** announced the election on Jan. 15, of Howard C. Sheperd, Chairman of the Board of **The National City Bank of New York** and of the **City Bank Farmers Trust Company**, to the Board of Trustees of the East River Saving Bank. Mr. Sheperd, who is a native of Vincennes, Ind., began with The National City Bank in 1916 as an enrollee in the College Training Class. Following a period of military service in World War I, he was appointed Assistant Cashier in 1921, and successively became Assistant Vice-President, Vice-President and Senior Vice-President until 1948, when he was appointed President and Director. On Dec. 30, 1952, he was elected Chairman of the Board. Mr. Sheperd is a Dircetor of Best & Co., Canadian Pacific Rwy. Co., Corning Glass Works, Inspiration Consolidated Copper Co., National City Realty Corp, Union Pacific RR. Co., United Aircraft Corp., and is Chairman of the Board of the National City Safe Deposit Company and International Banking Corporation. He is President and Director of the National City Foundation etc.

Howard C. Sheperd

* * *

At their annual meeting on Jan. 13, the stockholders of the **National City Bank of New York**, approved an employees' profit sharing plan which had previously been adopted by the Board of Directors. Approval was also given by the stockholders at the annual meeting to the proposal, recommended by the Board, to increase the capital stock of the bank by $6,000,000 by the declaration of a stock dividend of 300,000 shares. Details of both these proposals were given in these columns Oct. 9, page 1324, and Dec. 11, page 2243.

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Harold F. Moeller, Vice-President in charge of the **Chase National Bank's** Rockefeller Center branch, in **New York**, has been transferred to the head office of the bank as Deputy Head of the new Metropolitan Department, which is supervised by David Rockefeller, Senior Vice-President. Joseph M. Walsh, Vice-President, will succeed Mr. Moeller as officer in charge of the branch.

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The election of Edward J. Palkot as Assistant Vice-President in the Personal Department of **The Marine Midland Trust Company of New York**, has been announced by James G. Blaine, President. Mr. Palkot was previously a Personnel Administrator with the Connecticut General Life Insurance Company of Hartford, Conn., and prior thereto Employee Relations Supervisor for Sperry Gyroscope Company, Inc., during World War II. He is a Fellow of the Life Office Management Association, a past President of the Central Connecticut Industrial Training Association, and a member of the Connecticut Personnel Association and the American Society of Training Directors. Until recently, he was a Director-at-Large of the Greater Hartford Community Chest, having been Chairman for the Insurance Industry in the 1951 Hartford Community Chest Drive.

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Thomas J. Shanahan, President of the **Federation Bank & Trust Company of New York**, announced that at a meeting held Jan. 13, the Board of Directors appointed Thomas F. Goldrick, formerly Assistant Vice-President, a Vice-President of the bank. Mr. Goldrick has been associated with the bank since 1926. He is a member of the New York Institute of Credit, the Alumni Association of the New York Institute of Credit and the Credit Men's Club of the Fur Industry.

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Stockholders of the **Garden City Bank & Trust Company of Garden City, Long Island, N. Y.**, at a special meeting on Jan. 20 approved the acquisition of the **Bank of Great Neck at Great Neck, N. Y.** and change of the name of the expanded institution to the **Long Island Trust Company**. Bank of Great Neck stockholders had previously, on Jan. 19, approved the merger. The merger plans were referred to in our issue of Jan. 8, page 109.

New York State Senator Frank S. McCullough, of Rye, N. Y., has been elected a member of the Board of Trustees of the **Port Chester Savings Bank of Port Chester, N. Y.**, it was announced on Jan. 16 by Edward P. Pedlowe, the bank's President. Mr. McCullough, a former Assemblyman from Westchester, was elected to the Senate in 1950. He is Chairman of Senate's Committee on Corporations. His other committee assignments are: Affairs of the City of New York, Banks, Judiciary, National Defense and Military Affairs. Senator McCullough was educated at Iona Preparatory School, the University of Notre Dame, Fordham University Law School and St. John's University Law School. He is engaged in the general practice of law as a member of the firm of Barber & McCullough, with offices in Rye, and is a director of the Rye Trust Company. In addition to his service in the Assembly and Senate, he has been a member of the Westchester County Board of Supervisors, Legislative Counsel to the Westchester County Village Officials' Association, and research assistant to the New York State Constitutional Convention in 1938.

Sen. F. S. McCullough

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At their annual meeting on Jan. 13 the stockholders of the **Worcester County Trust Company of Worcester, Mass.**, authorized an increase of 10,000 shares of common stock. Edward E. Williams, trustee of the American Optical Company of Southbridge, Mass.,

Continued on page 94

Schwabacher & Co. Admits Three Partners

SAN FRANCISCO, Calif.—Schwabacher & Co., 600 Market Street, members of the New York and San Francisco Stock Exchanges, has announced the admission to general partnership of James F. Rafferty, Frank Bowyer, and James W. Shoemaker.


James F. Rafferty


Frank Bowyer


James W. Shoemaker

Mr. Rafferty, who heads the firm's Municipal Department in San Francisco, has been with the firm for 5 years. A graduate of Loyola University, he was formerly with Martin, Burns & Corbett in Chicago for many years.

Mr. Bowyer, head of the Trading Department and Assistant Manager of the Investment Department, has been with the firm 18 years. Until 1942 he was associated with Schwabacher & Co. in their New York office. He is a Past President of the San Francisco Security Traders Association.

Mr. Shoemaker, who is manager of the Research and Buying Department of Schwabacher & Co. in San Francisco, has been with the firm 15 years. He is a graduate of the University of Illinois, was formerly associated with the firm of National City Company and Chase, Harris, Forbes in New York, and for a time was on the editorial staff of the New York "Journal of Commerce."

R. M. Sommers Joins Mitchell, Hutchins

(Special to The Financial Chronicle)

CHICAGO, Ill.—Ralph M. Sommers has become associated with Mitchell, Hutchins & Co., 231 So. La Salle Street, members of the New York and Midwest Stock Exchanges. Mr. Sommers was formerly with H. M. Byllesby and Company, Inc. and prior thereto was Chicago representative for Knickerbocker Shares, Inc. In the past he was with Farwell, Chapman & Co.

Stock Market in for Wider Technical Swings

By GEORGE R. PAYNE
Partner, T. L Watson & Co.
Members, New York Stock Exchange

Mr. Payne, pointing out stock trading does not take place in a vacuum, looks for more frequent and wider technical swings as market moves higher. Foresees shift from blue-chip issues to those of lesser quality.

In appraising the outlook for the stock market, it is vital to recognize that stock trading does not take place in a vacuum. Fundamentally important are general underlying business conditions, the status of the market itself, and—perhaps most important—the prevailing public psychology. The latter factor has been most marked in the post-election period. There is no certain way of valuing confidence — and confidence, engendered by the election results, brought about a 30-point rally (on the accepted averages or indices) with little change in the immediate earnings or dividend picture.


George R. Payne

It is most important, however, that investors recognize that the general market—save for the temporary 1946-1949 interruption — has been on the rise for almost a decade. It is fundamental that the higher it goes, the nearer we come to the eventual top. Hence, with each advance, the dangers increase proportionately.

One saving feature, perhaps, has been the very nature of the rise. By and large, this has been scored by "blue chip" investment issues, backed by the insatiable demand on the part of investment trusts, pension funds and the like. While price-earnings ratios and dividend yields are by no means unduly out of line, they are by no means as attractive as they were at earlier stages of the bull market.

On the other hand, it is not too difficult to find issues of something less than blue-chip quality selling at modest relationships to anticipated earnings, and providing satisfactory - to - excellent returns. It is my thought that we are rapidly arriving at a phase of the bull market that will give due recognition to issues of this calibre, and later, to even the most speculative cats and dogs. That frothy stage will — if history proves any guide—be a warning signal to the sophisticated investor, and one which should not be ignored.

While the 1953 business outlook is far from clear-cut, the consensus of expert opinion is that there is little of real concern for at least six months ahead.

Beyond that, opinion differs, but is generally cautious. My view is that with the automotive industry seen turning out better than five million passenger cars, with the defense program still providing a strong stimulus despite a slight stretch-out, and with personal and disposable incomes likely to reach new peaks, the business atmosphere will be healthy, well beyond the six-month deadline.

The market, however, is another thing. Here, technical factors come into play, and frequently take quite an opposite course to the obvious fundamentals affecting business and corporate earnings of the moment. Therefore, I should look for more frequent and wider technical swings as the market moves higher. It is my belief, too, that there may well be a shift in emphasis from the top-notch blue-chip issues to those of slightly lesser quality. The overall tone, though, should remain strong, based not only on regenerated confidence in government, but also on expectations of eventual tax relief and a speedier return to what has long been considered — although almost forgotten — "normalcy."

Geo. P. Fogg Co. Formed in Boston

BOSTON, Mass. — George P. Fogg & Co. has been formed with offices at 201 Devonshire Street to conduct an investment business in municipal securities. Principals of the firm are George P. Fogg, Jr., and Robert P. Loker, both formerly of Kidder, Peabody & Co., and Fredrick Sparrow, who formerly conducted his own investment business in Boston under the name of Sparrow & Co.

Group Offers Montreal Transportation Debs.

Financing to retire $15,500,000 of existing indebtedness of Montreal Transportation Commission and to provide funds for continuing a program of modernization of the City of Montreal's local transportaion system was effected via a public offering on Jan. 20 of $18,000,000 20-year 4¼% sinking fund debentures of the Commission. The offering was made by an underwriting syndicate comprising 46 investment firms headed by Shields & Company of New York and Savard & Hart of Montreal and New York. The debentures are priced at 98.67% plus accrued interest to yield 4.35% to maturity.

The debentures are unconditionally guaranteed as to principal, interest and sinking fund retirements by the City of Montreal. The financing marks the first public offering of securities of the Commission to United States investors.

J. D. Stephens, Jr., Opens

(Special to The Financial Chronicle)

FRESNO, Calif.—J. D. Stephens, Jr., is engaging in a securities business from offices at 202 Teilman Avenue.

B. C. Chapman Opens

(Special to The Financial Chronicle)

SAN BRUNO, Calif.—Benjamin C. Chapman is engaging in a securities business from offices at 759 Kains Avenue.

Securities Salesman's Corner

By JOHN DUTTON

BUILDING AN INVESTMENT CLIENTELE

(Article 4 — Part 1)

"Direct Your Advertising Toward the Investors"

If you were going out to catch some fresh water bass, would you seek out a good well-stocked inland lake, or would you stroll down to the seashore with a surf rod and try the ocean? If you don't know anything about advertising and your line is investments, why not sit down with the best advertising man in your town and tell him about the kind of people you want to meet? Give him a description of the investors that I mentioned in this column last week: The retired people, the widows, the professionals and small businessmen. Ask him how to find them. Possibly he will suggest a plan that you can use to develop these contacts properly.

If your advertising man doesn't have the answers, or there isn't one that is qualified in your town, here is one tried and tested way of doing it. Secure a stockholders' list of some good company that would normally include people interested in conservative investments. A sound utility stock, one of the blue chip stocks listed on the New York Stock Exchange, a local company that has a long record of stability, or similar lists will be your starting point. Remember that conservative people usually invest in conservative companies. There are other lists that you can obtain. There are list houses in New York and other large cities that specialize in this type of work. Some of them list people with a certain amount of capital, others have lists of directors, club lists, professional people, etc. Spend some time on obtaining a good list for circularization. There is no guaranteed rule for success in this work; you can try until you succeed. The first rule for success, however, is to use what at least appears to be a list of conservative people.

Appeal to Selfish Interest

There are two ways to obtain action from a mail campaign. First offer something *free* that will be valuable to the recipient. And make the word *free* clearly understood. Next make it easy for the person who receives your offer to reply. There may be some who criticize the double return card as being too undignified for the investment business. Nevertheless, I have seen these cards bring replies where fancy letters sent at much greater expense failed to click. A neat card offering an unbiased report pertaining to the security that the customer holds, will usually produce a worthwhile percentage of replies.

These replies should be answered by the firm, or by the salesman in person. The report should be mailed, or personally delivered, depending upon the method you wish to have your salesmen use in following up these inquiries. This will be taken up in detail in a later article. However, your salesmen should have a larger percentage of prospects that will be in Group 3 (the investor) upon which he may call, from this type of mailing than from any general campaign that you might develop.

No salesman can expect his firm to eliminate all people who are not good prospects in any mail campaign. Advertising has its limitations. But a good salesman should have good leads. A good lead is a prospect that might be interested in the proposition you have to offer. The elimination of curiosity seekers, tip hunters, and people generally disqualified as investors, is worth a great deal in saving a good salesman's energy, and keeping him enthused as he goes about his work of building and developing his clientele of investors.

Advertising

I know of one firm that has had success in advertising regularly whenever American Telephone & Telegraph rights were offered. They stated they would gladly help investors either to buy or sell them. They have done this in a friendly advertisement that has offered help and assistance in determining what to do with the rights. As a result they have had quite a few conservative investors come in to see them. They have used similar ads on other widely held blue chip stocks with good results. Such contacts are valuable and can be developed into excellent accounts.

Other progressive firms have used booklets written and directed toward retired people, women investors, and all those where information pertaining to sound investment principles might be appreciated. Such ads where coupons have been used have also worked well in certain communities.

Your campaign should be developed to continue along the lines that have produced results for you once you find ont what is good in your locality. What will work well in one community may not in another. But you must find the people that need your help, and the only way you can do so is to do some advertising that is directed toward them.

Next week we will take up a field of advertising that has not been widely used so far, yet the potential results, in my opinion, expenses are quite small and the are extremely promising.

A Favorable Outlook For Investment Banking

By RALPH OWEN

President, Equitable Securities Corporation

Forecasting a satisfactory volume of new issues, and active markets in secondary securities, investment banker points out implied promise of fair treatment for business has given investors greater confidence in American free enterprise.

Ralph Owen

The outlook for investment banking in 1953 is favorable. It now appears reasonable to expect a satisfactory volume of new issues, active markets in secondary securities and possibly a reduced tax burden in 1953. All things considered, the year should be a good one indeed for the investment banker.

The 1953 volume of capital expenditures by U. S. industry will probably fall a little short of the 1952 figure, thus indicating some curtailment in new money financing by private enterprise. Even so, new emissions will be plentiful. And there are reasons to think that a larger percentage of this year's corporate issues will be in the form of equity securities than has been the case in recent years. Of course, the underwriting of equities is more profitable to the investment banker than the underwriting of senior securities.

Most authorities seem to agree that the volume of tax exempt bonds in 1953 will top the record high established in 1952. Certainly this year's new emissions of public securities will be substantial indeed, as state and local governments strive to bring their highways, streets, schools and other public facilities more nearly up to the needs and demands of a rapidly expanding population.

Augmenting such tangible considerations as public and private construction, are intangible—but highly important—psychological factors. The new national Administration, with its explicit promise of sound fiscal practices in government and its implied promise of fair treatment for business and industry, has given investors greater confidence in American free enterprise than they have felt in perhaps 20 years or more.

This renewed confidence should lead to the acceptance of greater risks by individual investors than they have been willing to take in recent years, and hence, to an increased demand for common stocks. This politically inspired confidence is bolstered by the anticipation of continued high corporate earnings and a larger payout of earnings in the form of dividends. Thus, a favorable stock market appears likely for 1953, barring a serious deterioration of the international situation.

Steadily growing pension funds, expanding bank deposits and growing insurance company assets assure a ready market for senior securities in 1953.

Tax reductions, if they materialize, will help the investment banker both indirectly and directly. A lowering of individual income taxes would give the individual investor more money to invest and a greater incentive to invest it, while a drop in corporate rates would swell larger earnings, fatter dividends and more attractive securities. Moreover, with a lower tax rate to pay, the investment banker could convert a larger percentage of his own gross profits to net.

U. S. Tobacco Debs. Placed Privately

Private placement through Union Securities Corp. of a new issue of $8,000,000 United States Tobacco Co. 3⅜% sinking fund debentures, due Jan. 15, 1968 was announced on Jan. 20.

Proceeds from the financing will be used to reduce bank loans.

Joins Hayden, Stone Co.

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Charles E. Darnell has become associated with Hayden, Stone & Co., 10 Post Office Square. Mr. Darnell was previously with Townsend, Dabney & Tyson.

George Morton Grinnell

George Morton Grinnell died Jan. 19. He was a partner in Dick & Merle-Smith, with which he had been associated since 1925.

With Peltason, Tenenbaum

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo. — Charles M. Peltason is now with Peltason, Tenenbaum Co., Landreth Building. He was previously with I. M. Simon & Co.

Continued from page 2

The Security I Like Best

earnings ranged from 0.06% to 2.91% of sales, with an average for the nine years of 0.877%. Applying these percentages to net sales of $1,400 per share would have given Hygrade earnings of $0.84 per share @ 0.06% profit margin; $40.74 @ 2.91% margin, and $12.28 per share at the average profit margin which has prevailed during the past ten years. While this may be a questionable guide to the future it does show a tremendous future potential in the company's earning power.

It is of course obvious from the foregoing that Hygrade Foods stock is highly speculative. When a situation is loaded with this kind of dynamite it generally follows that it is not the sort of thing for widows and orphans to hold. On the other hand, the management of this company has demonstrated its ability to make money. It has shown aggressiveness and initiative in buying unsuccessful companies in the open market at fractions of their depreciated book value rather than putting money into building expensive new plants. The company has shown fantastic growth in ten years without one dollar of equity financing and looks as sound financially today as it was ten years ago.

It is impossible to forecast what this stock is going to do in the market, but, assuming that the meat-packing industry is not about to enter some disastrous period in the near future, it is possible to visualize this stock selling at many times its present price. It sold at 54 in 1946 and looks as if it had increased its earning power substantially since then. Its great appeal lies in its leverage and in the inordinately small number of shares it has outstanding. I can think of no more attractive speculation for an intelligent and patient bargain hunter in today's market.

Missouri Brevities

International Shoe Co. in a preliminary consolidated statement for the fiscal year ended Nov. 30, 1952, reports earnings equal to $2.44 per common share, compared with $2.61 per share in the preceding year. The 1951 fiscal year earnings have been adjusted on a consolidated basis for comparative purposes.

Net sales for the fiscal year ended Nov. 30, 1952, amounted to $217,041,923, compared with $225,070,342 in the preceding year.

The company said the decrease in military sales amounted to $26,786,687 for the 12 months ended Nov. 30, 1952. Civilian sales increased $18,758,268, or approximately 10%.

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Ely & Walker Dry Goods Co. announces consolidated net income for the fiscal year ended Nov. 30, 1952 of $5,139,000 before tax and $2,873,000 after provision for estimated Federal tax on income, or $2.03 per share after allowance for preferred dividends. This does not take into account any earnings of the recently acquired interest in Southern Bleachery & Print Works which company's earnings before taxes were $1,393,000 and $661,000 after provision for estimated Federal taxes on income. The regular quarterly dividend of 25 cents per share and an extra of like amount are payable on the common stock on March 2, 1953 to holders of record Feb. 11, 1953.

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Western Auto Supply Co. (Mo.) reports for December 1952 sales of $18,661,000 compared with $15,559,000 in December 1951, an increase of 19.9%. For the year 1952 sales totaled $171,339,000 compared with $160,066,000 during 1951, an increase of 7%.

The company owned 276 retail units and serviced 2,750 wholesale accounts during December 1952 compared with 267 and 2,622, respectively, a year earlier.

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Kansas City Power & Light Co. reported net income for the 12 months ended Nov. 30 of $5,757,596, equal after preferred dividends, to $2.10 per share on the common stock. In the like period a year earlier, net income was $4,348,421, or $1.91 per share, on a smaller capitalization.

Operating revenues for the period were $40,949,966, compared with $35,293,237. Income taxes were $5,933,303, against $3,559,664. Operating expenses of $33,360,144 were up from $29,408,388 in the 1951 period.

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Kansas City Public Service Co. reports a net income for the 11 months of 1952 of $359,901, after providing $397,901 for income taxes. In the 1951 period, when no income taxes were accrued for the 11-month period, there was a deficit of $17,185.

Revenues were $11,805,101, compared with $10,791,199. Passenger miles operated totaled 19,353,583, a decrease of 1,145,178, or 5.59%, from the previous year. There was an operating income this year of $842,996, compared with $81,731 in the 1951 period.

* * *

Gas Service Co. which set up a $7,500,000 bank credit in October with the Commerce Trust Co. of Kansas City and the Chase National Bank of New York, has shifted part of the short-term debt into long-term debt.

The company on Dec. 23 sold $1,000,000 of promissory notes due June 1, 1956. The loan carries 3% interest until 1954 and 3¼% from then until maturity. Proceeds will be used for construction purposes.

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The interim report of **St. Joseph Light & Power Co.,** for the first nine months of 1952 points out that the net income was up $53,784 over the corresponding period in 1951 despite the fact income taxes rose $196,000. Net for the period was equal to $1.59 per common share against $1.46 per share a year earlier.

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For the 12-month period ended Sept. 30, net income available to the common was equal to $2.11 per share, against $1.93 per share, a year previous.

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Net income of **Kansas City Southern Railway Co.** for the 11 months ended Nov. 30 was $5,603,847, equal after preferred divdinet, to $9.48 per common share, compared with net income of $5,019,537, or $8.33 per share, a year earlier. November's net was $498,957, compared with $430,728.

* * *

Gleaner Harvester Corp. for the three months ended Dec. 31 reported a net income of $73,824, equal to 18 cents per common share, compared with $149,072, or 37 cents per share for the same period in 1951. Sales were $777,343, a decrease of $393,470 from a year before. Income taxes for the quarter totaled $68,900, compared with $151,073.

* * *

Flying a record 2⅓ billion passenger miles in 1952, **Trans World Airlines, Inc.** experienced the greatest business volume in its 26-year history, E. O. Cocke, Vice-President of Sales has announced.

Preliminary figures for the 12 months just ended reveal that passenger miles flown over the airline's 32,000 miles of United States and international routes reached a record total of 2,310 million a 23% increase over 1951.

Of this total, domestic flights accounted for 1,875 million revenue passenger miles with the remaining 435 million flown over its routes across the Atlantic through Europe, North Africa and the Middle East.

* * *

Sales of **Crown Drug Co.** for the nine months of its fiscal year ended Oct. 31 were $563,272 greater than a year earlier, according to an interim report. The sales figures reported included excise tax.

For the nine-month period, volume was $9,806,698, compared with $9,243,426 a year earlier. Each quarter produced a gain, with the largest reported in the first quarter.

* * *

Despite the slowdowns created by the steel strike last year, **Union Wire Rope Corp.** will report a greater sales volume in 1952 than in the previous year, M. G. Ensinger, President, said on Jan. 12. He estimated sales for the year at $11,100,000, compared with $10,189,565 in 1951. Volume for the nine months ended Sept. 30 was $7,679,927, compared with $7,328,759 a year earlier.

Net income for the nine months ended Sept. 30 was $420,887, equal to $1.68 per common share, compared with $445,617, or $1.78 per share, a year earlier.

During the first nine months of 1952 the company's fixed assets, reflecting addition to plant and construction in progress, rose $755,000 to a total of $5,868,000 before depreciation.

* * *

Sales and produtcion of **W. S. Dickey Clay Manufacturing Co.** in the first two months of its fiscal year ended Dec. 31 were about 10% ahead of a year ago, H. P. Wilhelmsen, President, told stockholders at the annual meeting on Jan. 14. He said sales were $120,000 greater than in the same two-month period of last year and that production was up 2,800 tons.

Net profit for the fiscal year ended Oct. 31 was $688,268, equal to $2.50 per share on the common stock, compared with $652,955, or $2.38 per share, a year earlier. Net sales were $7,890,860, compared with $7,532,051 a year before.

During the fiscal year $100,000 of 3% serial notes were retired, bringing such debt to $850,000.

Dickey Clay Mfg. Co. will spend about $700,000 in the current year in equipping a new plant at Meridian, Miss., which is being constructed by the city. The cost of the building will $1,650,000, and it should be ready for operation late in the fall of 1953, Mr. Wilhelmsen said. The plant will have an annual capacity of 36,000 tons.

* * *

Net income of **Parkview Drugs, Inc.** for the fiscal year ended Sept. 30 was $31,445, compared with a loss of $922 a year earlier. Sales were $5,970,743 against $6,051,641. However, sales were greater in 1952 than in 1951 in the 20 stores operated.

Phillip Small, President, said that gross profit was $1,577,968, against $1,570,707. The company plans to retire 1,160 shares of its preferred stock this year.

Tomorrow's Markets Walter Whyte Says—

By WALTER WHYTE

Naturally, Washington is the focal point of everybody's eye these days. New things are going to happen. They're not going to happen. They will. They won't. *Ad nauseam.*

* * *

Taxes will now go down. Watch and see. They won't. They will. They won't. They will, *ad nauseam.* In passing it's interesting to note that the new Secretary of the Treasury has already thrown a little cold water on any early general tax cut. So much for that.

* * *

Now what about the market. You can always figure that when the market doesn't know what to expect, it closes up shop. This is merely a descriptive term, because it doesn't actually shut up shop, it does one of two things. It either slows up to a walk or it goes down. Sometimes it does both interchangeably.

* * *

A few weeks ago the market made what now seems a top. From then on it hemmed and hawed. Its flames were fed at various times by optimistic forecasts and doused at other times by pessimistic, or at least skeptical, statements.

* * *

In the meantime the public was long and stayed long. If there was any apprehension it wasn't particularly noticeable. With a new Administration coming in, one that would be friendly to business, what was there to be worried about?

* * *

Well, they did start to back off. At first it was a dribble (isn't it always?) then later it really started down. The explanations started coming in. You could (and still can) get as many explanations as there are stocks listed on any of the exchanges.

* * *

I emphasized here that I had no pat explanations. I didn't need them. Some weeks before the clouds of a coming possible reaction started to gather, and I said so flatly.

* * *

Now the question is, will the market steady itself at these levels and go up again —or what.

* * *

Last week I said in this space that I didn't turn pessimistic on the possibilty of any five-point setback. I foresaw a major shake-out and prepared for it. I haven't changed my opinion. But I also said that before the next reaction there was every chance there would be a rally. I also haven't changed on that viewpoint.

* * *

If you're a nimble trader and can add well enough to see what in-and-out trading would cost you today, plus taxes, then a couple of small buys at this point would seem in order. But the profits aren't made in buying; they're made in selling. So if you're not quick enough to get out, you may be hung up for an indefinite period. From a practical viewpoint I prefer the sidelines. And if they do rally, use it to unload the stocks that have been a headache all along.

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

The 1953 Business and Stock Market Outlook

By G. M. LOEB

Partner, E. F. Hutton & Co.
Members New York Stock Exchange

Though stating Gen. Eisenhower's election "is worth a great deal marketwise," Mr. Loeb sees new Administration facing plethora of problems, such as (1) threat of atomic war, and (2) restoring popular thinking toward self reliance. Looks for reversal of wave of stock buying in late winter.

Nineteen hundred and fifty-three promises to be a year of danger and difficulty.

The election of Gen. Eisenhower gives us new, sincere and competent management for our government in Washington. This can be worth a great deal marketwise. Confident investors can pay more for a dollar of earnings or dividends or balance sheet value in market price than shrinking earnings might take away.

G. M. Loeb

Our new Administration faces a plethora of problems. The electorate has great hopes for an immediate change. The facts are against this. Take, for instance, the problem of reducing taxes. Most of the money which will be paid out this year by the new Republican Administration will go for settling commitments made previously by the retiring Democratic Administration. Commodity prices are declining all over the world. Inventories are high. Productive facilities are large. Debt is high.

The number one problem is the threat of an atomic war. Another war now, without an interlude of years of rebuilding our strength, and liberty and capitalism as we know it, ends the day the first bomb is dropped. Let a war start, and stock values, as we know them, also cease to exist at that moment.

The number two problem is how to reconstruct the thinking of our population to restore their personal self-reliance. What can Washington do to bring back the typically American spirit of speculation? This nation grew on personal and financial speculation. It will only wither on controls, pensions, guarantees and indemnities.

In the narrow sense of what may happen to our equity share markets, I feel if we see all-out war, they can only go down.

If by master statesmanship, the threat of war recedes, that of itself will be an enormous factor in pointing stock prices up.

Probably the most logical assumption is that the *status quo* as far as the war situation is concerned will remain unchanged. Under such conditions, it is likely that the market wave of buying which followed the election will probably run into a considerable reversal in late winter or early spring. Barring unpredictable news, I think the six-months' capital market gains of 1953 will be made by buying at that time rather than buying now. Timing won't by itself be sufficient—selection will be the key.

The countrywide confidence inspired by the coming Eisenhower Administration may in the final analysis play the most important part of all.

St. Louis Municipal Men to Have Outing

ST. LOUIS, Mo.—The St. Louis Municipal Dealers Group announces that it plans to hold its annual outing on Thursday, April 30, and Friday, May 1.

Officers of the Group are Andrew S. Mills, Newhard, Cook & Co., Chairman; Richard Morey, A. G. Edwards & Sons, Vice-Chairman; Thomas S. Bookstaver, Mercantile Trust Company, Treasurer, and Norman E. Heitner, Blewer, Heitner & Glynn, Secretary.

Merrill Lynch Adds

(Special to THE FINANCIAL CHRONICLE)

ASHEVILLE, N. C.—David C. Bailey is with Merrill Lynch, Pierce, Fenner & Beane, 29 Page Avenue.

With W. E. Hutton Co.

(Special to THE FINANCIAL CHRONICLE)

CINCINNATI, Ohio — John R. Rickey, Jr., is now with W. E. Hutton & Co., First National Bank Building.

Mutual Funds

By ROBERT R. RICH

COMMENTING THAT no forecast can ignore the implication of the different political philosophy in Washington, which it describes as "anti-inflationary," the current issue of *Perspective*, published by Calvin Bullock, states that many industries have been hurt by inflation and would benefit from a stable economy, and that a policy of anti-inflation does not necessarily connote a policy of deflation.

It believes 1953 will show a further increase "in general economic activity as measured by the Gross National Product on a constant dollar basis. The relatively depressed consumer goods industry promises to do better. The recession in the textile industry appears at least to have bottomed out, and some segments such as cotton goods are doing better. Likewise the outlook for the construction industry is encouraging."

As a disturbing element, the publication points to the very length of the boom as itself a factor of caution. It sees the armament program as unlikely from here on to contribute materially to the expansion of the economy. The rapid build-up of industrial capacity, the decline in commodity prices and the increase in consumer indebtedness also receive mention as causes for concern.

"The stock market should continue to be a rather mixed affair," it states, "with some groups benefiting from special circumstances such as the lapse of the excess profits tax, or recovering from their recession of the past year, and others succumbing to the rolling readjustment that has been characteristic of our economy in the postwar period. With a price-earnings ratio of 12 times and a yield of 5½%, based on the Dow-Jones Average, the market as a whole is not excessively appraising earnings or prospects.

"Following its sharp upturn of the past three months, it is possible that the market will tend to stabilize pending a more detailed view of the policies of the new Administration and a better view of what lies ahead in the final half of the year.

The publication characterizes 1952 a "year of high and relatively stable over-all economic activity which was, however, permeated with numerous conflicting cross currents." Increases took place in the Gross National Product, in government expenditures, in dollar volume of construction and in the index of industrial production. Commodity prices and corporate profits declined."

KEYSTONE CUSTODIAN Fund's President, S. L. Sholley, last week made the first public announcement of the "Keystone Open Account Plan," a new service for investors. The purpose of the new Plan, as with the several other plans and programs developed by the large investment company organization in the past, is to make the 10 Keystone Funds more convenient and more useful for a greater number of investors at no extra cost to them.

The basic idea of the Keystone Open Account Plan is complete flexibility. Not only does the investor under this Plan retain freedom of choice in the selection of the kinds of securities he will buy—he also retains freedom of choice in the selection of the kinds of securities he will hold in his account. He can buy any one of the four Keystone bond funds, either of the two Keystone preferred stock funds, any of the four Keystone common stock funds—or any combination of these 10 funds—with as small or as large an initial investment as the investor decides to make. The investor may then place more capital in his Open Account Plan at regular intervals (monthly or quarterly) or at irregular intervals. But he has no fixed obligation to add to his investment. The investor has continuing control over the kinds of securities he owns at all times, because he may change his instructions as to the Funds to be purchased, and may transfer shares owned from one Fund to another. He may request the issuance of his shares at any time. He may close out his account whenever he wishes without any penalty or added charges of any kind.

Each time the investor makes a new investment under the Open Account Plan, he receives a receipt and confirmation showing the number of shares acquired with that purchase and the total of full and fractional shares held in his account. All Regular and Special Distributions paid on the shares owned are automatically reinvested to speed the growth of the account. The shares are held by The Pennsylvania Company for Banking and Trusts, as Custodian, at no charge to the investor.

"The great flexibility and convenience of the Open Account Plan will appeal strongly to all those investors who are building their estates by periodic investment of whatever amount of money they are able to save out of current income," predicts S. L. Sholley, President of Keystone Custodian Funds. "Any investor may select the class of bonds, preferred stocks or common stocks best suited to his purpose, or he may select one of the standard Keystone Programs that combine the various Funds, or he may combine the Funds in any way that he wishes. He may be as conservative or as aggressive as his best judgment tells him he should be under existing conditions. And he may change his program any time he wishes to do so, to keep in step with changing conditions.

"Present Keystone investors who want to reinvest all Distributions paid by the Funds they own will find this new Plan a particularly convenient way of doing so, and they need invest no new capital to benefit from the various extra services provided by the Plan. All investors, whether very wealthy or with only moderate investment capital, can save time, bother, and bookkeeping by using the services provided by the new Keystone Open Account Plan."

THE INAUGURATION of a Republican Administration after 20 years of New and Fair Deal rule should bolster business confidence and create an atmosphere in which men will risk their capital and spend current earnings and savings, a leading mutual investment fund executive declared in Hartford Tuesday.

John A. Munro, Vice-President of National Securities & Research Corporation, in an address before a dinner meeting of the West Hartford Lions Club, said that business will prosper when given half a chance. The recent election, said Munro, has terminated an Administration whose philosophy tended to create fear and uncertainty.

"Reckless budget and reckless tax policies will give way to sanity in fiscal matters," predicted Munro. In this connection, he stated that the Excess Profits Tax which expires June 30th, next, will not be renewed—indicating that corporations will be relieved of approximately $1¼ billion of such taxes in 1953.

Another favorable factor to earnings and dividends, according to Munro, is the higher profit margins for many corporations, due to increased efficiency from new plants and equipment.

"We look for net income of all U. S. corporations to increase about $1 billion to about $18½ billion in 1953," Munro concluded.

ISSUING a year-end statement on prospects for the mutual fund industry in 1953, Walter L. Morgan, President of Wellington Fund said:

"The stature of the mutual fund industry as it enters 1953 is greater than at any time in its history. The market for mutual fund shares is broadening to include virtually every segment of American life. It includes not only the so called smaller investor with a few hundred or a few thousand dollars, but the large investor as well, whether institutional or individual.

"Today it is a commonplace for many of the leading funds to list fraternal organizations, church groups, trade unions, cooperatives, trustees, pension funds and educational institutions among their share holders. Even more significant as far as future growth is concerned is the experience within the industry that once the large investors, whether institutional or individual, become shareholders, they become repeat purchasers. Many thousands of small investors budget their income to make mutual fund purchases regularly.

"This broader market accounted last year for gross sales of $750 million—largest in the industry's history. These sales for one year alone exceed by more than 50% the combined assets of all mutual funds a decade ago. Today total assets of the industry amount to an estimated $3.75 billion or nearly 800% more than at the close of 1942.

"Despite this vigorous growth, it is my view that the American investing public is only just beginning to recognize mutual funds as a medium for their investment dollars. Actually, the mutual fund industry represents only a very small percentage of the current wealth of the American people.

"Just as the public has now widely accepted the dollar protection of insurance, savings accounts and building and loan associations, I believe the public is beginning to accept mutual funds for their particular advantages of reasonable income and profit opportunities commensurate with the market risk involved. As this acceptance grows it may well be that the mutual fund industry will measure its sales each year in the billions.

"Certainly the investment climate is favorable for the attainment of such a widespread public acceptance. Never before has there been such a popular demand among small and large investors alike for a prudently managed diversified investment that will reduce the risk inherent in all investments and provide a reasonable return. I do not believe that there is any more satisfactory way for the person with $1,000 to $10,000 to invest or for one who wants to put $50 a month in funds to obtain an interest in more than 100 different securities.

"The greater identification by the public of mutual funds as this type of investment depends in large part on the educational work carried on by mutual fund sponsors and investment dealers. Each year has seen an expansion in this work and there is every indication that 1953 will prove no exception. Thus, while I believe there is every indication that the industry is on the threshold of its first billion dollar sales year, it is yet a good distance from maturity."

KARL D. PETTIT, senior partner of Karl D. Pettit and Company and President of that firm's mutual fund, said Sunday that U. S. Steel's new Fairless Works at Morrisville, Pa., will, upon completion, produce annually the equivalent of "ten aircraft carriers, five hundred airplanes, five hundred thousand three-inch shells, two heavy cruisers, five hundred army tanks, ten thousand freight cars, three thousand automobiles, and five hundred and seventy-four thousand household refrigerators."

Speaking on Kidder, Peabody & Company's program, "Your Money at Work," Mr. Pettit told the investment firm's central mutual fund department manager, Milton Fox-Martin, that U. S. Steel is planning to import iron ore from Venezuela in 1954 for specific use in the then fully-completed furnaces of the Morrisville Fairless Works, the first of which were lighted last December.

A resident of Ridgeview Road, Princeton, N. J., Mr. Pettit, who is a native of Pittsburgh and grandson of William Pettit, discoverer of the Messabi Iron Range, explained that since the first steel works in Trenton 219 years ago, the industry has been primarily dependent on the supply of iron ore, coal and limestone deposits. "As a result," Mr. Pettit added, "steel companies are conducting a world-wide search for additional sources of iron ore."

THE LISTING of the shares of the $246 million Wellington Fund on the Amsterdam Stock Exchange in Holland was announced Friday by Walter L. Morgan, President of the Fund.

Mr. Morgan said that arrangements for the distribution of the shares in Holland had been completed last week and that since then several orders for shares had been received from Amsterdam.

Holland is the first European country in which arrangements have been made to distribute the shares of the big investment company—largest open-end balanced mutual fund sold through dealers in the United States.

GROSS SALES of shares of mutual funds sponsored by the firm of Calvin Bullock in the United States in 1952 were more than double those for 1951, according to a statement released by Hugh Bullock, President of the firm.

"This record was made possible in large part," Mr. Bullock stated, "by the offering of Canadian Fund, Inc. in April, 1952. By the end of the year, that fund reported assets of $23,468,000.

"Aggregate asests of the investment companies under Calvin Bullock management at Dec. 31, 1952, after giving effect to 1952 sales and repurchases were $235,000,000."

"An interesting feature of the 1952 record was a relatively low volume of repurchases," pointed out Mr. Bullock. "Repurchases were equal to about 17% of sales, a record which is epecially noteworthy in view of the average high level of stock prices during the year."

"Aggregate assets of the investment companies managed by Calvin Bullock now number more than 100,000, without adjustment for duplication in holders of more than one fund.

TOTAL ASSETS of the four funds in the United Funds, Inc. group at the close of 1952 were $97,793,029, compared with $72,263,012 a year previous, or an increase of $25,530,017.

There were 9,198,129 shares outstanding in the four trusts, compared with 6,877,348 shares in three trusts a year before. Recently Continental Fund shares were offered and the number of shares outstanding for this fund was 459,668.

The following table shows the assets of the funds as of Dec. 31:

	1952	1951
United Income	$66,493.477	$53,324,645
United Science	15,027,294	11,523,708
United Accum.	14,173 291	7,417,659
United Continental	2,101.967	------

HUDSON FUND recorded an increase of $1,320,244 or 42% in net assets in its third full year of operation ended Dec. 31, 1952. The increase, according to the annual report transmitted to shareholders Tuesday, by James W. Maitland, President, brought total net assets on that date to $4,395,825 equal to $24.65 a share on the 178,345 shares outstanding. This compares with total net assets of $3,075,581 on Dec. 31, 1951 or $23.43 a share on the 131,281 shares then outstanding.

The report listed 71 different securities in the portfolio at the year-end with 80.6% of net assets invested in common stocks; 8.3% in preferred stocks; 1.8% in corporate bonds and the remainder in governments and cash. At the close of 1951 the fund had 67.8% of its net assets in commons; 9.9% in preferreds; less than 1% in corporate bonds and upwards of 21% in governments and cash.

The largest single common stock investment in any industry, the report showed, was in natural gas utility stocks to the extent of 11.3% of net assets. Other common stock investments by industries and in order of size on Dec. 31, 1952 were as follows: metals and mining, 10.1%; electric utilities, 8.6%; oils, 7.2%; chemicals and drugs, 6.7%; railroads, 5.1%; merchandising, 4.9%; banking, 4.7%; communications, 3.6%;; television and electronics, 3.4%; automotive, 2.5%; container, 2.3%; insurance, 2.2%; industrial equipment, 2.1%; steel, 1.9%; agricultural machinery, 0.7%; and manufacturing and miscellaneous, 3.3%.

Hudson Fund is the only open-end mutual fund with a specialized trust company as its investment advisor. The Fiduciary Trust Company of New York is responsible for the recommendation and continuous supervision of its investments and took an active part in organizing the Fund.

CLOSED-END NEWS

UNITED STATES & Foreign Securities Corporation and its affiliate United States & International Securities Corporation report combined net asset value of $127,044,712 as of Dec. 31, 1952 compared with $121,240,953 at the close of 1951. The 1952 figure is after deducting $39,029,750 representing indicated value of U. S. & Foreign's investment in U. S. & International against a similar deduction of $36,532,100 a year ago.

Net assets of U. S. & Foreign on Dec. 31, 1952 were $100,930,914, equivalent to $1,009.31 per share of first preferred stock outstanding and, after deducting the value in liquidation of the first and second preferred stocks in the total amount of $15,000,000, to $87.24 per share of common stock outstanding. This compares with Dec. 31, 1951 net asset value of $95,958,575, or $959.58 per share of first preferred stock and $82.19 per share of common stock.

U. S. & International's net assets had an indicated value of $65,143,548 as of Dec. 31, 1952, equivalent to $325.72 per share of first preferred stock outstanding and, after deducting the value in liquidation of the first and second preferred stocks in the total amount of $35,700,000, to $11.85 per share of common stock outstanding. This compares with net asset value on Dec. 31, 1951 of $61,814,478, equal to $309.07 per share of first preferre dstock and $10.12 per share of common stock.

U. S. & Foreign paid dividends of $4.50 per share on the first preferred stock, $6 per share on the second preferred and $3.25 per share on the common during the year, an aggregate disbursement of $3,951,250. All of the preferred payments and $1.88 per share of the amount paid on the common stock were ordinary dividends. The balance of $1.37 per share on the common was a capital gain dividend. U. S. & International paid $5 per share on the first preferred and $14.50 per share on the second preferred, a total disbursement $2,450,000.

The reports state that no allowance has been made for Federal capital gain tax on unrealized appreciation as the corporations have elected to be taxed as "regulated" investment companies and under existing law are relieved of that tax on realized investment profits distributed as capital gain dividends.

U. S. & Foreign owns approximately 99% of the second preferred and 80% of the common stock of U. S. & International.

CAPITAL ADMINISTRATION Company, Ltd. on Dec. 31, 1952, had investment assets totaling $11,188,531 as compared with $10,496,391 at the end of 1951. Net assets at the year-end were equal to $8,819 per $1,000 principal amount of Debentures, $207.20 per share of $3 Preferred Stock, $39.30 per share of Class A Stock and $4.94 per share of Class B Stock. On Dec. 31, 1951, asset values on Class A and Class B Stocks were $36.50 and $4.22, respectively.

Dividend payments on the Class A and Class B Stocks for the year totaled $1.40 per share of Class A and 35.85 cents per share of Class B as compared with $1.35 and 34.57 cents, respectively, for 1951.

Bank and Insurance Stocks

By H. E. JOHNSON

This Week — Bank Stocks

Aided by higher earnings increased dividends and an improved investment climate, New York bank shares enjoyed a favorable market throughout 1952. At the year-end most stocks were considerably above the prices at the end of the previous period.

Operating earnings of the group showed a gain of approximately 15% over the results achieved in 1951. Interest on loans was sharply higher reflecting a greater volume of outstanding loans as well as an increase in interest rates. The hardening of money rates also helped the return on investments. Income from other sources was generally higher reflecting the high level of banking activity over the past year.

These increases in gross earnings were more than sufficient to absorb increased operating expenses and higher taxes. The final result was a general improvement in operating earnings.

The increase in earnings was most encouraging and prompted a review of dividend policies which inspired numerous dividend increases, the payment of extras or the declaration of stock dividends.

The developments stimulated a greater institutional interest in bank stocks. Being stable and having certain defensive characteristics the shares attracted increased attention where investors grew apprehensive about the outlook for other types of equities. As a result there was some switching into bank stocks and the investment of new funds as pension and other institutional funds grew.

This improvement in investment climate resulted in a rising trend for bank shares. As a result New York bank stocks reached the best levels in more than fifteen years. "The American Banker" index of New York City bank stock prices rose from 51.1 where it stood on Dec. 31, 1951 to 57.1 at the end of 1952. The previous peak in the index was in 1937 when it reached 61.2.

While the trend of prices was thus upward, the performance by the different bank stocks was not uniform. Some issues made substantial gains at the same time others were registering declines. The average gain for the group during the year, however, was approximately 8%.

In the tabulation below, we show the market bid prices at the end of the past two years together with the point change between the two periods and the price range for 1952 for the seventeen major New York bank stocks.

	—Market Bid Price— Dec. 31, 1952	Dec. 31, 1951	Point Change	1952 Price Range
Bank of Manhattan	35	34⅜	+ ⅝	37 — 31⅜
Bank of New York	379	357	+22	382 —340
Bankers Trust	52	47½	+ 4½	53¼— 44¾
Chase National	48½	38½	+10	48½— 37½
Chemical Bank	49¾	46½	+ 3¼	50⅛— 44¾
Corn Exchange	65¾	66½	— ¾	69¼— 63
Empire Trust	156	137	+19	160 —131
First National	394	408	—14	411 —368
Guaranty Trust	361	298	+63	361 —285
Hanover Bank	99	94½	+ 4½	100 — 87¼
Irving Trust	23⅞	22¼	+ 1⅝	23⅞— 20¾
Manufacturers Trust	64½	60⅛	+ 4⅜	65¼— 57½
Morgan, J. P.	283	248	+35	291 —238
National City	52½	47⅝	+ 4⅞	53⅝— 45¼
New York Trust	117	113½	+ 3½	118½—103
Public National	46⅞	48½	— 1⅝	49¾— 44¼
United States Trust	269	238	+31	273 —239

Guaranty Trust showed the largest gain in points although the percentage gain for the year of 21% was not so large as that of Chase National which was higher by 26%. J. P. Morgan & Co. also made a favorable showing with a 14% increase. Empire Trust gained more than the average as did United States Trust, National City and Bankers Trust.

While the action of several of the other stocks was not so favorable, reflecting disappointments on earnings or dividends, the performance for the group as a whole was most favorable.

John C. Legg Admits Three New Partners

R. Emmet Bradley

Cyril M. Murphy

BALTIMORE, Md. — John C. Legg & Company, 22 Light Street, members of the New York Stock Exchange and other Exchanges, announce that R. Emmet Bradley, P. Arrell B. Hoblitzell and Cyril M. Murphy have been admitted to general partnership in the firm. Mr. Bradley is Manager of the firm's Trading Department in Baltimore and Mr. Hoblitzell is in charge of the Stock Department. Mr. Murphy is in charge of the firm's New York office at 76 Beaver Street.

Prescott Adds to Staff

(Special to The Financial Chronicle)

CLEVELAND, Ohio — Karl F. Baumholtz has been added to the staff of Prescott & Co., National City Bank Building, members of the New York and Midwest Stock Exchanges.

Merrill Lynch Adds

(Special to The Financial Chronicle)

ST. LOUIS, Mo. — Howard T. Bland, David E. Dale, William J. Noonan, Clarence C. Spiegelhalter, Jr. and Charles A. Weygandt have been added to the staff of Merrill Lynch, Pierce, Fenner & Beane, 511 Locust Street.

R. E. Redelfs Joins Merrill Lynch Co.

(Special to The Financial Chronicle)

OMAHA, Neb. — Robert E. Redelfs has become associated with Merrill Lynch, Pierce, Fenner & Beane, Patterson Bldg. He was formerly cashier for Eisele, Axtell & Redelfs, Inc.

With Hirsch & Co.

Philip R. Gould has become associated with Hirsch & Co., members of the New York Stock Exchange as a registered representative in their branch office at 655 Madison Avenue, New York City. Mr. Gould was previously with Toplett & Kaufman.

Our Reporter on Governments

By JOHN T. CHIPPENDALE, JR.

The Government market was pretty well prepared for the upping of the rediscount rate from 1¾% to 2%. To be sure, there had been strong rumors around that a change in the rediscount rate was imminent, but these had been around before and nothing had happened. Last Thursday, however, the authorities took the bull by the horns and announced an upward revision in the rate. Evidently the monetary authorities believe the time has come when tangible action must be taken in order to retard the forces that could bring about a repetition of the inflationary spiral.

Although all sections of the Government market have been somewhat under the influence of the rise in the rediscount rate, which may or may not result in a new schedule of loaning rates, there has been a not unimportant amount of buying in selected issues which were acquired as prices gave ground. Despite the rate change by the Federal Reserve, it is believed that short-term obligations will soon be showing a better tone because of the easier money conditions that are expected to develop.

First Change Since 1950

What had been considered "open mouth operations" turned out to be a reality, when the Federal Reserve Board on January 15, for the first time since August 21, 1950, raised the rediscount rate from 1¾% to 2%. It had been rumored for some time that the rediscount rate would be upped, because of the strong trend in loans, especially in consumer borrowings. However, not a few Thursdays came and went and no action was taken to change the existing rate.

But during the past two weeks rumors were stronger than ever that an upward revision was imminent. However, many arguments had been advanced as to why there was not likely to be a change in the rediscount, among which was the one as to the effect that it might have on the economy, which many consider to be about on dead center now. Then again there were the opinions that with the impending financing there was not likely to be a change in the rediscount rate until at least this operation was out of the way.

Nonetheless, the powers that be saw fit to push the rediscount rate up from 1¾% to 2%, and this seems to put the financial community on notice that there are conditions existing which the Federal Reserve authorities do not believe to be in the best interest of the economy as a whole. Raising of the rediscount rate may be one of the ways in which the monetary authorities are trying to prevent the loan boom from bringing about another inflationary spiral. There is no doubt but what a warning has been sounded by the Reserve Board, and it is hoped that this will be sufficient to bring about the desirable results.

Rumors on Treasury Financing

There is some question as to whether the increase in the rediscount rate will eventually result in higher rates for bank borrowings, but if this should be the case, it would not be an unfavorable development as far as commercial bank revenues are concerned. The rediscount rate increase may also have an influence upon the coming refunding of the Treasury, which will probably be reflected in somewhat higher interest rates for the issue or issues that will be offered in exchange for the maturing obligations. As to what kind of securities the Treasury will use in the impending financing is largely a matter of guesswork. However, it seems as though the market itself by its own action is looking for a combination affair with an intermediate term issue to be part of the package.

It is believed in some quarters that the Treasury is likely to offer a 2⅛% certificate and a 6-year 2½% bond. Others hold to the opinion that a one-year maturity or a five-year note might be used, as well as an intermediate-term obligation.

Long Maturities Deemed Attractive

Despite all the uncertainties that are in the money market picture as a whole, and with volume and activity on the light side, there have been, however, some fairly sizable takings reported in certain issues of Treasury obligations. Private pension funds, it is indicated, have been picking up fairly good sized blocks, here and there, of the two longest maturities. The opinion seems to be that these securities are well worth buying on price weakness, which means they are being acquired near the lows of the year. Private trust accounts have also been making fairly large purchases of the Vic's, at prices reportedly near the bottom of the range. State funds continue to acquire selected issues in the restricted list.

Out of town commercial banks, it is reported, have been putting funds to work, in not too sizable amounts yet, however, in the 2½s due 1962-67, the 2½s due 1963-68, and the 2½s due Sept. 15, 1967-72. There has likewise been some buying of the 2⅜s due 1958. It is indicated that the loan curve has tapered off as far as these institutions are concerned and, as a result, the money has been put to work in the Government market.

The partially-exempt obligations have been coming into the market in somewhat increased amounts, according to reports, and this has tended to make quotations for these securities not too representative, because it is mainly an order market.

Russell Hawkins With C. F. Childs & Co.

Russell S. Hawkins, formerly Vice-President of J. B. Roll & Co., Inc., has become associated with C. F. Childs and Company, 1 Wall Street, New York City, specialists in government bonds and municipals.

Frame, McFadyen Co. Admits Wm. Ramsay

TORONTO, Canada—William H. Ramsay has become a partner in the firm of Frame, McFayden & Co., 25 King Street, West, members of the Toronto Stock Exchange.

5 & 20 Club to Meet

Jack Feinstein, American Stock Exchange Five and Twenty Club President, has announced that the annual meeting, election and dinner of the organization, which is composed of brokers who have been Exchange members for more than twenty-five years, will be held on Thursday, Jan. 22, 1953, at Cavanagh's Crystal and Emerald Rooms.

Among the invited guests will be Edward T. McCormick and John J. Mann, President and Chairman respectively of the American Stock Exchange. Philip H. Diamond is Chairman of the entertainment committee. Assisting him are George J. Bernhardt, Leonard C. Greene, Marcus Kaufman, Charles Leichner, Milton E. Reiner, Edward A. O'Brien and Francis X. Gaudino of the Exchange staff.

Midwest Exch. Member

CHICAGO, Ill. — The Executive Committee of the Midwest Stock Exchange has elected to membership: C. Courtney Keller, Jr., Blair, Rollins & Co., Inc., New York, N. Y.

With Braun, Monroe

(Special to THE FINANCIAL CHRONICLE)

MILWAUKEE, Wis.—Frank H. Schwaller has become associated with Braun, Monroe and Co., 735 North Water Street.

Business and Finance Speaks After the Turn of the Year

[illegible]

is no way lessens the enormity and immensity of the tasks to be faced and the decisions to be made.

Prospective legislative action during this session of the 83rd Congress falls into the framework of the two overriding problems faced by the Eisenhower Administration—the Korean conflict which remains as the focal point of military and foreign policy decisions, and the stabilization of a free, prosperous economy at home without dependence upon inflationary budget deficits. The continuing re-evaluation of foreign and military policies, started by the Eisenhower Administration before coming into office, will determine the future conduct of the Korean War and our future relations with the free world and the Communist world.

At this writing, a few days yet remain until the inauguration of Dwight D. Eisenhower. The specific legislative program to be undertaken during the present Session of the 83rd Congress awaits the recommendations of the new Republican Administration. However, the major legislative problems, with which the new Congress will wrestle in the months ahead, are clearly evident at this time.

The budgetary enigma is high on the priority list. Mr. Truman's legacy calls for a prospective deficit of $9.9 billion in the fiscal year, which begins July 1. This budget will not stand up under the scrutiny of the Congress and the new Administration. Mr. Truman was wise enough to point out that "the President-elect has no responsibility for the amounts included in this budget, and will be entirely free of course, to propose changes in them." These changes will be forthcoming.

For the first time in many a year we are in a position to get the most out of our defense dollars. The searchlight of Congressional scrutiny will finally penetrate those corners of the defense establishment which too long have remained dark.

We can look forward to a realistic appraisal of foreign aid programs—to the elimination of the waste and inefficiency which have become all too prevalent in the administration of our programs abroad.

It is yet uncertain whether any substantial tax reduction can be effectuated at this first Session of the new Congress. Although the Excess Profits Tax is due to expire on June 30, and the individual income tax increases on Dec. 31, a clarification of our fiscal requirements is the first order of business. I am hopeful some relief can be granted this year to corporate and individual taxpayers.

With hearings slated for early February on possible revisions in the Taft-Hartley Act, labor legislation will receive a good deal of attention from the Congress. The Republicans now have the opportunity to make the necessary changes in this Act—changes which previously were opposed by a politically minded Chief Executive. For the first time since the passage of the Taft-Hartley Act in 1947, we may look forward to genuine collective bargaining unfettered by unwarranted government interference, or government support of either disputant — as was the case in the last year's steel dispute.

Economic controls fall into another area of legislative action. The price, wage and rent controls, under the Defense Production Act, expire April 30, while the priority and allocation authority ceases at the close of June 30. Long since anything resembling effective controls machinery has disappeared. For the most part, prices are below ceiling levels. Under existing conditions, the Congress may permit wage and price controls to expire, while retaining priorities and allocations over certain materials—at the same time placing controls generally on a stand-by basis.

This short summary has touched upon some of the major activities slated for the legislative chambers of the Congress. As the 83rd Congress gets under way, we can look forward with certainty to a closer working relationship between the Chief Executive and at least the Republicans in the Congress—a relationship which has been somewhat strained in past years.

BENJAMIN ABRAMS

President, Emerson Radio and Phonograph Corp.

Seldom, if ever, has the electronic industry had reason to feel more optimistic over its prospects for the future than it has now. Certainly 1953 promises to be a healthy one from the standpoint of sales, as well as profits. The principal factors pointing toward this favorable condition are:

Benjamin Abrams

(1) Lower inventories at all levels, manufacturer, distributor, and dealer, than have existed for many years.

(2) The opening of new markets as the result of new television stations going on the air. It is expected that approximately 100 more stations will go on the air during 1953. This will bring the total number of television stations to almost double the number of those operating at the present time.

(3) The replacement market which, up to this time, has been infinitesimal, is becoming an increasingly important factor in sales. Larger picture receivers currently being produced, are causing those who purchased television receivers, a few years ago to now discard their old, small picture sets, for the more satisfactory performing and larger picture receivers produced today.

MORE STATEMENTS IN SUBSEQUENT ISSUES

Quite a number of statements either were received too late for publication in today's issue, or for mechanical reasons, could not be accommodated herein. These will appear in subsequent issues of the "Chronicle." —EDITOR

There are other factors, but these three will have the most important effect on business in 1953.

Another factor which is expected to contribute materially towards improved sales and profits during 1953, is the increased production of electronic equipment for the armed services. It is expected that the industry billings of such equipment during 1953 will be considerably greater than in any previous year.

Summing it up, no less than seven million television receivers will be produced and sold in 1953, added to which it is expected that approximately ten million radio receivers will likewise be made and sold. The total dollar volume, including equipment for military use, will, in my opinion, result in the largest record of sales achieved by the industry thus far.

MALCOLM ADAM

President, The Penn Mutual Life Insurance Company

As we enter 1953 we are planning our activities for another good year in the life insurance business, although what lies ahead is dependent upon many events which cannot be predicted with any degree of accuracy.

Malcolm Adam

As in the past, the life insurance industry stands ready to assist individuals in preparing their security programs for the future as well as to provide funds for housing and the capital needs of the nation's industries. Sales of life insurance should continue at a high level as it is our belief that the need for this type of protection is greater than ever before.

There should be a continuance of the favorable mortality experience of 1952, which was affected only to a minor extent by deaths arising from military operations. The continued trend toward lower mortality rates has been the result of constantly improving health conditions, advances in medical science, and a rising standard of living. Life insurance is being made available to a greater proportion of our population each year because scientific underwriting practices permit the approval of an increasing percentage of the applications received.

Although there are divergent views as to what will be available in the field of investments during the coming year, we believe there will be a satisfactory supply of investments at interest rates which will compare favorably with those obtained in recent years. The industrial and railroad companies may raise somewhat less money than they did in 1952, but the requirements of the public utility companies should continue at a high level. International developments and their effect upon our economy are, of course, uncertain factors of great importance. It is the belief of many that the U. S. Treasury will take some steps to refund into longer maturities a portion of its short-term debt. If such action is taken and long-term Government bonds are offered at rates which are attractive to institutional investors, this might have a favorable effect on long-term interest rates in general.

In summary, we expect that sales of life insurance will continue at a high level, mortality experience will be favorable, and we will have available to us a supply of investments which will provide returns comparing favorably with those obtained in recent years.

STANLEY C. ALLYN

President, The National Cash Register Company

The office equipment industry in general can anticipate a good year in 1953. In many ways this may well be the most normal year we have had for some time, at least from the standpoint of supply and demand. Almost continously since the war, there has been some abnormal stimulus to buying. First it was the pent-up demand of war years, then forward buying as Korea came into the picture. These influences have spent their force. Unless some new war scare should come, which I do not think likely, buying in 1953 should be on the basis of meeting current needs.

Stanley C. Allyn

The real reason for a good outlook in the industry is the extent to which those current needs have increased and should continue to do so. Some of this increased need has come from the growth in population and expansion of the economy. Certain other factors, however, have had a particular effect upon increasing demand for cash registers, accounting machines, adding machines and other products which will reduce costs. High labor costs, the 40-hour week, overtime premiums, the cost of fringe benefits when people are added to the payroll, have all combined to focus attention on mechanization in the eyes of management. We see no prospect of any change in these conditions.

In this situation, the real problems as we see it, is to devote a maximum of engineering and product development effort toward building machines which will do more for their users. In our own case several new models have recently been introduced and we are today carrying out the heaviest engineering and tooling program in the history of the company. A substantial part of our current volume is represented by machines which were not on our line a few years ago. This is one evidence of the close relationship between sales volume and product development.

There are two markets today for machines which can contribute to the keeping of better records at lower cost. One is where some degree of mechanization already exists but where equipment is use is either obsolete or less efficient than newer models. The other is represented by work still being done by hand which could be done by machine. This latter field in itself is much large than one might expect in this age of mechanization.

Concurrently with the production of cash registers, accounting machines and cash registers, we are manufacturing certain defense material of a rather complicated nature. Output of defense material will be substantially higher in 1953 than in 1952, but as far as we anticipate now normal production of our regular products will be maintained.

I think it is quite possible that general business activity may reach its highest point of the year during the first half. By the end of the year business may be at lower levels than in the early months but such a decline, if it comes, should not be great.

HARRISON L. AMBER

President, Berkshire Life Insurance Company

In 1953 we seem to be approaching the end of another scene in the drama of history—a period in which most of the world powers have divided themselves off into two armed camps, each to await the other's move. Each worries and hopes that move will be a grave misstep.

H. L. Amber

Partly because both forces have prepared for war, but more so because the Stalin camp must realize that war at this point could not gain worth-while advantages for their side, a major war in 1953 appears unlikely. There will be irritating incidents and there may well be another Korea—but no full scale, all-out, world-war.

On this assumption and on the basis that our large military expenditures will continue for some months, even if levelled off, it seems reasonable to expect that business will sail along on a fairly even keel.

The change of Administration in Washington has stimulated a new confidence on the part of business leaders that the controls of our economy will be relaxed, so that natural economic forces, reasonably regulated, will replace the socialistic implications of a managed economy.

With production of raw materials rapidly catching up in many fields of consumption and our manufacturing facilities expanded far and above what they have even been before, it seems that the tide of inflation has subsided. Shortages of either raw materials or finished goods are less in evidence than was the case some years ago.

Conversely, there is increased and increasing competition for the wage earner's dollar. The overall cost of living seems at last to have stabilized and in certain categories prices are down somewhat. This is, of course, deflationary. If labor and management can control expenses and continue improvement in productive efficiency, we shall see a still higher standard of living in this country.

Any rational person who has gone through the collapse of 1932, and the inflation of the 1940's, can hope only for a stabilized economy. In fact, all our governmental efforts at control have been intended to prevent the wide swings. A controlled economy is doomed to failure in our complex society of today. Regulation is proper, but so far as possible, business should police itself.

As regards the life insurance business, all signs point to an excellent year. It seems reasonable to expect not only the usual substantial increase in dollar amount written, but also an increase over the normal percentage growth which we have come to expect each year. Several factors seem likely to promote this growth. First, there is the fact that businessmen generally feel a greater confidence in the economic climate. Next, the old bogey about inflation reducing the value of life insurance is not applicable in a more stable economy. In fact, if we are to have some deflation, then life insurance is more than ever a good buy.

This sort of thinking may become the basis for a substantial reinvestment progrm. Many a man with profits in the stock market may well come to the constructive

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conclusion that a transfer of profits to a good life insurance policy make a lot of sense and promote his peace of mind.

In all, 1953 looks like a very good year for the life insurance industry.

O. KELLEY ANDERSON

President, New England Mutual Life Insurance Co.

In planning our operations for the coming year, we fully anticipate an increase in the sales volume of life insurance, and while we are thinking specifically of 1953, our optimistic outlook extends over a longer period.

O. Kelley Anderson

Business forecasts at best are difficult to make, and in retrospect many predictions will not stand the test of scrutiny. Forecasts represent the intelligent analysis of the interplay of all the economic factors examined in the light of past economic experience. However, they often become distorted because of some unpredictable political or psychological factor which disorganizes our predictions and forces their drastic revision.

Not the least important of these variables is the psychology of the consumer. His reluctance to conform to a pattern makes economic forecasting extremely difficult, if not unreliable.

While the American people have had a big rise in their standard of living, they have clearly demonstrated a driving desire to continue its improvement beyond the expectations of any economists. Ours has become an economy which stresses the idea of production and consumption wherein we are rushing to provide all kinds of goods and services to everybody.

Because of the consumer's willingness to continue to improve his living standards, business should be generally prosperous, and with this prosperity we should have a continuation of the high level of disposable income. To us this continued high level of disposable income means another good year for the insurance industry.

While the American people have rapidly improved their standard of living, they have fallen far short of protecting their improved living standards through adequate life insurance. This means a huge potential for life insurance sales, since the public is gradually realizing that if its high standard of living is to have any degree of permanency, then it must be preserved and guaranteed to the family through the purchase of additional life insurance.

The extent of the American family's failure to maintain the same level of life insurance protection is easily visualized if we examine some of the facts. Since the prewar year of 1940, disposable personal income after taxes and adjusted to the 1940 dollar has increased 72%, while life insurance in force has gone up only 32%.

At the present time only about 16% of the nation's workers are covered by some type of pension plan, but it is logical to assume that virtually all businesses will follow the trend and make these retirement benefits available to their employees. This, together with increased use of "key man" and other forms of business insurance provides the life insurance industry with another great reservoir of sales.

So our business should be prosperous in 1953 because of the high level of personal income, the public's growing realization that it is underinsured, and the prospective growth in the pension and business insurance fields. Still another factor is the prospect of improvement in the soundness of the dollar, which will remove a favorite consumer reason for postponing the purchase of life insurance.

On the whole, we have today a far better balance of power between government, labor, and business than we have enjoyed for a long time. If we can attack our common problems with mutual understanding and a unanimity of purpose, then while we may have some degree of "disinflation," we can look forward to a sustained period of prosperity.

BRUCE BAIRD

President, National Savings and Trust Company, Washington, D. C.

Historians may some day point to the year 1952 as marking the beginning of the American Renaissance. This observation is not related to the outcome of the recent National election. It goes far deeper than that in its significance and this same observation would have been pertinent had the results of the election been completely reversed. It is the heartening fact that never in our history has there been such an outpouring of our citizens in exercise of the important privilege granted a free people of voting and by their vote determining who shall govern.

Bruce Baird

This is the more impressive when we consider that there were no clearly defined major issues apparent on the face of the record that became the crux of the campaign. We can become hopeful that our people, whether voting for one party or the other, have at last realized the responsibility resting on them, have become conscious of the power of the ballot, and in the exercise of this power have made certain decisions.

Let it be understood that the incoming Administration will be watched with critical eye by these same millions and unless results are accomplished to meet the fundamental issues which the ballots have underlined the present victory will be short-lived. For it is something far beyond the mere matter of party loyalty—that of itself is but a hollow name or trademark; the people of our country demand results; they are through, we venture to believe, with inflationary procedures resulting in a higher wage dollar but a shrunken take-home dollar; with larger gross receipts but less groceries; with the old business of taking it in at the top of the barrel but losing it through the seams.

It is not entirely fair to charge this situation, as such, to any administration but rather to a state of mind into which we had fallen and from which we have now emerged.

As has earlier been remarked, the government must be the servant, not the master, of the people and it rests upon the voters to bring this about by exercising the right of franchise. This they have done and we hope will continue to do in all subsequent elections. Certainly it is heartening to witness this great march to the polls, for in the voice of the multitude there is wisdom.

If the incoming Administration does not develop a plan for solvency without a tax burden that destroys initiative, crushes the taxpayer and weakens perceptibly the free enterprise system, the people have declared they will find the correct solution and it will not be down the road of artificial regulation and control.

MELVIN H. BAKER

President, National Gypsum Company

The construction industry should experience another banner year in 1953. The present indications are that over a million new homes will be built in addition to high level activity in industrial and commercial building. This forecasts another capacity year for the construction industry.

Melvin H. Baker

Preliminary studies estimate that $32½ billion was spend for construction during 1952. Authorities predict that 1953 expenditures will reach $33 billion—indicating another capacity year for the building industry.

In 1953 defense requirements will be a little higher than in 1952, which will assure the present high level of employment in American industry. With fewer controls coupled with few, if any, shortages in basic materials, building recently deferred by restrictions will go ahead. I see a vast expansion in all public buildings and particularly in schools to educate our youngsters.

With a new Administration selected by such a large popular vote, there should be greater unity in all segments of our nation and a better atmosphere of encouragement to capital.

I hope for a reduction in taxes, particularly the Excess Profits Tax, to encourage the flow of private capital into industry for long range growth necessary to supply a fast growing population. There is a need for lower costs, more research into new and better products and more effort put into selling and distribution. An adjustment of prices in some industries similar to that completed in the textile and household equipment industries will stimulate consumer buying and increase volume.

Concerning my company, we expect that our historical growth pattern will continue, even accelerate, in 1953. National Gypsum's sales in 1953 will top those of '52 by a comfortable margin.

National Gypsum is one of the nation's foremost suppliers of building materials. Starting in 1925 with one plant, one product, and a small handful of dealers, the company has grown to one with 35 plants, over 150 products, 21,000 dealers and annual sales of about $100,000,000.

WILLIAM BALDERSTON

President, Philco Corporation

The past year has been one in which industry has made more use than ever before of the products developed in industrial research laboratories. It was a great year for the researchers, the engineers, and designers and the technicians. The fruit of their work will be found in the many new and improved products which will be available to the public in 1953 and thereafter. This is particularly true of the electronics industry, which made greater strides in 1952 than in any previous 12 months.

William Balderston

Communications is the blood stream of industrial life in America. 1952 was the year in which the exciting new system of microwave communications really stepped from the engineering stage into reality. We now know that microwave will revolutionize the communications systems of the world. It has been used with success and reliability by utilities, pipe line companies and railroads. It multiplies almost without limit the number of messages that can be flashed back and forth across the country; it insures a reliable system of communication in times of storm and disaster. Industry sales of microwave equipment were about $25,000,000 last year and the backlog of orders now runs into the hundreds of millions.

In 1952, we discovered that the possible uses for transistors in electronic equipment stretch the imagination. Transistors while not yet perfected to the point where they can be substituted for tubes in electronics, are emerging from the laboratory, and limited use may be made of them in industrial equipment during 1953—certainly in 1954.

Tremendous strides were made in 1952 by the National Television Systems Committee—a group representing all the manufacturers of television equipment—toward the development of a fully compatible color television system, which can eventually be presented to the Federal Communications Commission for review.

However, we do not believe color television can go on the market for some years to come. And when it is ready for the production lines, color television will be introduced in such a manner that it will not interfere with black-and-white television. Owners of present sets will be able to receive black-and-white pictures transmitted over the color system, and the picture will be as good as, or better than, the one they are now receiving.

This progress in color television has been made by the National Television Systems Committee — a group representing all the manufacturers of television equipment in the country—who have put forth every effort to perfect the dramatic new service envisioned by the engineers for color television.

I predict a record year for the manufacturers of television receivers and most household appliances.

Philco sales in 1952 exceeded $350,000,000—a record for the corporation. Philco has increased its share of the market for each of the major items it produces, such as television receivers, radios, refrigerators, home freezers, ranges and air conditioning units, and expects further sales gains in 1953. At the same time, operations of Philco's Government and Industrial Division have been substantially increased during 1952 and the backlog of orders for defense equipment from the three services is now over $160,000,000.

It seems probable that 100 new television stations—both VHF and UHF—will go on the air in 1953. This promises a tremendous new market for television sets. About 6,000,000 television receivers were built and sold in 1952. We expect at least 6,500,000 will be manufactured in 1953.

Radio is coming back into its own. About 7,000,000 sets were manufactured in 1952 and we believe this will be increased to about 8,000,000 in 1953.

Perhaps the fastest-growing market in the country is that for room air conditioners. Throughout 1952 dealers were sold out of air conditioners and it looks as though installations in 1953 will be at an all-time record. About 325,000 units were sold in 1952 and we estimate about 450,000 will be made and sold in 1953.

The inventory situation with respect to refrigeration equipment is vastly better than it was a year ago. There has been a large increase in refrigeration sales in recent months and we look forward to an excellent market in 1953.

Both government and private economists predict a high level of business activity in 1953. We know this is particularly true of the electronics and home appliance industries. National income, we expect, will continue to rise in 1953 and government expenditures will remain high as money already appropriated by Congress for defense is spent for completed equipment. There are many indications that American industry plans to step up its investment in new plants and equipment during 1953. All these indications point to a year ahead of prosperity for business, industry and the individual.

H. W. BALGOOYEN

Vice-President, American & Foreign Power Co. Inc.

The growth which, for the past decade, has characterized the electric business of the operating subsidiaries of American & Foreign Power Company Inc. in the Latin American area continued, at an accelerated pace, during 1952. Rapid industrial expansion, population growth, rising living standards, and the high level of business activity combined to feed the apparent insatiable demand for electric power.

H. W. Balgooyen

In most of the areas served by Foreign Power's subsidiaries, intensified inflationary pressures complicated the operating problems of public utility management. As a "price fixed" business, the electric power industry has had to cope with soaring price levels, mounting expenditures for wages and related social benefits, and an increasingly heavy burden of taxation; and local regulatory bodies, in many instances, have been slow in approving applications for compensating adjustments in service rates.

The nature of the electric power business, and the obligations undertaken by our subsidiaries under their concession contracts, impose definite responsibilities for rendering adequate service, assuming that the Governmental Authorities concerned are equally responsive to their obligations to provide remunerative service rates. Some of the countries in which our subsidiaries operate have recognized and accepted these responsibilities and it is in these countries where the major expansion of the facilities of our subsidiaries is taking place. In other areas, rate increases recently obtained have been inade-

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quate and efforts are being made to obtain further necessary adjustments.

The continuing need for expansion of the electric industry in Latin America to meet the constantly increasing demand for power presents a serious financial problem to the privately-owned utility companies operating in that area, particularly in view of the undeveloped condition of the local capital markets and the general reluctance of private investors in the United States to increase their foreign commitments. Our estimates indicate that the upward trend of demand, resulting, as it does, from the continuing economic progress of the Latin American area served, is likely to persist, regardless of any possible reduction of defense spending by the United States or other external factors. Capital expenditures by the Foreign Power System, alone, have amounted to more than $200,000,000 since the war, with expenditures for 1952 reaching $35,000,000. Tentative estimates indicate that necessary expansion of plant and equipment will require capital expenditures of at least $50,000,000 annually for some years to come. This, of course, is based on load growth studies and indicated future demand, but whether or not this expansion actually occurs must depend upon the ability of Foreign Power to finance the expenditures involved; and this, in turn, will depend upon the ability of our subsidiaries to maintain remunerative rate structures and obtain sufficient exchange to service existing and new investments.

Foreign exchange conditions in the countries served are of vital importance to the utility companies comprising the Foreign Power System since a steady flow of dollar remittances to the United States is required to service dollar investments and pay for imported materials and equipment not available locally. Mixed trends were evident in the foreign exchange situation of the various Latin American countries during the past year. Of the countries served by the Foreign Power System, substantial improvement occurred in foreign exchange conditions in Colombia, Costa Rica, and Ecuador, while the foreign exchange situation in Venezuela continued to be consistently good. On the other hand, there was a serious shortage of dollar exchange in Argentina and Brazil, although at the year-end, there were indications that some improvement could be anticipated during the early months of 1953. In such "hard currency" countries as Cuba, Guatemala, Panama, and Mexico, there was no remittance problem; and in Chile, conditions at the year-end were better than during the first part of 1952. Argentina, Brazil, and Chile were the only countries where remittances could not be made on a regular basis throughout the year.

Obviously, there is no way for business management to predict the course of economic and political developments in any foreign country over the long term. Under the circumstances, emphasis in our long-range planning for property expansion must be guided by the historical record and by recent trends, so far as we are able to interpret them—which means that our major investments will continue to be concentrated in those areas where the subsidiaries have received the best treatment at the hands of the local authorities; where it has been possible to maintain service rates on a remunerative basis; and where there exists the best continuing prospect for satisfaction of the subsidiaries' dollar exchange requirements.

EDWARD F. BARRETT

President, Long Island Lighting Company

Just a year ago I made the prediction that the level of growth for both Long Island and our company would continue during 1952—that the ingenuity of our builders would surmount the hampering effects of credit restrictions and shortages of materials. Growth figures for the past year in all categories — population, homes, factories, utility services — confirm that prediction. Moreover, the present outlook leads me to believe that 1953 will see this expansion continuing at a somewhat accelerated pace.

Edward F. Barrett

The imposed duty of our company is to provide the dependable and adequate electric and gas service that the modern communities of Long Island require. Beyond this fundamental duty, we are actively participating in the planned expansion of the Island to achieve a balanced and diversified demand for our services. We are so confident that Long Island is experiencing this healthy growth that we already have started construction on two additional 100,000 kw. electric generating stations in addition to the 100,000 kw. unit which we placed in operation last November at Glenwood. And as a further expression of this confidence we went to the people of the Town of Hempstead and by an overwhelming vote in last November's election secured premission to buy town-owned property at Island Park on which to erect a still larger power station, the initial unit of which will be of 160,000 kw. capacity. This plant is scheduled to begin operation at the end of 1955.

There is a gratifying trend of light industry to move from the more urban metropolitan areas to Nassau and Suffolk Counties; we are closely associated with this trend, and our studies indicate even more industrial activity in 1953 than last year. It is evident that both the management of the industries and the workers appreciate the opportunity to work under less tension with more time to enjoy life in the surrounding self-sufficient communities. While it is true that Long Island along with other parts of the nation is enjoying a measure of rearmament prosperity due to the existence of defense industries such as aircraft and allied material, the majority of new industries located on the Island are engaged in manufacturing of a general type, principally of a light precision nature. The new plants are of esthetic design and blend well with the Island's suburban attractiveness.

Of course, the increased demands for electric and gas service pose quite a financial problem. All of our securities issued during 1952 were well received, however, and it is my belief that we will continue to attract the capital we will require.

While the economy and prosperity of the territory we serve cannot be divorced from the direct effects of both national and world conditions, it is my belief that 1953 will exceed 1952 in the growth and expansion of Long Island. I am concerned as many others are with the implications of various public power proposals now pending in Congress; I am hopeful that our representatives in Washington will be alert to the perils of these proposed inroads into private enterprise and will encourage the business-managed companies to build any necessary power projects at no cost to the taxpayers.

JOHN T. BEATTY

President, United Specialties Company

Regarding the outlook for 1953, a lot will depend upon how the new Administration and Congress perform. If taxes can be reduced, at the same time balancing the budget, sometime during this calendar year, our pros-[illegible] can find support on a sound instead of artificial foundation which could lead us far more safely through the transition period.

John T. Beatty

If corporate taxes are reduced, prices will be lower. Every businessman knows his goods are too high because of the inflated taxes. If individual taxes are reduced, we will have the equivalent of a pay increase. So a double advantage will result.

The Library of Congress last year printed reports covering the economy of the European countries, indicating that they were 150%-200% better off than in 1939; therefore, I can see no reason for the continuation of the give-away program.

I am also thinking about Point IV. Earl Browder, well-known Communist, was the author of Point IV in his book which might lead us to consider that this was but another idea planted by the Russians to help us into self-bankruptcy. Point IV, which is teaching citizens of other countries how to develop their resources through more efficient operations, has not enjoyed a good experience ratio. In the 'thirties, boatloads of Europeans from civilized countries came here to learn our secret of creating wealth and improving the standard of living. We told them. The same people came again in the 'forties. We told them. If this accomplished scarcely nothing with the civilized groups, why should we expect a tremendous improvement among the savages? Our country could better teach these brown and black nations birth control. This could be a basic forward-step toward improving the standard of living.

If the Korean War is brought to an end the chances are that the illy-suited partners, the Russian Communists and the Chinese, will fall out if let alone.

If the Administration can get the government out of the many unnecessary activities that it has engaged in during the last 20 years, the climate in America will be greatly benefited.

The Supreme Court's six to three decision in the steel case brought a wave of relief to the citizens of the country, but it has in reality only provided a few years during which time we can perhaps inflict some flank attacks on the movement that has been whittling away our constitutional rights. Unless we can stop the encroachment of the Federal Government and its usurpation of power over the States, we can never look to a real return to sound prosperity.

ALEXANDER M. BEEBEE

President, Rochester Gas and Electric Corporation

There is no doubt but what the prospects for 1953 appear favorable. The question is—Will they continue?

In my opinion, from the point of view of the power industry, one of the most important issues is whether the public will continue to respond to the growing understanding that enterprises which avoid taxes and thereby appear cheap really are not cheap.

Alexander M. Beebee

We believe that the people benefited by development programs should pay the cost of the benefit and carry their fair share of taxes and **not** ride on the backs of others.

New York City's financial plight is a fine example of what happens when various forms of enterprise operate on a tax-avoiding basis. If these principles continue to be understood by the American public, then I feel real progress can be made in the direction of sound economy that can continue to grow and prosper for the benefit of all.

GEORGE B. BEITZEL

President, Pennsylvania Salt Manufacturing Co.

From the viewpoint of a general chemical manufacturer like ourselves, who serves virtually every kind of industry, it appears that sales during 1953 will be somewhat ahead of 1952, showing greatest strength by continuing the present upswing from the low point late last summer through the first six months, and then declining slightly for the last six months but still keeping ahead of the previous year.

George B. Beitzel

Several factors can affect this outlook, notably, a change in the Korean war situation and continuation of the defense spending program. Many point out that this will level off during the latter part of the year but present indications are that the program will continue at that level for at least six months after that. While some seem to think this is a dominant factor, and predict that its cessation could cause a recession, I feel that they lose sight of the fact that our general economy has been expanding and may be able to take up part or possibly all the slack of a descending defense program.

I believe that industry profits in 1953, while they will be satisfactory in comparison with past years, will not rise as much as increased sales would indicate, but may be slightly higher than in 1952.

Most companies face heavy tax bills in the first six months of the year and some control of their prices, probably for the first four months at least. Another unfavorable influence on earnings available for dividends will be the accelerated amortization programs of many companies.

The accelerated amortization programs, however, will have two favorable influences. First, they will reduce corporate taxes while stockholders' equity is being increased. Second, they will expand the cash available to these companies for use either in further expansion or in other uses to improve their business position.

Another factor which would increase profits available for dividends is the possibility of the removal of the Excess Profits Tax.

There were some rather gloomy months for many industries during 1952, but among my associates in the company and friends in other companies I detect a note of quiet, conservative optimism. Indications are that construction programs will continue at a high level in 1953 and it is my impression that many advertising and research budgets will be increased.

HAROLD R. BERLIN

Vice-President, Johns-Manville Corporation

The construction industry established a new peak of over $42 billion in volume during 1952, and may well exceed this figure by $1 billion in 1953. Construction is now in second position, behind defense, as the nation's leading industry.

Harold R. Berlin

A significant development in the home building industry is its dependence on "internal migration" and mobility of people to a greater degree than on family formation for its most dynamic impulses.

The mass exodus from cities to suburbs is indicated by the census figures from 1940 to 1950 which indicate that while 30,000 more persons moved out of New York City than moved in, an estimated 500,000 more persons moved into the suburbs than moved out. During that decade, the 168 standard metropolitan areas of the U. S. increased by 15,200,000 persons but only 6,000,000 of the increase was in the cities proper. The remaining 9,200,000 increase was in the suburban areas.

Side by side with this tremendous suburban migration we continue to have a vast regional migration. Of the 19,000,000 population increase during the census years, 5,700,000 occurred in the west and 5,500,000 in the south.

The government decision to "stretch out" defense expenditures and reduce them from the original estimate of $72 to $74 billion for 1952 to $60 billion took a lot of pressure off the construction industry and enabled it to reach its huge 1952 volume.

Had defense decided to follow the original plan of speeding defense expenditures to the $72 to $74 billion level by the end of 1952, entire classes of the construction industry would have found it exceedingly difficult to operate because of lack of critical materials, intense labor shortage, and tighter governmental controls.

If the Korean War or the Cold War in general is stepped-up the optimistic estimate of a $1 billion increase for the industry in 1953 would have to be revised considerably.

Construction in 1952 can be divided into four huge segments:

(1) **Private New Residential:** Expenditures totaled about $11 billion, a figure which is likely to be equaled next year. About 1,100,000 new homes were started in 1952. It may be 1,000,000 or somewhat more in 1953.

(2) **Private Non-Residential:** Expenditures were about $10.7 billion and may be roughly the same in 1953. But industrial will decline while commercial will rise.

(3) **Public:** Total governmental construction of all

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kinds was about $10.6 billion in 1952. Will probably be even larger next year.

(4) **Modernization**, remodeling, maintenance, and repair construction amounted to about $10 billion in 1952. Should be even more in 1953.

Public construction will be even larger in 1953 than in 1952, perhaps $11.5 billion or more. However, public housing will be smaller. Educational construction will continue to rise, reaching at least $1.75 billion as the flood of children into grade and high school makes new and larger schools imperative.

Highway construction which reached a record of $2.7 billion in 1952 will undoubtedly attain or exceed $3 billion in 1953. The reasons are congestion on the roads and highways, terrific backlog of work, and the population growth of over 2,000,000 persons annually.

Heavy backlogs also still exist in construction of sewers, water and gas mains, and utility services in general because of the 7,000,000 new home units built since World War II.

Electric power construction will keep going full blast in 1953 as the demand for electricity from industries, municipalities and residences continues enormous.

Farm construction which reached the huge volume of $1.7 billion in 1952, will, however, decline somewhat in 1953.

Governmental industrial, military, and atomic-energy construction in 1952 totaled close to $3 billion in the continental United States. Vast outlays are planned for 1953, particularly in atomic-power, and should be at least $3.3 billion.

Suspension of Regulation X by the government on Sept. 16 did not affect the 1952 picture to any great extent but it should definitely help in 1953. The lifting of this control freed not only home building but commercial construction. The restrictions which Regulation X had imposed, together with other controls, reduced the 1952 volume of store, office, warehouse, restaurant, and garage construction by fully one-quarter from the 1951 level. Unhampered by controls and material shortages this segment may well be 35% greater in 1953 than in the preceding year.

But the demise of Regulation X does not mean the end of problems for the construction industry. Money worries will remain acute in 1953. High building costs, tight mortgage money, and the slow sales of existing homes in many communities are expected to be key problems. Houses older than five or 10 years are becoming increasingly difficult to sell.

Almost all other classes of construction indirectly depend on activity in the home building segment. That is why the movement of people is so important to all classes. The trend of population is toward the suburbs. As consumers move out of the cities, commercial construction follows. Department stores open branches. Labor pools are created and industry moves into the suburbs to avail itself of the supply. It is therefore apparent that the future of construction cannot be gauged by a mere survey of convential factors such as family formation. New trends are bringing major changes in the construction industry and will continue to do so for many years.

G. Y. BILLARD

Partner, J. R. Williston, Bruce & Co., New York City

It is probable that the general level of stock prices sometime during 1953 will be at least 5% to 10% lower than at present but it is equally probable that the high point for the year has not been witnessed as yet. Such an all-embracing statement, however, is of little value to either the speculator who is primarily interested in the broad nearby trend or to the investor who is concerned with an appraisal of a specific situation based upon its true value.

Gordon Y. Billard

There are grounds for anticipating that the uptrend that got under way just prior to the Presidential election may be at or near a temporary peak and will be followed by a fairly sizable reaction and subsequently by a recovery to a new peak, later in the year. Such a pattern would confound not only the stock-market-minded business forecasters but would also defy the old adage that years with a happy beginning in the stock market frequently end up rather unhappily, and vice versa. In so far as 1953 is concerned, it can hardly be said that the year is not starting out under auspicious conditions.

Most of the buying during the upsurge of recent months has been on an outright cash basis by institutional and private investors but it must not be overlooked that a fair amount has been for speculative accounts. Between now and March 15 it is probable the market will be faced with profit taking that might well lop off one-third or more of the advance since last fall. Later on, tax news will carry special weight marketwise as will the expected lapse of price controls. Moreover, as the year progresses, stock splits seem likely to become more numerous and dividend payments in many instances more liberal. In view of the subnormal capitalization of 1953 earnings and dividend prospects, it is obvious that more liberal yardsticks by which values are measured could come in due course from the gradual improvement in investor confidence.

Business economists forecast that industrial activity will continue in high gear throughout the forepart of the year; that the pace will slacken as the year unfolds; that over-all business volume will be somewhat below that seen in 1952, and that competitive conditions will become more pronounced.

This may all be true and may be accepted at face value, but recent market history records there is little or no connection between the trend of business activity and investor sentiment which is the determining factor in establishing the price level.

What, of course, does exert a marked influence upon investor sentiment is major uncertainty and during recent years there has been ample of that. From here on there should be much less uncertainty. From the standpoint of business activity it must be recognized that the status of the free world economy depends upon a prosperous United States. With respect to this, note the following comment by President Eisenhower last October: "Never again shall we allow a depression in the United States. The Soviet communism is looking for one great victory. That victory is the economic collapse of our country. Why then would a nation such as ours refuse to mobilize all its resources to defeat a depression as we would mobilize all our resources to defeat an invasion? One is just as serious as the other."

Under the new Administration there is ample reason for busines management to plan with greater certainly, which in turn will give the investor greater confidence in corporate enterprise. After two turbulent decades, the advent of an Administration which, rightly or wrongly, has been indeblibly identified in the minds of the investor class as sympathetic to their interests can hardly be overemphasized.

Many investment equities today are undervalued rather than overvalued, and conflicting factors will continue to make for a highly selective market. Government-regulated companies such as electric power and light, natural gas, telephone, and railroads should benefit from a stabilized price level, less labor turmoil and improved rate-making procedures; bank and insurance companies from firmer money rates (in the former instance) and premium increases, with larger balances (in the latter instance); some oil companies from settlement of the tidelands dispute; rapidly growing companies from elimination of excess profits taxes, and gold mining companies from the Republican Party's promised return to sound money with its implied higher price for gold.

In so far as the financial fraternity is concerned, public interest in the security markets seems likely to expand, albeit rather slowly, so that the volume of listed dealings should be somewhat higher than in 1952. This should benefit the "order takers" but unlimited opportunities await the real security merchandizers who can select intrinsically undervalued securities of investment merit. Rewards should be commensurate with effort. Another equally great opportunity in our field lies in the coordination and consolidation of forces so that the legitimate interests of the investor may be better served to the mutual advantage of all concerned.

Nineteen fifty-three is hardly the year in which to sell "short" either the stock market or the investment security business!

JAMES B. BLACK

President, Pacific Gas and Electric Company

A notable milestone in the history of Pacific Gas and Electric Company occurred in 1952 with the completion of one hundred years of public service to the people of Northern and Central California. It served to remind us of the fundamental strength and stability of our business and of the extraordinary vitality of private enterprise.

James B. Black

Our Centennial Year was one of the most satisfactory in our history, new high records having been established for sales of electricity and gas, gross operating revenues, and number of customers served.

Perhaps the best evidence of our faith in the future is the continued expansion of our construction program. This program, the largest ever undertaken by any similar utility, is expected to pass the one billion dollar mark early in 1953. About $160 million was expended in 1952, and we expect that at least this amount will be expended in 1953.

The year was the sixth successive year in which we have added more than 100,000 customers. The principal factor contributing to this result has been the continuing growth of population in our field of operations, due both to natural increase and to in-migration from other areas. On January 1, 1953, the estimated total resident population of the 46 counties served by the company was 5,507,000, approximately 500,000 over the 1950 census figure.

Our gross operating revenues on an annual basis passed the $300 million mark for the first time in 1952. It is interesting to note that the $100 million mark was not reached until October, 1937, 85 years and two months after the system's founding. The $200 million mark was reached 11 years later, in October, 1948. The $300 million mark was reached only three years and 10 months later, in August, 1952, coincident with the celebration of the System's One Hundredth Birthday.

A new electric peak load record was established in 1952, and amounted to 3,074,900 kilowatts, an increase of about 6% over the previous record peak established in 1951. A similar record was made for one day's delivery of gas, with a sendout of 1,078 million cubic feet.

Electric generating units with an installed capacity of 254,000 kilowatts were placed in operation during the year. With the completion of these units the company's postwar construction program to date has added 1,688,000 kilowatts of electric generating capacity, more than doubling our capacity in service at the close of World War II.

We have under construction, or plan to complete before the close of 1955, 1,273,000 kilowatts of additional capacity, at which time our total system electric generating capacity will exceed 4,500,000 kilowatts, exclusive of capacity available to us from other producers, which at present approximates 500,000 kilowatts.

In marked contrast to the situation which prevailed prior to the year 1950, when the company's entire requirements were obtained from producers within the state, 55% of our total gas requirements in 1952 were obtained from out-of-state sources. Steps are well advanced to augment the present contract demand from out-of-state sources of 400 million cubic feet of gas per day to 700 million cubic feet.

We have confidence in the future growth and stability of the territory which we are privileged to serve. We intend to keep pace with this growth to the end that it be abundantly supplied with electric and gas service, and at reasonable cost.

EWING T. BOLES

President, The Ohio Company, Columbus, Ohio
President, Investment Bankers Association of America

Unlike the gloomy, foggy weather that has blanketed much of the nation recently, the economic weather has been bright and cheerful.

Ewing T. Boles

The investment banking industry shares the inspired confidence of the vast majority of the American people in the Eisenhower Administration. Barring an all out-war or some unexpected disaster, we confidently look for good business through 1953.

We expect no miracles.

The war in Korea and securing the peace is the stated number one objective of the new Administration. Next the balanced budget and tax reduction—none of these undertakings, however necessary, is easy. They represent the only basis for a sound and prosperous economy. Some toes may be sore if and when these objectives are accomplished.

The nation has great faith in the almost unprecedented high caliber and proven ability of the men chosen to Cabinet rank. Many of the men in the "under" and "assistant" secretary roles, are of equal stature to the secretaries.

It is the "first string" team of the nation.

If this team can't win the game with the cooperation of the highly experienced and capable leadership in both the Senate and House, then we just can't win at all. It is well to remember that this great nation has managed to muddle through some very crucial games with something less than the "first string" on the field.

ARTHUR BLUMEYER

President, Bank of St. Louis, Mo.

I believe that 1953 will be a good business year. There is still a shortage of housing, both public and private, which will insure a busy year in the construction business. There is also a shortage of adequate highways to accommodate the ever increasing number of automotive vehicles. The construction of new toll roads and state highways alone will absorb tremendous amounts of materials and be responsible for very substantial payrolls.

Arthur Blumeyer

The end of the Communistic threat around the world does not seem imminent, which means that the defense effort will continue to require close to $40 billion annually to sustain defense forces and to provide materials for our Allies. The procurement program, especially in hard goods, is being "stretched out," with the result that end items such as tanks, planes, guns and ammunition, now being planned for and placed on order, will be delivered not only in 1953, but also in 1954 and 1955. Even a sudden end to the Korean war would not mean an end to the procurement program which is designed to place and keep this country in a position to meet all enemies at all times.

It is evident that the new Secretary of the Treasury, Mr. George Humphrey, assisted by the very able Mr. W. Randolph Burgess, intends to put our national debt on a sounder basis. Whereas none of the present national debt matures after 20 years, the structure will undoubtedly be rearranged so that $50 to $75 billion long-term bonds will replace short-term debt and be placed in the hands of individual and institutional investors at attractive rates of interest. Public confidence will thus be reestablished in Government fiscal policies and sound principles of financing substituted for expediencies. The higher cost of money will be more than offset by the restoration of confidence in our dollar and what it will buy.

In 1952 private industry spent $27 billion on new plant and equipment. Present indications are that 1953 will see another $26 billion expended for the same purpose. These figures are impressive when it is real-

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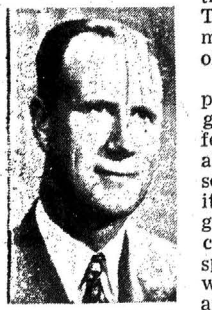
ized that an average of only $19 billion was spent for the years 1946 through 1950.

In conclusion I feel that 1953 will be a year to which American businessmen and women can look forward with confidence. In General Eisenhower the country has an executive of proven ability and in his recently appointed Cabinet he has advisors of proven wisdom and achievements. My hope is that the fallacious philosophy of working less for higher pay will disappear and that the American people will buckle down to the task that lies before them by working harder and longer to produce things better and cheaper. This is what has made and will continue to make America grow and prosper.

ANDERSON BORTHWICK

President, The First National Trust & Savings Bank of San Diego, Calif.

The dynamic characteristics of the West Coast economy reveal no sign of a major downturn in business activity over the next 12 months, but caution is generated by the fact that production, employment, construction and sales are at an historic high. The opinion is widespread that a moderate adjustment is not too far off.



Anderson Borthwick

In this respect, however, it is important to observe that in the aggregate, business sentiment seems to fear speculation during the months ahead while looking with favor on sound programs of expansion. Thus, it seems highly probable that the growth and development of the Pacific Coast region will continue despite the influence of national trends which, according to most estimates, are near the peak of the current upward cycle.

It is frequently pointed out that bank loans have undergone a rapid expansion over recent years, particularly since the outbreak of the Korean war, but a more revealing analysis can be obtained by examining qualitative as well as the quantitative factors involved in this equation. The absence of speculation on the part of customers and the unwillingness of bankers generally to make such loans seems to preclude the probability of a catastrophic "bust" on a scale such as the nation experienced in 1929.

The election of an Administration which has expressed a favorable attitude toward private business and free enterprise seems to remove certain obstacles in the road ahead. It would be extremely dangerous to discount the inevitable impact of an astronomical public debt, a multi-billion dollar Federal budget, postwar expansion of private credit and other abnormal factors in our economy. However, the prospect of avoiding a serious depression has improved with the prospect of a more realistic approach to the problems ahead.

The thesis that a future cutback in defense expenditures will herald the beginning of a depression should be rejected. This assumption had some merit so long as much of the initiative and power rested solely with government officials; today, the challenge which faces American business and industry is to fill whatever vacuum may be created by the withdrawal of government from certain economic activities.

The San Diego Metropolitan Market, with more than 700,000 customers who, during 1952, purchased at retail more than $725 million of goods and services, enters 1953 in a strong position. A slowdown in the rate of expansion (which has amounted to almost 20% per annum since 1950) is anticipated.

Nevertheless, projections of basic sources of income, employment, construction, capital investment and other factors affecting business activity indicate that bank deposits, retail sales and other major economic indices in the San Diego area will rise 5% or more during 1953.

In the aggregate, it appears that wholesale and retail prices will remain relatively firm over the coming 12 months; interest rates may advance fractionally under conditions of a relatively tight money market; retail sales will continue at a favorable level, perhaps with considerable improvement in the position of soft goods which, since the end of World War II, have accounted for an historically low ratio of the total. Conversely, with the pentup demand for durables apparently satisfied, high volume during 1953 will be sustained only by aggressive merchandising in a highly competitive market.

A realistic appraisal of the 1953 business outlook offers a number of reasons to anticipate that all business will be increasingly competitive; barring unforeseen international developments, the sellers' market has ended. Yet it is difficult to predict a depression, or even a serious downward adjustment, in view of the deep undercurrent of strength which is likely to continue for at least the new 12 months.

THOMAS C. BOUSHALL

President, The Bank of Virginia, Richmond, Va.

Despite excessive taxes that if continued will stultify initiative and the economic progress of our country, 1952 proved to be a gratifying year, particularly in banking. This was true because of high loan ratios that should taper off and reduce the tension in the economy that derives from too great a demand for borrowing.

Thomas C. Boushall

The outlook as generally agreed is equally promising for the major part of 1953, with a mitigating prospect of some decline of activity in early 1954. This 1954 dark promise is based on a tapering-off in armament spending in 1954.

So far ahead, and so well warned, American business need not take a defeatist attitude as to an inevitable recession. Rather, it can, by anticipating such a let-up in government purchase of arms, set out to time an extra effort to sell an equal or greater amount of goods to civilians. We have too long forgotten that what made America great industrially, and raised our living levels, was the vision of our industrialists in raising the quality of their products, and at the same time lowering the price and thereby broadening the market.

With a realistic, honest, and common-sense Administration in charge of our National Government; with banks equipped, ready and conditioned to finance the consumption of goods, and a prospect of lowering tax rates to divert money from government spending to civilian spending—the time is ripe for a return to this basic method of stimulating broader consumption of better goods at lower prices.

American business has too long looked to Federal stimulus of the business tempo by bureaucrats that reveled in an even greater dependence of the people on a central government's control of the economy. The sooner business leadership reassumes the role of stimulator and controller of the economy by its own sound measures, the sooner we can look to offsetting recession eras by other than deficit spending for public projects with the taxpayer's money today and the pledge of his earnings tomorrow.

O. C. BOWDEN

President, Sterchi Bros. Stores, Inc.

As conditions now appear, 1953 has all the prospects of approaching a near boom year for the home furnishings and appliance industry, although the latter is not expected to achieve the sharp upturn that is to be looked for in furnishings. Manufacturers of home furnishings go into the new year with a near record backlog of orders and dealers' inventories, after a record December, down to a very low level. Building activity shows signs of leveling off. Even so, 1953 enters with employment at an all-time high and, with wage rates on the increase and industry generally lengthening its workweek, the important question is how far and how long the upswing will continue and not "will 1953 see the end of the longest period of inflated prosperity in the history of our country?"

T. E. BRANIFF

President, Braniff International Airways

We are starting the new year under the great stimulus of confidence in our own government. Our faith in the democratic processes has been strengthened and our confidence in the basic integrity of the American citizen has been reaffirmed.

T. E. Braniff

The rebuilding of our economic system on a sound basis may arrest that type of prosperity which results from inflation. However, it was only an illusionary prosperity and whatever temporary sacrifices may have to be made in the readjustment are necessary to restore us to sound thinking and a sane economy.

I look forward to the New Year with confidence and satisfaction.

William S. Baren With Atwill and Company

MIAMI BEACH, Fla. — William S. Baren has become associated with Atwill and Company, 605 Lincoln Road, as Manager of the Investor's Service Department. Mr. Baren has recently been associated with Baron G. Helbig & Co. in charge of the Coral Gables office. In the past he conducted his own investment business in Florida and New York City.

Wm. S. Baren

Leason Adds Two

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Howard Atler and William S. Smith are now with Leason & Co., Inc., 39 South La Salle Street.

With Blair, Rollins

(Special to THE FINANCIAL CHRONICLE)

MILWAUKEE, Wis.—Harold H. Emch, Jr. has become associated with Blair, Rollins & Co., Incorporated. He was previously with Brew Emch Jenkins & Co.

EMERSON S. BOWERS

Secretary & Treasurer, Atlantic, Gulf & Pacific Co.

Some of those who stated their views in your Annual Review and Outlook issue of Jan. 17, 1952, mentioned defense production among other reasons for expected satisfactory activity during 1952. Strange as it may seem, defense preparations are the reasons why our outlook for 1953 is not as we should like to see it. Despite the growing need for harbor and channel development, it is being severely curtailed as a supposed economy measure during the defense build-up and the Korean situation.

Emerson S. Bowers

The Civil Functions Appropriation Bill for the current fiscal year, totaling some $584 million, provides only some $6,200,000, or about 1% of the total, for actual harbor and channel improvements along the nation's 30,000-mile coast line, Great Lakes included. While some $45 million is provided for maintenance, much of that work is done by the Army Engineers with their own plant and forces. It is probable that we shall operate at about one-quarter to one-half of the industry's capacity during 1953.

As evidence of how unbelieveably small and inadequate the $6,200,000 provision is, in June, 1952, the Canadian Government awarded a single contract for $13 million for deepening, widening and straightening the St. Lawrence Ship Channel below Montreal.

It is imperative that the nation's growth continue. Improved harbors and channels are vital to both industry and commerce, indispensable during both peace or war; they are a vital part of national strength. America's strength today owes largely to harbor and channel development done in the past. Greater strength in the future must come largely from development of the present.

Military and economic strength require adequate transportation which, in turn, depends largely upon harbor and channel improvements and on their keeping pace with other national growth. A reasonable annual development program would be a sound investment of the people's money—and a minute fraction of the annual budget.

When harbor and channel development gets the recognition that its value deserves, our industry can contribute more to added national strength, help maintain high employment, and have reasonable economic health for itself.

HON. JOHN W. BRICKER

U. S. Senator from Ohio

The nation's drift toward Socialism will be arrested in 1953. During the past seven years the Congress has successfully blocked the most dangerous features of Fair Deal Socialism. In 1953, for the first time in many years, members of Congress will not be required to combat Administration measures designed to subvert economic and political liberty. They will be free to concentrate their energies on charting a return to the principles on which the Republic was founded.

John W. Bricker

Government paternalism, red tape, reckless monetary and fiscal policies, and the corroding influence of Communism and corruption will be vigorously attacked by the new Republican Congress and Administration. However, the accumulated mess of 20 years cannot be cleaned up overnight or even during the first Session of the new Congress.

The legislative program for 1953 will be based on a careful evaluation of priorities. In my judgment, Congress will regard a balanced budget as the prime domestic issue. If the budget can be balanced, the pressure of inflation will be greatly reduced. That would assure the discontinuance of price and wage controls, thereby stimulating the productive energies of American industry and labor. A balanced budget, by making possible a reduction in taxes, would automatically alleviate many individual and business hardships. Government economy, therefore, can solve a great many pressing problems which cannot be effectively handled in piecemeal fashion.

Legislative control over domestic policy is weakened by the nation's foreign policy commitments. The forces of freedom will be locked in struggle with those of Communism for years to come. The high cost of national security will prevent Congress from establishing what would be regarded in less troubled times as a ideal pattern of Federal taxation, spending, and regulation. However, the 83rd Congress should cut foreign aid to the extent necessary to prevent national bankruptcy and economic regimentation.

One of the most vital issues to be decided by the 83rd Congress is the scope of the treaty-making power. On Jan. 7, 1953, I introduced for myself and 61 other Senators a proposed constitutional amendment (S. J. Res. 1). Senate Joint Resolution 1 is designed to prevent any treaty or executive agreement from undermining the sovereignty and the Constitution of the United States.

United Nations treaties seek to regulate the economic and political affairs of the whole human race. For centuries, such matters have been regarded as purely domestic in character. When the UN Charter was drafted the concept of national sovereignty was wisely respected. Article 2 (7) denies to the UN any right to intervene in the domestic affairs of member nations. Nothing threatens the existence of the UN more than its ambition to impose on people legal and ethical codes which are alien to their way of life.

The Chairman of the UN Human Rights Commission has noted that some provisions of the proposed Human Rights Covenant are Communist-inspired. Most American lawyers believe that a treaty may be effective to authorize what the Constitution forbids. The adoption of my proposed amendment would mean that America could promote international cooperation abroad without risking the loss of liberty at home.

PRENTISS M. BROWN

Chairman of the Board, The Detroit Edison Company

An appraisal of the outlook for 1953 is complicated by the fact that it will be another two or three months before the new Administration can be expected to be ready with its key proposals on the budget, defense spending and taxes. In my outlook statement a year ago I commented on the current unemployment in the Detroit area. At that time I predicted—"the last half of 1952 should be almost of boom proportions." My confidence that the defense authorities could not long ignore our area "know-how" was soon borne out. The raw materials of production finally caught up with our huge fabricating capacity and as I write this the Detroit area with the largest and most skilled metal working force in the world is actually suffering a labor shortage.

P. M. Brown

Detroit Edison's 1952 load growth tripled that of the previous year. Our service territory is truly one of the growth areas of the nation and we are leaving no stone unturned in seeing that there is an ample supply of electricity for defense and civilian purposes. Thus far we have been successful but in the process we have had to nearly double the dollar amount of our plant since the end of World War II. This forced rapid expansion at inflated prices presents a problem for 1953 and the future. The share of our revenues required for such things as property taxes, depreciation, interest and dividends consequently is based in large part on high cost investments made during the inflationary period. These items alone

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take 30 cents of our sales dollar. They amount to less than 10 cents on the dollar for most of our industrial customers. In 1953 we are looking for a slight rise in interest rates and a decline in the general price level. When the price level does decline it is hoped that our industrial friends will remember the foregoing contrast in cost make-up. They should not expect a continuation of the many voluntary rate reductions that have marked our business over the years.

On the whole I look forward to continued growth and reasonable prosperity for Detroit Edison and its customers in 1953. It is true that automobile backlogs have been substantially worked off and car sales will become more sensitive to a decline in income. However, favorable economic conditions over the next few years would indicate an average domestic demand for new cars of over five million a year. Production of this magnitude coupled with defense work and a speeding up of the trend toward the closing of the gap between steel consumption and production in our area augurs well for our industrial business in 1953. This represents less than 30% of our total revenues.

Revenues from our domestic and commercial customers are expected to continue their steady growth in 1953. The ready acceptance of some of the new labor-saving and pleasure-giving electrical appliances, which were practically unknown a few years ago, is remarkable. Television, air conditioners and electric clothes dryers have reached or have begun to reach a mass market since the war. In addition to an expected greater usage per customer we expect the phenomenal growth in the number of customers to continue. Since the close of World War II their number has increased 230,000 or 30%. On a population basis, this growth is equivalent to a city the size of Pittsburgh.

It is my hope and belief that management problems will not be so complicated in 1953. We have gained the experience of another year in remobilization; material restrictions and shortages are fast disappearing; taxes seemingly will not be increased and labor relations should improve. Production will go along on a more even keel than in 1952. In the utility field we will still have the problems engendered by the inflation of recent years.

PETER I. BUKOWSKI

President, The Cosmopolitan Nat'l Bank of Chicago, Ill.

The continuing upward swing of industry and commerce that has characterized our economy for the last seven years appears to be at, or very near, its peak. A readjustment is inevitable in the not too distant future. Such is the opinion of this community banker in Chicago, who is in intimate association with operators of and workers in small industrial and commercial enterprises.

Peter I. Bukowski

Holiday trade, stimulated by a burst of post-election confidence, has been good, in many lines exceeding earlier expectations, but the competitive factors are being intensified. Already buyers rather than sellers have been fixing or establishing prices. The pursuit for the consumer dollar is intensifying pressure on manufacturers and distributors, and a descending price movement is discernible not only in textiles but in foodstuffs, notably meats. The resultant prospect is that of decreasing sales volume, expressed in dollars, without offsetting economies in manufacturing costs to take up the contraction in per-unit profit. This picture is already being reflected, in part, by the growing number of poorer year-end net income reports, and bids fair to produce a continuation of this trend in 1953.

Retail inventories are fairly well depleted as a result of brisk holiday trade. Cautious replacement is indicated both at retail and distributor levels. Manufacturing will inevitable feel the impact of this back-up. Thus, except for production activity stemming from the defense effort, we may well anticipate a contraction in business activity, varying with the character of business itself. This will lead to some anxieties and apprehensions, with the more articulate going into a lament about the poor state of business, notwithstanding the fact that the contraction itself, if it comes, should be relatively small percentage-wise. On the whole, the expected readjustment which, in my opinion, will continue on through the summer, should have a salutary result in improvement of productive efficiency and an increase in the buying power of the dollar. The fall of 1953 should see a healthy up-turn and good holiday trade, approximating in units but not equalling in dollar volume the sales record of 1952.

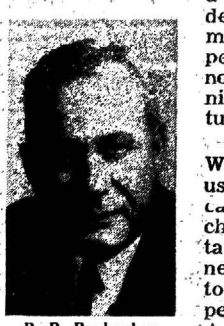
Savings should continue the present upward trend. Luxury purchases may suffer more than staple lines. A high level of employment will be maintained, but an increased proportion of the take-home pay will be saved for deferred spending. With labor destined to have a seat in government, through one of its own members in the Cabinet as Secretary of Labor, the year 1953 should see fewer strikes and less production loss. On the whole, a greater unity of the people may be anticipated at all levels of our social structure, in a nation anxiously groping and seeking for the restoration of peace and serenity.

All of the foregoing assumes there will be no worsening of the international situation, on which subject the writer is in no position to express any authoritative viewpoint. Patient, unremitting toil to ameliorate world tensions should continue unabated, in the hope of averting another holocaust of war—the third in the lifetime of our generation.

R. R. BRUBACHER

President, The Toy National Bank and the Farmers Loan and Trust Co., Sioux City, Iowa

In attempting to forecast business conditions in 1953, I am basing my conclusions on the premise that World War III will not break out and that there will not be a great change in the Korean situation.



R. R. Brubacher

Further, I am confining my forecast to the situation as I see it in what may be known as the Corn Belt.

Generally speaking, business was not good in the Corn Belt in 1952. A factor entering into the situation locally was the very poor corn crop in the fall of 1951, most of which was too wet to seal, and which was of very poor feeding quality. Farmers wanted to feed the wet corn, and consequently, paid high prices for stockers and feeders going to the feed lots. With the drop in cattle prices, most feeders lost money, and therefore little new wealth resulted from the 1951 corn crop in this territory. As a result, business was poor.

Now the situation has materially changed as a result of the national election. Confidence has been restored and people feel that we are entering a new era in which a more conservative trend in legislation may be expected.

A bumper corn crop of excellent quality was raised in the fall of 1952. Stockers and feeders are going to the feed lots, costing about one-third less than a year ago and the corn is sealable at about $1.53 per bushel. While we cannot definitely know what the price of fat cattle will be, when the cattle now going to the feed lots are marketed, the prospects are much better for the farmer and feeder than they were a year ago.

Either through the sealing of the 1952 crop, or through the marketing of cattle in 1953, much new wealth should be created, resulting in greatly stimulated business in all lines.

Speaking for our local trade territory, we feel the first seven months of 1953 will show substantial increases in retail sales.

While crop receipts will be higher in 1953, expenses will probably increase also, but nevertheless, 1953 should be a much better year than 1952 and we are looking forward to a continuing prosperity and a good year, generally.

HARRY A. BULLIS

Chairman of the Board, General Mills, Inc.

During 1952, our country enjoyed overall economic stability perhaps unequalled since before the great depression. The productive curve of our economic machine has continued its upward trend. Wages have risen enough to purchase the increased flow of consumer products and permit enlarged savings. Industry has used its retained earnings and borrowed money to expand its investment in plant and equipment. Government purchases have increased, primarily in the fields of defense and national security. Prices have been relatively stable although commodity prices have declined and the general trend of wholesale prices has been downward, while the cost of living index has risen moderately.

Harry A. Bullis

Inflation appears to be under control. High taxes have nearly balanced our huge national expenditures since the Korean situation developed. The budget deficit for fiscal 1953 is placed at the moderate figure of about $4 billion on a cash consolidated basis. We adopted credit controls and then relaxed them when it seemed desirable. Our debt management and monetary policies are designed to help in fighting inflation. We have found that indirect controls are more effective than direct controls. President Dwight D. Eisenhower has promised that the full resources of the new Administration will be thrown into the battle against inflation.

So we enter 1953 in a condition of good economic balance. Consumer incomes and outlays are slowly rising. Productivity is increasing. Defense outlays will probably increase for some months before reaching a plateau.

The near-record grain production of 1952 in the United States combined with the record-breaking Canadian grain crops has provided ample supplies of grains for all needs of the coming year. Grain exports from the United States are declining and the wheat carry-over on July 1, 1953 will probably be the highest since 1943.

Prospects for the 1953 crop in the United States are not bright because of the protracted drought during the fall and winter months in most of our grain producing areas. Therefore, our prospective large carry-over may become a blessing rather than a burden. With this carry-over, plus Canadian surplus stocks, it seems unlikely that a shortage of cereal grain will develop during the 1953-54 crop year, even though our own production is sharply reduced.

Farm income has suffered reductions through lower prices of both grain and livestock. The maintenance of farm income will be one of the prime problems for the new Administration.

There is some doubt in the area of business expenditures for plant and equipment during 1953. The advance exploration of the Department of Commerce and the McGraw-Hill Company indicates that construction will continue at a high level.

Some of our economic prognosticators have advertised a recession scheduled to arrive in 1954. They tell us that defense outlays will taper off, that consumer demands may be satisfied and that capital expenditures are expected to decline substantially. This adds up to "economic danger ahead." Danger, however, spells opportunity as well as risk. When we can see the risk, the opportunity becomes ours.

Economic tides do not move according to predictions. What is now so clearly discerned as a recession to reach us in 1954 may not occur that way at all. We do not calmly await such an event. We act and our actions change its schedule. We have already seen some hesitancy engendered by the anticipated recession. Business has shown restraint in the accumulation of inventories. There has been a slight reduction in capital expenditures and exports have declined rather sharply. A recession probably will not occur in 1954 if we continue to do something about it.

The incoming Administration recognizes the dangers of depression as well as the dangers of inflation. Last fall General Eisenhower said, "But all our people have come to know that it is the primary task of any President and any government to insure that our country never again suffers a great depression. As a soldier and as an ordinary citizen, I know that to permit such a disaster—in the name of any economic theory whatever—would be the quickest way to concede victory to Stalin."

We have at present many advantages to help counteract an economic decline. We are a wealthy nation. Our banks are more liquid than they were a generation ago. We have long-term amortized mortgages to handle the load of debt and there are plans to make the burden flexibly adjusted to economic conditions. Social security and unemployment insurance will help millions of people when the need arises.

Purchasing power of our people is high and we must keep it high. High purchasing power comes with high wages, which are the result of increased productivity. We have the technology to do the planning and scheduling and to make the new, improved tools which will increase output.

The problem is to provide sufficient incentive to finance the installations which will advance productivity. To this end appropriate tax policies are necessary.

As soon as reduction in national expenditures will permit, there should be tax relief, so as to assure industry that it will be permitted to retain sufficient of its earnings to keep up a desired rate of progress in capital investment.

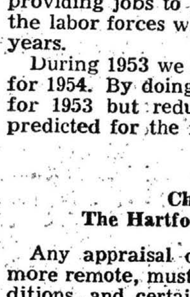
Tax reductions designed to give business and industry increased financial security will provide a powerful incentive to economic expansion. The economy must grow in order to keep healthy and dynamic. Our fast growing population puts increasing demands on our productive equipment, and industry has the task of providing jobs to keep pace with accelerated growth of the labor forces which will take place after another five years.

During 1953 we have the opportunity to build soundly for 1954. By doing that we will not only assure stability for 1953 but reduce the threat of economic recession predicted for the following year.

JOHN B. BYRNE

Chairman of the Board, The Hartford-Connecticut Trust Company

Any appraisal of the future, whether immediate or more remote, must be made in the light of existing conditions, and certainly the status of our economy offers strong evidence to support the most optimistic predictions for at least, the next several months. With the peak of military expenditures yet to be reached, even though at a lower rate than anticipated, with unemployment non-existent and individual earnings high, it is difficult to envision any factor which might cause a sudden and abrupt reversal. Plans made and contracts already let for additonal industrial expansion, an unseasonably high carryover of residential building, heavy consumer buying and accelerated military purchases all point to extreme activity. The very completeness of our prosperity, however, in itself justifies a careful examination, if we are not to be carried away by enthusiasm. In the immediate picture, the most disturbing factor is our present debt. It is at least a sobering thought that our private debt today exceeds the total Federal debt, and while the latter has been a constant cause for concern, relatively little attention appears to be paid to the extent to which we have pledged our future earnings. Corporation and individual debt has more than doubled in the last six



John B. Byrne

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Security Dealers Hold 27th Annual Dinner


Harry R. Amott


David Morris

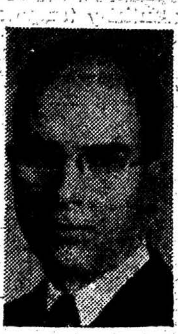
The twenty-seventh annual dinner meeting of the New York Security Dealers Association was held Jan. 16, at the Biltmore. Harry R. Amott, Amott, Baker & Co., Incorporated, President, presented a silver Paul Reserve bowl to David Morris, David Morris & Co., for his outstanding accomplishments as President of the Association from 1949 through 1951. Donald C. Cook, chairman of the Securities and Exchange Commission, was the principal speaker at the dinner meeting.

Approximately 400 members and guests attending had a most enjoyable evening. Music was furnished by Jeno Eartel and his orchestra.

Pictures taken at the dinner will appear in the "Chronicle" of Jan. 29.

Boston Investment Club To Hold Dinner Meeting

BOSTON, Mass.—The first dinner meeting of the 1953 calendar year of the Boston Investment Club will be held at the Boston Yacht Club on Tuesday, Jan. 27, at 5 p.m.


Harold H. Young

Principal speaker will be Harold H. Young, partner in charge of Utilities for Eastman, Dillon & Co. He will talk on the outlook for utility stocks for the year 1953.

V. A. Gaines to Give Investment Courses

Victor A. Gaines of Granger & Co., members of the New York Stock Exchange, is giving evening courses on investments in the School Adult Education Programs of Great Neck, Roslyn and Port Washington, L. I. The two hour lectures permit questions during and after the talks and are illustrated with films, including the New York Stock Exchange color movie "What Makes Us Tick."

Chase, Meyer to Admit; Firm Name Changes

On Feb. 1st Albert W. Franklin, member of the New York Stock Exchange, will be admitted to partnership in Chase, Meyer, Barnett & Co., 120 Broadway, New York City, members of the New York Stock Exchange, and the firm name will be changed to Franklin, Meyer & Barnett.

Philip G. Volpe, Exchange member, and David Martin, will withdraw from Chase, Meyer, Barnett & Co. on Jan. 31st.

E. V. Shierling Is V.-P. Of Canada Gen. Fund

Evan V. Shierling has been elected a Vice-President of Canada General Fund according to announcement by Henry T. Vance, President. A member of the staff of Boston Management & Research Company since 1942, Mr. Shierling is also Vice-President and director of The Bond Fund of Boston.

A graduate of Purdue University and the Harvard Business School, Mr. Shierling has been in investment management work since 1928. He is a past president of the Investment Analysis Club of Chicago and the Boston Security Analysts Society.

Vance, Sanders Adds

(Special to The Financial Chronicle)

BOSTON, Mass.—Mary E. McCrum is with Vance, Sanders & Company, 111 Devonshire St.

Francis I. du Pont Co. To Admit Cunniff

Francis I. du Pont & Co., 1 Wall Street, New York City, members of the New York Stock Exchange on Feb. 1st will admit Melvin M. Cunniff, member of the Exchange, to partnership in the firm. Mr. Cunniff was previously a partner in M. M. Cunniff & Company.

R. J. Ozol Co. Formed

UNION, N. J.—Rudolph J. Ozol is engaging in the securities business from offices at 625 Duquesne Terrace, under the firm name of R. J. Ozol & Co.

Joins Marshall Staff

(Special to The Financial Chronicle)

CHICAGO, Ill.—Mrs. Lorraine L. Blair has been added to the staff of the Marshall Company of Milwaukee.

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years and now approaches the staggering total of $285,000,000,000.

Estimates for the coming year indicate that shortages in raw material will largely disappear, our productive capacity is at a peak and if we are to continue to produce at the present rate, further expansion in sales financing seems to be inevitable. This prospect must be appraised in the light of the nearly $24,000,000,000 of individual credit now outstanding, the extension of which has contributed largely to the high level of prosperity, but which in the event of a slowing up of military purchases or a change in the trend of our economy, might for a temporary period, at least, aggravate the decline. While there appears to be every justification for optimism as we approach 1953, just good sense seems to dictate that, individually and collectively, we should preserve a liquid condition, and examine carefully any expenditures contributing to the further expansion of an already staggering debt structure.

O. W. CASPERSEN

President, Beneficial Loan Corporation

The 1953 business outlook for Beneficial Loan corporation is closely dependent on the prospect for consumer disposable income in 1953. This consumer disposable income in turn depends on the jobs and incomes generated by the four areas of spending that make up business activity in the national economy: foreign trade, capital formation by business, government spending and consumer spending.

O. W. Caspersen

As we weigh and assess the probable changes in each of these areas we believe that forecasts of even a mild recession (say of 5% to 10% decline in national income) which were rather common before the election must now be re-examined.

The change in Administration has brought a new surge of confidence, but without any speculative orgy in inventories or otherwise, based on a change in direction of national affairs that we expect will place more reliance on free markets than on government manipulations.

Whatever leveling off in defense production can more than be made up by a big backlog of heavy capital work in repairing and building new roads, schools, power plants, chemical plants and so on.

A 5% "recession" in 1953 would leave personal income the same as in 1951, when it was in the neighborhood of $255 billion. That is a whole lot of purchasing power. Consumers may have to be coaxed by better values to use it since they are no longer afraid of shortages. Even without coaxing consumers will be coming more freely into the market than in the early part of this year.

Even if personal income goes off as much as 10%, real income received by consumers should still leave them as much purchasing power as in 1951. We appear to have turned the inflationary corner. Consumer prices should be some 5% lower and consumer purchasing power should be helped somewhat further by some tax concessions at the time when the Excess Profit Tax expires for business.

In view of the above analysis, our conclusion is that the business outlook for 1953 is certainly good if there is no so-called "recession" and that it is still good even if there should be a mild readjustment by as much as 10%. And that means a good outlook for the use of credit by consumers, and for the Beneficial Loan Corporation whose more than 750 subsidiaries in the United States and Canada make small loans to families.

ALLARD A. CALKINS

Chairman of the Board,
The Anglo California Nat'l Bank of San Francisco, Calif.

The high level economy has pressed forward for quite a span of years with only minor corrections. Gradually, many skeptics have been won over to the view that depressions are things of the past and that uninterrupted growth is the order of the day. The stock market, long skeptical of the reality and permanence of postwar earnings, has finally reached the point where it is appraising current earning power at normal price-earnings ratios. Mistrust of the future is turning into confidence. Statisticians point to the rising trend of the Gross National Product, to the projections of continued high expenditures for new construction to backlogs of unfilled orders and to the prospects for continued large government outlays for the national defense and say "continued good business and prosperity are in prospect through 1953."

Allard A. Calkins

Now I do not want to argue with statisticians and economists. Certainly I am in agreement that the immediate outlook for business is excellent I am equally confident that great further growth lies ahead for American industry over the long term. But there are signs that pressures and maladjustments are developing that may soon require correction. A straw in the wind is the weakness during most of 1952 in certain basic commodity prices. Farm prices are presently under some pressure. Debt of all kinds has increased steadily for an extended period and business booms supported by debt expansion have had a uniform record of precarious balance. Another statistic, related to the wave of confidence that has brought expansion of debt, is the high rate of turnover of demand deposits, characteristic of the later stages of business booms. The profit margins of many types of business enterprises have been under pressure since the first quarter of 1951 and, in spite of this, major expansion of productive facilities has continued. How much of the plant expansion in the last two years has been the free decision of management and how much has been due to the needling and wheedling of government is not known now. With the forces of supply and demand coming into ever closer equilibrium in the market place, some of the expansion plans of business may be postponed.

In my opinion we shall see increasing competition for markets in 1953. Pressures that have already appeared in basic commodities and farm prices will extend to manufactured products. Profit margins may show under increasing pressure later in the year. The consome recovery in the first half of the year but will be fidence wave, the pressure of large tax payments on depleted corporate treasuries, and further increases of instalment and other individual borrowings will sustain the demand for bank loans; the present large volume of loans in relation to the capital of banks, and restrictive credit policies of the Federal Reserve System, will keep interest rates firm. Although 1953 will begin under propitious circumstances, it is quite possible that the peak of the boom will be seen during the year. By the end of the year it is not unlikely that the process of correction of imbalances built up in the past decade will be clearly evident.

From the above, I do not wish any reader to think that I am definitely bearish; I am not, but I do bespeak a cautious approach in planning for the year ahead.

LEWIS G. CASTLE

President, Northern Minnesota National Bank of Duluth, Minn.

Duluth, Minnesota, as the gateway to the Mesabi Iron Ore Range, looks forward to the coming year with confident hope. Three large mining groups: Erie Mining Company, Reserve Mining Company and Oliver Iron Mining, Division of U. S. Steel, are developing the vast resources which are deposited in northern Minnesota in the form of taconite rock. This produces, after considerable processing, a very rich iron ore product. Their investment in buildings and equipment, railroads, townsites, breakwaters and loading docks, represents a substantial volume of invested capital, and northern Minnesota cannot help but benefit from such a large expenditure of funds.

Lewis G. Castle

Logging in the forests of northern Minnesota continues to be a very important industry, and supplies the Northwest Paper Company of Cloquet, Superior Wood Products Company of Duluth, and other similar users of wood products, a satisfactory volume of raw material.

Crude oil from Edmonton, Canada, is now being piped to the Duluth-Superior harbor, and a $7 million refinery with an 11,000-barrel capacity will soon be in operation adjacent to Duluth. Consideration is now being given to extending this pipeline to Port Huron, Michigan, which will require an investment of considerable funds for such a project, all of which will reflect itself in the buying power of the Duluth area.

Manufacturing, hardware, wholesaling and shipping continue as strong stabilizers of our business economy, and with a sympathetic and understanding approach toward business enterprise that we anticipate from our new Administration in Washington, the people of Minnesota look forward with confidence and assurance to the year ahead.

DUNLAP C. CLARK

President, Central Bank, Oakland, Cal.

The business outlook for the Metropolitan Oakland Area in 1953 is for a continuation of the general business level experienced in 1952.

Government defense spending should reach its peak during this period, and the recent round of wage increases should add to the total buying income.

Dunlap C. Clark

Concurring in this prediction of a sound business pace in the first part of the new year are recent surveys by the National Association of Purchasing Agents and the California Manufacturers Association.

Promising local business activity for 1953 is the recent announcement of the Alameda County New Industries Committee reporting the completion of a most productive industrial promotion program for 1952. Capital investment in new and expanded plants in the Metropolitan Oakland Area for 1952 (ten months) included 41 new plants and 90 expansions of existing facilities. These industrial projects, with a combined investment of $23,148,796, are expected to create 2,393 new jobs within the county when in full operation. Over 7 million in new annual payroll dollars will be generated by these new jobs.

Encouraging signs of future industrial development in 1953 are indicated by renewed interests of eastern and mid-western plants seeking western sites to serve this most rapidly-growing market.

Defense activity, consisting of prime defense contracts, sub-contracting, military shipments funneling through the Oakland Army Base and the Oakland Naval Supply Center, expansion of Parks Air Force Base in near-by Pleasanton, added impetus to increased business and industrial development in the Metropolitan Oakland Area in 1952.

Average weekly earnings of local production workers reached an all-time high of $79 in September, 1952, a $7 gain over average weekly earnings in 1951. Unemployment in Alameda County reached approximately 12,000 in December. This was a slightly heavier unemployment than registered at the close of 1951.

Other economic indicators point for growth and continuation of the substantial business volume of 1952. Bank debits, usually an excellent gauge of general business conditions, revealed a 3.6% gain for the first eleven months of 1952. Department store sales for 1952, though lagging 1% under 1951 volume through Dec. 13, experienced a 4% rise for weekly sales ending Dec. 13, 1952, over 1951, and are expected to show a 1%-2% gain over 1951 with heavy Christmas buying in December.

Home construction in Alameda County during the first eleven months of 1952 indicated a total of 6,900 units for the year. This figure compares to 7,192 units in 1951 and 8,031 for the record year, 1950. Hayward led all incorporated communities of the county with 1,379 units through November. Oakland followed closely with 1,235 new units.

The total value of all construction in the county should reach $100,000,000 by the end of 1952, based on reports through November. 1951, a record year, registered over $105,000,000 in value of permits recorded. Bank clearings through November 1952 showed a slight 1% gain over the similar period of 1951. Postal receipts registered a moderate gain of 3.6% for the same period.

Real estate transactions in 1952 revealed moderate declines from the more active records of 1951. Deeds recorded in Alameda County for the first eleven months of 1952 totalled 24,566 as compared with 27,282 in 1951.

Oakland transfers of real property during the same period registered a 4.8% drop.

J. LUTHER CLEVELAND

Chairman of the Board, Guaranty Trust Company of New York, New York City

Attempts to judge the business outlook for 1953 face more than the usual number of uncertainties. This is partly because some salient features of the present economic situation are essentially temporary in character, and partly because the advent of a new national Administration and a new Congress always introduces additional questions.

J. Luther Cleveland

Business has entered the new year at high momentum, and it seems to be generally agreed that this will be maintained for several months at least. Sharp expansion is not to be expected, because industrial capacity and manpower are almost fully employed. Any substantial increase in total demand at a time like the present would tend to produce an inflationary rise in prices. Fortunately, there is no visible indication of such a tendency. On the contrary, wholesale prices have moved gradually downward for almost two years. The outlook in this respect could, however, change swiftly in the event of a marked deterioration of international relations and an acceleration of rearmament schedules.

In the absence of unforeseeable changes in the political background, uncertainty regarding economic trends in the second half of 1953 centers mainly around business expenditures for plant and equipment and governmental expenditures for national defense and other purposes. Plant and equipment outlays have continued at very high levels for several years, resulting in an estimated expansion of from 50 to 60% in basic productive capacity since World War II. Some observers believe that this expansion has been excessive and that some plant facilities will be forced into idleness once defense demands recede from their prospective peak. Others maintain that the high rate of postwar expansion has served merely to compensate for inadequate development during the years of depression and war. In either case, it seems to be a fact that the stimulus imparted by accelerated amortization has spent most of its force and that the rate of business investment in new and improved facilities is one of the strategic points to be closely watched for possible indications of an easing of demand.

Another important factor in the outlook is the rate of governmental spending. Present schedules call for a further moderate rise in defense expenditures at least until mid-1953, and probably longer, with no substantial decline for many months thereafter. Plans of State and local governments suggest that Federal spending will be supplemented by strong demand for highways, schools, hospitals, and other public works. Moreover, any decline in total governmental spending will tend to be offset by reduced pressure on taxpayers and more disposable income for the purchase of consumers' goods and services.

The outcome of the 1952 election is generally believed to portend more conservative—that is, less inflationary—fiscal and moneary policies, together with a more

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NASD District 4 Elects Officers

MINNEAPOLIS, Minn. — At a meeting of District Committee No. 4, National Association of Securities Dealers, Inc., held Jan. 12, Donald E. McFarland, Vice-President of Kalman & Company, St. Paul and Minneapolis, was elected Chairman for the coming year, and E. J. McKendrick, Vice-President and Treasurer of Johnson-McKendrick Co., Inc., Minneapolis, was elected Secretary.


Donald E. McFarland

District Committee No. 4 includes all security dealers in Minnesota, North and South Dakota, and Montana.

New members of the Committee elected for three-year terms were John G. Kinnard of John G. Kinnard & Co., Minneapolis, Thomas H. Garrett of Paine, Webber, Jackson & Curtis, St. Paul, and Wright G. Wells of Wright Wells and Company, Austin, Minnesota.

Elected to a three-year term on the Board of Governors was Harold E. Wood, President of Harold E. Wood & Co., St. Paul, who succeeds Ira D. Owen of Allison-Williams Company, Minneapolis.

Chas. Bodie Elected By Masonic Lodge


Charles A. Bodie, Jr.

BALTIMORE, Md.—Charles A. Bodie, Jr., Manager of the Trading Department for Stein Bros. & Boyce, has been elected Worshipful Master of the Oriental Lodge No. 158, A. F. & A. M.

Bache & Co. Admit New Partners

Bache & Co., 36 Wall Street, New York City, members of the New York Stock Exchange, on February 1st will admit Charles D. Halsey, and Robert L. Raclin to general partnership and Harold C. Price and Marvin J. Silberman to limited partnership in the firm. Mr. Halsey has been a partner of Laird, Bissell & Meeds.

On Jan. 31st James A. Fayne and Edward C. Jordan will retire from limited partnership in the firm.

Tobey & Kirk to Admit O'Keefe & Schwartz

Tobey & Kirk, 52 Wall Street, New York City, members of the New York Stock Exchange, on Feb. 1st will admit Chauncey B. O'Keefe and Max Schwartz to partnership. Mr. O'Keefe has been a partner in Leo Eis & Co. On Feb. 1st, also, Robert S. Gordon, general partner in Tobey & Kirk will become a limited partner in the firm.

Now Lorenz & Co.

COLUMBUS, Ohio — Lorenz & Company, Incorporated, has been formed with offices at 17 South High Street, to continue the investment business of August Lorenz. Officers of the new corporation are August Lorenz, President; M. E. Lorenz, Vice-President, and Daniel J. Lorenz, Secretary and Treasurer.

Joins J. S. Strauss

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif.—Harry E. Beebe is now connected with J. S. Strauss & Co., 155 Montgomery Street.

New Eis Partnership

The present partnership of Leo Eis & Co. will be dissolved January 31st, and on February 2nd a new partnership will be formed consisting of Leo Eis, member of the New York Stock Exchange, general partner, and N. E. Eis, limited partner. Offices of the firm are located at 30 Broad Street, New York City.

With Waddell & Reed

(Special to The Financial Chronicle)

CUYAHOGA FALLS, Ohio — Robert V. Tyson has become connected with Waddell & Reed, Inc. of Kansas City, Mo.

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sympathetic governmental attitude toward business. It will take time, however, for these policies to produce tangible results. For the immediate future, the principal effects of the change of Administration on business developments will probably be psychological.

The outlook for 1953, viewed as a whole, justifies moderate optimism. Sooner or later, a wholesome though possibly somewhat painful readjustment to a sounder basis of operation must be faced. Whether the readjustment begins in 1953 or later, its unfavorable effects will be minimized to the extent that the economic excesses which too often characterize boom periods are avoided in the meantime.

L. L. COLBERT

President, Chrysler Corporation

America's outstanding industrial performance in the year 1952 gives us reason to be hopeful that high volume production with high employment can be continued in 1953. Approximately one out of every six dollars' worth of goods and services that formed our nation's total gross product in 1952 went for national security. As a result of restrictions on civilian production in a number of essential industries such as ours, serious limitations were placed on the output of automobiles.

L. L. Colbert

Nevertheless, because of high level operations in other industries, the total volume of the nation's civilian economic activity in 1952 was very nearly equal to the country's all-time high year.

As we begin a new year our nation's expanded facilities for turning out basic materials support the hope that the volume of output of civilian goods can be increased. And volume output always has been the key to an improved standard of living and greater prosperity in America.

High volume operations are particularly essential to the most efficient functioning of the automobile industry, and barring sudden unexpected increases in defense demands, I look forward to higher production of passenger cars and trucks in 1953 than in 1952.

The market demand for new passenger cars still exceeds the supply, and there are indications that enough steel may be available throughout the coming year to meet not only our present defense production requirements, but also the needs of civilian production, including the automobile industry.

JOHN S. COLEMAN

President, Birmingham Trust National Bank, Birmingham, Ala.

The level in the Birmingham district of sales, bank deposits, manufacturing capacity and investments in plant and equipment reached a new high in 1952, and it is felt further substantial progress will be made this year.

One of the recent important events was the merging of Sloss-Sheffield Steel and Iron Company into United States Pipe and Foundry Company and the announcement that the latter company would move its headquarters to Brimingham. Sloss Company has been one of the largest commercial producers of pig iron in the South. The Pipe Company has two large cast iron pipe plants here.

John S. Coleman

The Tennessee Coal and Iron Division of the United States Steel Corporation states that the expansion of its open-hearth steel capacity by 500,000 ingot tons will be completed in 1953, thereby increasing the annual production capacity to 3,350,000 tons. A third continuous galvanized line will be added to Fairfield Sheet Mill. It is thought that the demand for steel and iron products will continue good during 1953.

The industrial development of Alabama within the next three years is expected to be such that Alabama Power Company, serving the major portion of the state, will build more than $100,000,000 worth of new generating, transmission and other facilities. Generating capacity is expected to be increased 400,000 kilowatts, bringing the company's total to more than 1½ million kilowatts. With the completion of additions, 68% of the company's generating capacity will be in steam; the remainder hydro.

For the 15-year period—1940-1955—the company's production of power for use in its service area will have increased from 1.7 billion kilowatt hours to nearly 7.8 billion kilowatt hours, an increase of 360%. This increase in electric power use is one of the best indicators of past and future economic development of the area.

Due to drought production of cotton in the state was cut 2% to 890,000 bales. Cotton mill consumption through the 11-month period ending November, 1952, was 1,062,217 running bales, a decline of 7% from the preceding year.

The production of livestock in Alabama is an important and increasing business. It is reported that income from this source in 1952 was $163,859,712 as compared to $173,807,600 income derived from cotton in that period.

Last year Alabama forest industries had an estimated payroll of $153,000,000 and employed approximately 100,000 persons, representing one person out of four gainfully employed. Alabama produced more lumber than any other southern state and ranked fourth in the nation.

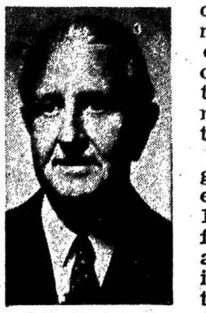
There is much optimism with the coming of the new Administration at Washington. While it is realized many serious problems lie ahead which will require much time and effort to solve, we feel that these responsibilities will be met and administered by the best available people.

JOHN L. COLLYER

Chairman and President, The B. F. Goodrich Company

For the year 1953, the rubber manufacturing industry may have its best sales in history.

The total new rubber consumption in the United States during 1952 was about 1,240,000 long tons. It is estimated that about 1,275,000 tons of new rubber, both crude and man-made, will be consumed in the coming year, an increase of 3% over 1952, with about 60% of this total coming from America's own man-made rubber-producing facilities.



John L. Collyer

While the total production of all goods and services in the nation is expected to increase about 2% over 1952, a larger gain in tire sales is foreseen. Because the output of new automobiles will probably be higher in 1953 than in 1952 and many of the record number of vehicles produced in the past three years will need replacement, tires during the coming year, total passenger car tire sales may reach 78,000,000 units as compared to 70,000,000 in 1952 and truck-bus tire sales may reach 15,700,000 units, compared to 14,600,000 in 1952.

The per capita consumption of rubber in the United States today is 17.8 pounds a year, compared with one pound per person in the rest of the world. As new roads are built in other countries, as more goods and people are transported by motor vehicles, and as standards of living improve, rubber will be in increasing in demand throughout the world.

Expansion of facilities and the development of more efficient manufacturing methods and processes have increased our country's capacity for producing man-made rubbers to 1,040,000 long tons per year. This surpasses the production peak reached near the end of World War II.

The government's decision in 1952 to ask for bids preparatory to estimating the worth of government-owned rubber-producing facilities is important to both the people and the industry of America. This move is a constructive step in the lease or sale of the man-made rubber plants to private industry and can help to reverse the dangerous trend towards the socialization of the supply of man-made rubber in the United States.

New developments in the tubeless tire, first introduced by B. F. Goodrich in 1947, were among the company's greatest contributions to the safety of American consumers during the past year. The B. F. Goodrich Life-Saver, a new premium tubeless tire which has been proved to provide maximum safety against skids, blowouts and punctures, was introduced in 1952.

S. SLOAN COLT

President, Bankers Trust Company, New York City

1953 is likely to be a satisfactory year for banking. Most banks will open the year with loans at record peaks and with interest rates in the short-term money market at their highest levels for a good many years.

Prospects are that the demand for bank credit will be well maintained and that interest rates will not display any significant downward trend so long as business continues at high levels.

S. Sloan Colt

Business sentiment has improved greatly in recent months. The election returns have been interpreted as presaging a more favorable climate for business in the years ahead. So far, the upturn in business in the closing months of 1952, has been of fairly modest proportions and has not been accompanied by the speculative accumulation of inventories financed through the use of bank credit. While bank loans increased somewhat more in the second half of last year than they did in the corresponding period of 1951, a large part of the rise apparently was due to normal seasonal factors.

I doubt that business optimism will be carried too far and lead to competitive bidding for raw materials, an uptrend in commodity prices and speculative accumulation of business inventories. At least, the stability in most commodity prices indicated that this process was not under way at the year-end. I believe that the spirit of caution evidenced by the business community in the postwar years will prevent such a development. The growing size of our productive capacity is a sobering factor in the business outlook, and provides real protection against the resurgence of inflation.

The outlook for banking is, of course, particularly subject to Governmental policy in two fields: the credit policy followed by the Federal Reserve System, and the debt management policies adopted by the Secretary of the Treasury.

In 1952, especially in the concluding months, the rapid expansion of bank loans contributed to tight conditions in the money market, short-term interest rates firmed, and the yields on short-term Treasury obligations consistently averaged above the rediscount rate. However, neither the discount rate nor the prime lending rate was increased. The seasonal increase in bank loans was fairly late in developing and this, together with the absence of evidence of active inflationary pressures in the economy, doubtless contributed to the decision by the Federal Reserve not to raise the discount rate.

Developments in credit policy in 1953 will depend upon the course of commodity prices, inventories and bank loans. In the absence of resurgent inflation accompanied by inventory accumulation, bank loans to business should decline seasonally during the first half of the year. Under these conditions, the authorities might see no pressing need to raise the discount rate. However, the reappearance of inflationary pressures, accompanied by a continued growth of bank loans in the early months of 1953, would raise the question of adopting a more restrictive credit policy.

As a result of the change in Administration, the problem of funding some of the short-term Treasury debt is likely to receive more attention. While it is difficult to determine exactly how much short-term debt is appropriate for the economy, it seems generally agreed that prudent debt management makes desirable some lengthening of the maturities of Treasury obligations Doubtless a start will be made in this direction in 1953. One possible step would be to offer medium-term (say five to eight securities) to replace maturing issues. The proposal to put out a long-term marketable issue (say 30 years or longer) may also receive serious consideration.

The prospect of increasing supplies of medium and long-term Treasury securities may contribute to some weakness in the bond market upon occasion and in any event is likely to prevent any significant increase in bond prices. However, it is likely that the funding program will be approached carefully and cautiously and that the Treasury debt management progam will be so conducted as not to contribute to marked weakness in the prices of Government securities.

On balance, therefore, interest rates seem likely to average in 1953 not far different from their average in 1952. Also, if the current expectations with reference to business conditions are realized, demands for bank credit on the part of business and indviduals will doubtless continue at high levels during the year.

SIDNEY B. CONGDON

President, The National City Bank of Cleveland, Ohio

The past year has been an excellent one for the banking business, with good but moderate gains occurring in total deposits, loans and bank earnings.

Demand deposits of individuals and business displayed a more modest growth in 1952 than in 1951. This has been a welcome development inasmuch as the year's increase of approximately 3% was well in line with the long-term growth trend of general business activity. The demand deposit increases of 1950 and 1951 were larger and perhaps contributed to inflationary pressures in those years. During the past year, savings deposit trends have reflected the gratifying return of countless American families to traditional habits of thrift, and this in turn has been a very important factor in bringing inflation to a halt.

Sidney B. Congdon

Loans to business rose again in 1952 but the expansion was somewhat smaller than in 1950 or 1951. The slower growth reflected the near-completion of the expansion phase of both the defense program and the capital equipment program of industry. However, the increased availability of materials for consumer durable goods has been showing up in the form of substantial gains in consumer instalment loans, which in turn are enabling many families to enjoy the appliances and automobiles now available in mounting numbers.

Bank earnings on the average were about 10% higher in 1952 than in 1951. This favorable trend stemmed from a higher volume of loans and rising interest rates on both loans and investments. Interest rates, of course, are a bank's selling prices and perhaps some comment is appropriate as to why the banks' "prices" should rise in a year when most other prices are stable or declining. Interest rates have moved higher because the Federal Reserve Board ceased policies which had made almost unlimited amounts of loanable funds available at low rates.

The Board dropped that policy because it was contributing to inflation. Since the abandonment of the policy, interest rates have been moving in the direction of the natural level which would result from a free competitive demand for the supply of real savings. In short, interest rates moved higher in 1952 because in prior years they were artificially depressed by the policies of the monetary authorities. But despite the increases of the past 18 months the cost of borrowing money is still far lower than in the 1920s, whereas the cost of nearly everything else is substantially higher.

The banking outlook for 1953 is for continued moderate growth in deposits and for interest rates close to current levels, with no price inflation likely under those conditions. Bank loans should average close to

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Some Aspects of Negotiated Markets

will occupy it all the way to London." Undaunted the young soldier continued to press his point, "But, Madam, I'm very tried. Will you permit me to sit down and hold your dog on my lap?" To which the lady snapped back, "No, I will not. Now will you please go away and stop annoying me?"

With that the soldier leaned over, picked up the dog and threw it out the open window. At this point an Englishman in the compartment turned to his travelling companion and said, "Gad, these Americans are peculiar. They drive on the wrong side of the road, eat with their forks in the wrong hand, and throw the wrong bitch out the window."

Let there be no mistake about it. If the statutes administered by the SEC were eliminated, the action would be misdirected. Those we tossed out and want to be kept out are the fringe operators—the boiler room and bucket shop operators—those who contribute nothing to our economy and merely feed like parasites on investment capital they fraudulently extract from unsuspecting investors. Legitimate broker-dealer firms have benefitted rather than been harmed by the SEC—a basic, demonstrable fact which must not be forgotten.

Importance of Over-the-Counter Markets

Because of the greater publicity given to our country's securities auction markets, few people fully appreciate the tremendous importance of our so-called over-the-counter markets. Yet, in my opinion, the gigantic industrial growth our nation has enjoyed over the past two decades would have been utterly impossible without these markets.

Through the distribution mechanism established and maintained by dealers such as you, fresh capital for existing businesses wishing to expand as well as for new businesses is obtained from the investing public. In this way two fundamental purposes of our free capitalistic economy are served. These funds are used to create new jobs and new goods. Thus they raise our standard of living; and, people throughout the country are afforded an opportunity to invest some of their savings in the future of America and add legitimate business profits to their other sources of income.

In addition, the over-the-counter market provides the public trading medium for some 5,400 corporate stocks. In comparison, the stock exchanges, while dealing in stocks having a substantially larger aggregate dollar value, trade in only some 3,000 such issues.

Because of the basic differences in the character and purposes of our two organized securities markets it is clear beyond doubt that they will always co-exist in America. Neither market could perform the special functions of the other. The financial facts of life require that both continue with vigor and integrity to serve the American public. Both should be preserved.

A few years ago, when Senator Frear first introduced the bill which would extend certain provisions of the Securities Exchange Act of 1934, to corporations having at least $3 millions in assets and 300 security holders, and which do not have securities listed on national stock exchanges, many securities dealers feared for the future of the negotiated market.

Favors Frear Bill

I favor the Frear Bill, because I believe in further curbing the opportunities for abuse of trust by corporate insiders and in making fully available to all stockholders significant financial and other information about their companies. Moreover, I am confident it need not and would not have a detrimental effect upon the over-the-counter markets. It neither requires the listing of securities on exchanges nor does it in any way change the fundamental considerations involved in determining which market is the appropriate one on which a particular security should be traded.

However, if it can be shown that there is any real danger that the Frear Bill would injure the negotiated markets, we at the Commission would very sympathetically receive constructive suggestions as to how to meet the dual problem of serving the investor on the one hand and preserving, on the other, for both the auction and negotiated markets the appropriate balance of competitive opportunities. The Frear Bill in my opinion is simply another step in the right direction of making the ownership of corporate securities more attractive. If adopted, I am convinced it would encourage many potential small investors to join the ranks of share owners in America's corporate enterprises.

Mutual Problems of SEC and Securities Dealers

As we look to the future, what are some of the mutual problems faced by the Securities and Exchange Commission and securities dealers? Over the past 20 years we have witnessed, and I believe contributed to, a phenomenal growth in the American economy. We are producing goods and services today at the rate of $340 or $350 billion annually. Constant expansion continues to be the order of the day. The economy is truly dynamic, and many economists predict that in a few years our gross national product will be well over $400 billions a year.

Such development will demand a healthy securities industry. Today's combination of government regulation and self regulation has, in general, produced such an industry — sound, reliable and worthy of public confidence. But those conditions will not maintain themselves automatically The high legal and ethical business standards prevailing in the securities field today can be perpetuated only by the same constant attention and vigilance that produced them. Both Government and industry regulatory bodies must remain always on the alert to prevent deterioration in these standards.

Let none of us doubt the necessity of preserving these high standards. Securities are a unique item of property. Pieces of paper with no intrinsic value, the property values they represent are at best difficult for the average person to analyze and appraise. Ordinary investors know that they must rely upon the judgment and integrity of the dealers with whom they trade. With almost every other kind of property they buy, real or personal, they can

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1952 figures in the year to come. This combination of factors points to a successful year for the banking business.

STUART COOPER

President, Delaware Power & Light Company

Our entrance into the activities of a new year is accompanied by the first real feeling of optimism which we have enjoyed for many years. We do not expect any political or economic miracles to increase our sales or to lower our costs or taxes forthwith, or perhaps even at all during 1953. We do not expect increased profits to flow from a changed Administration in Washington. Our optimism stems, rather, from a feeling that the security of our future will again depend more upon our own capabilities than upon the dictates and allotments of bureaucracy. It stems from definite indications that we will return to a government of laws rather than of prejudiced interpretations, that the tax-free government competition with private business will be curtailed, that the trend toward socialism will be slowed up, and that integrity in high places will be restored.

Stuart Cooper

The Delaware Power & Light Company and its associated companies operating throughout the Delmarva Peninsula—that is, Eastern Shore Delaware, Maryland and Virginia — has never been in better condition to capitalize on such optimism. Its gas and electric facilities devoted to the service of the public are adequate and a large part are new, nearly two-thirds of its electric plants and system having been built since 1943. Its territory, which is highly productive, and its industries, which are widely diversified, presently enjoy the spotlight of public interest through their relation to the Delaware River Valley whose industry is being vastly stimulated by United States Steel's new plant on the River near Philadelphia.

During 1952 this company enjoyed an increase in revenue of about 11%, and the load on its electric system increased approximately 33,000 horsepower over the prior year. Increases in gas sales were over 6%. All indications point to a continuation of the 1952 trends well into and possibly through 1953. The new business on the books will contribute substantially, and numerous inquiries suggest a growing interest in the area.

This company's belief in the future is reflected in its decision to increase its main generating station at Edge Moor, near Wilmington, by the addition of a third unit with a capacity of 78,000 kw. The engineering work on this plant is well advanced and actual construction will begin in February 1953 in order that it may be ready for service in the late fall of 1954.

The number of homes under construction in the company's service area is substantial and several large "commercial center" activities are planned for 1953, all in addition to the expansion of substantial industrial operations already under way.

We feel that the coming year will be pleasant and prosperous.

W. W. CUMBERLAND

Partner, Ladenburg, Thalmann & Co., New York City

As 1953 opens, a large proportion of economists, businessmen and government officials are predicting a prosperous year. This conclusion is predicated upon sustained industrial production at high levels, moderate increase in consumer buying, residential construction which will not be much smaller, expenditures for plant and equipment which will roughly parallel those of the previous year, and continued or increased outlays for defense. Production of automobiles, household appliances and a wide range of soft goods is expected to be greater. Only farm income is forecast as being moderately lower.

W. W. Cumberland

In general, I agree with this forecast and also expect corporate earnings to rise. Yet the very unanimity of observers causes me some misgiving. Hence I shall emphasize those factors which in my judgment might cause an optimistic estimate for 1953 to be erroneous. Such factors are:

(1) **Excessive Credit**—At the present time the Federal debt is almost at peak, state and local debts are at new highs, commercial loans have far exceeded all previous records, mortgage loans on urban real estate are definitely top-heavy, and installment credit is also at maximum. Only farm mortgage debt has failed to keep up with this unprecedented expansion of credit. Experience teaches that great bursts of credit expansion, such as this country has experienced, are usually precursors of trouble. While the United States government and private credit agencies have it within their power to prevent further creation of credit and gradually to strengthen that which is now outstanding, there is no certainty that this will be done.

(2) **Weakness in Commodity Prices**—After sharp advances in the prices of the great international staples, which followed the attack in Korea, there has been rather acute weakness in such prices, and in general they have almost receded to the pre-Korean level. Wholesale prices have also fallen moderately during the past year. Prices of farm products are definitely weak. These declines have occurred despite an enormous increase in credit. Possibly an economic pincers movement is taking place, in which the economy may be squeezed between high consumer prices on the one hand and declining raw material prices on the other.

(3) **Inventories**—During 1952 inventories were unusually stable. They declined slightly for a few months but there was also a slight rising tendency during the later months. In any case, aggregate inventories are probably $10 billion too high for safety and comfort. If further increases occur, they might cause price cutting and industrial congestion before the close of 1953.

(4) **Dependence on Government**—Both the business community and the general population have gradually accepted the fallacy that government is responsible for prosperity. This philosophy is formalized in the so-called Full Employment Act, and in the habit of turning immediately to government for the solution of any economic problem, whether business or personal. Government has only one remedy, and this is inflation. Obviously, inflation solves no problems.

(5) **Foreign Difficulties**—While prosperity has been pervasive in the United States during 1952, there have been rather alarming evidences of deterioration in the economies of many other parts of the world. This deterioration has largely resulted from price declines in the great international staples. Recently indications have appeared of stabilization or even improvement, and we may hope that the worst has been seen. But the danger still remains. In addition, this world is not at peace, whereas peace is essential for true and sustained prosperity.

Let me repeat that I expect 1953 to be favorable and that the Dow-Jones industrial average has not yet seen its high for the year. But I intend to watch closely those factors of danger which have been enumerated.

CLEO F. CRAIG

President, American Telephone & Telegraph Company

Use of the telephone continues to increase and the Bell System Companies look ahead to another very busy year. To meet public demands and improve service further all the Companies are keeping on with heavy construction programs.

Cleo F. Craig

As our physical facilities grow, we are continually putting more new devices and equipments to work in the overall telephone system. This is being done in accordance with long-range plans which, among other things, anticipate that ultimately telephone users will be able to dial their own long distance calls.

The tremendous rises in costs since the war are keeping the telephone companies under the necessity of obtaining increases in rates. This is essential to their being able to provide the kind and amount of service people need and want in the communities where they operate.

I want to emphasize that the telephone needs of the military services and of defense industry will continue to get the promptest possible attention. The people of the Bell System are deeply conscious that this is their first responsibility. They believe, and are acting on their belief, that nothing is so important as the country's defense, and nothing is more important to defense than good communications.

HUGH H. CUTHRELL

President, The Brooklyn Union Gas Company

Natural gas became the dominant factor in the operation of many gas utilities of the Middle Atlantic and New England states in the year 1952.

The construction of new pipelines from the natural gas fields of the country to a great consumer area opened up new markets for gas. The development, and expansion of these markets by the eastern gas utilities is expected to be substantial over the next five years. This expansion would duplicate the pattern established in other areas of the country during the growth of the natural gas industry. A brief look at the magniture of today's natural gas operation will point up, I believe, just how dominant the role of this source of energy has become.

Hugh H. Cuthrell

A record peak of eight trillion cubic feet of natural gas was produced in 1951. At the begining of 1952, the American Gas Association estimated that proved recoverable reserves in the nation's natural gas fields totaled 193.8 trillion cubic feet.

More than 20,028,000 customers were receiving natural gas service at the end of the year. This was an increase of 16.2% over 1951. This change was due primarily to the shift to natural gas operations in the east. Total customers of all gas utility companies at the end of 1952 were 27,019,000, a 6% gain over 1951. Revenues from sales of gas were $2,455,022,000 in 1952, a gain of 10.2% over the previous year. Expenditures to meet the industry's expansion were $1.2 billion.

The most important single factor in the sales growth of the industry was the continued swing to gas for home heating. Although there was a general slump in the sale of most durable goods during 1952, an exception to the general trend was the fact that shipments of gas house heating appliances totaled more than 700,000, an increase of 85,000 over 1951. Important gains were also made in commercial and industrial gas equipment.

Brooklyn Union as a new member of the natural gas industry may be considered fairly typical of what happens to a manufactured gas utility when it changes over to natural gas.

With the advent of natural gas it is now possible to look at old markets with a new point of view. For example, we can now compete more effectively with coal and oil. In addition, there has opened up a large potential off-peak market we could not enter before. It is the company's intention to take advantage of these new opportunities through aggressive promotion.

In 1953 Brooklyn Union plans to add 10,000 new heating installations and over the next five years we are planning on a total of 55,000 new installations. This growth alone would increase our sales volume-wise by one-third.

These gains cannot be realized by Brooklyn Union or other eastern utilities unless additional capacity is made available. We, as well as others have a keen interest in securing more gas for there is every assurance that the gas business will continue to set records volume-wise in the years ahead.

HARRY W. DAVIES

Chairman of the Board, The Syracuse Trust Co., Syracuse, N. Y.

Compared with the fear and uncertainty of a year ago, anticipations are running high in the first weeks of 1953.

Contrary to the belief of many both before and after election, a Republican Administration does not necessarily spell deflation or a depression. But we do have reason to expect a sounder approach to the problem of inflation, which is one of the greatest threats to our nation and its people today. With the new, more conservative Administration, comes the hope of effective measures to moderate the present unsound inflationary policies of the Federal government and bring about a sound, stable economy.

H. W. Davies

In the banking field, there are a few bright prospects in the outlook for the year ahead. Commercial bank deposits were at an all-time high during the past year. With the expected new high this year in individual incomes and the much talked of tax cut in July, bank deposits will very likely top those of 1952.

Bank loans too are high and promise to remain at least at their present level unless the new Administration in Washington reduces the present budget appropriations for the defense program. If no major reductions are made in the budget, the Treasury Department will be obliged to move into the money market for funds to cover the deficit. When this happens and the government renews its competition with business and industry for money, a slight boost in interest rates, now already up, may be expected, thus insuring to banking, with the aid of the anticipated increase in bank deposits, a year of growth and increased earnings.

PAUL L. DAVIES

President, Food Machinery and Chemical Corp.

Anyone daring enough to forecast business conditions for 1953 should have access to an exceedingly clear "crystal ball"—one much less clouded than mine—because obvious uncertainties confront anyone attempting to make business "guesstimates."

With a new Administration taking over the reins of our government, major decisions will have to be made concerning the entire concept of the Korean War. Other paramount questions to be settled pertain to the size of the defense budget, the future policy of our European aid program, the monetary and tax policies of our Treasury Department, and Federal price and wage controls. The decisions reached will directly influence our business climate in 1953 and the years that immediately follow.

Paul L. Davies

Despite the uncertainties mentioned, various factors tend to indicate that 1953 holds promise of being a generally satisfactory business year. Construction, both industrial and residential, should continue at a significant level. Labor saving equipment for industry and agriculture is attracting increased interest and attention. Other contributing factors for high level production include substantial defense production on those programs already committed; and a strong demand for consumer items based on almost full employment, fat pay envelopes, and increased personal savings.

The trend of low level profit margins will probably continue, because industry has been forced to absorb increases in labor and material costs in the face of constant and ever declining price levels. Little improvement, if any, can be anticipated in price levels, even if controls are removed, because industry is confronted

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Some Aspects of Negotiated Markets

physically examine and judge the values for themselves. Such safeguards do not exist in this business. The intangible, representative character of securities makes them peculiarly susceptible to the fraudulent sales tactics in which the irresponsible are willing to indulge. We must never make it easy for them to do so. The basic philosophy which has consistently permeated the Commission's administration of its statutes is that we should do everything to facilitate the activities of honest securities dealers, and everything possible to exclude from the industry the dishonest dealers. We have always considered this course to be not only in the best interests of public investors, but as well, for the honest dealers who make up the industry.

While we can and do rightfully pride ourselves in the general wholesomeness which pervades the securities industry now, we should not close our eyes to the fact that there is still room for improvement. There are still sharpshooters to be caught up with and we intend to be persistent. There are still some firms in the securities business who are devoted exclusively to peddling to the investing public low priced, cheap securities with the knowledge that the corporations represented have little chance of success. The line between this type of activity and outright fraud is a fine one. If anyone steps over that line and we discover it, we will take swift and effective action. We are constantly on the alert and when such firms step over the line we intend to do everything possible to put them out of business.

But we have been handicapped in this work by severe cuts in our appropriations in recent years which have resulted in serious staff reductions at the Commission. We are hopeful, however, that this situation will be soon rectified—before a serious securities fraud scandal makes its urgent necessity too painfully apparent.

I have several times this evening adverted to the importance and virture of self regulation in the securities industry. I am a firm believer in this form of industry self-discipline. It is an excellent vehicle for the development and expression of that sense of responsibility which must be accepted by every business group. But there is one specific danger in such regulatory bodies that I should like to warn against. No securities organization should permit any one segment of its membership to dominate it and reflect only that viewpoints of that particular group. The attitudes, opinions and interests of all groups—the investment bankers, stock exchange firms, and over-the-counter dealers—should be fully represented. Unless this kind of equality prevails the organization will serve neither itself nor the public properly.

Let me mention one final problem with which we have been concerned for some time. It involves the publication of quotations for securities traded in the over-the-counter markets. In my opinion considerable improvement can be made both in the quality of these quotations and in their availability to the general public.

Sees Spread in Bid and Asked Prices Too Wide in Some Cases

For many securities traded in the negotiated market the spread between the publicly quoted bid and asked prices is much too wide to be of any real value to investors. Conceding that these prices represent merely starting points for purposes of negotiation, I do not believe that there is any justification for the range being as wide as it is. If the gap is narrowed I am convinced that increased public conifdence will be highly rewarding.

Even greater public and industry benefits can result from a determined effort to extend the publicity given to the market quotations for securities traded over-the-counter. Probably no other single feature has done so much to popularize the nation's stock exchanges as the daily detailed newspaper reports of transactions. Obviously, the over-the-counter market cannot achieve his degree of publicity for the majority of its securities. But far short of this is still an area which would represent a great improvement.

To begin with, investors in many regions of the country have extremely limited access to current quotations. Perhaps this could be promptly remedied if the industry were to begin furnishing all banking institutions with bi-weekly or weekly quotation sheets. In many smaller communities the banks are the only source of investment information, and you would, by adopting this procedure, render a very valuable service to many public investors and undoubtedly increase your business.

In addition every effort should be made to broaden the dissemination of such quotations in newspapers. Leading papers in every community should be urged to publish quotations for the more prominent and active securities at frequent intervals. When they are made to understand the value of this public service, I feel sure you will receive their cooperation.

I am aware that there are obstacles in the path of achieving these desirable objectives. But I am also convinced that they can be readily overcome. It is certainly in the mutual interest of the public and the industry that they be overcome, and promptly. I strongly urge you to give this quotation problem your immediate and careful attention. The rewards will justify your efforts.

May I thank you most sincerely for inviting me to your dinner and giving me this opportunity to say a few words about an industry of which I am very fond. The securities industry is a good one, in many ways a great one. And it is certainly an essential one. With the constant progressive efforts of groups like this it will continue to flourish and make its important contributions to the growth and prosperity of our nation.

Hill Richards Adds

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Emory A. Jackson is now affiliated with Hill Richards & Co., 155 Montgomery Street, members of the San Francisco Stock Exchange.

Continued from page 42

with highly competitive market conditions which make it necessary to hold the line on prices and even reduce them in some instances.

Since low profit margins prohibit industry from continuing to grant increases in the current upward spiral of wage demands, 1953 may become a period of labor unrest and strikes unless the leaders of labor organizations realistically view our economic situation. The present high plateau of labor compensation represents the greatest gain of any working force in our economy during the postwar period. Future gains can be realized only through greater advances in productivity. Some of the pressure of wage increases, however, may be lessened through a pause in the inflationary spiral and subsequent descent in commodity prices, both of which would tend to stabilize the cost of living and increase the purchasing power of the dollar.

The year 1953 will mark the beginning of a period when the management of industry will devote more attention to the control of operating costs and to the diversification of product lines. A great amount of effort will be expended also in strengthening weak spots in management staffs. Training programs for developing competent junior executives will receive special attention. Product development and research expenditures, too, will continue at a high level. Another trend to receive greater emphasis is the establishment of manufacturing facilities abroad to serve the product requirements of foreign markets. These plants, sponsored by U. S. industry, will help retain certain world export markets which we have been priced out of by our present high wage levels.

As I stated earlier, these predictions are gleaned from a somewhat clouded "crystal ball." Some may come to pass, others not. But 1953 should not be viewed with alarm, nor should conscientious planning be accepted too lightly. I am confident, though, that the period we are entering, in spite of problems to come, will offer opportunities, as always, for well-managed companies to lay the foundation for healthy, progressive growth both in product lines and in earnings.

CHARLES H. DIEFENDORF

President, The Marine Trust Company of Western New York, Buffalo, N. Y.

The postwar boom has been of long duration and it therefore is of particular interest to appraise the various forces at work in order to develop a perspective on the overall economic situation. This is especially so in view of the potential significance that may attach to the change in National Administration. A new approach to fiscal and monetary policy could well produce changes of a very fundamental nature, both domestically and internationally, and we have every reason to believe that such developments through restored confidence and some optimism could be particularly beneficial to the economic system and the long-term interest of the country.

Charles H. Diefendorf

At this time last year it was apparent that industry would be likely to lean more on the banking system than had been the case in the last decade or two, reflecting the cumulative effects of the inflation and the demands inherent in a period of active business. This has been evidenced by an increase in commercial bank loans of about $1½ billion above the 1951 year-end level. The maladjustments incident to the steel strike unquestionably affected the seasonal pattern and it also delayed the transition of many industries from a seller's to a buyer's market, with the collateral effects on the money markets.

It appears now that credit will still be in demand for the greater part of 1953 but, with the possibility that the forces of inflation will be less predominant, there is the likelihood that the rise in loan volume will be checked during the year.

It is well to note that since the latter part of 1950, barring the period affected by the steel strike, the Federal Reserve Board Index of Industrial Production has remained at a rather constant level around the 220-225 area until recently, when it moved up to 230. This is particularly interesting for it shows that with the powerful stimulation of armament spending, major plant expansion, tremendous rise in credit outstanding and nonpublic debt and the inflation bias of governmental policies, the economy has ceased to expand as measured by this index of industrial activity.

This could be of special significance when weighed with the fact that much of the immense backlog built up in the economically stagnant 1933-39 period and during the war has been satisfied, and in the light of the fact that to an increasing extent there seems to be developing adequate and perhaps even excess productive capacity in many industries as measured by current civilian demands.

Present projections forecast a continued high level of business activity well into 1953, but an economy that is producing to meet primarily the current needs of the country is of somewhat different character than that which we have known in recent years where both current needs and backlogs have had to be met, plus the building of major additional production capacities. It should not, therefore, be surprising if the level of industrial activity should turn down to some extent before the end of 1953, dependent, of course, on the international situation and its effect on armament spending.

It appears that while there is a basis for caution as to the level of business activity as the year matures, long range planning suggests a high level of industrial activity and national income and this result is likely to be furthered by a more friendly and understanding environment for our free enterprise system, with benefits to the country's whole economic well-being.

LELAND I. DOAN

President, The Dow Chemical Company

As business enters 1953, it can look forward confidently to continuing strong demand for goods and services, with production and employment holding up to meet that demand throughout the year.

Industry in general has been expanding steadily the past few years, and expansion will continue at high levels during 1953 as companies add to their capacity for defense purposes and the needs of a growing population.

Leland I. Doan

The chemical industry, in the vanguard of general expansion, has also been building rapidly for several years to take care of both emergency defense and civilian requirements.

Management of The Dow Chemical Company is optimistic not only about the 1953 business outlook but the long-range outlook as well. The company estimates that its capital expenditures for new plant and equipment will total approximately $100 million during the current fiscal year ending May 31, 1953, and depending upon business conditions, may spend another $100 million for expansion in fiscal 1954.

Projected 1954 expenditures are part of a long-range expansion program which has seen an outlay of $441 million over the six-year period which ended May 31, 1952.

Last July Dow Chemical sold $100 million of subordinate convertible debentures. This in addition to internally generated cash will probably be adequate for financing the projected expansion for fiscal 1954. No new financing is contemplated at this time.

Management estimates that if present dollar volume continues, sales will run 5 to 10% higher for the fiscal year ending May 31, 1953, than in fiscal 1952 when the company produced and sold products totaling about $407 million.

Pre-tax earnings are expected to be about the same in fiscal 1953 as in 1952, while present indications are the company will show a somewhat higher net income after taxes in 1953 than in 1952.

As a result of its expansion program, the company is continuing to diversify its line of products. Through steadily increasing research and development, new products are continuously being introduced to commercial fields, and new uses are being found for old line products.

Dow Chemical, with its broad foundation of basic industrial chemicals supplied to manufacturers of finished products, continues to recognize the need for strong sales programs as a means of developing markets for an increased number and quantity of products.

The chemical industry, and in fact all industry, is not without its problems as the business year starts. Paramount among these are maintenance of adequate net income in the face of high taxes, particularly the Excess Profits Tax, and general governmental intervention in business, including wage and price controls. There are indications, however, that these problems may be alleviated in time.

One significant answer to the earnings problem, Dow management believes, lies in rigid internal economy. Some time ago the company went on record as opposing lavish corporate spending as a means of cutting down tax outlays. Management's thinking on this is unchanged as 1953 opens.

DR. ALLEN B. DU MONT

President, Allen B. Du Mont Laboratories, Inc.

With the realease of the "freeze" on new station construction in 1952 the television industry reached the climax of six years of development in the postwar era. Television has proved itself to be the most dynamic, fastest-growing industry in American history.

Dr. Allen B. Du Mont

At this writing there are more than 20 million receivers in American homes, and more than 115 stations on the air. Indications are that some 75 additional stations will go on the air in 1953 and that the manufacturing segment of the industry will produe upwards of 6½ million receiving sets.

During the past six years television has fashioned a brilliant chronology of achievement. While the medium was largely thought of as an entertainment vehicle, television also has taken a serious and constructive view of its responsibilities in public service to the American public.

Looking to 1953, the industry is stimulated and inspired to accept an even greater challenge to its public service opportunity. It's potential is limited only by the imagination and skill of those using it.

As television's periphery expands in 1953, it will broaden the nation's horizons as nothing else ever could. Television will offer to the American people a fuller authentic drama of American life in all of its power and color. Combining the visual with the auditory, video's variety and intensity of impact will prove it to be the most potent force the world has ever seen. Television will help raise the nation's mental levels, thereby helping to eliminate some of the suspicion and prejudice that are at the heart of many of our problems.

On Jan. 20, in its first major example of public service in 1953, television will enable more people to view the inauguration of President-elect Eisenhower than the total population of the nation in 1900. More people will have an opportunity to view this year's ceremony in Washington, D. C., than in all the other previous inaugurations combined.

During 1953 television will be a prime instrument in bringing government closer to the people. The public's attitude towards having a more intimate insight into governmental workings, sharpened by video's coverage of the political conventions and the campaign, already has led to discussions for the televising of sessions of Congress and various state legislatures. Aside from its part in bringing out the record-breaking 61 million vote, television has done more to stimulate interest in our government than any other medium in our history.

What Abrham Lincoln could have done with television during the crisis of the Civil War! What Woodrow Wilson could have accomplished with television in his crusade to bring the idea of the League of Nations to the American people!

During 1953 educators will begin to realize some of the unlimited potential of television as a teaching aid. They will begin to make the most of their opportunity to utilize and make a place for this—the most powerful means of communication yet devised by science.

Classroom television will be able to embrace the objectives of educating adult school classes, college or university classes, secondary school classes, and in-service teacher training classes. Public educational television will be used in educating the entire viewing public, special interest groups and enrolled students for credit courses.

Each of these classifications, general and specific, require programming designed and produced with special techniques to attain their objectives. Already educational groups all over the nation are working toward this end.

Aside from its over-all educational value, in the varied fields of industry, science, research and in the national defense effort, television through its many applications gives daily increasing assurance of public service importance in our national life and safety.

Actually, non-broadcast television is so completely versatile, has so many facets, as yet unexplored, that no one man can accurately foresee all of its uses in the future.

In 1953 television, in all of its phases, will serve a better enlightened and educated public through a high level of programming coming into our homes daily. In 20 years we will be able to look back on 1953 as the year when the 20th Century invention in communications began to help mold the thinking of the American people in unprecedented fashion.

Through television, 1953 will be remembered as the year when a new, strong, psychological bond between Americans was cemented.

ALEXANDER E. DUNCAN

Chairman of the Board, Commercial Credit Company

In my opinion, the outlook for general business and net income during 1953, should compare favorably with that for 1952—possibly somewhat better during the first six months than during the last six months of the year.

In the absence of a material enlargement of the present war, I do not look for any serious business depression in the United States during the next three or four years. A recession in business of from 5% to 15% could well take place during 1954-55 or 56. I think such a recession, with some reduction in prices, in the cost of living and some increase in unemployment, would really be healthy. Such conditions should help our country get back to a more normal and sound economic basis and bring about a much needed increased efficiency of employes.

Alexander E. Duncan

During the past few years there has been a large increase in population throughout the United States, as well as a great increase in the number of retirement annuity, old-age and other pension plans, social security, unemployment and hospitalization insurance. These conditions have greatly enlarged the consumer purchasing power in the United States, wihch should continue to increase and thereby have much to do with preventing any serious business depression.

To my mind, one of the greatest business problems our economy has to face during the next few years is the tariff question. For several years our country has been exporting to other industrial foreign countries our most modern and improved machinery, either by loans, gifts or otherwise, along with the "know-how" people to operate it. These countries have a much lower wage scale and standard of living and when employes are trained should be able to produce competing articles much cheaper than they can be produced in the United States. The question then comes up (a) how can we prevent our domestic market from being flooded by

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Detroit Stock Exch. Elects New Officers

The Detroit Stock Exchange announces the election of the following officers for 1953.


Frank E. Voorheis L. H. Dilworth

Ralph Rotsted

President: Frank E. Voorheis, Goodbody & Company.

Vice-President: Lawrence H. Dilworth, R. C. O'Donnell & Company.

Treasurer: Ralph Rotsted, F. J. Winckler Company. Announcement was also made of the reappointment of Fred J. Oppat as Secretary and Examiner.

Governors elected to the Board for a three-year term are: Edward T. Bennett, Jr., Bennett, Smith & Company; Sidney J. Forsyth, Baker, Simonds & Company, and Warren T. Olson, Wm. C. Roney & Company.

Other Governors making up the Board are Lawrence H. Dilworth of R. C. O'Donnell & Company, Seabourn R. Livingstone of S. R. Livingstone, Crouse & Company, and Frank E. Voorheis of Goodbody & Company whose terms expire in 1954; Charles Errol Exley of Charles A. Parcell's & Company, George A. McDowell of Straus, Blosser & McDowell and Ralph Rotsted of F. J. Winckler Company, whose terms expire in 1955. Edward C. P. Davis and William A. Walker of Dickinson, Wright, Davis, McKean and Cudlip will continue as Counsel and Edwin Bower of White, Bower & Prevo will continue as Auditor.

Elected to the Nominating Committee for 1953 are: Samuel Hague, Smith, Hague & Company; Charles A. Kreidler, Floor Trader Member, Detroit Stock Exchange; Raymond C. O'Donnell, R. C. O'Donnell & Company; Andrew C. Reid, Reid, Higbie & Company, and Wynn F. Wakeman, Baker, Simonds & Co.

Consumers Power Stk. Offering Underwritten

Consumers Power Co. is offering holders of its common stock the right to subscribe for 617,669 additional no par common shares at $35 per share, on the basis of one new share for each ten shares held of record Jan. 15, 1953. Subscription rights expire at 3:30 p.m. (EST) on Jan. 30, 1953. Morgan Stanley & Co. heads a nationwide group of investment firms which is underwriting the offering. The proceeds will be used to help finance the company's construction program which is expected to cost about $115,500,000 for the years 1952 and 1953. Chief projects in this program are the construction of the new Justin R. Whiting steam-electric generating plant on Lake Erie with two units of 85,000 kilowatts capacity which were installed during 1952 and a third unit of 106,000 kilowatts to be installed in 1953 at a total cost, including substation extensions and transmission lines, of approximately $49,000,000; and the addition of a seventh unit of 135,000 kilowatts at the John C. Weadock steam-electric plant near Bay City, Michigan.

Consumers Power Co. operates entirely within Michigan, supplying electricity in 1,471 communities and townships and natural gas in 267. The larger cities served include Battle Creek, Bay City, Flint, Grand Rapids, Jackson, Kalamazoo, Lansing, Muskegon, Pontiac, Royal Oak and Saginaw.

The company's operating revenues have increased from $77,217,299 for the year 1947 to $134,186,689 for the twelve months ended Sept. 30, 1952. In the same periods income available for common stock rose from $11,580,954 to $16,745,551.

The company has paid dividends on its common stock in each year since 1913. Since November 1946 dividends of 50 cents per share have been paid quarterly and a quarterly dividend of 50 cents has been declared payable Feb. 20, 1953 to stockholders of record Feb. 5, which will be paid to holders of the additional common stock.

Herbert Lee Opens

PATERSON, N. J.—Herbert Lee is engaging in the securities business from offices at 746 Fourteenth Avenue.

With Denault & Co.

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Herbert R. Lee has been added to the staff of Denault & Co., Russ Building. He was previously with Waldron & Company.

Three With Hannaford Talbot

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Lloyd B. Anderson, Robert Crawford, Jr. and J. O. Stendal, Jr. have become associated with Hannaford & Talbot, 519 California Street. Mr. Crawford has recently been with J. Henry Helser & Co. In the past, Mr. Stendal was associated with Conrad, Bruce & Co., in Portland, Oregon.

With Harris, Upham

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Claude R. Nowell is now connected with Harris, Upham & Co., 136 Federal Street.

With Keller & Co.

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Sidney R. Gordon has become associated with Keller & Co., 50 State Street. Mr. Gordon was formerly with du Pont, Homsey & Company and F. L. Putnam & Co.

Joins John G. Sessler

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—John Murray has become affiliated with John G. Sessler & Co., 10 Post Office Square.

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such foreign competition, and (b) how can we compete with such foreign countries in other world markets?

The activities of Commercial Credit Company are through the operations of its Finance Companies, its Insurance Companies and its Manufacturing Companies. During 1952 the volume of business under each of these divisions was at a new all-time peak and the net operating results of each were very satisfactory. We look forward to a continuation of these conditions throughout 1953.

CYRUS S. EATON

Industrialist and Banker, Cleveland, Ohio

The future of the American economy lies in the hands of the new Administration.

Three years ago this month, as a private citizen, and not as an officeholder or spokesman for any political Party, President Eisenhower made a ringing appeal for "the fullest possible exploitation of Amerian resources for the good of all," with the "dividing line between government and citizen" so located as "to provide full play to the American qualities of initiative, courage, inventiveness, which in their sum, have won us a productivity without a parallel in the world." He stressed that "the need for economy in government would require guards against excess of bureaus at the seat of government," and warned, "more and more bureaus, more and more taxes, fewer and fewer products; the final result is financial collapse and the end of freeodm."

Cyrus S. Eaton

In the 20 years since the Republicans were last in power, a vast new bureaucracy has been created within the Federal government. Taxes has risen to the point of confiscation. Barring, first, war orders and, then, postwar defense orders, production would certainly be at the low level postulated in the Eisenhower speech. Federal finance is in a chaotic state from persistent overspending of income.

The new Republican Administration faces a challenging opportunity to realize the governmental ideals stated by President Eisenhower in 1949. The crucial question is, can the Administration resist the pressure from job-hungry party members, from the widely interlocking group of Washington bureaucrats who always stand together to avoid hanging separately, and from the special interests, including foreign and domestic borrowers, contract seekers, and lawyers who make a lucrative living practicing before government agencies?

As President Eisenhower declared three years ago, "Our foremost need is strength: moral, intellectual and material strength. We must cling ever more closely to the fundamentals of American belief in human dignity and rights." Scrupulously following this precept, the new Administration can, without sacrificing any of the desirable social gains of the past two decades, achieve the goal that President Eisenhower aptly designated as "the American dream for betterment in the cultural and material standards of our people."

R. G. DUNLOP

President, Sun Oil Company

The outlook for the petroleum industry in 1953 is generally optimistic, both for itself and its customers.

Certainly the industry has never been in a more favorable position to meet foreseeable demands. Continued expansion during the year has raised productive capacity to a new high level and built up sizable inventories of both crude oil and products.

Robert G. Dunlop

As a result, the industry not only is prepared to absorb in stride an expected increase in demand of from three to five per cent over 1952 but actually concern is evident in some quarters over the possibility of temporary oversupply.

But, once again, the outlook for the year ahead is obscured by continued tension throughout the world. Up to now the Korean War has not placed undue burden upon the petroleum industry. Any extension of this conflict or fresh outbreaks of fighting in other parts of the globe, however, would be accompanied by new demands for oil supplies from the military which would have an impact on all current calculations.

One thing certain is that competition for the dollar of the petroleum products consumer will be sharper than ever. For the first time in several years supply has caught up with demand—even though demand is still rising in this growth industry.

Already some petroleum products, notably lubricating oils and heavy fuel oils, are selling generally below ceiling prices. Gasoline also is priced below ceiling in a number of areas of the country.

These trends pointing to stiffer competition in 1953 are healthy not only for consumers but for the oil industry as well, for it has always made its greatest progress at such times. The price trends in evidence show clearly there is no justification for price or wage controls on the industry.

The build-up on the supply side of the oil industry picture is the result of an expansion and modernization program that has been going on for the last seven years. Representing an investment of more than $17 billion, the postwar program reached a new high in 1952 when expenditures totaled about $3.6 billion in the United States.

Thus the industry is today geared for the highest rate of operations in its history. In addition, it is expected that capital expenditures for 1953 will continue at the same high level as in 1952. There is every indication, for example, that the number of new wells drilled in 1953 at least will equal the record 46,000 drilled in 1952.

In this vast expansion effort, the petroleum industry has been responding not only to market demand but to the urgings of the Federal Government for the development of a cushion of reserve capacity. Just how large this "cushion" should be is one of the problems facing the oil companies.

At the year-end a new Administration is preparing to take over in Washington. Oil men do not expect it to perform miracles. But they do look to it to curb the inflationary forces which have been the industry's greatest concern in carrying forward its expansion and plant replacement program. They look to it for the restoration in large measure of freedom of choice and freedom of action for all the people.

The oil industry seeks no special favors from government. If the new Administration and the new Congress give recognition to the forces that have made the industry great—freedom to exercise its resourcefulness under the stimulus of proper economic incentives—oil men can be counted upon to do their part in helping to keep America strong.

M. C. EATON

President, The Norwich Pharmacal Company

I feel very strongly that 1953 will be an excellent year for practically all businesses. The uncertainty is over; the overwhelming victory of General Eisenhower will give confidence and inspiration to management so that they will continue in a more intensified manner with their own particular business this coming year.

M. C. Eaton

Businessmen will move ahead with plans upon which they were hesitant. Whereas the atmosphere in Government has been antagonistic to business for 20 years, it is entirely different now and now with this new regime, business is not going to be in the doghouse and will have a fair break which they have not had before.

The idea of pitching one group against another, such as farmers against labor, labor against industry, etc., is not going to be the prevailing policy of this Administration. That also gives everyone confidence. As a result of this confidence, I think that business is going to be extremely good. The fear which has prevailed that we are on the brink of war is no longer with us.

Of course, there will be problems in effecting the transition from an economy based on inflation and maintained by war and perpetual crisis to an economy based on real stability.

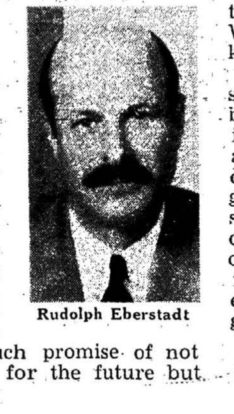
With hardly an exception, the competent economists of the country look for a year of prosperity in 1953. The rate of Government spending will not decline much, if any, during 1953, and planned business spending for the year will maintain the current level. Consumer spending power will run ahead of 1952; and with the likelihood of a steadier price level, the physical volume of business done is likely to increase moderately.

One of the most important factors in any nation's economy is the confidence or lack of confidence in the future. We have seen in the last few years occasions when business has slowed down due to the reluctance of people to spend their money. There seems reason to believe that with the coming of the new Administration there will be a reawakening of confidence in the stability of the American economy.

RUDOLPH EBERSTADT

President, Barium Steel Corporation

The year just passed has seen an impressive increase in steel making capacity in the United States and 1953 will see further increases. However, our expanding economy and the tremendous pent-up demand of the steel consuming industries, automotive, appliance, railroad, oil and gas, highway and building construction and others, should provide a ready market for steel of most types.



Rudolph Eberstadt

We look forward to a profitable year for our steel operations and are planning further expansion and improvements of our steel making, fabrication and steel end-products facilities.

So as to take advantage of the fantastic increases in the use of new light weight materials, several of our operations have been experimenting and working in fabrications of magnesium, reinforced Fiberglas, aluminum, titanium and others. We believe that these materials hold much promise of not only new and interesting products for the future but reconversion of existing products now made of other materials.

With the acquisition last year of a large, capable and experienced engineering research and development staff, I believe we are in an excellent position to thoroughly explore and capitalize to the fullest on any and all new developments in the materials in which we work. This engineering staff has already chalked up several "firsts" to their credit in the utilization of magnesium for aircraft, aircraft components and prefabricated structures, and Fiberglas for water tanks, barges, shelters and aircraft hangers. Another interesting "first" is the design development of a radically new type of helicopter which should virtually double the speed of existing models. This machine is scheduled to be test flown during the first quarter of 1953.

Our continuing program of diversification and development of end products strengthens my conviction that Barium should have a most satisfactory year in 1953.

HARRY EDISON

President, Edison Brothers Stores, Inc.

I predict good business for the first half of 1953 and there are many sound reasons also on which to base a full year of prosperity.

Eisenhower's able Cabinet appointments already restores renewed confidence and business can well expect a strong and sound legislative program which should have a definite check on inflation and the spiral of high prices.

Harry Edison

There will, no doubt, be a definite reappraisal on government defense spending which should bring about necessary readjustments and waste eliminations. Whatever gap occurs by the tapering off of defense spending can easily be closed by business and industry who possess a huge backlog of liquid assets ready for plant expansion and equipment.

There are greater needs for our ever increasing population. Greater competitive forces will assert themselves during the year. Manufacturing resources that can by greater efficiency gear their plants to mass production so as to give the highest quality at the lowest possible price to their distributors can help meet this competition and overcome the ever increasing consumer resistance to higher prices.

The underpinning necessary to stabilize our home economy, I feel, is limitless. We possess a wealth of natural resources. Our people rejoice in the highest standard of living of any nation. Peak employment and high wages will continue through the year 1953. The floating of municipal bonds will place in the hands of state and local governments enormous funds for public construction, housing, highways and schools. Such spending has been far too low in the years gone by. Such worthwhile outlays can easily take the place of some reduction in military spending which will no doubt occur.

In our own popular price retail shoe field we will have closed the year of 1952 with an all time high record of sales in excess of $80,000,000 and net results on the favorable side.

Total shoe production in our country for 1952 will exceed 500,000,000 pair. Since shoe production for military needs has eased considerably, shoe production can now well exceed consumer demands.

Previous high leather prices created a diminishing leather market for tanners and chased shoe production into many synthetic materials. This was necessary to meet consumer resistance to high shoe prices. The present outlook is for a plentiful supply of hides and leathers, and any price advances regardless of their origin will only retard production and focus the possibility of reestablishing price control.

Management that can offer the consumer efficient service, greater value at lowest possible prices will receive the greater portion of the consumer spending dollar.

As I see it, there are no overhanging dark clouds on the business horizon for the year 1953.

PERRY T. EGBERT

Vice-President, American Locomotive Company

Traditionally, statements on the outlook for business in every new year are clothed in cautious optimism.

For 1953, the cautious optimism, with the emphasis on "cautious," is deserved, in my opinion. Economists generally agree that since the end of World War II the spurs brought to the economy by inflation, the Korean War and overseas aid programs have kept national production rising.

P. T. Egbert

It looks now as though these stimulants to greater output will be lost, at least in part, to business in 1953. The Defense Department already has sharply reduced many ordnance contracts. The new Congress has announced plans to reduce spending for defense, foreign aid and other programs. Furthermore, short of an all-out war, or another Korea, it does not seem that business can expect another catalyst to re-energize the economy with new demands.

In other words, it appears likely that business for the

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S. F. Exchange Elects Officers

SAN FRANCISCO, Calif. — Mark C. Elworthy of Mark C. Elworthy & Co. was elected as Chairman of the Board of Governors of the San Francisco Stock Exchange for the second time at the Annual Meeting Jan. 14. Marco F. Hellman of J. Barth & Co. and Calvin E. Duncan of Calvin E. Duncan & Co. were also re-elected as members of the Board of Governors for a two-year term. In addition to the above Joseph Hauck of Schwabacher & Co.; Sherman Hoelscher of Sherman Hoelscher & Co.; Ronald E. Kaehler, President of the Exchange; and Victor T. Maxwell of Parrish & Maxwell are members of the Governing Board.

Mark C. Elworthy

Elected to the Nominating Committee to serve for the coming year were Earl T. Parrish of Parrish & Maxwell, Chairman; Stanley R. Dickover of Mark C. Elworthy & Co.; M. J. Duncan of Calvin E. Duncan & Co.; R. R. Hodge of Frank C. Shaughnessy & Co.; Harold W. Lutich of Harold W. Lutich & Co. and Robert F. Mulvany of Irving Lundborg & Co.

So. Calif. Ed. Stock Offer Oversubscribed

Blyth & Co., Inc. and 42 other underwriters on Jan. 16 publicly offered 500,000 shares of Southern California Edison Co. common stock (par $25) at $37.75 per share. The offering was quickly oversubscribed and the books closed.

The net proceeds, amounting to approximately $18,540,000, will be used for the company's continuing construction program, including the retirement of $4,000,000 bank loans.

The company, incorporated in California on July 6, 1909, owns and operates 24 hydroelectric plants and four steam electric generating plants (not including Etiwanda Steam Station now under construction), and operates one diesel generating plant under lease, with total effective operating capacities under optimum conditions of 1,394,420 kilowatts, together with transmission and distributions, all located in central and southern California with exception of the Nevada portions of transmission lines from Hoover Dam. In addition, the company presently has available for its use 405,000 kilowatts of like capacity at Hoover Dam power plant.

Net income after all charges, including taxes and interest, amounted to $23,767,584 for the 12 months ended Oct. 31, 1952, which compares with $19,615,182 for the calendar year 1951 and $19,658,025 for the calendar year 1950.

It is expected that gross plant additions for the two-year period, 1952-1953, will total approximately $150,110,000 and during such period the company has made and expects to make normal retirements.

Texas Northern Oil Issue Oversubscribed

Collie Weber, President of Weber-Millican Co., underwriters of New York City, reported on Jan. 16 that the offering they made jointly with R. V. Klein Co., New York, N. Y., of 300,000 shares of Texas Northern Oil Corp. common stock at $1 per share was substantially oversubscribed.

Texas Northern was organized in September 1952 for the purpose of exploring for gas and oil and the development of likely gas and oil prospects in Texas and Oklahoma.

Funds received from the underwriting are used for working capital by the corporation and for the acquisition of oil leases, producing oil properties and drilling additional wells.

Rejoins Supple, Griswold

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif.—Howard F. Sillick has rejoined the staff of Supple, Griswold & Co., 235 Montgomery Street. He was recently with Stewart, Scanlon & Co.

Financial Analysts Annual Convention

PHILADELPHIA, Pa. — The sixth annual convention of the National Federation of Financial Analysts Societies will be held during the four-day period April 12, through April 15, 1953, at the Bellevue-Stratford Hotel, Philadelphia.

Several hundred financial analysts are expected to attend. They will participate in a series of forums and management conferences and hear from many of the nation's leaders in industry, commerce, banking and finance.

Joins Hamilton Managmt.

(Special to The Financial Chronicle)

DENVER, Colo. — Michael F. Campbell has joined the staff of Hamilton Management Corp, 445 Grant Street.

Bendix Luitweiler Admits

Bendix, Luitweiler & Co., 52 Wall Street, New York City, members of the New York Stock Exchange, will admit Rachel Cohon to limited partnership Feb. 1.

Joins Dean Witter

(Special to The Financial Chronicle)

BOSTON, Mass.—Lincoln Davis, Jr. has become connected with Dean Witter & Co., 19 Congress Street. Mr. Davis was formerly with Shields & Company.

Herbert I. Buttrick With Wood, Struthers & Co.

(Special to The Financial Chronicle)

BOSTON, Mass.—Herbert I. Buttrick has become associated with Wood, Struthers & Co., 75 State Street. Mr. Buttrick was formerly with Laidlaw & Co. and prior thereto was Manager of the Municipal Bond Department for Whiting, Weeks & Stubbs, Inc.

Joins Chas. A. Day Co.

(Special to The Financial Chronicle)

BOSTON, Mass. — Bernard F. Supple has become affiliated with Chas. A. Day & Co., Inc., Washington at Court Street, members of the Boston Stock Exchange.

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first time in many years may be returning to a more normal state of operations. For the rail equipment industry, it seems to me, this development may bring more intense competition, and increasing efforts toward diversification.

Since World War II, a virtual flood of locomotives, passenger and freight cars and other capital equipment has poured from builders' factories to domestic railroads. An excellent market still remains for rail equipment, but in many cases the peak of the demand has passed.

As one example, nearly 17,000 diesel locomotive units were built and placed in service from Jan. 1, 1946 through December, 1952. In 1946, diesels performed 16% of passenger service, 10% of freight service and 29% of switching service. As of Oct. 1, 1952, dieselization has progressed to the point that railroads reported 70% of passenger service, 64% of freight and 76% of switching was handled by the diesel.

Yet there is probably a five-year market for new diesel locomotives based upon present levels of production for sales to domestic railroads alone. Sales to foreign roads offer an increasing opportunity, a fact which American Locomotive has recognized for some time as evidenced by the fact that it has sold more diesels for export than all other builders combined. Of course, a second important stabilizing effect is the increasing sales of renewal parts for diesel locomotives. It is almost axiomatic that a diesel locomotive is only as old as its last changeover of major components. A steady flow of replacement parts makes it possible for railroads not only to keep their diesels on the road earning, but in many cases to modernize their locomotives to the latest designs. For these reason, sales of renewal parts in 1953 are likely to total what annual sales for new locomotives were less than a decade ago.

The more intense competition in the rail equipment field for 1953 probably will be accompanied by new efforts toward diversification. What the nation's freight car builders and locomotive builders have done in this direction already is impressive. American Locomotive is marketing heavy industrial equipment already for the petroleum, chemical and power industries. Its products also are sold to the farm equipment, mining, pipe line, gas and steel industries. Other companies have made equally strong efforts to stabilize production among many industries. New efforts in this direction may be expected in 1953.

To put it briefly, the loss of outside "stimulants" to production should bring more intense competition and increased diversification as business finds itself "on its own" in 1953.

A. G. ELAM

President, Southern Commercial and Savings Bank, St. Louis, Missouri

Beginning in the early 30's, the planners and policy makers of our government, aided and abetted by the crystal-gazing economists, partially succeeded in convincing the public that they possessed a miraculous secret formula for running our government without anyone having to work or worry. The theory of these dreamers was to penalize, by taxing heavily, those who had worked hard, saved systematically, and invested wisely. Such socialistic practices brought us to the brink of bankruptcy.

A. G. Elam

On Nov. 4, 1952 a new era began. President Eisenhower's natural ability as a great leader is becoming more pronounced and effective each day. He has proven to be a master in selecting outstanding men to assist him in the Herculean task of restoring the American Way of Life—the way that made America great. All of these practical business men are successful. They are rugged, resourceful, experienced individualists, and will take the places of the professional politicians. They were selected on their achievement record instead of their political power. Work will be popular again. Rewards will be given only to those who deserve them. The days of getting the "mostest" for the "leastest" are gone. Competition will be keen. Efficient management, both in government and business, will be necessary to survive. Shocking bureaucratic extravagances will not be permitted to continue. Thrift will be beneficial, and budget balancing will stand high on the agenda and receive priority. There will be no more epidemics of unwarranted and conscienceless political subsidies. Decentralization will force local and state governments to assume their respective responsibilities instead of applying to Washington for aid. Needless "gravy-trains" will be side-tracked. Business whether large or small will be encouraged to make a reasonable profit without fear of reprisals or confiscation. Competitive private enterprise will be allowed to exist in the God-given realistic natural way.

Studying carefully the abilities of the men President Eisenhower has selected, I am firmly convinced that the new Administration will endeavor to put more business in government, instead of more government in business. With such able leadership, we can approach the New Year in an atmosphere of moderate optimism, even though the problems are many and complex. Since most people have become debt conscious, personal and public debts will be substantially reduced. In doing so bank deposits will shrink somewhat. Borrowing will not be easy, and interest rates will automatically increase. Hence, it is my prediction that the net profit to banks will, for 1953, equal or exceed 1952.

The bankers can and will play a major role in contributing substantially to the success of the new Administration by cooperating in its endeavor to return to a sound and sensible economy. If we as bankers will eliminate and restrict all unnecessary and needless credit, our part will have been played wisely and effectively, and at the end of 1953, we will be proud of our contribution.

ROLAND A. ERICKSON

President, Guaranty Bank & Trust Company, Worcester, Mass.

At the present time, over-all business in the United States is operating at the highest rate in peace-time history. This is in part the result of the settlement of the steel strike which had artificially dammed up a normal flow of market demand during the summer months. In addition, the country at large is interpreting the results of the recent national and state elections as a restatement of America's faith and belief in freedom of opportunity, in the belief that ambition, ability, and character are good virtues. It has created an "Eisenhower boomlet."

Roland A. Erickson

The big question today is whether the present basis of the postwar boom, now in its seventh year, has enough "self-generating steam" to rise to higher levels. It seems to me that the most optimistic case that can be presented is for a continuation of present levels. The bullish forces such as projected government expenditures, investment in new plant and equipment, public works, housing, and population trends are all at best sustaining forces rather than self-generating stimuli that would set in motion a new expanding cycle.

In fact, the present phase of rearmament though at peak levels in dollar expenditure, is not as stimulating dollar for dollar as the "get ready" phase of 1950-51. Housing though strong at a projected 950,000 to a million starts is 30% below the 1950 record.

When a boom has generated itself for seven years, and when no new dynamic forces are on the horizon—this assumes that present rearmament or warfare is not to be intensified—it is always well for the businessman to consider elements of potential weakness. This is particularly true at the termination of a period that has witnessed an expenditure of $151 billion for new industrial plant and equipment. A part of these new productive facilities have not yet had their impact on supply. We are entering a period when the availability of goods can continue to increase but the consumer demand seems to be leveling off. This increased supply also coincides with the incidence of moderately declining profits after taxes. Profits are expected to be $17.8 billion in '52 or 16.5% and 5.5% below '50 and '51 respectively. Such a sequence of events — expanding supply, stable demand, lower profit margins—may lead to some unwarranted pessimism. The action of the wholesale commodity price index in declining nominally for 18 months and the 25% reduction in the sensitive commodity price index from the Korean peak is an indication that the health of the economy may not be as robust as in the past.

Although I must conclude that business will continue good through the first six months of 1953, probably averaging 223 on the Federal Reserve Board Index, judgment should be reserved for the latter half of the year. If the softness in the raw material commodity market should continue and spread to the semi-finished area, I would tend to mark down the second six months. Historically, however, it would still make a good business year on the over-all.

ALFRED EPSTEIN

President, Pfeiffer Brewing Company

The year 1952 was a year of paradoxes for the brewing industry. Although final figures are not yet available, it appears that sales will again show a slight gain over the preceding year—a continuation of the trend which manifested itself in the preceding year. At the same time, however, most brewers experienced difficulty in bettering the earnings of 1951. This was a condition not singular, however, to the brewing industry. Because of increased taxes and higher operating costs, many corporations found its difficult to translate improved sales into higher net income.

Alfred Epstein

Prospects for the year 1953 are highly encouraging. Sales should continue to show gradual, but steady improvement and prospects for improved earnings also are good. There are some indications that a peak in costs has been reached, at least for the time being; with these under better control, profit margins should also show some improvements.

The brewing industry is aware that the steady, though slow, improvement in sales during the last several years reflects the aggressive sales and promotion campaigns that have been carried on. Leaders in the industry plan to continue their efforts to popularize beer as a drink of moderation—a beverage highly desirable for consumption in the family circle. Already, this theme has proven its value as evidenced by the steady increase in the proportion of total sales represented by packaged beer.

During the year, this item again showed a somewhat greater proportionate gain than was shown in the distribution of draught beer. It is quite likely that this trend will continue during 1953, particularly in view of the prospects for a freer supply of cans.

Raw materials generally also are expected to be in better supply during the current year. As a matter of fact, however, most of the raw materials were readily available in 1952. There are some evidences that better or more constant prices may prevail during the coming year — another factor which may assure better control over operating costs.

The trend toward fewer and large breweries, which has been symptomatic of the industry since the Repeal of Prohibition, continued in evidence during 1952. It is quite likely that the same condition will again prevail this year. The higher operating costs, coupled with the necessity for large advertising and promotional expenditures, make such a trend logical. It appears evident that in the not distant future the small local brewer will have passed from the picture entirely with but few exceptions.

As a result, it seems likely that the regional brewers and the national shippers will continue to enjoy the bulk of the industry's future growth.

This trend has been significantly evident for a number of years and should continue uninterrupted. The regional brewers are making greater efforts to capture a larger share of the market within their own territory. A number of them, including Pfeiffer, are intensifying their efforts within geographic areas already served. These efforts should be reflected in a further sales gain for this segment of the industry in the future.

Generally speaking, the outlook for the industry is favorable. Sales should continue to improve; promotion efforts will continue active; raw material costs and other expenses are likely to be more favorable during 1953; and the trend toward less Government control of business generally also should be favorable for brewers. As to earnings, it is quite likely that there will be no uniformity of trend in this direction—much will depend upon the individual company's position with respect to competition and its ability to integrate previous expansion efforts on an efficient and economical basis. For the industry as a whole, however, the outlook is encouraging.

E. S. EVANS, JR.

President, Evans Products Company

As this is written, business leaders in those industries which we serve foresee a better year in 1953 from every point of view than they experienced in 1952.

While most companies are engaged in military projects, optimism for 1953 stems from the projected outlook for production and sales in non-military lines.

Edward S. Evans, Jr.

The heating and ventilating industry can expect to have a good year, especially if government controls on materials and prices ease up. Manufacturers of railroad loading equipment expect an especially promising outlook for the first six months of 1953.

Changing customer preferences in home heater types are expected to govern the sales and production programs in the space heater field. It is expected there will be more home heater installations during 1953 than there were last year and certain types of heating equipment will probable be more in demand than others.

The demand for plywood is expected to be up considerably over 1952. New applications of plywood are found almost every day and there is a steadily growing market for this product. A growing population and an anticipated increase in both domestic and industrial building should result in an increased plywood and lumber market for 1953. However, a heavily competitive market may affect prices and profits.

Increased auto registrations will mean an increase in the number of automotive batteries and, consequently, an increase in the number of battery separators.

BENJAMIN F. FAIRLESS

Chairman of the Board, United States Steel Corp.

The American steel industry has now largely solved the problem of meeting steel requirements for defense and civilian use. United States Steel is justifiably proud that it produced nearly 29,400,000 net tons of steel ingots in 1952 despite the crippling effects of the 54-day strike at midyear.

Benjamin F. Fairless

Recent months have shown new postwar records in steel production, in all industrial production, and in personal income. Steel demand has remained strong and some steel products are still in short supply. Weakness in the first quarter is not expected. Consumers' stocks of steel appear generally to be below normal and unbalanced, but should return to normal levels some time in the second quarter of 1953.

In the second half of 1953, steel industry capacity—which will be in excess of 116 million ingot tons—should be fully adequate to meet the needs of defense and civilian users. This balancing of supply and demand does not indicate that we are en-

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A New Look at Foreign Aid

severe restrictions against imports from the dollar area.

Evidently, reconstruction, of itself, has not been enough.

In the underdeveloped world, a start has been made. In many countries of that world, there is an awakening, a new stirring of energies, that promises well. The United States—and the other industrial nations—have recognized the advantages to themselves of supporting economic progress in underdeveloped areas, and have provided growing amounts of financial and technical aid.

A beginning has been made in building up basic utilities such as power and communications. Projects for the development of agriculture have been initiated. Modern roads, ports and harbors have been constructed. There is an increasing amount of sound planning for the future. These are the foundations that must be laid before there can be any further advance toward that standard of living to which the peoples of the underdeveloped countries legitimately aspire.

In my visits to member nations of the Bank, I have seen at first hand some of the underprivileged millions who are continually faced with the specter of hunger—who have never known what it is to have decent shelter, decent clothing, adequate medical care or the elements of an education. I know that there is a job here that is worth doing, but I know, too, what it will cost to do it, in terms not only of money but of time. Progress has not been so rapid as many of us would have wished, but there is no easy, quick way to win the fight against poverty.

Real Achievements Have Been Accomplished

We can nevertheless point to real achievement during the past five years in Europe and many other parts of the free world.

Building a world economy of the kind we seek is an enterprise which cannot be successfully undertaken by any one country or group of countries, alone and unaided. Each nation has its own contribution to make; each can ensure that the human, material, and financial resources available to it, be they great or small, are set to work in such a way as to produce the best possible end result in the shortest possible time.

It is when I view world economic development from that angle, and in the light of my experience with the problem over the years that I have been associated with the World Bank, that I have begun to ask myself whether all who have a direct interest in this enterprise have put themselves in a position to throw in their maximum contribution or have applied their efforts in the most effective way.

First let me speak of the underdeveloped world.

Many who advocate large-scale foreign aid as a solution to the economic backwardness of these countries recognize, in theory, the need for internal changes and local effort but, in practice, they place all the emphasis on outside assistance. The theory that backwardness can be overcome with billions of dollars is based on the assumption that most countries that are backward are backward solely because they lack financial resources. It ignores the fact that the insufficiency of financial and other resources, as often as not, is itself the product of political and social evils within the countries themselves; and that these evils, if attacked with vigor and courage, can be eradicated.

The belief that outside aid is the heaven-sent answer to the problem of economic development has been strengthened by the success of the European Recovery Program. It is argued that, if $10 or $12 billion could change the face of the European economy almost out of recognition in the short space of four years, 10 or 12 billion dollars could do the same in the same time in other parts of the world. But this line of reasoning forgets that, while American aid to European reconstruction has been a vital part of the total effort, European countries themselves have financed 90% of their reconstruction out of their own resources. The conclusions reached at the Commonwealth Economic Conference in London last month emphasize this facet of the economic problem of the underdeveloped countries. Both the advanced and the less developed members of the Commonwealth subscribed to this statement: "The major sources of capital to promote development must come from within each country. . . . Policies to stimulate domestic saving must be adopted. Capital from outside will then find a fruitful basis on which to work."

In the second place, Europe had a foundation of administrative, managerial, and technical skills on which a large and costly reconstruction and investment program could be based. The shortage of just such skills in most of the underdeveloped countries often leads to difficulties in the execution even of projects that are not unduly complicated, and is an obstacle to development at least as serious as the shortage of capital. Technical assistance from abroad can make a useful contribution here—and an intelligent, coordinated program for this purpose is, I am sure, worth supporting.

In my view, however, the most urgent task confronting the political leaders in the underdeveloped countries of the world is to concentrate their efforts on mobilizing local resources, however slender they may be, and on applying them to economic expansion and to the betterment of the lot of their peoples. Foreign aid can never be more than marginal.

Nevertheless, capital injected from outside as a supplement to local resources *can* step up the pace of development. I have said before, and say again, that the present flow of capital to the underdeveloped areas is not adequate to the need, and must be increased if a satisfactory rate of development is to be achieved. But if there is not to be waste, foreign assistance must be related in amount to the absorptive capacity of the recipient country.

Insofar as the need is not met by private investment, what form should this foreign assistance take?

On this point I hold certain definite and clear-cut views.

If the United States Government, for its own purposes, decides to extend foreign economic aid, I think it should do so in a form which will not impair repayment prospects on existing or future credit operations. Nor should it do so in a way that will lower international lending standards to a point which will make more remote than ever the day when private financial interests will be willing to enter the field.

Some months ago, on my return from a visit to one of the Bank's member countries, I was discussing my impressions with a Washington acquaintance. He felt that the situation called for the extension of financial assistance from the United States Government. "I think," he said, "we ought to *give* them a loan." Gentlemen, loans are not gifts. It may be easier to get funds from an economy-minded Congress if the request can be supported by the mollifying plea that the money may one day be repaid. But disillusionment may be the only inheritance of posterity.

In recent years, considerable support has been voiced in various quarters for a policy of giving aid in the form of long-term, low interest-rate loans. I have expressed—and wish to repeat now—my strong opposition to this proposal. Loans of this kind are, in essence, part loan and part grant. They have the inherent fault that they are not always apt to be regarded as serious debt obligations. Like all other "fuzzy" transactions, they therefore tend to impair the integrity of all international credit operations. And they accomplish nothing that cannot be accomplished equally well by an intelligent combination of real loans and real grants.

I hold the view that development loans should be confined to serious debt transactions, that they should be related to reasonable repayment capacity which has been carefully and objectively assessed, and that they should be made on terms that have come to be regarded as appropriate in normal practice. In my opinion, when political factors intrude—and it is difficult to keep them out of inter-governmental lending —

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tering a period of recession. Instead, I believe we shall then be engaged in a normal and healthy state of competitive selling.

Government regulations over the production and distribution of steel were in effect during the past year. The steel industry has expressed its conviction that these rigid controls are no longer needed and it has formally suggested a plan for decontrol to the National Production Authority. The steel industry hopes that elimination of current controls will proceed promptly.

In spite of the 54-day strike and earlier work stoppages which caused a loss of about 7,000,000 tons from our mills, production in 1952 appears to have been the sixth highest in the history of United States Steel. Largely as a result of the increase in the company's productive capacity over previous periods, our production was only 4,900,000 less than the all-time record set in 1951.

On Nov. 26, 1952, U. S. Steel poured the billionth ton of steel made in its furnaces since the company came into existence in 1901. This notable production achievement has special significance when it is realized that U. S. Steel alone during its 52 years has produced over twice as much steel as Russia in all her steel-making history, going back to the 1860's.

Our productive performance in 1952 was creditable in the face of obstacles other than the prolonged steel strike.

A severe shortage of scrap which threatened steelmaking operations during the year was averted by the organized effort of the steel industry in cooperation with steel-consuming industries. This cooperative effort facilitated the flow of additional scrap and operations proceeded without serious disruption due to insufficient scrap.

The production job in 1952 was also creditable in view of the waste and confusion resulting from intermittent work stoppages caused by government's interventions in the wage negotiations with the United Steelworkers of America. This experience brought hardships to all parties concerned. The time has come when it behooves all of us to search for a better way to settle our labor disputes.

Looking to the future, our program for increasing steel capacity and our raw material resources moved ahead with significant strides.

Fairless Works, at Morrisville, Pa., now 75% completed, produced its initial coke, iron and ingots last December and, barring unforeseen circumstances, will start delivering some finished products in the second quarter of 1953. All facilities are planned for completion during 1953. Some 10,000 construction workers were engaged on this project at the peak.

Orinoco Mining Company is expediting facility installations at Cerro Bolivar and shipments of Venezuelan ores are expected to start early in 1954. The vessel dock at Puerto Ordaz is now in operation, facilitating construction of transportation, highway, and material-handling equipment.

An extensive program of rebuilding coke oven batteries was undertaken to assure a continuing source of blast furnace coke. In all, 12 batteries are involved—six at Clairton, Pa., two at Cleveland, Ohio, one at Lorain, Ohio, two at Gary, Indiana, and one at Duluth, Minnesota. At the year's end, work on four batteries was either finished or nearing completion.

Engineering phases are nearing completion for construction of facilities for increased production of naphthalene at Clairton, Pa., Gary, Indiana, and Fairfield, Alabama. Initial operations are planned for the fourth quarter of 1953.

The major units for the production of sheet and tin products of the Pittsburg, California, plant of Columbia-Geneva Steel Division were placed in operation in 1952. The three remaining units will be placed in operation early in 1953.

U. S. Steel continued its support of municipal and other governmental agencies in the solution of atmosphere and stream pollution problems. Although extensive research is still required, specific installations at Duquesne, Pa., and Geneva, Utah, for cleaning waste gases are progressing. At Universal, Pa., the first step of a three step program to completely replace the Universal Atlas Cement Company's plant was under way. The new plant will incorporate facilities designed to eliminate objectionable emission of smoke that is inherent to the operation of the existing plant.

The American Steel and Wire Division is completing the engineering phases of plans to construct a blast furnace at Central Furnaces, Cleveland, Ohio, to expand capacity for commercial pig iron. Initial operation is now scheduled for the second quarter of 1954.

The National Tube Division started facilities and equipment at their Gary, Indiana, plant for the extrusion of high alloy seamless tubing and solid shapes by the "Sejournet" process. At the Lorain, Ohio, plant engineering is progressing for installation of facilities providing for the cold expansion of line pipe. Initial operation is now scheduled for the latter part of 1953.

Gunnison Homes, Inc., is constructing a new plant at Harrisburg, Pa., for the manufacture of pre-fabricated all-steel military barracks and other buildings. Initial operation is planned for the third quarter of 1953.

Finally, in the period ahead I am confident that we are once again turning to the successful operation of the American free enterprise system. And in this atmosphere I am confident of the steel industry's future.

DeCOURSEY FALES

President, Bank for Savings in the City of New York, New York City

There are many reasons why the country should be able to look forward to the year 1953 with confidence. The principal reason, of course, is the action of the American people themselves in electing a President who has the ability to bring together discordant groups and whose integrity and frankness are unquestioned. Under his Administration the country will feel more hopeful of coping with the stupendous foreign and domestic problems we now face. The intelligent and vigorous action which will be taken to solve these problems should result in continued high industrial activity at least through the first and second halves of 1953.


DeCoursey Fales

National income for the coming year should be the same or better than 1952. The Administration's efforts to solve pressing world problems should result in a sounder prosperity for the country as a whole and tend towards lower taxes—a fact which in itself should have a good effect on business activity and savings.

Savings should continue at almost the same level as the record breaking rate achieved in 1952. Investments for savings banks should continue to be relatively plentiful, with mortgage lending going forward in about the same volume as that of 1952. Interest rates should continue at about the current level but may be influenced by the efforts of the new Treasury officials to refinance the excessive short-term government debt on a sounder basis. The year 1953, barring unforeseen developments, should be a good one.

SAM M. FLEMING

President, Third National Bank, Nashville, Tenn.

For some time, most business executives have had a strong conviction the extended period of prosperity cannot continue much longer. It is only natural that those who have studied the economic history of our country and experienced the devastating depression period of the 1930's should have such a feeling. We have most assuredly learned much about managing our economy during the past 20 years; but such knowledge, in all probability, will not prevent some type of wholesome readjustment to correct the excesses of World War II and the postwar period. It is impossible to predict accurately the timing of any readjustment period. What is now becoming increasingly apparent is that its severity will not be of depression proportions. It also appears probable it will not occur in 1953, as there are too many plus signs in our economy today to offset the bearish factors. Some of the encouraging indicators are:


S. M. Fleming

(1) Our nation has not as yet attained its full growth or potential. A population increase of 2½ million a year indicates an expanding demand for goods, services, schools and municipal improvements.

(2) Personal income has now reached the fantastic total of $267 billion a year and is still rising. High personal income seems assured for some time to come and will sustain a high level of retail sales. As long as this condition exists, large scale unemployment is highly improbable.

(3) Industrial capacity and production is 50% greater than before the war and is still rising. Our industrial plants and equipment are more modern, and both management and labor know better how to utilize their full potential.

(4) Increasing emphasis is being placed on the importance of research, which is constantly developing new products and operating methods. This is particularly true in chemical and pharmaceutical fields.

(5) By 1960, over 16 million people will be drawing pensions aggregating over $10 billion a year. This provides substantial purchasing power to a group which, in the past, has been largely dependent.

(6) Farmers are well equipped with modern machinery and appreciate more the advantages of intelligent use of fertilizer which is in abundant supply. They have demonstrated ability to produce in greater quantities than ever before and are assured of a reasonable price for their products.

(7) The unsettled conditions of world affairs will require in the foreseeable future that we spend large sums on defense in order to contain Russia's expansion ambitions and to protect the free world.

(8) Business planning has been conservative and inventories in most lines are not excessive.

The over-all preponderance of these plus signs appears to overshadow bearish indicators that are constantly appearing on the horizon. These include the tightening of money rates, the reappearance of a buyers' market in many lines, capital expansion seems to have passed its peak, exports are declined because of dollar shortages and increasing economic difficulties throughout the world, the cost of operations are steadily increasing, and production, income and employment are all at historic peaks. There is sufficient danger in these signs to create a healthy note of caution in the minds of government officials, businessmen and labor leaders. When all segments of an economy fully appreciate the problems that must be faced, it is much easier to formulate precautionary and corrective measures.

For the next few years, and particularly for 1953, the key word seems to be stability. Above nearly everything else, businessmen would like to be able to count on a reasonable degree of stability in government policies, which so greatly affect their businesses. There are many facilities and tools which can be used to bring about this desired effect. General Eisenhower is surrounding himself with a capable staff which knows how to use the tools. They will need the full support of American business leaders who are willing to pursue policies that are not only constructive for their own companies but for the entire country. This will require statesmanship in the ranks of industry as well as in government. Such statesmanship unselfishly demonstrated can prove beyond question the value and ability of private enterprise and go far to achieve our goal of a stabilized economy, which is a necessary prerequisite for the continuance of the long-term growth of our country. There is every indication that businessmen recognize the challenge and are closing ranks behind our new President. They seem determined to tangibly demonstrate their earnest desire for our national government to have the same type leadership that has made American industry the wonder and envy of the modern world.

ANDREW FLETCHER

President, St. Joseph Lead Company

The most important developments in 1952 affecting lead were governmental in origin. Foremost was the reversal of the artificial 1951 shortage created in the United States through unrealistic ceiling prices and the realization by foreign buyers that surplus lead had been accumulated. The British Ministry of Supply sold from its unneeded stocks to the American Government about 60,000 tons of lead and, with the opening of the London Metal Market in October, lead was freely offered by foreign sellers. The liquidation in metal forced the foreign price downward to the equivalent of approximately 10 cents a pound and resulted in the U. S. market declining from 16 cents to 13½ cents, although the demand in our market was excellent. Due to recent improvement in foreign markets, the domestic price has advanced to over 14 cents per pound.


Andrew Fletcher

In brief, domestic mine production for 1952 is estimated at 375,000 tons, compared with 388,000 tons of lead produced in 1951.

Imports of lead increased sharply and totaled about 535,000 tons, about double imports of 260,000 tons in 1951.

Reclamation of lead from scrap declined slightly and it is estimated at about 440,000 tons in 1952, compared with 482,000 tons in 1951.

Lead consumption was approximately that for the previous year and is estimated at 1,200,000 tons. The excess of supplies over requirements was absorbed by an increase in smelter stocks or by the government stockpile.

In order to maintain the lead and zinc mining industry of the United States on a sound and profitable basis and still permit necessary imports, the St. Joseph Lead Company is in favor of adoption by Congress of the suggested equalization tax, which would increase by three-quarters of a cent per pound for each 1 cent decrease in the domestic price below 16 cents, with complete elimination of the tax above 16 cents. This should help to smooth the violent fluctuations in the domestic market which have proven so detrimental to producers and consumers alike.

The year 1953 begins under favorable auspices, with a new Administration devoted to free enterprise and, assuming that a way can be developed to protect lead from excessive imports, I believe our mining industry can look forward to a satisfactory 1953.

HENRY FORD II

President, Ford Motor Company

The story of Ford Motor Company in 1952 is a story of the pursuit of two major objectives simultaneously—one under a check-rein, the other under a spur.

The demands of a nation bolstering its defenses and of the people of that nation striving for peaceful stability offered a challenge to our entire organization.

We accomplished many of the difficult readjustments dictated by events of the previous year. Our efforts, primed for the long-awaited economy of free competition, were devoted in considerable degree to the necessities of war. Yet we continued to expand our civilian productive capacity while increasing our production for defense.

The beginning of 1952 was noteworthy for us in at least one important respect. It signaled wide acceptance of the new Ford, Mercury, Lincoln passenger cars and Ford trucks that made important news in the automotive industry. Production was curtailed, how-


Henry Ford, II

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A New Look At Foreign Aid

it becomes impossible to ensure that these standards are always observed.

There may, of course, be cases where an injection of capital is needed to develop abroad some source of raw materials which are of such urgent and strategic interest to the United States that the project should go ahead even on an uneconomic basis. I put such situations outside normal economic development, and they would not fall within the scope of operations of the International Bank. But if the government should decide to extend financial assistance in such a situation, I think the government should recognize a responsibility for seeing that the financing is handled in a way which will not impair the capacity of the country concerned to service loan or equity capital coming into the country from other sources for the purposes of normal economic development.

There are circumstances where the International Bank will decline to make normal development loans — for example because of absence of repayment capacity, or because the proposed project lacks economic merit, or because the borrower is unwilling to comply with certain prerequisites (for example, by working out a settlement of default on outstanding debt). But these circumstances which inhibit lending by the International Bank are surely the very circumstances which ought also to inhibit lending by the government. To ignore them is to ignore the principles on which sound international loans should be based.

It is, therefore, my emphatic view that development lending should be strictly governed by the standards I have mentioned, and that any additional government financing which can be made available for development, and which can be prudently used, should be frankly labeled as grant assistance.

Problems Confronting Europe

And now a word about Europe. The problem still confronting Europe is how to pay her own way in the dollar world—how to get, otherwise than through American aid, enough dollars to buy the supplies that are vital to her if her economy is to be sustained at least at its present level.

If Europe is to do this, the products of her industry must be offered at competitive prices in the export markets of the world. These markets mean, for Europe, not only the United States but also those third countries in the world where essential supplies can be bought or where there are dollars to be earned—dollars originating either from American purchases of foodstuffs and raw materials or from American investments.

What can Europe herself do to increase her competitive power?

I think there are still elements of inflation to be stripped out of some of the European economies —elements which are now adding a considerable burden to domestic costs of production. I think, too, that there should be every encouragement of the trend toward integration and rationalization of the basic industries of Western Europe. The Schuman Plan is an important advance in the right direction. The more that European industry can be integrated and rationalized, the more costs will be lowered as a result of specialization, and the more competitive will the position of Europe's products become. I am very well aware of the formidable difficulties and the traditional road-blocks that lie in the way, but I am convinced that more integration would benefit the economies of Western Europe.

Problems Confronting United States

And, finally, what of the United States?

The United States emerged from the Second World War as the world's greatest creditor nation, and with a production machine of a capacity unmatched in history. Since Korea, there has been a further great expansion in productive capacity which has made possible the satisfaction of defense needs without any significant deprivations in the civilian economy.

The problem confronting the United States is the converse of the problem confronting the rest of the world. The rest of the world is faced by the prospect of a chronic deficit; the United States is faced by the prospect of a chronic surplus. Up to now I do not think the United States has squarely faced up to this situation in a way that takes account of her economic position in the modern world. She still wants to be able to sell her goods freely abroad. She still welcomes any opportunities of making safe and profitable foreign investments. But she still resists the idea of throwing open her own markets to foreigners, which is the only way in which the rest of the world can be given the chance to earn the dollars it needs to buy her goods and to service her capital.

It is my belief that no other single factor could do as much, in the long run, to strengthen the world economy as an expansion in American imports.

I do not deny that there is still a strong protectionist sentiment in the United States—an inheritance from an age when our world position was very different from what it is today. This is a sentiment which must be changed and which I believe can be changed. But what is needed is a new and liberal attitude toward imports and not merely a reluctant acquiescence in specific tariff reductions. After all, every dollar that leaves the United States must, sooner or later, find its way back.

I should like to see a nationwide campaign organized in which there would participate all leaders of public opinion in the United States who recognize the need for a changed attitude toward imports.

The object of the campaign should be to demonstrate to the American people that an increase in imports would be a gain, and not a loss, to the country, and that they themselves stood to benefit from it.

As *taxpayers*, because increased imports would bring nearer the elimination of European aid.

As *consumers*, because increased imports would bring to them better or cheaper goods.

As *producers*, because increased imports would provide dollars to foreigners with which to buy more American goods.

As *investors*, because increased opportunities for foreigners to sell in the American market would mean increased opportunities for profitable and safe American investments in foreign countries.

As *champions* of free competi-

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ever, by government controls and by a crippling strike in the steel industry. Even so, we were able to produce more than one million passenger cars and trucks and 82,000 tractors—as many as the National Production Authority would permit, but not enough to satisfy the demand.

Sales value of our production for defense in 1952, exclusive of passenger cars and trucks for the military, was about 12 times as great as in the year before. The total value of all our defense business now on order is more than $1½ billion.

The prospect that unit controls may be further relaxed or eliminated during 1953 is encouraging. It may seem that we can approach our postwar goal and still continue to serve the cause of freedom.

This goal is: to offer our customers improved products at lower cost in an atmosphere of full production and free competition.

Such a situation would be a welcome event in the coming year, when we will observe the 50th anniversary of the founding of Ford Motor Company.

During 1952, our passenger car and truck production totaled about 1.25 million units. This compares with 1.5 million units in 1951 and with 1.9 million units in 1950.

Although our production for civilian purposes declined in 1952, employment increased under the requirements of defense, and our payroll was about $100 million larger than in 1951.

The total number of hourly and salaried workers now employed by Ford is about 159,000 in the United States—the peak for 1952 and an increase of about 14,000 over the 1951 peak and a record number since World War II.

The total payroll for hourly and salaried personnel combined was $726 million in 1952, compared with $625 million in 1951 and $582 million in 1950.

The factors influencing this rise in total payroll were increased employment, increased wages and increased salaries.

Ford energies directed toward the defense program have had these results:

Production of reciprocating aircraft engines and the preparation under a contract to build J-57 jet engines at Chicago; completion of a Ford-owned plant at Wayne, Mich., part of which will be used to manufacture J-40 jet engine components; a Navy-owned assembly plant for the J-40 under construction at Romulus, Mich., to be operated by Ford; mass production of the 3.5-inch "bazooka" rocket; production of the Patton 48 tank; production of the 500-horsepower GAA medium tank engine originally designed and produced by Ford in World War II; creation of prototype models of a new quarter-ton utility vehicle; production of wings for the B-47 bomber; and experimental work on an automatic weapon.

While meeting defense requirements, we have attempted, at the same time, to anticipate the peacetime needs of the future.

At the start of the year, automotive facilities programs exceeding $500 million were under way. A majority of these were completed. At the end of the year, additional plans for new construction and for expansion and modernization of existing facilities were under consideration, awaiting the availability of materials and a let-up in building restrictions.

Ford engineers continued their search for better ways of developing better products, with the knowledge that they will soon have a research and engineering center and scientific laboratories unsurpassed in the industry. Begun five years ago, work on this project is still continuing.

In retrospect, we regard this record as noteworthy. We would have been proud of it in a normal year. That it was written in the turmoil of 1952 is sufficient assurance that 1953, with a greatly improved line of products and a more favorable national climate in which to do business, will not only mark another important milestone in our history—it will, we confidently hope, continue the new era of achievement for Ford Motor Company.

CLARENCE FRANCIS

Chairman, General Foods

We think business is going to be good during 1953.

General Foods gross sales have gained more than 10% during the past 12 months. Our net profits, as measured by percentages of sales, have been at an all time low —too low. They should be better. Assuming there is some stability in taxes, I see no reason why earnings should not at least keep pace with profits during 1953.


Clarence Francis

More than $100 million of GF's gross sales during the past 12 months is attributable to our new products. We foresee a continuance of this pace as our newer products get into national distribution.

We feel encouraged for the year 1953. Our people have faith—faith in President-elect Eisenhower and in the grand group of capable leaders who will assist him.

We are planning to go full steam ahead.

WALTER S. FRANKLIN

President, Pennsylvania Railroad

The estimated results for 1952 operations indicate a slight improvement in the earnings for the Pennsylvania Railroad over the previous year, in spite of a lower volume of business. This is encouraging as it shows some further progress towards a more efficient operation. The lower volume of business was largely due to the steel strike during June and July, the effects of which extended through August and into September.


Walter S. Franklin

The freight rate increase granted by the Interstate Commerce Commission, which became effective in May, 1952, was a great aid during the last six months of the year. The results definitely demonstrate both the need and the justice for this last instalment of the general rate increase, for which the railroads originally petitioned the Commission in January, 1951. However, even with these increases the Pennsylvania Railroad and the railroad industry as a whole have not earned an adequate return upon the capital invested during a period of very high business activity such as we are now enjoying.

Of the large diesel-electric program totaling 1,348 engines, consisting of 1,906 units, only 33 switch engines remain to be delivered during the first quarter of 1953. Of the total of 21,860 new freight cars in the program, only 3,600 remain to be built in 1953. This huge program, including 450 new passenger cars and heavy repairs to some 36,000 freight cars, is largely completed. The entire cost will be $651,400,000, of which $233,000,000 has already been paid in cash, and only $8,000,000 more remains to be financed. The interest charges on that part of the program that has been financed will average approximately 2¾%.

As we expect business during 1953 to continue on a high level throughout the year, operating efficiency should improve. Upon the completion of the diesel-electric program in the first quarter of 1953, there will be sufficient diesel and electric power available to move 96% of our road passenger traffic and 82% of our road freight service, and to perform 91% of our switching operations. Of the railroads, the Pennsylvania is now the largest user of diesel power and the largest user of electrical power.

During the year both freight and passenger services have been improved by the use of new equipment and better supervision of operations. The losses due to passenger service have been reduced through increased rates for mail and express service; also, through the elimination of unprofitable passenger train mileage. These improvements will be continued in 1953.

While we have already stated that the very large equipment program is about completed, we still have some large capital expenditures for further improvements in 1953 and 1954. These include the completion of the Pittsburgh passenger station facilities, the modern ore pier in Philadelphia harbor, and Morrisville freight yard to serve the expanding industries in the Delaware River Valley; a new freight car repair shop at Hollidaysburg, Pa., to be completed in 1954, which will materially reduce the cost of repairing freight cars, and a new major freight classification yard at Conway, Pa., to be completed in 1955. The new Conway Yard will improve freight train performance and at the same time produce substantial savings in operating costs. The total cost of these projects is about $75,000,000. It is expected that the capital required for these projects will come from the company's own resources without requiring any new financing.

A. F. FRANZ

President, The Colorado Fuel and Iron Corporation

We are looking forward to continued high levels of business activity in 1953. Our program of improvement and expansion is being continued, and several large projects on which we have been working will be completed and placed in operation later in the year. We were also pleased to announce recently the acquisition of the manufacturing business, plants, and inventories of the John A. Roebling's Sons Company with plants in Trenton and Roebling, New Jersey.


Alwin F. Franz

In common with the steel industry, and to help meet both defense and civilian needs in 1953, we have increased our productive capacity and diversified our product lines. Our confidence is based on the fact that many of the basic industries which use our products are also proceeding with major expansion programs.

Many manufacturing firms are adding new facilities in anticipation of need for increased production. Mining companies are at work on large development projects. Railroads have announced continuation of their track laying programs and the addition of more diesel locomotives, freight cars, and other equipment. The oil and gas industry, with the expected availability of more materials, plans to carry on a large exploration, refining, and marketing activities.

Population increases indicate a continuing need for many types of construction including homes, schools, highways, bridges, etc., which create markets for a wide variety of materials. Domestic demand for agricultural products is expected to continue high during the year. Projects to provide more power for our expanding economy are in progress by utilities and electrical companies. In addition, large and diversified production for the security program seems indicated for some time ahead.

All of this points to business opportunity in 1953. Taxes and inflation are major problems but we have confidence they will be approached with new vigor and understanding. Higher production will bring increased competition and there will undoubtedly be fluctuations in some lines of business activity. However, business firms, in planning to hold their end of the line against possible recession, will undoubtedly place even greater emphasis on quality of product, cost control, customer service, and expanded sales effort.

C. KENNETH FULLER

President, County Bank & Trust Co., Paterson, N. J.

The business outlook for the Passaic County area for the next six months appears to be definitely favorable.

Improvement in the world textile markets has been reflected rather fully in this area with the exception of some of the woolen manufacturers, and although price and profit margins leave much to be desired, volume is good and it is anticipated that it may be maintained for some months. On the other hand, the productive capacity of the industry is such that markets can readily become saturated and, therefore, a too vigorous rise can only be followed by recession even though total national production and employment remain at high levels.


C. Kenneth Fuller

The local chemical industry is so closely geared to textiles that it will experience a similar trend, except for those few companies manufacturing a broader line of products, most of whom anticipate good volume and high profit margins. The highly diversified machine and machine tool industry of this area has been operating at full capacity and even with a further "stretch-out" of defense orders, the increased demand of industry to modernize and reduce labor costs is almost certain to provide full operating schedules and good profit margins.

The rubber manufacturers have had a satisfactory year of operations in 1952 and the outlook for the coming months is very favorable.

Television, our lusty new industry, had a sharp recovery in 1952 from the serious slump of the previous year and the outlook is highly promising for the coming months. This is not so much due to local demand for sets where the market is relatively saturated, but rises from the new markets provided through the opening of new television service areas and the allied uses of electronics and electronic equipment in general.

The outlook for the construction industry, which has enjoyed a phenomenally high level of activity for the past few years, is not as promising because manufacturers in this area are not expanding facilities in any important degree and new apartments and housing units built since the war approximate, if they do not already exceed, the increase in family units plus immigration into the area. This is not so true of some of the surrounding areas, however, especially in Bergen and Morris Counties, where residential building may continue in good, though somewhat reduced volume. The probable establishment of new shopping centers later in the year may also take up some of the slack resulting from the decline in residential and industrial construction.

Although there are several state and municipal road building projects under way, it is doubtful that the total immediate volume will equal that of the past few years.

With the relatively high level of employment indicated from the above, merchants should enjoy a favorable volume of business, because sales of the past few months indicate that consumers' inventories resulting from the hoarding spree of 1951 have been pretty well used up and current consumption of consumer soft goods is high. Sale of hard goods may not be as satisfactory because of the previously heavy buying, the longer life of the units, and the reduced rate of establishment of families.

Financial institutions in the area are in a sound position with peak deposit levels and high loan portfolios. If the industrial pattern maintains the level now anticipated, they also should share in the general era of prosperity.

Such an optimistic outlook must be tempered, however, by the realization that we have been enjoying high levels of production for several years during which time the productive capacity of the country has been built to almost fantastic peaks.

A decline in world trade, not compensated for by grants or loans, unsettlement in commodity markets, or in any major industry, could and probably would cause serious chain reactions leading to an industrial set-back. It is highly important, therefore, that we should not let our confidence of the moment and the optimism engendered through the probability of a more favorable political environment minimize the need for self-discipline, caution, and sound business judgment.

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tion, because their willingness to accept foreign competition would demonstrate that they were prepared to practice what they preach.

As *American citizens*, because the opening up of the American market to foreign goods would bring greater cohesion and good will in the Western world.

I realize the practical obstacles to any wholesale and over-night dismantling of American trade barriers. What is important is that the goal of import liberalization should be accepted, and that both Americans and foreigners should be convinced that a policy of lowering trade barriers is no passing phase in American commercial policy, but a break with tradition as complete as the abandonment of protectionism by Great Britain in the middle of the last century.

I do not claim that the lowering of American trade barriers is a short-term answer to the dollar problem. Time will be necessary. But that is the strongest reason for making a beginning now.

I know that in several quarters, both here and in Europe, the view is held that there is little to be hoped for in the way of an expansion of American imports, even under conditions of completely free access by foreign goods to the American market. They point to the increases in productivity of the American economy, and to the competitive advantages which, under those conditions, American industry will still enjoy. But surely it is axiomatic that it is in the interests of Americans that they should specialize in the production of those items where their natural resources and techniques can be applied to best advantage, and to trade those items for products from abroad where foreign techniques and resources produce a relatively better or cheaper article.

What is required is not that the American economy should lose all its self-sufficiency, but that it should be willing to become a *little less* self-sufficient than it is.

In summary, let me say once again that I think we have achieved much during the past five years. The United States has been confronted with immense and unprecedented problems in its relations with the rest of the world. It has reacted to the challenges which have confronted it with a speed and on a scale that have heartened its friends and disconcerted its enemies. If, in discussing American economic policy, I have paused here tonight to consider whether we have always acted in a way which would ensure the maximum return from our investment, I have not meant to belittle what has been done.

The times demand from us a multitude of actions. What I have tried to do here tonight is to indicate two things which I think it is supremely important for us to do. First, I think we need to continue and to increase support for economic development abroad. But in conducting its business in this field, the government should recognize its responsibility to manage its own financial contribution in a way that will not prejudice the flow of capital from other sources.

Second, I think it is clearly not satisfactory to continue closing the dollar-payments gap simply by giving away part of our production and persevering with a policy of "aid, not trade" or something like it. To Americans, this seems to create a comfortable disposition on the part of European countries to live at American expense. In the European countries, it seems to create an unhealthy feeling of dependency, and sometimes of resentment against what is regarded as unwarranted interference in domestic affairs in cases where conditions have been imposed. Instead of creating good will and understanding, this kind of program tends in the long run to foster suspicion and acrimony.

What we need to do is to accomplish a fundamental and lasting change in United States commercial policy. Our present policy is a full generation out of date. It takes no account of our role as a creditor nation, no account of our greatly expanded contacts with, and responsibilities to, the rest of the world.

Clearly, what the United States should do is to open her markets to the free world. We must put our economic partners in a position to pay in their own goods and services for the goods that Americans want to sell and they want to buy; we must put our partners in a position to service the capital that Americans are able and willing to invest and they want to use.

In broad, the challenge that faces Americans today is to exercise wisely the economic leadership that—whether we like it or not—we have inherited just as surely as we have inherited the political leadership of the free world.

We have met our challenges in the past. Can we meet this one? I think America can, and I think America will.

$30,000,000 Central Bank for Cooperatives Debentures Offered

With the assistance of a nationwide selling group of recognized dealers in securities, the Central Bank for Cooperatives on Jan. 14 offered publicly through Macdonald G. Newcomb, its fiscal agent, 31 Nassau Street, New York City, $30,000,000 of collateral trust debentures dated Feb. 2, 1953, due June 1, 1954. The debentures are not redeemable before maturity. The debentures bear interest at 2⅝% per annum payable on June 1, 1953, and thereafter semi-annually. They are being offered at 99⅞% and accrued interest.

Net proceeds from the sale together with cash on hand are to be used to redeem the Central Bank for Cooperatives 1⅝% debentures which mature on Feb. 1, 1953, and which are outstanding in the amount $30,000,000.

Two With Rex Merrick

(Special to The Financial Chronicle)

SAN MATEO, Calif.—Gordon P. Larsen and John R. McVey are now with Rex Merrick, 22 Second Avenue.

With Hamilton Managem't

(Special to The Financial Chronicle)

DENVER, Colo. — Roger A. Franklin is now with Hamilton Management Corporation, 445 Grant Street.

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J. C. GARRETT

President, The Garrett Corporation

Our company's business volume prospects for 1953 are closely tied in with total airplane procurement, as the major part of our present business is developing and manufacturing vital accessories and components for aircraft. The products we manufacture are of the type used on virtually every commercial transport and military airplane. Consequently a potential market exists in relationship to total aircraft production.

J. C. Garrett

The aircraft accessory industry has done an outstanding job in meeting the accelerated demands of the defense program. This has necessitated very large investments in plant and equipment — which has been a decided strain on most companies. In our own case our net investment in plant and equipment is now three times the amount it was at the start of the Korean conflict. This represents outlays of the company's own funds, and such expenditures are warranted by our belief in a continued need for a substantial airplane defense program and our conviction that this need will be recognized by our military planners.

Effective utilization of the very large industry investment can be achieved only by intelligent long-range scheduling of procurement, by keeping rescheduling and stretch-out programs down to a minimum, and by avoiding the peaks and valleys which make production so costly. You just cannot juggle thousands of highly skilled workmen as you would turn a faucet on and off and expect to keep efficiency at its peak and costs at a minimum.

Present backlog of defense and commercial orders assures a high level of production during 1953 unless deliveries as now scheduled—and for which production is now in process—are upset by a rescheduled stretch-out program. Earnings outlook would be considerably brighter if there was a realistic approach to the income tax structure which would encourage and reward growth and expansion. The existing Excess Profits Tax—a misnomer if there ever was one—penalizes severely the very growth that is so necessary to the present defense effort.

JOHN P. GATY

Vice-President and Gen. Manager, Beech Aircraft Corp.

The aviation industry finds itself dominated by a semi-war economy. The rearmament program has resulted in the re-establishment of wartime-sized organizations in the various aircraft manufacturing plants. In addition to their regular peacetime factories, many companies have reactivated their wartime emergency facilities and some have created entirely new facilities to meet certain special requirements and needs of the armed services.

John P. Gaty

The aviation industry has passed through the postwar period of lean years and large losses and now finds itself in the position of possessing so great a backlog of business that it is customary to express the backlog of the larger individual companies in billions of dollars.

Unfortunately, the companies will not realize full financial benefits from these enormous backlogs. The purchasing methods, policies, and regulations of the armed services, combined with high taxes, are such that it is a rare case when an aviation manufacturer earns over 2% after taxes, on his annual sales volume. This means that the stockholders will receive no wind-falls, nor bonanzas of dividends and also means that the financial position of the companies themselves will not be too greatly augmented by the present large deliveries of materiel.

One of the major factors in the low after-tax return is the unfavorable position occupied by practically every aircraft manufacturer in connection with the Excess Profits Tax. The excess profits tax formula was set up in such a way as to automatically penalize the aircraft industry, although there was no intention to produce this result on the part of the tax-framers.

Perhaps 1953 will see the repeal of the Excess Profits Tax and a reappraisal of corporation taxes in general. It is the writer's opinion that aircraft manufacturing corporations need a fairly generous tax basis and a fairly generous treatment from the government in order that they shall be sound and competent and available at all times to provide accelerated deliveries of new military aircraft whenever the nation finds itself in an unfavorable international situation. If the aircraft companies were permitted to make a reasonable amount of money, they undoubtedly would spend a great percentage of it in research and development on their own account. This probably would ultimately turn out to be of great benefit to the armed services themselves.

The outlook for 1953 for the aircraft industry is continued production at very high, near-capacity, levels for both military and commercial airplanes of all types. This prediction could only be invalidated by a very significant change in the international situation.

FREDERICK V. GEIER

President, The Cincinnati Milling Machine Co.

Machine tool builders produced close to $1,150,000,000 of machine tools in 1952. This 80% increase in output over 1951, which itself was about double 1950 output, is the machine tool industry's answer to the nation's appeal to meet defense needs.

Frederick V. Geier

This remarkable step-up in output, which is well above the industry's own normal capacity, was accomplished in part by plant expansion, but more largely through overtime operations and extensive subcontracting of parts and even complete machines. As a result, the year's output is around 30% above the normal industry capacity.

Total unfilled orders for machine tools are about equal to total 1952 output, although the order backlog varies widely from company to company. During the peak period of booking defense orders for machine tools, the industry's reported backlog reached $1,460,000,000. This figure was somewhat unreal because an appreciable portion of these orders was subsequently revised or canceled. The present backlog of over $1,100,000,000 is one-fifth less, but is considered more solid in character. The backlog has been reported as about 10 months' output, assuming continuation of long overtime schedules and extensive subcontracting. Since backlogs vary widely and some firms will not need to draw on subcontractors, the unfilled order backlog should also be measured against the normal industry capacity of around $900,000,000, or over 14 months' production.

Ahead of the industry are some additional orders for defense, and the volume of such business would be augmented if Government proposals to broaden the mobilization base are put into effect. As machine tool builders have worked down their backlog of defense orders, they have found increasing activity among non-defense customers. The need to improve product and to install cost-cutting machinery is stimulating interest in the new types of machine tools which have proven so much more productive than the older types in general use.

During the yast 20 years, except for the World War II period, American industry has not installed enough new machines to keep machine tool equipment up to date. Although the postwar years have seen record levels for capital expenditures in the United States, the share expended for machine tools has been subnormal. As a result, the oft-prophesied decline in overall capital expenditures in steel, metals, chemicals, petroleum, and mining should not affect buying of machine tools in like degree. In fact, while American steel-making capacity has been increased by 30%, American industry has added few metal-cutting machines. Not enough new machines have been installed to offset the aging and obsolescence of existing equipment.

Despite the current high level output of machine tool builders, fewer new machines are being built for peacetime industry or the nation as a whole, than are passing into the over-age and obsolete categories. An increasing replacement need is building up just when the signs point to a period of intensified technical and competitive activity in industry generally.

Similarly, the trend toward industrialization is evident around the world. These trends at home and abroad have stimulated growth in machine tool building. Accelerated technical progress, increased competition, and broadened markets may be expected to result.

Most machine tool builders have well-filled order books and expect 1953 will be another busy year.

LORING L. GELBACH

President, Central National Bank of Cleveland, Ohio

The growth of confidence in the future outlook for business, so evident since the election, is most heartening to businessmen and wage earners throughout the nation. This confidence stems not alone from General Eisenhower's election and his excellent appointments to the Cabinet, but also from the anticipated change in the attitude of government toward private enterprise. The psychological effect inspires confidence and provides the basis for a more dynamic economy.

Loring L. Gelbach

Sound leadership in government will provide a balanced economy that is both free of governmental restrictions and more immune to external forces resulting from changes in international relations. The adoption of a well-thought-out defense program in keeping with the ability of the nation to produce will reduce inflationary pressures and make for a sounder and more orderly economy throughout this period of defense build-up. The adoption of sound monetary and fiscal policies under a free and independent Federal Reserve System will go far in restoring confidence in our free institutions. Thus, the penalties inherent in inflation will be curtailed and the havoc wrought by deflation will be minimized through avoidance of further excesses in the period ahead.

At present all indications point to a good business year for 1953. The favorable outlook for business is largely predicated on a continuation of a high level of defense spending and little, if any, decline in the high level of capital investment throughout the year. Under present full employment the stretch-out in tank and airplane production is regarded as a favorable factor making for less inflationary pressure in the labor market. The vast expansion in atomic energy with its expanding need for materials, electric energy and chemical products is assurance against any rapid decline in plant and equipment expenditures. Increases in commercial building and in public improvements should largely offset any moderate decline in plant and equipment expenditures or in residential building. Personal incomes should, therefore, remain high and may well increase this coming year as wage increases spread throughout industry. With savings bonds maturities increasing and with personal incomes high, retail sales as well as production of consumer goods may exceed 1952 levels.

Full employment plus increased wages will bring inflationary pressures to bear but ample production will result in increased competition so that further price increases should be avoided. A slight reduction in the cost of living is anticipated.

The rapid increase in private debt in recent months is a disturbing factor. It raises some question as to future rate of growth of consumer spending. While the debt cannot be said to be dangerously high, it is approaching a level where further increases will of necessity be at a reduced rate more in keeping with increases in net spendable income.

Retail inventories of consumer durable goods are again increasing but currently do not present a serious problem. A continuation of the trend could bring about a correction should consumer loans ease off.

Corporate earnings and dividends should compare favorably with 1952, particularly if the Excess Profits Tax is allowed to expire.

The dominant factor confronting businessmen this year is increased competition. The necessity to eliminate waste will be paramount throughout industry and government alike. Thrift will again become a cardinal principle among individuals. Savings will be regarded as a virtue and an investment in the future security of our freedoms.

CRAWFORD H. GREENEWALT

President, E. I. du Pont de Nemours & Company

The year 1952 marked 150 years of achievement for the Du Pont Company. The widespread public interest this anniversary evoked was impressed upon us most emphatically by the welcome messages of good will and congratulations that came to us throughout the year from every source.

C. H. Greenewalt

It may be trite to say that we regard the bright example of our first century and a half as our guide to future accomplishment. Nevertheless, it is true that our success has stemmed from 150 years of trying to recognize and fill human needs. That is still our objective and we have no reason to think it will be less successful in the future than it has been in the past.

Now that we have a new President, a new national Administration, the business community would be less than human if it did not have hopes for a new era in government-business relationships, for hostility and distrust on both sides have been a costly and dangerous burden to the nation.

At the same time we must be realistic in facing certain facts. We know, for example, that the vast expenditures already committed for our defense and foreign aid programs limit the extent to which taxes can be reduced during the coming year.

While it is recognized that taxes must be high during the period of rearming for national defense, it has nevertheless become apparent that the increases in corporate taxes in recent years have made dangerous inroads upon earnings available for financing new facilities. The enlarged demand for the products of U. S. industry cannot be ignored and new manufacturing facilities must be provided to meet this demand.

It should be remembered, moreover, that high productivity of industry is one of our most powerful weapons against inflation, as it certainly is one of our greatest assurances of peace, and as such must be encouraged to the greatest degree consistent with sound business principles. We believe that business and industry can expect the incoming Administration to recognize the prevailing truth of this economic fact of life. At the same time, it is to be hoped that the long-deferred economy-in-government move will be initiated without delay.

For 1953, we in Du Pont are looking forward to another year of high-volume production and continuing demand for all product lines.

Du Pont's production and volume of sales for 1952 seem to be headed for a new record. Total sales will probably exceed 1951's total of $1,530,000,000 by $70,000,000. To attain this level of sales, average operating investment was increased more than $100,000,000 over the 1951 operating investment of $1,553,000,000. Federal taxes on operating income, in 1951, amounted to 23 cents for each dollar of sales, and in 1952 they will be more.

Du Pont, like the entire chemical industry, is pushing forward with new products and processes and the improvement of existing ones. There is much emphasis on synthetic textile fibers. Foremost among these are proposed expansions at nylon yarn plants in Seaford, Del., Martinsville, Va., and Chattanooga, Tenn., and the rayon

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lion over the past 2½ years. It should not be necessary, but it may be, to tell this audience that we receive no mutual aid from the United States. We have been buying large amounts of military equipment from your country, and paying cash for all we get.

When we embarked upon this rapid defense build-up in 1950, we anticipated considerable difficulty and strain in imposing these new burdens on an economy that appeared to be already full extended. We therefore introduced policies, chiefly fiscal and monetary, to restrain the civilian sector of our economy and make room for defense. To this end we used higher taxes (with some emphasis on taxes on spending), higher interest rates, consumer credit controls, and a significant tightening of bank credit. We also used a special device to restrain less essential forms of capital expenditure, by deferring for a four-year period the right to charge depreciation against income for tax purposes on all new assets acquired after a given date, with exemptions from this rule for the more essential types of investment.

As a result of these measures, together with the remarkably rapid expansion of total production, we have carried through the current stages of our defense program as nearly on schedule as any other country, without undue inflation. As the inflationary forces subsided, we were able last spring to withdraw all the special controls on consumer credit, and to give some tax amelioration; and two weeks ago we withdrew the special depreciation tax rules on all future capital investments.

In addition to direct defense programs, we have as a matter of policy been giving special encouragement to basic economic development projects that clearly strengthen our defense potential in relation to our North Atlantic Community. Hydro-electric power projects, iron ore, oil, non-ferrous metal expansion have all received special facilities in steel allocations and other encouragements.

I said earlier that we are a country that lives by foreign trade, that in a normal year nearly one-quarter of all we produce is exported and nearly one-quarter of all we consume is imported. We are, therefore, vitally interested in the development and maintenance of healthy economic conditions and reasonably free and stable trading relationships throughout the world. More than three-quarters of our trade is with the countries of the North Atlantic Community, but the remaining one-quarter of our trade, which is with South America, Africa, Asia and Australia, is of vital interest to us both in absolute terms as well as in its regional and marginal significance. We, therefore, attach very great importance to all policies and programs that seem likely to contribute to greater freedom of trade, non-discrimination and convertibility of currencies.

The International Trade Outlook

Like all countries that are heavily dependent upon international trade, we are subject to much wider swings in our national income and in our balance of payments as a result of sudden and, for us, uncontrollable shifts in demand for and in the prices of our staple exports. Our international terms of trade fluctuate more widely and react more sharply on domestic employment and incomes. This vulnerability to shifts in external economic forces is the reverse side of the coin of our natural resources and advantages. There have been some people in our country who have advocated various devices for insulating ourselves against these external influences. The objection to almost all such proposals is that while they might partially offset some of these unpleasant jolts they would almost invariably result in less production, less development and less real wealth and welfare. It has always seemed to me, and it is the policy of the Canadian Government, that the sensible way to meet this economic vulnerability is not to withdraw into a protective shell, but to improve our flexibility and adaptability in the economy as a whole, and to develop its overall health and strength.

We believe, too, that these external shocks can be substantially moderated by sensible international collaboration. While we do not write off the value of universal collaboration (and we have played an active and constructive role in the United Nations) progress on a universal basis must always be frustratingly complex and slow. We see no essential conflict between the ultimate objectives of universal cooperation, and the practical progress that can be made within more limited groupings. The Commonwealth, NATO, the countries comprising GATT and the countries cooperating in the Colombo Plan are examples of these more limited groupings where real progress can be made without conflicting with or prejudicing our accepted basic principles and ultimate objectives.

While there has been some disappointment over the progress made in the solution of certain international economic problems, there have nevertheless been substantial accomplishments. The efforts of the peoples of Western Europe and elsewhere, assisted by the help given by our two countries, have succeeded magnificently in restoring the physical damage of the war. Production in most of these countries is now greater than ever before. We now have the basis for a more positive approach to trade and currency arrangements. We have the opportunity for a new initiative.

Objectives of Commonwealth Economic Conference

The Commonwealth Economic Conference which was held in London last month made a significant beginning. The Conference decided "that a more positive policy can now be adopted, both by the Commonwealth countries themselves and in concert with other friendly countries, to promote expansion of world production and trade." The Commonwealth countries stated that it is their aim "to secure international agreement on the adoption of policies by creditor and debtor countries which will restore balance in the world economy on the lines of 'Trade not aid' and will by pro-

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plant near Richmond, Va. A new unit for production of "Orlon" acrylic fiber staple yarn went into operation at Camden, S. C., last summer, while a plant nearing completion at Kinston, N. C., will produce our new "Dacron" polyester fiber in both staple and continuous filament yarns.

Site preparation has already begun for a new $5,000,000 textile research laboratory, while other new additions to our research facilities include the Stine Laboratory of the Grasselli Chemicals Department, dedicated less than three weeks ago, and new quarters for the Haskell Laboratory for Industrial Toxicology which will be completed in a few months.

Construction will begin early this year on a plant for the manufacture of "Mylar" polyester film, a new product with distinctive properties which appear to make it suitable for a variety of new industrial uses.

Meanwhile, our construction force at the Savannah River Works in South Carolina has reached a peak of about 39,000. Construction will continue on a major scale this year. Already a nucleus of some 2,000 of the permanent operating force of 7,100 is on the site.

WILLIAM L. GREGORY

President, Easton-Taylor Trust Company, St. Louis, Mo.

We are approaching 1953 in the most prosperous condition that the country has ever been in with the psychology that it promises even greater things, but in my judgment there are many possibilities for trouble in the situation for the coming year.


William L. Gregory

Of course any all-out war would increase inflationary forces rapidly and precipitate what would seem to be good business for the duration of the war and for a period thereafter. There seems to be a growing conviction that we will not be involved in an all-out war with Russia in the near future. My own feelings are that Russia will attack us without compunction at anytime when they feel that they have a sufficient advantage to justify such an attack. In the meantime it will be their continuing plan to do us all possibly annoyance and ill throughout the world. They will hope for financial difficulties in the Western World and would even, I believe, make false peace overtures to agitate depression and deflation.

Assuming a fairly even continuation of our long-term defense plans, I believe that 1953 will show gradually decreasing price structures, greater resistance within our civilian goods markets, and increasing pressure on the credit structure. We continue to have faith in too many artificial controls and too much government management of the economy. I believe that we have made and are making sufficient mistakes within the government in the handling of our monetary and fiscal policies to cause some danger to our highly inflated credit structure. Any little loss of confidence on the part of the people, any slowing up in our ability to consume, might be met with definite repercussions within our marketing organization. Money, and particularly venture capital, will continue to be tight, interest rates should advance during 1953 and artificial manipulation in that market can result only in difficulties at a later time.

I expect business to continue reasonably good throughout Spring, slow up definitely in the Summer, and continue at a much lower level during the Fall and Winter.

HUGH C. GRUWELL

President, First Nat'l Bank of Arizona, Phoenix, Ariz.

The Arizona business community enters the new year with a general feeling of restrained confidence. The view is taken that there will always be a market for the products of our economy, even though it is freely admitted that prices may very well fluctuate.


Hugh C. Gruwell

To understand this attitude, it should be realized that this economy within our state is based on a variety of factors, including agriculture, cattle raising, mining, manufacturing, lumber, and finally a climate that has proven an extremely attractive magnet to thousands of people from elsewhere who come here each winter. The contribution of tourists and visitors is a matter of great importance, particularly since many of them will eventually buy or build homes within our borders.

Summarizing a few of the commercial activities, it is interesting to note that within the past four years 128 new industries have located within the Phoenix area, and that their annual payroll is in excess of $31,000,000. As a result of this expansion, employment has increased by some 10,500 persons. It is contemplated that probably another 25 industries of measurable importance will be located in central Arizona during 1953. Most of these operations are not primarily defense projects but will be of a continuing nature.

It is significant that this state leads the nation in percentage of income growth and in 1951 the total was up 23% from 1950. 1952 figures, when completed, are expected to demonstrate the same trend. Arizona also leads in percentage of bank capital growth, and in the 10-year period ending Dec. 31, 1951, bank capital funds increased from $8,000,000 to $35,500,000.

During the decade ending Dec. 31, 1950, our state ranked a close second in percentage of population increase, with Phoenix showing a gain over 1940 of 63.3% in population, and Tucson 27.1%. The third ranking city, Mesa, doubled its population during the same 10-year period.

This past year Arizona ranked fifth over all the cotton producing states, and for several years has been the number one state in production of cotton per acre, with an average last year of about 746 pounds per acre. Another factor not generally recognized is that Arizona has the largest stand of Ponderosa pine timber of any state in the Union, and our lumbering operations have assumed a place of high importance.

The people of Arizona come from all over. Some come for adventure, some for health, some just follow the sun, and some in search of employment. The fact is that for whatever reason they come here, they do not leave their skills behind, and the resulting labor and professional pool is of extraordinary high caliber. It is for reasons such as this that the natural resources of the state are undergoing the closest scrutiny. Coal in large quantities has been discovered; uranium is being mined, an unending search for oil by major companies is going on, new and improved agriculture methods are constantly being developed, and more and more people are constantly finding it both profitable and pleasant to do business in our state. As a further evidence of this claim, bank deposits during the past 10 years have increased by 400%, farm income by approximately 600%, and retail sales by over 300%.

While recognizing that Arizona's economy is closely allied with the general prosperity of the nation as a whole, we are confident that within our borders are the elements for a steady growth. Arizona business and professional men view the future with optimism as befits successors of the hardy pioneers who not so long ago first settled in this area.

GEORGE GUND

President, The Cleveland Trust Company, Cleveland, O.

As we enter the new year, the business boom is rolling along at its postwar peak. Ever since the steel strike last summer, which marked the low point for 1952, the trend of business in general has been steadily upward. This recovery has acquired enough momentum to carry well into 1953. Three leading industries—construction, steel, and automobiles—will be operating at a high level during the early months; and manufacturers as a whole have the largest backlog of unfilled orders on record. The outlook for the latter half is less clear at this time. It may be that the pace of business activity will slacken somewhat before the end of 1953, but the year as a whole should be a relatively good one.


George Gund

One of the important questions which will confront the new Administration is tax reduction. As the law now stands, the Excess Profits Tax expires on next June 30, and the 1951 increases in personal income tax rates will be removed on Dec. 31. And during the first quarter of 1954, the regular corporate income tax rate reverts from 52 to 47%, and certain excise taxes drop back to the levels existing before the last increase. All these reductions would be most welcome to our tax-burdened economy. They would certainly encourage private capital to seek more investment opportunities, to say nothing of allowing individuals to spend more of their own money instead of handing it over to the government to spend.

But the knotty problem is how to lower tax rates and still balance the budget. Certainly the first approach, which I am sure will be adopted by the incoming Administration, is to cut down on Federal spending. A mass of evidence exists to show that this can be done without injury to any of the necessary functions of the government. To give just one example, in a Congressional committee report last year Senator Douglas listed more than $3 billion of possible savings in the military budget alone through "eliminating waste, excessive overhead, overcharges in procurement, and increasing efficiency."

While not minimizing the difficult problems ahead, businessmen are entering the new year with renewed faith in the outlook for private enterprise. It has always been a source of wonder to me why any group of central planners should desire to junk the economic system which has conferred on our people the highest scale of living the world has ever known. Now at last the people are turning aside from the long road toward complete government domination of our national life.

F. G. GURLEY

President, The Atchison, Topeka and Santa Fe Railway System

The Santa Fe and other American Railroads approach the new year with a greater belief than ever before that the true basis of America's greatness is its Freedom of Enterprise that inspired and created the most intricate and widespread system of distribution ever known to man, without which our immense productive capacity could neither have been achieved nor long endure.


Fred G. Gurley

In the further belief that the railroads are essential to high standards of everyday life and absolutely vital to security in times of emergency, the railroads have examined their present condition and their plans for progress.

Their present day condition is good, but it should be improved. In the field of technological progress so closely associated with the American theme of constant improvement, the railroads have made great strides with their postwar programs averaging a billion dollars annually—all paid for by the railroads themselves for more powerful, more efficient locomotives; more comfortable passenger cars; more and better freight cars, signals and traffic controls, new rails, yards, shops; and new and improved facilities of every sort.

The railroads want to continue upon that program, and they will if they may secure sufficient materials, especially steel for building new freight cars, and if Government transportation policies under which they operate are not unduly restrictive and they are afforded an equality of treatment to which the railroad industry is entitled.

Of much importance in our contribution to the economy is the annual railroad payrolls; exceeding five billion dollars for the employment of a million and one-quarter people; railroad purchases aggregating three billion dollars; and taxes of one and one-quarter billion dollars.

Surely we want to go forward with other segments of our economy in a manner which is helpful and encouraging to every one.

H. FREDERICK HAGEMANN, JR.

President, Rockland-Atlas National Bank of Boston

The outlook for banking in 1953 depends in large measure upon the steps which the new Administration takes as it embarks upon its four-year term in office. The Administration has been elected on a platform calling for balanced budgets, strict economy, tax reduction, sound money, the independence of the Federal Reserve Board, and the improvement of foreign trade through the elimination of trade restrictions and unnecessarily high tariff barriers.


H. F. Hagemann, Jr.

The implementation of this program will require calling a halt to the continued expansion of credit. This expansion can best be controlled at its source; namely, by the Government living within its income and by the Federal Reserve Banks not continually increasing the amount of Federal Reserve bank credit outstanding.

With George M. Humphrey as Secretary of the Treasury, with W. Randolph Burgess in charge of fiscal policy and debt management for the Treasury, and with Joseph M. Dodge as Director of the Budget, I am confident that the new Administration will face up to the financial facts of life and not permit this country to continue down the easy-money, managed-economy inflation road to ultimate disaster. Already an important start in the right direction was taken in March of 1951, when an accord was reached between the Treasury and the Federal Reserve Board attributed to William McCh. Martin, Jr., as a result of which Governments were unpegged.

Returning to sound fiscal policies, however, will create many problems and it will be a delicate operation at best, but under the able and experienced guidance of these men, the way back to sound money will be handled with as much finesse as possible. The cutting of expenditures will not be popular and the fact that such cuts are absolutely necessary for the general welfare will have to be explained to the people. Bankers can be helpful in educating the people in basic economics and this is a phase of our public service which should be stressed in 1953.

Halting the credit expansion initially will bring higher rates of interest but when the business boom subsides, these will be followed by lower rates. Bankers should take every opportunity to strengthen their banks and to urge their customers to strengthen their own financial positions. We should work even more closely with our borrowing accounts in this phase of the business cycle to minimize the risks of doing business.

In conclusion, bank profits should be higher, interest rates higher for most of 1953, and deposits and loans about the same. More loan losses may begin to develop.

The road back to orthodox finance will make the bankers' job more difficult, but sound moves by the

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gressive stages and within reasonable time, create an effective multilateral trade and payments system covering the widest possible area."

I am sure there is a wide acceptance of these objectives—objectives which the Commonwealth countries have again brought to the fore out of a deep realization of the importance of establishing strong and mutually beneficial economic ties with the United States and the rest of the free world. During the months ahead we shall wish to work out together a concrete and practical program. In this the positive cooperation of the United States is vital. During the difficult postwar years, we have had ample proof of the capacity of the United States for helpful cooperation and understanding. With the knowledge that we can count on this in the future, there is every reason to believe that we can succeed.

In all these matters Canadians realize that their vital interests are deeply involved, and I can assure you that Canada will continue to play its part in contributing to progressive solutions within the limits of its capacity. We believe the time is ripe for courageous and positive steps on the part of all countries concerned. It is no time for rash or ill-considered gestures, but it is, I believe, a time for taking calculated risks.

There is much more that I could say. I have said very little about our fiscal policies and I have not enlarged upon the fact that we have reduced our net government debt by one-sixth in the past six years. But I have tried to give you a fair and balanced picture of how we are developing and what some of our problems are.

We have our problems. Our land is rich, but our geography is difficult. Great distances and rough terrain separate our principal centers of population and industry. This and our relatively severe climate impose upon us heavy economic and social overhead costs—in transportation, in the quality of construction, and in social services. We are uncomfortably vulnerable to marked changes in external economic conditions. When everything is going well, we prosper exceedingly; when events turn against us, we can experience sharp, though temporary setbacks.

In the past American business opinion about Canada has tended to swing even more violently. I am sometimes concerned, however, about some of the glowing accounts of Canada published down here. We are good, but not quite that good! It is not the immediate effects that concern me—the best of us are not averse to a bit of flattery. What does concern me is the even more unjustified opposite extremes of opinion to which you might be tempted to go if at some time things do not seem to be going quite so well. What we should always remember is that each of our two countries is by a wide margin the best customer of the other. We Canadians believe that this mutually beneficial trade should grow and prosper. We do not believe that our modest exports of cheese or powdered milk constitute a threat to your way of life or even to your dairy industry.

We are a young country; we are expanding rapidly; we are progressing in wealth and in welfare. We are buoyant and optimistic. We have, I believe, recaptured something of the spirit of adventure that characterized our forefathers of the first Elizabethan Age. Of course, we must expect to have temporary setbacks from time to time. But if, with God's help we have peace, even my optimism would not care to mark the limits of our advance over the next 50 years.

Fred Kaufman Opens

LONG ISLAND CITY, N. Y.—Fred Kaufman is engaging in the securities business from offices at 35-21 Twenty-first Street.

Harold Johnson Opens

Harold Johnson is engaging in a securities business from offices at 170 Broadway, New York City.

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Administration are imperative and should receive our support. Whatever sacrifices are necessary should be accepted by all segments of our economic society for there can be no true prosperity and lasting peace without sound money.

ROBERT M. HANES

President, Wachovia Bank & Trust Company, Winston-Salem, N. C.

1952 was, on the whole, another good year for business. Manufacturing output, payrolls and employment, and personal income are at record highs as we enter the New Year. Unless there are serious international or domestic crises, 1953, in business totals, should resemble 1952. However, activity may follow a reverse pattern, from the rather slow start but strong ending of 1952.

Robert M. Hanes

Most observers do not expect any change in the economic outlook during the first half of 1953, but there are indications that some adjustments may be felt in the second half of the year.

Soft spots may be expected in some sections of the economy where increased production may likely overrun consumer demand. In virtually all lines, selling will receive greater emphasis in 1953 than in any postwar year. The nation has reached a new high in productive capacity and skillful, aggressive, and energetic selling may make the difference in 1953 for many businesses between a good year and a slow one. Those who cannot meet the test of successful selling may find a rocky road in the year ahead. Those organizations which have not lost or can regain the art of competitive selling can make 1953 a good and progressive period.

The year ahead will be one of change as national policies which have been followed for 20 years will be reexamined, weighed and in many cases revised by a new Administration. It will not be easy to correct 20 years of tax abuse and prodigal government spending and waste. Businessmen should maintain a faithful interest in good government, and in sound national fiscal policies and support in every way our Congressmen and other national leaders as they work to return the nation to a sane economic footing.

CHARLES W. HALL

President, The Oneida National Bank and Trust Co. of Utica

From Utica, New York, in the heart of a rich agricultural area and a busy industrial city, we look forward with confidence into 1953. The confidence that is the feeling of the people in this area, is one that is in common with the people from all parts of the world, which is the result of our national election in November of last year when General Eisenhower was chosen as our President-elect. This feeling of confidence continued as the Cabinet was chosen and his advisors named. The people of all nations of the world will be benefited as the United States is led by strong leaders. This strength of leadership will be reflected in the actions of the United Nations and in the attitude of other nations as we strive together to meet the problems in a troubled world. World peace is one of the major problems facing us in 1953. The problems in Korea, Iran, China and Europe must be solved and because of these world problems we must, during 1953, continue expenditures on the part of the Government as we live in a state of preparedness. These sacrifices will affect all of us, the greatest impact being reflected in the taxes which must remain high in order that our economy may function without substantially increasing our deficit financing.

Charles W. Hall

Dairy farming is one of the important types of agriculture in central New York. Prices in the dairy industry are expected to hold at a good level and remain approximately the same as during 1952. The farmers of this area have been able not only to improve their farm properties but to mechanize their farm equipment, increase the productivity of their land and advance the quality of their herds during the past few years. This purchasing power makes an important impact on the retail sales volume of this area.

During 1953 we look for capacity industrial employment for the people of this area. There were some difficulties in 1952 as industrial employment had to be shifted from one type of employment to another. Utica industries are now well diversified and the forward delivery orders now in file will require many months of good production. This backlog together with the normal sales volume should make 1953 a year of good production volume.

The outlook for residential building for 1953 appears best in the medium-priced home group. The market has been pretty well covered for low-priced individual homes. Building for industry will not be on a heavy construction volume during 1953. However, there will be substantial additions made to several of the large central school buildings in this area, as there will be substantial improvements and additions made to all of the hospitals in Utica. The total volume of building will be slightly under 1952.

As we look ahead into 1953, it is the feeling of the bankers of this area that banking deposits will continue to show gains. Commercial deposits are in excess of any other period in the records of our city and savings deposits are at an all-time high.

Mortgage money is available to meet all normal needs for home construction. Commercial properties are finding mortgage money available, but in these cases, there is more reservation as the needs of the customer must be geared to the program with payments scheduled for medium maturity. There is ample credit available for all the normal business needs of our customers, both large and small.

Instalment credits have followed the trend of the nation's experience and we feel in 1953 that this type of sales will level off to hold the present level.

It is our opinion as we look forward into 1953 that the outlook for sales will be good, but the cost of production will be high and that profit-wise industry will show but modest gains.

JOHN HARPER

President, Harper Oil Co., Inc.

It is difficult for a local marketer of petroleum products to give intelligent views regarding the outlook for business in 1953.

The conditions that confront the oil industry this year seem to involve wide areas of readjustment. There is not sufficient indication of how things are going to work out.

John Harper

Readjustments are bound to occur under three specific headings:

(1) Supply and Demand.

(2) Change in National Administration.

(3) Litigation and Investigation.

Reviewing some of the problems involved in each of these categories:

(1) The supply of petroleum products seems to have caught up with the demand. If the armed services do not increase their requirements excessively, it is likely that the balance will swing from a seller's to a buyer's market. This situation exists not only in this country, but probably throughout the world, outside of the "Iron Curtain." Such factors as the reactivation of the oil industry in Iran, and the success or failure of attempts of U. S. producers to curtail imports of petroleum will have considerable bearing on the future prospects.

(2) While the Eisenhower Administration seems to have the confidence of most oil men, it is too early to tell just how the Tidelands problem will be resolved, and when or whether the control on wages and prices will be eliminated. Such matters will have significance in the successful operation of the oil business this year.

(3) The Department of Justice has many suits and investigations in the works. Commissions are active in attempts to change some of the practices in the oil industry. It is likely that most of these proceedings will be carried through to a conclusion. In almost any instance an unfavorable decision might disrupt industry procedure to a marked degree.

In a general way, conditions look good for 1953, but a period of such marked readjustment for the oil business makes it impossible to anticipate anything more definite than a very healthy atmosphere.

LEWIS G. HARRIMAN

President, Manufacturers and Traders Trust Company, Buffalo, N. Y.

Regardless of the outlook for business which I think is very satisfactory, I believe most businessmen enter the New Year with an enthusiasm and zest that has been lacking in recent years. Unless all signs fail, the atmosphere and the conduct of the new Administration will be businesslike and will reflect the experience, tradition, and concepts of the very capable businessmen the new President has recruited from the high places of industry to clean up and run the affairs of government. It is our sober knowledge that this is much easier said than done. There will be mistakes and disappointments. We can expect no miracles but the approach, the point of view, the methods and the policies to be employed will be understood and make sense to the businessman. I expect to continue to like Ike.

Lewis G. Harriman

There comes from all quarters the united opinion that business will be excellent in the first six months of 1953 and even those who have spoken of a possible slowing up in the last half are now inclined to extend their timing by six to 12 months. Certainly the facts and figures of business are most encouraging and are bolstered by the anticipation that Federal spending can be reduced, some waste and inefficiency eliminated, taxes adjusted, and that private enterprise will be allowed to function with less government in business.

In the banking business I believe the trend to modestly higher earnings will continue through the year. I do not anticipate any major change in money rates and I am hopeful that the costs of doing business will begin to stabilize.

B. E. HENDERSON

Chairman of the Board, Household Finance Corporation

In 1878, a loan office was opened in Minneapolis, which was the forerunner of Household Finance Corporation. In 1953, we are celebrating the 75th Anniversary of the opening of that small loan office.

The ensuing years have been kind to us. We now operate 577 offices in 29 states and in all the provinces of Canada. The HFC seal has become a symbol of prompt, friendly money help to necessitous borrowers throughout both countries.

Byrd E. Henderson

It required over 50 years before the total of Household's customer notes receivable reached $33 million (1878-1929), but in the following 23 years the total has grown to over $300 million. There are many reasons for this remarkable growth, but at least three should be mentioned: public acceptance of instalment cash lending has become widespread; the company has expanded the territory in which it operates; customers borrow more than they formerly did, largely as a result of the decreased purchasing power of the dollar.

At the end of 1952 more than one and one-quarter million families were doing business with us. The average size of the loans made during 1952 was about $300. The dollar amount lent totaled about $575 million, the largest amount in any one year in our history.

In making cash loans to the families of America, we serve them as banks serve industry. There are many wage earners who do not have enough savings or other liquid assets which can be turned into cash in time of need. Their chief asset is their earning power. When required to meet an unexpected money obligation, they turn to a cash lending service, just as business organizations turn to banks. At Household these sound American families are able to obtain the cash they need when they need it.

The notion that instalment cash lending is better during hard times is a mistaken one. It has been our experience that when business is active and people are employed at good rates of pay, they are willing and able to obligate themselves to repay on an instalment basis the money which they need to meet emergencies. This is conducive to a high volume of applications for loans, to the granting of loans to a high proportion of applicants, and to a steady volume of repayments from customers. When unemployment is widespread and there is a feeling of job insecurity, fewer qualified people apply for loans. The average working family is unwilling to obligate itself unless reasonably sure that employment will continue long enough to permit repayment of the loan.

In view of the high level of general business activity in 1952, it is not surprising that it was a good year. So far as can be foreseen, 1953 will also be a year of high activity in business, and we expect our loan volume to be maintained.

ERNEST HENDERSON

President, Sheraton Corporation of America

A forecast of trends in the hotel industry must to a large degree be based on trends established during recent years. These trends, of course, may be influenced by general business conditions which would naturally affect nearly all industries.

Ernest Henderson

In the hotel industry, there has been a trend towards a lower percentage of occupancy for the past six years. This trend, however, has been more than offset by rate increases which have been quite general. There is no visible indication that these trends will be altered during 1953.

Because of wage increases, which on a percentage basis have exceeded rate increases, the industry has been forced to look in many directions for methods to reduce costs. These have included the installation of labor saving devices, better kitchen layouts, and better training of hotel employees. These trends will undoubtedly continue during 1953.

In spite of the declining occupancy and higher wage scale indicated for the coming year, there is every indication that the better managed hotels and particularly the larger hotel chains will continue the upward trend of their earnings in the coming year.

Since the war, modernization programs in the majority of hotels have been on a substantial scale. The anticipated better showing of the industry during the coming year will undoubtedly reflect the results of these improvements. Although in 1946, when the hotel industry was enjoying an average percentage of occupancy of 93%, it was frequently indicated that a decline to the 80% level would represent the break-even point for the average hotel. Actually this percentage has now declined to approximately 78% for the industry; yet, in spite of the ominous prediction of six years ago, many of the leading hotels at present levels of oc-

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Uneasy Prosperity

great remaining free economic power has gained fabulously since, both with respect to its own immediate past, and in comparison with the absolute growth of other nations.

We know all this — when we stop to think of it. But, as with other platitudinous things, we seem to take it for granted. We just can't continue to stay excited about our economic vitality. We are not even smug about it. Worse yet, all too often many of us can't quite believe it is true nor that it can continue to stay true. We are obsessed with the notion that there must be a bogeyman lurking around the corner.

For with all this prosperity, instead of confidence and exhilaration, there has come a great uneasiness, a bundle of fears and uncertainties, and a defensive, almost desperate search for security.

Our grandchildren shouldn't have much trouble spotting the principal origins of our uneasiness. Obviously most of it stems from two devastating experiences in our lifetime. We are psychically scarred by the long depression and by the world war. Our chronic jitters arise from an ever present fear that one or both will recur.

I am an economist, not a prophet. (Some of my colleagues to the contrary, I insist that to be the one does not constitute a qualification to be the other.) Nor am I a telepath. And only he who can read the minds of the Politbureau-Praesidium can truly gauge the likelihood of war. That is one initiative we shall not seize, even though there are many others we will — and still others that we should.

Accordingly the uneasiness connected with the not-so-cold-war, and how it might be allayed, are subjects that cannot be included here. But the fears of depression, the economic uneasiness and some of our choices of direction as we pass the next succession of economic crossroads — these are points on which I would like to dwell briefly.

Does a Depression Impend?

What about the impending depression?

It is disconcerting but true that only Stalin and Co. have been more consistent than American businessmen and business economists in predicting depression in America. The Communists have a vested interest in bringing it about; hence their predictions are comprehensible as wishful thinking.

We have no such excuse.

Nevertheless, ever since the closing days of the war, most of our prophets, professional and amateur, have sung the same refrain. It usually goes something like this: "Business won't be too bad for the next six to nine months, but there are serious weak spots in the economy. Present high levels won't last; better prepare for a downturn." Month after month, for nearly eight years, this has been dinned into our ears.

There are variations on the tune. Worries over inflation, high taxes, narrowed margins, high break-even points, overcapacity, market saturation, price resistance, and government deficits are woven into the melody with changing emphasis, but the chorus remains unchanged "Get protected against a downturn."

So the tactical decisions of many businessmen have been defensive. They, along with practically all other elements of the population, have engaged in an unprecedented scramble for security.

Look for a moment at the atmosphere in which they have been operating. To mention only a few of the manifestations of security-mindedness in recent history:

The increasing emphasis placed by organized labor on job protection; the drives for new and higher pensions plans.

The growth and extension of Federal and state social security legislation.

Price supports for the farmer.

Guarantees of bank deposits; of home mortgages.

Guarantees of private investment abroad.

Continued tariff protection, long after we have become a mature creditor nation in international trade.

Fair trade legislation — retail price maintenance.

Fast tax write-offs on new investment.

These are all measures calculated to shift risks from the shoulders of the individual, to mitigate the rigors of competition. Each may be socially desirable, given the specific problem it is designed to solve. Yet taken together they significantly reduce the dynamism of our economic system.

Let me not be misunderstood. This is no pitch for insecurity; no demand to turn the clock back on the whole body of recent legislation. The effect of most of these measures will undoubtedly serve the very purpose for which they were conceived: to cushion the economy on its downswings.

Full Security Means Stagnation

We must never forget, however, that continued growth, the long upward path around which such cyclical swings take place, is not made easier by the achievement of security. Indeed, full security is tantamount to stagnation. President Conant put it succinctly the other day when he said "The key to progress is competition."

It is imperative, therefore, that the key decisions be taken by men who are not dominated by considerations of security. This places a great burden on the businessmen of today — and tomorrow. They are, and must continue to be, the chief innovators and risk-takers of society. Whatever the other groups of the population may do, businessmen cannot, must not, seek safety. To do so is to forfeit the right to leadership.

Here permit me a digression which I would love another time to develop more fully. It has to do with the businessmen of tomorrow, the men now attending our colleges and business schools. Much has been made of the security-mindedness of the post-war generation, of the widespread apparent desire to play it safe, to find a secure niche on the payroll of some large, established corporation, to shun major responsibility, to settle down, and venture little. Youth, it is said, is dreaming small dreams.

If this is true, the fault lies less with the students than with their teachers; not with their curriculum, but with the spirit with which they are exposed to it. Youth is not naturally cautious, but students are bound to reflect their environment.

It would be an exciting thing — and socially important—to infuse a greater eagerness for adventure into the present college generation, to send them out with dragons to slay, charged with ambition, fully aware, but not naively, of the essential romance of business and of the stirring challenge they face in making a free economy work—work to its fullest, and ever-increasing capacity. Then we would truly have business leadership in the future.

Present leaders need have no shame for their accomplishments. The record: our material advance, is proof enough. Their decisions, at each crossroad encountered, have kept us pretty well on the prosperous path. But what of the future? And this brings us back to the impending depression—the next crossroad to be faced by today's leaders.

The Old Refrain

Once again the prophets are singing the old song: "We will be fine for the next six to nine months, but storm clouds are gathering. Sparked by defense spending in the continuing mobilization drive, and with a temporary extra impetus as we catch up after the steel strike, economic activity should remain at high levels until middle of 1953, even perhaps a few months longer."

"But," the old refrain insists, "it won't last. As we approach the end of 1953 and enter 1954, the economy will run out of juice. Defense spending will level off, the steel catch-up will be completed. No further impetus will exist to sustain our growth. To the contrary, private investment in new plant and equipment will be cut sharply. We will find ourselves with too much productive capacity, consumer markets will be saturated, retrenchment will be the order of the day."

On strictly economic grounds it is hard to take exception to this line of reasoning. At minimum some sort of shake-out is indicated — *unless* a new energizing factor is added.

It takes no prophet to guess that one will be found. We are no nation to stay passive in the face of disaster. And a major depression of the 1929-33 type would be disaster, not only national, for us in the United States, but for the whole Western world.

What that energizing factor will

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cupancy are showing substantially better earnings than in the period immediately following World War II.

Most of our own planning for the future is based on the theory that our industry in particular and most all business in general is largely affected by inflationary trends. There can be little doubt that monetary inflation has been substantial during the past six years. It is our personal opinion that this effect has been mitigated by the fact that relatively little inflation has occurred in that portion of the country's potential purchasing power which is represented by negotiable securities such as common stocks listed on the Exchanges, which is inherently a very large source of the potential purchasing power of the country. This is based on the assumption that a large portion of the wealth of the country is represented by such securities. It is our opinion that if the security markets should continue the advance which the prospect of a new Administration seems to have started, that the country might be faced with both security dollar "inflation" as well as further monetary inflation, the former, perhaps, overshadowing the latter in its effect on business because of the larger number of dollars involved. This is a combination that could produce as its immediate effect a great quickening of business activity. It would, however, be a danger signal, and substantially higher security prices would make the market vulnerable to a break which could easily start a downward spiral.

According to this theory, it would seem that the first six months of 1953 would produce an accelerated upturn in business, with a distinct possibility of uncertainty if and when the securities markets start discounting the possible curtailment of the rearmament program.

RALPH T. HEYMSFELD

President, Schenley Industries, Inc.

Since the Federal excise tax on distilled spirits was raised from $9 to $10.50 per gallon in November of 1951, much—rightfully—has been said and written about the depressing effect the increase has had on business. It has been noted that the tax increase returned less revenue than the government had anticipated and that it further encouraged the resurgence of bootlegging.

Ralph T. Heymsfeld

It has been pointed out also that the additional $1.50 in Federal tax which the consumer had to pay cost him $346,000,000 more last year than he would have paid for the same gallonage under the old $9 rate. More difficult to calculate is the eventual cost to consumers as both the Federal and state governments, but particularly the latter, are forced to consider stepping up the tax rate in other fields, i.e., income taxes, gasoline taxes, real estate taxes and cigarette taxes, in order to make up the tax revenue lost through reduced consumption under the $10.50 tax on distilled spirits.

Important as these results are, there are other serious by-products of the tax increase, including the dollars-and-cents loss to employees and investors in the alcoholic beverage and related industries.

Industry Employs 400,000

Approximately 45,000 persons are employed by U. S. distillers and another 360,000 men and women are engaged in spirits distribution. The industry's direct employment, therefore, may be put at more than 400,000 persons. Indirectly, the industry furnishes employment for an estimated 86,000 additional persons in tributary branches of production which furnish materials, supplies and services used in distilling, bottling and dispensing spirits. Thus nearly 500,000 breadwinners, together with their families, look to the production and sale of distilled spirits as a source of livelihood.

As of this date no figures are available from which to estimate the amount of unemployment or lost wages directly attributable to the tax increase. But we do know that the $10.50 rate has had a depressing effect on consumption of legal liquor and it is a reasonable inference that when employment and payroll figures are compiled for 1952 they will reveal that the excise tax hike took an impressive toll of employees' jobs and earnings.

The number of people with an ownership stake in one branch or another of the distilled spirits industry is about 400,000. How did the decline in overall apparent consumption affect these people who had risked venture capital in the business during the 12 months following the imposition of the $10.50 tax?

Decline in Profits

The decline in distilling companies' profits, affecting approximately 100,000 stockholders, may be estimated—on the basis of a study of the latest available financial statements—from $52,000,000 to $103,000,000. As a result, 100,000 stockholders have seen the immediate resale value of their holdings reduced by more than $200,000,000.

The effect of the tax increase on the profits of distributors and dealers is difficult to estimate, since wider margins provided some cushioning effect for the reduced turnover. But it is significant that Dun & Bradstreet reports indicate an increased number of failures at both wholesale and retail levels of the trade, compared with the same period in 1951 and 1950.

It is evident that the industry's apprehension as to the consequences of raising the excise tax on distilled spirits to the discriminatory level of $10.50 was well-founded. The increase has imposed an inordinately heavy cost on tens of millions of consumers. It has prejudiced the earning opportunities of nearly half a million wage earners and severely cut the earning power of the investments of nearly 400,000 people who have risked venture capital in the distilled spirits field, not to mention the indirect effect of the tax on the holdings of investors in tributary and auxiliary fields.

No Added Revenue

In short, while the available data is incomplete and in some respects inexact, enough has been shown in the first year of the $10.50 tax to demonstrate that, as the industry foresaw, the depressing effects of the tax have spread throughout the whole economy, injuring literally millions of people without adding a drop in the bucket to needed Federal revenues.

The only solution to the problem, the distilled spirits industry will continue to insist, is reduction of the present tax, not to $9, which cannot be considered a base for normal business operation, but to a realistic $6. At such a tax level we are confident that withdrawals would reach 225,000,000 gallons annually, to the advantage of both consumers and the industry, and that there would be an appreciable increase in tax revenue accruing to the Federal Government.

STANLEY HILLER, JR.

President, Hiller Helicopters

One cannot thumb through a business magazine, published around the first of the year, without coming in contact with the "experts'" *prediction of the future.* In the majority, we read than consumer goods will maintain their relatively high sales level established during the last few years. Travel is projected in 1953 to hit an all-time high, and although farm prices may drop a bit, production of our basic foods will continue to be "the biggest crop in years."

Stanley Hiller, Jr.

I can only follow this belief that 1953 will be our "leveling off year." Certainly some product sales will go into decline. However, on the majority, I believe our economy will parallel closely 1952. Substantial military expenditures will continue. Actually, in the aircraft industry, military and commercial sales will show considerable increase over last year. Conversely, tank and certain military and civilian wheeled vehicles will show sales of a lower magnitude this year as compared to 1952. This type of fluctuation should be expected, and when we read of dealers' shelves being overstocked with certain items, we would, upon investigation, find that there are other products unavailable because of ever increasing demands. These differences should be considered purely as the peaks and valleys of a "more stabilized" economy. To the writer, they represent natural fluctuations of the leveling-off 1953 period. Personally, I believe this balance or "leveling-off period" will extend well into 1954. The long range planning and "next year" preparation of American business cannot be shut on and off like a water tap. Big business planned for 1953 in '51 and '52, just as we are today planning for 1954 and '55. We, ourselves, are preparing new models for these coming years. The makers of automotive and other long range development hard items have already put into motion advertising, manufacturing and product design programs which, in themselves, will act as a shock absorber against any major change of our country's operating economy.

This year's-ahead planning, to a certain extent, gives us the stability we, as a producing nation, require. Short of all-out war, or a complete change of our buying habits, we should at least be able to predict the "next or coming year" with this "business programming barometer." In 1952 this barometer showed definite signs of a leveling-out period during 1953. I see no reason to expect any change in this initial reading.

WILLIAM A. HOBBS

Partner, Clark, Dodge & Co., New York City

Earnings in the securities business in 1952 were quite mixed. At this time next year a similar statement for 1953 will undoubtedly be appropriate.

Those firms which are entirely dependent upon commissions from transactions on the major exchanges did not have a very good 1952. Relative to other businesses, there is over-capacity, prices (commissions) have not been raised commensurate with much higher operating costs, and volume was down by about 25%. The current year is off to a good start as prices of securities have been in a sharply rising trend since Election Day and volume is currently at a very satisfactory level. Just as one tulip does does not make the Spring, so the first few weeks do not make a successful year for stock brokers. Indications are, however, that the stock market will do better in 1953, and as the business is highly leveraged—i.e. a high break-even point, earnings could improve substantially.

William A. Hobbs

The other money making facet of the securities business—the new issue market—was very profitable in 1952. The total volume of new issues was the highest since 1929, but as the preponderance was in bonds rather than stocks and as such a large percentage was subject to competitive bidding, profits were only a small portion of the 1929 total. With so many of the prime names having raised additional capital last year, it is doubtful that 1953 will witness the same volume of successful underwritings. It appears that 1953 will be a profitable period for underwriters but somewhat below last year.

CHARLES W. HOFF

President, Union Trust Co. of Maryland, Baltimore, Md.

We enter the new year with local industries operating at close to capacity, and with industrial employment and retail sales at high levels. Our local manufacturing is diversified, with emphasis upon the basic industries, and many of our companies are heavily engaged in defense work and have deliveries scheduled well into 1953.

Charles W. Hoff

The new Administration in Washington will find enthusiastic public support of its purpose to bring about economies in government. We cannot expect this to be accomplished overnight, but the prospect has already given business a psychological lift. The elimination of waste—whether in government or elsewhere — is bound to increase the purchasing power of the dollar without necessarily proving deflationary. We hope that greater economy in government at all levels will be followed eventually by lowering of the tax burden, which in turn will mean lower prices to the consumer resulting in a saving which can be used for other wants or invested for gainful purposes. The chain of events thus set in motion provides incentive under the American system of competitive enterprise, and helps to raise still further the standard of living.

The cabinet selections have received public approval, and they support the feeling that we can and will obtain more value for the tax dollar. Moreover, the new cabinet will be finely aware of the handicaps which arbitrary controls and conflicting policies impose upon business. This knowledge and attitude will no doubt find ways and means to relieve business of some of its nonproductive efforts, and will strengthen the incentive for larger profits through greater economical production.

There is renewed hope of bringing the war in Korea to an end. This in itself will not lessen the defense effort, but an honorable solution in Korea might well lead to a definite policy with which to deal peacefully with Russia.

On the whole, the business outlook is closely based upon the policies and performances of the new Administration. This first change in 20 years promises to be salutary, and while businessmen will follow events with cautious optimism a spirit prevails of more sympathetic cooperation. This should be conducive to better understanding between government and private enterprise, and should produce an atmosphere in which both can plan and function to the best advantage.

EUGENE HOLMAN

President, Standard Oil Company (New Jersey)

Nineteen fifty-two was a satisfactory year from the standpoint of balancing oil supply with demand, and one in which this company's affiliates, as well as the rest of the industry, again overcame the bulk of new operating problems arising during that period.

Eugene Holman

There are many indications that the New Year will be a normal year from the standpoint of supply and demand as a result of the job the industry has done to provide a cushion in supply of most major products.

The disruption of supplies caused by the widespread refinery strike last spring, was, perhaps, the major operating difficulty encountered in the oil business in 1952. Then, beset in addition to this problem by the steel and shipping disputes, the industry minimized the effects of these troubles with heartening display of energy and initiative.

To be specific, strike-caused losses have not only been offset but inventories now exceed comparable 1951 levels by some 20 million barrels of refined products and seven million barrels of crude oil. I consider this a comfortable situation in which the industry can operate efficiently.

At the same time this condition is, of course, in line with the desire to have ample productive capacity and reserves handy for use in an emergency. For this purpose, the government and the industry felt it would be desirable to attain a productive capacity of one million barrels a day in excess of current demand. The industry should be proud that during 1952 it achieved this goal.

There have, naturally, been bottlenecks. For example, the tight situation in aviation gasoline continues. However, that pressure should be gradually eased with the completion of new facilities.

Aside from this specialized requirement, the industry has increased its capacity to supply major products somewhat more rapidly than the growth in demand. For example, the industry is well prepared to meet the demands of normally cold weather this winter because heating oil

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Uneasy Prosperity

be, and who will introduce it, however, is a matter of choice. And the choices made in 1953 will have a profund bearing on the shape of things in the years that follow.

As I see it, the major question is whether business will seize the initiative or whether it will be left in the hands of government. Business has the greatest opportunity it has had for more than 20 years to demonstrate its capacity to take the lead in economic development, to perform its age-old innovating and risk-taking functions.

In a few days a new Administration will take office, an Administration believed to be sympathetic to individual rather than collective solutions of economic problems. It will be staffed, in key places, by distinguished businessmen. They will be ready to give ear to the counsels of their colleagues still active in business, if those counsels make sense for the nation. They will be ready to lend encouragement to private enterprise, to local groups, to find their own solutions to economic difficulties — if those solutions serve the national interest — if they are conducive to continued growth and a rising standard of living.

But, as 1953 wears on, and economic problems emerge, as some surely will, if business goes on the defensive, retrenches, plays it safe, and pulls in its horns, we can be sure that government will not. Political pressures from a population almost pathologically frightened of depression would not permit any administration to stand idly by. No political party, with the hope of reelection, will fail to take strenuous measures to avoid being held responsible for deflation.

Accordingly, if business fails to act, government will again take the lead and enlarge even more the scope of its activity, increase its proportionate share of the national economy.

One can only speculate as to the specific measures that would be taken, but, in effect, some new from of spending program would probably be devised.

Given another war scare, or even as a continuation of the cold war, this might take the form of an extended mobilization program. The arguments to justify it are easily developed: present weapons will soon be obsolete. Their replacement in the form of guided missiles and the other implements of push-button warfare, all of which are very expensive, would require vast new Federal outlays.

Full scale air defense would be a major undertaking, involving great expenditure. On non-economic grounds it may become necessary. And it could require not only extensive warning systems, defensive emplacements, and the deployment of defensive aircraft, but also the dispersal and relocation of key industries.

Or a great new program of public construction might be instituted. The needs for schools and improved highways is already apparent.

Or some sort of Marshall Plan for Asia, an area where our commitments are just beginning, whatever the outcome in Korea.

Any one of these could provide sufficient impetus to keep the economy in high gear for a while longer. As such, each could meet the short-run problem which worries the economic prophets who are calamity howling about 1954. But each constitutes a postponement rather than a solution of the problem of the private economy. And, over the long haul, an encroachment.

How can business itself provide the energizing force to maintain prosperity, and, more important yet, continued growth?

The immediate problem, as everyone knows, is not the technical one of production. That's the long-run problem, which private enterprise long-since has proved it can solve, and more effectively than public bodies. At the moment we have resources and skills aplenty. As we approach 1954 we will have industrial capacity in place and agricultural production sufficient to provide a standard of living substantially higher than today, particularly if military standby is applied to civilian production.

The problem to solve is that of distribution, how to move the goods we are capable of producing; how to get them in the hands of consumers instead of backed up in inventory and storage; how to maintain an ever-increasing flow, matching desires with incomes, prices with costs, consumption with production.

There are two major points of attack upon this problem. Businessmen must exploit them both to the utmost. Each recognizes that the term "market saturation" is a misnomer; the product of static thinking. Over time, human desires are fundamentally insatiable. A market is saturated only at a given moment, and at a given price.

Business ingenuity is required:

(1) To increase marketing efficiency, to cut the cost of physical distribution, to pass the savings on in lowered prices. Distribution efficiencies will have to be substantial to keep pace with the daily miracles of production efficiency.

(2) To improve its techniques of selling, advertising and promotion, to create new and larger demand, to revive the nearly lost arts of competitive selling, to use contra-cyclical advertising — to move goods by intelligent and aggressive salesmanship.

You gentlemen here today are engaged in a specialized form of distribution and marketing, with its own techniques of salesmanship. In a sense, therefore, your role differs from that of men selling the products of American industry. In the larger sense, however, that you are salesmen of shares in all industry, your activities and those of industry are interdependent. Prosperity and continued growth in the one activity determines and is determined by the prosperity and continued growth of the other.

Accordingly, if all of us, here and everywhere, who believe in free enterprise will accent enterprise in tackling the problem of 1953, we won't have to worry so much about our freedom.

And our grandchildren, describing America in mid-century will then find it appropriate, thanks to us, to emphasize the prosperity part of today's uneasy prosperity.

McKenzie Co. Formed

Kathryn B. McKenzie is engaging in a securities business from offices at 303 Lexington Avenue, under the firm name of K. B. McKenzie Co.

Francis W. Welch

Francis William Welch passed away at his home January 14th at the age of 79. Mr. Welch prior to his retirement in 1939 was active as a member of the New York Stock Exchange and was associated with Hayden, Stone & Co.

Five Join Bache Staff

Bache & Co., 36 Wall Street, New York City, members of the New York Stock Exchange, have announced that the following registered representatives have been added to their sales staffs:

Arthur P. Brooks, in the New York Wall Street office; Gale Holbrook Hedrick II, in Chicago; Jack Cussons in Raleigh; Herbert I. Buttrick in Boston, and Burton L. Harris in their Scranton office.

Theodore T. Scudder

Theodore T. Scudder, 64, one of the founders of the investment counseling firm of Scudder, Stevens & Clark in Boston, died at his New York residence, after an extended illness.

A. Levinson Opens

Abraham Levinson is engaging in the securities business from offices at 123 William Street, New York City.

W. P. Hoffman Co. Admits

Wm. P. Hoffman & Co., 111 Broadway, New York City, members of the American Stock Exchange, have admitted Wm. P. Hoffman to limited partnership in the firm.

First Cleveland Company

L. Don Harris is conducting an investment business from offices at 15 Park Row, New York City, under the firm name of First Cleveland Company.

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comprises most of the increase in inventories of refined goods and because transportation seems quite adequate.

Demand for petroleum products has been rising each year in this country and abroad for some time and each year the challenge has been met. The total volume of demand in 1952 in the United States was more than 3% above the previous year's requirements. In 1953, indications are that demand may go up about 5%, providing industrial activity continues at the present high level.

Earnings of Jersey Standard and its affiliates in 1953 may be expected to be about the same as last year if business continues at the 1952 rate. The level of employment should remain traditionally stable.

JOHN HOLMES

President, Swift & Company

Americans are expected to eat slightly more red meat in 1953 than they did in 1952, according to the U. S. Department of Agriculture. On a per capita basis, this promises to be about 144 lbs. per person as compared with 142 lbs. in the past year. Pork supplies are expected to be from 6% to 8% lower but it appears that beef supplies will more than offset this drop by a gain of 10% to 15%. Lamb and mutton should be about the same as in 1952.

John Holmes

Beef—During the fall of '52, there were substantial increases in the volume of cattle and calves dressed. The numbers of cattle on farms were at record levels when widespread drought conditions added to the usual incentives for heavy fall marketing. Some of this distress marketing was absorbed in a build-up of cattle in feedlots and on corn-belt farms, but the result has been a relative abundance of beef, particularly of the intermediate and lower grades. This condition is likely to continue well into the early part of '53.

Current levels of cattle on farms and on feed should afford significant increases in volume of cattle of all grades to be dressed throughout '53 compared to '52.

Pork—While it is too early to be positive, it appears unlikely there will be any significant upswing in the production of hogs in the year ahead. This is in spite of a near-record corn crop in '52. Bumper corn production occurred only in the Western corn-belt. In that area, much of the crop is being held under government price support arrangements instead of being used as feed. The probable result will be very little increase in hog production. In other areas, crops were reduced by drought conditions, and hog production will probably decline.

Poultry—While the average American is eating about the same amount of red meat today that he was 12 years ago, he is eating over 55% more poultry. This makes poultry the real "comer" in the meat field. In the first six months of '53, the prospects are for a 15% to 20% increase in supply of commercial broilers, over the same period last year. In '52 Americans ate 870 million of these new-type birds, an increase of 78 million over '51. A further increase is expected in '53.

JACK G. HOLTZCLAW

President, Virginia Electric and Power Company

With the expected upturn in textile operations, which has already resulted in increased employment in the synthetic fiber industries and their chemical suppliers, 1953 should be a very satisfactory year in the Virginia area. Other non-durable goods such as tobacco, food and kindred products are expected to show gains, and the accessibility of locations in this area to major markets has in great part accounted for area-wide gains in apparel plants.

Jack G. Holtzclaw

The defense program continues to pace the durable goods industries, and the flattening out of this program is expected to hold the present levels of employment in shipyards and similar establishments over a longer period. Installations of the military establishment are also continuing their large construction programs, and because of their peculiar nature, few, if any, cutbacks are considered likely.

In evaluating the economy of the area, the continuing high level of the tourist business has brought the serving of travel needs to one of the greatest single sources of income. There has been no falling-off in this business, and construction of new facilities to serve the travelling public has been of marked importance in 1952. State and private agencies have joined in efforts to attract new visitors, to lengthen their stay by suggesting other attractions and to spread the business over the year. Already one of the leading States in this business, increased travel is confidently expected.

Serving these expected increases makes a continuance of improvements and new construction in the electric utility business vitally necessary. During 1953, the construction budget of Virginia Electric and Power Company is planned at $42,000,000 as compared with $48,000,000 in 1952. A substantial part of this budget is to be used in the erection of the new Portsmouth power station at Portsmouth, Va. The first 100,000 KW unit in this new station is expected to be in operation in the early part of 1953, to be followed by another similar unit in 1954. If the pending litigation in the Supreme Court of the United States is resolved in favor of the Company, an additional $5,000,000 will be expended on the 91,000 KW hydro plant at Roanoke Rapids, North Carolina, to ultimately cost about $27,000,000.

The operating budget for 1953 is based upon an estimated increase in power output of about 10%, which is in line with the increase in 1952 over 1951. Annual average consumption per residential customer for 1952 is about 2,425 kilowatt-hours and is expected to reach 2,550 kilowatt-hours in 1953.

The Company will grow as its service area grows. This growth has not been spectacular, because it has been from an excellent base, augmented steadily and consistently throughout the years. The advantages of this area are great in material and human resources, but even greater in the sound thinking of its people and the high quality of its government.

JOHN JAY HOPKINS

Chairman of the Board and President, General Dynamics Corporation

This past year has been in many ways the most outstanding in our 72-year history. In 1952 General Dynamics Corporation attained its largest sales volume, more than $110,000,000, while simultaneously increasing its backlog to a new record of approximately $385,000,000.

John Jay Hopkins

In the year gone by, in order to meet the demands placed upon us by the preparedness programs of the United States and Canada, we expanded our productive capacity as rapidly as efficiency would permit. Our total employment in the United States and Canada jumped from approximately 13,000 at the beginning of the year to more than 19,000.

Plant facilities of our aircraft manufacturing subsidiary, Canadair Limited, were expanded to 2,500,000 square feet, almost 60 acres. In addition Canadair placed major subcontracts with other Canadian industrial firms during the year. Construction was commenced on buildings to house the greatly expanded submarine design department of our Electric Boat Division at Groton, Connecticut.

On June 14, 1952, the President of the United States came to our Groton, Conn., shipyard to lay the keel for the world's first atomic-powered submarine, the "Nautilus," and on July 19, we received an order for the second, the "Sea Wolf." During 1952 we delivered to the United States Navy three of the new high speed Tang class submarines, the "Trigger," "Trout" and "Harder," while commencing work on two target-type submarines for the United States Navy and two modern submarines for the Republic of Peru.

Canadair Limited continued quantity production of the F86-E "Sabre" jet for the Royal Canadian, British, and United States Air Forces, and the rate of delivery will be increased in 1953. We delivered the first T33, a two-seated jet trainer, to the RCAF at year-end, and shall shortly be making deliveries in quantity. Quantity production of the T36 trainer-transport with twin piston engines will also begin in 1953.

We also commenced a world-wide survey and market assessment which may lead to the production of the Canadair 21, a twin engine, high wing pressurized passenger transport for local service in medium range operations.

The output of electric motors by the corporation's Electro Dynamic Division was substantially increased. In addition to fulfilling many new industrial orders, the Division provided many auxiliary motors for the famous superliner SS "United States."

It is worth noting that in 1952 as a reflection of our greatly expanded activities, we changed our name to General Dynamics Corporation. We have, however, retained the long time respected name of Electric Boat as the designation of our Electric Boat Division, builders of submarines, which are in fact "electric boats." We believe that our new name has gained general acceptance.

In furtherance of our belief that in diversification we have the soundest basis for the continued prosperity of this corporation, we shall continue our study of the industrial applications of nuclear energy in the coming year. Although 1952 was characterized by inspiring achievements, I do not consider it a peak. In the coming year we can expect further increases in sales, and by insistence on all possible efficiency, we shall do everything possible to continue to increase earnings for our share owners.

WILLIAM F. HUMPHREY

President, Tide Water Associated Oil Company

Operating results for the coming year should compare favorably with those of the last two years and our capital expenditures in 1953 are expected to exceed by a considerable margin comparable expenses of recent years, particularly inasmuch as we are going to have four new tankers built for ocean-going service.

Insofar as the petroleum industry as a whole is concerned, its results in the coming year should be quite satisfactory unless changes in domestic affairs and foreign relations should react on business conditions in a manner not now anticipated.

CROIL HUNTER

Chairman of the Board, Northwest Airlines, Inc.

As aviation observes the fiftieth anniversary of the Wright brothers' first heavier-than-air flight, 1953 should find the public more air-minded than ever. Public acceptance of flying as a means of getting to distant places quickly and in comfort has been growing yearly as service became more and more dependable. Now the anniversary itself should step up the interest in aviation.

Croil Hunter

In this year, which marks a milestone in the industry, Northwest Airlines looks ahead confidently.

Our biggest problem has been lack of aircraft—for actually we have a greater business potential than we can handle with the planes available. But steps have already been taken to improve this situation; and the effect should be increased passenger and cargo volume during the year. Recently we entered into an arrangement with Eastern Air Lines which will provide some 9,200,000 more seat-miles per month in our domestic service. Under this agreement, Northwest will put into operation daily Lockheed Super Constellation service between Chicago and the Pacific northwest. The aircraft will be operated by our personnel west of Chicago.

Northwest has also adopted plans to provide 4,000,000 additional seat miles per month under a program of adding eight seats in each of the Boeing Stratocruisers.

With the present satisfactory utilization and performance we are obtaining from our Stratocruiser fleet, and under the arrangement with Eastern, we will be able to provide a total increase of approximately 30% in the seat-miles available in domestic service in the summer of 1953 as compared with the 1952 season.

Thus our most acute problem, available seat-miles, will be eased.

We are looking ahead to improvement in both our domestic and international business.

Along our transcontinental routes within the United States, we have been generating some record traffic volumes. This was strikingly illustrated recently when, on a mid-winter day, more passengers boarded our planes than during any peak day during the previous two years. This, of course, was very unusual since traffic along northern routes normally falls off during the winter. This mid-winter record traffic, I believe, can reasonably be accepted as an indication of the fact that flying is becoming the favored means of transportation for millions of American people.

Re-enforcing this favorable attitude on their part is the fact that the scheduled domestic airlines have established during the past year, the best safety record in the history of the industry. Carrying approximately 24,000,000 passengers, they had a passenger-fatality-rate of only 0.38% per 100-million passenger miles. The previous all-time record of 1.1 in 1950 was bettered.

Safety, dependability, speed, comfort and other factors are contributing to build up support for commercial aviation.

Both within Northwest Airlines and throughout the industry, I look to see the current year an outstanding one.

CHARLES LUKENS HUSTON, JR.

President, Lukens Steel Company

Forecasts of 1953 business look good to Lukens Steel Company. With a continuing heavy volume of steel plate production which seems evident at this writing, Lukens anticipates that its next fiscal year will be another good one, barring unforeseen incidents either at home or abroad.

C. L. Huston, Jr.

While there may be some softening in the demand for light gauge steel plates, there seems to be no decrease evident in the demand for heavy plates and plate specialties, in which categories Lukens does most of its business. The capacity for heavy plate production industry-wide has not been increased as rapidly as has that for light-weight plates, strip and sheet. Lukens with its 206-inch mill produces the widest and heaviest plates obtainable anywhere in the world.

The company does not expect 1953 to be record-breaking, despite the apparent continuance of government spending for the military, and a projected demand for plates and plate specialties in businesses allied to the military program. The company foresees high-level tonnages but it expects a lessening of some of the more lucrative specialty items in its product mix.

The completion of additional facilities during the year will help materially in expanding the company's specialty production capacity as well as increasing operating efficiency.

However, the early completion of these facilities will create some strain on the company's working capital, as available funds are withdrawn for capital expenditures on the new Centralized Maintenance project and the addition to the Sodium Hydride descaling operations, both of which are to be ready for use in 1953.

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Working Capital Problem Underscored

Report of Credit Research Foundation, affiliate of National Association of Credit Men, reveals many financial executives expect a strain on the working capital position of their concerns. Says some executives predict recession late in 1953.

The Credit Research Foundation, affiliated with the National Association of Credit Men, has just released the results of a study which, according to Dr. Carl D. Smith, Managing Director, reflects the opinions of 162 leading business executives as to the problems they anticipate in 1953.

The report indicates that high taxes and a possible business recession in late 1953 are less pressing than the problems which will arise from further strain on the working capital positions of many companies. Below is a tabulation of the problems most frequently mentioned by the executives who made their viewpoints known to the Credit Research Foundation:

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In commenting on the working capital problem, the report, which was written for the Foundation by John B. Matthews of the staff of the Harvard Graduate School of Business Administration, states:

"A great many firms are already undergoing problems of strain in their working capital positions, and more are apt to feel the pinch in 1953. In addition to normal seasonal sales and credit problems, many companies are finding increasing pressure brought to bear on them by their customers for credit extensions; the customers in turn are in tight cash positions. The working capital problem is brought about by a variety of factors, among which taxes play an important role.

"Under the Mills Plan, tax payments in 1953 on 1952's earnings have again been accelerated. Under the new schedule, companies whose capital positions are already stretched thin have a greater problem than last year. In addition, the tax rates themselves are high, and there is little likelihood that they will be reduced in 1953.

"Working capital problems will also be accentuated by inventory accumulations. At present, inventories are believed to be reasonable and in better shape than either 1951 or 1952. However, there may be some pressure on companies to increase inventories in order to service customers whose fear of the future leads them to insist on immediate delivery in order to avoid long-term commitments. Also, more active competition may tend to create an apparent necessity for larger stocks in order to furnish immediate delivery on many different types of items. Customers may find their working capital frozen in inventory accumulation.

"Slower collections are anticipated in increasing volume in 1953. When this occurs, customers' own capital problems may in turn have the same effect on supplying companies. Many letters indicate that collections had begun to move more slowly in late 1952. Many government agencies are normally slow to pay their bills; in other areas, increases in the number of accounts handled, as a means of retaining over-all volume, have meant that less desirable risks have been carried in many instances.

"Collections are apt to become slower for other reasons. Customers in drought areas can be expected to pay their bills more slowly because of reduced incomes. Television set retailers who hold customer paper may be overextended; it has been estimated that consumers currently owe $750,000,000 on sets already purchased. A more universal contributing factor to slower collections will be *keener competition.* The lessening military demands will enable greater production of civilian and industrial goods, and consumer resistance to higher prices will doubtless result in the sharpening of the various tools of competition. As a result, credit men will frequently be asked to 'sell' through the medium of easier credit terms. Such a course may in some instances be desirable. It can, however, be disastrous in others, for too much help to the poor risk can do irreparable damage to a company's working capital position."

On the question of how recession will affect business, the Credit Research report indicates that many companies predict a recession in the latter part of 1953. Most believe that it will be mild, and few seem to think that it will do much harm to the economy and the business community. Nevertheless, its impact on individual companies may be severe. For that reason, credit managers should join other company executives in studying general business conditions, the report indicates, with particular emphasis on their own industries or the industries with which they do business. Prudent management will keep a close watch on sales trends, inventories, and local economic conditions. It should also try to encourage customers, whether retailers, jobbers, or other manufacturers, to take similar steps.

More minute and scientific study of financial statements will be a very effective tool in handling the credit problems of 1953 the Credit Research Foundation study indicates.

Credit executives should try to obtain financial statements at more frequent intervals. "In analyzing statements that are presented, careful analysis should be made of any trends that appear from period to period. Customers should not be permitted to switch working capital into fixed assets without precautionary warnings as to what may occur as their liabilities come due. Inventories should not increase unduly in vague anticipation of higher sales, but should be carefully planned. Customers should be counselled against excessive "selling" of credit terms, for too frequently such pressures can lead to abuses. This situation is particularly apt to arise when both suppliers and customers find their liquid funds in tight positions. Customer borrowing should be carefully followed, and any provisions regarding acceleration of maturity in the event of defaulted interest payments should be understood.

"In addition to more and better financial analysis of customers' statements, credit executives should take advantage of the newer analytical techniques and those infrequently used. 'Break-even' cost analysis can be most useful in gaining the complete picture of a marginal account. In those situations where the credit man works closely with the customer, the development of cash budgets and statements showing the sources and uses of funds can be most helpful in aiding the customer to understand his working capital problem. Furthermore, the analysis of alternative choices of action by comparing cost-savings and the calculation of pay-out periods can aid both credit executive and his customer in better estimating its future."

A study on credit and financial problems is made annually by Credit Research Foundation for the benefit of credit and financial executives who find the reports to be a reliable indicator of the problems they may expect during the year.

With John P. Davis Co.

MINNETONKA BEACH, Minn. —Mrs. Monica M. Waldmann has been added to the staff of John P. Davis & Co.

Two With State B'd & Mtg.

(Special to THE FINANCIAL CHRONICLE)

NEW ULM, Minn.—Clare L. Nelson and Lloyd E. Wright have been added to the staff of State Bond & Mortgage Co., 26½ North Minnesota Street.

Reinholdt Gardner Add

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo. — Thomas R. Gibson is now affiliated with Reinholdt & Gardner, 400 Locust Street, members of the New York and Midwest Stock Exchanges.

Bache Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Herbert I. Buttrick is now with Bache & Co., 21 Congress Street. He was formerly with Wood, Struthers & Co.

A. E. Higgins V.-P. Of Guardian Chemical

Arthur E. Higgins, long associated with many prominent underwriting investment bankers, has been elected Vice-President of the Guardian Chemical Corporation, New York.

Mr. Higgins began his financial career in 1920 with the National City Company, investment banking affiliate of the National City Bank. He has been active in the syndicate departments of many firms, and in recent years has originated, negotiated and placed many financing arrangements, reorganizations and some mergers, largely on his own account.

The Guardian Chemical Corporation is producer of powerful disinfecting and bleaching agents, comprised of modified, buffered hypochlorous acid in powder form, and known by the trade mark name CLORPACTIN.

Two With Waddell Reed

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo. — Robert B. Holliday and Glennon J. Martin are with Waddell & Reed, Inc., Kansas City.

Investments on Wheels

Walston, Hoffman & Goodwin, members of the New York Stock Exchange, is this month displaying Chrysler Corporation's 1953 models in the firm's uptown street-side window at 1370 Broadway, New York City.

In the 24th of a series depicting the products of America's leading and listed companies, Walston, Hoffman is, during January, playing host to Chrysler with an attractive exhibit featuring six "turn over" color pictures of the latest Chrysler productions—complete with models and background scenery, both highly complimentary. The exhibit is headlined by the creditable theme: "Since 1925, 17,000,000 customers have been served by the Chrysler Corp."

Thomson McKinnon Add

(Special to THE FINANCIAL CHRONICLE)

LA GRANGE, Ga.—Gilbert T. Kaap is with Thomson & McKinnon, 14 North Court Square.

With Slayton & Co.

(Special to THE FINANCIAL CHRONICLE)

ALTON, Ill.—George M. Fischer has become associated with Slayton & Company, Incorporated of St. Louis.

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AUGUST IHLEFELD

President, Savings Banks Trust Company, N. Y. City

The mutual savings banks of the country have good reason to expect another gain of over a billion dollars in deposits in 1953.

National income is at a record level, and it is generally expected that personal incomes will be sustained or rise moderately further in the new year. The Eisenhower Administration is committed to policies and measures that will safeguard the integrity of the dollar, so that the fear of inflation will not discourage saving intentions. While consumer expenditures are rising slowly, they are not keeping pace with the increase in disposable income, so that the presently strong propensity to save will be sustained.


August Ihlefeld

Mutual savings banks have strengthened their competitive position among savings institutions by the higher average rate of dividend paid, the constant improvement in service, and growing public appreciation of the great strength and liquidity of mutual savings banks. In New York State, savings banks are confident their authority to open branches will be finally liberalized in 1953, so that needed savings facilities can be brought to newer centers of population not now adequately served.

The continuing strong demand for capital to finance record plant and equipment outlays provides an opportunity to savings banks to acquire sound corporate bonds with reasonably attractive yields. Interest in equity investments among savings banks is growing steadily, both because of the higher yields they afford and the more favorable tax status of dividend income. Tax-exempt bonds will interest a number of savings banks whose ratio of surplus and reserves to deposits is such that they will be liable for Federal income tax.

The larger part of the new funds that savings banks will receive in 1953 will again be invested in sound mortgages. Nevertheless, with some slight decline in new home construction in prospect, with amortization receipts constantly increasing in amount, and with government guaranteed and insured mortgages relatively less attractive because of fixed interest rates on such loans, it is probable that the increase in mortgages will not be as great as in the past three years of record mortgage lending.

Next to mortgages, United States Government bonds constitute by far the largest investment of mutual savings banks. A small decline in such holdings occurred in 1952, but savings banks will retain an ample portfolio of government securities because of the high degree of safety and liquidity they provide. Savings banks would be interested in a long-term Treasury issue with a yield of 3% as an outlet for some part of the new deposits they will receive.

The year 1952 was, in many respects, one of the most successful in savings bank history. These institutions look forward to a comparable year of service and accomplishment for their millions of depositors in 1953.

HON. JACOB K. JAVITS

U. S. Congressman from New York

In both foreign and domestic policy I see an era of responsibility rather than virtuousity or improvisation. In domestic affairs the President will do his utmost to redeem his campaign assurances; I therefore look for a balanced budget to take precedence over tax cuts. Even confident predictions that the Excess Profits Tax should be permitted to die as of July 1, must be taken with some reservation as being based on the expectations of continued maximum returns from other Federal income taxes, both personal and corporate.


Hon. Jacob K. Javits

There will unquestionably be a more conservative tendency in welfare legislation, which includes social security, health, housing and education. Yet, here too, I believe that great efforts will be made to enlarge and improve these activities by the introduction of a great element of citizen and local cooperation rather than to restrict them. So, for example, in housing I expect there will be great encouragement to private construction of cooperatives, particularly multi-family cooperatives giving veterans preference, and to real efforts with government assistance to enable private builders to meet the needs of the lower income groups. In education the President has already indicated he favors Federal aid for school construction. In social security, I believe we will see a broadening and extension of the system, particularly to deal with any inhibition on the earning power of older citizens as a condition for their receiving social security payments, expansion of the opportunities of the self-employed and removal of the inequities affecting them and tightening of the security aspect in handling the Social Security funds.

In the health field, too, the grounds of difference appear to have narrowed. The President has indicated that he has a deep feeling for health insurance and other cooperative plans developed on the local level to deal with the nation's health needs and almost at the same time the President's commission on the Nation's Health, under the distinguished chairmanship of Dr. Paul R. Magnuson, has come out for government aid for local cooperative and group practice medical and hospital activities as a solution. The highly controversial national health insurance program identified particularly with former Federal Security Administrator Oscar Ewing would appear to be in eclipse in view of these developments.

I feel that the same temper is to be expected in foreign affairs. The slogan "Trade, not Aid" is a good one, and the most desirable objective we can seek in the interests of the greatest security for the free world and the best counterforce to the Communist conspiracy of aggression. But this is an objective. We actually must have trade to supplant the aid. The slogan cannot be used as an excuse for stopping our regional programs of military security like the NATO or efforts to give a greater degree of self-sufficiency to the military activities of our partners in these regional efforts on the minimum basis required for maintenance, which is the reason for economic aid to establish military production facilities.

Technical assistance and related materials supply, by now recognized, too, as a vital factor in the anti-Communist struggle, cannot be suddenly withdrawn. The Eisenhower Administration starts, however, with an enormous asset which the Truman Administration did not have. It starts with the confidence of American business. I see therefore a great field for Federal legislation in respect of reciprocal trade agreements, aid to international currency stabilization, encouragement of overseas private investment and the participation actively by American business in the technical assistance program which can change the whole foreign aid appropriations picture. This is perhaps the greatest opportunity of the new Republican Administration. The nature of the Cabinet appointments shows great promise particularly in this regard.

The dynamic power of American business, which I define to include not only management, but investors, workers and farmers as well, can do a foreign policy job, given positive and high-minded governmental direction, unparalleled in our own and the world's history. A businessman's government may well prove to be the salvation of the free world so long as the term businessman is translated into the American axiom of mass production, high wages and excellent working conditions in a spirit of freedom and cooperative sharing of the avails. This we know to be the secret of our own success. To succeed in our mission of world peace and freedom it must cease to be a secret and be shared with the whole free world. The real magnetic attraction upon China, Czechoslovakia, Poland, Hungary, Roumania and other satellites which make the Communist threat so real, to pull away from the Kremlin will come about if we follow this course. The example of Yugoslavia will yet prove to be the historic turning point in the victory of freedom over Communism in our world.

GALE F. JOHNSTON

President, Mercantile Trust Company, St. Louis, Mo.

After the first of the year the money market, which was extremely tight late in 1952, probably will be subject to less pressure. The return flow of money from circulation will add to bank reserves, and the expected decrease in commercial loans will also reduce the pressure. Since business activity is expected to continue at high levels through the first half of 1953, the seasonal decline in loans may be somewhat less than normal. The large income tax payments which corporations must make in the first half of 1953, may also tend to limit the contraction in loans. This is especially true since the "Mills plan" will again accelerate the payment of taxes.


Gale F. Johnston

As in 1952, the demand for long-term money will be determined primarily by the volume of new construction and corporate borrowing for investment in new plant and equipment. Housing "starts" are not expected to decline appreciably from current levels, and the expected decline in capital expenditures by business undoubtedly will be small. As a result, any substantial easing of interest rates in the long-term money market is unlikely.

In the next 12 months the Treasury will be confronted with difficult debt management problems. Each year a larger and larger part of the public marketable debt is becoming a short-term debt, and the incoming Administration will have to determine whether 1953 is the desirable year in which to undertake the task of refunding a portion of this short-term debt into longer-term securities. The possibility of offering a long-term bond at a higher rate will undoubtedly be explored. Since it will be confronted with a deficit, the Treasury Department will also have to consider its operations in terms of the need to raise new money.

Monetary and debt management policies of the new Administration will also be important factors in influencing the money market in the current year. It is not to be expected that radical changes will take place immediately because the new Administration undoubtedly will move cautiously. Its objective, however, probably can be stated as an effort to establish a freer money market in which the Federal Reserve System will exercise primary responsibility for determining the supply, availability, and the cost of credit, and the actions of the Treasury relative to the management of the public debt will be made consistent with the objectives of the Federal Reserve System. Undoubtedly, an effort will be made to utilize the powers of the Federal Reserve System to tighten credit in periods of inflation and to adopt less restrictive monetary policies in periods of deflation. The policies which will be followed will undoubtedly be more orthodox than those followed previously.

JOSEPH T. JOHNSON

President, The Milwaukee Company

The election of General Eisenhower has given our people new hope, but it does not mean immediate solution of all critical world problems. It does mean a new approach, a new perspective, a new effort to solve them.


Joseph T. Johnson

The handling of the economy in its passage from one of deficit financing to that of a balanced budget presents a delicate problem and will necessitate careful planning and execution. It is my opinion that this transition can be accomplished without too severe a shock.

It is important, of course, but not enough that our own economy be sound, but as the acknowledged leader of the free world we must strive to furnish leadership in working out a wholesome world economy. It is only by doing so that we may look forward to a peaceful world and defeat of the forces which now threaten it.

Up to the present time we have been willing to turn the job over almost entirely to our National Government, which, considering the American passion for free enterprise, is truly amazing.

It is the function and the duty of private enterprise to do its part to provide the risk capital necessary to permit the underdeveloped countries of the free world to exploit their national resources and abilities, and it is the duty of our Government to cooperate to the end that American businessmen may operate freely wherever the American flag is honorably received.

It is the successful working of this partnership of government and industry which will determine the long-range soundness of our domestic, as well as the world, economy. We must be prepared for competitive world markets and the removal of all artificial exchange and trade barriers.

O. M. JORGENSON

President, Security Trust & Savings Bank, Billings, Mont.

For the past 30 days, the New York stock market has been saying that 1953 will be another good business year. With continued heavy government spending, high employment, substantial savings, I look for the New Year to be much the same sort of business year as the one just past. Naturally, a big "if" is war with Russia. But I still feel that we will not get into a shooting war with Russia. Instead, the cold war will continue.

As long as the credit is provided—and it looks like it will—another million home should be built during 1953. Indications point to considerable commercial construction. A good auto year is likely.

There seems to be an air of confidence in the beginning of this new year—perhaps due to the political changes to take place as a result of the November election, and a feeling that these changes will be beneficial to our Nation. President Eisenhower has surrounded himself with capable businessmen which certainly adds support to this confidence.

Here in Montana during 1952 the livestock industry suffered a severe setback by a drop in livestock prices. Livestock prices may go still lower during 1953, due to the all-time high livestock population. On the other hand, our State has benefited substantially by the oil discoveries during 1952 in the Williston Basin in Western North Dakota and around Glendive and Poplar in Eastern Montana. Many oil companies have been flowing into Billings, which city has all the earmarks of an oil capital for this area.

One dark cloud on a favorable outlook is the drought condition which exists in a large area of the United States. The situation seems to be growing increasingly serious and the present dry cycle could continue through next summer. That would add to the problem of the livestock operator and the dry land farmer, particularly the winter wheat grower. Drought seems to dry up business, too.

We are a great nation with a great number of wants and a high standard of living. Potentials are great and I am sure there are many great things to come. Don't overlook the large increase in our population during the past decade. Don't overlook the effect of pensions in the many pension plans—unemployment compensation—the increase in the number of dividend checks—all contribute to potentials. So for 1953 a pretty good business year. Not without its worries, however, or high taxes.

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Public Utility Securities

By OWEN ELY

Lake Superior District Power Company

Lake Superior District Power Company is one of the smaller utilities in northern Wisconsin and Michigan, with annual revenues of about $5.5 million. While this area has not enjoyed rapid growth, the company's revenues increased 92% in the postwar period. It serves an integrated area of some 1,275 square miles with a population of 118,000. Sixty-four communities and adjacent rural areas are served at retail, and two rural electric cooperatives and two communities wholesale.

The territory includes the important Gogebic iron range, the rich dairylands of north central Wisconsin, the forest lands of northern Wisconsin and Michigan and many resort areas known throughout the Middle West. All of the mines on the Gogebic Range are electrified and are served exclusively by the company. Under normal business conditions, the demand on the system by the mining customers does not vary a great deal, as most of these customers have a load factor of 60 to 70%.

For 20 years, there has been talk that the Gogebic Range was becoming depleted as a producer of high-grade ores, but apparently the mining operators have faith in it. Pickands Mather & Company is developing one of the largest and deepest iron ore mines in the world in this area, which will be able to produce 2,000,000 tons of high-grade ore annually. Under Lake Superior's contract with the operators of this mine, a demand of 12,500 kw. will be required when full production is reached. The Montreal Mining Company is in the process of deepening another mine shaft from 3,000 feet to 4,200 feet which will mean additional load for the company. The Range also contains at least 100 million tons of low-grade ore—probably an almost unlimited amount. Production of taconite from these low-grade ores would require about 85 kwh. per ton, it is estimated, compared with 17-25 kwh. currently used per ton of high-grade ore.

The company does not anticipate any material change in the population of the cities it serves, but expects that the population of the rural and resort areas will continue to increase. However, there is a possibility of the development of low-grade ores in the area south of Ashland or the west end of the Gogebic Range, and if this occurs, a substantial increase in the population of nearby territory may be realized.

The company generates most of its power requirements with its own generating facilities, consisting principally of six hydroelectric plants of 11,968 kw. capacity and one modern 46,000 kw. steam plant, located at Ashland, Wis. Upon the completion of the installation of another 200,000 pound boiler, the capacity of the steam plant will be 60,000 kw. This should reduce fluctuations in earnings due to variations in hydro conditions.

Electric revenues are about 32% residential and rural, 19% commercial, 39% industrial (of which 28% is mining), and 10% miscellaneous. The company serves nine mines, 23 sawmills and woodworking plants, four coal docks, two iron ore docks, 25 dairy products plants, three paper mills, three garment factories, three veneer plants, one explosive and chemical plant, 17 grist mills, two trailer coach factories and a number of smaller factories throughout the area. The nine mines mentioned are operated by Oliver Iron Mining Company (a subsidiary of U. S. Steel), Pickands Mather & Company, Oglebay Norton & Company and the Republic Steel Corporation.

The common stock of the Lake Superior District Power Company was sold to the public in May, 1945. Prior to that date the company was a wholly-owned subsidiary of North West Utilities Company, a sub-holding company in the Middle West System. The common stock was purchased from North West at competitive bidding by an investment banking group, and sold to the public at $22.50 a share. It is currently selling over-counter around 32½, and pays $2 to yield about 6.2%. Earnings for the 12 months ended Sept. 30 were $2.91 per share, reflecting a dividend payout of 69%. The price-earnings ratio approximates 11.2. President G. A. Donald, in his recent talk before the New York Society of Security Analysts, estimated 1953 earnings on the present shares at around $3.05. He also indicated that in his judgment the company could safely pay out between 70 and 75% of the available earnings. He stated that the company might issue some $2 million bonds and $1 million common stock this year.

New York Stock Exch. Weekly Firm Changes

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

F. W. Ludwig will retire from limited partnership in Bacon, Stevenson & Co. Jan. 31.

Ferdinand W. Strong retired from partnership in Davies & Co. Jan. 2.

Charles D. Halsey will withdraw from partnership in Laird, Bissel & Meeds, Feb. 1.

Stuart R. Reed and Charles Schudt, general partners in Paine, Webber, Jackson & Curtis, will become limited partners effective Feb. 1.

Transfer of the Exchange membership of George G. Brooks, Jr. to J. Burr Bartram will be considered by the Exchange on Jan. 22.

Transfer of the Exchange membership of the late Edward T. Roe to David Coleman will be considered Jan. 22.

Transfer of the Exchange membership of the late Howard Drummond to Hyman J. Ross will be considered Jan. 22.

Transfer of the Exchange membership of Harold W. Carhart to George Coury will be considered Jan. 22.

Transfer of the Exchange membership of David B. Bandler to Fred Sondheim will be considered Jan. 22.

W. E. Hutton Admits

W. E. Hutton & Co., 14 Wall St., New York City, members of the New York Stock Exchange on Jan. 29th will admit Philip L. B. Iglehart to limited partnership in the firm.

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ADRIAN D. JOYCE

Chairman of the Board, The Glidden Company

It is my opinion that all signs indicate an excellent year ahead. It is apparent that there will be continued high employment and productive activity. Since the election there has been a great improvement in confidence of the average businessman for the future. There is no doubt that the Eisenhower Administration will develop new vigor and optimism in business and industry. I am particularly impressed with the caliber of the men selected for Cabinet positions. It is apparent that there is going to be a rebirth of free enterprise.

Adrian D. Joyce

The great expansion in industrial plant construction and home building is bound to keep labor well employed. There are few, if any, burdensome inventories in the hands of distributors and retailers.

Our business is well diversified and decentralized. We manufacture and sell a great variety of products and the managers of our various divisions are optimistic concerning the results for the new year.

HENRY P. KENDALL

Chairman, The Kendall Company

I am more optimistic than a good many businessmen are. I think 1953 should be a good year, generally speaking, and I do not anticipate any important decline in the latter half of 1953. I think it will be a fairly normal year, with prices not as high as they were when shortages occurred, or as low as when the inventories in the latter part of 1951 and the early part of 1952 were being liquidated.

Henry P. Kendall

With so much money already appropriated by the Government for defense and armaments not used, that will help to keep business on a fairly even keel.

D. S. KENNEDY

President, Oklahoma Gas & Electric Company

The outlook for business in the territory served by Oklahoma Gas and Electric Company is good for 1953. This area, which includes much of Oklahoma and a part of Western Arkansas, is a vigorous growing section in the Southwest. The basic resources are agriculture, oil, minerals and small diversified industries. It has less dependence on defense industries than many sections of the country.

Donald S. Kennedy

Our Company expects an increase of about 9% in kwh. sales for 1953 over 1952, which is the same percentage of growth as in 1952. All classes of sales are expected to show good increases, particularly sales to the petroleum industry. Considerable load growth is anticipated from pipe lines, refineries and oil production. Also, the petrochemical industry will show increases.

Residential, commercial and farm loads are expected to continue a healthy growth trend. Room coolers, air conditioning and television will all contribute to these sales. Several new housing projects are under way in the larger cities served by the Company. Most of these projects involve planned shopping centers with extensive commercial developments. One project in Oklahoma City involves 500 new homes.

Our construction expenditures for 1953 are expected to amount to approximately $11,000,000. This will include completion of the new 70,000 kw. generating station in Southern Oklahoma, known as Arbuckle Station, which is scheduled for operation in March, 1953, and initial expenditures toward construction of a 110,000 kw. addition to the Mustang Generating Station at Oklahoma City. The 1953 budget also includes a major transmission line project to meet the heavy demands for electric service in Northern Oklahoma. Other expenditures will provide for the normal load growth of the Company.

Our Company has recently organized an Industrial Development Department. The objective of this Department is to further the economic growth, diversity and stability of income sources in the Company's service area. Two separate programs are in operation for accomplishing this objective—a research program and a community development program. The research program consists of making available factual information on all phases of the area's economic potential, such as labor, raw materials, tax structure, transportation, markets, industrial sites, power, fuel, water, etc. This project is carried on jointly with the Bureau of Business Research at the University of Oklahoma and the Company. The community development program consists of factual analysis on the industrial and commercial facilities of all towns in the Company's service area of 5,000 population or more. The community development program is designed to enlist the interest of all groups in the community. The enthusiastic response to this program is proving very gratifying.

JOHN F. KIDDE

President, Walter Kidde & Company, Inc.

It is our opinion that the level of business in the first quarter of 1953 will not differ materially from the fourth quarter of 1952. Any new policies adopted by the incoming Administration in Washington can hardly be felt before the second half of 1953 at the earliest and, even then, it would seem that the effect by that time would be principally psychological.

John F. Kidde

It is likely there will be a more favorable business climate in 1953 which could breed sufficient confidence to partially or completely offset the mild recession generally predicted for the latter part of 1953 or early 1954. Further, the very fact that such a downtrend has been so widely anticipated may prevent the occurrence by the precautionary measures being taken individually and collectively in business and industry.

In all the confusion over defense spending and stretchouts, the fact should not be overlooked that there is a huge program on the books and under way. This is a program which will unquestionably continue for many years to come. The chance of reductions in defense spending seems to be less likely through the realistic appraisals which can be expected from the new Administration. However, further stretch-outs may be instituted to ease the Federal budget as well as to minimize the danger of a sharp fall from a temporary boom to a slump in such spending.

There seems to be good evidence of stability in consumer income and spending through the prospect of a continuation of present full employment and hours of work.

Considering the various factors, it seems to us that 1953 as a whole should be at least equal to 1952 and, therefore, we see no occasion for pessimism in the near-term outlook.

ARTHUR S. KLEEMAN

President, Colonial Trust Company, New York City

Perhaps in 1953 we shall really have a "favorable" trade balance. I use this word in a sense contrary to that usually intended, for it is ordinarily applied to the excess of United States exports over the amount of goods purchased abroad — a balance which in my judgment is far from "favorable." A really advantageous relationship, for the good of the world and for the good of the United States in particular, would be represented, in my opinion, by our buying substantially more from other countries than we sell to them—a period of that kind would go a long way toward achieving the objective of "trade not aid," and would probably be as strong a factor for maintaining the peace of the world as any military program conceivable.

Arthur S. Kleeman

Reports show that in the second and third quarters of 1952, other countries sold more to the United States than they bought from us; this must have improved their internal position materially, at the same time that it was increasing their dollar buying power. If that trend was maintained in the fourth quarter, for which statistics have not yet been issued, and if in 1953 we can have a continuation of the pattern, I believe we can look forward with assurance to a really prosperous year, at least as far as international trade is concerned.

We should create the means of doing some intensive research in an effort to find new uses for the products of other countries; it is helpful, of course, to buy those goods from abroad which are already known and preferred in the markets of the United States, but the world would be a better place in which to live if we made a more-than-ordinary effort to find *new* importable products and *additional* uses for raw materials even now purchased from outside our country. Those parts of the world which are still under-developed could be made much more nearly self-supporting and much more friendly to the United States if we asked our scientists to develop presently undiscovered uses for the products of such countries, in their present form as yet unmarketable.

By the same token, the great merchandising organizations of this country should seek out the specialties of other lands, particularly those lands whose "soft" currencies do not permit their buying American goods, but whose same "soft" currencies make American purchases attractive to the business interests of this country. There are many economic problems which could be solved by England or Italy or Brazil or India, if we were serious in our endeavors to use more of their raw materials and their finished goods. If as a result of such intensive effort, we bought more than we sold in such markets, at least until they were on an even economic keel, we would really be aiding in the creation of a trade balance which, both selfishly and unselfishly, would be more "favorable" than all the export excess of the United States, which we have been experiencing for the last few years. A "favorable" trade balance, contrary to present usage, would be one in which *we bought* generously abroad.

ELMER L. LINDSETH

President, The Cleveland Electric Illuminating Co.

The high level of economic activity, in residential, commercial, and industrial fields, which the Cleveland-Northeast Ohio area experienced throughout 1952 is expected to continue in 1953. To meet the resultant growth in electrical requirements among all categories of its customers, The Cleveland Electric Illuminating Company is accelerating still further the postwar expansion program on which we have invested, or committed for investment by year-end 1955, a total of $260 million since V-J Day.

Elmer L. Lindseth

In 1949 and 1951, we added 340,000 kilowatts of generating capability. This summer we will place in service our new Eastlake power plant, fourth in the interconnected Illuminating system, with an initial capacity of 250,000 kilowatts. Another 125,000 kilowatts will go on the line at Eastlake early next year, and an additional 208,000 kilowatts will be installed there late in 1955.

Our construction expenditures last year totaled $33 million, 39% more than in 1951, and during 1953 we expect to spend still more—some $36 million—in building new and expanded facilities to serve our 455,000 customers.

Electric consumption increased substantially in 1952 in Northeast Ohio, as it did elsewhere in the nation. We firmly believe that this upward trend will be sustained in 1953 and subsequent years, reflecting continuing residential and commercial development as well as increasing industrial strength.

The attractiveness of the are we advertise as "The Best Location in the Nation" for industry is indicated by the recent release of the Defense Production Administration which shows that since Korea, Greater Cleveland has received more certificates of necessity for new manufacturing facilities than any one of 39 entire states, and more than the combined total issued to 14 states plus the District of Columbia.

On a national scale, the electric utility industry last year established an all-time record in kilowatthours generated of some 400 billion. More than 1½ million new customers were added to the industry's lines during the year, bringing the national customer total to 48½ million, up 6% over 1951.

Construction expenditures of $3.9 billion in 1952 raised the total so invested by our industry since World War II to $18 billion. Six million kilowatts went into service last year, and our generating capability at year-end totaled 84.5 million kilowatts, which represents a one-year gain of 7% and a seven-year increase of 60%.

The industry's 1953 construction schedule calls for the addition of another 12 million kilowatts, nine million of which are to be installed by the investor-owned companies at a cost of $2,850,000,000. Once again, however, our building schedules will be hampered by inadequate government allocations of critical materials, which last year cost the nation and the electric business three million kilowatts of anticipated capacity.

Continued industrial expansion, a high level of home construction, and increased use of electricity all along the line should make 1953 another record year for the electric light and power industry.

W. BLADEN LOWNDES

President, The Fidelity Trust Company, Baltimore, Md.

The year-end reports of many of our leading corporations are being examined to establish 1952 results and 1953 prospects. While the condition of our larger corporations, as reflected by these reports and news releases, is important, the condition of thousands of businesses, big and little, who publish no reports and give out no information is equally important.

W. B. Lowndes, Jr.

These businesses range all the way from neighborhood shoe repair shops and small corner grocery stores to closely-held companies doing business over a wide area. They play a big part in the economy of our country. Their prosperity or lack of it is eventually reflected in the condition of the "blue chip" corporations and in the general business health of the nation.

There are signs that many of these less prominent businesses—including the well-managed and long-established ones—are finding the going more rugged. Prices and wages are high. The cost of doing business is increasing. Help is hard to get and inefficient, and turnover is great. Taxes take an inordinate share of the profits, weakening cash positions and reducing capital to a point considered uncomfortable, or worse.

The wages of the great white collar workers and those living on fixed incomes, often referred to as the "bread and butter trade," never keep pace with rising prices. Taxes have increased their difficulties. Con-

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President Eisenhower's Inaugural Address

and to the mountain peaks of Korea.

In the swift rush of great events, we find ourselves groping to know the full sense and meaning of the times in which we live. In our quest of understanding we beseech God's guidance. We summon all our knowledge of the past and we scan all signs of the future. We bring all our wit and will to meet the question: How far have we come in man's long pilgrimage from darkness toward light? Are we nearing the light—a day of freedom and of peace for all mankind? Or are the shadows of another night closing in upon us?

Great as are the preoccupations absorbing us at home, concerned as we are with matters that deeply affect our livelihood today and our vision of the future, each of these domestic problems is dwarfed by, and often even created by, this question that involves all human kind.

This trial comes at a moment when man's power to achieve good or to inflict evil surpasses the brightest hopes and the sharpest fears of all ages. We can turn rivers in their courses, level mountains to the plains. Ocean and land and sky are avenues for our colossal commerce. Disease diminishes and life lengthens.

Yet the promise of this life is imperiled by the very genius that has made it possible. Nations amass wealth. Labor sweats to create—and turns our devices to level not only mountains but also cities. Science seems ready to confer upon us, as its final gift, the power to erase human life from the earth.

Must Proclain Anew Our Faith

At such a time in history, we who are free must proclaim anew our faith.

This faith is the abiding creed f our fathers. It is our faith in he deathless dignity of man, governed by eternal moral and natural laws.

This faith defines our full view of life. It establishes, beyond debate, those gifts of the Creator that are man's inalienable rights, and that make all men equal in His sight!

In the light of this equality, we know that the virtures most cherished by free people — love of truth, pride of work, devotion to country—all are treasures equally precious in the lives of the most humble and of the most exalted. The men who mine coal and fire furnaces and balance ledgers and turn lathes and pick cotton and heal the sick and plant corn—all serve as proudly, and as profitably, for America as the statesmen who draft treaties or the legislators who enact laws.

This faith rules our whole way of life. It decrees that we, the people, elect leaders not to rule but to serve. It asserts that we have the right to choice of our own work and to the reward of our own toil. It inspires the initiative that makes our productivity the wonder of the world. And it warns that any man who seeks to deny equality in all his brothers betrays the spirit of the free and invites the mockery of the tyrant.

It is because we, all of us, hold to these principles that the political changes accomplished this day do not imply turbulence, upheaval or disorder. Rather this change expresses a purpose of strengthening our dedication and devotion to the precepts of our founding documents, a conscious renewal of faith in our country and in the watchfulness of a Divine Providence.

The enemies of this faith know no God but force, no devotion but its use. They tutor men in treason. They feed upon the hunger of others. Whatever defies them, they torture, especially the truth.

Here, then, is joined no pallid argument between slightly differing philosophies. This conflict strikes directly at the faith of our fathers and the lives of our sons. No principle or treasure that we hold, from the spiritual knowledge of our free schools and churches to the creative magic of free labor and capital, nothing lies safely beyond the reach of the struggle.

Freedom is pitted against slavery; light against dark.

A Common Bond With Free Peoples

The faith we hold belongs not to us alone but to the free of all the world. This common bond binds the grower of rice in Burma and the planter of wheat in Iowa, the shepherd in southern Italy and the mountaineer in the Andes. It confers a common dignity upon the French soldier who dies in Indo-China, the British soldier killed in Malaya, the American life given in Korea.

We know, beyond this, that we are linked to all free peoples not merely by a noble idea but by a simple need. No free people can for long cling to any privilege or enjoy any safety in economic solitude. For all our own material might, even we need markets in the world for the surpluses of our farms and of our factories. Equally, we need for these same farms and factories vital materials and products of distant lands. This basic law of interdependence, so manifest in the commerce of peace, applies with thousand-fold intensity in the event of war.

So are we persuaded by necessity and by belief that the strength of all free peoples lies in unity, their danger in discord.

To produce this unity, to meet the challenge of our time, destiny has laid upon our country the responsibility of the free world's leadership. So it is proper that we assure our friends once again that, in the discharge of this responsibility, we Americans know and observe the difference between world leadership and imperialism; between firmness and truculence; between a thoughtfully calculated goal and spasmodic reaction to the stimulus of emergencies.

We wish our friends the world over to know this above all: We face the threat—not with dread and confusion—but with confidence and conviction.

We feel this moral strength because we know that we are not helpless prisoners of history. We are free men. We shall remain free, never to be proven guilty of the one capital offense against freedom, a lack of staunch faith.

Principles That Shall Guide Us

In pleading our just cause before the bar of history and in pressing our labor for world peace, we shall be guided by certain fixed principles.

These principles are:

(1) Abhorring war as a chosen way to balk the purposes of those who threaten us, we hold it to be the first test of statesmanship to develop the strength that will deter the forces of aggression and

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REPORT OF CONDITION OF

Colonial Trust Company

of New York 20, N. Y., a member of the Federal Reserve System, at the close of business on December 31, 1952, published in accordance with a call made by the Superintendent of Banks pursuant to the provisions of the Banking Law of the State of New York and the Federal Reserve Bank of this district pursuant to the provisions of the Federal Reserve Act.

ASSETS	
Cash, balances with other banking institutions, including reserve balances, and cash items in process of collection	$21,129,524.51
United States Government obligations, direct	17,425,096.93
Other bonds, notes, and debentures	196,901.75
Federal Reserve Bank stock	66,000.00
Loans and discounts (including $37,242.45 overdrafts)	27,441,495.59
Banking premises owned, $216,873.19, furniture and fixtures, $203,992.79	420,865.98
Customers' liability to this institution on acceptances outstanding	234,186.69
Other assets	343,940.76
TOTAL ASSETS	$67,258,012.21
LIABILITIES	
Demand deposits of individuals, partnerships, and corporations	$47,652,162.89
Time deposits of individuals, partnerships, and corporations	1,465,516.81
Deposits of United States Government	865,788.26
Deposits of States and political subdivisions	175,000.00
Deposits of banking institutions	10,768,436.19
Other deposits (certified and officers' checks, etc.)	2,029,401.10
TOTAL DEPOSITS $62,956,305.25	
Mortgages or other liens on banking premises	8,200.00
Acceptances executed by or for account of this institution and outstanding	255,790.94
Other liabilities	281,766.82
TOTAL LIABILITIES (not including subordinated obligations shown below)	$63,502,063.01
CAPITAL ACCOUNTS	
Capital †	$2,400,000.00
Surplus fund	1,200,000.00
Undivided profits	140,869.20
Reserves (and retirement account for preferred capital)	15,080.00
TOTAL CAPITAL ACCOUNTS	$3,755,949.20
TOTAL LIABILITIES AND CAPITAL ACCOUNTS	$67,258,012.21

†This institution's capital consists of $1,400,000.00 of capital debentures; and common stock with total par value of $1,000,000.00.

MEMORANDA	
Assets pledged or assigned to secure liabilities and for other purposes	$2,055,000.00

I, Charles F. Bailey, Controller, of the above-named institution, hereby certify that the above statement is true to the best of my knowledge and belief.

CHARLES F. BAILEY.

Correct—Attest:

FREDERICK T. KELSEY
EDWARD STOKVIS } Directors
CHARLES D. DEYO

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sequently, they may be squeezed out of a sizable part of the market. This substantial group is made up of persons approximately classified as "the Man in the Middle." The standard of living of "the Man in the Middle" is actually lower than it was unless an additional member of his family is working. Until living costs level off and taxes are reduced these people will continue to represent a problem. The granting of continuous and unrestrained wage increases to a few powerful pressure groups has intensified that problem.

Furthermore, when reviewing reports showing comparative results in dollars over the last 10 to 20 years, one has to bear in mind that the real value of the dollar is only about one-half of what it was in 1939. If comparative dollar values were used as the yardstick, recent results would be brought more nearly into focus.

No country has ever been truly prosperous unless its modest business enterprises and "the Man in the Middle" were making progress. This they cannot do without a stable currency and a tax program which makes it possible to finance normal growth and to permit the successful operation of incentive plans and profit motives. Many authorities believe these requirements necessary to a healthy business climate. If a new Federal Administration is able to make a real start toward attaining a sound dollar and a more acceptable tax program, it is possible that other necessary adjustments can be begun without fear of a collapse or even a severe recession. Such a result would, indeed, be "a consummation devoutly to be wished."

ALFRED E. LYON

Chairman of the Board, Philip Morris & Co. Ltd. Inc.

Every year in the history of the tobacco industry, the oldest in the United States, has been a year of progress paralleling the expansion of the economy of our nation as a whole. Nineteen fifty-two was such a year. When the final figures are in, they will probably reveal over-all cigarette production of nearly 430 billion units, nearly twice as much as a decade ago. Consumers will have spent a record $5 billion plus for tobacco product. The tremendous effect of this in our national economic whirlpool will be multiplied many times.

Alfred E. Lyon

We at Philip Morris & Company anticipate 1953 will follow the historical pattern of growth of the industry. The economic factors which resulted in the increased consumption of tobacco products will continue on through the current year, we believe. Among these, we number as most important: (1) the growth in population; (2) the increase in the number of women smokers; (3) the fact that the productive genius of American industry has enabled our people to purchase the highest quality cigarettes at the lowest comparative prices in the world.

With the normal growing conditions and barring any natural disasters, it would now appear that the leaf supply in 1953 will be adequate to meet the needs of the industry at prices approximating those paid in 1952.

However, the picture of the tobacco industry is marred by unfair governmental interference at all levels, a situation that we hope will be remedied in the new political climate.

The profit picture of the tobacco corporations has been affected by arbitrary price control on cigarettes, while the costs of leaf, labor, finance, and other items have been raised by governmental action. We feel that the 1953 Administration should take some action to restore the basic principles of our free enterprise system to the tobacco industry and once again to place it on the same competitive basis as other consumer goods industries.

Another governmental matter that calls for action during 1953 is the excise tax situation. Adding to the very heavy burden of 8¢ tax per pack already imposed by the Federal Government, many states and municipalities are pyramiding the cost of a package of cigarettes by superimposing additional taxes—the case of one state (Louisiana), amounting to 8¢. A disastrous pattern, as befell the liquor industry, is beginning to assert itself. States and municipalities, which have raised taxes on cigarettes beyond reason, are rapidly losing sales and tax revenues to adjacent low-tax areas and opening their cities and towns to the menace of "cigarette-bootlegging." Unless action is taken on the excise tax situation in 1953, the process of slaughtering the "goose that lays the golden tax egg" may be well under way.

The shifting patterns of marketing and consumer tastes in cigarettes, as well as the above factors, will require alert and united action in 1953 by all factors in the tobacco industry, from the smallest grower and tobacco stand operator to the top levels of corporate management. Nineteen fifty-three promises to be one of the most decisive and interesting in the long history of tobacco.

ROBERT S. MACFARLANE

President, Northern Pacific Railway Company

Northern Pacific's 1953 budget of $23,000,000 for new equipment and improvements, which is about the same as for 1952, is based on the expectation that general business conditions will continue to be good and that our traffic will remain at a relatively high level.

Robert S. Macfarlane

If business analysts' forecasts of a construction boom in 1953 are accurate, Northern Pacific tonnage of lumber and other building materials will be heavy. Continued full employment and high wages would assure a large movement of general merchandise. Mines and industrial plants in NP territory will continue to produce important tonnage this year, as will fruits and vegetables from the irrigated areas.

A drouthy late summer and fall threatens to reduce winter wheat production and tonnage materially, but favorable spring moisture conditions for spring wheat could partially offset this handicap.

The Williston Basin oil development in Montana and North Dakota, and putting additional acreage under irrigation in Central Washington's Columbia Basin and in Montana, are contributing to the growing economy of Northern Pacific territory.

In November, 1952, Northern Pacific inaugurated a program of improved passenger service which should result in a sizable increase in passenger revenue in 1953. We reduced the running time of the North Coast Limited, our streamlined transcontinental train, by 12 hours between Chicago and the North Pacific coast and put a second "name" train, The Mainstreeter, in transcontinental service. A fleet of 16 Vista-Dome cars has been ordered for the North Coast Limited and other refinements are being added.

PERCY C. MADEIRA, JR.

President, Land Title Bank and Trust Company Philadelphia, Pa.

In part, at least, due to the election, the business and financial outlook for the immediate future is bright. Nearly all forecasts for the first six months of 1953 are optimistic. Government spending for defense purposes should keep American business on an even keel well beyond that period.

Percy C. Madeira, Jr.

General Eisenhower's selection of Mr. George M. Humphrey as Secretary of the Treasury, assisted by Mr. W. Randolph Burgess and Mr. Marion B. Folsom, is of great reassurance to the financial world. These appointments assure the independence of the Federal Reserve Banking System from influence by the Treasury, or other political sources.

The rate of interest on prime commercial loans increased to 3% in 1952. This new rate is the highest for many years and is reflected in better bank earnings, which were also helped by a greater volume of loans during the year. The prospects are that this rate will continue unchanged at least for the next six months.

Despite the removal of Regulations W and X, the inflation which was a matter of such serious concern a year ago is now diminishing in its scope and the removal of wage and price controls from our economy seems but a matter of time. Prices in general have remained fairly steady for some time and, without a new outbreak of war, there seems to be no reason to suppose that inflation will become a serious problem to the country in the immediate future.

W. C. Mac FARLANE

President & General Manager, Minneapolis-Moline Co.

Our company had another all-time high in sales volume in 1952, in spite of the many problems we had to contend with. Allocations of steel (resulting mainly from the steel strike) often did not reach us in sufficient time to get our products out to the field in time for the purpose intended. Farm-machinery sales volume was less than last year, but defense business made up the balance.

W. C. Mac Farlane

Insofar as the sale of farm machinery in our industry is concerned, I think the outlook for 1953 is good for those companies and dealer organizations who are willing and able to get out and work.

Our country is increasing in population rapidly. Men are still being drained from our farms for defense work and for the armed forces, and a good operator will have to employ not only better farming methods but every labor-saving device possible to produce more yields per acre.

Our customers, the farmers, are well fixed financially. We have just harvested one of the best crops in history, at prices that are at an almost all-time high. But the customer is not rushing in to buy the first thing that is offered to him. He is going to sit back and wait for someone to sell him on his need for the product, and there will be plenty of competition for his dollar. There are new labor-saving products being placed on the market that will be in short supply, but even they will have to be demonstrated and sold.

The production of farm machinery may be somewhat less than it was in the year just past, because of the limited allocation of steel and other critical materials and the amount of critical materials being channeled into defense products.

All this adds up to one thing, however—intensified selling. Dealers will have to canvas for prospects, they will have to know their products in order to properly present them to their prospects, and then they will have to go out and demonstrate what the products will do.

Any shrinkage which we may encounter in our overall sales of farm machinery should be more than made up in increased billings of defense contracts, of which we have a backlog of some $50 million.

For those who are willing to work hard for it (and I think this applies to all industries), business should be good in 1953.

RAPHAEL B. MALSIN

President, Lane Bryant, Inc.

The immediate future, with respect to retail sales, looks promising. However, I acknowledge a sense of caution about the Fall of 1953, because there appear to be negative factors in the production picture which may decrease national income, and therefore consumer spending, by that time. Defense spending and capital investment may decline somewhat and I presume that basic industries could shift from a process of inventory accumulation to a reverse procedure.

Raphael B. Malsin

I do not share the feeling that we are heading for a depression of importance. Our economy is bound to have sags and bulges, but the major influences which produce high levels of activity have not changed. The problem of Russia is long-term and defense spending will have to persist on a near-war basis. Population increases are continuing. New products and demands, ditto. Certain other factors, such as governmental welfare activities, farm price supports, labor union pressures and Veterans' benefits, exert a more or less permanent tendency toward dollar activity and inflation.

It is true, of course, that even a moderate sag presents real problems when the break-even point is high, but such problems are the grist on which private enterprise must feed. The rise and fall in the economy is the sign of healthy adjustment to conditions, and conditions are always changing. High standards of living and political liberties will be the inevitable victims whenever we ensure wholly against normal depressions in the economic curve.

SIDNEY MAESTRE

Chairman of the Board, Mercantile Trust Company, St. Louis, Mo.

The trend of business activity in the year ahead will be determined primarily by developments in the field of international relations. Although an "all-out" war is improbable at the present time, there is little justification for anticipating any lessening in the tensions between the Western powers and Soviet Russia. The economic stability of the Western world will undoubtedly be tested in 1953. It is believed by many that Europe should earn its way by trade and that dollar grants and loans should be reduced. In order for Europe to earn dollars, American tariff barriers will have to be lowered, and such a relaxation will have great effects upon the American economy.

Sidney Maestre

Throughout most of the coming year business activity will probably continue at a high and relatively stable level, but there may be a slight downturn late in the year. Although business generally will be good, periods of weakness may be observed in specific industries, notably the non-durable consumers' goods industries. Agricultural income also may be adversely affected. The probable increase in the level of national defense expenditures will also contribute to the maintenance of economic stability. Under these circumstances, inflationary pressures will probably remain moderate and, hence, a sharp decline in prices is not to be expected.

Demands for long-term and short-term credit probably will remain high during the greater part of 1953. Builders are anticipating that housing "starts" will exceed one million units again this year and other types of construction are expected to equal or exceed the levels reached in 1952. Surveys indicate that plant and equipment expenditures in 1953 will be only slightly below the total reached in 1952. These factors may lead to higher long-term interest rates, since the monetary authorities are not attempting to maintain an "easy" money policy. Moreover, the Treasury may attempt to refund a part of the short-term debt by offering longer-

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President Eisenhower's Inaugural Address

promote the conditions of peace. For, as it must be the supreme purpose of all free men, so it must be the dedication of their leaders, to save humanity from preying upon itself.

In the light of this principle, we stand ready to engage with any and all others in joint effort to remove the causes of mutual fear and distrust among nations, and so to make possible drastic reduction of armaments. The sole requisites for undertaking such effort are that—in their purpose—they be aimed logically and honestly toward secure peace for all; and that — in their result — they provide methods by which every participating nation will prove good faith in carrying out its pledge.

(2) Realizing that common sense and common decency alike dictate the futility of appeasement, we shall never try to placate an aggressor by the false and wicked bargain of trading honor for security. For in the final choice a soldier's pack is not so heavy a burden as a prisoner's chains.

(3) Knowing that only a United States that is strong and immensely productive can help defend freedom in our world, we view our nation's strength and security as a trust upon which rests the hope of free men everywhere. It is the firm duty of each of our free citizens and of every free citizen everywhere to place the cause of his country before the comfort of himself.

(4) Honoring the identity and heritage of each nation of the world, we shall never use our strength to try to impress upon another people our own cherished political and economic institutions.

(5) Assessing realistically the needs and capacities of proven friends of freedom, we shall strive to help them to achieve their own security and well being. Likewise, we shall count upon them to assume, within the limits of their resources, their full and just burdens in the common defense of freedom.

(6) Recognizing economic health as an indispensable basis of military strength and the free world's peace, we shall strive to foster everywhere, and to practice ourselves, policies that encourage productivity and profitable trade. For the impoverishment of any single people in the world means danger to the well-being of all other peoples.

(7) Appreciating that economic need, military security and political wisdom combine to suggest regional groupings of free peoples, we hope, within the framework of the United Nations, to help strengthen such special bonds the world over. The nature of these ties must vary with the different problems of different areas.

In the Western Hemisphere, we join with all our neighbors in the work of perfecting a community of fraternal trust and common purpose.

In Europe, we ask that enlightened and inspired leaders of the western nations strive with renewed vigor to make the unity of their peoples a reality. Only as free Europe unitedly marshals its strength can it effectively safeguard, even with our help, its spiritual and cultural treasures.

(8) Conceiving the defense of freedom, like freedom itself, to be one and indivisible, we hold all continents and peoples in equal regard and honor. We reject any insinuation that one race or another, one people or another, is in any sense inferior or expendable.

(9) Respecting the United Nations as the living sign of all peoples' hope for peace, we shall strive to make it not merely an eloquent symbol but an effective force. And in our quest of honorable peace, we shall neither compromise, nor tire, nor ever cease.

By these rules of conduct, we hope to be known to all peoples.

By their observance, an earth of peace may become not a vision but a fact.

This hope—this supreme aspiration—must rule the way we live.

We must be ready to dare all for our country. For history does not long entrust the care of freedom to the weak or the timid. We must acquire proficiency in defense and display stamina in purpose.

Must Be Willing to Accept Sacrifices

We must be willing, individually and as a nation, to accept whatever sacrifices may be required of us. A people that values its privileges above its principles soon loses both.

These basic precepts are not lofty abstractions, far removed from matters of daily living. They are laws of spiritual strength that generate and define our material strength. Patriotism means equipped forces and a prepared citizenry. Moral stamina means more energy and more productivity, on the farm and in the factory. Love of liberty means the guarding of every resource that makes freedom possible—from the sanctity of our families and the wealth of our soil to the genius of our scientists.

So each citizen plays an indispensable role. The productivity of our heads, our hands and our hearts is the source of all the strength we can command, for both the enrichment of our lives and the winning of peace.

No person, no home, no community can be beyond the reach of this call. We are summoned to act in wisdom and in conscience; to work with industry, to teach with persuasion, to preach with conviction, to weigh our every deed with care and with compassion. For this truth must be clear before us: Whatever America hopes to bring to pass in the world must first come to pass in the heart of America.

The peace we seek, then, is nothing less than the practice and the fulfillment of our whole faith, among ourselves and in our dealings with others. It signifies more than stilling the guns, easing the sorrow of war.

More than an escape from death, it is a way of life.

More than a haven for the weary, it is a hope for the brave.

This is the hope that beckons us onward in this century of trial. This is the work that awaits us all, to be done with bravery, with charity—and with prayer to Almighty God.

Robert Vulcan Opens

Robert Vulcan is engaging in the securities business from offices at 30 Church St., New York City.

H. J. Szold Director

General Cigar Co., Inc., manufacturer of "White Owl," "Robert Burns" and other national brands of cigars, have announced that Harold J. Szold has joined its Board of Directors. Mr. Szold is a partner of Lehman Brothers which has been represented on the Board of Directors of this company since its organization in 1906. He is also a Director of Allied Stores Corp.; Gimbel Bros., Inc.; Interstate Department Stores, Inc.; Climax Molybdenum Co.; Firth Sterling, Inc.; and Bing & Bing, Inc.

Harold J. Szold

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term securities at higher rates. A refunding program of this nature is desirable and should be undertaken as soon as possible. The volume of bank loans will probably decline in the first half of 1953, although the amount of the decrease may be somewhat less than seasonal.

It must be emphasized that, since the volume of business activity will be determined in great part by the level of military expenditures, businessmen should study carefully the trend of international relations. Moreover, it should be realized that, although business activity will probably remain high, speculative inventory accumulation is unwise. Nineteen fifty-three will probably be a year in which caution, but not retrenchment, will prove to have been a sound policy.

ROBERT T. MARSH, JR.

President, First and Merchants Nat'l Bank of Richmond, Richmond, Va.

The almost unanimous prevailing opinion regarding a very prosperous 1953 is at the same time gratifying and alarming. One remembers from past business cycles that when 100% of the people have the same feeling about the economic outlook, they have invariably been wrong. It is remarkable to find such a surge of confidence pervading our whole people. It may be that the year 1952 marked a turning point in our economic history. Apparently, the decade of continuously climbing consumers' prices reached a peak and many wholesale prices were in a declining trend by the end of the year. It is to be hoped that there will now be a return to fiscal sanity on the part of the government and that the ravages of inflation have been checked.

R. T. Marsh, Jr.

We have high hopes for the coming year—hoping for honesty and integrity in top governmental positions, for a less punitive attitude toward business, and for an ultimate reduction in the terrific tax burden. One thing we cannot overlook is the tremendous amount of debt, both public and private, which has reached an all-time high.

I, along with many others, feel that 1953 will be a good year for business, generally speaking. I do not believe it will be a year without problems or without some disappointments. Therefore, I am entering the year in a state of cautious optimism.

WALTER P. MARSHALL

President, Western Union Telegraph Company

The telegraph industry moved rapidly ahead in 1952 to speed the pick up and delivery of messages by facsimile "picture" telegraph methods, and to provide even more convenient and efficient service to the public.

Having installed a nationwide mechanizd system of high-speed centers flashing telegrams between all points in the nation, we equipped the offices of thousands of additional business firms in 1952 with the miniature facsimile sending and receiving machines known as Desk-Fax.

Walter P. Marshall

Nearly 10,000 Desk-Fax machines now are in use in 48 cities, and thousands more will be installed in other cities in 1953 to enable businessmen to send and receive their telegrams by merely pressing a button. An electric eye scans the message and flashes it over the wire as a "picture" of the sent message, ready for instant use.

During the last three months an experiment in converting an entire city to facsimile telegraph operation was carried out in Indianapolis. Desk-Fax machines were installed in hundreds of business offices in that city, and streamlined delivery stations, as a substitute for branch offices, were established in the residential areas of Indianapolis. Messages flashed to the delivery stations are rushed to homes by motor messengers, adding new speed and efficiency to such deliveries.

As a result of mechanization our national telegraph system now has a much larger capacity than at any time in its history and far great efficiency than ever before. Western Union is constantly making telegraph use more convenient, and speeding service between telegraph office and customer, as well as between distant cities.

One of the most promising new services is Intrafax, Western Union's leased private facsimile system for use within customer's organizations. Intrafax flashes intracompany communications in picture form between floors, buildings, departments, offices or branches.

Of the many Intrafax systems already in use, one large system transfers more than a billion dollars a day between the Federal Reserve Bank of New York and 15 large banks within that city. Airlines, department stores, insurance companies and others are finding Intrafax a valuable aid in their operations. Its uses seem almost limitless.

Western Union is carrying out extensive contracts for the armed forces. These contracts involve facsimile, radio carrier and automatic transmission projects. The nationwide wire network of the U. S. Air Force provided by Western Union, comprising 130,000 miles of circuits and linking 200 stations, was expanded during the past year. The company also expanded in 1952, the extensive pushbotton private wire systems it leases to many companies, including industrial and manufacturing firms engaged in essential defense production.

More than 35,000,000 words of news were transmitted by Western Union to the newspapers of the nation and the world during the Presidential nominating conventions, campaigns and election. Additional hundreds of thousands of telegrams relating to the election were also handled. It was the wordiest campaign in history.

Western Union in 1952 began providing scientific weather forecasts of the National Weather Institute to hundreds of customers in various lines of business in 26 states. The National Weather Institute, a member of the American Meteorological Society, is a private weather consultant serving clients in 48 states, Canada and Alaska for the past 15 years. Demands for this new service is increasing rapidly.

To meet the growing demand for rapid and reliable business and personal international communication, Western Union has increased the capacity of seven transatlantic cables by inserting submeged deep-sea amplifiers in the cables on the ocean bottom. Four additional amplifiers will be installed in 1953. These amplifiers have provided additional all-weather facilities to insure secret, high-speed military and diplomatic communications.

Many important technical advances were made by Western Union in 1952, and as a result written-record communications are faster and more efficient than ever.

It is an outstanding tribute to the vitality and progressiveness of our free enterprise system that leaders of government-controlled telegraph systems of foreign countries constantly seek new ideas from Western Union, the only major telegraph company in the world still operating under private ownership. Communication experts from many countries visit Western Union to tour our engineering laboratories and operating rooms.

JOHN N. MARSHALL

Chairman of the Board and President, Granite City Steel Company

I am optimistic about the outlook for production and income in 1953. The basic underlying forces of the economy continue strong and business should be good in 1953.

Forecasts for 1953 are generally optimistic in tenor, with a noticeable reluctance, however, to look beyond the first half of the year. The economic forces expected to be generated in the first half of the year, in addition to the substantial spending for defense will, in my opinion, carry into the latter half of the year.

One of the most frequently asked questions today is, how much longer will these unprecedented production and income levels continue without some correction. This is not an easy answered question, in view of world events and the importance of defense spending in our national economy. Nevertheless, the basic factors are impressive: Personal income is at record levels, the demand for consumer durables is forecast at levels exceeding 1952, and construction activity is expected to be relatively well maintained.

Current high steel operating rates already reflect these demand factors. The relationship of supply and demand in different industries will undoubtedly be significant, but any recession which might occur will probably be minor with production and income levels remaining high.

According to the American Iron and Steel Institute, steel ingot capacity should reach 120,000,000 tons by mid-1953. While this represents a substantial increase over World War II levels, the figure includes marginal facilities which to a large extent will become stand-by facilities. It may not be generally realized that approximately 50% of the projected ingot capacity of the country was built prior to 1920 or over 30 years ago.

It is regrettable that spending for the destructive forces of war has become a major stimulant to the economy, but as such it must be recognized as an important prop to production and employment.

W. A. MATHER

President, Canadian Pacific Railway Company

Despite the high level of business and industrial activity in Canada during 1952, the financial results of Canadian Pacific's railway operations in the year again left much to be desired. The unprecedented flow into Canada in the first few months of 1952, of investment capital from the United States and abroad, the tense international situation calling for the diversion of a substantial part of the country's productive effort to defense needs, and other factors, combined to push material costs and wages upward to the extent that net earnings on railway operations were still inadequate to provide a fair return on the large investment in railway property.

William A. Mather

The record 1952 Western grain harvest, coupled with a carryover of part of the 1951 crop, together with brisk activity in the development of the country's natural resources, such as petroleum, minerals, and forest products, as well as in the growing output of farms, fisheries and the manufacturing plants, and an unabated activity in the construction trades, resulted in substantially increased demands upon the country's railway facilities.

Notwithstanding this high level of industrial and agricultural output, and the resulting increase in ton-miles of freight carried, the Canadian Pacific and other railways were nevertheless compelled to seek financial relief from the burden of mounting material and wage costs through further applications to the Board of Transport Commissioners for increases in freight rates.

Recognizing the urgency of establishing a sound financial position assuring both a fair return to the company's shareholders on their investment, and an ability to obtain the necessary capital required for the development and expansion of its transportation facilities, the Canadian Pacific, in July last, made application to the Board of Transport Commissioners calling for the establishment of a "rate-base rate-of-return" formula under which the company would be given the opportunity of earning up to 6½% on the net capital investment in railway property of $1,146,000,000.

Such an approach, we believe, offers the only effective solution to a financial problem of growing concern not only to the railways of Canada but to the country at large. The Canadian Pacific has estimated that gross capital expenditures on road property and equipment in an amount of $475,000,000 will be needed over the next five years. This means an annual outlay of approximately $95,000,000.

Confident that an equitable solution of what is now coming to be recognized as a truly national problem in respect of railway finances will ultimately be achieved, and recognizing its responsibility to meet the growing transportation demands of an expanding economy, the Canadian Pacific went ahead in 1952 with a substantial program of improvement and development.

Because of their greater efficiency and economy in operation, a fleet of the most powerful type of diesel-electric locomotives ever used in Canada replace steam power in the territory between Calgary and Revelstoke this year. In 1953, diesel-electric locomotives will also replace steam power in the territory between Crowsnest, on the Alberta border, and Hope, B. C., where the southern route joins the main line. This development necessitates a modern diesel repair shop at Nelson, B. C., and the work of construction is now in progress.

Five thousand and six new freight units were ordered from the builders in 1952 including six specially designed depressed center flat cars for the handling of electric transformers and other equipment of extraordinary weight and size. These flat cars are new in Canada and the largest of their kind ever constructed. Orders for 40 new steel suburban coaches have been placed with the builders and delivery is expected some time in 1953.

The company already enjoys a high place in the Safety Record among railroads and in an effort to improve this performance another specially equipped car for the instruction of employees in rules and safety practices was placed in service recently. This year our lines in the States of Maine and Vermont, U.S.A., won the Harriman Award for the best safety record among railroads whose locomtive miles range from one million to ten million.

In order to give improved service to patrons in respect to cars consigned to them a teletype system of communication is progressively being installed. The territory from Windsor through to Boston was completed some time ago and this year all principal points between Fort William and Vancouver were linked up by teletype.

Canadian Pacific Steamships operating revenues for the year, while continuing to be adversely affected by increasing costs of materials and wage rates, were more seriously depressed by a marked falling off in ocean freight rates, which reached their lowest point for several years. This was particularly true in the case of North Atlantic grain rates. Passenger carryings continued to be heavy during most of the year.

In order to attract cargo to the "Empress of Scotland," decision was taken to make Montreal the terminal for the summer season. Nine voyages were completed and the results have justified that decision.

"Beaverbrae" continued her service in immigrant and freight traffic, with heavy carryings during the twelve months under review.

On Sept. 1, the company reentered trans-Pacific trade with the vessels "Maplecove" and "Mapledell," which previously operated in the North Atlantic, and these vessels now provide a monthly freight service between northwest Canadian and American points, Japan, Hong Kong and the Philippine Islands. Both ships are manned by Canadian officers and crew.

In view of the advancing age of the "Empress of Canada" and the "Empress of France," late this year a replacement vessel was ordered for passenger service in the North Atlantic. The order was placed with the Fairfield Shipbuilding and Engineering Company, of Govan, Scotland. It is expected that the new ship, which will be 22,500 gross tons, will be commissioned in time for the St. Lawrence summer season of 1956.

In order to keep abreast of the rapid development which is taking place on the Pacific Coast the company has, in the past few years, built and placed in service on the Vancouver-Victoria-Seattle route the fine ships Princesses "Marguerite" and "Patricia," each licensed to carry 2,000 day passengers. The new "Princess of Nanaimo," the largest ship in the fleet, which can transport 130 automobiles as well as a heavy passenger load, was placed in service last year between Vancouver and Nanaimo. The rapid expansion taking place in the Central and Northern part of Vancouver Island requires other units of the fleet to augment the service performed by this ship in the peak summer months.

Due to age the "Princess Mary" has been retired. The "Princess Elaine" now performs the Vancouver-West-view-Gulf Islands Service replacing the "Princess Mary."

Plans are being prepared for the construction of a self-propelled ship to handle rail cars between Vancouver and Nanaimo. In order to secure maximum utilization from this vessel it will be designed to carry passengers, automobiles and trucks when not transporting rail cars.

Canadian Pacific Air Lines entered into negotiations during the year to operate services between Vancouver and points in Mexico, Peru and Brazil. It is expected this new service will be inaugurated during 1953.

Two deHavilland Comet jet airliners nearing completion in England will make Canadian Pacific Air Lines the first North American air line to use this most modern type of aircraft. They will be put into service early in 1953 between Australia and New Zealand, and Hawaii by way of Fiji, cutting the present flying time in half. Douglas DC-6 airliners will be used between Vancouver and Hawaii, as well as between Vancouver and the Orient. In addition, a number of Consolidated Vultee Convair-240's are being acquired for domestic air services.

Because of the development at Kitimat, the Air Lines operation between Vancouver and Prince Rupert was extended into Terrace, B.C., which is the airport for Kitimat. Large scale iron ore development on the Quebec-Labrador border required increased service on the Montreal-Quebec-Seven Island route and mining activities in northwestern Quebec and northeastern Ontario necessitated the Air Lines extending the Montreal-Val d'Or-Rouyn service to include a daily round trip to Toronto via Earlton. Throughout the year, the Air Lines continued to provide service for the Government of Canada between Vancouver and Tokyo in connection with its participation in the Korean War.

While 1952 was outstanding as a year of continued Canadian expansion on a gratifying scale, the problem of the Canadian Pacific in respect of its rail operations remains one of adjustment of its earnings to meet the pressing needs of the present and the challenge of the future. On the outcome of our efforts to make this adjustment, by which we may obtain sufficient financial resources to continue our replacements and improvements, depends our success as a transportation company. No country, particularly one of such distances as Canada, can remain strong and growing without the services of well-equipped and efficient railways.

L. F. McCOLLUM

President, Continental Oil Company

At this season, a great deal of thought is directed toward attempting to foresee the problems the New Year may bring, so as to be prepared to meet them intelligently as they arise. Many statements have appeared recently in the press concerning the outlook for business in 1953. The oil industry, in general, follows the overall economic trends of the nation; there are, however, certain forces at work which are peculiar to the oil industry.

L. F. McCollum

During the past few years, the industry has successfully met several calls upon it for readjustment to sudden and unexpected increases in demand. These requirements were superimposed upon a normal steady growth in demand for petroleum products. Immediately following World War II, increased productive and refining capacity was required to satisfy pent-up civilian demand. The Korean War, and later, the Iranian situation, brought about two additional upsurges in demand, and subsequent expansion of facilities. The refinery strikes in May, 1952, reduced product stocks below safe levels. Following the strikes, record refinery runs for several months made up the losses, and at the present time, petroleum supply appears to be more than adequate to meet current demand.

By the end of 1953, therefore, the industry is faced with the likelihood of having reserve capacity in both production and refining of about a million barrels per day. This reserve will be the result of continued expansion of facilities at a faster rate than the growth in demand. The problem of absorbing these additions to reserve capacity will present a challenge to oil management. In our volatile and dynamic industry, small shortages or surpluses have frequently caused extreme fluctuations in production and refining rates and in capital expenditures programs.

If Iranian oil returns to world markets, the surplus in the United States may be intensified. We can expect a decrease in exports to occur during the year, as foreign production and refining capacity is increasing and should be adequate to meet foreign demand, even without Iranian oil. We have already experienced a shrinkage in our foreign market for lubricating oils, which has resulted in an oversupply of this product in the United States.

It would appear, therefore, that we shall have to adjust our plans for the immediate future to meet a decrease in the rate of growth of total demand. Additional problems facing us are the probable continuation of the relative decrease in demand for residual fuel and the changing geographical pattern of supply. Total domestic demand in 1952 has not been much more than 3% above 1951, and we may expect only a 3 to 4% growth in 1953, as contrasted with the 10% demand increases in 1950 and 1951. During 1953 we may see a good many changes in supply patterns as a result of additional refining capacity and new crude and product pipelines currently planned or under construction.

The effect of governmental policies on the industry's ability to make the necessary adjustments cannot be overlooked. It is to be hoped that the new Administration will furnish a more favorable economic climate in which to operate. The return to business of a greater share of the management of its own affairs through elimination or relaxation of controls is necessary in order to keep our economy free and healthy. Resumption of

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Cycles and Imbalances Affecting the 1953 Outlook

war, and is scarcely recognizable as the familiar 15-to-20-year cycle of the past. From the low point of housing starts in 1933 to the high point in 1950 was a period of 17 years; this half-cycle, then, consumed as much time as some full cycles in the past.

In their recently-published report on "Stabilizing Construction," prepared for the Committee for Economic Development, Messrs. Miles Colean and Robinson Newcomb question the very existence of building cycles, although their skepticism appears least in the case of residential building. It is a debate I do not propose to enter at present. The historical data are scarcely adequate to support a thoroughly convincing argument on either side of the question. At any rate, housing starts have already declined some 20% from their peak in 1950, and for reasons I shall explain later, I expect that they will decline still more in coming years. If there is no building cycle to be in a downward phase, a decline of more than one-third from the peak, extending over a period of several years, will serve the argument just as well. If there is a cycle in residential building, and if it is in its downward phase, it would normally reach its low point in the late 1950's and its next peak around the late 1960's. Actually, the bumper baby crop of the past five or six years will be reaching marriageable age around 1970 to 1975, extending the period of record family formation and urgent demand for housing for at least another five years.

The purpose of all this discussion of business cycles has been to erect a skeleton framework for interpreting recent past, current and future trends in business activity.

Present Imbalances

Turning now to the analysis of some of the major imbalances in the economy, it may be possible to put a little meat on that skeleton.

When the transition from war production to civilian production took place in 1945-46, the United States economy was faced with a number of major imbalances, all of them favoring a high level of production until balance was attained.

First, there was a superabundance of money in relation to the capacity to produce goods and the then-current price level. Corporations and individuals alike were liberally supplied with liquid assets, credit was cheap and abundant, prices of manufactured products were low in relation to their cost, and the incentive to convert money into goods was strong.

Second, stocks of goods in the economy were abnormally low, all the way from sheets and shirts to turbo-generators and pipelines. There was a shortage of some eight million passenger automobiles below what the 1946 population, employed as it was, would normally have supported, and a shortage of some 2½ million non-farm housing units below a normal supply for the 1946 number of non-farm families.

Third, a large part of the world was short of both goods and productive capacity as a direct result of the war, and looked to American industry and agriculture for the necessary supplies, not to mention the United States Government for the wherewithal to buy them.

To summarize this cycle framework of the postwar period briefly, we started the postwar boom in industrial activity after one of the most severe reductions in activity that the American economy has ever met. From the war-time peak in November, 1943, to the 1946 low, the Federal Reserve Index of Industrial Production declined 95 points, or 38%. Both the long and short cycles that have characterized the past history of American industrial production established definite lows in the 1946-47 period. From such joint lows in these two cycles, the cyclical prospect was clearly for a sustained rise, with at worst a mild interruption when the shorter cycle declined during

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the normal operation of the laws of supply and demand would eliminate a great many of the problems of maldistribution of petroleum products with which the country has been plagued, particularly in getting adequate supplies of distillates to the East Coast. OPS regulations have prevented the price adjustments that would have made possible the economic movement of supplies from areas of oversupply to those of shortage.

Looking beyond 1953, the problems caused by the expected surplus of producing and refining capacity may continue for a time, particularly if the long-predicted downturn in the nation's economy should occur. However, the dynamic nature of American business assures a long-term growth in the demand for petroleum products. For the future, therefore, the oil industry will have to continue the search for new reserves and the construction of new and improved refining facilities.

ARTHUR E. McLEAN

President, The Commercial National Bank, Little Rock, Arkansas

The year 1953 should be a happy one. The November election, a great victory for the American people, marks the beginning of a new era. It has been a definite turn to the right in our economy, and an overwhelming defeat for corruption, incompetence, and dishonesty in government. An outraged citizenry has finally spoken. It has put a great leader at the head of the nation, with a clear mandate to establish responsible government and to bring order out of chaos.


Arthur E. McLean

Already we have a preview of the incoming Administration. Never before in our history have so many outstanding leaders been selected to fill the important posts of our National Government; men of recognized ability, of unquestionable integrity and loyalty to these United States. It is a truly great All American Team that will pick up the reins of government—a team with one thought—not of personal gain, but to win for America.

There will be many problems to solve not only in 1953 but in all the years that lie ahead. For years the economy has been fed on inflation, reckless spending and waste. Strange and unsound economic theories have been advanced, taught, and in many quarters accepted. Bureaucracy has grown to fantastic proportions; with the Central Government rapidly becoming the master and not the servant of the people. Much will have to be unlearned and corrected to start us again on the road to real prosperity, but great progress will be made in 1953.

I believe that the new Administration will make great strides forward in the elimination of waste and extravagance and that billions of dollars can be saved. Useless bureaus and agencies will be done away with, and countless thousands of persons removed from the public payrolls. This much needed manpower can be readily absorbed by private enterprise; become productive labor in an expanding economy and no longer a burden on taxpayer. This year business will be encouraged; not intimidated and threatened. The new program in Washington will be one of justice for all.

In anticipation of this favorable Washington background, confidence in the future is apparent everywhere. American "know-how" we have; with hope and incentive added, 1953 should be a prosperous New Year.

S. C. McMEEKIN

President, South Carolina Electric & Gas Co.

The usual economic barometers show that South Carolina has enjoyed an unusually prosperous year and indicate that the outlook for the State continues to be bright. In the area served by our company, bank clearings and postal receipts established new high records during 1952. In November for instance, bank debits, which are considered useful indicators of business activities, showed substantial increases over November 1951 in Charleston and Columbia, our two metropolitan service areas. Columbia had the highest dollar volume for the state with Charleston reporting a 10% increase for the period.


S. C. McMeekin

The increase in port commerce at Charleston has been so impressive that a multi-million dollar expansion program for the facilities seems imminent. A special committee of the South Carolina Legislature is studying the project and an estimated figure of $8,000,000 has been mentioned for the expansion of and addition to the terminals.

The State Farmers Market in Columbia became a million-dollar-a-month business in October and November of this year.

New and expanded construction likewise reached record peaks during 1952 in our area and $4,000,000 has been appropriated for the reactivation of the Naval Air Station at Beaufort as a Marine Air Corps Base.

This company continues to experience a substantial growth in customers and the increased utilization of electricity is heartening. Both portend the healthy growth of the 23 counties in our service area.

For the 12 months ending Oct. 31, 1952, an increase of 10% or slightly over 10,000 was realized in the number of residential customers. During this same period, sales of electricity to residential customers increased by 19% and during the month of October itself, electric sales to homes increased 22% over the same month in 1951. The increase in the number of residential customers, however, is not conclusively indicative of the population growth because it does not reflect those families moving into numerous housing developments and trailer parks which receive electric service through one master meter.

Also for the 12 months ending Oct. 31, 1952, our average number of commercial customers increased by 889 and industrial accounts by 72. The influx of new commercial and industrial enterprises continues a diversified trend.

Our company's major construction project is the completion of the first two 75,000 kilowatt units at Urquhart Station, a coal-burning steam-electric plant which is being built in Aiken County on the Savannah River by a wholly-owned subsidiary. The construction schedule calls for the first unit to be ready for use by mid-summer with the second unit to follow shortly thereafter. Additinal units are planned for this plant as needed and it is designed for expansion to an ultimate capability of 400,000 horsepower. The original estimate of the ultimate cost of this installation was $45,000,000. This has had to be revised upward somewhat due to price increases in materials.

Excluding Urquhart Station the company's normal construction and expansion program for the 1952-1954 period has a budget of $27 million. This is part of a long-range program which keeps in mind that an electric utility company must, of necessity, be the leader in any progression of commercial and industrial enterprises with their accompanying increase in the influx of families from which they draw their manpower.

E. R. MELLEN

President, Weston Electrical Instrument Corp.

It is our viewpoint that during the year 1953 we will see a rather sharp decline in capital expenditures which will apply throughout many industries. Companies who have expanded under the defense program, constructing new buildings and purchasing new equipment, will unquestionably have completed these programs so that their expenditures of a capital nature will be sharply curtailed.


Earl R. Mellen

It is, however, believed that the requirements for the defense program itself will continue, as represented by certain types of products of direct interest to us, such as electronic and control devices. Many defense programs were closely associated with developments and it is believed that the time has now been reached when many of these developments must be converted into production requirements. Nevertheless, other development programs will be continued and call for additional engineering and technical personnel for their solution. Since many of the new products for defense purposes require close tolerances and high quality of workmanship, there will not only be a continuing shortage of competent engineering and technical personnel, but the same shortage condition will prevail on skilled labor.

While it is anticipated that the defense program will continue at about the present levels, competition on commercial products will be increasingly keen, with service and prices important factors in determining who will secure the business.

The problems of labor will continue with no relief in prospect, with costs continuing at high levels, brought about through increases granted during the past several years, and with some upward adjustment in selling prices justified by such increased labor costs. It is also probable that the demands from labor will force additional higher costs which must be reflected in higher prices, since it is not possible in a short period of time to offset increased labor rates through improved methods and there have been few indications of improved labor productivity.

WARD MELVILLE

President, Melville Shoe Corporation

It appears that something like 99% of all businessmen and economists are forecasting a continued high level of general activity in 1953, at about the 1952 level, perhaps slightly above it in the first half, and slightly below it in the second half. Such unanimity is rare. It is, in fact, one of the most conspicious "caution" signals in sight at the beginning of the year! The universally accepted forecast has a bad record.


Ward Melville

There are some reasons for believing that the current forecast may turn out to be an exception and that, in this instance, history will not repeat itself. One of the principal reasons is that a large segment of total economic activity — our military expenditures—can be calculated in advance with a fairly high degree of accuracy. Nothing in the world situation permits us to expect any substantial modification; and the inevitable effect of these expenditures in certain industries is not a matter of guesswork. A second principal reason is the feeling of confidence in the business-like approach of the new Administration. While this "intangible" has not been rated too highly by many economists, it is a fact that will be reflected in thousands of daily decisions, tending to support and expand general business activity.

Assuming that spendable consumer income in 1953 is about the same as in 1952, or slightly higher, we can expect retail sales as a whole to be about the same or slightly higher. This will be true, unless the proportion of consumers' income spent in retail stores should rise. Retailers will strive, through alert merchandising, and promotion, to increase that proportion. Recently, they have failed to show the gains that other segments of the economy have recorded. (In 1952, purchases of new life insurance increased 12% over 1951; while retail sales increased only 4%.) If such an increase occurs, that would assure a gain in retail sales, even without a material increase in consumer income after taxes. Much the same forecast would apply to shoes. We can look forward to about the same or slightly higher dollar volume, unless a larger portion of the consumer's dollar goes to retail stores and/or for shoes. The emergence of new, dynamic fashion ideas in the shoe industry during the coming year could even result in an increase for shoes in the absence of a general retail advance. This is possible only because of the high level of discretionary buying power in the present economy.

Z. E. MERRILL

Chairman of the Board, Mountain States Power Co.

While certain factors affecting all types of business in 1953 cannot be adequately evaluated until policies of the new Administration are more clearly defined, at the present time those policies are, to a certain extent, reflected by the type of men already designated for the key policy making positions. It appears certain that business will operate in a much more favorable climate than in the past several years and that such detrimental factors as inflation, price and wage controls, and the like, will be of a less serious nature. However, business must not expect radical or sudden changes, nor would such be desirable.


Z. E. Merrill

Lumbering and its allied industries should experience a volume of business comparable to that of 1952. While some decline may be expected in certain lines, new uses of wood by-products, some of which are just being brought into production, will serve to offset it to a very large extent.

At this writing it appears that prices of farm products may be expected to decline somewhat but, with greater emphasis being placed upon marketing, this should not be serious. Less governmental dictation and interference are highly essential, thus leaving the practical farmer, dairyman, poultry raiser, orchardist, and producer of specialized crops more leeway in working out their own problems. Uncertainty as to government policies has contributed much to the difficulties of successful farming, dairying, and other allied businesses in the Northwest.

There does not appear to be any reason why the mining industry in the Pacific Northwest should not go forward in 1953 to even a better year than in 1952. This is especially true as long as the defense effort and the practice of stockpiling essential minerals are maintained.

Speaking of the electric light and power industry in this area, it can and will go ahead and provide the power so necessary to the growth of all other industry if it can receive more favorable treatment in its purchases of government generated power. Such growth is difficult to maintain when government shows favoritism between its customers and subjects the distributors of its product to the uncertainty of short-term contracts containing burdensome provisions. If the industry is to be successful it must be assured of receiving its power requirements over a substantially long term of years. The present shortage of electric power here in the Pacific Northwest is, in my opinion, temporary and not of sufficient magnitude to seriously affect general business in the area during the coming year. Additional power developed by government projects must be devoted more to the needs of the area's basic industries and to the development of its natural resources rather than to the promotion of huge power consuming plants under the guise of National Defense. I believe that such a broad general policy will be forthcoming.

Financing of the power industry should not prove difficult in the coming year, although the cost of new money may tend to rise somewhat. In late years the cost of utility money in the Pacific Northwest has been higher than elsewhere due to the prominence of government in that field but even with this handicap, the privately owned utilities have been able to secure adequate funds for their needs.

As elsewhere, a lessening of the tax burden would do much to insure a more rapid business expansion but this, too, I feel certain, will be forthcoming to some extent, possibly toward the close of 1953.

All forecasts are based upon no material change in the Korean situation and no serious outbreak of war elsewhere.

CLIFFORD W. MICHEL

President, Dome Mines Limited

The Canadian gold mining industry has just completed a disappointing year. While ounce production of the precious metal will show a modest increase, the monetary value of this production will be lower by virtue of the continuous strength in the Canadian dollar as compared with the U. S. dollar. As operating costs continued to move upward, earnings and dividends suffered accordingly. For lack of profit, five mines were compelled to close down, leaving only 59 straight gold producers to face the new year, as compared with over 140 producers a decade ago.

Clifford W. Michel

If the prognosticator of the 1953 prospects for the industry were to say that he considered them promising, he would have to feel confident that several of the following conditions were going to take place:

(1) That the inflationary spiral of the past decade which has, without interruption, boosted operating costs as represented by material, supplies and labor, is at last at an end.

(2) That the peak of the strength of the Canadian dollar versus the U. S. dollar has been passed and will soon decline, as this exchange rate determines in part the internal price the industry receives for the gold it produces.

(3) That either the dollar price of gold in the free markets of the world will rise from the lows experienced in 1952, or that the United States' buying price for the metal will be unilaterally raised in an effort to broaden world trade.

On the first score the industry has reason to be hopeful. Over the past year there have been sharp declines in the world price for many raw materials, and the cost of living index in Canada has recorded a modest decline in recent months. The new Administration in the United States will probably give more than lip service to the fight against inflation which, in turn, should make for price stability in the U. S. and Canada. None of these factors has as yet produced lower unit costs for the mine operator, but the trend appears to be in the direction of stability in the purchasing power of the dollar. Until this happens, the Canadian Government, recognizing the industry's difficulties as well as its importance to the country, has not only continued its subsidies to the gold miner in the form of "Cost Aid," but for the year 1953 will increase the rate of subsidy to those mines which sell their output to the Royal Mint and do not use the free world market.

As recently as Sept. 30, 1950, Canadian gold mines received from the Mint $38.50 per oz. for their output. Since the Canadian dollar was freed from exchange control in 1950, it has strengthened from a 10% discount to more than a 4% premium, and is currently at approximately a 3% premium. At this level the Canadian seller receives slightly less than $34 per oz., or $4.50 less than its selling price of two years ago. Inherent strength of the Canadian economy is the basic reason for the strength of the Canadian dollar, but it would appear that the premium has been accentuated by a flight from other currencies, including the U. S. dollar, as well as by an unusually large favorable trade balance in 1952. As the flight to the Canadian dollar ends, and trade balances revert to normal proportions, it would seem that the exchange rate should fluctuate around parity, which would have the effect of increasing the gold mines' revenues by $1 per oz.

On the third count, the matter of a higher U. S. buying price for gold, forecasting is clearly impossible. That there will be pressure from the Prime Ministers of the British Commonwealth for a higher price to improve the position of sterling and to end the dollar shortage, is certain. However, to believe that the Republican Administration, pledged to sound currency and to a war on inflation, will recommend such a course to Congress at a time when no major deflation is imminent in the American economy, borders on the side of wishful thinking.

There are a few hopeful signs for the Canadian gold mining industry for 1953, but there still is the dark cloud over-hanging of a price too low in relation to a cost of production that has risen sharply as the value of money declined.

DON G. MITCHELL

President, Sylvania Electric Products, Inc.

Sylvania Electric Products Inc., which expects to show a 13% gain in net sales in 1952, anticipates an even larger percentage gain in 1953. Sylvania's net sales in 1952 are expected to be approximately $230,000,000, compared with the previous all-time high of $202,800,000 in 1951 and $162,000,000 in 1950. Sales would have been even higher had there not been several strikes, which concerned issues other than economic.

Don G. Mitchell

Sylvania had increased its total manufacturing and related storage space nearly 30%, to approximately 4,000,000 square feet during 1952, and from the standpoint of plant and equipment, we shall start 1953 in a better condition than ever before. We completed or acquired four large manufacturing plants in 1952, finished a major addition to another plant, and began operations in two important laboratories. In addition, we now are building two more plants and another laboratory. To serve the sales force, moreover, we have opened new sales offices and field warehouses and are building others.

In 1952 sales by some of our manufacturing divisions, and sales in many product lines in other divisions were limited only by our ability to produce with the plant,

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Cycles and Imbalances Affecting the 1953 Outlook

a continued rise of the longer cycle.

Now, however, this favorable cycle picture has been reversed. The long cycle rise since 1947 has clearly reached a peak, and the shorter cycle is in an upward phase that should normally end sometime in 1953. In addition, the still shorter cycle that is characteristic of textiles and some other lines of consumer goods production appears to be headed for a peak in 1953, and the long cycle of residential building appears to be headed downward from its peak in 1950. In the past, the development of cycle patterns such as this that is shaping up for 1953 has been followed by major cycle declines, including a drop of 20% or more in industrial production during a 12-month period somewhere in their course. It would normally require some major new external force to prevent such a pattern from developing.

It was under these circumstances that the Full Employment Act of 1946 was enacted. Seldom has a major national policy been propounded under circumstances more propitious for its prompt realization.

Staggered Ending of Shortages

The continuation of the postwar boom was greatly aided by the fact that these shortages did not all end at once. The demand for table model radios, for example, was one of the first to be met, but the rapid expansion of television quickly took up the slack. The abnormal demand for many consumers' soft goods was absorbed by 1947, but the subsequent inventory readjustments were considerably cushioned by the continuing heavy demands for durable goods, both for consumers and for industry, utilities and agriculture. By late 1948, demand lessened for major electricial appliances, and order backlogs for producers' equipment began to be worked off. By that time, however, relatively little progress had yet been made toward ending the major shortages of automobiles and houses. In the combination durable goods slump and inventory correction of 1949, autos and home building led the way out of the slump with sharp increases in output. Recovery in other lines of activity in late 1949 and early 1950, had economic activity generally on the upgrade even before the outbreak of fighting in Korea at mid-year. Before the shortages and restrictions incident to the Korean War curtailed production substantially, the apparent shortage of passenger automobiles was ended and the shortages of housing, at least in nationwide terms, had been greatly relieved.

Meanwhile, the war-torn nations of Europe and Asia were regaining their economic strength. Not only did they provide more of their own needs, for which they had looked to American production in the early postwar years, but they began to recapture some of their old customers, who had passed by default to American producers. More recently, they have begun to compete for the American market.

This relief of the housing shortage has been accomplished in a large part since 1949. In the early postwar years the formation of new families, primarily because of marriages of returning servicemen, was so rapid, and the building of new housing units was so retarded by materials shortages and government controls, that little progress was made in removing the wartime shortage of housing. By early 1949, the ratio of nonfarm housing units to nonfarm families was about the same as it had been in 1945. Since 1949, however, the number of new families per year has declined, while the number of new housing units created has been consistently above both family formation and previous peak rates of home building. As a result, the ratio of nonfarm housing units to nonfarm families is now back about to its average for the period from 1910 to 1940,

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equipment and manufacturing force that were available. Now we are in a position to make substantial production gains. If business continues at the same high level at which it finished the old year—and our economists believe it will continue at the same high rate through at least the first three quarters of 1953—we think we have added the facilities that will enable us to increase sales to a substantially higher level.

Sylvania's defense business during 1952 amounted to approximately 30% of total sales, compared with 20% in 1951. With the company's current backlog of unfilled defense orders totaling about $85,000,000, defense business in 1953 might rise a few percentage points above the 1952 ratio of defense to total sales, but the increase is not expected to be large.

A further aid to increased sales will be continued expansion of product lines. Our research and engineering staffs have laid the groundwork for many significant additions to those product fields in which we already are occupied. The field of electronics, for instance, promises so many applications to peacetime use of products originally developed for military use, that we are certain to be extremely busy in civilian development and production.

Sales of Sylvania television sets to distributors reached an all-time high, while for the industry as a whole television set sales came close to those of the record year 1950. Factors which could make 1953 the biggest sales year in history for television include the recent abnormally low inventory of sets in manufacturer and distributors' warehouses and on dealers' floors, and the advent of UHF television in many new areas in the coming year.

Picture tube sales were strong in the last four months of 1952, reflecting increased set sales, and should follow an upward trend again in 1953. Sylvania's picture tube sales in the past year were almost 50% greater than in 1951. The company's receiving tube sales also were higher in 1952, due partly to brisk set business and partly to important increases in sales for defense use.

The Electronic Division, which devoted its operations almost entirely to defense orders, enjoyed a 40% increase in sales in 1952 and expects a substantial increase in 1953. The division's development of new components and equipment was principally responsible for the increase. One of the major programs of this division is development of a device known as the "transistor," which is believed to have many possible applications in electronics equipment. A large section of engineers of the Electronics Division is preparing the way for commercial production of a transistor that will perform with high reliability.

Lighting sales should show a substantial gain in the coming year. Factors which should make this increase possible include the introduction of new lighting products, heavy demand for incandescent lamps, and greatly expanded photoflash lamp production. Sales of incandescent lamps reached an all-time company high in 1952, while photoflash sales were restricted only by production capacity. A new photoflash plant now is under construction in Winchester, Ky.

In the components field, both the company's Parts and Tungsten and Chemical divisions increased their sales in 1952. The increases in both divisions were notable for the fact that sales to outside companies showed substantial rises. It is anticipated that more than half of the Parts Division's business in 1953 will be with outside companies.

Export sales were second highest in company history. Because of the growing popularity of television in foreign countries, the International Division's sales may reach a record peak in 1953, aided by increased sales of television sets, set kits, components, and picture and receiving tubes abroad. Our Canadian manufacturing subsidiary enjoyed a sales increase of almost 60%.

The Atomic Energy Division, formed in 1952, to facilitate a greatly expanded program of research and development for the Atomic Energy Commission, now is superbly staffed and equipped in large new laboratories in Bayside and Hicksville, N. Y. While the work being done by this division is classified, it is possible to say that this program will contribute materially to Sylvania's continued growth.

IRWIN L. MOORE

President, New England Electric System

Present indications are that business in general and electric sales in particular will continue to improve in New England Electric System companies during 1953. Sales of electricity to household customers are showing weekly increases, commercial sales are higher and the improvement in industrial conditions which began last August in the New England area, particularly in textiles, should continue through 1953.

Irwin L. Moore

Looking beyond 1953, the business-managed electric companies operating in New England have a long-range building program based upon customer electric requirements of between nine and 12 million kilowatts by 1975. This 30-year activity, started immediately following World War II, is expected to cost about $3,000,000,000. In New England Electric System we anticipate annual expenditures to average more than $30,000,000 as our part of this unprecedented electric expansion project.

During 1952 the second unit of our Salem Harbor Station was put into service. We also started a $20,000,000 plant addition at Providence, Rhode Island, as well as a $50,000,000 hydroelectric development on the Upper Connecticut River near Littleton, New Hampshire.

As this is being written, New England Electric System companies' electric output is running 12% to 15% ahead of comparable weeks of 1951. While it is too much to expect that we can maintain these increases throughout 1953, we do look forward to a continuation of the upward trend in electric usage. The New England area, fortunately, has few so-called "defense industries," and wherever there is defense production it is coming largely from manufacturing plants which are also turning out products for civilian business.

This lack of dependence upon defense production plus the general diversification of industries now taking place in many New England communities combine to make a healthier industrial economy which can better adapt itself to changing conditions, should they occur.

To sum it up, for New England Electric System companies we expect in 1953: (1) a substantial increase (about 10%) in sales to residential customers, (2) increases of about 6% in commercial and industrial electric sales, (3) an increase of somewhere between 6% and 7% in total sales of electricity, (4) a continuation of good business in the area served by System companies.

R. W. MOORE

President, Canada Dry Ginger Ale, Inc.

With a new Administration taking office in Washington, any forecast of the business climate for the coming year must be qualified by our assumptions as to what the new legislation will be, and the effects of the new policies over a period of time.

R. W. Moore

We are all fairly sure that the intent of the new Administration will be to favor business, through such means as removal of controls, tax reduction, and strengthening of the dollar. The area of uncertainty lies in assuming from this that all business and industry will benefit unreservedly. I am not implying that the end result will not be to the good, but rather that we are too prone to speak of business as a unified entity despite the fact that our recent prosperity has found some industries hard-pressed to maintain their earnings.

For the carbonated beverage industry, the outlook is quite favorable. We at Canada Dry are budgeting on the basis of anticipated increases in both sales and earnings, which we expect will materialize for both our company and the industry as a whole. This optimism is based upon a number of factors.

Year after year, with very few exceptions, the soft drink industry has established new records in per capita consumption of its products. This, it should be noted, occurs without the stimulus of new models, improved formulas or any promotional appeal based upon change. The saturation point, if any, is not in sight. Hard selling and merchandising, and widened distribution, are the mainstays of the industry. They have proven enormously effective in persuading the American public to buy our product more and more frequently.

To this must be added the often overlooked fact that the country is steadily increasing in population, in number of consumers. And as long as people are economically secure enough to purchase food products without self-denial, they will certainly not curb their appetite for carbonated beverages, which are properly classified as food products.

Within the bottling industry, the year ahead will probably bring an acceleration of franchising, as more and more small bottlers seek to ally themselves with the large national brands. In our own case, we expect a very considerable increase in licensing activity, with scores of new bottlers investing in equipment and supplies for the production of Canada Dry beverages.

J. D. A. MORROW

President, Joy Manufacturing Company

Although the business of our company, which formerly was almost exclusively mining machinery, has now become much more diversified and includes a wide range of customers in the aircraft, oil field, construction, chemical, and general manufacturing industries, this preview of 1953 is confined to the outlook for mining, tunneling, quarrying, and exploration equipment.

J. D. A. Morrow

In these important markets, present indications point to active demand for such machinery throughout 1953. Since the war, many countries have expanded their exploration activities and their mining and recovery of minerals. All over the world, the search goes on for uranium, cobalt, titanium, copper, asbestos, lead, zinc, iron, potash, and other minerals. Wherever exploration shows deposits of consequence, attention is immediately focused on developing these sources of wealth, which means a continuing and even rising demand for mechanical mining equipment.

All Western Europe, as well as South Africa and Australia, is engaged in modernization programs in their coal mining enterprises and this interest likewise extends to iron ore, potash, and other mining operations.

Consequently, the demand for the more modern types of machinery to mechanize these operations is not confined to the United States and Canada, but is worldwide.

Since minerals provide a basis for improving the currency exchange position of many countries that are short of hard currency, American mining equipment enjoys a high priority for dollars available in such countries that are actively developing their minerals to increase their own exports and strengthen their local economies.

BEN MOREELL

Chairman of the Board, Jones & Laughlin Steel Corp.

I believe it is generally agreed that with the coming of the New Year, American industry, in general, and the steel industry, in particular, will be faced with a new set of conditions to which all of us must adapt ourselves.

Ben Moreell

The changes in the national Administration and the challenge which the new Administration faces impose an obligation on all of us.

The vigorous action taken by President Eisenhower to inform himself with respect to the Korean situation and to organize his "team" augurs well for a vigorous attack on other serious problems such, for example, as the halting of the rapidly ascending inflationary spiral. We have become involved in a "dog-chasing-his-tail" process which results from rising costs of industrial products, which are reflected in rising costs of food and other living necessities which, in turn, result in higher industrial wages and salaries; and then the whole process starts over again. This must be halted!

We are also obligated to continue our programs of improving the industrial equipment of America so that we can produce more goods at lower costs, and make more and better jobs for our increasing population.

The steel industry has been in the forefront of this industrial development. As of Jan. 1, 1953, the industry will have a capacity of over 116,000,000 tons of ingots per year, an increase from 95,500,000 tons at the end of the war in August, 1945.

The increase in the capacity of Jones & Laughlin Steel Corporation has been from 4,741,500 tons immediately after the war to 6,406,500 tons on Jan. 1, 1953.

In addition to the increase in ingot capacity, we have made substantial improvements and expansions in our rolling and finishing equipment. We now face the challenge of justifying the expenditure of $420,000,000 in our total postwar expansion and modernization program. We must make the new equipment and the improved old equipment produce at maximum capacity and efficiency in order to justify this program.

Undoubtedly, the very substantial increase in the country's steel capacity poses a serious challenge to J & L. It is inconceivable that the industry will operate at maximum capacity into the indefinite future. Therefore, highly competitive times are sure to return, probably within the next year, and Jones & Laughlin is preparing itself to meet them.

The principal improvements to our productive capacity are as follows:

(1) The new open hearth furnaces at Pittsburgh Works and Cleveland Works. Open hearth furnaces produce steel from pig iron, scrap, and alloying metals.

(2) A larger blast furnace to replace an old one at Cleveland Works. We produce pig iron in blast furnaces at Pittsburgh, Aliquippa and Cleveland.

(3) A new electric-driven blooming mill at Pittsburgh which rolls larger ingots than we have ever been able to roll before. A blooming mill shapes ingots into slabs and blooms for further processing.

(4) A new central scarfing yard at Pittsburgh Works. In a scarfing yard, slabs and blooms are cleaned off with an oxygen torch, preparatory to further processing.

(5) An electrolytic tinning line at our Aliquippa Works. This line uses the latest process of coating steel with tin. This "tinplate" goes to can manufacturers where it is made into the cans that eventually wind up in your kitchen.

(6) A battery of 59 by-product coke ovens at Aliquippa Works. Here we start with coal and make coke to be used in our blast furnaces. In the process, we collect all of the volatile materials from the coal—and these are used by other processors to make many products—from dynamite to nylon hose and perfume.

(7) Our Coal Preparation Plant at East Fredericktown, Pa., near J & L's Vesta Coal Mines. At this plant, the coal is separated from rock and slate and prepared for use in coke ovens.

(8) Two new towboats, the diesel vessels "Vesta" and "Shannopin" and 23 new river barges.

(9) Expanded ore preparation facilities at J & L's Benson Mines in New York State. This ore is found in rock, which must be crushed into a fine powder and the ore separated from it in a complicated washing process.

J & L expects to complete the following additional projects in 1953 and in later years:

(1) A new bar mill, a battery of 79 by-products coke ovens, increased storage areas, and parking facilities—all in the Hazelwood expansion in Pittsburgh.

(2) Electrification of the steam-driven blooming mill at Aliquippa. The modernization of this mill, which holds the world's production record for rolling blooms during the last war, should be completed by mid-1953.

(3) Development of J & L's Tracy Mine, a deep-shaft iron ore mine in northern Michigan, part of J & L's program for developing sources of low-grade ores, against the possible depletion of present ore supplies.

(4) Three more diesel towboats for our River Transportation Division.

(5) Improvement of the 14-inch hot rolling mill at Aliquippa. This rolling mill, unique in industry, was the first of the electric-driven continuous rolling mills, with the stands of the mill arranged in tandem.

(6) Modernization of the limestone quarries in West Virgina. Limestone is used as a flux in the blast furnaces.

We at J & L look forward to the utilization of completed facilities and to the shaping of our new projects with full confidence in the future.

The improvement and expansion of our Corporation, with its 45,000 people, place a revitalized J & L on the threshold of a new era of accomplishment, which we can achieve by working together.

THEODORE E. MUELLER

President, American Radiator & Standard Sanitary Corp.

Operations in the plumbing and heating industry during 1952 were largely influenced by a combination of four basic factors, namely, the transition from a seller's market to a buyer's market in the industry; metal shortages; constantly changing needs of the defense effort, and government restrictions on the building industry. As a result, sales and profits of American-Standard during the year declined from the record 1951 levels. For 1953, however, the present outlook for a sustained high level of building activity, coupled with generally lower inventories of manufactured products and an improved supply of materials, are favorable industry factors.


Theodore E. Mueller

At the beginning of 1952, industry inventories were relatively high, and supply of principal products exceeded demand throughout the year. The resulting price softness plus increased production costs resulted in a narrowed profit margin.

These inventory levels at the close of the year were down for both manufacturers and wholesalers, indicating a likelihood of more stable production levels during 1953.

Reduced steel supplies caused by the work stoppage in the steel industry during the summer restricted the planned expansion of production and sales of American-Standard kitchen equipment. The shortage also affected production of steel boilers and other heating and air conditioning equipment. A more adequate steel supply is expected to ease these problems beginning in the second quarter of 1953.

Government restrictions on building, particularly those relating to the use of both ferrous and non-ferrous metals in construction, acted to reduce the market for our products. These regulations tended during the year to limit the size of homes built and the plumbing and heating equipment installed and to curtail certain types of commercial and public building.

The recent relaxation of these restrictions is expected to improve the building situation during 1953. I believe that a large number of schools, hospitals and other buildings are required and that there is a need for approximately one million new homes each year.

It is expected that there will be a substantial increase in the number of three-bedroom homes built during 1953 as the result of the development of larger families during the last several years. American-Standard will benefit from this trend since larger homes provide a market for additional bathrooms and require larger heating and air conditioning systems.

The stiffened competition predicted in new home sales during 1953 is expected to result in a demand for higher quality products, the type for which American-Standard is well known.

Some of the corporation's plants and subsidiary companies are engaged in the production of defense materials. The government's stretchout program for defense curtailed production and sales of these products. Our company's defense production operations in 1953 will be determined by the requirements of the defense effort.

Looking beyond 1953, American-Standard continued and expanded its research activities in 1952. Plans are underway for the construction of an addition to the research facilities at the Louisville research center. The new building will contain 45,000 square feet of floor space and will be used for expanded research in the development and testing of manufacturing procedures and techniques.

VICTOR MUCHER

President, Clarostat Mfg. Co., Inc.

Frankly, this is simply a projection of present trends into 1953. Not having a crystal ball—and if I did, I wouldn't know how to use it—I prefer to abide by available facts and figures. The definite pattern established by our radio-electronic industry in this so-called postwar era which still smacks strongly of war, relieves one of the hazards of sheer fortune-telling.


Victor Mucher

Our industry is leading a double life today. On the one hand, we are charged with supplying the multitudinous elements entering into the radar, loran, fire control, communication and other electronic requirements of the military. On the other, we are expected to keep right on manufacturing parts for radio, television, household appliances and other attributes of the better life here at home. That we are able to provide for that better life and again for its defense in the face of serious threats, speaks volumes for American productivity, engineering—yes, and realistic patriotism in a dark hour.

There is a world of difference between much of our civilian production and the demands of the Armed Forces. In the former category we are turning out thousands of low-priced items each working day, such as radio and TV controls at unit prices, say of one dime. In the latter category we are producing such quality items as multi-section tandem controls with electrical tolerances of ½ of 1%, and corresponding mechanical accuracies, at unit prices often exceeding $100. There is as much difference between these two categories as between cheap alarm clocks and costly wrist watches. Indeed, never before has our industry—or perhaps any other industry for that matter—been called upon for such a wide divergence of fabrication standards. One is strictly *price;* the other, *quality,* regardless of price. To be dealing with dimes and dollars, under one roof, calls for a very high degree of adaptability of one's production facilities and personnel. Meanwhile, our company has attained its highest level of dollar business yet in our several decades of control and resistor manufacturing.

Granted that a very considerable percentage of current business income is for military end use, the civilian requirements keep rising all the while. The past 12 months have seen something over six million TV sets produced, while the best guess for 1953 is 7,200,000. In the radio-set field, the year-end rate of production exceeded 250,000 sets per week, so that we can hazard a figure of over 15 million radio sets for home, portable and auto usage in 1953. Inasmuch as the average TV set calls for a dozen controls as against one or sometimes two per radio set, it is easy to realize how our control business has multipied several fold in the past six years and must continue to expand. Then there are the newer usages in electronic phonographs, tape recorders, high fidelity sound systems, home sound movies, and so on.

All the while the 20 million TV sets in daily use, and 60 million or more radio sets, are wearing out. Controls in time must be replaced. And here again, we have a growing market for replacement controls to and through the parts jobbers to the servicemen.

Until recent years our radio-electronic parts industry lived almost entirely on the fortunes of the radio industry. We also experienced the violent peaks and slumps each year because of the highly seasonal character of home radio interest. But in this postwar era, thanks to the rapid evolution of industrial electronics—the non-radio phase of the art—we have largely succeeded in leveling out production throughout the average year.

Much of what we are currently making for military requirements will find a place in the civilian economy. The elaborate multiple controls, for instance, now being produced for artillery fire control, will be required by the marvelous electronic calculators of tomorrow. As military demands taper off when the necessary degree of military readiness is attained, I feel certain that delayed civilian needs will take up the production slack. History will repeat itself, for just as TV came along in 1946 to absorb our tremendous World War II plant growth, so the fantastic electronic developments now ready for commercialization will require the released skills, experiences and fabrication facilities we have placed at Uncle Sam's disposal in insuring our national safety.

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and a further increase is in prospect for 1953.

Over the next few years, the number of young people arriving at marriageable ages will be reduced, as a result of the sharp reduction in birth rates from the 1920's to the 1930's. In addition, the trend to earlier marriages in recent years has borrowed from marriages that would otherwise have occurred in the middle 1950's. This reduction in family formation, coupled with the end of the absolute shortage of housing, can be expected to reduce the pressure for new home building in the next few years. Any substantial rise in unemployment, leading to a renewal of "doubling-up" of families, would further reduce the demand for new home building. Consequently, home building activity in the next few years will depend more than normally on the demolition and replacement of substandard housing, and on repair and modernization of existing dwellings.

Prop of Korean War

As the last of these major props to postwar business activity began to fade away, however, the Korean War introduced strong new stimuli. First, of course, was the direct military demand for men and material. Second was the stockpiling program for critical materials. Third was the policy of expanding plant capacity and production of basic materials enough to cover both military needs and the requirements of the civilian economy. The effect of this policy was greatly augmented by providing strong tax incentives to expand capacity throughout the whole wide range of products and activities that can be tied more or less directly to defense requirements. As a result, we have had in the past two years an even greater boom in the production of capital goods than the boom that followed World War II. Finally, the scramble of consumers to buy goods that might become scarce, and the scramble of businessmen to stock up on inventories of goods that might either become scarce or rise substantially in price, added a fillip to activity through the first quarter of 1951.

Of these new stimuli introduced by the Korean War, the first to subside was the buying scramble of consumers and businessmen in late 1950 and early 1951. Next was the impact of stockpiling. The next in line is clearly the wave of expansion in plant and equipment. Many industries, and still more companies, already have more

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CHARLES S. MUNSON

President, Manufacturing Chemists' Association, Inc. Chairman of the Board, Air Reduction Company, Inc.

The almost breathtaking ascent of the chemical industry to a predominant role in the American economy took on new momentum in the year just past, with production and new construction both at an all-time high. Chemicals for defense, and for all the industries which serve defense, flowed with reassuring abundance, while vigorous research and development brought new benefits to agriculture, to manufacturing, to health, to virtually every phase of national life.

Charles S. Munson

Taking the direction of some earlier trailblazers, the industry went south and west with the bulk of its new expansion, making the most of good regional supplies of petroleum and natural gas and ready access to Eastern markets via low-cost water shipment. With this year's growth, the half-way point was reached in a current five-year $6 billion building program.

The record $1.5 billion spent on construction in 1952 was paralleled by new production peaks in existing operations. By October, the index for industrial chemical output, for example, had soared to 574 from its 1935-1939 base of 100.

Rising production and physical expansion made their impact in two important quarters:

First, consumers had more plentiful supplies of life-saving drugs, new synthetic fibers, plastics, and other much-in-demand chemical products. Industry, too, found chemicals easier to get. Sulfur and chlorine came back to normal during the year, while ammonia and benzene supplies improved considerably. As another significant benefit to an economy hard-pressed by inflation, chemicals resumed their traditional downward price trend with an average drop of 3½% in 1952 compared with 1951.

Second, the nation's defense program drew important strength from the year's chemical advances. Increased output made possible the lifting of most controls, bringing closer the attainment of expansion goals for the 56 chemicals designated as defense-essential materials by the Defense Production Administration.

As evidence of the industry's importance to preparedness, these 56 represented nearly 30% of all DPA expansion goals set thus far; in addition, chemical companies accounted for 10% of all rapid amortization certificates issued for new plant and equipment.

The industry also achieved substantial progress in human and community relations. The year saw sharp improvements on an already good safety record for the industry. In the first eight months of 1952 compared with the same period in 1951, the frequency rate of injuries fell 11% and the severity rate, 14%.

The Manufacturing Chemists' Association and individual companies intensified their efforts to abate air and water pollution and made excellent progress in many local areas as public cooperation and understanding of the problem increased. The Association, through member companies, also began to do its part in building up future scientific manpower for the nation and the industry by offering direct assistance to plant community schools in their career guidance programs.

Outlook for 1953

If there are any serious threats to further progress in chemicals in 1953, they lay in excessive taxation. The Excess Profits Tax in 1952 was responsible in many companies for that unhealthy paradox: rising sales and declining earnings. Without adequate earnings, industry can hardly hope to continue to expand and develop. And the situation is doubly difficult in the chemical industry because the pace of research and development means fast obsolescence of old plant, and the consequent need to use a substantial part of earnings to bolster inadequate depreciation allowances.

Nonetheless, there is every reason to believe that chemicals will continue to push closer to first place among U. S. industries in the coming year. Expenditures for construction will fall very little below the record level of 1952, and the industry will strengthen its position as the leader in research and development activity.

The applications of the results of this activity are everywhere: in manufacturing, in medicine and health, in food production and processing, in textiles and paper and rubber, in conservation of raw materials and utilization of wastes, in the fuller development of our natural resources, in atomic energy.

No industry has broader horizons. No industry, I believe, will travel faster toward its horizons.

GORDON MURRAY

President, First National Bank of Minneapolis, Minn.

Despite some interruptions during the year, notably the steel strike, total business volume during 1952 was good, and the year ended with business activity on a very high level. As we enter the year 1952, there seems to be no reason to assume that the volume of business will vary materially from that accomplished in the year just ended.

Gordon Murray

Government spending for defense purposes will continue at a high level; the capital goods industry, while experiencing some decline in the backlog of orders, will operate at a high rate of capacity during the year; and, as indicated in a report recently released by the Securities and Exchange Commission of a survey made in collaboration with the Department of Commerce, private business expects to invest almost as much in new plant during 1953 as it did during the previous year. These are all dynamic parts of our economy and should help sustain business at high levels. With materials in better supply, building projects can be completed, and the automobile industry, which was seriously hampered by shortages during 1952, should be able to produce cars and trucks sufficient to meet the requirements of its market.

The banking business, as most other businesses, has just completed a very satisfactory year. The high level of business activity has resulted in a continuing strong demand for credit, both from business and consumers, and there has been a general strengthening in interest rates, which has been favorable to bank earnings. We would expect that this strong demand for credit should continue in 1953, at least during the first half of the year. On the other hand, increasing costs will continue to present a problem for bank management.

In the Ninth Federal Reserve District conditions may, dependent on the weather, vary somewhat from the national picture. Our industries should do well. The outlook for mining, particularly iron ore, is bright and the developments in the Williston Oil Basin and the taconite territory in northern Minnesota will move ahead, all with considerable benefit to this district.

However, this is primarily an agricultural district and the outlook for agriculture at the present time is not as bright as it has been during recent years. There was a lack of moisture last spring, and while we received some timely rains during the summer, which helped last year's crop, the fall has been very dry and subsoil moisture is deficient in most of our territory. Abundant moisture in the spring could easily change this picture, but the fact remains that we are going into 1953 more dependent on timely spring rains than we have for some years. In addition, agricultural prices have been on the down trend, while there has been very little reduction in the farmer's costs, so that his net income is declining. While we do not anticipate that the agricultural segment of our economy will suffer severely during 1953, there is the possibility that the farmer's net income will be somewhat below the average of the past few years.

JAMES J. NANCE

President, Packard Motor Car Company

Any forecast of business for 1953 must, of course, take into account government influence in business activity as revealed by the estimate that for the twelve months, ending June 1953, Federal, State and local governments are expected to spend more than $100 billion or approximately 37½% of the national income produced during this period.

James J. Nance

Approximately 70% of Federal spending during the fiscal year ending June 30, 1953 will be military, therefore business is obviously handicapped in trying to forecast levels of production and employment until we are advised what the military program is to be under the new Administration.

Whether the fighting in Korea is to be stepped up or whether a termination to the fighting can be brought about without such a step-up, will have a great bearing on the armament production requirements, but I am personally convinced with my contacts throughout the nation recently that the people are committed to re-arming for defense and are perfectly agreeable to going along with the defense program whatever requirements may be.

Such a cut-back, should it take place, together with possible government cut-backs in the foreign aid program could result in somewhat reducing the over-all economy. This could well be a start toward reversing the general inflationary trend of the last few years, which would be good for the nation if it resulted in tax reduction that would make for a sounder economy.

Of one thing I am sure, businessmen everywhere are sympathetic with the tremendous problem faced by the new Administration of halting the inflationary trends of recent years and at the same time, maintaining our national economy on a solid basis so that the pendulum does not swing too far in the other direction.

In so far as the automotive industry is concerned, all studies indicate that there should be a market in 1953 for more than five million cars but we expect the business to be highly competitive. This is evidenced by the fact that practically all manufacturers are offering increased value in their 1953 models while holding the line on price.

C. A. NORRIS

President, Alaska Juneau Gold Mining Company

Aside from affiliations with base metal production, my chief interest and responsibility during the past year, and for several years preceding, has been in husbanding and preserving assets of inactive gold mining properties which prior to 1943 were profitable operations under then prevailing costs of production and fixed value of gold.

C. A. Norris

Unfortunately the outlook for 1953 cannot be regarded as encouraging. So much has been written on the subject of gold, and on monetary matters generally, there is not much more to be said regarding the advisability or necessity of gold revaluation. It all boils down to the simple fact that gold was either over-valued in the early 30s or it is correspondingly under-valued now at $35 per fine ounce. If gold is to remain the metallic base of dollar and world currency valuation for purposes of stability in international exchange, under some form of convertibility, it must need to be revalued in terms of current purchasing values of circulating media.

I see no future for gold mining until those conditions have been firmly established; nor without them can there be any economic stability in monetary matters, or any sustained security at all in investments, particularly in new undertakings.

It all rests upon acts and deeds of the new Congress and the administrative support that might be expected in formulating and approving a proper course of action.

When one mentions revaluing gold the ever-present bogie of inflation crops up, as if inflation in a big way was not already present while gold values remain unchanged from 1934—who is being fooled?

Our self-styled economists and experts on monetary matters are by and large not producers, and therefore cannot speak with authority except in an academic sense. As a rule they take no account of the source of the basic commodity behind paper currency and behind all other paper representation of accepted standards of value. Gold does not fall as manna from heaven, nor can it be manufactured; it comes to us only as a result of extensive search and discovery and even then its discoverers must meet the inevitable cost of extraction and conversion to a standard form of usefulness. In fact, among the factors making gold the superior metal for monetary purposes are its relative natural rarity and the high cost of winning it from nature. This all involves great risk, followed by employment of scientifically developed methods of extraction and treatment. Cost of production becomes a most vital element in determining the true value of gold and everyone knows that costs have multiplied since the $35 value was fixed by statute in 1934.

Therefore, if the world is ever to return to the basic fundamentals of sound money and economics, whereby the standard of all values shall not be made to fluctuate according to the dictates of political expediency, current cost of production of this accepted standard of value, gold, plus a reasonable profit, as is the case with any other kind of business, must be taken into account in determining a real and sound value for gold. In that way, only, can we again have the backing for our currency and credit that is commensurate with current business volume as expressed in dollars of greatly reduced buying power.

The laws of economics are immutable. When value of currency is created by governmental dictum (fiat money) rather than through man's labor, and his inalienable right to ownership and possession of the products of his labor, its value cannot be fixed and maintained simply through violation of the fundamental principle of economics. Because of its scarcity and the desirability of ownership, gold, as a measure for exchange, is sound, for it accurately measures the worth of one man's labor tendered in exchange for that of another. Its true value must be relative. An all-world open and free market would quickly determine that.

HENRY K. NORTON

President, Walter Kidde Nuclear Laboratories, Inc.

With the widespread public interest in the development of nuclear energy by industry, the repeated statements of the Atomic Energy Commission that the time has come to liberalize the law, and the advent of an Administration less sympathetic to socialistic philosophy, 1953 may well see the termination of government monopoly in this field and the beginning of a new era in the conversion of natural forces to the use of civilization.

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than enough plant and equipment capacity to meet their present peak of demand, with further additions scheduled at a near-record rate in 1953. With any significant reduction in the demand for their products, the capacity of these industries and companies will clearly be excessive. The competitive battle will then be joined to determine whose capacity is most excessive, with strong incentives to cut prices in search of the volume required to carry the heavy overhead cost of excessive plant.

Weakening Demand for Capital Goods

The demand for capital goods, as you all know, fluctuates widely. It has two most essential elements—first, the *need* for additional plant or equipment to handle business already in hand or clearly in prospect, or to reduce costs, and second, the *ability to pay*, either from retained earnings or from prospective profits. We are approaching a situation where both of these essential elements will be greatly weakened. The need for additional plant capacity to handle current or clearly prospective demand is rapidly disappearing. The ability to pay for additional capacity has been reduced in part by heavy taxes, but more basically by a reduction of pre-tax profit margins in the past two years, during which prices of many products have been reduced at the same time that their cost of production increased. It seems very clear that at lower volumes of business the reduction of profit margins will continue, both because of increased overhead costs per unit and because of the competitive struggle for a larger share of the available business.

Perhaps the most curious thing about this excess of plant capacity is that it is the very situation that we made a national objective little more than two years ago, so that industrial capacity could be made adequate to support both a large military program and a high level of civilian goods production. In the past, when we have temporarily overbuilt capacity, we have simply slowed down until the growth of population, productivity and invention absorbed the excess or made it obsolete. Yet, if we follow this procedure in the next few years, we shall have lost the very margin of safety in industrial capacity that we have worked so hard to develop.

It is clear that one of the early problems of the new administration will be to find some workable means of sterilizing as much of this excess industrial capacity as is needed for a military margin of safety, and of absorbing the cost of keeping it in readiness. In the absence of such action, the normal course of events will gradually absorb the safety margin, at the same time precipitating a much lower level of business activity, employment and income than would normally develop if the excess of capacity were so sterilized and reduced. The nation will have to pay the cost of carrying this excess capacity in one way or another; the problem to be solved is who should bear the cost, and how.

The fourth stimulus arising from the Korean War—the direct military demand for men and material—is still very much with us, and it promises to be the largest single factor in the 1953 business outlook. As presently scheduled, the production of military goods will continue to increase through most of next year, and the aircraft program will continue to expand into 1954, offset in the total by a tapering-off in other programs.

Discounting Military Spending

Whether the military production program will actually proceed into 1954 on the announced schedule is an open question. For one thing, munitions plants will be pouring out a quantity of production much greater than the apparent requirements of the campaign in Korea, and the sheer problem of storage of the remaining output will be a steadily-increasing problem. For another, production much in excess of current requirements will raise serious problems of deterioration and obsolescence. On these grounds, it seems prudent to discount more and more heavily the announced programs of sustained military expenditures beyond late 1953. These arguments would be further strengthened if the Korean War should end next year.

Conversely, there are likely to be new programs, and important new product developments within existing programs, that have not yet been announced. These factors could offset reduction in existing programs, or even increase the total. And, of course, if we should become involved in major fighting in other parts of the world in addition to Korea next year, the whole level of military production might well rise suddenly, providing the strong new impetus required to sustain or increase the total level of economic activity.

Outlook for 1953 and 1954

The outlook for 1953 and 1954 depends primarily on the assumptions that are made about international and military developments. With considerable uncertainty, I shall make the customary assumption that the international and military *status quo* will continue.

On this assumption, I believe it is evident that the major elements of strength that have supported the postwar business boom are all, now or potentially, elements of weakness. We are approaching a stage of the business cycle that has always in the past preceded a major decline. Some of these declines have been prolonged; more of them have been short, sharp corrections, but all of them in the past have included a drop of 20% or more in industrial production within a 12-month period. If such a drop were to start from the 230 level in the present Federal Reserve Board Index, it would carry at least to 185, and quite possibly to the 1949 average level of 175. Under wise guidance, operating with calmness and forethought, there seems no reason to believe that all elements of the economy could not adjust themselves to such a decline.

These major cycle declines in the past have had two major elements—first, a great reduction in the demand for and production of durable goods, down to a replacement basis or below, and second, an adjustment from excessive inventories to subnormal inventories in manufacturing and trade. The possibility of both these elements is clearly developing at the present time. To the extent the that the present boom in business is prolonged or extended, the subsequent adjustments will be more severe. To the extent that the present boom is moderated in the next few months, the subsequent drop will be less rapid and less drastic.

It seems clear now that the present boom will not have run its course until sometime around the middle of 1953. As a result, most business indicators will probably average at least as high in 1953 as they have in 1952, probably a few percent higher. By the end of 1953, however, most business indicators are likely to be below their 1952 average, and headed lower. This general pattern is not likely to be upset unless some drastic change occurs in the international situation or the military picture.

This has been a pessimistic picture of the outlook, but I believe it is most important that business analysts recognize that the incoming administration faces a very different set of economic problems than the outgoing one. If the outgoing administration has fought depression all through the inflation, it is devoutly to be hoped that the new regime will not fight the inflation all through a depression.

It is important, despite whatever difficulties the next few years may bring, that we keep constantly in mind that we are still a growing country, with our most rewarding progress still before us. The specter of economic stagnation, which plagued us in the 1930's, should by now have been firmly laid. As we are replaced by the millions of youngsters we have brought into the world in the past few years, they will find a bigger, more prosperous country in which to continue the promotion of human freedom and progress.

David Diamond

David Diamond, partner in Diamond, Turk & Co., New York City, members of the American Stock Exchange, passed away, Jan. 8th.

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CHARLES E. OAKES

President, Pennsylvania Power & Light Company

Conditions in the highly industrialized area of Pennsylvania served by Pennsylvania Power & Light Company point to a continuation and extension of the record high level of business activity well through the first half of 1953 and possibly some months beyond.

Charles E. Oakes

Strong evidence of the confidence with which the Company views the economic future of Central Eastern Pennsylvania is its huge construction program. Planned expenditures are expected to run close to $40 million in 1953, the largest of any year in Company history.

Plans call for putting into operation in 1953 and 1954 more new generating capacity and other electric facilities than in any two-year period in the past. Behind these record-breaking additions and improvements to the Company's property is the promise of further vigorous and substantial expansion in the use of electric power by commerce and industry, in the homes and on the farms and of continued prosperity throughout the area served.

Central Eastern Pennsylvania has been noted for many years as a multi-industry area with a record of long-term stability, and, as a consequence, the Company's revenues from industry have not been subject to severe declines or spectacular rises. Instead, the Company's industrial revenues, stimulated to an increasing degree by a large diversified group of new concerns which have only recently come into the area, have been distinguished by a healthy growth unusually free from the influence of severe surges which occur from time to time in the general level of business.

Further stability is coming from Company directed efforts, coordinated with the local business and civic groups in aggressive promotion of the natural advantages of its service area. Such cooperative efforts are a vital contribution in promoting economic stability and a higher standard of living.

The forceful impact of these activities may be judged in the light of the 681 industrial concerns who have located in Central Eastern Pennsylvania since 1945, bringing work to some 55,000 people and annual payrolls of $175 million, not to mention appreciable revenues to the Company.

For some time the people of the anthracite mining communities served by the Company have recognized the need for diversification and have been working determinedly to strengthen and improve their economy by attracting new industries. How well they are succeeding is shown by the proportion of the aforementioned new concerns who have chosen to settle in the anthracite district. The record shows over one-third of these new industries, some 236 concerns, with proportionate job opportunities and accompanying payrolls, have picked locations in anthracite mining communities. And with this trend continuing, an effective cushion against substantial economic change is being provided.

The expressed belief at this time on the part of many authoritative sources is that the latter part of 1953 may show some slackening of activities in certain areas of the economy. As far as we can see, the effect of any such economic tapering off will be greatly minimized in the Company's business. It is generally accepted that the durable goods industries are most sensitive and subject to wider swings than those in the more stable non-durable group. With only about 40% of the Company's industrial revenues in the sensitive durable goods category it does not seem likely that industrial revenues of the Company in the coming year would show any material change from present levels.

Other significant factors also point to a satisfactory picture for the Company in 1953. Residential, farm and commercial service revenues have doubled in the post-war period. Mounting sales of electric home appliances throughout the area served by the Company offer impressive assurance for a sustained growth in revenues. The Company's aggressive sales efforts, closely coordinated with local electric merchandisers and others, have resulted in sales of many domestic appliances well ahead of national figures. Typical of this trend, dealers in the Company's service area for the first three quarters of 1952 report electric range sales about 13% higher than the 1951 period, while nationally down about 29%. Similarly, electric water heaters sold show a local gain of over 20% compared with a national increase of 12%. As might be expected with this favorable picture, average use of electricity in home and farm shows the Company with a more rapid rate of growth than the country as a whole.

Speaking broadly, the history of the electric industry has been one of growth and progress. There seems to be no end to new uses for electric power and to advances in its production. New frontiers are continually being opened up. With expectation that the serious international situation can be constructively resolved, there is good reason to look forward to 1953 with some optimism and the hope that it will mark the beginning of a new era of social and economic progress for the people of the nation.

THOMAS I. PARKINSON

President, The Equitable Life Assurance Society of the United States

The life insurance industry, the business bedrock of this nation, ended 1952 in a most flourishing condition. The country's 88,000,000 policyholders purchased more than $22,700,000,000 of new insurance during the past 12 months, a record amount for any one year.

T. I. Parkinson

For 1953, the life companies face a year bright with promise. Current premium payments total only about 3% of national income which actually assures only about one year's income on the average for the family breadwinner's beneficiaries. The open road for greater sales expansion is underscored by the fact that in the Thirties, premiums ranged between 5 and 8% of national income. The need and the demand of the American people for life insurance protection certainly shows no signs of diminishing. Indeed some in the industry believe that by this new year's end, ownership of life insurance in the United States will approach the $300,000,000,000 mark—double the insurance protection enjoyed by policyholders at the end of World War II.

In the business community there is, naturally, more than usual speculation about what the year ahead holds in store in the way of economic activity. A new hand has just taken over the guidance of the ship of state and any signs denoting fair or foul weather sailing are being intently examined. Right now the signs indicate a period of high activity for the next twelve months.

The reassuring fact about the period ahead is that the business community can look forward to long-pull planning instead of the short-haul tinkering that characterized the past two decades. The inflationary trend will not be immediately halted and the volume of money will remain high. However, those of us who deal in long-term commitments get a large measure of comfort from the knowledge that orthodox ideas of finance will prevail.

For the life insurance policyowner, the good news is that interest rates, artificially controlled in the past by the Federal Government, will be permitted to rise to more normal levels. Indeed that trend is already underway. This means that the cost of the family head's life insurance coverage will be reduced. His refund of premiums, the so-called "dividends" of his policy, will be increased as annual earnings of life companies mount.

Even more important for life insurance policyholders, and every other citizens as well, the depreciation of the purchasing value of the dollar will be halted and possibly turned about. That would mean that life insurance would be a better buy than it has been in recent years. The present purchase of insurance dollars should be not only the best hedge against any further inflation, but a very profitable investment in the event of deflation.

HOWARD P. PARSHALL

President, Commonwealth Bank, Detroit, Mich.

We are again witnessing some changes in our banking economy. I am speaking of the bank mergers that have taken place in the last couple of years. To me, it is not a healthy sign; and is due, in the main, to the following reasons:

H. P. Parshall

(1) Inadequate bank earnings — that is earnings that are not adequate to pay good salaries, good dividends and provide the necessary reserves and increased capital funds which growth in deposits demands.

(2) Lack of adequate bank personnel, which is partly due to our young men entering the armed services and to the high wages paid in industry generally, especially defense work, which banks apparently appear to be unable to match.

(3) Heavy taxes, especially the unfair Excess Profit Tax which made bank shares look unattractive.

It is the writer's opinion that independent banking is best for our country, and in order to have a healthy and vigorous banking system, interest rates and service charges must be realistic. In the past couple of years, we have seen a considerable increase in short-term interest rates. This has assisted banks, but has been largely offset by high income and excess profit taxes. Bankers might do well to devote their energies towards better earnings, better salaries for their personnel, and concentrate on the division of their earning dollar into salaries, dividends, reserves and adequate capital.

We, who had the experience of passing through the banking depression of the early 1930's, know the importance of banking to our economy. We have been on a "one way street" ever since that time, with perhaps a litt'e dip in 1938; but it will not always be so. Above everything else, we need sound money. We are having a change in administrations, and men who believe in sound money will have the guiding of our financial economy. We bankers should assist them in every known way to bring about this desirable result. Banks, generally, will, I believe, report good earnings by comparison for 1952; however in the writer's humble opinion, the overall bank earning picture leaves much to be desired.

Now for 1953—as above stated, sound money men will take over the management of our financial economy. This augurs for higher interest rates. Employment in the Detroit area is at an all-time peak, and I believe this is true for the country, generally, with defense production accounting for about 22% of our total production. Defense production in our area has not quite reached its peak and defense spending will probably not decline until 1954. Nation-wide employment is at an all-time high, unemployment estimated to be less than 1,500,000 employable people. This means that wages and payrolls are both at an all-time peak, both in total payrolls and what these payrolls will buy. Therefore, we believe that 1953 will prove to be another good year for banking and industry generally; however we must all remember that there will surely be an end to this "one way street" that we have been traveling and it behooves us bankers to so conduct our business that we will be able to meet any contingency that might arise when the turn comes.

W. A. PATTERSON

President, United Air Lines, Inc.

The nation's scheduled airlines have every right to feelings of gratification over their combined 1952 record and optimism over future prospects as they enter the new year. In the year just closed, the industry set records in virtually all phases of its operations. The outlook is for continued gains. All in all, the picture is one of sound economic growth.

W. A. Patterson

With new and efficient aircraft moving rapidly into schedule all across the nation, the airlines are in a postion to accommodate a continued strong upsurge of traffic. Obviously, public acceptance of air travel and air shipping is increasing year by year. So are the fleets of the nation's air carriers, as evidenced by the fact that there presently are commitments for approximately $250,000,000 of new equipment to be delivered in 1953 and 1954.

Looking beyond those years, the airlines are preparing for the jet age and the tremendous promises which it holds for the industry and the public. Most of us do not expect to see jetliners in any great use before 1958 or 1960, but our engineers and operations people are diligently studying types of turbine planes most likely to meet our requirements.

Along with its opportunities, the future has its inevitable problems. Not the least of these will be the tremendous expense involved in jet developments, with production models of such planes to cost up to $4,000,000 each. More immediately, there is the problem of achieving progress in ground operations to match that in the air. New mechanized methods and techniques must be developed to attain this objective.

Government regulation is another matter which requires close consideration. Unselfish studies should be made to determine how policies and regulations covering all the various forms of transportation can be coordinated so as to avoid conflicts of interests and to assure the best possible over-all transportation product for the public.

Like other industries, the airlines have their labor problems. Those of us who favor unions and who wish to see their members receive proper remuneration nevertheless must resist feather-bedding or make-work practices such as have burdened the railroads.

Under the spur of private enterprise, the airline industry has in its first 26 years become an extremely important arm of peacetime commerce and national defense. Under that same competitive system, we may expect to see even greater gains in the years immediately ahead.

C. H. PERCY

President, Bell & Howell Company

We expect business to be better for us in 1953 than it was in 1952 and 1952 was an all-time record sales year for us. It will be a "hard-sell" year, with adequate supplies, but with ever-increasing competition for the consumer's dollar. We know that success will come to the company with the most product for the least money—provided it does an all-out merchandising job. There are a number of areas where our merchandising efforts can be intensified.

C. H. Percy

In our industry, for instance, time payment selling is really just getting underway. It offers a tremendous potential. Also low-priced products will enable us to get more families interested in movie making. Amateurs, industry, schools, and institutions are all becoming more and more "photography conscious." We feel business in general will be good in 1953. There may be a few soft spots, but they should not develop into major slides. Our own prospects are excellent.

The question has been asked—"What about reductions in government spending and lower taxes? Will this cause a deflationary spiral to start?" I would say "no" if these changes are undertaken gradually. It is fallacious to assume that this country can't be prosperous without huge government spending. If spending is cut, *and taxes are cut*, people will have more money to spend for goods and services—assuming there is a tapering off in military requirements. This is a *sound* kind of economy, based on more goods for fewer dollars. This could well start a chain reaction of business upward.

Another probing question—"Does business *want* to see spending cut, taxes lowered, or does it fear this will prick the bubble?" I think most businessmen feel that the adjustment will have to be carefully made. Any sudden, drastic cuts in appropriations that are not accompanied, *or preferably preceded* by tax reductions of significant amounts, could cause a temporary set-back. The tax cuts should come first to allow for a "beefing up" of consumer purchasing power—and a re-evaluation hopefully downward, of corporate pricing policies based on the ability to retain more aftertax earnings. I feel that this kind of "deflation" is healthy.

RALPH C. PERSONS

President, Sun Chemical Corporation

Anyone associated with business activity in the U. S. must look forward to 1953 with something more than normal vision. That something extra is without reference to second sight; the plus quantity is resolution, a determination to build in 1953 a strong, durable foundation upon which '54, '55 and the American future can firmly ground itself.


Ralph C. Persons

This is not the place to discuss in detail the many published forecasts of general business outlook except to comment on the extraordinary agreement among experts. They tell us in unison that 1953 will be a good business year, and they stand side by side in hoisting storm signals for '54 and '55. Seldom in my experience has there been such unity of forecasts. That these predictions are based on solid factors is undeniable and we are all aware of them: The rising then falling curve of defense contracts, the peak then fall-off in capital expenditure, the declining export picture in long view, the distortion in population age groups due to the slack birthrate in depression years with its cutback in new family units, the new distribution of income with its altered buying habits, etc.

But at least the first two-thirds of 1953 it is agreed would seem to be firmly underpinned, and granting this fact the American industry together with a friendly Administration has a year to show what it can do to insure the future. Since the businessman, unlike the politician, thinks in terms of decades rather than the next local or national election, I take the liberty of projecting how I would like to see the outlines of the coming year.

It could be a year in which all resources would be put to work to insure and expand civilian markets. New research products and design improvements which have been readying themselves will be presented to the public with force and impact. Gaps between standard products and consumer acceptance will be narrowed by intensive promotion and advertising. Special sales attention will be directed toward the large buying population created by high hourly wages to bring its purchasing habits in line with its new financial status. In the effort to stimulate civilian domestic buying there will be hesitation about raising prices and emphasis put on economical streamlined production.

These are the patterns that one foresees so far as the well managed responsible companies are concerned. However, one recalls the days following the Korean outbreak when poor reality appraisal unnecessarily skyrocketed inventories and prices, and one wonders whether general business psychology will find the stability to resist the laxness and optimism that the coming months of prosperity could bring. Especially, one hopes that inventories will be carefully watched so that when the peak is passed, the normal fall-off won't be compounded by topheavy inventories.

What happens in Washington will have great bearing on the use made of the opportunities of 1953. Here again, the burden falls on the American businessman, as President Eisenhower has reached into business ranks for his administrators and advisors. Over the past 20 years, we have heard the businessman reviled by the self-styled liberals. We have been called everything from "economic royalists" to mere conservatives. It is time to discard the shopworn terms liberal and conservative. The capable business administrator is above all flexible, and flexibility not rigid theory, whether it calls itself liberal or conservative, is what our situation needs. In 1953 we look to Washington for quick thinking cooperation based on current and future needs rather than pending elections.

Insofar as Sun Chemical Corporation is concerned, its Graphic Arts divisions must surely benefit from any increase in advertising budgets, while its other chemical units are readying several products new to the industry which have market staying power built into them.

CHARLES A. PINKERTON, JR.

President and General Manager, Detroit and Mackinac Railway Company

With a new Administration set to guide the destinies of the nation at the onset of 1953, the conviction is firmly held that the coming year will be an economically favorable one. Contrary to the pessimistic prognostications of many journalists and business publications, I do not believe that any clear-cut business recessions will occur in 1953. Normal fluctuations will be evidenced, with dips and rises on the economic scale, but there should not be any prolonged plunge.

From all indications, the general economy of the northeastern Michigan region will be on the prosperity bandwagon along with the rest of the country. Consequently, this should result in a level of business activity for the Detroit and Mackinac Railway Company comparable to that attained in 1952, and it may be better than that.

The Detroit and Mackinac is attempting to do something about the economy of the region which it serves. Through its industrial development department, efforts are being made to encourage small industries to locate in the area. Several did so during the past year and their production will undoubtedly have an influence during 1953.

Attempts are being made to foster agricultural development also. Plans have been formulated for cooperative action between the railroad and the Michigan State College School of Agriculture to establish experimental farms and work extensively with the region's farmers to improve crop production. This program should get under way in 1953.

Although an optimistic outlook is held for 1953, it is hardly probable that it will threaten the record of 1951. However, the continuance of rather intensive activity in the building trade industry will virtually assure a good year for the Detroit and Mackinac Railway Company since the production of the area is comprised for the most part of products of mines used in home and commercial construction. Output of bulk gypsum and gypsum products, such as plaster and plasterboard, cement, shale and gravel, should continue good. Limestone for steel and sugar processing is not expected to drop to any great degree and a possibility exists that pulpwood production will show an increase.

JAMES H. POLHEMUS

President, Portland General Electric Company

The year of 1953, will be a peculiarly eventful one in that businessmen, who for 20 years have been the whipping boys of the Federal Administration, will now share the responsibility of helping to run the biggest corporation in the world for at least the next four years. The growing list of business executives named by General Eisenhower for top staff positions indicates that after two decades of waiting, worrying, and opposing, business will be able to expect less biased treatment in the common effort of developing and expanding the nation's economy.


James H. Polhemus

The quality of appointees named bears out General Eisenhower's reputed ability to gather good men around him. With the primary problem of world peace before him, the new President will need these men to help him solve the myriad of short- and long-range problems on the national as well as the international scene.

One of the greatest of the national problems is that of resource development, a field in which the Federal government has been taking an increasingly greater part, with corresponding increase in Federal control. Electric utilities in the Pacific Northwest are acutely conscious of this trend, living as we have for the past 13 years with Federal domination of the hydro-electric resources of the region. And we have been understandably pleased with events of the past few weeks which have indicated that Federal encroachment may be on the wane, or even reversed.

The first good news was that Douglas McKay, Governor of Oregon until his resignation in December, will become the new Secretary of the Interior. A native Oregonian and successful businessman who has grown in politics as mayor of his city of Salem, state legislator, and governor, McKay has an intimate knowledge of the region, its problems and its resources, which will be of real importance in establishing a sound basis for regional development.

It is expected that under the new Interior Secretary, Bonneville Power Administration will be run in a less

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NASD District 11 Elects Officers

WASHINGTON, D. C. — The members of District No. 11 of the National Association of Securities Dealers, Inc., recently elected:


C. P. Lukens, Jr.


G. E. Anderson

F. Grainger Marburg, Alex. Brown & Sons, Baltimore, Md.; Edwin B. Horner, Scott, Horner & Mason, Lynchburg, Va.; Glenn E. Anderson, Kirchofer & Arnold Associates, Inc., Raleigh, No. Caro. and W. Olin Nisbet, Jr., Interstate Securities Corp., Charlotte, No. Caro., to the District Committee, representing the securities industry in this area for a term of three years to fill the vacancies created by the expiration of the terms of: William D. Croom, First Securities Corp., Durham, No. Caro.; Ben S. Willis, Alex. Brown & Sons, Winston-Salem, No. Caro.; W. Erskine Buford, W. E. Buford & Co., Charlottesville, Va.; Edward J. Armstrong, Stein Bros. & Boyce, Baltimore, Maryland.

At a meeting of this Committee held, the following officers were elected:

Chairman: Charles P. Lukens, Jr., Robinson & Lukens, Washington, D. C.

Vice-Chairman: Glenn E. Anderson, Kirchofer & Arnold Associates, Inc., Raleigh, No. Caro.

Mr. Lukens takes office as Chairman, succeeding Edward J. Armstrong, Stein Bros. & Boyce. Mr. L. Victor Seested, 1625 K Street, N. W., Washington, D. C., was elected Secretary of the Committee.

District No. 11 comprises the District of Columbia, and the States of Maryland, Virginia, West Virginia and North Carolina.

The members of this District are represented on the Board of Governors of this Association by Harold C. Patterson, Auchincloss, Parker & Redpath, Washington, D. C.

Dean Witter Co. Will Admit New Partners

SAN FRANCISCO, Calif.—Dean Witter & Co., 45 Montgomery St., members of the New York and San Francisco Stock Exchanges, will admit Alfred E. Marsella and Charles E. Marsella to general partnership, and R. Stanley Dollar and William Cavalier, Jr. to limited partnership on Feb. 1st. On the same date Shirley Houghton, general partner, will become a limited partner in the firm.

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discriminatory and more businesslike manner than it has been in the past. For example, the Federal agency can effect economies by restricting its operation to the distribution of electricity, and discontinuing its program of promoting and proselyting "public" ownership in the Pacific Northwest.

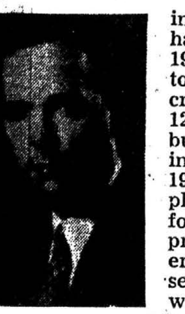
The element of discrimination has aggravated the effect of regional power deficiency, especially insofar as BPA has granted long-term contracts to the aluminum and electro-chemical industries in advance of the needs of the great bulk of power users. It is hoped that a policy will be established whereby there will be no sales of firm power to heavy industry unless there is an assured surplus of power available for the customers of all operating utilities, whether publicly or privately owned. Then, if these industries, purchasing power on an interruptible basis, must continue to operate in the interests of national defense, they would pay the costs of abnormal steam operation and remove this unreasonable burden from the shoulders of private utility customers.

The new developments thus far have been encouraging, although it is too soon to predict the specific changes which may take place. It is hardly likely that, even with the most favorable of political climates, the results of firmly entrenched New and Fair Deal policies can be undone immediately. But it is hoped these early omens of change presage a new concept of Federal resource development, which will halt the trend toward nationalization of the electric utility industry in the United States.

GWILYM A. PRICE

President, Westinghouse Electric Corporation

If industry had not taken a calculated risk as far back as 1946 to push large expansion programs, it would be impossible today to build for defense at the current pace and still maintain production of peacetime goods.



Gwilym A. Price

At Westinghouse, this investment in new plants and improved facilities has amounted to $245,000,000 since 1946. By 1955, the investment will total some $450,000,000 and the increase in productive capacity will be 125%. The 25 new plants we have built, are building, or have acquired in 15 states since the beginning of 1946, and improved facilities at older plants, now are making it possible for Westinghouse to accept important production tasks for the Atomic Energy Commission and the armed services without seriously interfering with commitments to industry and without shutting off the flow of refrigerators, automatic washers and other consumer items.

Our growing productive capacity made possible a record-breaking output of more than $1,400,000,000 worth of Westinghouse goods during 1952.

This is the greatest volume to come from our plants in the Company's 66-year history, a record that was established in spite of many harassing problems. The most difficult were: (1) rising costs of materials and labor without compensating increases in prices of our products; (2) shortages of such critical materials as steel, copper and aluminum; and (3) higher taxes. These three problems, in varying degrees, will carry over into 1953 when we have hopes that they may be successfully met.

There is reason to believe that the new national Administration will meet such problems with a refreshing realism and directness of approach. Despite the Korean war, efforts undoubtedly will be made to halt the rise of taxes which have had a dampening effect on business initiative and the availability of risk capital, the lifeblood of industrial progress. For another, a vigorous effort to halt the inflationary spiral may eventually end the "squeeze" in which industry has found itself wedged between rising costs and controlled prices.

Shortage of critical materials will be felt generally as long as there is large-scale production for military purposes. For example, some types of steel such as heavy plate, will be scarce throughout the year. But thanks to the remarkable accomplishments of the steel industry, many categories of steel are expected to be in good supply by mid-1953. Aluminum should be readily available throughout the year although copper will remain tight.

The outlook for business generally in 1953 appears to be good. The defense program and the normal needs of industry seem certain to keep Westinghouse industrial product and defense product plants busy during 1953. Our order backlogs are large. The high level of production throughout the nation indicates also a correspondingly high level of consumer purchasing power. In our business, that generally means a lively demand for electrical appliances, TV and radio receivers, lamps and the other things we make for the home.

Barring an unexpected turn of events in the international situation, industry's 1953 course should be one of continued high production. And while the consumer will not spend recklessly, and even may show greater interest in savings, he may nonetheless buy such products as home appliances at the highest rate in history.

Some economists have been predicting a fall-off in business by the end of 1953 or early 1954. Whatever the future may hold for 1954 and 1955, we do not expect our business to be affected unfavorably in 1953.

From the long-range viewpoint, we believe the business outlook for Westinghouse is most favorable. The demand for and use of electric power will double in the next 10 to 12 years. And we will grow to meet that demand. At the same time, Westinghouse will make every effort to maintain its position of leadership in such relatively new fields as atomic energy and jet propulsion. In these areas of scientific development the progress of the next decade may make the most optimistic predictions of today appear quite conservative.

WILLIAM H. PUTNAM

Partner, Putnam & Co., Hartford, Conn.

There seems to be a tremendous demand for new money to go into enterprise from almost every quarter School facilities of the country are much under-built, and as many new schools will be built as towns and cities can get the money to finance them.

Highways are inadequate. The growth of the automotive transportation is so great that it is not possible to build enough to comply with the requirements. Both material and know-how construction outfits are swamped with orders for new and improved highway systems. This will take a great deal of money.

American industry, finding itself in sharp competition with Western Europe, must spend a tremendous amount of money if it is going to compete and hold its markets, and keep in business, and I believe that it is. So we may expect a demand for money from most enterprising companies.

Public utilities—telephone, electric and gas— in trying to keep pace with the growth in industry, find their construction programs large; what is really tremendous compared with the programs of a few years ago. It is hard to realize how large it really is. The demand is there and they must have capacity, and that means money.

Railroads, to compete with highway freight and passenger traffic, must have new equipment—cars made of new metals, lighter and stronger, with ball bearings and improved motive power. Although the annual depreciation monies are large, they will not be adequate to supply these requirements. There will be a large demand for railroad money. All this adds up to a tremendously active business year.

The rate to be paid for government borrowing has an important bearing on the price level of the market. Whether the powers that be decide to raise the rate on government securities and penalize industry, which is already put to it to meet competition from Europe, or whether the authorities decide to keep money rates low and deprive investment funds, pension funds, savings funds, foundation, etc., of extra income, is the great question. Either industry gets the advantage or the invested funds get the advantage. I am inclined to think the wise course would be to give the benefit to industry to meet competition.

I think it will be a big year, perhaps the biggest in our history. There is no question but with our tax burden everybody has to work, and work hard. Production will increase, and with some tax relief, the incentive motive will be greatly emphasized.

CLARENCE REESE

President, Continental Motors Corporation

Business conditions generally should be as good or better in 1953 than in the year just ended. My optimism is based upon the expectation that the new Administration will ease various government controls which have limited output of civilian products, and that the climate for business as a result of President Eisenhower's selection of outstanding men for Cabinet and top administrative posts will be more favorable than for several years.

C. J. Reese

My confidence in the future is confirmed by Continental Motors' wide contacts among manufacturers of agricultural and industrial equipment, and in the transportation industry, to which the company is a leading supplier of engines. Continental's customer list includes such a large number of manufacturing concerns in the durable and semi-durable goods industries that its bank of unfilled orders normally affords an accurate picture of the forward thinking of the top management of such companies. Such unfilled orders stand at an extremely high level now.

Continental Motors Corp. on Oct. 31, 1952 ended its 50th year as an engine builder with the greatest sales volume in its entire history. Continental's prospects for the coming year are excellent, notwithstanding the recently announced stretch-out of military production. Current plans call for renewed emphasis on the development of an even broader market for both liquid-cooled and air-cooled engines for the farm implement and industrial equipment fields, and in buses and trucks, as well as in the aircraft and marine fields. Continental also has been working on the development of two V-8 engines for introduction as soon as conditions permit.

In addition to pushing its several lines of standard engines, Continental Motors is expanding its research and development program to include turbines that will meet many commercial needs in the future. More than a year ago, the company acquired the exclusive manufacturing rights in the United States to a family of eight gas turbine engines developed by the Societe Turbomeca, of Bordes, France, under sponsorship of the French Air Ministry. These cover a range from 200 to 1,100 horsepower, and are now ready for production after exhaustive tests in actual use both in France and in the United States. The Continental-Turbomeca agreement, climaxing months of technical work, testing and negotiation, provides a far broader and more diversified line of turbines than has been available in the United States heretofore. They will supplement conventional engine types already supplied by Continental, making available for numerous specialized applications, not only greater lightness and compactness, but various performance characteristics peculiar to turbine-type power plants.

The turbine project is being handled by Continental Motors' subsidiary, the Continental Aviation and Engineering Corp., but the Continental Motors engineering department is also engaged in development work on the turbine engines.

Continental Motors will continue to build military engines for the Armed Services in whatever quantities are required to meet their need, as well as commercial engines for its regular customers. I believe, however, that the new gas turbine field holds great potentialities for future business.

RICHARD S. REYNOLDS, JR.

President, Reynolds Metals Company

There will be plenty of aluminum for all who want it before the middle of 1953, in my opinion, unless there is an extension of hostilities. With the industry continuing to expand its capacity at a record pace, the supply situation in 1953 should be much easier than at any time since the Korean War began.

R. S. Reynolds, Jr.

Although the 1952 production, estimated to be close to 1.9 billion pounds, sets a new all-time peak and is 11% greater than last year's output, it does not fully reflect the expansion already completed. The 1952 output would have been greater except for the substantial production losses being suffered by the industry because of the severe power shortages in the Northwest and TVA areas and the delay in new plant construction caused by the steel strike.

The big surge in actual production is coming in 1953 and 1954, with an output of 2.5 billion pounds expected in 1953 and about 3.0 billion in 1954. When all of the planned expansion is completed, in 1954, this country's capacity will be about 3.5 billion pounds—a 127% jump since Korea and almost ten times as much as in 1939.

Reynolds Metals' 1952 output sets a new record for the company. Estimated at 552 million pounds, the company's 1952 output will be over 13% higher than in 1951 and almost 3½ times as much as its peak World War II output. When the company's expansion program is completed in 1953, its annual producing capacity will be 830 million pounds, more than 5 times as great as it was at the close of World War II.

The markets for aluminum continue to grow rapidly as it becomes more plentiful and its usefulness and relative low cost gain recognition by American industry. In the few years since World War II, aluminum has achieved the status of a major basic metal. Aluminum's new prominence and importance is sharply defined by the decision during 1952 of two leaders in the nonferrous metals field to invest over $200,000,000 in aluminum producing and fabricating facilities. With aluminum becoming more readily available, many new uses are developing and the industry will be able to embark once again on an aggressive selling and market development campaign.

E. J. RIES

President, Ritter Company, Inc.

We are approaching 1953 with a very satisfactory backlog of orders for a business such as ours engaged in the manufacture and sale of dental and medical equipment, and the prospects for obtaining a large volume of orders in the months to come look very favorable. Our backlog includes large orders for the Armed Forces, the delivery of which are spread evenly throughout 1953.

E. J. Ries

We have recently placed a new major item of dental equipment on the market, which has been very enthusiastically received by the dental profession. The introduction of this new piece of equipment has resulted in a large number of orders and there is every indication to believe that our sales of this new item will continue at a very satisfactory volume throughout 1953.

Sales to dental graduates represented a large proportion of our annual business. It is estimated that the graduates in 1953 will slightly exceed those of the past year.

We anticipate that our net profit for 1953 will be relatively low for the volume of business that appears to be obtainable. This is due to rapidly increasing manufacturing costs together with the abnormally high expenses resulting from marketing a new item of equipment which, owing to price and other restrictions, cannot be reflected in our selling prices. Our net profit will also be adversely affected if the present high tax rates continue throughout the year.

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The State of Trade and Industry

week to almost 50,000 units, the firm's high point for any week last year.

It reported that plans are under way by "low-priced and high-priced" auto makers to add second assembly shifts and daily overtime during February. Some auto plants are keeping open on Saturday as part of a drive to turn out "perhaps 1,400,000 cars in the first quarter this year," "Ward's" declared.

Although the quota set by the National Production Authority is 1,250,000 cars in this period, auto makers are looking forward to the "removal or evaporation" of controls by March 1, "Ward's" stated.

United States exports in November declined to $1,177,700,000, or $210,000,000 less than in November, 1951, though foreign aid deliveries were twice as large. Shipments of United States goods abroad have been falling off since last June because of import restrictions imposed by foreign countries, according to reports. November exports were 6% below both the 1951 monthly average and the average for the first nine months of 1952.

United States imports in November were valued at $803,800,000, or a decrease of $14,000,000 from the October total, and $15,000,000 below November, 1951.

Housing put in place over the nation last year totaled 1,131,300 non-farm units, a rise of 4% over 1951, the United States Department of Labor stated. It was the fourth consecutive year that volume topped one million and second only to the 1950 total, the department noted. Construction of private homes reached 1,074,300 units, 54,200 above the 1951 figure. There were 14,200 fewer public housing units started last year than in 1951. A gradual easing of curbs on the use of building materials and relaxation of mortgage credit controls helped spur the increase in housing volume, the department pointed out.

Building construction volume during 1952, as represented by the valuation of permits issued in 215 cities including New York, amounted to $4,435,928,490, Dun & Bradstreet, Inc., reveals. This was the third highest on record, being exceeded only by the two preceding years. The decline from the 1951 total of $4,584,466,337, was 3.2%, while comparison with the peak 1950 volume of $5,549,694,106, showed a drop of 20.1%.

Building plans filed in New York City alone last year were valued at $500,980,268, comparing with $556,572,036 in the previous 12 months' period, for a loss of 10.0%.

In three of the eight geographical divisions, building permit volume exceeded that of a year ago. The best advances were in the Pacific and West Central regions, up 11.3 and 10.3%, respectively. Declines in other regions ranged from 2.3% in the Middle Atlantic to 20.7% in New England.

Business failures dipped slightly in December to 583, bringing the 1952 total to 7,311 some 6% below that in 1951. This marked the third consecutive year of downtrend from the postwar peak of 9,246 reached in 1949, "Dun's Failure Index," records.

The size of casualties increased in 1952, in contrast to the decline in number. Rising to $283.3 million, the liabilities involved in 1952 failures were exceeded only once, in 1949, since 1935.

Manufacturing suffered heavier casualties than in 1951, but other industry and trade groups had fewer failures in 1952 than in the previous year. The declines were rather mild, ranging from 6% in retail trade and commercial service to 10% in wholesaling, and 12% in construction.

Steel Output Scheduled This Week at Fractionally Lower Level

The over-all strong demand for steel continues to bring out new production records says "Steel," the weekly magazine of metalworking, this week. There's new evidence, however, that a balance between steel supply and demand continues to approach "Steel" states.

In the East, pressure on warehouses for steel is easing slightly. First apparent in tool steels and other specialties, the trend now extends over more finished steel products.

Another indication of the improvement in supply and demand balance, this trade weekly notes, is the possibility that National Production Authority will give civilian consumers, such as producers of stoves, refrigerators and similar goods, a second quarter allotment of steel equal to 90% of the amount they used in the average quarter prior to the Korean war. They were previously scheduled to get only 70%. Copper and aluminum allotments to these consumers will be boosted also, it adds.

The continued march toward a matching of demand and supply should put the average consumer's steel inventory in balance by July 1, the National Production Authority believes. It is estimated conservatively that five million to seven million tons of finished steel (equivalent to three or four weeks' production) will be necessary to rebuild balanced inventories equal to 60 days' full requirements. At the present rate of consumption it will take six months to reach this goal, declares this trade magazine.

Many steel consumers have plenty of some finished steel products but they lack certain other needed forms, "Steel" states.

The American Iron and Steel Institute announced that the operating rate of steel companies having 93% of the steelmaking capacity for the entire industry will be at an average of 99.1% of capacity for the week beginning Jan. 19, 1953, equivalent to 2,234,000 tons of ingots and steel for castings. In the week starting January 12, the actual rate was 99.3% of capacity and output totaled 2,238,000 tons. A month ago output stood at 102.7%, or 2,133,000 tons, while a year ago when the capacity was smaller actual output was 2,071,000 tons and the rate 99.7%.

Electric Output Eases From High Point of Previous Week

The amount of electric energy distributed by the electric light and power industry for the week ended Jan. 17, 1953, was estimated at 8,121,357,000 kwh., according to the Edison Electric Institute.

The current total was 88,655,000 kwh. below that of the preceding week when output totaled 8,210,012,000 kwh. (revised figure). It was 581,478,000 kwh., or 7.7% above the total output for the week ended Jan. 19, 1952, and 1,212,539,000 kwh. in excess of the output reported for the corresponding period two years ago.

Car Loadings Rise 22.2% Above New Year's Day Holiday Week

Loadings of revenue freight for the week ended Jan. 10, 1953, totaled 638,232 cars, according to the Association of American Railroads, representing an increase of 125,147 cars, or 22.2% above the preceding New Year's Day, holiday week.

The week's total represented a decrease of 56,478 cars or 7.6% below the corresponding week a year ago, and a decrease of 94,783 cars, or 12.1% below the corresponding week in 1951.

United States Auto Output Scores Highest Point in Ten-Week Period

Passenger car production in the United States last week advanced 8% to its highest point in ten weeks, according to "Ward's Automotive Reports."

It aggregated 111,398 cars compared with 103,266 cars (revised) in the previous week and 67,220 cars one year ago.

Total output for the past week was made up of 111,398 cars and 28,739 trucks built in the United States, against 103,266 cars and 27,776 trucks the previous week and 67,220 cars and 24,720 trucks in the comparable 1952 week.

Canadian plants turned out 7,146 cars and 2,115 trucks against 6,614 cars and 1,964 trucks in the prior week and 3,488 cars and 3,241 trucks in the comparable 1951 week.

Business Failures Turn Slightly Downward

Commercial and industrial failures dipped to 158 in the week ended Jan. 15, from 163 in the preceding week, according to Dun & Bradstreet, Inc. Casualties were at the same level as last year, but slightly below the 167 which occurred in 1951. They remained far below pre-war mortality; less than one-half as many concerns failed as in 1939 when 367 were recorded.

Retail trade accounted principally for the week's decrease, with

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R. G. RINCLIFFE

President, Philadelphia Electric Company

Since World War II, the large-scale expansion program of the nation's electric companies has more than doubled their investment in plants and equipment to produce and distribute electricity. Last year, electric power demands reached the highest levels in history, but due to the foresight of the hundreds of investor-owned, business-managed utility companies, production capacity was sufficient to meet the upward surge of new and ever wider uses for electricity and gas, in the home, in the office, and in industry.

R. G. Rincliffe

While a shortage of critical materials, aggravated by last summer's steel strike, held back the electric industry's construction program in 1952, the industrial expansion was also delayed in about the same degree by similar shortages. As a result, no problems were encountered in meeting demands for electric power, which were lower than had been anticipated.

Expenditures for new electric utility construction in 1953 throughout the nation are expected to be about the same as in 1952, something more than $2½ billion, bringing the total costs of the electric industry's expansion program to more than $15 billion since the end of World War II.

Just as for the country as a whole, the rising demands for utility services by Philadelphia Electric Company customers require a substantial increase in facilities to produce gas and electricity here. Even though business conditions generally should level out or recede next year, as many analysts believe, Philadelphia Electric Company confidently expects the new local electric and gas requirements of the customers to boost the demand for these services to even higher levels.

Philadelphia Electric Company's overall expansion and improvement program involves expenditures averaging $1 million a week throughout this 1946-1956 period to meet the rising demands of the homes, businesses, and industries it serves. Actually, since 1946, Philadelphia Electric Company has spent $320 million to expand and reinforce its electric, gas, and steam systems, and during the next four years, through 1956, additional expenditures of approximately $258 million are planned.

Electric generating capacity already added here since the war, and now in service, amounts to 708,000 kilowatts. There are an additional 600,000 kilowatts of capacity under construction which are scheduled to be in service by 1955, thus more than doubling generating capacity available in the Philadelphia area in the ten years following the end of the World War II.

Future additions include two 125,000-kilowatt generators in Philadelphia Electric Company's Delaware electric generating station in Philadelphia to be in service in 1953. The first unit of 150,000 kilowatts capacity at the company's new Cromby electric generating station at Phoenixville is planned for 1954. A second unit of 200,000 kilowatts capacity is scheduled at Cromby station for operation in 1955.

Other major additions to the Philadelphia Electric Company system include the expansion and reinforcement of gas production and distribution facilities.

This overall Philadelphia Electric Company program provides real assurance that all demands for electric power and gas in this area will be met.

M. H. ROBINEAU

President, The Frontier Refining Co.

The outlook for the oil industry for 1953 is good, although there are some potentially serious problems on the horizon that will need to be dealt with. In spite of the high cost of discovering oil, there are adequate crude supplies in all producing areas of the country, with the exception of California. California will need a substantial increase in crude oil price to create the needed profit and incentive to correct their situation. There is adequate refining capacity for all domestic needs unless the world defense situation becomes more serious.

M. H. Robineau

The operating profit structure for the refining industry in the Mid-Continent and Rocky Mountain areas is seriously squeezed by the over supply of residual fuel oil in face of a diminishing market for these products in this area. This problem is accentuated by present imports of residual fuel oil on the East Coast and by lack of flexibility in the present price controls. There should be a reasonable increase in demand over last year but probably at a lower rate than during the past two years. If price ceilings are lifted, I believe the industry would make the necessary adjustments to correct these area problems and will enjoy a better year than is now in prospect.

A. S. RODGERS

President, White Sewing Machine Corporation

The general resumption of buying of electrical appliances that took place about the middle of August in the year 1952 carried through right up to the end of the year which gives us good reason to believe that the American sewing machine industry has a good year ahead of it.

A. S. Rodgers

The wide interest in home sewing, together with the large number of new families and coupled with the high rate of employment at high wages, all tend to encourage more home sewing, which means more household sewing machines purchased.

We make these statements regardless of the fact that there has been a terrific influx of sewing machines from foreign countries, particularly Japan, and because of the fact that the potential field for household sewing machines still looms very large and it will keep the American industry busy, providing, of course, that present restrictions on raw materials and other government regulations affecting production are greatly modified or removed entirely. The introduction in this country on a large scale of machines from foreign countries will necessarily have its effect on the type of sales promotions used by the American companies, but the final outcome should be good for those American manufacturers in financial position to carry on their development and expansion work.

S. WYMAN ROLPH

President, The Electric Storage Battery Company

Sales of automotive replacement batteries for the year 1952 are expected to exceed those for the preceding year. Fall business was slow in starting and field inventories were held down by distributors and dealers during the summer and early fall. This condition sometimes occurs during a period when the price of lead is declining. As a result, however, field inventories are now somewhat below normal for this time of the year. It is expected that automotive battery sales will increase moderately during 1953 in line with the increasing automobile registrations.

S. Wyman Rolph

Barring any important changes in the international situation, the storage battery industry might be expected to see sales of industrial batteries continue at near current levels during the first half year. There are indications now that Government defense spending is being deferred and if that trend continues or is accelerated, its effect will certainly be felt by the storage battery industry.

In so far as material supplies are concerned, lead—the principal metal used by the industry—seems to be in a good supply-demand balance in the world market and if that balance is not upset by international developments, lead should be available to meet the needs of the storage battery industry. From our point of view there is little need for the continuance of government controls, either with respect to materials or prices, in the storage battery industry

With materials available, there is sufficient battery producing capacity in the country to meet normal needs. The long range outlook for the industry is a bright one even though competitive conditions promise to be challenging. The larger numbers of cars on the roads and the expanding use of batteries for operation of car accessories should increase the demand for storage batteries for these purposes. Increases in costs are creating an ever widening use and demand for batteries for materials handling purposes. In fact, the advancement in mechanization has so broadened the uses for storage batteries that we must be ever on the alert for new uses for our kind of power—Storage Battery Power.

EARL B. SCHWULST

President, The Bowery Savings Bank, New York City

An increase of $1.6 billion in the deposits of mutual savings banks in 1952, after four years of increases at about half that level, indicates that savings banks have a place as a reservoir for personal savings that they have not developed to full capacity, perhaps due to their own policies. The general economic picture looked favorable a year ago, but it did not promise as large an increase in deposits as was realized. Total deposits in mutual savings banks now exceed $22 billion and the increase in 1952 was at the rate of 7.6% annually. Deposits in savings departments of commercial banks grew at the rate of 8.5% in 1952, realizing a gain of over $3 billion and increasing total savings deposits to over $41 billion. In comparison with the post-war growth of savings and loan associations, the 1952 deposit increase in savings accounts in commercial and savings banks combined was a record, for in each of the four years 1948 to 1951 the increase in private investment in savings and loan associations equaled or exceeded the increase in savings deposits in all banks combined. The 1952 increase in savings and loan associations is estimated at $3 billion, which brings the total private investment in these associations to $19 billion from $7.4 billion at the end of 1945 and $9.8 billion at the end of 1947.

Earl B. Schwulst

Insofar as the general public is concerned, these three types of savings institutions serve the same purpose. The investment and management of each is, however, by statute and tradition, distinct in character and responsible for the difference in the amount and portion of net earnings passed on to the depositor in the form of dividends or interest. Savings and loan associations are able to earn and are permitted to pay the highest dividend rate and so to make a strong bid for the saver's dollar. In 1952 the differential between the savings and loan dividend rate and the rate credited by mutual savings banks decreased substantially. Savings banks have been improving earning power steadily since the end of World War II toward this goal, but many banks might not have made the move in 1952 had they not been compelled to take immediate action because of the Federal Revenue Act of 1951 which made mutual savings institutions subject to Federal income tax.

The general savings public is not especially concerned with the differences in the statutory character of these three types of savings institutions; they are only concerned with the safety and ready availability of their funds, service, and return on investment. In these days of low interest rates, an additional ½% is worth getting. If 1952 has proved one thing, it is that the savings banks are first choice of the people in an area where all three types of institutions exist and pay about the same rate of dividend. This is easy to understand since the mutual savings banks have functioned longer in the field of flexible savings and it is their primary business.

Most commercial banks are primarily interested in demand deposits and commercial loans, while savings and loan associations, prior to the enactment of the Home Loan Act which set up a system of Federal savings and loan associations, were interested in promoting monthly payment share accounts. The Federal associations have made their rapid progress because they put the regular savings account promotion ahead of the monthly share promotion. Savings banks have the know-how to handle this flexible type of savings account; they have ceased to think that being "conservative" is their only asset and they intend to be leaders in the savings field, in fact as well as in tradition. Since savings banks are state chartered institutions, they are prepared, in those states where statutory obstacles exist, to work for changes favorable to themselves, either to promote an extension of their facilities or to liberalize their investment provisions, such as those authorizing equity investments included in the 1952 laws enacted in New York State. Hence, with national income continuing at its present level, the savings banks should continue to do as well in 1952 and better.

W. W. SEBALD

President, Armco Steel Corporation

All signs point to the fact that steel production for 1953 will be as great as any year in our history. However, it is also evident that our growing ingot capacity will overtake the demand for steel sometime after the middle of the year. It now appears that most of the major segments of the economy will remain fairly stable during the next 12 months. The present indications are that military expenditures will be equal to the rate attained during the latter months of 1952—something over $50 billion annually.

W. W. Sebald

The backbone, or balance wheel, of our economy — capital expenditures—is still in a strong position. American business spent a record $27 billion for expansion during 1952 and plans for the first three months of 1953 will set a new first quarter record for such expenditures. With this momentum it is believed that the capital outlays for 1953 will not be far short of 1952. In addition to this business expansion, it now appears that home building, commercial construction, and public works will also contribute to a high rate of business activity.

It is expected that the demand for consumer durables (automobiles and many of the appliances) will remain strong for some months ahead. Inventories of these products are low, and sales at the retail level are currently running ahead of production. The continuing home building program and our present favorable birthrate (a new customer every 13 seconds) plus high employment at high wages insure good demand for these products along with all other consumer goods.

All of this adds up to another year of generally good business. However, since it is believed that steel capacity will overtake demand, the need for controls over consumption of steel for civilian uses will disappear. Sometime during the year our industry will be able to turn out 120 million tons of steel ingots annually. It has been reported that military needs will be 14 million tons for the year. That means all other consuming industries could be using steel at a rate of 106 million tons annually—12% more than they received in 1950, when

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The State of Trade and Industry

its casualties falling to 81 from 90, while manufacturing and wholesaling dipped slightly. Increases appeared in construction failures and commercial service failures. In both these lines, casualties exceeded last year's figures. While wholesale trade held steady at 1952 level, manufacturing and retailing had fewer failures than a year ago.

Five geographic regions reported small decreases during the week, including the Pacific, New England States and the South Atlantic States. Contrary to this trend, failures in the Middle Atlantic, East North Central and East South Central States, rose mildly in the week. More businesses succumbed than last year in the New England, East South Central and Pacific States. In five other areas, a mild dip from 1952 levels prevailed, while the West South Central States remained unchanged.

Food Price Index Lifted Mildly Higher in 4-Week Advance

The wholesale food price index, compiled by Dun & Bradstreet, Inc., rose two cents for the fourth successive weekly advance, bringing the Jan. 13, figure to $6.25, the highest since Nov. 18, when it stood at $6.27. It compared with $6.57 on the like date a year ago, or a drop of 4.9%.

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

Wholesale Commodity Price Index Reverses Course With Sharp Declines in Preceding Week

The general price level, as measured by the Dun & Bradstreet daily wholesale commodity price index, fell rather sharply last week to reach the lowest level since mid-July 1950. The index closed at 278.24 on Jan. 13, comparing with 280.90 a week previous, and with 308.39 on the corresponding date a year ago.

Grain prices moved irregularly lower last week in a continuation of the heavy liquidating movement of recent weeks.

All future contracts of wheat and corn hit new seasonal lows in leading the general decline. Following the strength shown the previous week, corn prices weakened, influenced by fairly large receipts of cash grain, a decline in cash prices and expanded country offerings of cash grain. Trading in grain futures on the Chicago Board of Trade in the previous week averaged slightly more than the week preceding and well above a year ago.

There was a substantial pick-up in bookings of advertised brands of family flour last week as mills protected against a price advance effective yesterday. Business in hard winter flours was disappointing although a fairly good volume was noted in the Southwest. Export interest in flour remained very slow. Cocoa prices moved sharply lower as trade and commission house selling met with limited dealer demand. Selling was prompted largely by more optimistic reports from Brazil regarding the Bahia cocoa crop, and small manufacturer interest for spot stocks. Warehouse stocks of cocoa at 46,761 bags, showed little change from last week, and compared with 95,692 bags a year ago. Raw sugar developed a weaker tone on the prospect of increased supplies.

Shipping out of granulated sugar was more active as refiners' operations expanded following the ending of the dock strike.

Domestic cotton markets were under considerable hedging and liquidating pressure last week and values moved downward to reach to new levels for the season. The New York spot quotation at 32.40 cents a pound, was down about one cent for the week, and about 10 cents under the comparable price a year ago. Weakening influences included the continued slow export movement, heaviness in some other commodities, and reports that Brazil would sell a large quantity of cotton at the world price level. Trading in the 10 spot markets increased somewhat and totaled 117,400 bales last week, against 84,600 the week before, and compared with 225,100 in the same week a year ago. Offerings of good quality cotton were limited with many farmers said to be holding for higher prices. Entries into the CCC loan stock during the week ended Jan. 2 were reported at 151,000 bales, against 109,630 a week earlier, and 155,933 two weeks ago. Entries for the season to date totaled 1,-163,200 bales, as compared with 846,400 for the like period a year ago.

Trade Volume Shows Mild Expansion Encouraged by Promotions

Spurred by many attractive promotions, shoppers increased their spending slightly in most parts of the nation in the period ended on Wednesday of last week. The total dollar volume of retail trade was slightly higher than a year ago but did not surpass the record level reached two years ago when scare-buying boosted sales appreciably.

Although most retailers reported their sales volume as slightly above last year, there was a noticeable increase in the number noting declines from the year-ago level. Late shopping hours and relaxed credit terms helped to bolster buying

The total dollar volume of retail trade in the week was estimated by Dun & Bradstreet, Inc., to be from 1 to 5% above the level of a year ago. Regional estimates varied from the comparable 1952 levels by the following percentages: New England —1 to +3; East —2 to +2; South +3 to +7; Southwest +4 to +8; Northwest +1 to +5; Midwest and Pacific Coast +2 to +6. Severe weather in New England and parts of the East hampered shopping.

Reduced-price promotions of apparel stirred shoppers in most parts of the nation last week. Retailers of apparel generally continued to chalk up larger sales figures than in the comparable week a year ago. The most pronounced gains were in the demand for children's clothing, women's sportswear, and haberdashery. Early offerings of spring clothing in the South and Pacific Coast Regions stimulated favorable response. Price savings on shoes continued to stir interest.

Housewives spent more for food than in either the prior week or the corresponding week a year before. The most noticeable rise over the year-ago levels were in the buying of frozen foods, canned meats and oleomargarine.

The purchasing of household goods held near the previous week's level and continued to exceed that of a year ago.

Among the most popular items were household textiles, floor coverings, decorating materials and incidental furniture.

Trading activity in most wholesale markets quickened perceptibly the past week as buyers prepared for the spring and summer selling seasons. The total dollar volume of wholesale orders was at the highest level ever reached at this time of the year. Showrooms were more heavily thronged with buyers than ever before.

Department store sales on a country-wide basis, as taken from the Federal Reserve Board's index, for the week ended Jan. 10, 1953, decreased 3% from the level of the preceding week. In the previous week an increase of 4% (revised) was reported from that of the similar week of 1952. For the four weeks ended Jan. 10, 1953, an increase of 13% was reported. For the year 1952, department store sales registered an increase of 1% above 1951.

Retail trade volume in New York the past week underwent a sharp contraction from that of the corresponding 1952 period, due to inclement weather. Estimates by trade observers placed the decline at about 10%.

According to the Federal Reserve Board's index department store sales in New York City for the weekly period ended Jan. 10, 1953, decreased 11% below the like period of last year. In the preceding week a decrease of 4% was reported from that of the similar week of 1951, while for the four weeks ended Jan. 10, 1953, an increase of 5% was recorded. For the year 1952, volume declined 7% under the preceding year.

Railroad Securities

LEHIGH VALLEY

Among the more speculative issues enjoying considerable popularity in the rail group is the common stock of Lehigh Valley. The company has come a long way since its latest debt readjustment plan was consummated a little less than four years ago. In that plan maturities of various of the underlying mortgage bonds were extended. The junior bonds were exchanged for 25% fixed interest bonds and the 75% contingent bonds. In the intervening years the company has experienced no trouble in earning and paying this contingent portion of the interest. At the same time, the company has been able to make phenomenal progress in the program for cutting down the principal amount of non-equipment debt outstanding.

Under the terms of the debt readjustment plan, and designed to alleviate the difficulties that had made the readjustment necessary, strong sinking fund provisions were provided. First there is the prior lien sinking fund, limited to a maximum of $600,000 in any one year, to be made up from interest savings on prior lien bonds retired subsequent to Jan. 1, 1948. Far more important were the general sinking funds. Initially these amounted to 50% of net income reported for the year and an amount equal to any dividend paid on the common stock. To date the last named provision has been academic as no dividends have been paid on the stock since 1931.

The general sinking fund does not remain permanently at the high level at which it was initiated. When the total of fixed charges and contingent interest is reduced to $4.5 million annually the requirement is halved—25% of net income plus 50% of any dividend paid on the stock. Progress toward this goal, spurred by the boom conditions of recent years, was far more rapid than had originally seemed possible. While no official announcement has been made, it is understood in financial circles that just before the end of last year the combined charges had been reduced to the $4.5 million annual level. Attainment of this goal has, in turn, increased optimism that the stock may go on a dividend basis in the relatively near future.

Aside from the improvement in the debt picture there has been considerable betterment in the operating status of Lehigh Valley in recent years. To a considerable degree this has been attributable to dieselization, although other property improvements have also contributed to the savings. The benefits are best indicated by the trend of transportation costs, which have been on the downtrend ever since the end of World War II. Figures for the full year 1952 are not as yet available. For the calendar year 1951 the transportation ratio was 38.8% which represented a cut of 3.3 points from the prewar 1937-1941 average of 41.9%. This reduction in the transportation ratio contrasted sharply with the increase of 2.6 points for the Class I carriers as a whole during the same period.

The favorable expense trend continued during 1952 so far as detailed figures now available reveal. For the 10 months through October 1952 the transportation ratio was approximately 1.5 points under that of a year earlier. Maintenance charges were also substantially lower in the 1952 interim with the result that the overall operating ratio was reduced by a full four points, to 72.6%. For the 10-month period common share earnings amounted to $4.35 compared with $3.05 a share for the like 1951 interim. In both instances these earnings are calculated before sinking and other reserve funds.

Although the breakdown of expenses is not available at the time of this writing, the preliminary figures indicate a decline in earnings, compared with a year earlier, in the month of November and it is possible that the same thing occurred in December. Nevertheless, it seems almost certain that pre-fund earnings for the full year 1952 topped $5 a share. On the basis of the present general industrial outlook, moreover, it seems likely that 1953 results will top that figure. It must also be borne in mind that with the reduction in interest charges a considerably larger proportion of such earnings may be considered as directly available for the benefit of the common stock.

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a record volume of steel-using products was turned out by America's factories.

One other factor to keep in mind is the growing steel capacity in foreign lands. Less of our steel output will find its way into the export markets thereby adding to the amount available for domestic consumption.

FRANK A. SEWELL

President, The Liberty National Bank and Trust Company, Oklahoma City, Okla.

In the region served by this bank, which can generally be described as the State of Oklahoma together with neighboring areas of Texas, Kansas and New Mexico, we are on the whole optimistic for 1953 and believe that business activity will equal the levels of 1952. Since midsummer, however, we have experienced severe drought conditions which to date have been broken only partially. In this territory, where a great part of the basic income is derived from livestock and agriculture, drought can importantly affect expenditures, both for consumption and capital improvements and, therefore, general business conditions.


Frank A. Sewell

This bank, which plays a major role in the financing of the petroleum industry, believes that 1953 will find the oil industry extremely active. Drilling activities were somewhat curtailed during the last six months of 1952 due to the steel strike; however, tubular goods should become increasingly available in 1953 and drilling again should reach record levels. This is important to business in Oklahoma when it is realized that over 30% of all of the drilling rigs operating in the United States and Canada are controlled by firms having their headquarters in this State.

Business in the southwest is also being influenced by the increase of manufacturing industries in this area. We believe that this regional trend will continue. Our own immediate market for manufactured products is increasing, and higher transportation costs have made the economics of manufacturing in the southwest very favorable.

Activity in this region is, of course, also influenced by the national picture, but we see no reason why the nation as a whole should not continue to advance in 1953.

JOHN A. SIBLEY

Chairman of the Board, Trust Company of Georgia, Atlanta, Ga.

Many factors point to a high level of business activity for the country as a whole during 1953. The employment of the latest technology in building and in equipping new plants in the recent industrialization of the South should put that region in a strong competitive position. Moreover, the people of the South are showing marked aptitude to acquire new skills necessary to meet the needs of our industrial expansion and are evidencing a willingness to give a conscientious day's work for a full day's pay. This is all to the good.


John A. Sibley

Our economy as influenced by the national government will, no doubt, undergo a substantial change. We will move from an attitude of reckless disregard in the expenditure of public monies by the Federal government to a more responsible handling of public funds; from an unbalanced budget to a balanced budget, and from a declining dollar to a dollar whose value is stabilized or improved. Our apparent prosperity has in fact run ahead of our real prosperity due to the depreciation of the dollar.

Changes will be necessary to bring about a sounder economy. I do not believe that they can be made, however, without a period of readjustment from which some parts of our economy will suffer and, perhaps, some pain will be experienced before a cure is effected. I believe the country, however, is prepared to undergo such readjustment, if necessary, in order to strengthen and reinforce and make more stable our economic welfare, and to turn apparent prosperity into real prosperity.

JOHN H. SIECKMANN

President, Mercantile Trust & Savings Bank, Quincy, Ill.


J. H. Sieckmann

Important industrial concerns in this area report a backlog of orders that assure full operation far into 1953. The changed political climate, giving hope for a less punitive attitude towards business, is a stimulating factor making for general business optimism. Investment psychology, while more hopeful, is still under the psychosis of imponderables overhanging the economy. Notwithstanding the extended drought in this section, farmers are prosperous and savings are in an ascending curve.

CASIMIR A. SIENKIEWICZ

President, Central-Penn National Bank, Philadelphia, Pa.

The demand for bank credit by businessmen and consumers has been unusually brisk. Total loans made by all insured commercial banks exceed $62 billion, an increase of about $19 billion since the end of 1949. The greatest expansion — 75% — has occurred in loans to business, real estate and consumers. These three classes account for more than four-fifths of all bank loans.


C. A. Sienkiewicz

Holdings of government securities, on the other hand, have declined at commercial banks but increased at the Federal Reserve Banks recently and over the past two years.

Demand and time deposits of business and individuals have risen and continued larger than in the past two years, reflecting expansion in loans and in public demand for currency.

Commercial banks actively supplying credit to industry, trade and commerce have been under considerable pressure to maintain their lending capacity by keeping adequate reserves at the reserve banks against deposits as required by law. Member banks at present keep about $20 billion in these reserves, which fluctuate weekly, depending on the volume of deposits or loans. Whenever they fall below the required amount, a bank must sell government securities or borrow funds.

To sell government securities in recent months has meant capital losses because prices of government securities declined and yields went up when the Federal Reserve stopped supporting prices of these securities. Consequently, member banks have been borrowing funds from the reserve banks, frequently and rather heavily, in order to meet the demands for loans from business. This condition has created a tight money situation. The interest rates on loans and on government securities have risen and may go even higher.

The big question is: will this demand for bank credit by business continue or will it ease off by next Spring?

If it continues, the available amount of funds will be limited and cost or interest rate will rise further. If not, what will be the state of business—balanced and stable as at present, booming or slumping? Will the present Federal Reserve policy of moderate credit restraint continue? Will bank loans stay high or decline? Will the banks be forced to look for other outlets to put their funds to work? You can find convincing answers to either side of this quandary.

My own belief is that business will be in need of funds this year just as it needed them last year, and for very significant reasons—the growing shortage of corporate working capital and heavy capital outlays.

It is now becoming clearly observable that the liquidity of our corporations has been declining, particularly since the outbreak in Korea. The relationship between liquid assets and current liabilities has been growing thinner.

L. D. SILBERSTEIN

Chairman of the Board and President, Pennsylvania Coal & Coke Corporation

Ever since the end of World War II a great number of economists have predicted a depression or recession in our economy. It seems at this time that the prophets of gloom are larger in number and stronger in their conviction than ever before. I differ strongly with them. I firmly believe that the underlying facts point toward a continuation of the boom not only through the coming year, but well beyond. I feel that the economic outlook for 1953 is excellent.


L. D. Silberstein

It seems to me that the favorable economic factors prevailing at the present time are likely to continue in 1953. Due to a large extent to the impact of our defense program, the rate of industrial production is at an all-time high, resulting in turn in full employment and record consumers' purchasing power. The defense program is likely to continue at the present rate for at least two years, preventing any degree of unemployment without which a depression is unthinkable.

I believe that the new Administration will be successful in reducing government expenditures, and that taxes will be reduced accordingly. This should result in a further increase in the consumers' purchasing power, and should undoubtedly have a beneficial effect on the economy as a whole. Even a sudden drop in defense expenditures, which I do not foresee, would not cause a depression, in my opinion. Long delayed but necessary expenditures for roadbuilding, schools, housing and the like would take up most of the slack, and the resulting reduction in taxes would leave the public with more money to buy the things they heretofore could not afford.

There have been no excesses in this present boom. The credit base is not over-extended. There are no danger signals. All signs point toward an excellent 1953.

The coal industry can expect improvement in the coming year over 1952 which was not good by any standard. This difficult year was characterized by—

(1) Labor troubles.
(2) Competition of oil and gas.
(3) Reduction in export shipments.
(4) Switching from steam to diesel locomotives by railroads.

These factors, accelerated in the current year, resulted in an increase in the stocks of coal above ground and a general softness in prices.

However, there are long-term factors which will overcome these unfavorable ones.

(1) Mechanization of the coal mines.
(2) Increased demand for the electric utility industry.
(3) The growth of the coal chemical industry.

It is interesting to note that the electric utility industry is currently consuming 100 million tons of coal per year compared with 51 million tons in 1940. It is expected that the current expansion of the nation's generating capacity will represent an additional demand for 30-40 million tons per year.

One single project alone such as the Ohio Valley Electric Corporation, supplying the proposed Atomic Energy project at Portsmouth, Ohio, will use 7½ million tons of coal per year.

Coal remains the largest single source of energy in the country. Its supply is almost unlimited. In case of emergency it becomes a most valuable asset for the country to rely upon, and in normal times there are increasing markets for well-mechanized and well-managed producers for expanding and profitable operation.

New England Council reports that by 1975 the New England electric companies will require at least twice, if not three times, the present generating capacity.

It is obvious from the foregoing that those coal companies which produce a product especially suited to public utility consumption are destined to be in a relatively strong position during the coming years.

W. G. SKELLY

President, Skelly Oil Company

The year 1952 presented problems to the oil and gas industry as it did to all industry in the United States. Strikes in the petroleum industry in May, aggravated by the steel strike, reduced inventories of refined oil products below the high levels maintained to meet any emergent national need. After the settlement of the oil strikes in May the petroleum industry rebuilt its inventories depleted during the strike period, but the drilling of new wells was curtailed by a persistent shortage of oil country steel tubular goods. Due to this steel shortage, Skelly Oil Company drilled fewer wells in 1952 than in the previous year. Nevertheless its oil and gas production and its sales of refined products increased in 1952 over 1951.


W. G. Skelly

Petroleum is a fundamental and vital part of our national economy and the demand for crude oil and natural and casinghead gas and their products will continue upward. The number of motor vehicles in use will increase, more diesel locomotives will be on the rails, more planes will be in the air, and more homes will be equipped for burning oil and gas. The expansion of the use of petroleum far exceeds that of any other energy commodity. Oil is essential to the well-being of the nation and every citizen.

Although stocks of certain refined oil products are higher at present than is absolutely necessary, a reasonable reduction is now being accomplished. From the standpoint of our national security, it is good to know that the oil and gas industry has facilities to increase the output of refined products when it needs to do so. We in Skelly Oil Company are glad to do our part to meet national needs and defense goals and also to stabilize the oil industry when conditions require.

Encouraged by the prospect of a more enlightened governmental attitude toward all competitive business, the future of the oil and gas industry continues to look at least as bright as it has in recent past years. We expect further wholesome growth and success in 1953 for both the industry and our company.

JOHN I. SNYDER, JR.

Chairman of the Board and President, Pressed Steel Car Company, Inc.

The outlook for Pressed Steel Car Company, Inc., in 1953 is extremely bright.

It is confidently expected that we will report substantially higher sales volume and earnings than we achieved in 1952. Based on orders already on the books, sales probably should be in excess of $80 million, and net earnings after taxes figure to be around $4 million. Our total backlog of orders for all divisions is presently in excess of $60 million.


John I. Snyder, Jr.

An important factor contributing to this favorable outlook is the product diversification program which began in 1949. This program reached its peak last October when the Axelson Manufacturing Company of Los Angeles, California, a leading manufacturer of petroleum pumping equipment, engine lathes, and aircraft components, was acquired. This program has resulted in a marked improvement in both the company's financial condition and in the stability of its earnings. Like most steel fabricating companies, we experienced some difficulties in obtaining raw materials in 1952. However, we look forward to an improvement in steel supplies this year.

As we enter 1953, about 50% of our present sales volume is represented by the sale of freight cars. The balance arises from the sale of products manufactured by the steel fabricating companies we had acquired since 1949, under our product diversification program and which are now operating as divisions of Pressed Steel Car Company.

The company's diversification program has proven so successful that we plan to pursue it further. And it is expected that the results of the program will become even more apparent this year and in ensuing years.

JOHN W. SMITH

President, Seaboard Air Line Railroad Company

The level of business activity which prevailed in the Southeast during 1952, is quite likely to continue in 1953. There has been no abatement of the interest manifested by industrialists in the establishment of new enterprises in this region and, in fact, within the last 60 days there has been a marked revival of activity in connection with some projects which had been temporarily deferred.

John W. Smith

The reasons for optimism in the outlook for the Southeast are basic. Notwithstanding the tremendous progress which the area has made in the last two decades, there is a broad field of opportunity for still further development. The fundamental advantages offered by the Southeast are in no wise diminished. A good labor supply possessed of a high degree of versatility, an equable climate permitting lower building cost, an expanding power supply, excellent transportation, and an infinite variety of raw materials, form a combination that is becoming increasingly important to industry.

While substantial contributions have been made by the Southeast to the implementation of the defense program, it is worthy of note that defense production has not dominated the region's activities. On the contrary, the growth that has occurred in the area's economy has been of a well-balanced nature, and that trend gives every promise of continuing.

As an example, one of the nation's fastest growing industries in recent years has been the chemical industry. Numerous new installations have been made, and the Southeast has claimed a large number of them, with bright prospects for still additional new plants as that industry pursues its expansion program and seeks locations where its operations can be conducted most successfully.

A striking factor in the growth of the Southeast is its greatly expanded consumer market—a direct reflection of the rapid rise in the region's per capita income. That rise, which is continuing, shows the effect of the broadened base upon which the section's economy now rests and also serves to indicate what the developments in industry and agriculture have done in creating new payrolls in the Southeast.

Recent years have witnessed a closer integration of industry and agriculture in this section. On the one hand, farm methods have undergone radical changes and mechanization has not only contributed to larger yields but has at the same time released manpower to operate the new plants which have sprung up throughout the area. On the other hand, industry has given an increasing amount of attention to the processing of the region's agricultural production, with the result that farm income is both greater and more stable than at any time in the past.

The people of the Southeast, more keenly aware than ever before of the potentials of their section, are losing no chance to further its development. That is a healthy sign and it constitutes one of the most important reasons for the firm belief that the Southeast is heading for another year of growth and progress in 1953.

REUBEN E. SOMMER

President & General Manager, Keystone Steel & Wire Company

Normally, we do not try to forecast the future; however, I can see no reason why this country should not continue to have good business for some time to come. Presently, we are operating at full capacity and we are booked for future business just about as far as we wish to go.

R. E. Sommer

It seems to me that most economists do not give sufficient consideration to the increase in population and there are still a lot of people who would like to buy some things they do not have which means, of course, that the business potential is still very great and it is just a matter of getting our economy in balance so that more people can have what they want and what they need. High taxes, especially the Excess Profits Tax, have done great harm to business as a whole, so one of the first orders of business for the new Administration is to do something about taxes which, of course, also means certain economies so that reduction of taxes will be possible.

J. P. SPANG, JR.

President, The Gillette Company

With a more sympathetic climate for business which I believe we will have under the incoming Administration, I feel certain business will react accordingly, and will face 1953 with renewed confidence. Instead of creating problems for business, our new government will direct its energies to the solution of those problems inherent to an expanding economy. This new and favorable climate presents business with a stimulating challenge it must make every effort to live up to.

J. P. Spang, Jr.

Without governmental over-planning, the natural laws, such as that of supply and demand, can again become operative for the greater normal prosperity of the entire country. Our government planned economy of the recent past proved unsound, and the people have rejected it.

F. W. SPECHT

President, Armour and Company

Despite the fact that our processing costs continued to increase in 1952, average prices of our products showed a downward trend except for some seasonal strength last summer. We have every hope that prices will stabilize in 1953 and follow the usual seasonal pattern.

F. W. Specht

The Korean inflation which began in 1950 has already disappeared from the wholesale quotations for meat and nonfood products of livestock. Average wholesale meat prices are below the 1947-49 base period. Hides, tallow, wool and other by-products have declined even more sharply in value than meat.

From the standpoint of volume, 1953 should be a fairly satisfactory year for the meat packing industry. Although we anticipate a decrease of 5 or 6% in the number of hogs available for slaughter, there is expected to be an offsetting increase of about 9% in the number of beef cattle over 1952. Even though we will have less pork than we had in 1952, the supply will be good compared to most previous years. A small increase in the per capita supply of total meat is indicated for '53.

Although there is some disagreement in the forecasts of consumer purchasing power in 1953, it seems probable that there will be enough spendable income to absorb the available meat supply at the price levels prevailing.

M. J. SPIEGEL, JR.

President, Spiegel, Inc.

Since the high level of business activity during the past few years has been supported by Federal government expenditures on military and defense items, any forecast for 1953 must begin with the outlook for Federal spending. Taking into consideration the commitments now outstanding, and the fact that about $80 billion already appropriated have not yet been placed, most analysts expect the rate of defense spending to increase during the year.

M. J. Spiegel, Jr.

There is a healthy backlog of industrial orders. At this time last year, orders in the hands of U. S. manufacturers represented four months' production. This year, most estimates place the total commitments at about $75 billion, which is equal to six months' output.

Renewed confidence on the part of businessmen, arising from the Republican victory, is an intangible not to be overlooked. It should serve to buoy the economy in the first six months and will probably carry over until the Fall.

There is a shortage of employable labor in many communities, so that seasonal fluctuations can cause a slight

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Joins E. E. Mathews

(Special to The Financial Chronicle)

BOSTON, Mass.—John S. Woodward has joined the staff of Edward E. Mathews Co., 53 State Street. He was previously with Renyx, Field & Co., Inc.

Chace, Whiteside Adds

(Special to The Financial Chronicle)

BOSTON, Mass. — James M. Burry has been added to the staff of Chace, Whiteside, West & Winslow, Inc., 24 Federal St., members of the Boston Stock Exchange.

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decrease in employment without drastically affecting the demand for consumer goods.

At this writing, it would appear that the new Administration will keep price and wage controls on a "standby" basis, since the situation is fairly stable at this time. The price structure seems to be well-balanced. The fact that the unions have new leadership and must feel their way for the time being reduces the danger of costly strikes.

Putting the whole picture together, it would appear that 1953 will be as good a year as 1952—though most economists are wary of definite predictions past the third quarter. At this time it seems sensible to assume that the fourth quarter will not bring changes severe enough to affect the full year's results adversely.

PHILIP SPORN

President, American Gas & Electric Company

1953 should be a year of consolidation of the activities of the electric utility industry in general, and of the American Gas and Electric Company System in particular, in their programs of expansion, load building and the building up of earnings. This is based on the premise that the demand for electric service during the year and the delivery of electric energy to our consumers will continue to increase. We have accepted this basis for our thinking of what's ahead in 1953 not only because there is every indication that all the indices of business activity are likely to stay at 1952 or higher levels in 1953, but because our specific prospects in electric power are so encouraging. Thus many large and significant industrial expansion projects which have slipped back in their completion dates in 1952 will definitely be completed in 1953. Other projects which did not get started till 1952 will also be completed in 1953. In addition, personal income among almost all segments of the population promises to be at a level which warrants the assumption that new electric appliances will continue to be sold at a high rate. The combination of these factors adds up to a continuation of expansion of electric load.

Philip Sporn

While electric power-wise, 1952—the complete picture for which is now almost entirely available—did not come up entirely to projections made approximately a year ago, the deficiencies are not significant. And they are fully explainable by the effect on production brought about by the steel and coal strikes. Thus, on the American Gas and Electric Company System an originally projected maximum one hour peak for 1952 of 3,040,000 kw. was early in the year scaled down to an expected peak of 2,950,000 kw. The actual peak experienced was 2,900,000 kw. The difference in the figures is almost entirely due to slipbacks in one or two industrial expansion operations now going on in the system. By the same token, system energy input for 1952, originally projected at 18 billion kilowatt hours, will turn out to be 17.1 billion. The deviation is almost entirely due to the loss in energy sales during the periods of industrial abnormality.

We in AG & E expect 1953 to be a year of substantial load growth with the annual peak registering a gain of close to 300,000 kw. for a system total of 3,200,000 kw., a gain of about 10½%; corresponding system energy input should be 19.6 billion kwh., a gain of 14.2%. The effect on earnings should be on the whole quite favorable.

The fight we have been carrying on to counterbalance effects of inflation should receive material support in 1953 from more stabilized labor and material prices, and, perhaps, from some significant improvements in productivity of construction labor. The greater availability of material and labor will also be very helpful.

It is true that from an operating results standpoint some unfavorable aspects have recently been encountered such as the increase in the price of fuel and the still continuing increases in the wage level. These are, of course, only a continuation of a long series of such increases. Their cumulative effect may make necessary some additional applications for rate increases in order to protect capital structure, and to be able to continue to raise the needed new capital. But in the light of the excellent and moderate history of the industry in general in regard to rate increases, which is most certainly true on the AG & E System, it is not expected that this will, on the whole, offer too great difficulty when, and if, it clearly becomes necessary.

The year 1953 will bring with it a number of other favorable factors affecting operations on our system. We expect to bring on the line in the course of the year not less than 600,000 kilowatts of new generating capacity and, with only slight improvement in performance on equipment delivery, this amount will be increased to 800,000 kilowatts. As a result, reserve margins on the system will be brought up to a volume close to the proper amount for the first time since 1947. This will give us an opportunity to ease up generation on some of the relatively old equipment, primarily designed for low load factor peak situations, and we should not have to use it for mass production of energy. The easing up of the strain involved in carrying system load with too low reserves will offer opportunity to concentrate more effort on development of more economical practices and policies in design, construction, and in operation, and in developing with greater vigor the long-term load building program of the system.

From the investors' standpoint the accent will be on the responsibility on those managing utility enterprises to protect their earnings and to build the solid foundation of future expansion. The new atmosphere in Washington, which, it is hoped, will make possible the working out of a number of the industry's problems against the background of trust and confidence in the ability of a private enterprise economy to operate in the national interest and on a fiscally sound basis, should be of material help in this regard.

A. H. STARRETT

President, The L. S. Starrett Co.

How hazardous for the business executive to discuss business trends but how easy and safe for the economist! In any event, I would predict a continued moderate upward trend of general business the first six months of 1953. Barring any redirection of the defense program, many related industries could well continue their current tempo throughout 1953. Much can be done and needs to be done to re-encourage private enterprise. When corporations accelerate their gross business through greater efficiency and hard work and at the end of the year the net is less and less, something is definitely out of whack. Business organizations have been penalized, like individuals, for doing a good job.

A. H. Starrett

Contrary to the claims of too many that industry is tough and indifferent to the welfare of workers, it has said too little in self-defense. Little, medium and big business—leave them alone, they'll get along with their employees. I know no corporation executives who shirk their duty to their fellow men and who aren't getting old and infirm pulling twice their weight in the boat. All this may seem foreign to the business future, but to me it is of top importance. The attempt of political demagogues in recent years to drive a wedge between management and workers breaks down the leadership, and faith of leadership. We must hope and strive to restore and promote harmony and respect for each other.

Venture capital, corporate funds for greater expansion, replacements, etc., could do so much to maintain and increase our American standards and should be encouraged in every possible way. All this will mean more income to Federal, state, city and town governments. Remove the wraps. Our spokesmen we send to Washington must be the collaborators, not dictators and advocates of government competition with private enterprise. I believe the goal we are all seeking is more steady jobs and better living.

The people of our great country, with hereditary tradition, recently dictated their faith and determination to put some new mariners on the ship. They don't know how much brighter they made the sun for general business. As in all past years, the best in all of us is still challenged. A better spirit and team play, to be accompanied with tolerance and understanding, is getting under way. How to maintain uninterrupted employment and security; see that all is well with our incapacitated and less fortunate people; work for world peace; implement the "less aid and more trade credo"; these should be our solemn obligations. We can not maintain an indefinite peak of continued manufacturing and business as we have known it, from cold wars and actual wars. Let everyone face the facts. I doubt the contention the peaks and valleys of business activity will not return, but feel sure that every known experience and creation will be used to avoid anything of a too serious nature. With good leadership, the willingness of all to share fairly our adversity if it comes, like prosperity, we need not fear the future; we can face it with confidence. The American people and American tradition have met every crisis. Let us live the Golden Rule and the Bill of Rights. More than all else, as I see it, this wil guarantee a more steady, stable and prosperous economy.

HERMAN W. STEINKRAUS

President, Bridgeport Brass Company

The outlook for the copper and brass mill products industry for 1953 hinges mainly on the outlook for an adequate supply of copper. The demand for copper alloys in industry in 1952 was greater than the supply of copper.

The unsettled condition in the market brought about by the artificial pricing of Chilean copper has had the effect of causing uncertainty in the minds of users. It is hoped that early in 1953 this market situation can be straightened out, for it has reflected upon the availability of scrap, which is essential to our operations.

H. W. Steinkraus

If both the question of supply and price are straightened out, there is every reason to believe that 1953 will be at least as good a year as 1952, if not better, in the copper and brass mill products industry.

E. E. STEWART

President, National Dairy Products Corporation

With personal income up and the demand for farm products continuing at high levels, the volume of business done by the food industry should remain high for 1953. In 1952 Americans paid an estimated $63 billion for food. Milk, cheese, ice cream and other dairy products are taking around 20% of the nation's food dollar. The supply of dairy products in 1953 is expected to exceed that of 1952. An increase in fluid milk consumption is foreseen by the U. S. Department of Agriculture. With production per cow running at record levels, consumer needs can be met by the industry.

E. E. Stewart

People are living longer than ever before. Meantime, a boom in marriages and births has created a reservior of young and growing customers. Newly-married couples and their families face long lives as consumers. One of the great challenges of our industry is to develop imaginative merchandising methods to reach these new consumers—now and in the future. Another challenge of equal importance is the growing demand for swiftness, economy and convenience in food marketing.

To meet these challenges we must improve current processes and products, and create new ones. We must promote familiar and well-established brands, and diversify lines to satisfy changing consumer tastes and buying habits. National Dairy has built in recent years to these ends. Larger sales, greater efficiency and economies in operation have resulted from the company's post-war development program. Among new Sealtest plants recently opened are three ice cream units, a milk plant and two combined milk and ice cream plants. In the fall of 1952 our Kraft company opened a new plant at Decatur, Ga., near Atlanta, giving Kraft branches in key centers of United States and Canada.

We are planning capital expenditures of approximately $22,000,000 in 1953 to provide for additional machinery, trucks, refrigerated cabinets and regular replacements. In addition, two new plants are being studied for consideration at a later date. When put into effect, this planning will bring our capital expenditures since the end of World War II to $230,000,000.

Developments in promotion methods include several innovations in packaging. In 1952, for example, a two-year program to redesign our entire line of Sealtest products was completed. Kraft also has developed new packaging for several of its products, and our animal feeds line, produced by Consolidated Products Company, appears in new dress.

To widen our markets, we are also intensifying sales efforts to reach institutions and public gathering places. Several of our Sealtest companies are seeking to increase sales through automatic vending machines in schools, factories, airports and military posts. Our Kraft company is expanding further its institutional program to serve hotels, restaurants, cafeterias and hospitals.

LAWRENCE F. STERN

President, American National Bank and Trust Company of Chicago, Chicago, Ill.

As recently as three or four months ago businessmen were generally quite cautious about the full year of 1953, especially in making forecasts for the second six months. With the election of General Eisenhower, and especially following the announcements of his appointments to Cabinet posts, business confidence soared. There are tangible factors to justify some of this enthusiasm but at this early date much of it must be credited to a better feeling on the part of businessmen.

Lawrence F. Stern

Forecasts are freely made that business will be good not only for the first half of the year but for the whole year—if indeed not for the next two or three years. There have been too many times in the past, however, when a unanimous opinion on the business outlook has proved unreliable to justify accepting these rosy predictions without looking at the whole picture.

On the constructive side there are a number of reports which indicate that we can look forward to a high rate of industrial production. The steel industry looks for a continuation of capacity production and does not expect to be able to meet the high current demand before mid-year. The automobile industry expects to produce and sell 5,250,000 passenger cars this year if there is no shortage of steel. Some producers admit this may take some old fashioned selling efforts in the second half of the year.

The utilities have important programs of plant expansion before them not only for 1953 but for a few years, at least, beyond. The market for electric appliances does not seem to have reached a saturation point and the large replacement business also adds to the bright outlook. The construction industry where over $28 billion was spent in 1952 looks for some improvement overall this year; the oil people expect at the worst to suffer a minor setback. The rubber companies are looking for a very good year in tires and the railroads believe that if busi-

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As We See It

serious depression very unlikely this year.

The "Test"

If we could be sure that too much would not be read into such a statement, we should be inclined to go further and agree with ex-President Truman that the real test will come when defense activity reaches its peak and begins to decline. In our view, however, the "test," when it comes, will be less one of the efficacy of what is done then to meet it than of what has been done beforehand to be certain that, left to peaceful and peace-expecting activity, we shall not find ourselves on the bread lines again. We still have with us the economic forces which have again and again and again in the past caused wide fluctuations, downward as well as upward, in the general state of business. We may be quite sure that if left unheeded they will have the same consequences again.

It is likewise clear to us that the time to circumvent them is not when they have gathered almost irresistible force, but when speculative or reckless activity threatens to lay a basis for them. The way to combat a depression is predominantly to prevent the growth of the untoward conditions which give later trouble — or, in the instant case, to eliminate them as promptly and as effectively as circumstances permit.

It is by the success we have during this year in these latter tasks that 1953 will be, or should be, measured. Clearly, we now have a situation that presents serious danger of later trouble. Costs are high; wages per unit of output are excessive; and various other distortions in the current state of business affairs are evident. Privately held money supply—that is, the total of all bank deposits owned by private citizens or their organizations and institutions (excluding interim deposits) and currency in circulation outside banks—is now at an all-time high. In no year since 1933 has there been any substantial reduction in this figure, and in practically all of them there has been a very substantial rise.

Monetized Debt

The vast bulk of the increase has resulted from what is known as monetization of the national debt—that is to say the expansion of deposits (and currency) as the result of bank acquisition of obligations of the Federal Government. These heavily increased holdings of governments mostly stem from war financing, which was designed to obtain funds with the least possible cost in interest to the government—the least possible cost to the Treasury, regardless of the heavy ultimate cost to the general public. There was, however, after the close of World War II a decline in the holdings of governments and a rise in loans extended to private borrowers, and this is often cited to absolve the Federal authorities from any responsibility for the more recent progress of inflation.

The fact is, though, that more recently banks have added somewhat to their governments, and the Federal Reserve system, largely under the domination of the Treasury has often aided and abetted the rise in loans and investments of the commercial banks of the country by the purchase of governments, by pegging the price of government obligations and by refraining from raising the discount rate. The Treasury, moreover, has refused steadfastly to this moment to make any serious endeavor to get its enormous debt into long-term form and in the hands of non-bank investors. The Federal Government has made no progress in reducing Federal outlays and thus laying the basis for a balanced budget or debt reduction. It has asked Congress for higher taxes, but higher taxes would increase rather than reduce the unsoundness of the current tax structure.

Eisenhower's Problems

These and other related problems now fall upon the shoulders of the new Administration and upon a Federal Reserve Board which at times now gives indications of more courageous action and a greater understanding of the true inwardness of its responsibilities. A moderate increase in the discount rate was made last week, and such men as Messrs. Burgess and Dodge are moving to Washington. Appointments to the Treasury suggest a more realistic grasp of the true principles of taxation as well as the need for reducing outlays. All this belongs on the credit side of the ledger, and we, for our part, are definitely hopeful of heartening results.

But there are other facets of this situation. The new Administration appears to be committed to a perpetuation of all our "social gains." What measure of economizing is possible on this basis is not clear. Farmers have been promised a place among the specially favored. Freer trade is a must if we are to reduce foreign aid without untoward results—and the last time the Republican party took office, it certainly did nothing to free trade of man-made barriers.

What the Administration of Mr. Eisenhower can and will do about all these and related matters, and what our response to his efforts will be, remain to be seen. They are difficult to predict, but upon such considerations the goodness of the record of the year ahead will rest.

Plumer Joins Bache Co.

(Special to The Financial Chronicle)

COLUMBUS, Ohio — Ray B. Plumer has become associated with Bache & Co., 5 West Broad Street. He was formerly with Freeman & Paisley, Inc., for many years.

Minot, Kendall Adds

(Special to The Financial Chronicle)

BOSTON, Mass.—George W. Hemenway has been added to the staff of Minot, Kendall & Co., Inc., 15 Congress Street, members of the Boston Stock Exchange. Mr. Hemenway was previously with F. L. Putnam & Co., Inc.

With Gibbs & Co.

(Special to The Financial Chronicle)

WORCESTER, Mass. — Vincent A. Botticelli is now with Gibbs & Co., 507 Main Street. He was previously with H. L. Robbins & Co., Inc.

With Fusz-Schmelzle

(Special to The Financial Chronicle)

ST. LOUIS, Mo.—Ann H. Dewes is now with Fusz-Schmelzle & Co., Boatmen's Bank Building, members of the Midwest Stock Exchange.

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ness is to be good their freight loadings should improve enough to help their earnings.

It has been said that arms spending will reach $53 billion in 1953 and will continue on a plateau to 1955. Wage boosts which came in 1952—not to mention those which will come this year—added $7 billion to current spending power. Then, too, accumulated savings are at a record level of $283 billion. Business expects lower taxes and probably will get some. There seems at this time a better than even chance that the Excess Profits Tax will be allowed to expire on June 30.

There are hopes that President Eisenhower will be more successful in curbing labor strife, that his peace efforts will produce satisfactory results and that the shift from emphasis on war orders to civilian production will take up any slack which might develop. The unprecedented population growth in the country will be helpful again in 1953. There are also such favorable factors as the development of new industries in the synthetic and drug fields to mention two.

On the other side of the picture, historically there are reasons to be cautious. This year is the 20th anniversary of the bank holiday and in this period we have had but one dip in business which occurred in the fall of 1937, plus the minor slip just before Korea. For the balance we have had conditions varying from satisfactory to boom. Whether it is 1953 or a year or two from now, it seems likely that we are close to a period of readjustment. The National Association of Purchasing Agents recently reported that none of its members expected that 1953 would be better than 1952.

Many businessmen expect 1953 to be a year of severe competition that will be difficult for small businesses with narrow margins of profit. The mail order catalogs show many cuts in prices which do not occur when a substantial business improvement is expected. Farm prices continue downward and the buying power of the farmer will be reduced at least 5%. This will be reflected in the farm implement business and in other companies whose customers are located largely in rural areas. We shall see some industries losing money while others are prosperous, similar to the slump in textiles in the past two years. Exports will be lower as foreign buying power diminishes and those companies which receive a fair amount of their income from such sources will not be able to escape this impact.

In summary, while it seems quite safe to be hopeful about business for a period of six months, it will be well to keep an eye on the cracks that may develop before committing for the second half of 1953.

SIDNEY A. STEWART

President, Chicago and Southern Air Lines, Inc.

Business will probably continue at about current levels for the next year. With defense spending reaching and maintaining a high plateau, the resulting purchasing power should provide adequate support for most businesses during 1953. The favorable attitude of the new Administration towards business is a factor which, while intangible, may nevertheless be quite important. The tremendous production capacity existing in this country will eventually catch up with demand but it is questionable whether this will have much effect before the end of 1953.


Sidney A. Stewart

While total sales should equal or exceed those of 1952, profits will in all probability be less due to rapidly increasing costs. The major impact of wage increases in the steel and coal industries, for example, will be felt in 1953. A statesmanlike approach on the part of labor could prevent further increases and permit leveling off of costs with consequent benefits to the country as a whole.

In the air transport field we have one advantage over the average business—namely, more and more people are shifting over to our form of transportation. This is due in large part to the outstanding safety record which the airlines have enjoyed for the past year. With more customers and with improved equipment currently going into service, we can look forward with confidence to a satisfactory year ahead.

WILLIAM C. STOLK

President, American Can Company

The third straight year of record-breaking sales anticipated for our company in 1953 is a "good barometer" of what may happen to American business generally during the New Year. American Can Company's sales and rentals are likely to go as high as 10% above 1952 if can-making supplies remain adequate and if government controls are removed. The metal and fibre container industry as a whole should show increased sales during the year.


William C. Stolk

This anticipated increase in container sales is a good indication of the prospects for the economy generally during the coming year, since our industry touches a major part of the country's industries in one way or another.

Canco's broad-scale plant expansion and modernization program, started just after World War II, will come into full use for the first time next year. The program, begun in 1945, had cost $183.5 million at the end of the last full year, 1951. The total probably will have exceeded $250 million by the end of 1953 with the completion of new manufacturing plants at Lemoyne, Pa., and Plymouth, Fla., and expansions and replacements at other plants.

Despite the 53-day steel strike last summer, which shut off the industry's tinplate supplies at the height of the canning season, the company's sales and rentals for the first nine months of 1952 were $478.3 million, an increase of 11% over the like period in 1951.

This increase in sales was made possible by the precautions we took in advance of the strike. As a result of our advance preparations, no customer lost a pound of food because of the company's failure to fulfill its container commitments.

Months before the strike began, the company made the largest investment in its history in inventories of finished products, work in progress, and raw materials to the fullest extent allowed by government regulations. Coating, decorating and cutting operations ran at full speed during normally slack months. Extra warehouse space was leased for storage of plain and processed plate.

Despite the record inventory on hand at the start of the strike the fact that more than 2,200 metal-plate specifications—or combinations of size, gauge and coatings—are needed for normal production caused uneconomical use of plate in many instances when normal plate deliveries were halted.

Like a majority of industrial firms in 1952 our record sales will not be matched by record earnings, partially because the etxraordinary precautions we took to protect our customers—and the general public—against possible ill-effects of the steel strike cost Canco at least $4,000,000, or 37 cents a common share.

Other factors affecting the earnings picture included retroactive wage increases, caused by delay in the steel labor negotiations, and increases in the price of tinplate resulting from the steel negotiations, neither of which could be absorbed in increased prices of cans. It was not until September that we were able to increase our prices about 4%.

One of Canco's most important 1953 projects will be continued extensive research on the development of a tinless can in an effort to free the United States from dependence on overseas sources of container materials.

Known world deposits of tin are considered barely adequate to supply the world for another 36 years at its present rate of use. If Far East sources should disappear behind the Iron Curtain, the free world's remaining known supply in Africa and Bolivia would be cut to about six years.

This threat to our tin supply strongly emphasizes the vital importance of developing ways to manufacture containers entirely from materials available on the North American continent and motivates the intensive program we have undertaken in this direction.

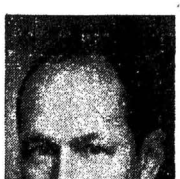
The increasing trend toward the use of fibre milk containers should continue in 1953. A record-breaking 8 billion fibre milk containers—which represent approximately 35% of the milk sold at retail in urban areas—are expected to be produced by the container-making industry in 1952.

Canco opened its ninth fibre milk container plant at Portland, Ore., last summer and the tenth is scheduled for formal opening at Tampa, Fla., early in 1953.

HENDERSON SUPPLEE, JR.

President, The Atlantic Refining Company

The year 1952 was one of further gains for the petroleum industry with respect to both output and productive capacity, and it now appears that demands for the industry's products will require still higher rates of operation in 1953. Total demand for petroleum products in the United States averaged about 7,303,000 barrels per day in 1952, an increase of 3.9% above 1951. Whereas many industry sources predict that 1953 may also produce a modest increase in the range of 4%, our studies foresee the possibility that total demand in 1953 could average as high as 7,793,000 barrels per day, which would be 6.7% higher than 1952. Perhaps the magnitude of these figures can best be appreciated when it is realized that 1952 demands were 80% higher than the prewar year 1941, and 34% higher than a period as recent as 1947.


H. Supplee, Jr.

In order to meet all the requirement for its products, the industry has had to make very large capital investments to increase capacities in all its divisions. In 1952, for example, capital expenditures for the industry as a whole exceeded $3 billion, and according to plans which have been announced even this enormous sum will be exceeded in 1953.

It is hard to substantiate fears that capital expenditures, which have been made in recent years or which are planned for the future, will result in burdensome excess capacities. In fact, it is difficult to foresee the time when it will be possible to reduce capital investments by any substantial amount. For example, crude oil producing capacity in the United States is currently about 900,000 barrels per day in excess of actual production. Back in 1941, excess producing capacity was 960,000 barrels per day, and this was regarded as a safe working margin. Today it is urged by some authorities that from the standpoint of national security the margin of unused crude capacity should be close to 2,000,000 barrels. Obviously, if the safety margin is to be increased at the same time demand for production is growing, no relaxation in the effort to discover and develop new crude sources is possible.

Similarly, although refinery capacity in the United States has increased by 60% since 1941, refinery runs have increased by about 80%. Additional capacity now building but not yet in operation will be more than sufficient to meet higher requirements in 1953 or 1954, but may well be inadequate to meet demands which can be forecast for say 1957 or 1958. Here again, continued expenditures will be needed to increase refinery capacity for the future as well as to replace equipment which is currently marginal or obsolescent.

In the marketing branch of the industry, replacements and additions to facilities have lagged somewhat behind other branches both during and since World War II, in part because of material shortages and also because capital requirements for the production, transportation and refinery divisions were more urgent. In 1953, however, many oil companies will increase capital outlays for distribution facilities to the highest levels in their history.

ROBERT E. SWEENEY

President, The State Life Insurance Company

I am not much given to making predictions. I will say, however, that at this time, according to reports I have received from our own field representatives, and from executives of other life insurance companies with whom I have talked recently, that the prospects for 1953 in the life insurance business are very bright. I think 1952 will show a record gain in the ownership of life insurance policies. American citizens are becoming more conscious of the value of life insurance, as evidenced by the fact that life insurance outstanding in the United States has doubled in the past ten years. Regardless of this fact, however, there is much room for expansion. We will have more and better trained life underwriters in the field next year than we have had in recent years. This will mean more sales.


R. E. Sweeney

What the life insurance business needs more than anything else right now is an increase in interest rates. Due to the fiscal policy the government has maintained for some years, interest returns on life insurance funds are about 40% lower than they were 20 years ago. While we can not expect a rapid rise in interest rates, I believe we can look forward to a gradual improvement.

A. F. TEGEN

President, General Public Utilities Corporation

In the territory served by General Public Utilities Corporation (GPU) subsidiaries we have estimated that 1953 business, at least through the first six to nine months, will continue at about the levels of 1952, absent strikes or equivalent interruption of production. The percentage gains above the levels of 1952 in terms of kwh sales to ultimate users are expected to be a few percentage points less than the corresponding gain of 1951 over 1950 but very close to the percentage gain of 1952 over 1951. This outlook assumes some stretching-out of government spending and no such spending influenced by a "hot war." We see no serious recession of business in the offing at this time.


A. F. Tegen

J. K. THOMPSON

President, Union Bank of Commerce, Cleveland, O.

Despite some soft spots, general business in 1952 has been good and I think it will be good in 1953, also. The good 1952 results were obtained in spite of the long steel strike, various hampering controls, and extremely burdensome taxes. It seems to me that regardless of the developments in the Korean situation there will be a continuance of heavy defense expenditures and, while these will not increase as they did in 1952, they should level off at a substantial figure. I think with the continuance of this program and the resultant employment that people generally will have substantial amounts to spend and that their expenditures will keep production going at a high rate during 1953.


J. K. Thompson

The 1953 picture should be helped by a general feeling of confidence in the new national Administration. I believe that there is a general expectation that good judgment will be used in the consideration of the world situation, both from an economic and political standpoint.

The dollar is not likely to depreciate in value in the next few years as it has in the past several years. I think there is a good chance of it leveling off at its present value.

It is entirely likely that the Excess Profits Tax will be allowed to expire in June, 1953, and there may be in addition a slight reduction in the corporate tax rate and some reduction in individual tax rates. Such reductions would be helpful in restoring natural incentives to corporations and individuals to earn more and it would give both corporations and individuals more money to utilize in the spending and earning stream. It should also have a helpful effect on the prices of things corporations, the government, and the individual buy. It is, of course, important for the government to have a balanced budget and it may be possible to accomplish this and some tax reductions, also, in the government's fiscal year ending June 30, 1954.

The banks generally have had a good year in 1952, and they have helped industry to do its defense production job. Adequate credit has been available for all worthwhile purposes and interest rates have been somewhat better than in previous years due in part to the law of supply and demand and in part to the somewhat more realistic handling of government debt matters since the so-called Treasury-Federal Reserve accord in 1951. I do not think that business can continue for an indefinite period at its present high rate, but I do believe that it will continue at approximately the 1952 rate during the year 1953, and that the banks will be in a position to, and will do an adequate financing job for all worthwhile business purposes.

MILTON TOOTLE

President, The Tootle-Lacy Nat'l Bank, St. Joseph, Mo.

Agriculture is our main industry and frankly we are concerned about prospects for 1953. Due to bountiful cash crops of wheat and corn in 1952, many of our accounts are in good shape and were in a position to liquidate their current indebtedness. However, farmers who depend principally on feeding or raising cattle are in many cases in trouble due to the sharp break in the livestock market. We believe that prices will even be lower toward the end of 1953, particularly on finished cattle.


Milton Tootle

The drouth has been serious. Although recent rains and snows have helped conditions a great deal, we still feel that especially in Kansas the winter wheat has suffered damages up to as much as 40%. This situation could improve with very favorable spring weather conditions.

In making loans on livestock we deal principally through our correspondent banks. In many cases their loan portfolios are higher than normal which indicates that they might not be in a position to properly serve expected needs of their farm accounts. In this connection we feel that many of the current obligations of farmers should be refinanced in long-term debts, such as mortgage debts, which could relieve this situation.

Because of the somewhat unfavorable conditions existing in the agricultural picture, we are anticipating a mild recession in business for 1953.

ARNULF UELAND

President, Midland National Bank of Minneapolis, Minn.

For another year this area and the entire country has experienced a high level of production and prosperity in both agriculture and business. At the same time the continued increases in operating expenses and taxes of both farmers and businessmen has intensified a problem that cannot be ignored. During 1952 this high level of business activity was based on the government's defense program and on a large volume of plant and machinery expansion and modernization and housing construction. Retail sales set a new high mark—yet savings increased substantially. Unemployment reached the lowest point since the war, wages were high, and disposable personal income reached a new peak. The demand for bank credit was very strong and the volume of outstanding bank loans mounted in many areas to the highest point in history. Under these circumstances, it is unfortunate that the Federal Government added to other inflationary forces by following a policy of deficit financing throughout the year. Sales volume was high, and the market demand and prices for almost all goods and services have continued generally strong, except for certain metals and agricultural products, partly dependent on foreign markets, where prices have fallen materially.


Arnulf Ueland

Looking ahead into the New Year it seems probable that there will be no sharp curtailment in the government's spending for defense and that expenditures for construction may be almost as large as in 1952. Agricultural prospects seem more uncertain as a result of less-than-normal reserves of moisture over very wide areas and apparent surpluses in some farm products. There is no way of predicting either future crops or farm prices but a decline in farm purchasing power, if it should come, would surely have some adverse effect not only on agriculture but on business and the economy generally. Special strengthening factors in this area of the country are the important developments in oil in the Williston Basin; in taconite in Northern Minnesota; and the longer range prospect for important economic use of North Dakota's lignite.

The result of the national election, and the appointments already announced by the incoming Administration, have contributed to a restored confidence in future governmental policy. A balanced Federal budget, with some reduction both in government spending and taxes, seems in prospect, and this contributes to a general feeling that inflationary forces are at last to be brought under control and that there is now in sight an end to the long record of steadily mounting taxes and cost-of-living and cost-of-doing-business. The outlook is good for those willing to get out and work, but it is also certain that 1953 will present plenty of problems and surprises, and probably have more good, vigorous competition than for some time past. Thus present circumstances present both an opportunity and a new challenge for all segments of business and agriculture if they are to do their part to maintain and expand the present high level of employment, productivity and prosperity during the New Year.

WARREN B. UNBEHEND

President, Lincoln National Bank and Trust Company, Syracuse, N. Y.

Our national economy has become so allied with political activities that a change in the Administration brings about a quandary as to the procedure of the new party taking over in 1953. Fundamentally, the two-party system stands out in our progress as exemplified by this last election. In general, the continuation of war, it is believed in some quarters, augurs for continued inflation, or in case of peace, deflation (recession). Here we must pause to consider many factors available for constructive procedure in the event of peace, such as the preservation of our youth in this country, giving them an opportunity to progress rather than be stymied by war. Apparently our economic advance can be continued by the use of atomic energy in the manufacture of peacetime goods.


Warren B. Unbehend

Let us not forget that the new administrators have divers methods to assist in the control of our economy. There are such items as: (1) the reduction of required bank reserves, making more money available; (2) the price of gold can be raised as a means of solving financial problems (possibility is that United States may increase its official price from $35 to $52.50 per ounce to aid on a lend lease basis); (3) relief on taxes may be deferred until the new administrators can determine the extent to which expenditures can be progressively curtailed.

It appears that the excess profits tax will be eliminated in 1953.

Business activity during the year 1953 will continue at a high level. Recent forecasts and studies made by business leaders and their corporations emphasize this. The most significant factor for high level business activity is that current plans of private business and government agencies call for new construction and new equipment purchases close to the record breaking 1952 totals. This is important since it has been indicated by many that the heavy-goods industry would be the weak spot in the business activity for 1953 and would seriously offset many segments of the economy.

Individual savings and employment should continue at high levels and will be substantial factors in maintaining a high level of prosperity during 1953. A reduction of internal government expenditures to balance the budget without impairing the defense effort should not reduce business activity, but should strengthen it and tend to increase the value of the dollar. A balanced budget is essential to our economy. If this can be done

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Road to Serfdom Blocked

new products and new industries and constantly expands demand. Technological progress will increase at an accelerated rate as the years pass by, thus underwriting economic progress in terms of increased employment, higher standards of living and resulting social gains. Let us, therefore, prepare in the adjustment years of 1954 and 1955 for what is sure to come. It is only a question of timing. And let us not forget that business spending is the most potent force in economic activity. Let us uphold and support the efforts of our national administration. General Motors is thinking in just those terms.

Business Leadership in Government

When Mr. Wilson discussed with me the offer he had received from President-elect Eisenhower to enter the Cabinet as Secretary of Defense, he was good enough to ask my advice as to whether he should accept the responsibility. Of course I told him it was a personal decision. One he alone could make. But I reminded him of the fact that the difference between a "mess" such as we have recently learned about, and efficiency, as we know it in industry, is a matter of the people concerned. That irrespective of the high standard of leadership that we may expect from President-elect Eisenhower, the success of failure of his Administration with all of its implications must necessarily depend importantly upon the competence, intelligence and the experience of those who share the burden of administration with him. And for that reason, if he felt he should make the necessary personal sacrifice and readjustment, it was his duty, I thought, to accept the invitation. I added that we in General Motors would do everything we properly could to contribute to that end.

I mention this incident because of its more general significance. I have been informed that over 650 positions of responsibility must be filled by the incoming Administration, and each is equivalent in responsibility to the top executive position of a large industrial enterprise. That being the case, when we consider the need of second and third echelon personnel as well, we begin to realize the magnitude of what is wanted and what we must find.

The reservoir which must supply this demand embraces, to a large extent, personnel coming from within the activities represented by you gentlemen right here before me. And from similar groups elsewhere. It is clear that we of business and industry can make no more effective contribution to the success of the new Administration and the preservation of the American way of life than to extend the maximum cooperation of experienced, talented and imaginative executives of demonstrated ability to share the enormous executive burden of our National Administration.

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during 1953, a forward step will have been taken which can stabilize our economy for many years.

Changes are taking place rapidly these days—often before many are aware of what is going on. The significance here is that we cannot just sit idly by with this optimistic outlook but must constantly watch for general business changes that may envision unfavorable trends. As a caution, lenders should be alert for changing conditions which may be indicated on the local level. Any serious reduction in employment might especially affect collections of retail accounts and consumer credit loans which have soared to important heights, thus setting off a chain reaction which would have an unfavorable result on all business activity.

The 1953 outlook for Syracuse with its diversified industry is excellent. During the past ten years the Syracuse area has grown as much as the combined total of five of New York State's largest cities outside of New York City. It appears that this growth will continue and bring with it excellent opportunities for Syracuse business and its citizens.

H. S. VANCE

Chairman of the Board and President, The Studebaker Corporation

The past year has been one of progress for the entire automobile industry. Gradually we are getting underway the gigantic defense production job which has been assigned to the auto makers, and we are moving toward a more competitive car and truck market as materials come into freer supply.

H. S. Vance

We are hopeful that 1953 will witness the elimination of all artificial cotrols, and permit the full interplay of our system of free enterprise in the further stimulation and development of this entire industry. For the first time since the beginning of World War II, it appears that each manufacturer will have the opportunity to build all the cars he can sell.

This long-awaited development will bring what some observers like to call a "normal automobile market." Many estimates have been made, based on a variety of reasonings, but I believe there is no precise formula that will establish what is the normal market for automobiles. Any such formula is subject to too many imponderables which temporarily affect the market. One is the state of public confidence from time to time, which has much to do with whether the new car buyer replaces his car every two years or decides to postpone the outlay for a year or two more.

With sound conditions, and particularly if the defense production program is such as to permit the renewed stimulus of real competition, passenger car sales in 1953 should rise well above the 4.3 million units produced in 1952. But whether the market in 1953 is 5½ million or 4½ million is, in itself, a matter of little consequence. The market will vary from year to year, but, on the average, it will be sufficient to maintain a healthy and profitable automobile industry.

We are looking forward to a year of continued growth for Studebaker as our enterprise moves ahead into its second century. Production controls permitting, we are prepared to build and to sell more passenger cars and trucks than in any previous year in our history.

G. W. Van DERZEE

President, Wisconsin Electric Power Company

The best thing business can do to help our country, its government and itself is to continue to provide more and better goods and services to be enjoyed by more and more people. Doing that has made our country grow and its citizens prosper. With enlightened self-control under sensible legislation, business can press forward to newer and greater heights and in doing so assure ever-continuing improvement of our American standard of living.

Gould W. Van Derzee

The best thing our Federal government can do is to provide a healthy climate for all its citizens—setting standards through constructive laws, acting as umpire where necessary, but doing for people directly only what they cannot do as well for themselves.

The result of the recent national election has encouraged businessmen to believe that the people want the trend toward socialism halted. Such a change in trend would be a most wholesome development for our entire economy. Business deserves a constructive and encouraging rather than a restrictive, competitive and threatening attitude on the part of government.

Business has done a good job during the past 20 years in spite of a jungle of bureaucratic hurdles placed in its way. The electric power industry is an example in point. Against continuing encroachment of government competition down the road to socialized power, this industry has shown remarkable vitality and stands today as spearhead in the fight for free enterprise.

Increased productivity over the years has stemmed from increased electric power. Improvements in living standards are traceable more directly to more power per worker and more power in the home and on the farm than to any other one cause.

In the rebirth of free enterprise it is important, therefore, that the utility industry be encouraged further to enlarge its power facilities to meet the continually growing demands in industry, commerce, on the farm and in the home. In this connection it is of prime importance to know that the necessary capital will be available as a result of national policies and local regulation under which the citizens of this country may confidently continue to invest in the securities of local utilities.

Wisconsin Electric Power Company and its subsidiaries are engaged in a $100,000,000 expansion program for the four years ending in 1954, and early planning for further expansion appears to be required. In giving us the privilege to carry on a public service business the people, through the state, have also given us the responsibility always to be ready to serve them well and adequately. We will look forward to continued confidence of investors to make this possible and good business in 1953.

W. G. VOLLMER

President, The Texas and Pacific Railway Company

The trend of current political and economic events indicates that business volume may continue at the present high level throughout most—if not all—of 1953.

No one can make this a positive prediction. For no one can see what lies beyond the curtain which separates the present from the future. There are no slits or peepholds in it to give us an inkling of what the future holds.

W. G. Vollmer

In trying to forecast the future, the best we can do is to use the experiences of the past, aided by the light and trend of present conditions.

We do know that so long as the present international crisis exists, our nation must continue actively its present preparedness program. This is obvious.

Thus it seems reasonable to assume that the vast volume of current production will be maintained throughout 1953. If this materializes, gross earnings—and perhaps net—may compare favorably with 1952.

There are, of course, many unpredictable political and economic factors which could materially affect the course of events in 1953, such as international tension—taxes—wages—defense spending—capital expenditures—material shortages—work stoppages.

Each of these factors is important to our national economy. Individually or collectively they can change quickly and drastically the whole course of business. But again in the light of present international conditions, it does not seem likely that there will be any material changes in these basic economic and political factors.

Whatever affects the national economy obviously has a direct bearing upon the financial welfare of the railroads. They are an integral part of the structure of that economy.

In 1952, the railroad industry probably will have one of its best years from the standpoint of gross and net revenues. This is encouraging. But even so, the return on capital investment still is far below that of other basic industries.

What the railroads need today, as they have for many years past, is more freedom and flexibility in the operation of their properties. They are no longer a monopoly. There is intense competition among the various forms of transportation for the nation's freight and passenger traffic. Unnecessary restraints and restrictions need to be lifted so that the railroads may compete on an equal basis with other modes of transport.

The progress and prosperity of our nation is founded upon freedom. It has been a constant stimulant and challenge which has enabled us to find better and more efficient ways—year after year—of producing, marketing and distributing an ever-increasing volume of goods and services.

This is the kind of freedom—and incentive—business must have if it is to survive as a free enterprise. It is the sort of freedom the railroads must have if they are to survive as a free enterprise. This is all the railroads want. It is all they deserve.

If given an opportunity to operate their properties and to compete on this basis of freedom, the railroads will move forward in strength and ability in 1953. And on that basis they will secure their rightful share of the nation's traffic.

But despite all the handicaps under which the railroads operate and compete, it is my belief that the volume of their business in 1953 will compare favorably with 1952.

E. H. VOLWILER

President and General Manager, Abbott Laboratories

The drug industry can look to 1953 with real optimism for further growth. No other industry of which I know has greater opportunities for the continual development of new and improved products. It seems unlikely that some of the unsettling occurrences of 1952, particularly the precipitous price declines of some of the antibiotics, will recur next year. Among the favorable factors is the improved political climate in which industry generally will be operating. The prospects of reduced Federal spending, removal of the Excess Profits Tax, and eventual lowering of general taxes are important and encouraging factors for this year.

Ernest H. Volwiler

The threat of socialization of medicine has been reduced, and further progress is being made to provide good medical care for all. Price controls on drug products should be removed. Such controls are merely unnecessary red tape, because keen competition in our field has kept drug prices generally below the established ceilings.

There is good reason to believe that 1953 will be a year of further growth for the drug industry.

CLOUD WAMPLER

President, Carrier Corporation

Air conditioning is entering upon its period of greatest growth and 1953 should prove to be the industry's biggest year to date by a substantial margin. Total sales of the industry on a retail basis, which reached $1 billion for the first time in 1951, are estimated to be about $1¼ billion for 1952. There is every indication that if present general business conditions continue this trend will be maintained and perhaps accelerated in 1953.

Cloud Wampler

While sales by the air conditioning industry during the new year should be at record levels, profits probably will not increase equally due to rising production costs, increased competition and lower profit margins on defense business.

It now seems probable that the 1950's will be the great growth decade for our industry. Looking ahead 10 years, I predict that total sales to the public will reach the $5 billion mark by 1962. In the past five years there has been a tremendous forward surge with respect to air conditioning of commercial buildings. This can be expected to continue, since almost no new, modern office building, hotel or apartment house of large size is being constructed without air conditioning. And in smaller commercial establishments also, the market is far from saturated.

Use of air conditioning in production plants, which brought about the birth of the industry and provides its basic market, will continue to grow in importance beyond its tremendous expansion during recent war years.

Room air conditioner sales, another major area of growth, amounted to about 400,000 units at retail for the industry in 1952, a gain of about 100% over the preceding year. For 1953, we anticipate a further increase in sales to more than 475,000 units. In the case of Carrier Corporation, our production schedules for room air conditioners is double that of 1952 and this may be increased still further.

Despite the great potentials in the foregoing fields of air conditioning, I believe that year-round home air conditioning presents the greatest single opportunity today for our industry.

The Weathermaker home concept which we conceived—that is, the home built for and around air conditioning caught the interest of the home builder and the home owner during the year just ending. And the home in which temperature and other air factors are controlled 12 months a year was brought out of the luxury class and into the price range of the average home buyer.

At year end, for example, the price level of air conditioned homes was dramatically lowered when Carrier Corporation signed contracts with Gunnison Homes, Inc. and Knox Corporation, two leaders in the field of prefabrication, to provide year-round air conditioning in homes which range in price from $7,000—up.

I feel sure that very soon now speculative home builders will place their bets only on fully air conditioned dwellings. And the time is not far distant when buyers, especially when considering re-sale value, will pass up the non-air conditioned home as a relic of the horse and buggy days.

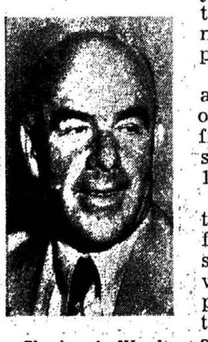
Assuming a reasonably favorable economic climate, I think that the use of complete home air conditioning will advance from a relatively small percentage of the million new homes built each year up to as much as half the total by 1958. This assumes that manufacturers will be successful in bringing prices down still further and that installation costs will also be reduced.

To meet the swiftly growing demand, Carrier Corporation has recently spent $7¼ million to equip and open a new, one-floor conveyor-line production plant in Syracuse. This will provide a 25% increase in capacity. In addition, Carrier has purchased another plant which will shortly be available for additional production, giving the corporation the largest and most modern facilities in the air conditioning industry.

CHARLES A. WARD

President, Brown & Bigelow

Advertising and sales promotion generally are probably headed for the all-time highs, dollar-wise, in 1953. This is clearly indicated in the announced appropriations of many of the country's largest advertisers and in the year's sales promotion programs as they are outlined by some of the nation's top sales executives in all phases of industry.



Charles A. Ward

Our own business of specialty advertising appears headed for record highs, volume-wise, based on the first sales returns in the current new selling season which, as of Jan. 1, 1953, is exactly one month along.

Historically, we get a fair indication of the year's trends in our field from the first month's selling results, as we compare these results with the figures for a comparable period a year earlier. These results, this year, are significant, in that they are better than 12% ahead of the same figure, covering the same number of selling days, a year ago. Unquestionably, a healthier business atmosphere today is responsible, in part at least, for the upswing in our business. The advertising specialty industry, however, is extremely sensitive to competitive conditions as they exist in the lines of business we sell. Reports from our more than 1,100 salesmen who cover every county in the United States, are unanimous in this over-all appraisal of business conditions generally, that:

(1) Business is in for some of the toughest competitive conditions it has known in the past decade;

(2) Buyers will have plenty of money to spend, but they will be "shopping around" for the best value for their dollar;

(3) Intelligent, hard-hitting salesmanship will "pay off" in 1953 and business as a whole is fully aware of the necessity for salesmanship of the highest order. Correspondingly, business is prepared to spend all-time record sums for hard-hitting advertising that will complement the efforts of salesmen;

(4) Buyer's markets are here again and are here to stay. Goods and services are plentiful and buyers will follow the "value line";

(5) Business as a whole will "follow the dollar" in 1953. Advertising will make the path toward that dollar more recognizable for the salesman and for the products or services he sells.

ELMER L. WARD, SR.

President, Goodall-Sanford, Inc.

Peering into the 1953 Crystal Ball for the Textile Industry reveals a brighter, clearer and more hopeful outlook than at this time a year ago. Such favorable prospects stem from many factors and all are good. As the year ended, the industry found itself in a fairly healthy position: the return to normal inventories, stable prices, the resurgence of retail buying along with the better feeling existing since the November elections, blends the trend with an air of optimism for the first time in two years. The upsurge that started late last spring is continuing at a steady pace although profit margins are still not satisfactory. In my opinion, an increased volume of sales for our company will aid us materially in offsetting this factor.

Elmer L. Ward

Employment, income, production and general business figures are showing increases causing retailers who have been most cautious in their buying to revise their appraisals of the business outlook. Manufacturers on the other hand, with the recent burdensome inventories still fresh in their minds, are prepared to produce as much as possible against existing orders but always with a watchful eye on the inventory situation.

The growth potential of our nation is still tremendous and will continue to open up new horizons for new products, new processes and new ideas in developing new market areas. These and many other factors will prove a strong bulwark in the expansion of our economy.

We at Goodall-Sanford with our broad diversified line of products including auto and furniture upholstery, draperies, seamloc carpets, plastic coated decorative fabrics and "Palm Beach" fabrics for men's and women's suits as well as many other uses, serve many industries. As a result, our coverage of the textile industry is on an exceptionally wide front.

One of our most important divisions "Palm Beach," which is all ours from "the spin of the fiber to the last stitch in the button," has a 39% increase in advance billings going into 1953 as against the same period a year ago. New stylings in textured weaves, the increased trend toward leisure wear and sports wear plus the acceptance of brighter colors, are some of the more important factors that helped to secure such a favorable increase in orders. The very definite trend toward light weight clothing for men and women promises still further growth for this division.

Our company has always taken great pride in the fact that we have always been one of the few big, consistent advertisers in the industry. The advertising budget for the "Palm Beach" line alone in 1953 will represent an outlay of $1,200,000 which reflects a 56% increase over our appropriation in 1952. Of course, a sizable portion of this money will be allocated to shared-cost advertising with our dealers.

Auto manufacturers forecast an appreciable increase in the production of automobiles during 1953. This fact, coupled with the evident interest in the new textured furniture type of cloth for the automotive industry, will continue to reflect favorable operations for this line. Any further easement of controls would assuredly be a powerful stimulant both for this industry and our products.

The outlook for construction of new homes in 1953 has been estimated to be about the same as the past year, which should augur well for our decorative furniture fabrics, drapery and seamloc carpet lines.

One of the most important advances made in the textile industry in 1952 was the progress made in furthering the development of newer man-made fibers, and the avid interest and response by the consuming public. We at Goodall-Sanford for 50 years have pioneered in the blending of different fibers to make one cloth instead of making a cloth out of just one yarn. Through the facilities of our big, modern research laboratories at Sanford, we will spend during the coming year about $750,000 keeping pace and constantly on the alert to all new developments in man-made fibers.

Although I believe that business will be good in 1953 for the textile industry, it will be best for those of us who go ahead strongly with smart styling and progressive promotion.

J. B. WARD

President, Addressograph-Multigraph Corporation

Nineteen fifty-three will be another year of opportunity for the Office Equipment Industry. The need for business machines in the national economy is well established. Markets are known, and new products are ready to satisfy the requirements for faster, simpler, lower-cost methods of meeting the ever-increasing paperwork load in every kind and size of business.

J. B. Ward

Both the need for and acceptance of office equipment have been rising steadily. It is significant to note that the proportion of clerical workers to the total employed has continued to increase despite record office machine sales. In the days when total national output was under the $100 billion mark, one clerical worker could serve the needs of many production workers. A ratio of 1 to 4 is not uncommon today.

Top management is not yet fully conscious that current conditions demand the same kind of progressive tooling program for the office that has long been standard practice in the factory, but there is evidence of a growing realization that a greater capital outlay per clerical worker is an economic must.

The increased paperwork load is only one of the factors contributing to the need for office mechanization. Higher salaries, less output per clerical worker, and scarcity of trained help make business machines essential in getting the job done, and more and more attractive as an investment.

Looking ahead there can be nothing but optimism in assessing the future of the Office Equipment Industry, or the growth of the Addressograph-Multigraph business

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Joins Merrill Lynch

(Special to THE FINANCIAL CHRONICLE)

WILSON, N. C.—Robert A. Willard, Jr. has been added to the staff of Merrill Lynch, Pierce, Fenner & Beane, 113 East Nash Street.

Joins Hornblower & Weeks

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Arthur M. Brooks has been added to the staff of Hornblower & Weeks, 75 Federal Street.

Joins Robbins Staff

(Special to THE FINANCIAL CHRONICLE)

WORCESTER, Mass—Harold W. Feldman has joined the staff of H. L. Robbins & Co., Inc., 40 Pearl Street.

Joins Waddell & Reed

(Special to THE FINANCIAL CHRONICLE)

TIFTON, Ga.—Joseph H. Bradford has become affiliated with Waddell & Reed, Inc.

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in particular. How much of that progress will be recorded at short range is difficult to forecast.

In 1953, need alone is not going to maintain the high volume levels to which we have become accustomed. Selective buying is in prospect and the savings office machines make possible will have to be proved beyond doubt before the order is signed.

Sales management must do a more intensive job of hiring, training, supervising, and inspiring. The individual salesman will have to work harder and more intelligently and be better prepared to serve his customers—1953 will be the salesman's year.

RAWLEIGH WARNER

Chairman of the Board, The Pure Oil Company

1950 production of domestic crude oil increased 7.1% over 1949. 1951 production increased 13.6% over 1950. Estimated 1952 increase over 1951 is 1.9%. This four-year period includes the "bulge" of military demand after Korea. While 1952 production is an all-time high, the pace of increase slowed down very sharply from 1951.

Rawleigh Warner

The 1952 figures must be viewed against the background of the steel and oil strike. Nor do they allow for increasing imports, decreasing exports, or the change in stocks at year's end. Increasing motor vehicle registration will probably push gasoline demand up 4-5% in 1953, to a new high. Burning oils, however, face stiffening competition from natural gas. The indicated slower pace in residential and industrial construction would also curtail the recent increase in heating oil installations. Over all, this four-year yardstick seems to indicate that 1953 will be a gently rising "plateau" in the petroleum industry rather than another steep upward climb. This assumes no new international crisis. The signs and omens apparently call for careful housekeeping by hopeful housekeepers. After all, if 1953 pauses to catch its breath, it will still be a good year.

In fact, some of the stress and strain in which the industry has been working may ease during the year. The tax load would be lightened if the Excess Profits Tax is terminated; easier money rates may inject a note of cheer; the pinch of materials and supplies should improve; the "tidelands" impasse seems likely to end; needed pipe lines will be completed; and an improved "tone" in government-industry relations is all on the plus side of the ledger.

The industry has been solving problems since 1859, and now has the habit. If excess refining capacity becomes a problem, it can be no greater than the deficient capacity of 1950 in the light of the sudden new demands of that year. The industry plainly needs more freedom to adjust to new conditions. It can not grow forever as it should within the vise of rising cost of labor, materials and taxes, and rigid ceiling prices fixed by government. This cramped position can be endured for a time in an emergency when every one works under forced draft. But the industry now needs a free market to build for the future.

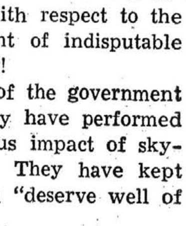
It needs it for the sake of the people it serves. Not only has the pace of crude production slowed down, but more important for the long run, the ratio of underground reserves to annual demand is shortening. Oil is more difficult to find and the cost of finding large new reserves is going up as the drill goes deeper down. It is only public ignorance that forces the industry to constantly defend itself with respect to the depletion tax allowance in the light of indisputable facts. It is up to us to dispel the fog!

Oil men have met every demand of the government in two and a half world wars. They have performed miracles in absorbing the tremendous impact of skyrocketing postwar civilian demand. They have kept faith with the American people and "deserve well of the Republic."

W. K. WARREN

Chairman of the Board, Warren Petroleum Corporation

My expectations were at least realized as to the outlook for our operations for the year 1952. Our operations are largely dependent upon the demand for our products of natural gasoline and liquefied petroleum products. If our economy should continue on its present level our overall operations for the year 1953 should result in an important increase over the results of our operations for the year 1952.



W. K. Warren

There are certain adverse conditions that could occur to disturb my present outlook. Those conditions have to do mainly with the ultimate necessity of changing over from what may be stated as a military to a civilian economy. It could be that this change, when it occurs, will not have as drastic an effect as could be anticipated.

WILLARD I. WEBB, JR.

President, The Ohio Citizens Trust Company, Toledo, O.

Judging from the quality of the appointments made by President Eisenhower, business can look forward to sound policies emanating from Washigton.

I believe we can anticipate new tax laws which will first take care of defense needs and our expanding economy but which will also offer an opportunity to business generally to operate in a sound and progressive manner, thereby abandoning the present extravagant methods of operation which have been prompted because of extremely unwise tax laws.

REGINALD N. WEBSTER

Chairman of the Board and President, Standard-Thomson Corporation

While most of the major companies have been practically fully converted to military production during 1952, a large number of the subcontractors and suppliers have only recently concluded their changeover of tooling and equipment to military products.

As a result, the year 1953 should see the major part of industry supplying the Armed Forces, with substantial order backlogs of military products, together with a good volume of commercial business, which should reflect good sales and earnings for the entire year and into 1954.

R. N. Webster

The slight variation of 8 to 10% in corporate taxes, which would be achieved by the elimination of the Excess Profits Tax, would change the entire picture as far as corporate finances are concerned. This nominal reduction in tax will put industry back into a growth picture, instead of one of marking time, with the majority of earnings which would normally be available for expansion and replacement of worn-out equipment, finding its way into government hands.

An economy which, in addition to a good commercial volume, calls for military expenditures in excess of $50 billion dollars per year, does not indicate a recession. The last few years of tremendously accelerated growth have tended to make businessmen overly anxious for further expansion of profit. A slight downward revision of volume would still be many times what the economy has experienced only a few years ago, and would still enable the country to enjoy full employment and sound prosperity during 1953, and well into 1954.

CARL F. WENTE

President, Bank of America, N.T.&S.A., San Fran., Calif.

Although 1953 will have its own problems, as well as those inherited from 1952, it promises to be another year of high business activity.

During 1952, American private enterprise attained notable production records while expanding its plant capacity for even greater performance. At the same time the nation proved itself capable of applying 15% of its entire producing power, including manpower, to the reconstruction of national defenses without cutting our living standards.

Carl F. Wente

This should give us confidence in our future, under strong leadership. Declines in some lines might occur, such as for new plant and equipment for private enterprise, but with forward commitments for defense so large, total volume should remain high. With curtailment of Federal Government expenditures and control of waste, which we have reason to expect, we may resist further inflation and maintain a stable economy.

As to California, our industry, business and agriculture should continue to benefit from the rearmament program. No doubt our population gains and general gainful enterprise will be well sustained.

C. M. WHITE

President, Republic Steel Corporation

Our appraisal of the outlook for steel operations indicates a slow decline, probably beginning late in the second quarter of 1953. Our rate of operations by the end of the second quarter may be about 95% of capacity, but by the fourth quarter of 1953, it would not be surprising to see our industry running at 80%. However, it must be remembered that because of the great increase in steel capacity in the last 30 months an 80% operation will represent more tonnage than the industry has produced in any year since the war, except 1951.

C. M. White

Barring a significant change in the world situation, we would expect this decline to continue through 1954. However, by early 1955, the increase in population and family formation will support a considerably greater percentage of the capacity of all industry. There is no question that our industry, under great pressures to make up long accumulated shortages and support a rearmament program at the same time, has temporarily over-shot the mark in our expansion program. Several other basic industries, yielding to the same pressures, find themselves in the same situation. I am not at all pessimistic about the long-range picture, but it will take a few years for the economy to catch up with us.

As a result of the Nov. 4 election, we can expect a combination of sound administrative and legislative planning. This will restore financial confidence to a degree that will soften and shorten the period of adjustment until normal economic forces again support a demand equal to the present expanded production capacity.

There will be practically no capital investment in any steel ingot capacity for a few years after present programs are completed. However, in the development of new iron ore deposits widely scattered throughout the world, the steel industry faces very large continuing capital expenditures. To a lesser degree, much development work must be done on new sources of coke and coal.

It seems to me that the strongest outlook for capital investment will develop from the necessity for restyling many of the familiar products in every day use, and retooling for new methods of producing them. There are two reasons why this appears likely: first, the desire for a saving of man-hours of production and the consequent lowering of costs, permitting manufactured goods to reach broader markets; and second, the restyling of many products to increase their sales appeal and to hasten the obsolescence of equivalent products now in use. During the recent years of shortages, any sound product could be sold. Even those producers who may have wanted to anticipate the competitive sales conditions now on our doorstep, found it almost impossible to get the tools, dies and manpower to effect such refinements. The time seems now upon us when most manufacturers must do these two jobs requiring capital outlay: they must not only tool for efficiency, but they must tool for sales.

When serious sales efforts begin, and it will be soon, widespread repercussions will be felt among all producers. They will have to get back in fighting shape or perish. While this may cause some isolated instances of distress, the overall effect will be all to the good as it always has been in a free economy.

WILLIAM WHITE

President, New York Central System
Chairman, Eastern Railroad Presidents Conference

Business is so sensitive to the world situation and Government policy that the key to whether there is a recession of some sort in 1953 seems to depend on whatever turns may take place in the world situation, and upon the policies of the new Administration.

William White

There are predictions that some business recession may be looked for during the last half of 1953. However, basic industries report a continuation of high volume of new orders, and the best information we can secure is that there is no evidence at this time of an impending recession.

We have reason to hope that the incoming Administration will foster a better climate for business; that there will be sincere efforts to reduce Government waste and inefficiency, to avoid expenditures not absolutely necessary, to appoint outstanding men to important positions, and to reduce taxes and Government expenditures to an extent consistent with our national interest.

Finally, we hope that public utilities will be regulated only as may be necessary in the public interest and with no trespass upon managerial functions. It is encouraging to see the awakening of interest on the part of businessmen and others to the fact that, to prevent creeping Socialism from engulfing the railroads and subsequently other basic industries, there must be a modernization of the laws which rule the railroad industry.

Because railroads still are regulated as a monopoly in what has become a fiercely competitive market, there is grave danger of their strangulation. Railroad men welcome competition. All they ask is an opportunity to compete in the transportation markets of the country on the basis of equality with all other forms of transportation. Service and price will then determine where the chips may fall.

LYNNE L. WHITE

President, Nickel Plate Road

Prospective reductions in defense spending at sometime during 1953, probably will have a retarding effect on the high level of business activity that has prevailed for the past few years. A decline in armament production will free more strategic materials for the manufacture of civilian goods, but it still is likely that business volume will drop slightly below that of 1952.

L. L. White

Railroad revenues will drop accordingly and it seems probable that rail earnings before taxes as well as net income will be lower in 1953. When reductions in defense spending begin to depress rail traffic, the railroads will be forced to sell their services more aggressively than ever before.

Effects of a business decline on the railroad industry are rapidly manifest. Rail carriers are equipped to handle large volumes of traffic in high production periods, but are limited in their ability to cut operating costs and services when business dwindles. The costs of doing business cannot readily be reduced in proportion to losses in revenues.

Despite the probability of somewhat lower earnings, the railroads expect an improvement in the business climate. A national Administration which is, at least, not unfriendly to business and anticipated tax reductions should encourage industry to produce more goods for the benefit of more people.

In this more favorable climate, the railroads must seek legislation to correct stifling restrictions and regulations by government. Urgently needed is a national transportation policy that treats all transport agencies equally, and grants favors — or subsidies — to none. Another major need is a change in rate-making procedures, so that railroads can increase or decrease rates promptly.

With the aid of a long-delayed rate increase, granted last mid-year, the Nickel Plate was able in 1952 to equal its 1951 revenues and net income.

In the past decade, the Nickel Plate has spent approximately $90,000,000, an average of $9,000,000 a year, to modernize and improve facilities and equipment. Major construction projects under this progam have been completed, but other improvements will have to be made in order to retain present and attract new business.

JUSTIN R. WHITING

Chairman of the Board, Consumers Power Company

At this writing, it looks like another year of business activity at a high level throughout the large diversifed area in which Consumers Power Company operates.

Justin R. Whiting

Michigan enjoys a high percentage of the current National Defense industrial effort. In addition, the industries with civilian production, barring the unexpected, will increase their production this year substantially. Much industrial plant expansion that was scheduled for completion last year was not brought into operation because of delays in the receipt of materials. These plants are scheduled to be in operation in 1953. As a consequence, we in Consumers look for the largest increase in our industrial electric power load we have ever had.

The domestic and commercial electric load increases we estimate will be slightly below the average of the post-war years, but will be satisfactory. We added 170,000 kw. (name plate) of generating capacity in 1952, a 15% increase, and we will add another 106,000 kw. this year. We are adding in dollars spent to our electric plant over 10% of the present plant.

Our gas business also indicates a year of above average activity. We have just been granted by the Michigan Public Service Commission an increase in gas rates which will justify expanding our gas plant to meet the current needs of our customers. In dollars spent, we will add about 17% to the cost of our gas properties this year. We expect to attach 20,000 additional space heating customers in 1953. It will be necessary to allocate this service among the many applicants for space heating service we have on file. The demand for this premium type of heating service continues unabated. The other branches of the gas business bespeak satisfactory growth both in new homes and expanded industrial use.

Considering all branches of Consumers Power Company and its subsidiary, Michigan Gas Storage Company, it looks like a total construction budget this year of well over $60,000,000.

Having over 100,000 electric farm customers, we try to keep track of the agricultural business in the 63 Michigan counties where we operate. Prices for some farm products declined during the past year. The income from Michigan agriculture in 1952 is estimated at $700,000,000, about $25,000,000 less than in 1951. It is estimated that 1953 will be at the same level as last year.

The labor situation throughout our area is tight. Consequently, mechanization on the farm is advancing the same as it is in industry. Factories are moving into the small towns, making a call on men on the farms to work in these factories. This seems to result in greater use of electricity on the farms the men leave as well as in the industry to which they go.

Average use of kilowatt-hours of electric energy by Consumers residential customers last year was 2,656 kwh. against the national average of 2,091.

Michigan's tourist and resort business continues to grow. Its revenues last year are estimated in excess of $500,000,000. We used to regard this as a summer, seasonal business. In the upper part of our large territory, in one way or another, now it has become an all-year-around business. In prosperous times, many people devote more time to sports. As an indication of this, 450,000 deer hunting licenses were issued in Michigan last November. We see the use of electricity made in the many cottages, motels, hunting and fishing lodges, hotels and restaurants. Strangely enough, this keeps going in the winter through some 40 winter sports centers. While the business is large in itself, it is indicative of a general good business throughout the area.

The foregoing combined prospects for 1953 add up to a good year in Michigan, as we see it.

BERKELEY WILLIAMS

Richmond, Va.

Our country declared last November for a change and it will get a great many.

Berkeley Williams

There is more reason than there has been for 20 years that they will be for the better because: (1) There is a promised return to sound, fundamental principles. (2) Crime, Communism, corruption and incompetency in our government that have been in the driver's seat are on their way out. (3) General Eisenhower is not a "tax and tax, spend and spend, elect and elect" politician. (4) He has chosen men of experience and demonstrated ability for aid and advice. (5) Congress will be controlled by legislators who have urged efficiency and economy for years.

LANGBOURNE M. WILLIAMS, JR.

President, Freeport Sulphur Company

Sulphur enters 1953 with supply and demand in balance and with encouraging prospects for the future.

This hopeful outlook is due to several factors. The free world no longer is troubled by the shortage of sulphur that set in with the outbreak of the Korean war. Many new projects to increase the supply of this important commodity are now in operation or under development in the United States. Moreover, as the nation's economy continues to expand, the need for sulphur will continue to grow.

L. M. Williams, Jr.

Nor is this encouraging picture confined to the United States alone. Most consumers in countries with which we are allied and which depend on us for a substantial part of their supply are now getting all the sulphur they need. And in many of these nations, too, there are projects designed to boost the available supply of sulphur.

All told, projects under way in 23 free world countries will have added, during the 1952-55 period, an estimated 4,000,000 tons of new capacity to the prior 12,000,000-ton yearly output of sulphur.

The situation today thus differs markedly from that of a year ago. At that time, the sulphur shortage was still critical. Domestic consumption of sulphur was restricted to 90% of the 1950 rate with additional allowances for defense and essential civilian industries.

As the year advanced, progress in solving the supply problem quickened. Some of the efforts to increas supply took effect. Consumers found ways to conserve sulphur. And from time to time some consuming industries operated at less than full capacity.

As the situation continued to improve, the government moved with commendable promptness to remove controls. The limitations on domestic consumption and consumer inventories were lifted in November. The only controls now remaining are those with respect to price and to exports.

Of the estimated U. S. sulphur supply of 6,500,000 long tons in 1952, some 5,300,000 was Frasch-process brimstone from the salt dome deposits of the Louisiana and Texas Gulf Coast. The remaining 1,200,000 tons was principally in the form of sulphur recovered from hydrocarbon gases, sulphur contained in pyrites, and sulphuric acid obtained from smelter gases. Consumption, including exports, was estimated at 6,090,000 tons.

For the year just begun, government estimates place the U. S. supply in all forms at 7,000,000 long tons. Demand, including exports, is estimated at 6,637,000 tons.

Among the new projects which will swell production to this total from the smaller aggregate of 1952 are two salt dome developments which were in operation for only part of the past year. One is that of Texas Gulf

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With J. B. Maguire

(Special to The Financial Chronicle)

BOSTON, Mass.—Louis V. Zuchelli has joined the staff of J. B. Maguire & Co., Inc., 31 Milk Street.

Joins Slayton Staff

(Special to The Financial Chronicle)

ST. LOUIS, Mo.—John H. Wessels is with Slayton & Company, Inc., 408 Olive Street.

Joins Caunter Staff

(Special to The Financial Chronicle)

CLEVELAND, Ohio — Michael Petri has joined the staff of L. A. Caunter & Co., Park Building.

Joins Waddell & Reed

(Special to The Financial Chronicle)

LINCOLN, Neb. — Mervin V. Bedford is now associated with Waddell & Reed, Inc., Barclay Building.

Continued from page 93

Sulphur Company at Spindletop near Beaumont, Texas, completed shortly before the middle of the year. The other new mine is that of Freeport at Bay Ste. Elaine in the Louisiana marshland.

Freeport is also building a 500,000-ton-a-year plant at Garden Island Bay near the mouth of the Mississippi River and a smaller plant at Nash Dome near Houston, and Texas Gulf is expanding a mine at Moss Bluff in Texas.

There are a great many additional projects in the United States and elsewhere to obtain sulphur in other forms.

Sulphur occurs plentifully throughout the world. In the period ahead, unless artificial restrictions work to prevent it, this essential commodity should flow in ample supply to the world's industry and agriculture.

F. B. WHITMAN

President, The Western Pacific Railroad Company

The business year 1952, has been a good year—good in itself, but chiefly good for the birth of promised better times to come.

It has been good in that the revenues of American business have never been higher. It has been far from good enough because high costs and, in particular, high taxes have in many cases eroded these higher grosses down to lower nets.

F. B. Whitman

It has been good because we as a nation have successfully weathered many crises. Although we have not ended the Korean War, it has been kept from getting bigger. The prolonged and costly steel strike was settled amid better mutual understandings. The same may be said of the railroad wage disputes.

The most recent of these crises was, of course, the national election. And it is the result of this ballot, I believe, that gives us the promise of better times ahead.

We are justified, I think, in looking confidently forward to a reversal of the 22-year trend toward more and more government in business. This means lower governmental costs and should mean lower taxes. Of course, our comprehensive rearmament program represents a large proportion of government spending and this must apparently be continued for years to come. But here too, we can expect lower costs because it is no secret that a great deal of this money has been either wasted or misspent. Who could be better qualified than General Eisenhower to force economy and responsibility on the Armed Services?

With lower taxes and less government leading around by the ear, American business will, I feel sure, be able to continue at a high level and to take in stride the gradual shift from defense business to normal peacetime activity.

I think 1953 will be a better year.

DR. MAX WINKLER

Partner, Bernard, Winkler & Co.

President-elect Dwight D. Eisenhower emphasized throughout the campaign two major issues: End the war in Korea, and create and maintain an economy based on peace instead of war. He should be able to achieve success in respect of both, which in turn augurs well for the nation's economy.

Dr. Max Winkler

Despite vehement pronouncements by Washington to the contrary, the Korean War is a political issue. The Administration has been accused of being soft toward Communism, of appeasing Moscow, and of ignoring the charges that Communists or fellow-travellers are either in high governmental positions or close to those who are. Going to war against Communists, it was felt, would put an end to these charges and accusations. If it had not been Korea, it would have happened elsewhere: Indo-China, Malaya, Burma—to mention only a few more spots where Communists are fighting Western civilization. Almost one month prior to the attack upon South Korea, the chief of the U. S. Military Mission to Korea, General William L. Roberts, stated in a press conference that the South Korean Army, 100,000 strong, was sufficiently well equipped to resist any attack. A similar statement was made in the course of hearings before the Senate Appropriations Committee in regard to economic aid to Korea, by William C. Foster, at the time Deputy Director of ECA. The speed with which U. S. troops were ordered to Korea may have been prompted by assurances given by two men supposedly well informed on what the South Korean Army would be capable of doing. The war would be over in no time. Communism would be defeated in Asia, and Washington could claim credit for it. On the wholly justified theory that assurances by a top military person and a top economic expert could be depended on, the risk which the Administration took seemed small. Unfortunately, the opinions were totally erroneous or greatly exaggerated, and the momentous decisions which were based upon them proved disastrous. One-eighth of one million U. S. battle casualties, and the end of the slaughter not yet in sight. Speaking before the UN General Assembly, the Secretary of State stated that the fighting would go and on. This, fortunately, will change. Eisenhower has made a solemn promise and he is expected to keep it.

With the war in Korea over, some may think that business would recede and securities prices would decline correspondingly. It should be borne in mind that irrespective of provisional or imaginary gains, wars are definitely "bearish," and sound prosperity depends on, and stems from, peace and security. America's defense will continue, as well as the vast expenditures in connection with the numerous domestic and foreign projects now in existence or under contemplation. Although there will be a decline in spending, the amounts spent will be more productively employed, and the results, in consequence, more beneficial and lasting.

The new Administration will, however, continue to view with favor continued financial aid to the so-called free world; however, many of the wasteful expenditures are likely to be dropped.

If, as is confidently expected, the new Administration will be successful in eliminating or drastically reducing the fear of a new holocaust, attempts can be made successfully to engage in world reconstruction and rehabilitation. For a number of years to come, the United States is likely to be the only, or at least the principal, source from which could come goods and services needed for such rehabilitation.

In addition to the enormous amount of work required abroad, a great deal remains to be undertaken at home. With a normal population increase of about 2¾ millions, it is apparent that the demand for goods and services in the home market is bound to increase, which, in turn, should find adequate reflection in the nation's economy and the price of securities and commodities.

BEN H. WOOTEN

President, First National Bank in Dallas, Texas

The new year will bring both opportunity and challenge. Opportunity lies in America's great resources, rich and abundant, in her advanced technology unequalled anywhere, in her managerial genius unrivalled among nations, and in her expanding population with the highest living standards in the world. The challenge is to business enterprise to prove to the world that the American industrial system has not become dependent on government and that prosperity is the ward of neither war nor legislation.

Ben H. Wooten

The opportunity is not new and the challenge is an old one. A noted economist recently observed that Americans in general (businessmen and industrialists not excepted) possess a depression-bred anxiety that our economy has an inherent "bias toward instability." This anxiety stimulated the urge for individual economic security and emphasized the "duties and obligations" of the Federal Government toward the general welfare.

This alarm and the subsequent demands upon the

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News About Banks and Bankers

was elected a director. He fills the vacancy caused by the death of the late John F. Tinsley. At the annual meeting of the directors following the stockholders' meeting, Harry C. Midgley, Jr. was elected Assistant Vice-President being promoted from Assistant Treasurer. Kenneth H. Stewart and Donald F. Currie were both elected Assistant Treasurers. Ralph C. Richards was elected Manager, presently assigned to the Pearl Street Office. Edward L. Clifford is President of the company.

* * *

FIRST NATIONAL BANK AND TRUST COMPANY OF PATERSON, N. J.

	Jan. 5, '53 $	June 30, '52 $
Total resources	[illegible]	[illegible]
Deposits	195,387,389	177,647,389
Cash & due from banks	36,358,339	29,928,975
U. S. Govt. security holdings	55,546,032	48,412,747
Loans & discounts	30,019,545	16,080,420
Undivided profits	3,917,277	3,638,385

* * *

CHICAGO CITY BANK AND TRUST COMPANY, CHICAGO, ILL.

	Dec. 31, '52 $	Sept. 28, '52 $
Total resources	[illegible]	[illegible]
Deposits	114,202,698	104,530,267
Cash and due from banks	24,940,384	22,143,942
U. S. Govt. security holdings	74,311,935	68,083,951
Loans & discounts	7,843,343	7,471,410
Undivided profits	1,129,636	1,018,570

* * *

The American State Bank, of Lansing, Mich., a State member of the Federal Reserve System, and the **Holt State Bank, of Holt, Mich.**, an insured nonmember, consolidated on Dec. 29 under the charter and title of the American State Bank. A branch of the latter was established in the former location of Holt State Bank.

* * *

As a result of the sale of $1,000,000 of new stock, effective Dec. 18, the **Union Planters National Bank of Memphis, Tenn.**, has increased its capital from $5,000,000 to $6,000,000.

* * *

As of Dec. 3 the capital of the **Palatka Atlantic National Bank of Palatka, Fla.**, was enlarged from $100,000 to $200,000 by a stock dividend of $100,000.

* * *

The Swiss Bank Corporation announces that Marc Spitzer has tendered his resignation as Manager of their London office in order to take up a position with another London house. He will relinquish his post with the bank on June 30, 1953.

* * *

FIRST NATIONAL BANK OF SALT LAKE CITY, SALT LAKE CITY, UTAH

	Dec. 31, '52 $	June 30, '52 $
Total resources	102,166,333	93,205,799
Deposits	98,478,198	89,792,682
Cash and due from banks	23,248,045	24,873,360
U. S. Govt. security holdings	62,408,196	56,919,094
Loans & discounts	11,401,440	10,373,315
Undivided profits & reserves	1,688,135	1,663,116

Federal Government have been, and are, accompanied by an implicit belief upon the part of the public and an obvious belief upon the part of some economists that this is a push button economy. Various theoretical concepts such as "multiplier theory" and "compensatory fiscal policy" have been evolved to argue, explain, and measure precisely the consequences if the "investment button" should be pushed, or the "tax button," or the "button to increase consumer spending by redistributing income." Undeniably these analytical tools have been valuable in advancing our comprehension of the total economy, and they have bred ways and means that enable central authorities to exercise influence upon our affairs—sometimes intelligent and beneficial, sometimes of questionable effect.

However, a childlike dependence upon these devices has become so pervasive that results opposite to those intended are in danger of being obtained. Has not our psychology become less rather than more stable? On occasions such as this, when we counsel one another upon the future, are we not prone to reveal our dependence by recommending curtailment in anticipation of peace and lower government spending. Conversely, have we not, in the immediate past, grown inflationary exuberant when we suddenly realized that Washington would be a heavy contributor to the income of the economy for a prolonged period?

We must not lose confidence in our abilities as businessmen to effect our own destiny. We must stop busying ourselves watching Washington push buttons. We must not allow our anticipations of the effects of the button pushing, or the lack of it, to shape our policies and conduct. We must not forget or ignore circumstances far more fundamental; we must not be blind to America's vast opportunities.

Remember the dire predictions of deep depression that termination of World War II would bring? We ignored the very happy financial condition of individuals and businesses. We emphasized the fact that so many of them would no longer be employed in making war goods. We ignored the fact that 10,000,000 young men were coming home—to find their places—to be married—to buy a home and furnishings—to get ahead. All we could think of was that 10,000,000 men were being dismissed from Uncle Sam's payroll and would be jobless.

Now, before us we see large defense expenditures, a high level of consumer spending, of industrial investment, of commercial and home construction. Our financial system is sound and liquid. There are few credit excesses or speculative fevers. Our commercial and industrial enterprises are financially sound and operating profitably at levels never before experienced. Every day we see or read of technological conquests and increased efficiencies in our economy which are creating more and better goods and services for more people. Everyone who wants a job can get one—at good wages. The wants of our population are insatiable. We have a real basis for optimism for 1953.

WILSON WRIGHT

Economist, The Procter & Gamble Company

Wilson Wright

The outlook for the soap industry in 1953 is good. The industry will be called upon to provide soap and other detergents for a larger population enjoying an increased scale of living. The prospect that the American people will get more of value for their money which they pay in taxes and the prospect of an end to the wasteful and inequitable Excess Profits Tax supports the general anticipation of a high level of production and trade.

ROBERT R. YOUNG

Chairman of the Board, The Chesapeake and Ohio Railway Company

Barring a serious decline in the general level of business I have nothing but optimism in my view of the railroad future.

Robert R. Young

A badly run industry can be a better prospect for future earnings increases than a well run one, particularly at an advanced stage of the business cycle when further improvement for the well run business comes hard. Besides, the railroad industry is one of the few industries that will not have to face competition from its own increased capacity in the period ahead.

While the industry earned only about 4% on its investment in 1952, if it had not been for the $600 million loss in the Passenger Department—which embraces the costly hauling of mail, baggage and express as well as the transportation of people—it would have earned over 6%. Again barring a decline in the level of business I dare to predict that by 1955 the industry will be earning 6% on its investment which is what the public utility industry customarily earns. Actually to be healthy the railroads must earn a higher rate of return than the utilities in good years because of their greater vulnerability in bad years.

Even without the improvement, I predict railroad dividend increases over the next several years will be such that preferred and common stock financing will again become possible for the stronger roads. To some of my readers that prediction might seem incredible, so reconciled have they become to the low state of railroad enterprise, hence credit.

I base my optimism upon such factors as the following:

(1) There is still an estimated $600 million annually of savings to come through complete dieselization.

(2) Large savings are yet to be realized from CTC, yard and terminal modernization, more modern maintenance methods, ticketing and accounting practices, and the like, under way or planned.

(3) Many properties are now reaching a state of full maintenance.

(4) Except for self-liquidating equipment, debt obligations have attained a level lower than at any time since 1905, and threatening maturities have been provided for.

(5) The new Administration promises to put an end to inflation which since the war has cost the railroads $1\frac{1}{3}$ billion in tardy rate increases to say nothing of deficient rate increases. Actually, rates failed by $4 billion in this seven-year period to produce the 6% fair return to which they were entitled and which the ICC allowed inflation to rob them of.

(6) The recklessly pessimistic and strangely destructive legal arguments and forecasts that surrounded some 17 railroad reorganizations have now been proven to have been mere chicanery.

Less tangible, but no less important, the sleeping giant is awakening, as is evidenced by encouraging managerial developments, the first of their kind in recent memory. These followed the Chesapeake and Ohio's withdrawal from the Association of American Railroads in October, 1946 and its organization of the Federation for Railway Progress in February, 1947. Whether it is coincidence, or the inspiration of the latter organization, it is a fact that some things are now happening in the industry which together with the factors enumerated above can make an investment in the American railroads the soundest investment in the world. Conspicuous among these developments are:

Under the leadership of the Eastern Railroad Presidents' Conference, for the first time, the head end problems of mail, express and baggage are being constructively tackled with definite progress already made in mail pay; and at the annual meeting of the National Association of Railroad and Utilities Commissioners in Little Rock, the miracle was achieved of a unanimous recommendation that railroads be permitted to discontinue losing passenger train operations where no chance of profitable operation is in sight. To help in working this change in the attitude of these regulatory authorities, C&O's revolutionary new Train X was demonstrated in proof that the railroad approach to the passenger problems would continue to be constructive. This train, by saving more than half in original cost as well as in operating cost, and by attracting new travel by its novelty and superior riding qualities, should save many passenger train runs that otherwise must be abandoned. Indeed, with Train X, a vast increase in long haul passenger business is indicated and a profitable rather than a losing passenger business is promised at last.

Actually there has been no good reason, certainly since 1939, for the railroads not to have earned a return on their investment equal to that of the utilities. True, they have been over-regulated, but any industry politically strong enough to get class legislation exempting itself from the anti-trust laws, as it did in 1948, is strong enough to get fair treatment from the public as well as from legislators *on all fronts.* What the rails have lacked has been the will, not the way, and what the FRP is giving them, apparently, is the will.

Indications of Current Business Activity

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

		Latest Week	Previous Week	Month Ago	Year Ago
AMERICAN IRON AND STEEL INSTITUTE:					
Indicated steel operations (percent of capacity)	Jan. 25	§99.1	*99.3	102.7	99.7
Equivalent to—					
Steel ingots and castings (net tons)	Jan. 25	§2,234,000	*2,238,000	2,133,000	2,071,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	Jan. 10	6,468,300	6,515,950	6,561,600	6,178,400
Crude runs to stills—daily average (bbls.)	Jan. 10	†7,117,000	7,221,000	6,715,000	6,625,000
Gasoline output (bbls.)	Jan. 10	23,768,000	24,306,000	23,124,000	22,113,000
Kerosene output (bbls.)	Jan. 10	2,995,000	2,975,000	2,951,000	3,045,000
Distillate fuel oil output (bbls.)	Jan. 10	10,985,000	10,955,000	10,509,000	9,891,000
Residual fuel oil output (bbls.)	Jan. 10	9,350,000	9,524,000	8,978,000	9,585,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished and unfinished gasoline (bbls.) at	Jan. 10	140,674,000	137,016,000	129,582,000	138,380,000
Kerosene (bbls.) at	Jan. 10	25,464,000	27,266,000	29,635,000	25,005,000
Distillate fuel oil (bbls.) at	Jan. 10	95,006,000	100,461,000	109,675,000	81,442,000
Residual fuel oil (bbls.) at	Jan. 10	48,876,000	49,459,000	49,881,000	42,268,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	Jan. 10	688,232	563,085	721,252	744,710
Revenue freight received from connections (no. of cars)	Jan. 10	578,418	511,981	667,738	650,205
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	Jan. 15	$548,827,000	$323,666,000	$167,304,000	$249,214,000
Private construction	Jan. 15	382,967,000	135,062,000	94,744,000	166,473,000
Public construction	Jan. 15	165,860,000	188,604,000	72,560,000	82,741,000
State and municipal	Jan. 15	101,414,000	117,758,000	56,273,000	58,677,000
Federal	Jan. 15	64,446,000	70,846,000	16,287,000	24,064,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	Jan. 10	9,550,000	*7,695,000	9,950,000	11,760,000
Pennsylvania anthracite (tons)	Jan. 10	667,000	507,000	760,000	994,000
Beehive coke (tons)	Jan. 10	110,800	*92,000	86,300	151,900
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	Jan. 10	89	*81	223	92
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	Jan. 17	8,121,357	*8,210,012	8,280,073	7,539,879
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	Jan. 15	158	163	141	158
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	Jan. 13	4.376c	4.376c	4.376c	4.131c
Pig iron (per gross ton)	Jan. 13	$55.26	$55.26	$55.26	$52.72
Scrap steel (per gross ton)	Jan. 13	$42.00	$42.00	$42.00	$42.00
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	Jan. 14	24.200c	24.200c	24.200c	24.200c
Export refinery at	Jan. 14	34.875c	34.875c	34.300c	27.425c
Straits tin (New York) at	Jan. 14	121.500c	121.500c	121.500c	103.000c
Lead (New York) at	Jan. 14	14.000c	14.500c	14.000c	19.000c
Lead (St. Louis) at	Jan. 14	13.800c	14.300c	13.800c	18.800c
Zinc (East St. Louis) at	Jan. 14	12.500c	13.000c	12.500c	19.500c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	Jan. 20	95.97	95.85	96.43	96.18
Average corporate	Jan. 20	108.88	109.24	109.60	108.88
Aaa	Jan. 20	112.37	113.12	113.50	113.70
Aa	Jan. 20	111.07	111.62	112.00	112.19
A	Jan. 20	108.34	108.88	108.88	107.27
Baa	Jan. 20	103.97	103.97	104.14	102.63
Railroad Group	Jan. 20	106.39	106.74	106.92	104.66
Public Utilities Group	Jan. 20	108.70	109.06	109.42	108.88
Industrials Group	Jan. 20	111.44	112.37	112.37	113.12
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	Jan. 20	2.78	2.79	2.75	2.76
Average corporate	Jan. 20	3.23	3.21	3.19	3.23
Aaa	Jan. 20	3.04	3.00	2.98	2.97
Aa	Jan. 20	3.11	3.08	3.06	3.05
A	Jan. 20	3.26	3.23	3.23	3.32
Baa	Jan. 20	3.51	3.51	3.50	3.59
Railroad Group	Jan. 20	3.37	3.35	3.34	3.47
Public Utilities Group	Jan. 20	3.24	3.22	3.20	3.23
Industrials Group	Jan. 20	3.09	3.04	3.04	3.00
MOODY'S COMMODITY INDEX	Jan. 20	405.4	403.7	401.6	454.8
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	Jan. 10	**295,157	‡342,725	217,081	195,092
Production (tons)	Jan. 10	**260,644	‡299,914	242,647	210,349
Percentage of activity	Jan. 10	**83	‡66	97	86
Unfilled orders (tons) at end of period	Jan. 10	**512,208	‡478,354	519,191	405,521
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE = 100	Jan. 16	108.62	108.50	108.80	114.35
STOCK TRANSACTIONS FOR ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON N. Y. STOCK EXCHANGE — SECURITIES EXCHANGE COMMISSION:					
Odd-lot sales by dealers (customers' purchases)—					
Number of orders	Jan. 3	26,709	21,368	29,886	27,695
Number of shares	Jan. 3	758,703	624,121	870,172	756,011
Dollar value	Jan. 3	$33,201,396	$26,891,345	$39,371,197	$35,709,466
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	Jan. 3	25,868	23,409	30,235	18,712
Customers' short sales	Jan. 3	85	88	101	120
Customers' other sales	Jan. 3	25,783	23,321	30,134	18,592
Number of shares—Total sales	Jan. 3	734,213	681,537	855,119	511,331
Customers' short sales	Jan. 3	2,568	2,576	3,125	4,222
Customers' other sales	Jan. 3	731,645	678,961	851,994	507,109
Dollar value	Jan. 3	$26,981,457	$27,115,753	$33,911,738	$21,071,800
Round-lot sales by dealers—					
Number of shares—Total sales	Jan. 3	234,940	229,990	276,750	133,850
Short sales	Jan. 3	------	------	------	------
Other sales	Jan. 3	234,940	229,990	276,750	133,850
Round-lot purchases by dealers—					
Number of shares	Jan. 3	241,260	182,520	289,910	350,770
TOTAL ROUND-LOT STOCK SALES ON THE NEW YORK EXCHANGE AND ROUND-LOT STOCK TRANSACTIONS FOR ACCOUNT OF MEMBERS (SHARES):					
Total Round-lot sales—					
Short sales	Dec. 27	197,020	235,670	255,950	170,420
Other sales	Dec. 27	7,223,140	9,819,050	8,297,200	5,757,950
Total sales	Dec. 27	7,420,160	10,054,720	8,553,150	5,928,370
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS:					
Transactions of specialists in stocks in which registered—					
Total purchases	Dec. 27	744,490	956,120	875,460	672,930
Short sales	Dec. 27	105,060	152,140	162,860	88,390
Other sales	Dec. 27	611,870	786,700	726,430	543,870
Total sales	Dec. 27	716,930	938,840	869,290	632,260
Other transactions initiated on the floor—					
Total purchases	Dec. 27	184,500	246,500	229,430	118,700
Short sales	Dec. 27	15,200	6,500	13,600	4,200
Other sales	Dec. 27	175,140	258,940	216,070	119,800
Total sales	Dec. 27	190,340	265,440	229,670	124,000
Other transactions initiated off the floor—					
Total purchases	Dec. 27	299,550	407,353	301,240	209,393
Short sales	Dec. 27	28,420	30,440	28,150	34,490
Other sales	Dec. 27	268,843	362,937	303,833	255,233
Total sales	Dec. 27	297,263	393,377	331,983	289,723
Total round-lot transactions for account of members—					
Total purchases	Dec. 27	1,228,540	1,609,973	1,406,130	1,001,023
Short sales	Dec. 27	148,680	189,080	204,610	127,080
Other sales	Dec. 27	1,055,853	1,408,577	1,246,333	918,903
Total sales	Dec. 27	1,204,533	1,597,657	1,450,943	1,045,983
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100):					
Commodity Group—					
All commodities	Jan. 13	109.7	*109.8	109.3	------
Farm products	Jan. 13	100.7	*101.1	99.5	------
Processed foods	Jan. 13	104.3	104.0	103.1	------
Meats	Jan. 13	98.9	*97.1	93.5	------
All commodities other than farm and foods	Jan. 13	112.8	*112.9	112.8	------

*Revised figure. †Includes 628,000 barrels of foreign crude runs. §Based on new annual capacity of 117,547,470 tons as of Jan. 1, 1953 as against the Jan. 1, 1952 basis of 108,587,670 tons. ‡Eleven days. **Ten days.

	Latest Month	Previous Month	Year Ago
BANKERS' DOLLAR ACCEPTANCES OUTSTANDING — FEDERAL RESERVE BANK OF NEW YORK—As of Dec. 31:			
Imports	$232,145,000	$233,234,000	$234,756,000
Exports	124,564,000	123,302,000	133,001,000
Domestic shipments	8,112,000	15,847,000	7,439,000
Domestic warehouse credits	56,269,000	46,206,000	47,718,000
Dollar exchange	38,743,000	29,243,000	23,230,000
Based on goods stored and shipped between foreign countries	32,016,000	30,631,000	44,232,000
Total	$491,849,000	$478,463,000	$490,376,000
BUILDING PERMIT VALUATION — DUN & BRADSTREET, INC.—215 CITIES—Month of December:			
New England	$15,610,040	$14,807,902	$13,049,728
Middle Atlantic	63,797,755	64,576,550	62,239,143
South Atlantic	29,368,857	26,352,714	23,068,471
East Central	54,876,310	68,994,047	47,475,829
South Central	57,465,929	58,664,223	46,747,432
West Central	18,133,112	20,667,868	13,796,377
Mountain	10,228,226	8,950,612	8,129,887
Pacific	80,467,638	64,633,141	51,703,143
Total United States	$329,947,867	$327,647,057	$266,210,510
New York City	32,467,886	39,097,490	38,829,573
Outside New York City	297,479,981	288,549,567	227,380,937
COMMERCIAL PAPER OUTSTANDING—FEDERAL RESERVE BANK OF NEW YORK— As of Dec. 31 (000's omitted)	$539,000	$575,000	$434,000
CONSUMER PURCHASES OF COMMODITIES — DUN & BRADSTREET, INC. (1935-1939 = 100)—Month of December	346.8	351.5	309.0
COTTON SEED AND COTTON SEED PRODUCTS—DEPT. OF COMMERCE—Month of October:			
Cotton Seed—			
Received at mills (tons)	1,097,259	*1,757,322	1,005,522
Crushed (tons)	719,410	*782,181	776,093
Stocks (tons) Nov. 30	2,387,760	2,009,911	1,934,712
Crude Oil—			
Stocks (pounds) Nov. 30	167,933,000	162,946,000	184,843,000
Produced (pounds)	231,827,000	249,604,000	244,053,000
Shipped (pounds)	203,475,000	186,351,000	201,438,000
Refined Oil—			
Stocks (pounds) Nov. 30	445,493,000	343,165,000	225,137,000
Produced (pounds)	190,222,000	173,856,000	186,793,000
Consumption (pounds)	86,586,000	119,867,000	122,100,000
Cake and Meal—			
Stocks (tons) Nov. 30	144,420	115,115	60,316
Produced (tons)	348,802	379,384	361,949
Shipped (tons)	319,496	346,127	374,487
Hulls—			
Stocks (tons) Nov. 30	52,154	49,314	32,741
Produced (tons)	154,926	160,000	172,561
Shipped (tons)	152,086	152,930	175,089
Linters (running bales)—			
Stocks Nov. 30	279,398	*232,055	173,613
Produced	233,475	*256,241	246,838
Shipped	186,132	*209,651	209,093
Hull Fiber (1,000-lb. bales)—			
Stocks Nov. 30	1,718	1,618	1,322
Produced	2,402	2,618	2,543
Shipped	2,302	2,171	2,059
Motes, Grabbots, etc. (1,000 pounds)—			
Stocks Nov. 30	8,843	*8,681	7,120
Produced	4,697	*5,562	3,972
Shipped	2,535	*3,090	2,646
FAIRCHILD PUBLICATIONS RETAIL PRICE INDEX—1935-39 = 100 (COPYRIGHTED) —As of Jan. 1:			
Composite index	104.8	104.9	106.6
Piece goods	97.5	97.6	98.5
Men's apparel	105.3	105.3	107.2
Women's apparel	100.5	100.6	102.3
Infants' & Children's wear	104.8	104.8	106.4
Home furnishings	107.5	107.7	109.4
Piece goods—			
Rayon and silks	90.4	90.4	91.0
Woolens	108.6	108.7	111.4
Cotton wash goods	95.0	95.0	96.2
Domestics—			
Sheets	101.5	102.2	105.9
Blankets and comforters	120.4	120.5	123.7
Women's apparel—			
Hosiery	94.4	94.5	96.8
Aprons and housedresses	97.9	97.9	98.9
Corsets and brassieres	107.3	107.3	107.9
Furs	93.5	93.9	98.5
Underwear	99.6	99.6	101.6
Shoes	108.4	108.4	109.6
Men's apparel—			
Hosiery	106.8	106.8	107.3
Underwear	110.2	110.2	111.8
Shirts and neckwear	102.4	102.4	102.8
Hats and caps	100.2	100.2	100.3
Clothing, including overalls	102.8	103.0	105.6
Shoes	106.6	106.6	110.3
Infants' and children's wear—			
Socks	102.9	102.9	102.9
Underwear	103.0	103.0	102.9
Shoes	109.8	109.8	112.9
Furniture	108.0	108.2	108.4
Floor coverings	118.0	118.0	120.1
Radios	101.1	101.9	103.0
Luggage	100.8	101.5	103.2
Electrical household appliances	104.8	104.8	106.6
China	101.2	101.2	101.7
NEW YORK STOCK EXCHANGE— As of November 30 (000's omitted):			
Member firms carrying margin accounts—			
Total of customers' net debt balances	$1,346,515	$1,315,863	$1,278,851
Credit extended to customers	32,333	30,640	40,804
Cash on hand and in banks in U. S.	338,754	343,722	394,301
Total of customers' free credit balances	705,539	692,017	805,242
Market value of listed shares	117,362,782	112,151,693	106,308,738
Market value of listed bonds	100,550,940	100,349,123	97,150,506
Member borrowings on U. S. Govt. issues	162,981	106,402	70,709
Member borrowings on other collateral	934,315	912,280	682,138
UNITED STATES EXPORTS AND IMPORTS BUREAU OF CENSUS—Month of November (000's omitted):			
Exports	$1,177,700	$1,196,300	$1,152,000
Imports	803,800	918,100	833,561

Continued from page 7

"The Uneasy Triangle"

attitude and help through the years."

I thought you might also be interested in Mr. Sloan's reply of Dec. 12:

"My dear C.E.:

"I am timing this letter so that it is likely to reach you when you return from Korea. Let me say, before I say anything more, I am sure you had a most dramatic and interesting trip; full of something happening every minute, so to speak, but likewise I hope that it resulted in impressions that will be helpful to you in discharging the very great responsibility that you have assumed.

"Going back to your letter again, I can't begin to tell you how much I appreciated it. It has been a sense of great satisfaction to me that after the responsibility as chief executive of the corporation was turned over to you, you have been so cooperative and courteous in discussing the problems of the business with me at such times as important points of policy arose for decision.

"As you well know, it is not easy to retire from a position in which one has spent their entire life. Your letter indicates that you yourself feel the same way with respect to General Motors. But, in a way, it takes the curse off of it if one feels that they still are kept in touch with the problem, at least from the standpoint of its high policy. You have been of great assistance to me in cushioning the blow that such a tremendous change in one's life brings about.

"As I told you when we were discussing the matter together, I have great confidence in the important contribution you can make in the Department of Defense. It may be rather presumptuous on my part to make any suggestions, but because of my long association with you and how we have worked together and in the interest of the country as a whole, economically and from the standpoint of its security, I do hope that it will be possible for you to so organize your activities that you will be able to bring to bear on the problem of national defense the broad experience and talents that you have so outstandingly displayed in the conduct of General Motors in the areas of research, production and the ability to judge values with relation to their ultimate usage. To my mind, C.E., the degree of success or failure lies right there. It does not lie in the area of military strategy. That can hardly be expected.

"I again thank you for a very kind and highly cooperative letter. Nobody could say anything more."

So, today I am looking backward on some 40 years of activity in the automotive industry and looking forward to a great new adventure and to the possibility of being of great service to my country. Forty years ago as a young engineer at the Westinghouse Co. I was designing electrical equipment for automobiles. When I started in this activity the total cumulative production of all producers in the industry was less than 1,000,000 cars and trucks. The industry has now produced 136,000,000, so in a certain sense I have been in on the business with the exception of the first million.

After World War I, I elected to work for the Remy Electric Co., a subsidiary of General Motors. The total production of General Motors before than time had been less than 1,000,000 cars and trucks. By the end of 1952 General Motors had produced 46,400,000 cars and trucks, so I have been actively working for the corporation while it has produced 45,400,000 of them.

The automobile business is a great business, and it has been a stimulating and interesting experience for me personally. The automobile business is a great business because individual transportation has done so much for the people of our country. It has changed our whole way of living. It is the outstanding example of the benefits to the people of our American industrial system.

I am severing all of my official connections with the industry with great regret, but, of course, my new assignment does not require that I sever the many wonderful friendships I have made in the industry both inside and outside of General Motors.

General Motors is really doing very well, and I think I understand the many reasons why this is so. I feel that in turning over by great responsibilities to Harlow Curtice, I am turning them over to a successor who is completely competent to carry on. I believe that the products we are exhibiting this week are excellent and will meet the desires and demands of our customers. I know that the men in General Motors are working cooperatively with the common purpose of building more and better things for more people. I am sure that the morale in the outfit is high all the way from the men and women working in the plants up to the managers and the vice-presidents. While there are a few more things I would like to have accomplished for General Motors before my normal retirement age would have been reached, I do have a great deal of satisfaction in turning over to my successor a going concern. I am sure that the other executives and all the employees will support Mr. Curtice in the corporation's activities just as they have supported me — that he and they working together will accomplish all of the things I had in mind and more besides.

Tackling the Problem of Defense

I do not underestimate the importance or the magnitude of my new assignment. Quite naturally, I look at the new job and its problems with the experience and from the perspective of my former responsibilities. I am encouraged that so far in the Defense Department I have identified no completely new or unfamiliar problems in the area of organization and human relations. I recognize the importance of coordinating the activities and responsibilities of the civilians and the military personnel in the defense organization. I recognize that the defense organization in its present form is only some five years old. I have known personally the four men who have previously had this great responsibility and realize that each of them has contributed to an ever-improving defense organization and to the solution of some of the problems and difficulties. I have high hopes that I, too, along with the able men, both military and civilian, who are going to share the responsibilities with me, may contribute to further improvement of the defense organization. I hope we can do this by streamlining the organization, clarifying the responsibilities of individuals and by providing suitable channels for cooperation both as between the staff and line and as between the civilian and military.

Our common objective is clear: the security and welfare of our country. I expect to have regular coordinating meetings with all those, both military and civilian, responsible for policy, and in the room where we will have our meetings I expect to hang this statement, which must be a guiding principle in all large organizations:

Reasonable, intelligent men with a common objective in the presence of the facts do not have too much trouble coming into agreement.

Many people, both inside and outside of government, have ideas on how the efficiency of the defense organization can be improved. I expect to give consideration to all worthwhile suggestions and make any constructive administrative changes that are within the authority of the Secretary of Defense. Should my analysis indicate that legislative changes will increase the efficiency of the Defense Department through avoiding duplication of effort and clarifying responsibility, I will recommend such changes.

Reappraisals in Offing

My preliminary investigations indicate the desirability of a quick reexamination of our present status with respect to materiel and procurement—a reappraisal of the effects of the Korean War, our commitments to NATO and to our basic planning for security. This will be done as quickly as possible. On Oct. 8, 1951, some 15 months ago, I wrote a letter to the man who tomorrow will be our new President:

"Dear General Eisenhower:

"I realize how busy you must be but it occurred to me that you might be interested in copies of three speeches I have recently made, since they deal with some of the problems you are facing every day:

"(1) Sound principles for determining fair wages;

"(2) Defense as a continuing policy;

"(3 The camel's nose is under the tent.

"Best wishes for early success in your tough assignment. Kindest regards."

Under date of Oct. 20, 1951, he replied, and with his permission I am quoting part of his letter:

"Any person who doesn't clearly understand that national security and national solvency are mutually dependent, and that permanent maintenance of a crushing weight of military power would eventually produce dictatorship, should not be entrusted with any kind of responsibility in our country. . . .

"I want to add my fervent hope that you will continue your efforts to bring home to the American people the salient facts of our current existence. Especially I applaud your purpose of demonstrating that we can and must produce national security without falling into national bankruptcy."

My previous experience convinces me that there is no easy road to improved efficiency in a big organization. The bottlenecks and roadblocks must be indentified and removed one by one. Therefore, real progress must come from within an organization and be made by those responsible. Thus, I am making a great effort to fill the various posts with able men, each of whom will be capable of performing his part of the work and of cooperating with his associates.

"An American Renaissance"

I would like to comment on what is really a new point of view of millions of our fellow citizens. It is very encouraging not only from a security point of view but as it may affect the general welfare of the nation. It might even be called an American renaissance. The great majority of the people of our country have reaffirmed their confidence in the fundamental principles that have made our country great. At the same time they are coming to sense and understand the new problems that are inherent in our present industrial type of society. They see that big undertakings must be organized on the basis of efficiency, thrift and honesty. They know that these principles are fundamental to business success. They would like to see them applied throughout their government. They recognize that America's industrial might is essential to the protection of their personal freedom. They have acquired a new faith and confidence in our free, competitive system and recognize that private capitalism is not at odds with social justice or the basic ideals of democracy. They realize that business managers have long held the opinion that rising productivity is the key to prosperity and peace. They recognize also that business managers believe that capital and labor, consumers and vendors, big business and small, all share in, and should have an interest in, rising productivity, and that, therefore, our industrial society is founded on a harmony of interest and not on a conflict of classes.

This change in understanding and point of view presents both an opportunity and a challenge to all businessmen to do their part in maintaining the economic stability of the country and, with imagination, to help in the solution of the problems our country faces.

The progress that can be made by the ever-continuing urge to accomplish more with the same human effort is fundamental to our free society but is perhaps still not sufficiently understood. It depends on technology and improving organization of people with a common purpose. It is the basis of our modern society. It is the hope of the free world. It is the foundation upon which our prosperity, our social progress, our improving standard of living and our national safety rests. This type of organized progress can accomplish much, not only for a corporation and its business but for a nation and its people.

I have received a great many letters regarding my designation as Secretary of Defense. Many of them were from my business friends and associates like you who are here today, but many more of them came from people who did not know me. For them perhaps I symbolize their change in point of view and their restored confidence in our capitalistic and industrial system. Any of you men who might have been designated for the job would have received similar letters. I have selected a couple of these letters which I would like to read to you. The first is from a workman, a tire builder:

"Please accept my humble congratulations on your recent appointment to the most important and most difficult job in our modern world.

"After reading in Saturday's Detroit 'Free Press' the names of the great, near great and would-be great leaders who so quickly offered their congratulations, I was moved to add the name of a common worker, hopeful that we little people will always be in your heart and mind each time you are faced with a momentous decision. I am confident that for the first time in recent history our cause will be understandingly championed."

The second is from a housewife in Virginia:

"Realizing the great personal sacrifice you are making in accepting the position of Secretary of Defense, and the many hardships you will have to face in the future, I cannot help but feel very appreciative.

"When the going gets particularly rough, it may help to know that a little housewife at Virginia Beach, and thousands upon thousands like her, tip their little bonnets to you in gratitude, and offer a prayer for your strength and guidance.

"God bless you and keep you in His loving care."

These letters emphasize the fact that Americans are basically men and women of good will, that they have strong religious convictions and a deep-rooted belief that in important and serious matters we all need the strength and guidance we can only receive from Almighty God.

The renewed confidence in our country as expressed in these letters and hundreds more like them is the greatest encouragement I could have as I undertake my new responsibilities.

Halsey, Stuart Group Offers Ohio Pow. Bonds

Halsey, Stuart & Co. Inc. and associates are offering $22,000,000 first mortgage bonds, 3⅜% series, due 1983, of The Ohio Power Co., at 102.625% and accrued interest. The group won award of the bonds at competitive sale Jan. 20, 1953, on its bid of 102.08999%.

Of the net proceeds, $12,500,000 will be deposited with the corporate trustee, which may be withdrawn by the company from time to time. The balance of $9,500,000 and net proceeds from the sale of new preferred stock will be applied to the prepayment, without premium, of $10,000,000 of notes payable to banks, issued for construction purposes, and the balance, together with cash withdrawn as described above, will be used to pay for the cost of extensions, additions and improvements to the properties of the company. Cost of the construction program of the company for the three years ending with 1954 is estimated, on the basis of presently existing conditions, to be $118,243,000.

Regular redemption of the bonds may be made at prices running from 105⅝% to par, while special redemptions recede from 102⅞% to par.

Lehman Bros. Group Offers Ohio Pow. Pfd.

Lehman Brothers and associates are offering 100,000 shares of 4.40% cumulative preferred stock, par value $100 per share, of The Ohio Power Co. at $103 per share. The group won award of the stock at competitive sale Jan. 20 on its bid of $101.24 per share.

Proceeds from the sale of the new preferred stock and from the sale of first mortgage bonds will be applied to the prepayment, without premium, of $10,000,000 of notes payable to banks, issued for construction purposes, and the balance, together with other funds will be used to pay for the cost of extensions, additions and improvements to the properties of the company. Cost of the construction program of the company for the three years ending with 1954 is estimated, on the basis of presently existing conditions, to be $118,243,000.

The preferred stock may be redeemed at prices ranging from $107.50 on or before Jan. 1, 1960 down to $104 per share after Jan. 1, 1970, plus accrued dividends in each case.

The Ohio Power Co. is engaged in the generation, purchase, transmission and distribution of electric energy and its sale to the public in extensive territory in Ohio, and in the supplying of electric energy at wholesale to other electric utility companies and municipalities. The company serves 538 communities in an area having an estimated population of 1,241,000. Among the company's large power customers are manufacturers of steel and steel products, tires, rubber products, glass products, ceramics, and chemicals, coal mines, pipelines and oil refineries.

Securities Now in Registration

★ INDICATES ADDITIONS SINCE PREVIOUS ISSUE
● ITEMS REVISED

ACF-Brill Motors Co.
Jan. 12 (letter of notification) 6,000 shares of common stock (par $2.50). **Price**—At market (about $5.87½ per share). **Proceeds** — To Investment Co. of Philadelphia for 4,000 shares and William S. Wasserman for 2,000 shares. **Underwriter**—None, but Vilas & Hickey, will act as broker.

Allied Insurance Co. of America, Broadview, Ill.
Dec. 15 filed 1,000,000 shares of capital stock (par $1) to be offered to agents of Allied Van Lines, Inc. **Price** —$1.60 per share. **Proceeds**—For capital and surplus **Underwriter**—None.

American Alloys Corp., Kansas City, Mo.
Dec. 15 (letter of notification) 1,000 shares of preferred stock. **Price**—At par ($10 per share). **Proceeds**—For working capital. **Underwriter**—McDonald-Evans & Co., Kansas City, Mo.

American Brake Shoe Co.
Dec. 10 filed 50,000 shares of common stock (no par) to be offered for subscription by certain employees under the company's "Employees' Stock Purchase Plan." **Underwriter**—None.

American Pipeline Producers, Inc.
Jan. 5 (letter of notification) 599,000 shares of common stock (par one cent). **Price**—50 cents per share. **Proceeds** —To drill wells. **Office**—Room 308, Texas Eastern Bldg., Shreveport, La. **Underwriter**—W. C. Doehler Co., Jersey City, N. J.

★ **Automobile Banking Corp., Phila., Pa. (1/27)**
Jan. 15 (letter of notification) 29,000 shares of 6% cumulative preferred stock, series A, of which a maximum of 15,927 shares will be offered on Jan. 27 (for a 30 day period) first for subscription by class A and common stockholders at rate of one new share for each five old share held (with an oversubscription privilege). **Price**—At par ($10 per share). **Proceeds**—To increase working capital. **Underwriter**—Bioren & Co., and H. G. Kuch & Co., both of Philadelphia, Pa.

● **B. and H. Incorporated, New Orleans, La.**
Dec. 24 (letter of notification) 30,000 shares of common stock (par 50 cents) being offered initially to common stockholders at rate of two new shares for each share held; rights expire Jan. 24, unsubscribed portion to public. **Price**—$1.50 per share to stockholders; and $2 per share to public. **Proceeds** — To buy machinery and for working capital. **Underwriter**—Woolfolk & Shober, New Orleans, La.

Big Basin Oil, Inc., Holyoke, Colo.
Dec. 8 (letter of notification) 1,100,000 shares of common stock (par five cents). **Price**—25 cents per share. **Proceeds**—To repay notes, and for drilling expenses and new equipment. **Underwriter**—E. I. Shelley Co., Denver, Colo.

Bristol Oils Ltd., Toronto, Canada
Sept. 25 filed 1,000,000 shares of common stock (par $1). **Price**—Approximately 64.48 cents per share. **Proceeds**—To acquire leases and for corporate purposes. **Underwriter**—None. To be named by amendment.

● **Budget Finance Plan, Inc. of California (1/27)**
Dec. 22 filed 150,000 shares of 60-cent convertible preferred stock (par $9). **Price**—To be supplied by amendment (around $10 per share). **Proceeds**—For working capital. **Underwriters**—Reynolds & Co., New York, and Lester, Ryons & Co., Los Angeles, Calif.

Byrd Oil Corp., Dallas, Tex.
Oct. 22 filed $1,750,000 of 10-year 5½% convertible sinking fund mortgage bonds due Nov. 1, 1962, to be offered for subscription by common stockholders at the rate of $100 of bonds for each 28 shares of stock held (for a 14-day standby). Certain stockholders have waived their rights. **Price**—At par. **Proceeds**—To repay $1,014,500 of outstanding notes and for drilling expenses and working capital. **Underwriters** — Dallas Rupe & Son. Dallas, Texas; Carl M. Loeb, Rhoades & Co., New York; and Straus, Blosser & McDowell, Chicago, Ill. **Offering** —Postponed temporarily.

Canadian Prospect Ltd. (1/26-30)
Nov. 24 filed 303,595 shares of common stock (par 33⅓ cents), of which 235,000 shares are to be issued upon exercise of share rights and 68,595 shares are to be sold for account of selling stockholders. **Price**—To be supplied by amendment. **Proceeds**—To company to be used for operating expenses to pay for future exploration and development of leases, etc. **Underwriters**—White, Weld & Co., New York, for an undetermined number of shares; balance through a Canadian underwriter to be named later. **Offering**—Expected week of Jan. 26.

★ **Case (J. I.) Co., Racine, Wis. (2/11)**
Jan. 21 filed $25,000,000 of 25-year debentures due Feb. 1, 1978. **Price** — To be supplied by amendment. **Proceeds**—To retire short-term bank loans and for working capital. **Underwriters** — Morgan Stanley & Co. and Clark, Dodge & Co., both of New York.

Code Products Corp., Philadelphia, Pa.
Dec. 1 filed 500,000 shares of 6% cumulative preferred stock (par $1) and 255,000 shares of common stock (no par—stated value $1) to be sold in units of two shares of preferred and one share of common stock. **Price**—$3 per unit. **Proceeds** — For working capital. **Business** — Manufactures electrical equipment. **Underwriter**—None. Company intends to offer securities to broker-dealers for public offering.

Commercial Credit Co. (2/3)
Jan. 13 filed $25,000,000 of junior subordinated notes due 1973 (to be convertible into common stock for a period of five years). **Price**—To be supplied by amendment. **Proceeds** — To finance an increased volume of business. **Underwriters**—Kidder, Peabody & Co. and The First Boston Corp., both of New York.

★ **Consolidated Edison Co. of New York, Inc. (2/17)**
Jan. 16 filed $40,000,000 of first and refunding mortgage bonds, series I, due Feb. 1, 1983. **Proceeds**—To repay $22,000,000 bank loans and the balance to reimburse the treasury, in part, for expenditures made in connection with company's construction program. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; The First Boston Corp. **Bids**—Tentatively expected to be received about Feb. 17.

● **Consumers Power Co.**
Dec. 16 filed 617,669 shares of common stock (no par) being offered for subscription by common stockholders of record Jan. 15 at the rate of one new share for each 10 shares held; rights to expire on Jan. 30. **Price**—$35 per share. **Proceeds**—For new construction. **Underwriters**—Morgan Stanley & Co., New York.

NEW ISSUE CALENDAR

January 22, 1953
Illinois Central RR.____________Equip. Trust Ctfs.
(Bids noon CST)

January 23, 1953
Bank of the Manhattan Co.______________Common
(The First Boston Corp.)

January 26, 1953
Canadian Prospect Ltd.__________________Common
(White, Weld & Co. in United States)
Culver Corp. ___________________________Common
(Offering to stockholders—no underwriting)
English Oil Co.__________________________Common
(J. A. Hogle & Co)
Pan American Sulphur Co.________________Common
(Kuhn, Loeb & Co. and Carl M. Loeb, Rhoades & Co.)

January 27, 1953
Automobile Banking Corp._______________Preferred
(Bioren & Co. and H. G. Kuch & Co.)
Budget Finance Plan, Inc.________________Preferred
(Reynolds & Co. and Lester, Ryons & Co.)
Famous Foods of America, Inc.____________Common
(Weber-Millican Co.)
Iowa-Illinois Gas & Electric Co.______Bonds & Pfd.
(Bids 11 a.m. CST)
Minneapolis Gas Co.______________________Common
(Offering to stockholders—underwritten by Kalman & Co.)
Northland Oils Ltd.______________________Common
(M. S. Gerber, Inc.)
Permachem Corp.___________________Class A Common
(Peter W. Spiess Co.)

January 28, 1953
Ontario (Province of)________________Debentures
(Harriman Ripley & Co., Inc.; Wood, Gundy & Co. Inc.; First Boston Corp.; Smith, Barney & Co.; Dominion Securities Corp.; A. E. Ames & Co.; and McLeod, Young, Weir, Inc.)

January 29, 1953
Louisville Gas & Electric Co._____________Common
(Offering to stockholders—underwritten by Lehman Brothers and Blyth & Co., Inc.)
National Ceramic Co._____________________Common
(Bids invited)
Southern Ry. _________________Equip. Trust Ctfs.
(Bids to be invited)
State Bank of Albany, N. Y._______________Common
(Offering to stockholders—underwritten by Salomon Bros. & Hutzler)

February 3, 1953
Commercial Credit Co.______________________Notes
(Kidder, Peabody & Co. and First Boston Corp.)
Hooker Electrochemical Co.______________Preferred
(Offering to stockholders—underwritten by Smith, Barney & Co.)
Pennsylvania RR.______________Equip. Trust Ctfs.
(Bids noon EST)
Southwestern Public Ser. Co.______Bonds & Preferred
(Dillon, Read & Co. Inc.)
Southwestern Public Ser. Co.______________Common
(Offering to stockholders—underwritten by Dillon, Read & Co. Inc.)

February 4, 1953
Virginian Ry.__________________Equip. Trust Ctfs.
(Bids to be invited)

February 5, 1953
Illinois Power Co.______________________Preferred
(Merrill Lynch, Pierce, Fenner & Beane and The First Boston Corp.)
Illinois Power Co._______________________Common
(The First Boson Corp. and Merrill Lynch, Pierce, Fenner & Beane)

★ **Cooperative Oil Association, Inc., Caldwell, Ida**
Jan. 2 (letter of notification) $100,000 of certificates o preferred interest. **Price**—In units of $100 each. **Pro ceeds**—For working capital. **Underwriter**—None.

★ **Cooperators' Properties, Inc., Washington, D. C**
Jan. 9 (letter of notification) $35,000 of second trust rea estate notes and 64 shares of voting preferred stock **Price**—Of notes, at par (in denominations of $50 each and of preferred $5 per share. **Proceeds**—To retire firs mortgage and replace old second trust notes. **Office**—2621 Virginia Ave., N. W., Washington 7, D. C. **Under writer**—None.

Dallas Power & Light Co.
Dec. 17 (letter of notification) 562 shares of commo stock (no par) being offered for subscription by minor ity stockholders at rate of one new share for each 1 shares held as of Dec. 29, 1952; rights to expire o Jan. 26, 1953. **Price**—$130 per share. **Proceeds**—For ne construction. **Office** — 1506 Commerce Street, Dalla 1, Tex. **Underwriter**—None.

Detroit Hardware Manufacturing Co.
Dec. 22 (letter of notification) 10,000 shares of commo stock (par $1). **Price**—At market (approximately $3.2 per share). **Proceeds**—To Detroit Trust Co., co-executo of the Estate of Fred Schrey. **Underwriter**—Wm. C Roney & Co., Detroit, Mich.

★ **Diamond Alkali Co. (2/10)**
Jan. 21 filed $15,000,000 sinking fund debentures du 1978. **Price**—To be supplied by amendment. **Proceeds**—To retire $5,800,000 of 2% notes and short-term ban loans and for capital expenditures. **Underwriter**—Th First Boston Corp., New York.

★ **District Wholesale Drug Co. of Washington**
Jan. 9 (letter of notification) $150,000 of 8% registere debentures and $100,000 of 8½% registered debenture **Price** — At principal amount. **Proceeds** — For workin capital and expansion. **Office**—52 "O" St., N. W., Wash ington, D. C. **Underwriter**—None.

NEW ISSUE CALENDAR

February 9, 1953
Sylvania Electric Products, Inc.___________Common
(Paine, Webber, Jackson & Curtis)
Sylvania Electric Products, Inc.__________Debentures
(Paine, Webber, Jackson & Curtis and Halsey, Stuart & Co. Inc.)
Tennessee Gas Tranmission Co.________________Bonds
(Bids 11:30 a.m. EST)

February 10, 1953
Diamond Alkali Co.______________________Debentures
(The First Boston Corp.)
May Department Stores Co._______________Debentures
(Goldman, Sachs & Co. and Lehman Brothers)
New York, Chicago & St. Louis RR.__________Bonds
(Bids to be invited)

February 11, 1953
Case (J. I.) Co._________________________Debentures
(Morgan Stanley & Co. and Clark, Dodge & Co.)
Equitable Gas Co.__________________________Preferred
(The First Boston Corp.; Kidder, Peabody & Co.; Merrill Lynch, Pierce, Fenner & Beane; and White, Weld & Co.)
Gulf Insurance Co.__________________________Common
(Offering to stockholders—no underwriter)

February 16, 1953
Texas Oil Exploration Co.___________________Common
(Peter W. Spiess Co.)

February 17, 1953
Con. Edison Co. of New York, Inc.____________Bonds
(Bids to be invited)
Iowa Southern Utilities Co.___________________Bonds
(Bids to be invited)
Niagara Mohawk Pr. Corp.____________Bonds & Common
(Bids to be invited)

February 18, 1953
South Carolina Electric & Gas Co._____________Common
(Kidder, Peabody & Co.)

February 25, 1953
Maryland Casualty Co.______________________Common
(Offering to stockholders—underwriters may include Merrill Lynch, Pierce, Fenner & Beane; First Boston Corp.; Lehman Brothers; and Paine, Webber, Jackson & Curtis)

March 17, 1953
Mississippi Power & Light Co.__________________Bonds
(Bids to be invited)

March 24, 1953
Dallas Power & Light Co._______________________Bonds
(Bids to be invited)

March 27, 1953
Merritt-Chapman & Scott Corp.________________Common
(Offering to stockholders—no underwriter)

April 7, 1953
Florida Power & Light Co.______________________Bonds
(Bids to be invited)

April 13, 1953
Texas Electric Ser. Co.___________Bonds & Preferred
(Bids to be invited)

April 14, 1953
New Orleans Public Service Inc.________________Bonds
(Bids to be invited)

Double Eagle Mining & Milling Corp.
an. 13 (letter of notification) 15,000 shares of common ock. **Price**—$10 per share. **Proceeds**—For mining expenses. **Office** — 1308 Fremont St., Las Vegas, Nev. nderwriter—None.

Econo Products Co., Inc.
n. 8 (letter of notification) 300,000 shares of common ock (par 10 cents). **Price**—$1 per share. **Proceeds**—For pansion and working capital. **Office** — 17 State St., ew York. **Underwriter**—James T. Dewitt & Co., Inc., ashington, D. C.

Ekco Oil Co., Philadelphia, Pa.
ec. 4 (letter of notification) 99,000 shares of common ock (par one cent). **Price**—$3 per share. **Proceeds**— acquire leases and drill wells. **Underwriter**—Hopper, oliday & Co., Philadelphia, Pa.

Empire Millwork Corp., Corona, N. Y.
an. 13 (letter of notification) 10,000 shares of common ock (par $1). **Price**—At market (about $8.62½ per hare). **Proceeds** — To Benjamin Ginsberg, the selling ockholder. **Underwriter** — Van Alstyne, Noel & Co., ew York.

English Oil Co., Salt Lake City, Utah (1/26)
n. 5 filed 3,435,583 shares of common stock of which 0,000 shares are to be offered publicly, 250,000 shares e to be reserved for officers and key employees and tions, and 2,435,583 shares in exchange for oil and gas roperties and interests therein. **Price**—At par ($1 per hare). **Proceeds**—For acquisition of additional properes and leases. **Underwriter**—J. A. Hogle & Co., Salt ake City, Utah.

Equitable Gas Co., Pittsburgh, Pa. (2/11)
an. 21 filed 100,000 shares of cumulative convertible referred stock (par $100). **Price**—To be supplied by mendment. **Proceeds**—To repay bank loans and for new onstruction. **Underwriters** — The First Boston Corp.; idder, Peabody & Co.; Merrill Lynch, Pierce, Fenner d Beane, and White, Weld & Co., all of New York.

Erie Meter Systems, Inc., Erie, Pa.
ec. 9 (letter of notification) $300,000 of 15-year 6% nking fund debentures dated Nov. 1, 1952 and due ov. 1, 1967. **Price**—At par and accrued interest. **Proceeds**—To repay bank loans and for working capital. ffice—1602 Wagner Avenue, Erie, Pa. **Underwriter**— one. Smith & Root, Erie, Pa., will act as distributor.

Famous Foods of America, Inc. (1/27)
an. 20 (letter of notification) 300,000 shares of common ock (par 10 cents). **Price**—$1 per share. **Proceeds**—For orking capital, etc. **Underwriter**—Webber-Millican Co., ew York.

Formula Fund of Boston, Mass.
an. 16 filed 100,000 shares of beneficial interest in the und. Underwriter — duPont Homsey & Co., Boston, lass.

Foster Wheeler Corp.
n. 5 filed 30,032 shares of common stock (par $10) to e offered to certain officers and other key employees f corporation and its subsidiaries under a "Restricted tock Option Plan."

General Public Service Corp.
ec. 19 filed 1,101,451 shares of common stock (par 10 ents) being offered for subscription by common stockolders of record Jan. 9 at rate of one share for each two hares held (with an oversubscription privilege); rights expire on Jan. 23. **Price**—$3.75 per share. **Proceeds**— o add further investments to company's portfolio. ealer **Managers** — Stone & Webster Securities Corp., ew York, is representative.

Gyrodyne Co. of America, Inc.
ov. 13 filed 350,000 shares of class A common stock par $1), to be offered for subscription by stockholders f record Dec. 22, 1952, on a pro rata basis; rights to exire on Feb. 28, 1953. The offering will include 50,000 hares to directors, officers and employees of the comany and to certain individuals and firms in payment or services. **Price** — $5.75 per share. **Proceeds** — For ngineering and construction of prototype coaxial heliopter. **Office**—St. James, L. I., N. Y. **Underwriter**— one.

Hemisphere Western Oil Co.
ec. 3 (letter of notification) 1,196,000 shares of common tock (par one cent). **Price**—25 cents per share. **Proceeds**—To acquire working interest in oil wells. **Office** —Cravens Bldg., Oklahoma City, Okla. **Underwriter**— Vinner & Meyers, Lock Haven, Pa.

Holiday Plastics, Inc., Kansas City, Mo.
ec. 10 (letter of notification) 3,799 shares of common tock (no par). **Price**—$13 per share. **Proceeds**—For orking capital. **Office**—410 East 27th Street Terrace, ansas City, Mo. **Underwriter** — Prugh, Combest, & and, Inc., Kansas City, Mo.

★ **Hooker Electrochemical Co. (2/3)**
an. 15 filed 97,147 shares of cumulative convertible econd preferred stock (no par) to be offered for subcription by common stockholders of record about eb. 3 on the basis of one new preferred share for each 0 shares of common stock held; rights to expire about eb. 18. **Price**—To be supplied by amendment. **Proceeds** —For expansion program and working capital. **Underwriter**—Smith, Barney & Co., New York.

★ **Howe Plan Fund, Inc., Rochester, N. Y.**
an. 15 filed 100,000 shares of capital stock (par $1). rice—At market. **Proceeds**—For investment. **Underwriter**—None.

★ **Illinois Power Co. (2/5)**
an. 16 filed 150,000 shares of cumulative preferred stock par $50). **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans and for new construction. nderwriters—Merrill Lynch, Pierce, Fenner & Beane nd The First Boston Corp., both of New York.

★ **Illinois Power Co. (2/5)**
Jan. 16 filed 250,000 shares of common stock (no par). **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans and for new construction. **Underwriters**— The First Boston Corp. and Merrill Lynch, Pierce, Fenner & Beane, both of New York.

Insurance Exchange Corp., Walla Walla, Wash.
Nov 25 filed 30,000 shares of common stock (par $10) and 14,000 shares of preferred stock (par $50) of which 28,000 common shares and all of the preferred stock are to be offered in units of one share of preferred and two shares of common stock. Of remaining 2,000 common shares, 500 have been sold to directors and 1,500 are to be reserved for directors and sales representatives. **Price** —$70 per unit. **Proceeds**—For working capital. **Underwriter**—None.

Iowa-Illinois Gas & Electric Co. (1/27)
Dec. 30 filed $8,000,000 of first mortgage bonds due 1983 and 60,000 shares of cumulative preferred stock (par $100). **Proceeds**—To repay bank loans and for new construction. **Underwriters**—To be determined by competitive bidding. Probable bidders: For bonds, Halsey, Stuart & Co. Inc.; Harriman, Ripley & Co. Inc., Union Securities Corp. and White, Weld & Co. (jointly); Equitable Securities Corp.; Glore, Forgan & Co.; Harris, Hall & Co. (Inc.); Lehman Brothers; Blyth & Co., Inc.; The First Boston Corp.; Smith, Barney & Co. For preferred, Blyth & Co., Inc.; Merrill Lynch, Pierce, Fenner & Beane; Glore, Forgan & Co.; Lehman Brothers; Salomon Bros. & Hutzler and Union Securities Corp. (jointly); Kidder, Peabody & Co.; Harriman, Ripley & Co. Inc. **Bids**—To be received up to 11 a.m. (CST) on Jan. 27 at Room T, National Safe Deposit Co., First National Bank Building, 38 So. Dearborn Street, Chicago, Ill.

★ **Iowa Southern Utilities Co. (2/17)**
Jan. 21 filed $7,000,000 first mortgage bonds due Feb. 1, 1983. **Proceeds**—For additions and improvements. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Kidder, Peabody & Co.; Lehman Brothers, Bear, Stearns & Co., Equitable Securities Corp., and Salomon Bros. & Hutzler. **Bids**—Scheduled to be opened on Feb. 17.

Ispetrol Corp., New York
Oct. 29 filed 49,500 shares of common stock. **Price**—At par ($100 per share). **Proceeds**—To finance purchase of crude oil for Israeli enterprises and to purchase crude oil and oil products for resale in Israel. **Underwriter**— Israel Securities Corp., New York

Israel Industrial & Mineral Development Corp.
Oct. 6 filed 30,000 shares of class A stock. **Price**—At par ($100 per share). **Proceeds**—For industrial and mineral development of Israel. **Underwriter** — Israel Securities Corp., New York.

★ **Kellogg Petroleum Products, Inc.**
Jan. 14 (letter of notification) 1,221 shares of capital stock (no par) being first offered for subscription by stockholders of record Dec. 26, 1952, at rate of one new share for each 2.4 shares held; rights to expire Feb. 11. **Price**—$125 per share. **Proceeds**—For working capital. **Underwriters**—None, but Hamlin & Lunt, Buffalo, N. Y., will offer any unsubscribed shares.

Langley Corp., San Diego, Calif.
Dec. 5 (letter of notification) 2,000 shares of common stock (par $1). **Price**—$1.50 per share. **Proceeds**—To Frank H. Nottbusch, the selling stockholder. **Office**— 660 Second Avenue, San Diego 1, Calif. **Underwriter**— Dempsey-Tegeler & Co., San Diego, Calif.

Louisville Gas & Electric Co. (Ky.) (1/29-30)
Jan. 8 filed 200,000 shares of common stock (no par) to be offered for subscription by common stockholders of record Jan. 29 at rate of one new share for each seven shares held; rights expire Feb. 17. **Price**—To be supplied by amendment. **Proceeds**—For property additions and improvements. **Underwriters** — Lehman Brothers and Blyth & Co., Inc., both of New York.

Magma King Manganese Mining Co.
Nov. 12 (letter of notification) 553,500 shares of common stock (par 10 cents). **Price**—50 cents per share. **Proceeds** —For working capital. **Office** — 532 Security Bldg., Phoenix, Ariz. **Underwriter**—Weber-Millican Co., New York.

★ **May Department Stores Co. (2/10)**
Jan. 21 filed $25,000,000 of sinking fund debentures due Feb. 1, 1978. **Price**—To be supplied by amendment. **Proceeds**—To refund part of debt and for expansion and working capital. **Underwriters**—Goldman, Sachs & Co. and Lehman Brothers, both of New York.

McCarthy (Glenn), Inc.
June 12 filed 10,000,000 shares of common stock (par 25 cents). **Price**—$2 per share. **Proceeds** — For drilling of exploratory wells, acquisition of leases and for general corporate purposes. **Underwriter**—B. V. Christie & Co., Houston, Tex. **Dealer Relations Representative**—George A. Searight, 50 Broadway, New York, N. Y. Telephone WHitehall 3-2181. **Offering**—Date indefinite.

McGraw (F. H.) Co., Hartford, Conn.
Sept. 10 (letter of notification) 5,000 shares of common stock (par $2) and warrants to purchase 20,000 shares of common stock at $6 per share to be offered in units of one share and warrants to purchase four additional shares. **Price**—$19.87½ per share. **Proceeds**—To Clifford S. Strike, the selling stockholder. **Underwriter**—Granbery, Marache & Co., New York.

★ **Mead Corp., Dayton, Ohio**
Jan. 13 (letter of notification) 500 shares of common stock (no par). **Price**—At the market (approximately $26.50 per share). **Proceeds**—To The Talbott Corp., the selling stockholder. **Office**—118 West First St., Dayton 2, Ohio. **Underwriter**—None.

Mex-American Minerals Corp., Granite City, Ill.
Nov. 3 filed 113,000 shares of 6% cumulative preferred stock (par $5) and 113,000 shares of common stock (par 10 cents) to be offered in units of one share of each class of stock. **Price**—$6 per unit. **Proceeds**—For working capital. **Business**—Purchase, processing, refining and sale of Fluorspar. **Underwriter** — To be supplied by amendment.

Mid-Gulf Oil & Refining Co.
Nov. 10 (letter of notification) 400,000 shares of common stock (par five cents). **Price**—60 cents per share. **Proceeds**—To acquire additional properties. **Office**—927-929 Market St., Wilmington, Del. **Underwriter**—W. C. Doehler Co., Jersey City, N. J.

Minneapolis Gas Co. (1/27)
Jan. 7 filed 164,000 shares of common stock (par $1) to be offered for subscription by common stockholders at rate of one new share for each eight shares held on or about Jan. 27. **Price**—To be supplied by amendment. **Proceeds**—To retire 5,841 shares of $6 preferred stock (at an estimated cost of $613,305) and for new construction. **Underwriter**—Kalman & Co., Inc., Minneapolis, Minn. Private placement of first mortgage bonds is also planned.

★ **Mobile Television Corp., New Orleans, La.**
Jan. 9 (letter of notification) 32,000 shares of common stock. **Price** — At par ($1 per share). **Proceeds** — For construction program. **Office** — 2110 American Bank Bldg., New Orleans 12, La. **Underwriter**—None.

★ **Monarch Lumber Co., Minneapolis, Minn.**
Jan. 13 (letter of notification) $32,000 of debentures. **Price**—At principal amount. **Proceeds**—To reduce note indebtedness. **Office**—900 First National-Soo Line Bldg., Minneapolis 2, Minn. **Underwriter**—None.

Nevada Tungsten Corp., Mina, Nev.
Nov. 21 (letter of notification) 4,000,000 shares of common stock (par one cent). **Price**—Five cents per share. **Proceeds**—For working capital. **Underwriter**—Tellier & Co., New York. **Offering**—No date set.

Nielco Chemicals, Inc., Detroit, Mich.
Nov. 19 (letter of notification) 34,800 shares of common stock. **Price**—At par ($5 per share). **Proceeds**—To liquidate notes. **Office**—8129 Lyndon Ave., Detroit 21, Mich. **Underwriter**—Smith, Hague & Co., Detroit, Mich.

● **Northern Indiana Public Service Co.**
Jan. 7 filed 80,000 shares of 4½% cumulative preferred stock. **Price**—At par ($100 per share). **Proceeds**—For construction program. **Underwriters**—Central Republic Co. (Inc.), Chicago, Ill.; Blyth & Co., Inc., New York; and Merrill Lynch, Pierce Fenner & Beane, New York. **Offering**—Being made today (Jan. 22).

● **Northland Oils Ltd., Canada (1/27)**
Nov. 21 filed 1,000,000 shares of capital stock (par 20 cents—Canadian) and subscription warrants for 600,000 shares, of which the stock and subscription warrants for 400,000 shares are to be offered in units of 100 shares of stock and subscription warrants for 40 shares. **Price**— $52 per unit. **Proceeds**—For drilling of additional wells and to purchase producing wells. **Underwriter**—M. S. Gerber, Inc., New York.

Nyal Co., Detroit, Mich.
Dec. 28 (letter of notification) 200,000 shares of common stock (par 10 cents). **Price**—$1.25 per share. **Proceeds**— To repay loans and for working capital. **Underwriter**— Gearhart & Otis, Inc., New York.

Ohio Edison Co.
Dec. 11 filed 479,846 shares of common stock (par $12) being offered for subscription by common stockholders of record Jan. 8, 1953 on the basis of one new share for each ten shares held (with an oversubscription privilege); rights to expire on Jan. 23, 1953. **Price** — $35.25 per share. **Proceeds** — For repayment of bank loans and for new construction. **Underwriters**—Morgan Stanley & Co.

Ontario (Province of) (1/28)
Jan. 9 filed $50,000,000 of 22-year debentures due Feb. 1, 1975. **Price**—To be supplied by amendment. **Proceeds** —To go to the province's Hydroelectric Power Commission, whose expansion program is reported to total about $139,000,000. **Underwriters** — Harriman Ripley & Co., Inc.; Wood, Gundy & Co., Inc.; First Boston Corp.; Smith, Barney & Co.; Dominion Securities Corp.; A. E. Ames & Co., and McLeod, Young, Weir, Inc.

Overland Oil, Inc., Denver, Colo.
Dec. 23 filed 300,000 shares of common stock (par 10 cents). **Price**—20 cents per share. **Proceeds**—To make geological survey of land. **Business**—Oil and gas exploration. **Underwriter**—None.

● **Pan American Sulphur Co. (1/26-27)**
Dec. 24 filed 499,325 shares of capital stock (par 70 cents) to be offered for subscription by stockholders at rate of one new share for each 2½ shares held. **Price**—$7 per share. **Proceeds**—For new construction and working capital. **Underwriters**—Kuhn, Loeb & Co. and Carl M. Loeb, Rhoades & Co., both of New York.

Paradise Valley Oil Co., Reno, Nev.
Aug. 20 filed 3,000,000 shares of capital stock. **Price**— At par (10 cents per share). **Proceeds**—To drill six wells on subleased land and for other corporate purposes. **Underwriter**—None, with sales to be made on a commission basis (selling commission is two cents per share). **Office**—c/o Nevada Agency & Trust Co., Inc., Cheney Bldg., 139 N. Virginia St., Reno, Nev.

● **Permachem Corp., N. Y. (1/27-28)**
Jan. 6 (letter of notification) 300,000 shares of Class A common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For further development, testing and research and for working capital. **Office** — 270 Park Ave., New York. **Underwriter**—Peter W. Spiess Co., New York.

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★ Peruvian Oil Concessions Co., Inc., Dover, Del.
Jan. 16 filed 9,000,000 shares of common stock (par $1). **Price**—$1.10 per share. **Proceeds**—For general corporate purposes. **Business**—Plans to produce and sell petroleum and its products from lands to be held under concession from the Peruvian Government. **Underwriter**—None.

Pinewald Finance & Construction Corp.
Jan. 5 (letter of notification) 5,600 shares of 6% preferred stock (par $10) and 2,800 shares of common stock (no par) in units of two preferred shares and one common share being first offered on Jan. 15, 1953 to a restricted clientele, but open to the public after Feb. 13, 1953. **Price** — $26 per unit. **Proceeds** — Working capital for construction of homes. **Address**—Box 174, Bayville, N. J. **Underwriter**—None.

Powers Manufacturing Co.
Sept. 25 filed 250,000 shares of common stock (par $1). **Price** — $2 per share. **Proceeds** — For machinery and equipment and new construction. **Business**—Production of heavy duty power transmission chain, prockets, gears, etc. **Office**—Longview, Tex. **Underwriter**—Dallas Rupe & Son, Dallas, Texas.

Regent Manufacturing Co., Inc., Downey, Calif.
Dec. 31 (letter of notification) $150,000 of first mortgage bonds, of which 130 units will be issued at $1,020 each and 40 units at $510 each. **Proceeds**—For building and equipment. **Office**—11905 Regentview Avenue, Downey, Calif. **Underwriter** — Hopkins, Harbach & Co., Los Angeles, Calif.

★ Republic Supply Co., Los Angeles, Calif.
Jan. 13 (letter of notification) 500 shares of capital stock (par $10). **Price** — At market (approximately $16 per share). **Proceeds** — To John J. Pike, the selling stockholder. **Office**—2600 South Eastland Ave., Los Angeles 54, Calif. **Underwriter**—None.

★ Ross (J. O.) Engineering Corp.
Jan. 15 (letter of notification) 3,700 shares of common stock (par $1). **Price**—$27 per share. **Proceeds**—To three selling stockholders. **Underwriter**—Granbery, Marache & Co., New York. **Offering**—Expected today (Jan. 22).

Scott Paper Co.
Dec. 5 filed $1,000,000 of memberships in the company's Stock Purchase Plan for 1953 and 23,529 shares of common stock purchasable under the plan. **Underwriter**—None.

Seaboard Finance Co., Los Angeles, Calif.
Nov. 14 (letter of notification) 14,000 shares of common stock (par $1). **Price**—$20.75 per share. **Proceeds**—For working capital. **Office** — 945 South Flower St., Los Angeles 15, Calif. **Underwriter**—None.

Seacrest Productions, Inc., Newport, R. I.
Sept. 8 (letter of notification) 5,000 shares of non-voting common stock, series B (no par). **Price**—$10 per share. **Proceeds**—To acquire real estate and buildings, convert sound stages, install recording equipment and cameras, and for other corporate purposes. **Office**—73 Bliss Road, Newport, R. I. **Underwriter** — Kidder, Peabody & Co., Providence, R. I.

★ Seymour Water Co., Seymour, Ind.
Jan. 12 (letter of notification) 5,000 shares of 6% cumulative preferred stock (par $25). **Price** — $26.50 per share. **Proceeds**—For improvements. **Underwriters**—Bankers Bond Co., Smart, Clowes & Oswald, Inc., and Wagner, Reid & Ebinger, Inc., all of Louisville, Ky.

★ Shaler Supermarket, Ridgefield, N. J.
Jan. 15 (letter of notification) 2,500 shares of 8% non-cumulative preferred stock. **Price** — At par ($10 per share). **Proceeds**—For working capital. **Underwriter**—None.

Shirks Motor Express Corp. (Del.)
Jan. 8 (letter of notification) 20,000 shares of 6% cumulative preferred stock. **Price**—At par ($10 per share). **Proceeds**—For working capital. **Office**—Manheim Pike, Lancaster, Pa. **Underwriter**—Alex. Brown & Sons, Baltimore, Md.

Sinclair Oil Corp.
Dec. 18 filed $101,758,900 convertible subordinated debentures due Jan. 15, 1983, being offered for subscription by common stockholders of record Jan. 9 at rate of $100 of debentures for each 12 shares of common stock held. Rights will expire on Jan. 26. **Price** — At 100% (flat). **Proceeds**—For capital expenditures, to repay $40,000,000 bank loans and other corporate purposes. **Underwriters**—Smith, Barney & Co. and Merrill Lynch, Pierce, Fenner & Beane, both of New York City.

★ Small Investors Real Estate Plan, Inc.
Jan. 14 (letter of notification) 90 units of co-ownership in a multiple dwelling. **Price**—$500 per unit. **Proceeds**—to acquire title to property. **Office**—157 West 42nd St., New York 36, N. Y. **Underwriter**—None.

Smith (Alexander), Inc.
Dec. 16 (letter of notification) 6,625 shares of common stock, of which 3,625 shares are to be sold immediately and 3,000 shares in January, 1953. **Price**—At market. **Proceeds**—To Alexander S. Cochran, a director. **Underwriter**—None.

Southwestern Public Service Co. (2/3)
Jan. 13 filed 293,462 shares of common stock (par $1) to be offered for subscription by common stockholders of record Feb. 2 at the rate of one new share for each 12 shares held (with an oversubscription privilege); rights to expire on Feb. 16. **Price**—To be supplied by amendment. **Proceeds**—For construction program. **Underwriter**—Dillon, Read & Co. Inc., New York.

Southwestern Public Service Co. (2/3)
Jan. 13 filed $12,000,000 of first mortgage bonds due 1978 and 20,000 shares of cumulative preferred stock (par $100). **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans and for expansion program. **Underwriter**—Dillon, Read & Co. Inc., New York.

Standard Sulphur Co., New York
Nov. 7 filed 1,250,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For construction of plant and purchase of new equipment and for working capital. **Underwriters**—Gearhart & Otis, Inc., and F. L. Rossmann & Co., both of New York.

Stanley Home Products, Inc., Westfield, Mass.
Dec. 26 (letter of notification) 3,000 shares of non-voting common stock (par $5). **Price**—$28 per share. **Proceeds**—To Frank S. Beveridge, the selling stockholder. **Underwriter**—Paine, Webber, Jackson & Curtis, Boston, Mass.

Sun Fire Insurance Co., Phoenix, Ariz.
Dec. 22 filed 1,000,000 shares of capital stock (par $1). **Price**—$1.50 per share. **Proceeds**—To qualify to do business in Arizona. **Underwriter**—None. Offering to be made initially to persent and future policyholders of company and to certain specified officers and directors.

Sweet Grass Oils, Ltd., Toronto, Canada
July 29 filed 375,000 shares of common stock (no par). **Price**—To be related to quotation on the Toronto Stock Exchange at time of offering. **Proceeds** — For working capital. **Underwriter**—F. W. MacDonald & Co., Inc., New York. **Offering**—Expected at any time.

★ Sylvania Electric Products, Inc. (2/9)
Jan. 19 filed $20,000,000 of sinking fund debentures due 1978. **Price**—To be supplied by amendment. **Proceeds**—For expansion program. **Underwriters**—Paine, Webber, Jackson & Curtis and Halsey, Stuart & Co. Inc., both of New York.

★ Sylvania Electric Products, Inc. (2/9)
Jan. 19 filed 550,000 shares of common stock (par $7.50). **Price**—To be supplied by amendment. **Proceeds**—For reduction of bank loans and for working capital. **Underwriter**—Paine, Webber, Jackson & Curtis, New York.

★ Tennessee Gas Transmission Co. (2/9)
Jan. 16 filed $30,000,000 first mortgage pipeline bonds due Jan. 1, 1973. **Proceeds**—To repay bank loans. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Stone & Webster Securities Corp., and White, Weld & Co. (jointly). **Bids**—Tentatively scheduled to be received up to 11:30 a.m. (EST) on Feb. 9, at office of Cahill, Gordon, Zachry & Reindel, 63 Wall St., New York 5, N. Y.

Texas General Production Co.
June 4 filed 2,500,000 shares of common stock (par 50 cents). **Price**—To be supplied by amendment. **Proceeds**—To buy property for oil prospecting. **Office**—Houston, Tex. **Underwriter**—To be named by amendment. **Offering**—Tentatively postponed. Statement may be withdrawn.

● Texas Oil Exploration Co., Ft. Worth, Tex. (2/16)
Dec. 5 (letter of notification) 1,200,000 shares of common stock (par 10 cents). **Price**—25 cents per share. **Proceeds**—To drill oil and gas wells and for acquisition of properties. **Underwriter**—Peter W. Spiess Co., New York.

Texas Western Oil Co., Houston, Tex.
Nov. 12 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—50 cents per share. **Proceeds**—For working capital. **Office**—1 Main St., Houston, Tex. **Underwriter** — Scott, Khoury & Co., Inc., New York. **Offering**—Not expected until end of January.

TexSoDak Oil Co., Sioux Falls, S. D.
Nov. 24 (letter of notification) 1,000 shares of class A common stock (par $25) to be offered for subscription by stockholders; 6,226½ shares of class A common stock in exchange for leases and beneficial interest; and 2,679½ shares of class A common stock and 13,750 shares of class B common stock (par $1) to be issued to G. L. Clifton as the promoter. **Price**—Of class A stock, at par. **Proceeds**—To drill and equip wells. **Office**—1213 South Hawthorne Ave., Sioux Falls, S. D. **Underwriter**—None.

United Equipment & Service, Inc., Baltimore, Md.
Nov. 20 (letter of notification) $298,400 of 6% bonds. **Price**—At par (in denominations of $100, $500, $1,000 and $5,000 each). **Proceeds**—To reduce outstanding notes. **Office**—629 Title Bldg., Baltimore, Md. **Underwriter**—None.

United Petroleum & Mining Corp., Bismarck, N. D.
Nov. 17 (letter of notification) 150,000 shares of class A voting stock and 150,000 shares of 4% class B non-voting stock. **Price**—$1 per share. **Proceeds**—To purchase oil and gas leases. **Office**—222 Main Street, Bismarck, N. D. **Underwriter**—John G. Kinnard & Co., Minneapolis, Minn.

United Security Life, Phoenix, Ariz.
Dec. 2 (letter of notification) 75,000 shares of class A common stock (par $1) and 2,500 participating units to be sold in units of 30 shares and one participating unit. **Price**—$120 per unit. **Proceeds**—To increase capital and surplus. **Office**—7 Weldon, Phoenix, Ariz. **Underwriter**—Life Underwriters, Inc., Phoenix, Ariz.

★ Vermont Industries, Inc., Granville, Vt.
Jan. 13 (letter of notification) 60,000 shares of common stock (par $1). **Price** — $5 per share. **Proceeds** — For acquisition of assets of Vermont Forestry Co., Inc., Thurston Valley Mfg Co. and the assets held under contract by Harry Ginsberg. **Underwriter**—George F. Breen, New York.

Video Products Corp., Red Bank, N. J.
Oct. 3 (letter of notification) 75,000 shares of common stock (par 50 cents). **Price**—$2.50 per share. **Proceeds**—For working capital. **Office**—42 West Street, Red Bank, N. J. **Underwriter**—None.

● Wagner Electric Corp., St. Louis, Mo.
Dec. 22 (letter of notification) 1,700 shares of common stock (par $15). **Price**—At market (approximately $50 per share). **Proceeds**—To stockholders entitled to receive fractional shares in connection with stock dividend paid Dec. 15. **Underwriter**—G. H. Walker & Co., St. Louis, Mo. No general public offering planned.

West Coast Pipe Line Co., Dallas, Tex.
Nov. 20 filed $29,000,000 12-year 6% debentures due Dec. 15, 1964, and 580,000 shares of common stock (par 50 cents) to be offered in units of one $50 debenture and one share of stock. **Price**—To be supplied by amendment. **Proceeds**—From sale of units and 1,125,000 additional shares of common stock and private sale of $55,000,000 first mortgage bonds, to be used to build a 1,030-mile crude oil pipeline. **Underwriters**—White, Weld & Co. and Union Securities Corp., both of New York. **Offering**—Expected in the Spring of 1953.

West Coast Pipe Line Co., Dallas, Tex.
Nov. 20 filed 1,125,000 shares of common stock (par 50 cents). **Price**—To be supplied by amendment. **Proceeds**—Together with other funds, to be used to build pipeline. **Underwriters**—White, Weld & Co. and Union Securities Corp., both of New York. **Offering**—Expected in the Spring of 1953.

● West Penn Electric Co.
Dec. 19 filed 264,000 shares of common stock (no par) to be offered for subscription by common stockholders of record Jan. 22, on a 1-for-15 basis; rights to expire on Feb. 9. It is expected that subscription warrants will be mailed on or about Jan. 23. **Price**—$34 per share. **Proceeds**—To purchase about $5,000,000 additional common stock of Monongahela Power Co. and for general corporate purposes. **Underwriters**—Carl M. Loeb, Rhoades & Co. won award of this issue on Jan. 21.

Western Empire Oil Co., Denver, Colo.
Jan. 6 (letter of notification) 35,520 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—To pay for options. **Office** — 222 Patterson Bldg., Denver, Colo. **Underwriter**—None.

Westshore Hospital, Inc., Tampa, Fla.
Dec. 3 (letter of notification) 30,000 shares of common stock (of which 1,250 shares will be issued to Dr. Samuel G. Hibbs and John R. Himes for services rendered). **Price**—At par ($10 per share). **Proceeds**—For property and equipment expenses. **Office**—349 Plant Ave., Tampa, Fla. **Underwriter**—Louis C. McClure & Co., Tampa, Fla.

● Wondermatch Corp.
Jan. 8 (letter of notification) 300,000 shares of common stock, (par one cent). **Price**—$1 per share. **Proceeds**—To purchase for U.S.A. from Invex Corp. of Sweden to manufacture a repeating match and also to purchase the necessary machinery and equipment for said manufacturing. **Offices**—150 Calle Tetuan, San Juan, Puerto Rico, and Room 1703, 42 Broadway, New York, N. Y. **Underwriter**—None. **Offering**—Now being made.

Wyoming National Oil Co., Inc., Denver, Colo.
Nov. 17 (letter of notification) 500,000 shares of common stock (par five cents). **Price**—25 cents per share. **Proceeds** — For oil and gas leases. **Underwriter** — R. L. Hughes & Co., Denver, Colo.

★ York-Hoover Corp., York, Pa.
Jan. 16 (letter of notification) 12,490 shares of common stock (par $10). **Price**—$8 per share. **Proceeds**—To nine selling stockholders. **Underwriters**—Butcher & Sherrerd and Stroud & Co., Inc., both of Philadelphia, Pa.

Prospective Offerings

Arkansas Power & Light Co.
Dec. 15 it was reported company may issue and sell, probably in June, 1953, about $15,000,000 of first mortgage bonds. **Proceeds**—To repay bank loans and for new construction. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers and Stone & Webster Securities Corp. (jointly); The First Boston Corp.; White, Weld & Co. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Equitable Securities Corp. and Central Republic Co. (jointly).

★ Baker-Raulang Co.
Jan. 12 it was reported company late in 1953 may sell about $800,000 to $1,000,000 convertible preferred or common stock. **Proceeds**—For working capital. **Underwriters**—May be Riter & Co.; Hemphill, Noyes & Co., both of New York.

Bank of the Manhattan Company (1/23)
Dec. 19 it was announced Bank plans offering of 250,000 additional shares of capital stock to its stockholders on a one-for-ten basis. Stockholders will vote Jan. 23, on increasing capitalization from 2,500,000 shares to 2,750,000 shares (par $10). **Underwriter**—Probably The First Boston Corp., New York.

● Butler Manufacturing Co.
Jan. 7 stockholders approved a proposal to increase authorized preferred to 50,000 shares from 7,500 shares and authorized common stock to 600,000 shares from 300,000 shares. No immediate financing planned.

Carborundum Co.
Jan. 6 Clinton F. Robinson, President, announced that the Mellon family, and various foundations and trusts established by them, plan to sell approximately one-fourth of their holdings of 71% of 1,500,000 outstanding shares of Carborundum Co. stock. **Offering**—Expected during first quarter of this year. **Underwriter**—The First Boston Corp., New York. **Registration** — Expected in beginning of February.

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Central Maine Power Co.
Dec. 27, William F. Wyman, President, announced company early in 1953 intends to issue and sell $10,000,000 of first and general mortgage bonds. **Proceeds**—To refund outstanding short-term notes. **Underwriters**—To be determined by competitive bidding. Probable bidders—Halsey, Stuart & Co. Inc.; Coffin & Burr, Inc. and The First Boston Corp. (jointly); Blyth & Co., Inc. and Kidder, Peabody & Co. (jointly); Merrill Lynch, Pierce, Fenner & Beane and White, Weld & Co. (jointly); Harriman Ripley & Co., Inc.; Salomon Bros. & Hutzler. The company has no present plans to issue additional common stock.

Chicago Great Western Ry.
Jan. 9 William N. Deramus, 3rd, President, stated that the company is planning issuance and sale of $6,000,000 collateral trust bonds to be secured by $9,000,000 first mortgage bonds held in the treasury. **Proceeds**—To pay off $3,000,000 of notes and for working capital. **Underwriters** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co., Inc.; Kidder, Peabody & Co.; The First Boston Corp.; Merrill Lynch, Pierce, Fenner & Beane.

● **Cinerama Productions Corp.**
Jan. 9 it was reported company plans issuance and sale of about 500,000 shares of common stock. **Price**—Expected to be around $10 per share. **Underwriter**—Hayden, Stone & Co., New York.

Culver Corp., Chicago, Ill. (1/26)
Nov. 22 it was announced that company proposes to offer to stockholders on or about Jan. 26, 1953, a total of 23,640 additional shares of common stock on a share-for-share basis; rights to expire Feb. 9. **Price**—At par ($2 per share). **Proceeds**—For investment. **Office**—105 West Madison Street, Chicago, Ill. **Underwriter**—None.

Dallas Power & Light Co. (3/24)
Dec. 15 it was reported company may issue and sell in March, 1953, about $9,000,000 of first mortgage bonds. **Proceeds**—For construction program. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler; The First Boston Corp.; Lehman Brothers; Kidder, Peabody & Co.; Equitable Securities Corp.; Union Securities Corp.; Harriman Ripley & Co., Inc. **Registration**—Expected Feb. 16. **Bids**—Tentatively scheduled to be received on March 24.

● **First National Bank of Atlanta, Ga.**
Jan. 13 stockholders of record that date were given the right to subscribe for an additional 100,000 shares of capital stock (par $10) on a bisis of one new share for each six shares held Jan. 13; rights to expire Jan. 30. **Price**—$30 per share. **Proceeds**—To increase capital and surplus. **Underwriters**—Equitable Securities Corp.; Robinson Humphreys Co.

Florida Power & Light Co. (4/7)
Jan. 7 it was reported company plans to issue and sell $15,000,000 of first mortgage bonds due 1983. **Proceeds**—To pay bank loans and for new construction. **Underwriters** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co.; Harriman Ripley & Co., Inc.; Lehman Brothers; The First Boston Corp.; Merrill Lynch, Pierce, Fenner & Beane; Shields & Co.; White, Weld & Co. **Bids**—Expected April 7. **Registration**—Tentatively planned for March 2.

Follansbee Steel Corp.
Dec. 16, M. A. Follansbee, President, said the company plans additional equity financing, totaling about $4,500,000. This may be done through a rights offering to stockholders. **Proceeds**—Together with funds from proposed $29,500,000 RFC loan, would be used for expansion program. **Underwriters**—May include Cohu & Co., New York. **Offering**—Expected in February.

Food Fair Stores, Inc.
Jan. 7 it was reported early registration is planned of $12,000,000 of bonds. **Underwriter**—Eastman, Dillon & Co., New York.

Garrett Freightlines, Inc.
Oct. 17 it was announced company has applied to ICC for authority to issue and sell $1,100,000 6% convertible debentures due 1967. **Price**—At par. **Proceeds**—To retire outstanding debentures and preferred stock and for new equipment and working capital. **Underwriter**—Allen & Co., New York; Peters, Writer & Christensen, Denver, Colo.; and Edward D. Jones & Co., St. Louis, Mo.

● **General Contract Corp.**
Jan. 14 stockholders voted to approve a new issue of 500,000 shares of authorized 6% cumulative convertible preferred stock (par $10). These are to be first offered for subscription by common stockholders on the basis of about one-third share for each common share held; then to holders of 5% preferred stock (par $100) and of 5% preferred stock (par $20); thereafter to holders of 5% preferred stock, series A, (par $10); and any unsubscribed shares to public. **Proceeds**—To redeem $10 par 5% preferred stock (61,881 shares outstanding at Nov. 30, 1952) and for working capital. **Price**—$11 per share. **Underwriter**—G. H. Walker & Co., St. Louis, Mo.

★ **Gulf Insurance Co., Dallas, Tex. (2/11)**
Jan. 15 it was announced that company will offer to stockholders of record Feb. 11, 1953, the right to subscribe for 5,000 shares of capital stock (par $10) on a pro rata basis during a 20-day period. **Price**—$50 per share. **Proceeds** — To increase capital and surplus. **Underwriter**—None.

● **Gulf States Utilities Co.**
Jan. 16, it was announced company is planning to sell $6,000,000 in common stock in June and a certain amount of first mortgage bonds later in the year. **Proceeds**—For construction program, expected to cost between $26,000,000 and $28,000,000 this year. The exact amount of the bond offering has not yet been determined. **Underwriters**—For common stock to be determined by competitive bidding. Probable bidders: Merrill Lynch, Pierce, Fenner & Beane and Lehman Brothers (jointly); Stone & Webster Securities Corp.

Illinois Central RR. (1/22)
Bids will be received up to noon (CST) on Jan. 22 at the company's office, Room 301, 135 East 11th Place, Chicago 5, Ill., for the purchase from it of $6,000,000 equipment trust certificates, series 36, to be dated Feb. 1, 1953, and to mature in 30 equal semi-annual instalments up to and including Feb. 1, 1968. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler; Bear, Stearns & Co.

Jersey Central Power & Light Co.
Dec. 15 it was reported company plans to issue and sell $9,000,000 of first mortgage bonds due 1983. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co. and Shields & Co. (jointly); Equitable Securities Corp.; The First Boston Corp.; Salomon Bros & Hutzler; Glore, Forgan & Co.; Kidder, Peabody & Co.; Harriman Ripley & Co., Inc. **Offering**—Probably in April, 1953.

Louisiana Power & Light Co.
Dec. 15 it was announced company may issue and sell in mid-year about $10,000,000 of first mortgage bonds. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co. and Lehman Brothers (jointly); Blyth & Co., Inc.; White, Weld & Co. and Shields & Co. (jointly); Salomon Bros. & Hutzler; W. C. Langley & Co., The First Boston Corp., and Glore, Forgan & Co. (jointly); Merrill Lynch, Pierce, Fenner & Beane and Kidder, Peabody & Co. (jointly); Harriman Ripley & Co., Inc.

Maine Central RR.
Jan. 8 it was reported company may sell an issue of $17,000,000 of bonds. **Proceeds**—For refunding. **Underwriters** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co.; W. C. Langley & Co.; The First Boston Corp.; Merrill Lynch, Pierce, Fenner & Beane; Blyth & Co., Inc.; Glore, Forgan & Co. **Bids**—Expected possibly some time in February.

Maryland Casualty Co., Baltimore, Md. (2/25)
Jan. 8 it was announced the company plans to issue and sell about 400,000 shares common stock (par $1), rights going first to common stockholders of record Feb. 21 (probably on a one-for-two basis). **Underwriters**—May include Merrill Lynch, Pierce, Fenner & Beane; The First Boston Corp.; Lehman Brothers; and Paine, Webber, Jackson & Curtis. **Offering**—Expected to be made about Feb. 25 or 26; with rights expiring about March 12. **Registration**—Scheduled for Feb. 5.

Merritt-Chapman & Scott Corp. (3/27)
Jan. 7, Ralph E. DeSimone, President, announced that primary rights would be issued to common stockholders of record March 27, 1953, to subscribe to additional common stock on basis of one new share for each five shares held (with an oversubscription privilege); rights will expire on April 14. There are presently outstanding 550,282 ($12.50 par) common shares, including shares reserved for scrip. **Proceeds** — For working capital. **Underwriter**—None.

Metropolitan Edison Co.
Dec. 15 it was reported company plans to issue and sell in May about $9,000,000 of first mortgage bonds due 1983. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co. and Salomon Bros. & Hutzler (jointly); White, Weld & Co.; The First Boston Corp.; Kidder, Peabody & Co. and Drexel & Co. (jointly); Harriman Ripley & Co., Inc. and Union Securities Corp. (jointly).

Mississippi Power & Light Co. (3/17)
Dec. 15 it was reported company may issue and sell in March about $12,000,000 of first mortgage bonds due 1983. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co. and Kidder, Peabody & Co. (jointly); Merrill Lynch, Pierce, Fenner & Beane; Union Securities Corp.; The First Boston Corp. and W. C. Langley & Co. (jointly). **Bids** — Tentatively expected on March 17. **Registration**—Expected Feb. 11.

Monongahela Power Co.
Dec. 11 it was announced company plans issuance and sale near the middle of 1953 of $10,000,000 first mortgage bonds. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; W. C. Langley & Co. and the First Boston Corp. (jointly); Kuhn, Loeb & Co.; Kidder, Peabody & Co.; Glore, Forgan & Co.; Lehman Brothers; Equitable Securities Corp.; Union Securities Corp. and Salomon Bros. & Hutzler (jointly); Merrill Lynch, Pierce, Fenner & Beane; Harriman Ripley & Co., Inc.

Narragansett Electric Co.
Dec. 26 it was reported company has applied to Rhode Island P. U. Commission for authority to issue and sell $10,000,000 first mortgage bonds, series D. **Proceeds**—To repay bank loans and for new construction. **Underwriters** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co. and Glore, Forgan & Co. (jointly); Salomon Bros. & Hutzler; Kidder, Peabody & Co. and Stone & Webster Securities Corp. (jointly); Lehman Brothers and Goldman, Sachs & Co. (jointly); Union Securities Corp.; The First Boston Corp.; White, Weld & Co.; Blyth & Co., Inc., and Harriman Ripley & Co. Inc. (jointly). **Offering**—Expected early in 1953.

★ **National Ceramic Co. (N. J.) (1/29)**
Bids will be received up to and including Jan. 29 at the Surrogate Court House, Trenton, N. J., for the purchase from the Estate Bayard L. Dunkle, deceased, of 1,551 shares of the common stock of National Ceramic Co. These shares represent a majority interest in said corporation. **Trustee of Estate** — The Broad Street National Bank of Trenton, 147 East State St., Trenton, N. J.

National City Bank of Cleveland
Jan. 13 stockholders of record Jan. 2, 1953 were given the right to subscribe for 125,000 additional shares of capital stock (par $16) at the rate of one new share for each six shares held; rights to expire on Feb. 2. **Price**—$36 per share. **Proceeds**—To increase capital and surplus. **Underwriter**—Merrill, Turben & Co., Cleveland, Ohio.

New Jersey Power & Light Co.
Dec. 15 it was announced company plans issue and sale of about $4,000,000 first mortgage bonds due 1983. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler; Kidder, Peabody & Co. and White, Weld & Co. (jointly); Smith, Barney & Co.; Union Securities Corp.; Carl M. Loeb, Rhoades & Co. **Offering**—Probably in May.

New Orleans Public Service Inc. (4/14)
Dec. 15 it was reported company plans to sell about $10,000,000 of first mortgage bonds due 1983. **Proceeds**—For new construction. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers; Kidder, Peabody & Co. and Stone & Webster Securities Corp. (jointly); Equitable Securities Corp.; Union Securities Corp. **Bids** — Tentatively scheduled to be received on April 14.

New York, Chicago & St. Louis RR. (2/10)
Dec. 22 company announced it plans to issue and sell $10,000,000 of refunding mortgage bonds. **Proceeds**—To retire $2,250,000 of short-term debt and for working capital. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; Smith, Barney & Co.; White, Weld & Co.; Kuhn, Loeb & Co.; Union Securities Corp. **Bids**—To be received on Feb. 10.

Niagara Mohawk Power Corp. (2/17)
Jan. 8 it was disclosed company plans to issue and sell $25,000,000 of general mortgage bonds due 1983 and 1,000,000 shares of common stock. **Proceeds**—For repayment of $40,000,000 bank loans and for new construction. **Underwriters**—To be determined by competitive bidding. Probable bidders: (1) For bonds — Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; Kuhn, Loeb & Co.; Kidder, Peabody & Co.; The First Boston Corp. (2) For stock—Morgan Stanley & Co. and The First Boston Corp. (jointly); Merrill Lynch, Pierce, Fenner & Beane, Kidder, Peabody & Co. and White, Weld & Co. (jointly). **Bids** — Tentatively expected to be received about mid-February. **Registration** — Expected any day.

Northern Indiana Public Service Co.
Jan. 7 it was announced that company plans to issue and sell an additional $23,000,000 of new securities in the near future (in addition to 80,000 shares of cumulative preferred stock now in SEC registration). **Proceeds**—For new construction.

Pacific Northern Airlines, Inc.
Dec. 19 it was reported company plans early registration of about 400,000 shares of common stock. **Proceeds**—Together with other funds, to be used to purchase additional equipment. **Underwriters**—Emanuel, Deetjen & Co. and Hayden, Stone & Co. (with latter handling books).

Pacific Northwest Pipeline Corp.
Aug. 29 company filed a second substitute application with the FPC proposing to construct a 1,384-mile transmission line extending from the San Juan Basin in New Mexico and Colorado to market areas in the Pacific Northwest. Estimated overall capital cost of the project is $179,000,000. Financing is expected to consist of first mortgage pipe line bonds and preferred and common stocks, and is expected to be completed by April, 1953. **Underwriters**—White, Weld & Co. and Kidder, Peabody & Co., both of New York, and Dominion Securities Corp., Ltd., Toronto, Canada.

Pennsylvania Electric Co.
Dec. 15 it was reported company plans to issue and sell in June about $9,250,000 first mortgage bonds due 1983 and a like amount later on. **Proceeds**—For construction program. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co.; Kidder, Peabody Co.; The First Boston Corp.; Equitable Securities Corp.

● **Pennsylvania RR. (2/3)**
Bids will be received up to noon (EST) on Feb. 3 at Room 1811, Suburban Station Bldg., Philadelphia 4, Pa., for the purchase from the company of $4,800,000 equipment trust certificates, series AA, to be dated March 1, 1953, and to mature in 15 annual instalments of $320,000 from March 1, 1954, to March 1, 1968, both inclusive. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler; Kidder, Peabody & Co.

★ **Public Service Electric & Gas Co.**
Jan. 12 it was reported company plans issuance and sale in May of $50,000,000 of first refunding mortgage bonds. **Proceeds**—To repay bank loans and for new construction. **Underwriters**—To be determined by competitive

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bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co. and Lehman Brothers (jointly); Morgan Stanley & Co. and Drexel & Co. (jointly); The First Boston Corp.

★ Public Service Electric & Gas Co.
Jan. 20, George H. Blake, President, announced that as a first step in raising funds to carry forward the company's construction program (to involve approximately $90,000,000 in 1953) it contemplates selling 750,000 shares of common stock during the latter part of March, 1953. **Underwriters**—Last public stock financing in 1952 was handled by Morgan Stanley & Co., Drexel & Co. and Glore, Forgan & Co. (jointly).

Rockland Light & Power Co.
Nov. 12, F. L. Lovett, President, announced company expects to raise about $24,000,000 in the next two years through sale of bonds, and preferred and common stock, viz: $5,500,000 of first mortgage bonds and $5,500,000 prefererd stock in 1953 and $6,000,000 bonds, $6,000,000 preferred stock, and $1,000,000 common stock in 1954. **Proceeds**—For expansion program. **Underwriters** — For bonds and preferred stock may be determined by competitive bidding. Probable bidders: (1) For bonds—Halsey, Stuart & Co. Inc.; First Boston Corp. and Salomon Bros. & Hutzler (jointly); Stone & Webster Securities Corp.; Lehman Brothers, Bear, Stearns & Co. and A. C. Allyn & Co., Inc. (jointly); Merrill Lynch, Pierce, Fenner & Beane; Estabrook & Co. (2) For preferred—Stone & Webster Securities Corp.; Lehman Brothers; W. C. Langley & Co.; Estabrook & Co. and Kidder, Peabody & Co. (jointly). Common stock will probably be offered for subscription by stockholders.

Rye National Bank, Rye, N. Y.
Dec. 29 the Bank offered its shareholders of record Dec. 23, 1952, the right to subscribe on or before Jan. 23, 1953, for 182,000 additional shares of common stock (par $2) at the rate of 7.28 new shares for each share held. **Price** —$3.20 per share. **Proceeds** — To increase capital and surplus. **Underwriters**—Auchincloss, Parker & Redpath, Washington, D. C.; and G. H. Walker & Co., New York.

San Diego Gas & Electric Co.
Dec. 29 it was reported that the company plans some new common stock financing in the near future. **Underwriter**—Blyth & Co., Inc., New York and San Francisco.

Seaboard Finance Co., Los Angeles, Calif.
Jan. 6 it was announced stockholders will on Jan. 22 vote on increasing authorized preferred stock to 500,000 from 400,000 shares. **Underwriter** — The First Boston Corp., New York.

● South Carolina Electric & Gas Co. (2/18)
Jan. 8 it was reported company is considering an offer of additional common stock, first to stockholders. **Underwriter**—Kidder, Peabody & Co., New York. **Registration**—Expected about Jan. 28.

Southern Natural Gas Co.
Nov. 3 FPC authorized company to construct pipeline facilities estimated to cost $32,518,500. On Sept. 15 it had been announced that the company expects to sell additional bonds during the first six months of 1953 in the amount then permissible under its mortgage indenture, and to provide for other permanent financing by the sale of additional first mortgage bonds or other securities in such amounts as may be appropriate at the time. Probable bidders for bonds: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co.; The First Boston Corp., Blyth & Co. Inc. and Kidder, Peabody & Co. (jointly). Any stock financing may be via stockholders.

Southern Ry.
Dec. 23 it was announced company plans to issue and sell $10,000,000 of St. Louis-Louisville division first mortgage bonds. **Proceeds**—For refunding. **Underwriters** —To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co. and White, Weld & Co. (jointly); Morgan Stanley & Co.; Kuhn, Loeb & Co. **Bids**—Had been tentatively scheduled for Jan. 22, but offering has been deferred due to market conditions.

● Southern Railway (1/29)
Bids will be received at 70 Pine St., New York, up to noon (EST) on Jan. 29, for the purchase from the company of $3,600,000 equipment trust certificates, series TT, to mature in 30 equal semi- annual instalments. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler; Kidder, Peabody & Co.

State Bank of Albany, N. Y. (1/29)
Dec. 15, Frederick McDonald, President, announced that company plans to offer (following approval on Jan. 27 of increase in capitalization) 101,725 additional shares of capital stock (par $10) on the basis of one new share for each three shares held Jan. 29; rights to expire Feb. 20. **Price** — To be determined by directors (probably around $25 per share). **Proceeds** — To increase capital and surplus. **Underwriter** — Salomon Bros. & Hutzler, New York.

Texas Electric Service Co. (4/13)
Dec. 15 it was reported company plans to issue and sell $9,000,000 first mortgage bonds due 1983 and 80,000 shares of preferred stock (par $100). **Proceeds**—For new construction. **Underwriters**—To be determined by competitive bidding. Probable bidders: (1) For stock, Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Kuhn, Loeb & Co.; Union Securities Corp.; Salomon Bros. & Hutzler. (2) For bonds, to be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co., Lehman Brothers and Blyth & Co., Inc. (jointly); Salomon Bros. & Hutzler; Union Securities Corp.; The First Boston Corp.; Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Hemphill, Noyes & Co. and Drexel & Co. (jointly). **Bids** — Expected on April 13. **Registration**—Tentatively scheduled for March 5.

Texas Power & Light Co.
Dec. 15 it was reported company may sell about $11 000,000 of first mortgage bonds. **Proceeds**—For ne construction. **Underwriters**—To be determined by com petitive bidding. Probable bidders: Halsey, Stuart Co. Inc.; Kuhn, Loeb & Co., Blyth & Co., Inc., Kidde Peabody & Co. and Merrill Lynch, Pierce, Fenner Beane (jointly); The First Boston Corp.; Union Secu rities Corp.; Hemphill, Noyes & Co. and Drexel & C (jointly); White, Weld & Co.; Lehman Brothers. **Offer ing**—Tentatively expected in May.

Texas Utilities Co.
Dec. 15 it was reported that following completion proposed financing by Dallas Power & Light Co., Texa Electric Service Co. and Texas Power & Light Co., sub sidiaries (which see) the parent plans to offer additiona common stock to stockholders. **Underwriters** — Unio Securities Corp., New York.

Toledo Edison Co.
Oct. 3 it was reported company plans issue and sale $7,500,000 first mortgage bonds. **Proceeds**—For constru tion program. **Underwriters**—To be determined by com petitive bidding. Probable bidders: Halsey, Stuart & C Inc.; Equitable Securities Corp. and Salomon Bros. Hutzler (jointly); Carl M. Loeb, Rhoades & Co.; Kidde Peabody & Co.; The First Boston Corp. and Glor Forgan & Co. (jointly); Union Securities Corp.; Smit Barney & Co.; White, Weld & Co. and Merrill Lync Pierce, Fenner & Beane (jointly); Lehman Brother **Offering**—Probably early in 1953.

★ Virginian Ry. (2/4)
Bids are expected to be received on Feb. 4 for the pu chase from the company of $4,350,000 equipment tru certificates. Probable bidders: Halsey, Stuart & Co. In Salomon Bros. & Hutzler.

Washington Water Power Co.
Dec. 3 it was reported company may issue and sell June, 1953, $10,000,000 of first mortgage bonds and be tween $14,000,000 and $18,000,000 of debentures. If com petitive, bidders may include: Halsey, Stuart & Co. In Union Securities Corp. and Lehman Brothers (jointly Blyth & Co., Inc., Smith, Barney & Co. and White, Wel & Co. (jointly); W. C. Langley & Co. and The Fir Boston Corp. (jointly).

Wisconsin Public Service Corp.
Nov. 26 it was announced that company plans permane financing prior to June 1, 1953, which may include th issuance and sale of between $7,000,000 and $8,000,00 of bonds and from $2,000,000 to $3,000,000 of preferre stock. An indeterminate number of shares of commo stock may be offered late in 1953 or early in 1954. Stoc financing, if negotiated, may be handled by The Fir Boston Corp. and Robert W. Baird & Co. Probable bi ders for bonds: Halsey, Stuart & Co. Inc.; The Fir Boston Corp.; Union Securities Corp.; Kidder, Peabo & Co.; Shields & Co.; Merrill Lynch, Pierce, Fenner Beane; Harris, Hall & Co. (Inc.); Carl M. Loeb, Rhoad & Co.; Salomon Bros. & Hutzler.

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Washington's "Morning After" — Is the Honeymoon Off? —

there is sure to be an early parade of the other dunners, led by Premier Mayer of France, who had been restrained by our pre-inaugural indecision, but are now again after our dollars via economic and/or military aid.

The Secretary of State's Difficulty

That there is no honeymoon in the cards in the area of our foreign policy is, of course, well recognized. But it should be realized that apart from the furtherance of our overall general aims as repeated yesterday by President Eisenhower not so differently from the words of his predecessors, a most difficult job of reorientation must be done directly from down within the State Department. Secretary Dulles must make clear just how the West is to shift from the long *containment* campaign to a "positive and dynamic" foreign policy, and show our Free World friends just how they can get on the political offensive.

* * *

THE WILSON ACCIDENT

In the context of our present theme, the Charles E. Wilson—General Motors stock — Defense Secretaryship case shows how a complete imponderable has come in to spoil the most confident reliance on the businessmen's Cabinet team. To this columnist the situation that has foolishly been allowed to develop by Mr. Wilson and Attorney-General and Appointment - Braintruster Brownell now represents far more than an isolated incident which the "Good Old Reliable Ike will be able to patch up."

The possibility of Mr. Wilson getting around the statute, or on the other hand, of changing the statute to get around Mr. Wilson has little bearing on the real dilemma. Even if there were no relevant statute on the books, this writer cannot see how the head of a government department — or a business—can properly (or comfortably to himself) occupy the dual position of dealing either through himself or his underlings with a manufacturer, in which he has an obviously important interest, when that manufacturer is his largest direct supplier and when he is its largest customer. Arguments defending Mr. Wilson's position on the ground that he made frank disclosure [in closed sessions, incidentally], or in indignant affirmation of his honesty, or because of the alleged difficulty of getting good men to serve government, seem to be sophistry.

From the public relations viewpoint of politics:—If the nation's number one industrialist, designated head-man in a businessmen's Administration, during a time of world crisis heading a Department under which the nation's youth is giving their lives in Korea; is unwilling to give up 62% of a capital gain (less ultimate inheritance tax accruable thereon) to serve his government, it looks bad. And should the Cold War become hot, it will look very bad indeed!

So in any event, Mr. Wilson's position is a source of permanent embarrassment to the new Administration; and the longer the stock remains unsold, the deeper will be the embarrassment — not only during the "honeymoon" but long thereafter.

Our Reporter's Report

Things frequently loom a great deal larger and more fearsome in anticipation than when they come to pass. That appears to have been the case in the matter of the rise in the Federal Reserve rediscount rate.

Certainly the investment world spent the fortnight since the turn of the year in a state of apprehension and expectancy and the secondary bond market, taking its cue from Government issues, likewise was nervous and uncertain.

Well what had been expected came to pass just a week ago today with the raising of the central bank rate to 2% from 1.75% which had been in effect since August of 1950. And this action appeared to clear the air more than a little bit.

Now it is recognized that the hiking of the bank rate actually did nothing more than bring the official central bank charge more in line with conditions in the general money market.

Government bonds, most sensitive element in the investment market, experienced a momentary markdown in the wake of the news but since then have been acting better. And the same holds true of the gilt-edge corporate list.

Perhaps now, reinvestment demand, which had been in abeyance pending clearing of the skies, may commence to assert itself a bit more vigorously.

Guesses on Treasury

Naturally with the Treasury having a big refinancing job ahead of it for the middle of next month, there is considerable guessing as to just how the new regime will go about handling the task.

Government fiscal chiefs must make up their minds soon on the type of security, and yield basis, to be offered to holders of some $8.8 billion of certificates of indebtedness which fall due on that date.

Wall Street now is inclined to look for a short bond issue, having a five or six-year maturity and carrying a coupon rate of 2½%. It is pointed out that the last similar refinancing was done with an issue of 2¾% bonds maturing June 15, 1958.

Current New Issues

This week's new issues came in for a bit of a mixed reception as the investment world adjusted itself to new conditions. Perhaps the distraction created by the inauguration was something of a factor.

Kansas City Power & Light Co.'s $12,000,000 of 30-year first **mortgage bonds, bought by bank ers at 100.729 as 3¼s and reoffere at 101.347 to yield 3.18% move rather well although there a still bonds around.**

On the other hand, Ohio Pow Co.'s $22,000,000 of new 30-yea first mortgage bonds sold to bank ers at 102.08999 for a 3⅜% coupo and reoffered at 102.625 to yiel 3.24% were reported a bit slow.

The company's 100,000 shares new cumulative preferred stoc sold to bankers at 101.24 for 4.40% dividend rate, and reoffere at $103 to yield 4.2718% was re ported well taken.

Building a Backlog

A number of corporations s the wheels in motion this wee with a view to future financin of their requirements. Equitab Gas Co. stockholders, for exampl approved plans of the compan for early sale of $10,000,000 of ne preferred stock by authorizing a issue of $20,000,000. This woul mark the firm's first financin through senior equities.

Meanwhile J. I. Case Co. regis tered with the SEC to cover proposed issue of $25,000,000 25-year debentures through neg tiated underwriting. And Iowa Illinois Gas & Electric Cor called for bids, Jan. 27, in Chicag for $8,000,000 of 30-year bon and 60,000 shares of $100 par valu preferred stock.

Sylvania Electric Products In announced it will be in the ma ket seeking $35,000,000, throug new bonds and stock next mont by registering for $20,000,000 sinking fund debentures and 550 000 shares of common.

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Time of Decision

he absence of any customer complaint—none of these hould be required or permitted.

The Federal Securities Acts, as administered by the EC, have failed us in all these and in many other respects.

Widely believed to have been created in an emergency or a period of temporary existence, the Commission has eveloped into a veritable Frankenstein which has the ublic in general and the securities industry in particular y the throat.

The Chairman of the SEC has just announced the iling with the Commission of the 10,000th registration tatement under the Securities Act of 1933. He characterzed this event as an important milepost in the Commision's administration of its various statutes for the protecion of the interests of investors and the public.

In its release making this announcement, the SEC aid:

"During the twenty years since the passage of the Securities Act, the nation's economy has experienced a ecovery from depression, a recession, a world war with ll of its accompanying financial dislocations, postwar exansion, and a further tremendous expansion of plant and quipment for the purpose of broadening our industrial ase as a vital part of our present mobilization effort. During these periods the Securities Act has contributed n a major way to the health of our economy and aided n the legitimate solicitation of public funds for the treendous increase in industrial capacity of this country o meet the demands of war and defense."

Our reaction!—It would be to laugh if the tragedy nd error of the conclusion were not so apparent.

The detail involved in these registrations, the burlensome cost to the public, the travail and delay entailed n the compiling and filing of them, the jaberwocky of rospectus requirements — all these have combined to ause the existence of a disturbingly unhealthy condition n the field of the flotation of new issues and has impeded he flow of capital into trade and industry.

Legislating through the medium of its rule-making owers, the SEC has made of the securities industry a upine body, silenced for fear of reprisals. The splendid xception to this, of course, was when a united industry ose in rebellion and opposed the Commission's attempt o assume the taxing powers of the Congress by attempting o levy fees on those they were regulating.

We venture the opinion that if it were possible to ccurately set up a ledger establishing what the SEC has aved the public and what it has cost the public, the Commission would prove to be a bankrupt agency of stounding proportions.

Mr. Cook's observations at the New York Security Dealers dinner were arresting, if disturbing, in other espects. Dealing with the auction vis-a-vis the negotiated arket he said in effect that he favored both, that these will co-exist and the financial facts of life require both o continue. Fine! So far we follow him. We favor the o-existence of both these markets and believe each perorms its separate, distinct and important public function. However, we see that the SEC is not impartial as between hese markets. It is gradually whittling away at the overthe-counter market in numerous ways. In certain reorganizations, for instance, the withholding of its consent is hreatened unless the new securities are required to be registered on an exchange.

Then, too, the SEC's continuous policy of flaunting free markets and foisting its concept of proper mark-ups on dealers, directly and through its satellite, the National Association of Securities Dealers (NASD), has impoverished the securities business when those in virtually all other lines of endeavor have been flourishing. This has particularly hurt the market for the securities of small business concerns. Its devastating effects generally are bound to become manifest as time passes.

Mr. Cook's sin was one of omission. In fairness he should have pointed this out.

His observations on the Frear Bill constituted characteristic Commission thinking. He—as was to be expected —favors its passage. Has any Commissioner acted otherwise when legislation would serve to extend his powers?

But when Commissioner Cook says that the passage of the Frear Bill will have no detrimental effects on the over-the-counter market, he is just plain wrong. The very purpose of that proposed legislation makes the contrary clear. It seeks to invade an area hitherto free from SEC regulation and control, a consideration which no doubt influences the continuance of many stocks on the over-the-counter market.

At the hearing on the bill, the flood of protest which emanated from business generally emphasized the strong antagonism that exists against its passage.

Because of over regulation the securities industry is so financially anaemic that when adverse legislation affecting one segment of the business is advocated, another segment will applaud if it appears a few more crumbs will come the way of the latter. Repeal of the Securities Acts and abolition of the SEC will make for a flourishing industry once more and for one happy family of those in all phases of the securities field.

No list of grievances against the SEC is even partially adequate without mentioning its trial system wherein, despite the Administrative Procedure Act, it acts as complainant, investigator, prosecutor, judge and jury. This is a devastating indictment against the Commission. For this alone the relief of repeal of the Securities Acts becomes urgent.

In recent years the SEC has inexcusably stuck its proboscis into private affairs which should have been none of its concern.

The list of grievances is long. Public patience and endurance have been tested to the uttermost. There is pressing need for prompt relief.

Small wonder that the new Administration is looked to with expectant hope, for the fetters of autocratic regulation have left ugly and searing scars.

Of the opportunities that have come to the new Congress, few required more immediate translation into action than those existing in the securities field. Here the need is most urgent.

To rise to this occasion and gain public gratitude everlasting would be to at once abolish the SEC.

Bond Club of Chicago Annual Meeting

CHICAGO, Ill.—The 42nd Annual Meeting of the Bond Club of Chicago will be held at the Mid-Day Club on Wednesday, Feb. 11, 1953. Cocktails, 6:15 p. m.; dinner, 7:15 p. m.

The Nominating Committee, Edward C. George, Harriman Ripley & Co., Chairman; Ralph Chapman, Farwell, Chapman & Co., and Leo J. Doyle, Doyle, O'Connor & Co., has proposed the following Officers and Directors for the coming year: President, Paul L. Mullaney, Mullaney, Wells & Co.; Secretary, Robert B. Whittaker, Lee Higginson Corp.; Treasurer, Paul W. Fairchild, First of Boston Corp.

With McGhee & Co.

(Special to The Financial Chronicle)

CLEVELAND, Ohio—Ylonne E. McDuffie has joined the staff of McGhee & Co., 2587 E. 55th St.

With Waddell & Reed

(Special to The Financial Chronicle)

AURORA, Colo.—Louis E. Bowlds is now with Waddell & Reed, Inc.

Washington . . . And You

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

WASHINGTON, D. C.—Mr. Truman magnanimously did everything he could to smooth the transition from the old to the new Administration—so he said—but:

He attempted to put the new Administration on the spot on the tidelands oil situation by presuming through an Executive order to achieve what he had not been able to achieve by legislation — the assumption of Federal control.

He let loose an "Economic Report" which carried the veiled inferences at points that under Truman policies the United States would see ever higher national income but maybe the economic situation won't be so good a year or so from now.

He advocated that his successor continue the open free-for-all press conference and suggested that any President who had what it takes could handle this somewhat disorderly means of getting news across as to the activities and intentions of the Administration.

He warned against choosing the path of war with Russia, subtly inferring this was the course of the new Administration.

He submitted an alleged blueprint of a national health program which somehow was supposed to make it easy for everybody to be sick at Uncle Sam's expense.

President Needs Needling

Many Washington correspondents have serious doubts as to the net utility of the open press conferences which Roosevelt and Truman have handled for the last two decades, but few newspapermen or other experienced observers have any doubt but that every President needs to be needled frequently with some impertinent questions. If the press conference question and answer procedure is abolished, then there will be no way in which the President can be put in an uncomfortable spot by some hostile oral reaction.

The "separation of powers" theory of the Constitution works in this respect. The President never gets to meet face to face people who might question his wisdom or goodness. His Cabinet officers and other subordinates must appear before Congress, but not the President.

And the President is surrounded by sycophants — every President is — who can always soften the cruelty of a hostile editorial in a newspaper with a well-directed barb against the motives of the editor or publisher of a newspaper. By custom the most intimate friends of the President rarely refer to him as "Frank," or "Harry," or will they refer to Mr. Eisenhower in his presence as "Ike."

It is always "Mr. President." It is only a matter of time before any President, unless a man of unusual willpower, is subtly convinced of his great wisdom and political invincibility.

In the British system where the heads of departments and state are members of the popular legislative body, the disposition to smugness and stuffiness is somewhat checked. They get brought up short with embarrassing questions from the floor, as well as barbed criticisms.

There was, for instance, the time when in the Canadian Parliament several years ago a Minister of Finance was referred to by an Opposition member as "the tool of the Winnipeg grain trade." In reading the printed pages of the debate one could almost see the Minister of Finance purple with rage as he demanded that the Speaker expunge the words of the Opposition MP from the Record.

All right, said the Opposition MP, he would retract his charge. He would put it in Parliamentary language. The Minister of Finance, he said, was only the darling of the Winnipeg grain trade.

Push Tax Limitation

Rep. Chauncey W. Reed (R., Ill.) is pushing a new tax limitation amendment which will put the Big Government cells on the spot.

Fair Dealers have solemnly said that the reason they oppose the proposed Constitutional amendment, adopted by more than two dozen States, placing a maximum rate of 25% on any rate of Federal taxation, is that such a limitation would deprive the Federal Government of revenues necessary to discharge its obligations and to meet emergencies.

They have not said that they are in favor of the confiscation of earnings achieved by a "progressive" rate reaching 92% of income.

So Mr. Reed has offered a proposed amendment which in effect provides only that the disparity of rate charged any one class of taxpayer shall not be greater than 15% the rate charged another taxpayer. In other words, if at any given time Congress thought it necessary to the nation's welfare to levy an income tax rate of 90%, then the lowest rate on any taxpayer would have to be 75%. There is no top limitation.

This amendment is designed both to achieve the objective of the 25% limit proposal of retreating from confiscation in tax rates and to force the leftists to take the field openly for confiscation.

Mr. Reed's proposal is said to be looked upon with considerable favor by the new leadership of Congress.

Bricker Amendment Cleared

Another proposed Constitutional amendment is also said to have a clear path ahead. That is the amendment offered by Senator John Bricker (R., Ohio) to provide that no international treaty or agreement shall void the rights guaranteed to the people of the United States under their Constitution.

This is designed, of course, to prevent UN "human rights" treaties or those sponsored by the International Labor office from bringing about large advances of the Welfare State via alleged treaties and greements as the "supreme law of the land."

Hearings were given this subject last year before the Judiciary committee but the State Department and the Administration objected.

Andrews Rated Good Choice

T. Coleman Andrews, the Virginia Democrat who was chosen to be Collector of Internal Revenue, is rated as an outstanding choice.

Several years ago, after he was released from active duty in the Marine Corps, Mr. Andrews took over the Corporation Audit division of the General Accounting Office and gave the free-wheeling lending agencies of the government fits.

Among those Andrews attacked for sloppy accounting was the RFC, whose officers assured a Congressional committee it was well-managed and its accounting well-nigh perfect.

After leaving GAO, Mr. Andrews set up systems which reputedly worked marvelous improvements in the accounting systems used by municipal governments in Virginia.

Dulles Squares With Congress

John Foster Dulles made his first concrete statements on various facets of foreign policy since the election in his confirmation hearing before the Senate Foreign Relations Committee. So far as he went, Mr. Dulles showed that his viewpoints were those of the overwhelming majority of Republican and Democratic conservatives in Congress. In particular:

Foreign trade: Mr. Dulles gave the clear indication that he does not think the U. S. has the sole responsibility to rectify the dollar deficiencies of Europe by an unilateral lowering of its tariff barriers. He also emphasized that Europe should free trade within Europe.

State Department: He specifically attacked the Acheson notion that the State Department should become a great bureaucratic empire handling many things besides its central function, foreign relations.

Point IV: He is all for technical cooperation (so is most of Congress) but not for hand-outs.

Mr. Dulles has yet to say what he thinks about Korea, use of Chiang's troops, and the level of aid to Europe, subjects upon which obviously he could not sound off at the preliminary stage of a confirmation hearing.

Lefties Lose First Maneuvers

Unless they are able to harvest a good crop of political hay out of Charley Wilson's holdings of GM Stock, the lefties have lost all the political battles so far.

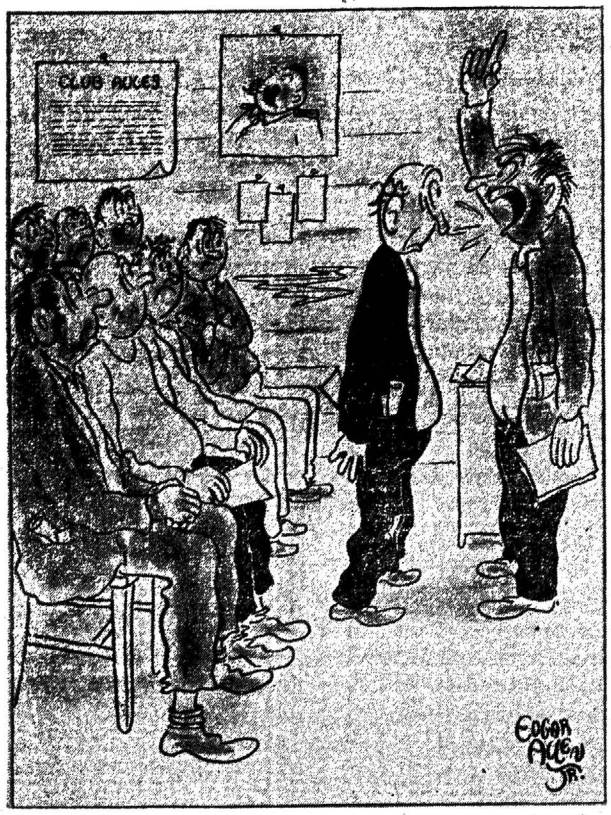
The thought about attempting to cut out the filibuster rule of the Senate at the beginning of the session was that it was real cute. At the outset, and while there was ample time for debate, the lefties would force the slender GOP majority to decide between (1) the southern Democrats or (2) the minority groups backing the FEPC.

As it worked out, the bringing up of this matter tended to consolidate the "coalition" and yet the GOP has plenty of time to figure out how to placate the minorities later.

In the final pinch only six Senators besides Senator Wayne A. Morse voted to keep the Oregonian in his old place in the committee sun. Democrats knew full well that if they had voted to embarrass the GOP leadership, they might another day have had a maverick of their own, and weren't setting a precedent.

(This column is intended to reflect the "behind the scene" interpretation from the nation's Capital and may or may not coincide with the "Chronicle's" own views.)

BUSINESS BUZZ



"Comrade Potcheesky, you're through!—You were seen using that product of Wall Street Capitalism—Soap!"

Wolf With J. S. Jones

(Special to The Financial Chronicle)

PORTLAND, Ore.—Clifford L. Wolf has become associated with June S. Jones & Co., U. S. Bank Building. He was formerly for many years with Fordyce & Co. and its predecessors.

Business Man's Bookshelf

Do You Dare to Be Different—Kenneth W. Sollitt—The Foundation for Economic Education, Inc., Irvington-on-Hudson, New York—Paper—No charge for single copies, quantity prices on request.

Reaching Out in Management—William B. Given, Jr.—Harper & Brothers, New York City—Cloth—$2.50.

Studies in Income and Wealth—Volume Fifteen—National Bureau of Economic Research, Inc., 1819 Broadway, New York 23, N. Y.—Cloth—$3.50.

Study of Savings and Savings Facilities, A—William E. Dunkman—New York State Bankers Association, 33 Liberty Street, New York 5, N. Y.—Fabrikoid.