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EDITORIAL

As We See It

The Committee for Economic Development, commonly known as the CED, has come forward with a report embodying the findings of an apparently rather exhaustive study of the British situation as respects its defense preparations and our part therein. The timing of this document, whether planned that way or not, is excellent. It can hardly fail to attract attention at a moment when this precise subject is being earnestly studied and discussed by leading representatives of the two countries.

The Committee is convinced, first that we shall have to pay more of the costs of NATO rearmament or face disaster; second, that the kind of aid that we have been granting in the way that it has been delivered tends to be "self-defeating" and hence is to be dropped or drastically altered; and, third, that Britain's difficulties go deep and can be dealt with effectively only by greater efficiency in British industry and more liberal treatment of British goods at our borders.

The Committee believes that should we bear a greater share of NATO costs, corresponding amounts of British funds could—and presumably would—then go into modernization of her industrial plant. Meanwhile Britain needs better opportunity to reach foreign markets. In our own case, better management of our purchases of raw materials from the sterling area would help, and we must modify our tariff policies and procedures in various ways to enable foreign goods, particularly British goods, to enter our domestic markets more freely. To the protectionists throughout this country and to industries which believe themselves to be dependent upon the protection pres-

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Television—Its Realities And Eventualities

By PAUL A. JUST
Executive Vice-President
Television Shares Management Company

Asserting electronics age is here, but still largely in custody of the armed forces, Mr. Just reveals unprecedented dynamic quality of electronics industry. Says production of television equipment for entertainment is still largest single reality, as well as most important dollar-wise, in peace time application of electronics. Predicts factory value of television output in 1953 will exceed $2\frac{1}{4}$ billion. Looks for spectacular growth in industrial use of electronic equipment, particularly in view of substitution of transistor for vacuum tubes, and sees great investment potentialities in electronics industry.

The dazzling rapidity of electronic developments makes it immeasurably difficult to evaluate this field. From a social standpoint these developments promise a new way of life. They present a great new industrial factor with perhaps as much economic significance as the development of the steam engine had in the mechanization of production, or the development of the automobile in transportation. And yet, only a few short years ago, electronics comprised little more than sight and sound communications. It was referred to then as the electronics industry.

Paul A. Just

Today, modern electronics transcends industry. Electronics has become a science as well as an art. Its field embraces virtually every phase of human activity. One phase is concerned with the concepts and applications involved in the use of energy. Another with the tabulation and analysis of information. Beyond the wildest dreams of fancy or fiction electronic devices can and do supplement the human senses. They have increased the vision of

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INCREDIBLE—BUT TRUE!

Repeal of Securities Acts and abolition of SEC and NASD advocated. Hypothetical interview with dealer reveals combined effect of these laws and the method of their enforcement has markedly reduced number of investment banking and brokerage firms. Held to have adversely affected foreign trade, small business and liquidity of the exchanges, and to be accelerators of layoffs of workers in event business activity recedes. Congressional action advocated.

It really isn't hard to decide whether legislation affecting our economic life which was enacted during the so-called New Deal-Fair Deal Administration is good or bad for America.

All we have to do is determine whether a specific law adds to or subtracts from those ingredients that made this country the production miracle it is and the standard of living of our people the envy of the whole world. This test should be applied right down the line on all laws enacted in the past two decades. If this were done and substandard laws were repealed or revamped, then, despite our national debt of $267 billion, and a budget adequate to provide for our necessary military establishments and the proper functions of our government, we nevertheless could be sure that prosperous times would lie ahead with employment for all those desirous of working.

Implicit in those major ingredients that made this country flourish was the abundance of capital that readily flowed into trade and industry through the sale of securities, thereby making available for business the wherewithal with which to provide jobs for ever more workers at ever less human effort and at ever more renumeration. The beauty of it was that the capital needs

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THIS CONCERNS YOU AND YOU AND YOU—The editorial, "Incredible—But True!" starting on this page deals with a subject that is of vital interest to all those engaged in the issuance, underwriting and distribution of corporate securities.

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

St. Regis Paper Company—Todd Alexander, Research Dept., Auchincloss, Parker & Redpath, New York City. (Page 2).

Monsanto Chemical — David W. McKnight, Partner, G. H. Walker & Co., New York City. (Page 2).

TODD ALEXANDER

Manager, Research Department,
Auchincloss, Parker & Repath,
New York City
Members New York Stock Exchange
and Other Exchanges

St. Regis Paper Co.

The sales and earnings outlook for St. Regis in 1953 is very encouraging. In the middle of January, the company brought into production a large new mill at Jacksonville, Fla., having a capacity to produce 100,000 tons of paper annually. This addition raises the company's capacity for the production of kraft paper and board to 560,000 tons a year, an increase of 22%. The plant has the most modern manufacturing equipment and will permit full utilization of the company's experience gained in high volume production of kraft pulp, paper and board in its Pensacola, Fla., and Tacoma, Washington, mills. The mill is advantageously located in relation to the company's pulpwood supply which it owns or holds under long-term management contracts. It has considerable flexibility, which will permit St. Regis to favorably exploit its productive capacity, and the company is confident that it will be able to sell all of the output of the mill.

Todd Alexander

During the 4th quarter of 1952, the business of St. Regis picked up considerably. It was the best quarter of the year, by far, both from a sales and an earnings standpoint. Even without the additional capacity of the Jacksonville mill, earnings for the quarter were approximately 75 cents per share, as compared with 45 cents earned in the 3rd quarter; 46 cents earned in the 2nd quarter; and 64 cents earned in the 1st quarter. This brought earnings for the full year to about $2.30, compared with the $3.11 earned in 1951 on the 5,170,714 outstanding shares of common stock. Sales last year were close to $185 million, as compared with the $196 million reported for 1951.

With the additional capacity provided by the Jacksonville mill, a 50% increase in capacity for the production of multi-wall bags at Pensacola, better conditions now existing in the paper industry, and in view of a favorable outlook for the industry, it seems likely that St. Regis can easily establish a new sales and earnings record this year. The company's large capital expenditure program has been largely completed and from here on its capital requirements for expansion will not be burdensome. It is believed likely that the company will see fit to increase its regular dividend of $1.00 per share sometime in the second half; its financial position is very good and as anticipated earnings materialize the company will be well able to distribute to stockholders a larger proportion of its earnings.

The discovery of the Pollard Field in southwestern Alabama by Humble Oil & Refining Co. early in 1952 resulted in a sudden revival of interest in the potentialities of southern Alabama and nearly all of Florida. After the discovery, several million acres of land in Florida and Alabama areas were leased by almost all of the major oil companies. The field now has 28 producers, each operating under a 100-barrel-a-day allowable as determined by the State of Alabama.

Florida has had no discoveries since 1943, but this State, from the Panhandle to the Keys, appears particularly inviting for the immediate future. Many companies which had moved out of the area are now back and reviving their exploratory activities. The year 1953 is expected to see considerable drilling in Florida and a substantial strike could set off a wave of activity to rival that of 1951's Williston Basin. Within a radius of 30 miles of the Pollard Field, St. Regis Paper owns approximately 300,000 acres of timberlands. On approximately 250,000 acres of these holdings the company owns an undivided half interest or more in the mineral rights. Some of its acreage is in the Pollard Field, and Standard Oil of Indiana has brought in four wells and plans to drill more on a small block of acreage owned by St. Regis. Humble, Gulf Oil, and Standard Oil of California are among the companies active in the immediate area at the present time. St. Regis is reported to be joining with Gulf Oil and Commonwealth Oil on a proposed test on St. Regis property 2½ miles north of the Pollard Field, and if this test results in an oil well, the implications would be favorable. Other companies also plan to drill test wells around St. Regis' holdings during 1953. Elsewhere in the State of Florida, Sun Oil, Sinclair, Pancoastal and others are planning important geophysical, exploratory and drilling activities.

The oil aspects of St. Regis add considerable speculative appeal to the stock which, on its well rounded and integrated paper aspects alone, appears reasonably priced, especially in view of its increasing earnings and good prospects for a higher dividend.

DAVID W. McKNIGHT

Partner, G. H. Walker & Co., N. Y. C.
Members New York Stock Exchange

Monsanto Chemical

"Best" stocks in growth industries at this market level sell for more money than their current earnings justify, but where the management is soundly progressive and the industry potential remains great, such stocks over the years should turn out to be worth the premium prices paid for them. Monsanto Chemical common stock at 91 is not statistically cheap; it earned $4.29 per share and paid $2.50 last year, but I am satisfied to place it in a favored category at this time. A principal reason for doing so is that the company over the next 12 to 18 months should capitalize on the completion of the largest capital expansion program in its long history of highly profitable operations.

David W. McKnight

The initial phase of Monsanto's postwar expansion program occurred between 1945 and 1950, during which time gross plant increased two and one half times to $192 million. But the second phase, inaugurated late in 1950 witnessed $38 million spent in 1951 and probably close to $72 million in 1952 alone, with another $37 million required in 1953 for completion. Thus by mid-1953 plant and annual sales volume should be over four times the 1945 level.

But Monsanto's expansion goes beyond what these figures suggest for it is a co-owner (with American Viscose) of Chemstrand Corp., which is now in production with its distinctive new wool-like fibre, "Acrilan," and by the year-end it will be turning out "Nylon." At rated annual capacity of 30 million and 50 million pounds, respectively, the Chemstrand operation should produce around $180 million of sales. (Compares with Monsanto's sales total of $267 million last year.) Not only will Monsanto have a direct half interest here, but it will profit further by the sale of basic raw material chemicals such as acrylonitrile to Chemstrand Corp.

The chemical industry is a research industry but not many chemical companies choose to do a really extensive research job, preferring to concentrate in particular divisions. This is not true of Monsanto whose research effort has had a wide range of commercialization. Actual dollar expenditures are around 2½% of sales and for exploratory research they are rising. One of the most important recent programs was the successful synthesis of acrylonitrile. This project had been under way for several years before it was announced in the Fall of 1950 that a large plant for producing acrylonitrile would be built.

This chemical is a key raw material for Chemstrand's "Acrilan" but it is also used in plastics and Buna-N synthetic rubber. In addition, it is a raw material for "Krilium," the new soil conditioner, which in time may outstrip any other present company product in terms of sales volume. Experiments in atomic energy and a research program to find improved processes for producing titanium are examples of the company's many interests which go beyond the several phases of its principal operations.

Monsanto's business is highly diversified as to the number of products produced and markets covered. Sales are heavily concentrated in products showing above-average growth as compared with chemicals as a whole. The classification is not yet available for 1952, but in 1951 sales were divided as follows:

Plastics, Synthetic Resins & Surface Coatings	29%
Intermediates, Plasticizers & Resins	16
Phosphate Products and Detergents	16
Rubber and Petroleum Chemicals	11
Pharmaceuticals, Flavors and Condiments	10
Heavy Chemicals	6
Insecticides, Herbicides and Wood Preservatives	5
Miscellaneous	7

Sales to major consuming industries in order of importance are plastics and synthetic resins, rubber, soap and synthetic detergents, pharmaceuticals, paint and varnish and inks, petroleum, glass and vitreous products, food,

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Electronics—An Integrated, Mature and Progressive Industry

By ROBERT W. GALVIN*
Executive Vice-President, Motorola Corporation

Stressing stability and expansion of electronics industry, Mr. Galvin points to its increasing applications and scope. Cites broadening use of radio, television and other electronic instruments in homes, industry and armed services. Emphasizes dynamic nature of industry due to continuing improvements and scientific progress. Anticipates further development in subscription and theatre television and discusses outlook for color TV. Says outlook for profits in electronics industry is good.

Your first acquaintance with the electronics industry in its so-called pure form was in the radio business. The next phase of the electronics business that the American public was consciously aware of was the commercial communication application of electronics. Then during World War II, we became aware of the importance of electronics as a weapon, and finally after the termination of that war we saw the importance and glamour of television.

Robert W. Galvin

I would like to trace these four phases of the business and show not only what has been done, but certain of the potentials in each of these fields which may indicate that we truly have an integrated, mature and progressive industry.

The electronics business or the electronics art has to do with and makes use of the vacuum tube. This definition has recently changed because of the introduction of the transistor, which in certain applications of electronics will either supplement or take the place of the vacuum tube.

This very change in the definition of electronics is an indicator of one of the more significant things that one should keep in mind when appraising the industry. That is, its dynamics. It is constantly changing because our scientists, people and engineers are constantly improving our products and finding new ways of making use of this art and science.

Phases of Application of Electronics

Let's get into these various phases in the application of electronics.

First, you knew us as a radio business. The radio business was an important business to many companies such as ours during the latter '20's and the '30's. When television came along, many people were of the mind that the radio business would in all probability start a long decline if not a sudden fall-off.

On the contrary, **the radio business has improved.** It now has the opportunity of being a very important part of the whole electronics business for many, many years to come. For example, in 1948 there were 1,600 AM stations on the air; in 1953 there are 2,400. There are more radio stations on the air now than there were five or six years ago. FM, a relatively new service to the American public, has also improved in its capacity to serve. There were 375 stations in 1948 and there are now approximately 600 stations on the air. It is interesting to note, however, there were, a couple of years ago, more FM stations on the air. FM has not caught on as we would have wished it.

In 1950, our industry served up to the American public, and the American public saw fit to buy, about fourteen and a half million radio receivers of various kinds, home radios, portable radios, clock radios, and car radios. This business is typical of the volume and variety we expect to get in varying degree through the '50's and '60's. Last year, we did close to eleven million radio sets, and this year we will do twelve and a half million radios. Increases in new models such as clock radios give evidence of the dynamic and technological improvement in our business. Similarly, we find a car radio has become a necessity to the American public. This unit volume that I have cited was sufficient to keep the electronics industry in business during the 1930's. We still have for all practical uses the same unit volume to digest annually for many, many years to come.

There are important reasons why the radio busines will continue to be a good business. First, we realize now that television has, in terms of its effect on radio, only a novelty effect in the early stages of television coming to a market. It wears off quickly enough and radio becomes an important commodity again. Technological improvements and new utilities such as the clock radio and trim portable designs tend to revitalize consumer demand periodically.

Third, our whole economy seems to thrive on the principle of obsolescence. The American people are very willing to look for and buy new things, even before their older products are rendered useless.

Fourth, radios have great ap-

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*An address by Mr. Galvin before the Investment Counselor Analysts, N. Y. C.

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Investment Schizophrenia

By JAMES A. CLOSE

Trust Investment Officer, The Merchants National Bank & Trust Company, Syracuse, N. Y.

Dr. Close, in reviewing recommendations and forecasts of leading investment services, finds an astonishing lack of unanimity of opinion, particularly on individual stock issues. Cites cases of diversion of views and recommendations, but, on the whole, finds considerable agreement on portfolio policy. Concludes "an eclectic point of view by itself is no guaranty of investment success," and "investment companies are no panacea." Sees need still of personal selections to suit individual cases.

Nearly 30 years ago in "Econometrica," July, 1933, Alfred Cowles, III, pointed out clearly the lack of success of stock market forecasters. Since then, however, much ticker tape has found its way to the waste basket. During that time a great deal of study has been devoted to security and market analysis. It is interesting today to look for a moment at some current selections and policies of leading experts. We will point out the degree to which they agree and disagree among themselves. Primary attention will be given to Standard and Poor's and Moody's recommendations as to individual issues which are recommended for purchase.

James A. Close

A second item to be considered will be the degree of unanimity of opinion among the experts as to portfolio policy as a whole. This concerns itself with the relative balance desirable between stocks and bonds at any given time.

Individual Issues

The two standard investment services are Standard and Poor's and Moody's. Besides our libraries, insurance companies, savings banks, commercial banks, trust companies, investment companies, endowments, pension funds and other large investors subscribe to one or more of the services offered by each company. Early every month each of these firms gives its subscribers two lists of common stocks recommended for purchase. Each company presents a list of common stocks attractive for income and another list most promising from the point of view of growth.

The Feb. 2, 1953, list of Moody's as presented in their "Stock Survey" had 17 common stocks recommended for income. Standard and Poor's list of Stocks for Income in the Feb. 9, 1953 issue of "Listed Stock Reports" recommended 32 common stocks for income. In the same issue, Moody's recommended 15 common stocks for growth. Standard and Poor's recommended 52 common stocks as being "most promising."

We have then a total of 116 "buy" recommendations—85 by Standard and Poor's and 32 by Moody's. Now let me impose on your honesty by asking you to guess before you read further, how many of these 116 stocks were on both lists? Remember both companies are making their selections primarily from highly marketable common stocks of large, nationally known companies. Remember, too, most of the recommendations are of stocks listed on the New York Stock Exchange. How many of the 67 common stocks recommended as most promising were on both lists? I asked that question recently of five men. One was a district representative of one of the investment services. The other four were engaged in investment portfolio management. Their estimates ranged from 40 to 60% of the issues being on both lists. Actually only one stock (General Foods) was recommended by both services for income! Three stocks were recommended by both for growth (duPont, Mission Corporation and Pittsburgh Plate Glass). Out of the 32 common stocks recommended for purchase by Moody's and the 84 recommended by Standard and Poor's a total of only five stocks was recommended by both. (General Public Utilities was recommended by Standard and Poor's in the most promising category and by Moody's for income.) How do these results compare with your own estimate?

Thus there was an astonishing lack of unanimity of opinion. If investment analysis really had developed to the degree which some believe, one would expect them to agree at this time on more than five stocks. Especially one would expect them to overlap on more than one stock for income. Here prominence would be given to stable income groups such as public utilities, food and finance. In these groups quantitative and qualitative factors may be analyzed with a good deal of confidence so that a fairly substantial similarity of results would be expected. On the other hand, one could argue that with over 1,000 common stocks listed on the New York Stock Exchange, there would be very few stocks on both lists just from a statistical probability point of view. Before one jumps to a conclusion on this apparent lack of unanimity of investment opinion, let us look a little deeper.

The Value Line Investment Survey has revamped its procedure. They rate common stocks according to their relative desirability in five descending categories as follows: Especially Recommended, Buy-Hold, May Be Held, May Be Held-Switch, and Switch. Let us see how the recommended purchases of Standard and Poor's and Moody's are currently rated in Volume I of the Value Line. On February 9, 1953, Standard and Poor's had 32 common stocks recommended for income. Of these 27 were rated by Value Line as follows:

Especially Recommended	0
Buy-Hold	6
May Be Held	17
May Be Held-Switch	4
Switch	0

On Feb. 2, 1953, Moody's had 17 common stocks recommended for income. Of these 12 were rated by Value Line as follows:

Especially Recommended	1
Buy-Hold	0
May Be Held	7
May Be Held-Switch	4
Switch	0

Standard and Poor's had 52 stocks recommended as "most promising." Of these 39 were rated by Value Line as follows:

Especially Recommended	1
Buy-Hold	6
May Be Held	17
May Be Held-Switch	15
Switch	0

Moody's had 15 common stocks recommended for growth. Of these Value Line rated 12 as follows:

Especially Recommended	1
Buy-Hold	0
May Be Held	7
May Be Held-Switch	4
Switch	0

Even granting that Value Line rated only 79% of the combined purchase recommendations, we certainly see here a startling lack of agreement. The Value Line ratings on the Standard and Poor's and Moody's recommendations may be recapitulated as follows:

Total S. and P.'s and Moody's Buy recommendations	116
Number of these rated by Value Line	92
Value Line Ratings:	
Especially Recommended	2
Buy-Hold	16
May Be Held	46
May Be Held-Switch	28
Switch	0

In a word, Value Line's recommendations certainly did not agree with the purchase recommendations of Standard and Poor's and Moody's. Of the 92 issues which were rated by Value Line, less than 20% carried either of the top two of Value Line's recommendations and less than 2% carried Value Line's top recommendation! At the other end of the scale 31.6% of the purchase recommendations of Standard and Poor's and Moody's carried the next to the lowest rating of Value Line's: May Be Held-Switch! The balance, or half of the issues, carried Value Line's middle or neutral rating of May Be Held. For whatever consolation it may give, none of the purchase recommendations of Moody's carried an outright Switch recommendation of either Standard and Poor's or of Value Line.

Nevertheless, not only do Standard and Poor's fail to agree but they sometimes disagree. I have only a note on this as our old issues have been thrown away; but I seem to recall that Standard and Poor's, Aug. 25, 1952, recommended International Harvester and American Can for purchase, while Moody's Sept. 1, 1952, recommended the sale of the same two common stocks. Three other conflicting common stock recommendations might be cited in this connection. Each appeared at about the same time and at about the same price of the stock.

1. International Harvester

Standard and Poor's, Feb. 6, 1953.
Price 31⅞.

"The common stock is attractive for yield and for long-term appreciation possibilities."

Moody's, Feb. 9, 1953.
Price 31¾.

"Investors may hold it for its high quality and dividend reliability, but should look elsewhere for growth."

2. U. S. Plywood

Standard and Poor's, Jan. 30, 1953.
Price 31⅜.

"With growth prospects favorable, the common at present prices merits retention."

Moody's, Feb. 2, 1953.
Price 31¼.

"We suggest exchange into issues selected from our monthly list of growth stocks."

3. Crane

Standard and Poor's, Dec. 30, 1952.
Price 30⅝.

"The common merits retention as a long range speculation."

Moody's, Dec. 22, 1952.
Price 30¼.

"With the cycle moving closer to a downturn for this type of company, sale of the stock would be advisable."

Another comment on the lack of unanimity of opinion on the part of investment services would be to compare the purchase recommendations of Standard and Poor's and Moody's with those of the country's largest brokerage house, Merrill Lynch, Pierce Fenner & Beane. This firm publishes quarterly its selection list in its "Trade and Industry Survey." These selections are made by its high grade investment research department of over 100 men under the guidance of two partners. Using their "Selected Issues" dated Jan. 27, 1953, we note there are five issues recommended for "Liberal Income." None of these five issues was among the 17 issues recommended for income by Moody's or among the 32 issues recommended for income by Standard and Poor's

In total, Merrill Lynch, Pierce, Fenner & Beane had 44 individual common stocks in their "Selected Issues" divided into four groups as follows: Investment Type 13; Liberal Income 5; Good Quality, Wider Price Movement 13, and Speculative 13. Of the 44 issues, six appeared among Standard and Poor's 84 issues and five appeared among Moody's 32 recommended issues. Or with the Merrill Lynch list of selections we have a higher degree of similarity to the Standard and Poor's and Moody's lists than was the case with the Value Line recommendations. It is interesting that among the 44 issues on the Merrill Lynch list, two of them (General Foods and General Public Utilities) were recommended by both Standard and Poor's and Moody's.

A last comment on the diversity of opinion relating to individual issues may be gleaned from some of the changes in common stock holdings of 44 investment companies. These were enumerated by Henry Ansbacher Long in "Funds Accelerate Buying of Oils" in the "Commercial and Financial Chronicle," Feb. 12, 1953. There were listed only transactions in which buyers exceeded sellers or sellers, buyers—by two or more management groups. Nevertheless, notice how the number of shares purchased and sold of certain securities matched up during the period Sept. 30, 1952, through Dec. 30, 1952.

	Purch.	Sales
Illinois Central RR.	21,200	21,900
W. T. Grant Co.	4,600	3,700
Merck & Co.	19.800	17,000
Containers Corporation	4,300	3,000
National Distillers	3,300	3,000
Goodrich	8,000	8,900
Washington Water Power	5,400	5,080

Of course, any one individual investment company might have a good reason to sell a security at the same time another investment company might have a good reason to buy the same security. Remember that these represent transactions in each case wherein the number of selling institutions exceeded—or was exceeded by, the number of purchasing institutions—by at least two. Doesn't it appear that there may be more diversity of investment opinion regarding particular stocks than you had expected? Another clue along this same line is to take the 50 most favored common stocks of the investment companies as published by Aigeltinger & Co. and examine their performance. "Business Week," Oct. 25, 1952, examined the "Favorite Fifty" in this fashion. 23 of the stocks showed gains and 26 showed losses for their 1952 performance. "According to this crude yardstick, that group's 1952 showing so far has proved above-average only where a few utility and rail stocks have been concerned. Its choices of industrials, which at mid-year accounted for 38 of the 'favorite 50,' tell a different stock. Two-thirds (25) now show 1952 losses, 18% (7) revealing over 10% drops. All 38 also show a 2.6% average decline compared with the 0.8% 1952 rise still listed

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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

Over-all industrial production for the country-at-large in the period ended on Wednesday of last week, showed no appreciable variation from the near-record level attained in recent weeks, notwithstanding the holiday shutdown in many industries occasioned by Washington's Birthday.

As was the case during the last five months, total output surpassed the level of a year earlier. It held close to the post-war peak and was about 6% below the all-time record set in the last quarter of 1943.

Claims for unemployment insurance benefits dropped for the third straight week and were about 15% below the level of a year ago.

Industrial production in February climbed to a new post-World War II high for the sixth successive month, the Federal Reserve Board states, placing output of the nation's factories and mines this month at 239% of the 1935-39 average, compared with 237% in January. The record high was attained in October and November, 1943. Full-scale war pushed the index for those months to 247%.

Production climbed sharply in the latter part of 1952 as the economy raced to make up for losses resulting from the steel strike. From a low of 193% in July, the index spurted to 228% in September and 235% in December.

Consumer debt in January rose further as buyers increased instalment purchases of automobiles and other products during the month. Moving against the seasonal trend, instalment credit outstanding climbed $42,000,000 during the month. This was the tenth successive monthly rise since Federal Reserve restrictions on instalment credit terms were lifted last spring. It carried total indebtedness of this kind to a new high of $16,555,000,000. The January increase compared with declines of $196,000,000 in January, 1952, and $207,000,000 in the opening month of 1951.

As usually happens in January, however, consumers pared charge accounts built up during the Christmas shopping season. A $320,000,000 reduction in such obligations cut total consumer credit of all types outstanding at the month-end to $23,700,000,000. This was a drop of $239,000,000 from December, but $3,600,000,000 higher than a year earlier.

Overwhelming demand for steel continues to be reflected by anxious consumers pressing to get their orders on mill books, states "The Iron Age," national metalworking weekly, in its current summary of the steel trade. Those unable to place satisfactory tonnage on the books are putting extra zip into the market by other maneuvers to get the steel they want.

Signs that heavy steel demand is still a long way from being satisfied are set forth by this trade authority as follows:

(1) Conversion deals, which have been expected to peter out at the end of 1952, are still going strong. Consumers are searching (some almost frantically) for ways to get out from under the extra cost burden. But when it comes to a showdown they will pay for conversion rather than trim production schedules. If one consumer trims his conversion commitments, there are others waiting in line to grab the tonnage.

(2) Consumers still find it necessary to pay premium prices to marginal or high-cost producers. They will turn their backs on these suppliers as soon as they can fill their needs at regular mill prices.

Only one premium-priced producer has so far found it necessary to trim prices because it needed orders. Even after slashing its price $23 a ton on structurals, this producer is still charging considerably more than most other mills.

Others charging premium prices are still able to operate at a merry clip without shaving prices. This sure sign of market

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Our Reporter's Report

Underwriters and dealers would be feeling a whole lot more cheerful at the moment if only the forward calendar had a little more heft to it. The list of near-term corporate prospects is scant and the size of the issues involved is rather skimpy for the better part of the current month.

However, these may be considerations which helped to bring about conditions in both the new issue market and in the seasoned market this week which were a bit more on the sanguine side.

For a considerable spell now, large institutional investors have been standing aloof on new issues which have been making their appearance. Mortgages and direct placements seem to have been satisfying at least a major part of their requirements.

But bankers and dealers alike have been irked no little by their absence from the new offering field. Purveyors of new securities, however, have maintained that these interests can't go on holding large amounts of idle cash.

Well, what may prove the first break in the dike appeared with the offering of Indianapolis Power & Light's $10,000,000 of new 3⅝s at 102.31 to yield 3.50%. One of the so-called "Big Five" came in for a good-sized block of bonds and when this news got around the issue moved out quickly.

Playing Too Cozy

Wherever one turns now, and it has been the same for several weeks, the ruling thought seems to be that everybody is awaiting Allied Chemical & Dye Corp's. impending huge offering.

True this undertaking, due some time in April, must be considered as a weighty influence on the market. Involving $200,000,000 of new debentures the operation will bring a new name for many portfolios.

Recognizing that the issue is unusually large, and very likely will be made attractive, market observers, none-the-less, are prone to wonder if perhaps investors are not placing too much reliance on this one as an outlet for their funds.

They feel strongly that many may be disappointed in not being able to get all they want of the issue. And again, once that business is out of the way, the general market, relieved of its weight, some believe could rally to a lower general yield basis.

Impending New Issues

Only a handful of debt issues are in the cards for the rest of the month with next week destined to bring up for bids $10,000,000 bonds of Central Maine Power Co. and a similar amount of first mortgage bonds of Narragansett Electric Co.

The following week, on March 17, Mississippi Power & Light Co. will open bids on an issue of $12,000,000 first mortgage bonds, with a host of bidders indicated as ready to compete.

And the ensuing week, on March 24, Georgia Power Co. will receive bids for $16,000,000 of its 30-year, first mortgage bonds.

There also will be available a goodly sprinkling of corporate preferred and junior equities, with emphasis on the common stocks.

Observations . . .

By A. WILFRED MAY

Informed Forecasting Results

Additional light on the possibility of market forecasting is shed by the currently revealed results of a 12-month guessing contest. This is particularly true because its participating guessers are in the category of the very-well-informed.

For nine years the Stock Exchange firm of Eastman, Dillon & Co. has been staging a competition in which the Street's leading financial journalists, along with the host firm's partners, register, in a sealed envelope, their predictions about market levels 12 months hence. The categories, for each of which handsome prizes are given, comprise:—The Dow Jones Industrial, Railroad, and Utility averages, the New York "Times" average of 50 stocks, the New York "Herald Tribune" average of 100 stocks, and the "Bond Buyer's" Index of Municipal Bonds.

A. Wilfred May

The cold hard tabulation of the results of the predictions made 12 months ago should serve to disillusion those many people who insist that security prices can be timed by those with sufficient access to *information* about the state of business and general economic conditions, particularly if they are market experts.

Information No Key

For the writer group embraces those devoting their waking hours to hobnobbing with industrial leaders while the historical events of individual companies, business, and the economy are unfolding before their eyes; and the brokerage firm associates are unsurpassed in their knowledge of industries as well as the technical factors of the market. And the forecasting results registered by both groups are "not good."

In the face of the advance of stocks in the 1952-'53 period, 24 of the 38 writers, and 8 of the 11 analysts, predicted declines—and sizable ones moreover including one of 23%. The arithmetical average of the writers' predictions for the Dow Jones average of 30 Industrials, which actually advanced from 266 to 283, was 257; and the analysts' projections averaged but 249.

Again in the forecasting of the municipal bond yield, which actually rose from 2.08% to 2.51%, the writers' prognostications average was 2.19%, and the market experts, 2.16%, with one as low as "1.8634%."

And not only the proven average error, but the great differences of opinion, are interesting.

The writers' guesses on the 283-ending D. J. Industrial average ranged all the way from 330 down to 205; and on the 2.51% municipals average, from 3.10 down to 1.73.

The highest and lowest guesses, and the mean, on the other stock groups follow:

	Highest Forecast	Lowest	Mean	Actual Market Performance*
D. J. 20 Rails:				
By writers	101	63	82	85 to 109
By analysts	87	62	75	
D. J. Utilities:				
By writers	60	34	47	49 to 53
By analysts	53	39	46	
New York "Times" 50 stocks:				
By writers	205	139	177	174 to 190
By analysts	187	149	167	
"Herald Tribune" 100 stocks:				
By writers	172	117	145	146 to 151
By analysts	154	122	138	

*First figure is as of February, '52; second February, '53.

The relatively scientific market experts thus were "more wrong" than the journalists who jotted down cavalier guesses.

Continued on page 8

Our Farm Price Problems

By HON. EZRA TAFT BENSON*
Secretary of Agriculture

Commenting on "complex and difficult problems" which have been inherited by the new Administration, Secy. Benson pledges continuation of price supports but warns supports, in themselves, are not adequate to keep agriculture strong. Says Administration proposes to build farm programs that are basic and sound, and which will permit farmers to manage their own farms and market their products with minimum supports. Calls for farmers to aid in developing new programs.

I am here to report to this great National Farm Institute on the solid progress that is being made toward a more secure and permanently prosperous agriculture. You are leaders in this largest of all industries—the agriculture of our nation. If through you I can contribute, even in a small way, to the development of sound agricultural programs, my trip to this Forum will be fully justified. At the outset, I am happy to pledge to you and farmers everywhere that I will always strive to do that which is in the best interests of farm people and the nation.


Ezra Taft Benson

The State of the Union message of President Eisenhower has produced a tremendously favorable response. As leaders, never miss the opportunity to drive home the vital facts and calls for action contained in that address. Such facts as these are vital to every farm family as well as for all citizens of the United States:

Current year's budget deficit $5.9 billions.

The budget presented before this Administration took office, "indicates a budgetary deficit of $9.9 billions for the fiscal year ending June 30, 1954."

"The national debt is now more than $265 billions.

"In addition, the accumulated obligational authority of the Federal Government for future payment totals over $80 billions.

"Even this amount is exclusive of large contingent liabilities, so numerous and extensive as to be almost beyond description. . . ."

Farmers, do not do business on such an unsound financial basis. Today there is squarely before us this question: "How strongly will we back the President and the Congress we have elected when they undertake to cut Federal expenses and balance the budget?"

Certainly we must all stand with the President when he says:

"The first order of business is the elimination of the annual deficit—an essential first measure in checking further depreciation in the buying power of the dollar."

Congress is deeply concerned, as we all are, about the decline in prices of farm products. I am here to report that the agricultural interests of the nation are being made a first order of business by your Senators and Congressmen. Every day they are calling for information and seeking to know what can and should be done to make the position of the farmer more secure.

As citizens, we can be proud of the men and women we have sent to Congress. We shall do all within our power in helping them to determine what are sound laws for agriculture. When laws have been placed on the statute books, we must see that they are effectively administered, and in accordance with the intent of Congress.

The wise counsel and guidance which we are receiving from your Senators and Congressmen is deeply appreciated and is helping to make our work more productive.

Farm Price Problem

The farm problems handed us are complex and difficult.

Over a billion dollars' worth of farm products were owned by the Commodity Credit Corporation when we took office.

Butter is being purchased at a rapid rate—at times, well over two million pounds each day. The Government owns over 75 million pounds of butter, 17 million pounds of cheese, and more than 101 million pounds of dried milk.

Some corn has been in storage over four years, and some of it after going out of condition has been coming onto the market when there is already too much corn selling. Such spoilage and selling is costly to farmers and all taxpayers. At Oreana, Ill., for example, 142 cars of corn moved recently graded 61.3% sample grade or under—the corn when stored graded Number 1 and 2.

The build-up of supplies that have caused the recent market breaks took place before we came into office. Prices of farm products have been going down for about two years. Prices had dropped almost one-fifth before we took office. Beef steers, all grades, at Chicago fell from $34.22 to near $24.00 in the year prior to Inauguration. It has meant terrific losses to cattlemen.

We acted without delay. Cattlemen have always maintained and continue to assure us they want neither price controls nor price supports. They want free markets. As one example of many, Feb. 6, I received the following telegram:

"During the last few days newspapers have carried stories about the suggestions that are being made by some people who propose a price support program for cattle. It has always been the position of the Texas and Southwestern Cattle Raisers Association that we oppose any price support or subsidy program for cattle. We have always believed there is no substitute for free economy. Signed, T. J. (Jack) Roach, President, Texas and Southwestern Cattle Raisers Association."

The President, as you know, moved promptly to end price controls and to kill compulsory grading of meat. Both had been costly to housewives as well as to farmers.

Markets have stabilized. People are again eating beef under a free price system, and preliminary reports show some stores selling almost one-third more beef. Factual statements were sent out, telling farmers that the economy is strong and to practice orderly marketing. The Department of Agriculture in one release after another has said it expects no major price changes for the next several months, and prices "may show some slight increases."

Price support laws now cover 25 commodities or groups of commodities. Farmers should make full use of these price supports. For example, farmers need not sell corn at a sacrifice—support loans can be had as late as May 31, at 90% of parity. I need not tell corn belt farmers that an even more profitable way to sell corn is to feed it to hogs worth $20 per hundredweight.

Administration Committed to Price Supports

This Administration is unqualifiedly committed to price supports. The President, in his State of the Union address to Congress, renewed his pledges to farmers. He said, "Present agricultural legislation provides for the mandatory support of prices of basic farm commodities at 90% of parity."

"The Secretary of Agriculture and his associates will, of course, execute the present act faithfully and thereby seek to mitigate the consequences of the downturn in farm income.

"This price support legislation will expire at the end of 1954.

"So we should begin now to consider what farm legislation we should develop for 1955 and beyond. Our aim should be economic stability and full parity of income for American farmers."

I, along with every member of my staff, stand side by side with the President. His pledge is our pledge.

I believe in price supports and am under oath to give sound administration to all price support laws which Congress in its wisdow place upon our statute books. The present price support laws are the combined judgments of our two great political parties. Taking the lead in the major price support legislation have been those two staunch friends of American agriculture, Senator George D. Aiken, who is again Chairman of the Senate Agricultural Committee, and Congressman Clifford R. Hope, Chairman of the powerful House Agricultural Committee.

But I say to you in all sincerity, and I think you will agree with me, that price supports are not in themselves adequate to keep agriculture strong.

When the President said, "Our aim should be economic stability and full parity of income for American farmers," he followed with these statements:

"But we must seek this goal in ways that minimize governmental interference in the farmers' affairs, that permit desirable shifts in production, and that encourage farmers themselves to use initiative in meeting changing economic conditions.

"A continuing study reveals nothing more emphatic than the complicated nature of this subject.

"Among other things, it shows that the prosperity of our agriculture depends directly upon the prosperity of the whole country—upon the purchasing power of American consumers.

"It depends upon the opportunity to ship abroad large surpluses of particular commodities and, therefore, upon sound economic relationships between the United States and many foreign countries.

"It involves research and scientific investigation, conducted on an extensive scale.

"It involves special credit mechanisms and marketing, rural electrification, soil conservation, and other programs."

Objectives of New Farm Programs

We propose to build farm programs that are basic and sound—the type of programs with which farmers in a free economy can so manage their farms and market their products that they will have a minimum need for price supports. That is the practical way to achieve 100% of parity in prices and incomes for farmers.

Luckily we have many years of experience to guide us. Let me quote for you the statements made three years ago at this same institute and in this same room by Chester C. Davis, wise observer and long-time friend of agriculture: "We should have learned by now," said Mr. Davis, "that the bare enactment of a law doesn't make price supports effective at the prescribed level.

"The prices have to be worked out by shirtsleeve operations on the farm, in the warehouse, or in the market place. For storable commodities there is a honeymoon period while government stocks are being built up by purchases or non-recourse loans, until the load reaches its limit. After that, prices have to adjust in one way or another to the level at which the commodity will be consumed, unless war of some other catastrophe comes along to bail us out."

Mr. Davis went on to say, "A system of rigid, legislated price supports extended indefinitely into the future and at levels higher than the over-all supply-demand situation will support, will have extremely undesirable consequences, including a great deal of harm to farmers themselves."

In considering our problems, competent men and women in agriculture are our advisors. I believe in using advisory groups, and all through my life have seen great accomplishments flow from the combined judgments of people who produce, process, finance, and market farm products. . . .

I have great confidence in the wisdom of the masses of a well-informed people. When reasonable people sit down to work out programs, you can depend upon practical results. In the four weeks we have been in office we have had the guidance of important groups and committees.

The 14-Man Advisory Committee named by the President met in early January and helped frame the broad policies and principles under which we will be working.

It finished the work on the reorganization plan. The first part of this plan was placed immediately into effect following Inauguration. All agencies and corporations were placed in five groups for administrative purposes.

The Committee reviewed the International Wheat Agreement and approved procedure in preparing for the conference, which opened Jan. 30, with 46 nations participating. International Wheat Agreement advisory groups consist of two separate committees. Representatives of the major farm organizations and the wheat industry work together. The other is a joint committee from the Senate and House of Representatives.

The Cotton Advisors met last week with 53 representatives, and recommended 13 specific actions. A subcommittee worked out legislative recommendations that are new before Congress for helping the export trade.

The Wool Committee met for three days last week. Action has already been taken on conclusions reached by these sheep men and wool handlers which will make marketing more effective.

The domestic sugar producers and manufacturers at the conclusion of their recent conference called to explain to us their program and how the Department of Agriculture can be of help. They showed how they are solving most of their problems and how they

*An address by Secy. Benson before the 16th Annual National Farm Institute, Des Moines, Iowa, Feb. 21, 1953.

propose to continue to keep the sugar industry on a sound basis.

The Dairy Committee met on Tuesday and Thursday of this week. These leaders in the great dairy industry made recommendations that will be of unlimited value in arriving at the difficult decisions that must soon be made. Butter price supports expire the end of March. It poses some tough questions. At what level should the support be extended? What will we do with all of the butter that the Government has bought? How can we represent the best interests of dairy farmers, the dairy industry, consumers, and taxpayers?

We wish you would study and debate such questions here in the great state of Iowa which produces so much milk and butter—and come up with sound answers.

V. E. disease is creating havoc with some sections of the hog industry. On Monday our department men came to a broad cross-section of the farm and industry leadership in a meeting held in Chicago. They came to explain the problem—what had been done—and to ask for guidance. Tuesday they met livestock disease control representatives of state and various organizations. A group of capable, highly respected citizens is being appointed by the President of the United States to advise us in the important operations of the Commodity Credit Corporation.

All these illustrate the pattern of how we will proceed. What do you and other farmers and industry leaders want your Department of Agriculture to do? How can we serve you and all citizens?

We are at your command.

The numerous programs and great decisions for which the Secretary of Agriculture has been given respsonsibility are very great indeed.

I assure you the Secretary does now and will continue to welcome all the sound counsel that can be marshalled in meeting the problems facing us.

Farmers Must Assist

Programs must be built with the assistance of farmers and those working with them. Let's build strong — from the "grass roots" — the type of programs which farmers want — the kind that will not bring serious regrets and disappointments later. The great United States Department of Agriculture is a service organization. We are to help—not dictate. We will never be guilty of handing down ready-made programs. Citizens should help build the programs and tell us what they want done. Again, I say, we are at your command.

Do not wait to be appointed to an advisory group or to otherwise be consulted. Join in the policy-making activities of your farm and industrial organizations, and through them become a constructive force in helping guide the agricultural development of our great country. Debate the issues of governmental policies in forums like the National Farm Institute. Work closely with your agricultural colleges and Experiment Stations. Promote community discussions and citizenship activities. All these build solidly from the ground up— and insure dependable judgments on which we can safely go forward. In other words, we want each commodity group to help develop a program it can make work with our help. We know that without the help of the industry and the blessings of a kind Providence, we cannot succeed. We are earnestly seeking both.

Basis of American Strength

America must be kept strong if she is to preserve herself and provide effective world leadership. This strength must come not alone from armaments and military might. Her strength must be measured in the integrity, moral courage, independence of spirit, and spirituality of her people.

I love this nation. It is my firm belief that the God of Heaven raised up the founding fathers and inspired them to establish the Constitution of this land. This is part of my religious faith. To me this is not just another nation. It is a great and glorious nation with a divine mission to perform for liberty-loving people everywhere. Therefore, our first great challenge is to keep America strong—strong economically, socially, and above all, spiritually. There is no other way. Only in this course is there safety for our nation.

I pray God that no act of mine or program I shall ever advocate will in the slightest weaken this nation in the accomplishment of what I believe is a God-given mandate.

What of the relationship of man to government? The supreme test of any government policy, agricultural or other, should be, "How will it affect the character, morale, and well-being of the people?" We need—the world needs—a strong America in the critical years ahead.

Freedom is a God-given, eternal principle, vouchsafed to us under the Constitution. It must be continually guarded as something more precious than life itself. It is doubtful if any man can be politically free who depends upon the State for sustenance. A completely planned and subsidized economy weakens initiative, discourages industry, destroys character, and demoralizes the people.

This nation has been built upon spiritual values—great Christian principles embodied in the Gospel. As a nation we need the refining and sustaining influences which come from obedience to divine law. Without such blessings, the future of the nation is insecure.

May a kind Providence give us the vision and courage necessary to do our part to realize this great and all-important objective. Never before have we needed the blessings of Almighty God more than today. We need His divine favor in the halls of government, in our homes, in our factories and shops, and on the farms.

Great decisions lie ahead of us. Let us not shrink from them. Let us approach them with intelligence, and in the spirit of men who value the attributes of freedom and who recognize the responsibilities that go with it. I have tremendous faith in the soundness of judgment that comes from a free and informed people.

Let us so conduct ourselves that the historian will write, in recording our stewardship, that our successes came from releasing the great reservoir of creative energy which is to be found in every free man. And let him write that our failures—and he will record some failures—were errors of the mind, not heart.

With Mang. Inv. Programs

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif. — Louise K. Owens has joined the staff of Managed Investment Programs, 41 Sutter Street.

Eldon Bell Joins Fels Bond & Mtg. Co.

(Special to THE FINANCIAL CHRONICLE)

KANSAS CITY, Mo.—Eldon R. Bell has become associated with Arthur Fels Bond & Mortgage Co., 1004 Grand Avenue. Mr. Bell was formerly with Uhlmann & Latshaw in charge of the mutual fund department.

Sherman Edwards With Uhlmann & Benjamin

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo.—Sherman Edwards has become associated with Uhlmann & Benjamin. Mr. Edwards was formerly St. Louis Manager for Faroll & Company.

David S. Hendrick

David S. Hendrick, partner in W. B. Hibbs & Co., passed away Feb. 22.

Dealer-Broker Investment Recommendations & Literature

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

Business Situation—Study of general business outlook—Dept. CF-8, Kidder, Peabody & Co., 10 East 45th Street, New York 17, N. Y. Also available is a booklet discussing how **Mutual Funds Make Small Living Trusts Feasible.**

California Banks — Comparative analysis of representative California Banks—Paine, Webber, Jackson & Curtis, 25 Broad Street, New York 4, N. Y. Also available is a bulletin on **Bankers Trust Company of New York.**

Helicopters—"Watch out for the Copters"—Highlights No. 22—Troster, Singer & Co., 74 Trinity Place, New York 6, N. Y.

Insurance Stocks—Comparative figures—Geyer & Co. Incorporated, 63 Wall Street, New York 5, N. Y.

Investment Guide—Monthly bulletin—Sutro Bros. & Co., 120 Broadway, New York 5, N. Y.

Japanese Bonds—List of bonds and coupon strips payable in U. S. Dollars—Hartley Rogers & Co., 120 Broadway, New York 5, N. Y.

New York City Bank Stocks—Ten-year survey of 17 stocks—Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

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

Philadelphia Bank Stocks—Comparison of 11 largest Philadelphia banks—Stroud & Company, Incorporated, 123 South Broad Street, Philadelphia 9, Pa.

Professional Man & His Money—Sidney Scott Ross—Sidney S. Ross Company, 3070 Hull Avenue, New York 67, N. Y.

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Allegheny Ludlum Steel Corporation — 1952 annual report—Allegheny Ludlum Steel Corporation, 2020 Oliver Building, Pittsburgh 22, Pa.

Allied Chemical & Dye Corporation — Annual Report—Allied Chemical & Dye Corporation, 61 Broadway, New York 6, N. Y.

American Encaustic Tiling Company, Inc.—Annual Report—American Encaustic Tiling Company, Inc., Lansdale, Pa.

Amurex Oil Development Co.—Memorandum—A. G. Becker & Co., 120 South La Salle Street, Chicago 3, Ill.

Associated Dry Goods Corp.—Memorandum—Shearson, Hammill & Co., 14 Wall Street, New York 5, N. Y.

Audio Devices, Inc.—Analysis—Peter Morgan & Co., 31 Nassau Street, New York 5, N. Y.

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

Buda Company—Analysis—H. Hentz & Co., 60 Beaver Street, New York 4, N. Y.

Cannon Mills Co.—Analysis—Hill Richards & Co., 621 South Spring Street, Los Angeles 14, Calif. Also available are analyses of **Hotels Statler Company, Inc.**, and the **Natural Gas Industry.**

Central Railroad of New Jersey—Memorandum—Bache & Co., 36 Wall Street, New York 5, N. Y.

Climax Molybdenum—Analysis—Eastman, Dillon & Co., 15 Broad Street, New York 5, N. Y. Also available are analyses of **Illinois Terminal Railroads, Maine Central Railroad Co., Missouri, Kansas & Texas, New York, Chicago & St. Louis, Southern Pacific Co., and Tecumseh Products Company.**

Columbia Gas System — Memorandum—Herzfeld & Stern, 30 Broad Street, New York 4, N. Y.

Commercial Credit Company — Detailed annual report—Commercial Credit Company, Baltimore, Md.

Dunningcolor Corp.—Special report—Leason & Co., Incorporated, 39 South La Salle Street, Chicago 3, Ill.

Ekco Products Company—Analysis—Hirsch & Co., 25 Broad Street, New York 4, N. Y. Also available is a bulletin on **Brown & Bigelow.**

Electric Bond & Share—Memorandum—Josephthal & Co., 120 Broadway, New York 5, N. Y.

Fiduciary Management, Inc.—Report—Eisele & King, Libaire, Stout & Co., 50 Broadway, New York 4, N. Y.

Gross Company—Reprints of an article in "Iron Age"—Bond, Richman & Co., 37 Wall Street, New York 5, N. Y.

Imperial Oil Limited — Analysis—L. S. Jackson & Company, Ltd., 132 St. James Street, West, Montreal, Que., Canada.

International Great Northern Railroad—Analysis—Dreyfus & Co. 50 Broadway, New York 4, N. Y.

International Harvester Co.—Bulletin—J. R. Williston, Bruce & Co., 115 Broadway, New York 6, N. Y.

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

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

Pato Consolidated Gold Dredging Co., Ltd.—Bulletin—Capper & Co., 25 Broad Street, New York 4, N. Y.

Pennsylvania Railroad—Data in current issue of "Gleanings"—Francis I. du Pont & Co., 1 Wall Street, New York 5, N. Y. Also in the same issue is a discussion of **Baltimore & Ohio Railroad Company, Canadian Pacific,** and a list of issues offering interesting potentialities.

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

Seaboard Air Line Railroad Company — 1952 annual report—W. F. Cummings, Secretary, Seaboard Air Line Railroad Company, Norfolk 10, Va.

Slick Airways Inc.—Bulletin—Daniel F. Rice & Co., 141 West Jackson Boulevard, Chicago 4, Ill.

South Coast Corporation — Analysis—Boenning & Co., 1606 Walnut Street, Philadelphia 3, Pa.

Vacuum Concrete Corporation — Analysis—Heimerdinger & Straus, 50 Broad Street, New York 4, N. Y.

York Corporation — Bulletin — Bruns, Nordeman & Co., 60 Beaver Street, New York 4, N. Y.

Continued from page 5

Observations . . .

Furthermore, the winner, Mr. Douglas Pidgeon, who called the market's "turn" by almost the exact decimal point, is a textile expert; and of the analysts, the railroad prediction contest was won by a utilities specialist, Mr. Harold Young. The winner among the municipal bond prognosticaters was a writer completely out of that field, while the leading specialist in the editorial field predicted an advance instead of the ensuing sizable decline. The figure was almost exactly predicted by the firm's sales manager, while its municipal specialist finished next to the worst of all the contestants.

Previous Champagne Contest Consistent

Our dreary report on the Eastman, Dillon & Co. contest is susbtantiated by a similar contest staged in the past by Arthur Wiesenberger & Co. For example, the 34 financial writers entered in the "derby" 1947-'48 made a hash of predicting the high and the low of the Dow Jones Industrial Average and the Federal Reserve Board Production, Farm Income, and Cost of Living Index. Whereas the D. J. top was 225, all but five of the writers put down a figure ranging from 230 all the way up to 325, with an average error of almost 20%. 23 of the 34 contestants were more than 20 points wrong on the D. J. low. (This writer, who was particularly active at the time debunking forecasting possibilities, found himself extremely embarrassed as the winner of a case of champagne for the best off-hand guesses.)

Forecasting Difficulties

The many reasons for abortive forecasting results are beyond the scope of this article. . . . But the varying performances between the different averages indicated above gives the clue to one major difficulty; namely, divergent behavior of separate categories of issues. Within the past 12 months the D. J. Industrial Average advanced 6.6%, the Railroad 28%, the Utility 7%, the "Times" 50-stock Average 9.4%, and the "Tribune" Average of 100 stocks only 3.7%.

And expectations of marked divergence between the different industries' earnings changes, with some up and others down, as revealed in analysts' literature coming to hand, reveals another basic obstacle in the way of forecasting an average of "the" market.

COMING EVENTS

In Investment Field

March 6, 1953 (Toronto, Canada)
Toronto Bond Traders Association Twentieth Annual Dinner at the King Edward Hotel.

April 12-15, 1953 (Phila., Pa.)
National Federation of Financial Analysts Societies sixth annual convention at the Bellevue-Stratford Hotel.

April 30-May 1, 1953 (St. Louis, Mo.)
St. Louis Municipal Dealers Group annual outing.

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

May 8, 1953 (New York City)
Security Traders Association of New York dinner at the Waldorf-Astoria.

May 11-13, 1953 (St. Louis, Mo.)
Association of Stock Exchange Firms Board of Governors Meeting.

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

June 5, 1953 (New York City)
Bond Club of New York Annual Field Day at Sleepy Hollow Country Club.

June 25-26, 1953 (Cincinnati, Ohio)
Municipal Bond Dealers Group of Cincinnati annual party at the Kenwood Country Club.

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

Oct. 14-16 (Louisville, Ky.)
Association of Stock Exchange Firms Board of Governors Meeting.

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

Bond Club of N. Y. Field Day June 5th

The Bond Club of New York will hold their annual field day June 5th at Sleepy Hollow.

Joins Geo. Eustis

(Special to THE FINANCIAL CHRONICLE)

CINCINNATI, Ohio—James E. Martin has become associated with Geo. Eustis & Co., Traction Building, members of the Cincinnati and Midwest Stock Exchanges. Mr. Martin was previously with Prescott & Co.

With Cantor, Fitzgerald

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif.—Milton R. Aronson has become affiliated with Cantor, Fitzgerald & Co., Inc., 224 North Canon Drive. He was previously with Fairman & Co., and Gross, Rogers & Co.

With Military Inv. Service

(Special to THE FINANCIAL CHRONICLE)

BIRMINGHAM, Ala. — Walter H. Jason is now associated with Military Investment Service of Ft. Gaines, Ga.

Joins Fabian Staff

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif.—Oscar A. Torode is now with Fabian & Company, 9500 Santa Monica Boulevard.

Need Farmers Fear a Depression?

By J. K. GALBRAITH*
Department of Economics, Harvard University

Dr. Galbraith, in discussing probability of major depression, contends that though farmers can expect lower prices and less favorable profits in near future, there will be no great depression as in the Nineteen Thirties. Stresses current impact of heavy defense spending, which is likely to continue, and states, though there may be painful readjustment, no major depression and no drastic slump in farm prices is in sight. Sees "abnormally high" new investment adding to our wealth.

There was a day back in the 'twenties when the economist could think that he had some talent, not given to the public at large, to estimate the shape of things to come. That illusion was, to be sure, sadly shaken by the great crash of 1929. The economist himself, if he had been so unwise as to put some of his own money on the line, lost his shirt along with the bellboy and the maid. Still it was a pleasant illusion while it lasted. I am glad I was not old enough to have shared in it.


J. K. Galbraith

Then there were the 'thirties and, in somewhat similar fashion, the last years of the 'forties when another illusion ruled. Then we came to believe that, somehow, we had learned to shape our economic destiny. The economist could appear before an audience like this and explain what should be done to maintain employment and keep prices stable and keep interest rates in line. And, were he an optimist, he could also hope that other and almost equally wise men in Washington would follow the policies that he prescribed and that they would have the beneficient effect which he foresaw. We believed, in other words, that it had become possible to shape our economic destiny. I think we exaggerated the extent to which we were ruled in economic matters by wisdom (and by taxation, public economy or expenditure and the rate of interest) and that we minimized in these years the extent to which our prices and wages and profits were, in fact, controlled by events beyond control. Again, however, it was a pleasant illusion. I am glad that I was old enough to have shared in that one.

I doubt if, today, we can be under any serious illusion as to the insights of the economist. Perhaps I am the last of the breed that you will think it worthwhile to invite to your sessions.

Today the man who can project incomes and prices into the future is the man who can tell us how large our military budget is going to be and how grave our military commitments promise to be, whether there will be a bigger war. These have become the controlling issues, not alone in our lives, but in the economy. The proper speaker this evening would be a member of the National Security Council. I doubt that he would be able to speak with any more genuine perception than the economist of 15 years ago. But he would probably have that same fine air of authority. And perhaps, as we economists did in our heyday, he could persuade his audience that he knew more than he was disposed to say.

The Impact of Defense Spending

Now having written off my profession as largely helpless in this age of Mars, let me see if I can salvage something from the ruin. As I have just said, the dominant influence in our economy at the present time is the military budget — what might be called the extended military budget, covering not alone the outlays of the Pentagon for the war we are now fighting and the war we so devoutly hope we will not have to fight, but also the costs that still bear upon us from past wars.

During the coming fiscal year, all of these costs together will account for all but about 17% of the total Federal budget. The total outlays under that budget, even after the most drastic of economies, will still come to between $70 and $80 billion. This will account for between 20 and 25% of all of the spending in the economy.

There is surely no man alive who could wish for such government spending for its own sake. But so long as spending continues at these levels—while government provides a market for roughly one-quarter of everything that the economy produces — we cannot minimize the powerful bolstering effect of such outlays. It is not alone the size of these expenditures that counts. There is also the fact that they are fixed and inflexible. Families can decide not to buy new refrigerators and automobiles and houses. A price squeeze in agriculture can bring a general postponement of purchases of farm equipment. There can be important shortrun changes in the decisions of businessmen to accumulate — or divest themselves — of inventories. Over a little longer period we can have large shifts in investment decisions by businessmen — a very important possibility in our present situation about which I will have a word to say in a moment. These changes can in turn bring sharp changes in the economic outlook. But, some major and blessed alteration in the prospect for peace apart, government demand is fixed for the near future. Much of the money that will be spent next year is for contracts that have already been let or for commitments that have already been made.

Forecasting is a hazardous occupation—I, years ago, resolved to abandon it in favor of a more secure way of life. Yet I am tempted to say that for the near future, with the prospect of military demand what it is, we can scarcely expect any drastic slump. We may have painful readjustments. Agriculture, even during the next crop year, may prove to be particularly vulnerable. What has been happening to butter and beef prices—and the more general cost/price squeeze—is not encouraging. But it is difficult for me to foresee any immediate drastic slump in the economy as a whole.

If we take a longer view, however, things may well be different. I want especially to draw your attention to some longer-run influences of a general sort which may exert an influence in a downward direction. And then I want to cite some factors specifically affecting agriculture. There is, first of all, the possibility that military spending will show at least a relative decline in the years ahead. According to present schedules this expenditure will reach a peak of around $60 billion next year with the prospect of a drop thereafter. There is no certainty expenditures will behave this way. What happens to military spending will depend on decisions taken by the Soviet leaders and decisions taken on the basis of what we think decisions by the Soviet leaders will be. But let me assume, for a moment, that this schedule holds. What will be the consequence?

Impact of Growth in the Economy

The first consequence is that, as the economy continues to grow, military and total government spending will become a small and yet smaller part of total demand. We will find ourselves growing up to and digesting government outlays even in the apparently indigestible magnitudes of the moment. Let me illustrate. National security expenditures last year of just under $49 billion amounted to 14.2% of a total gross national product of $345 billion. The National Planning Association has recently projected the gross output of the economy to 1960 when, it has estimated, total production will be $425 billion. Of this total, a military budget as big as that of the last year would take only 11.5%.

This means that even with large military outlays, if they do not increase, we will have a supply of civilian goods that will be growing as rapidly as ever before in history. We shall have with us the familiar problem of keeping the civilian market growing as rapidly as our capacity to supply it. The critical factor here, unless I am mistaken, is not consumer spending but the rate of investment. I hazard the guess that, out of incomes at present levels, American consumers would continue to maintain a fairly high rate of consumer spending more or less indefinitely. I am less sure that the present volume of expenditures for new construction — residential and commercial — and for new industrial plant and equipment will be maintained indefinitely.

We Have an Investment Boom

The plain fact of the matter is that we are now in the middle of a substantial investment boom. During the last quarter of last year, new investment in plant and equipment by American industry was at an annual rate of about $27 billion. The corresponding investment for 1939—when to be sure prices were only about half as high—was $4.6 billion. During the last quarter of 1952 we were spending at the rate of $23.4 billion on construction compared with $4.9 billion in 1939.

I have an uneasy feeling that this investment is abnormally high even in relation to the high rate of production in the economy. Manufacturers are bringing their plant and equipment abreast of the requirements of a semi-war economy and an unexpectedly high consumer demand; we are building houses—currently at a rate of over a million a year—which we did not build during the depression and World War II. One of these days we might find ourselves catching up; it would be easy but rather unwise to assume that this kind of boom can go on indefinitely. To make matters more uncertain, much of this investment is being done on borrowed funds. My colleague, Professor Sumner Slichter, has recently pointed out that private individuals and corporations have recently been adding to their debt at the rate of about $30 billion a year. He has properly wondered if this rate of debt accumulation is sound—or can be kept up.

A falling off in investment — coupled with a general effort to stabilize or reduce debt — would have a serious effect on capital goods industries—industries like steel, machinery and machine tool manufacture, industrial construction, and the like. And a fall in output and employment here would have serious repercussions throughout the economy.

I have spoken of this problem of business investment at some length for—although it may seem to be a long way from agriculture —it is something to watch. The present high rate of business investment is adding to our wealth and it is a mark of the vigor of our economy. But it is also establishing a pace which may be very hard to maintain. The failure to maintain it, which we must put down as a live possibility, could spell real trouble.

A Depression Could Happen

Let me repeat once more that I am not predicting an investment slump — and therewith a general recession in output, income and prices. But it could happen. We would be foolish to rule out the possibility.

Now a word about agriculture specifically. There are also some special problems and special dangers which face our industry. It is our habit, both as economists and as citizens, to assume that anything that lasts for quite a while will last forever. To the possibility that we might have some decline in domestic demand must be added the somewhat higher probability of a decline in export demand. For a decade now we have had a heavy demand from abroad for the food and fiber production of our farms. First the war, and then the need to supplement the depleted production of the farms of Europe and Asia, have led to record exports. We have been providing other countries the wherewithal to buy these exports. Here, unless war intervenes, we may be coming to the end of an area. Both the need for our farm products and the means to buy them are more likely to be reduced than to rise. During the current crop year the value of agricultural exports will be down by about one-fifth as compared with last year—when to be sure they were at an all-time high. Wheat exports will be off by about one-third; in December the BAE guessed that cotton exports might be down by a fifth.

Part of this reduction results from the improving competitive position of other countries. Argentina and Australia are undoing some of the mistakes in their farm policies — mistakes of ill-conceived planning with the farmer as victim. In the case of wheat, the big Canadian crop last year was a factor. But in part, to use a famous phrase, we plan-

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*An address by Dr. Galbraith before the National Farm Institute, Des Moines, Iowa, Feb. 28, 1953.

Subscription Television—Hope Of Small Town TV Stations

By H. C. BONFIG*

Vice-President, Zenith Radio Corporation

Mr. Bonfig, in pointing out inability of local and small town television transmitters to sustain themselves, proposes institution of subscription television or phonevision. Citse development of the TV theatre as enabling audiences of small town transmitters to enjoy quality programs and estimates, because of high cost of TV, upwards of 20 million Americans now have no TV service. Holds healthy competition between all types of programs would raise level of both pay-as-you-see-it and sponsored television, and would be an assist to television as advertising medium.

I want to talk about one of the most significant, one of the most habit-jarring developments that has come out of an electronic laboratory.

H. C. Bonfig

I want to talk to you about subscription television. And I want to talk in terms of what this revolutionary development means to the public, the advertising profession and the television industry itself.

For there is no doubt in my mind that subscription television has amazing benefits to offer to set owners, to manufacturers of those sets, to broadcasters and to those advertisers who use TV as a sales medium for their products.

In our experience at Zenith we have found that the techinical workings of subscription television are about as comprehensible as the Einstein theory, to someone with a knowledge of second grade arithmetic. For that reason we have produced a short film which explains subscription television and effectively diagrams Zenith's Phonevision systems of metered TV.

In preparing this new edition of the Phonevision film, we clung firmly to the fact that all of us want television to be even more dynamic, even more profitable to all than it has been and is today.

We have plenty of support for that premise—from advertisers, sports promoters, educators, broadcasters and the like.

Even time has lent a hand to help.

The rapid march of events has demonstrated that the commercial establishment of subscription television—and Phonevision—can do more to insure a strong, continuing demand for television, more to expand television to a nationwide audience, more to underwrite the future of the set manufacturing industry than any development on the horizon today.

The reason is fundamental.

The public buys television receivers in order to see programs in the easy comfort of their homes. The more and better the programs available, the greater audience there is for advertisers and of course, the larger demand for television receivers.

Since the Federal Communications Commission announced the melting of the years-old deep freeze limiting the construction of TV transmitters, hundreds of new applications have poured in. The establishment of each new station means a greater market for an advertiser's message and an additional reason for people to purchase television receivers.

Need For Subscription TV

Unfortunately, this type of expansion cannot go on forever, and there are two developments looming on the horizon which more than ever indicate the absolute necessity to your business and mine of subscription TV.

The first of these developments applies to every TV market. That development is theatre TV, aided and abetted by the fact that home TV is a world's champion wrecker of box offices at stadium and theatre.

Already some of the choicest programs have been taken from regular TV and shown exclusively at theatres. The large box office of a handful of movie houses enabled them to outbid sponsors who would otherwise have presented these events on sponsored TV. Among these sales-stimulating programs have been the best championship fights of the past year or two and the Metropolitan Opera, which vanished from home TV two years ago because its cost of telecasting outran the sponsor's budget.

But with subscription TV and Phonevision, those great events can be restored to home TV. And even more—the Broadway plays, the fine new films as well as the celluloid classics that our up and coming generations have not seen, the best in spectator sports, and certainly other fine programs of an educational nature which the public has never seen at home can be made available to armchair audiences.

All of us can recognize how many more viewers this will bring to TV in the established markets.

But what of the smaller markets?

One thing that made our radio market truly national was the hundreds of small stations rendering local service and bringing first class presentations of network programs under conditions when even clear channel stations could not be heard dependably. That is why the major networks have included in their service, hundreds of low-powered local stations that are theoretically within the regions blanketed by high-powered AM.

TV presents another picture.

There are no clear channel stations because TV's range is limited to an approximate of 50 to 100 miles. Applicants are fighting for TV grants in urban areas, but in smaller cities the story is quite different.

Most of our smaller cities have two, three, or four radio stations operating profitably, giving good service to the community and contributing to the surprising strength that the radio market has shown.

Not so TV.

Although TV channels have been allocated to 887 cities in these United States that have a population of 25,000 or less there have been applications for TV grants in only 83 of these cities. That means that in more than 800 cities that enjoy splendid local radio service there is today no indication that there will be local television.

TV Costs Are Enormous

The reason for this reluctance to apply for television in small town markets is one that is very clear to you and to small town broadcasters. But the public does not understand. The public does not understand that TV costs are enormous. The public does not know that the best economists in the broadcasting industry believe national advertisers will not be able to buy more than the top 100 to 125 markets for their network programs. As a result, broadcasters in the small cities will be able to present network programs only on a bonus basis.

This means that the only income they would receive from these network shows would be the sale of spot announcements, chiefly to local advertisers. But there just isn't enough advertising money in the small markets to enable broadcasters to operate on this basis or even pay the line charges of bringing in network programs.

This leaves the small broadcaster with the problem of programming his entire TV station at costs far greater than local advertisers can pay.

The only way that most small markets can enjoy local TV service of any kind is through the establishment of subscription television so that these stations can devote part of their broadcast day to presenting pay-as-you-see programs.

In a flood of letters Zenith has received from small town broadcasters outlining this situation, one expressed it well when he

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*An address by Mr. Bonfig before the Advertising Club of Boston, Boston, Mass.

From Washington Ahead of the News

By CARLISLE BARGERON

Those Washington newspapermen who are still grumbling about President Eisenhower's attitude toward them had better take stock of themselves. There is not the slightest doubt that the President held his first press conference with considerable misgivings. He had had experiences in the campaign different from any he had ever had as wartime European commander or later as head of NATO. He then controlled the questions. At the outset of his pre-convention Presidential campaign he was subjected to such rude, brutal and meaningless questions at press conferences that they became virtually taboo after he received the nomination.

Carlisle Bargeron

But his first meeting with the Washington press after his inauguration turned out not to be unpleasant in the slightest. He was represented as being tickled pink over the way it went off. However, his happiness was short-lived. Grumbling broke out in the press corps over the fact that he used most of the conference to discuss prepared subjects and did not give the correspondents time to ask questions. Some of the correspondents even aired their dissatisfaction over radio and television.

So at the second conference the President threw himself open to questions at the outset. And the correspondents fully justified his apprehensions. He complained privately later that they seemed bent upon getting him in a fight with Congress and this is certainly what they were trying to do.

There were such questions as what did he think about Congressman Dan Reed's insistence that taxes should be reduced now ahead of budget cutting. The President said in his State of the Union message that he favored putting the budget in order first. The only purpose of the question was to get him in a personal tilt with the Chairman of the powerful House Ways and Means Committee. Another question was if he agreed with the statement of Senator Long of Louisiana, that the army should be overhauled from top to bottom. What answer was he expected to make to that one? Still another, what he thought of Senator McCarthy and so on?

All three questions would probably have evoked answers from Roosevelt and Truman, answers that would have induced such headlines as "President Slaps Reed," or "President Slams McCarthy." Denunciations of Congress as a whole and of individual members were quite the custom under both Roosevelt and Truman. Under Roosevelt there was a studied effort to belittle the legislative branch in the eyes of the people; under Truman the outbursts were more the result of the cockiness which he came to assume. In neither case did they serve any good purpose.

Mr. Eisenhower has embarked upon the deliberate course of restoring Congress to its place as one of the three coordinate branches of the government. Whether it is because he considers this the wisest political policy for one of his military background or whether he thinks it is best for the country that Congress should be so restored makes little difference. It is a very healthy thing.

Congressional leaders tell me that one of the most wholesome things about the General is his practice of having them in once a week to thrash out policy. Aside from their being in on the formulation of policy and not having it just handed down from an ivory tower, it affords these leaders an opportunity to break through the iron curtain that inevitably cuts a President off from the outside world. Aside from these weekly meetings the President has made it known that he will receive any member of Congress wanting to see him and this does not mean he will see them only in groups such as the luncheon parties he has been giving. Under Eisenhower's set-up it is doubtful if the coterie of advisers around him can keep a member from his ear.

Be this all as it may it is doubtful, regardless of where the fault lies, that there ever will spring up the warmness or intimacy between Eisenhower and the correspondents that existed in the Truman and Roosevelt Administrations. Those stationed permanently at the White House don't have the run of it as they formerly had; out on trips there is none of the joking between the accompanying correspondents and the President's party as there was formerly. The correspondents who accompanied him to Korea, for example, saw him only a few times on the whole trip. One of them wrote he would be glad to get back to New York so he could see the General. On the trips to Augusta, the correspondents go in a separate plane and never see the President unless he calls for them. They live two miles away from the golf course where the President lives. They aren't even allowed to play on it or to get into the grounds unless they are sent for. But there are ample grounds for this aloofness on the President's part if that is what it is.

Standard Petroleum Common Stock Offered

Charter Securities Corp., of New York City, are offering an issue of 300,000 shares of common stock of Standard Petroleum Corp., at $1 per share. There shares are offered as a speculation.

The net proceeds are to be used to acquire 13 producing wells, to drill a test well in Red Willow County, Nebraska, acreage, for drilling, acquisition, etc., and for working capital.

The corporation was incorporated in Delaware on June 30, 1952, and on or about Nov. 17 it entered into a contract to purchase from Falls City Producing Co., the working interest in some 800 acres located in Richardson County, Neb. The oil and gas leases in which the company has acquired interests cover in the aggregate over 20,000 acres situated in Nebraska, Oklahoma, Wyoming and Colorado.

Video Vista for '53

By IRA U. COBLEIGH

Author of "Expanding Your Income"

A current view of screens and channels; plus a projection of possible profitability among the set makers.

Those security savants who are giving our current stock market the altitude test, remember the splashy leadership provided by Radio Corporation in 1929 when it sold at 114¾. They perceive the television industry picking up where radio left off in that earlier decade, with listed TV issues gaining 40% during 1952—a showing quite outdistancing the general advance in industrials. And they pause to inquire whether Radio Corporation and such impressive mid-century running mates as Philco, Motorola, Admiral, Du Mont, etc., may not, even at this juncture, have reached their (you'll pardon the expression) zenith. And if enthusiasm and market strength generated by these speculative leaders should falter, might such hesitancy not confirm the incipient bear market, so widely heralded alike by analysts and share-holding elevator boys? I don't think so.

Ira U. Cobleigh

Fact is the TV virtuosos seem to have a better hold on sustained business volume and profitability for 1953 than most industries you might name. Let's do a little viewing. We start with 23 million sets now in the homes of America. Of these almost six million are "knot-holes" — 12 inch screens or smaller. These are socially and optically expendable. Replacing them is pretty sure-fire business. We turned out about 5.6 million sets in 1952 but for November and December were producing at the rate of 10 million sets a year. This year a composite of output estimates would be about 5.9 millions.

What will keep this production up? There are no party conventions, or a presidential election to hop up 1953 sales. But Senator Tobey is going to put a show on the road again, sports are still with us, new movies and educational shows, built for TV, will emerge in volume, and the Coronation will surely be worked in, if only by film or kinetiscope. The great unfreezing of last April, allowing the blue print authorization of 2,000 stations, was indeed a boon. There are, right now, 113 stations projecting their visual beams. There may be 200 by the year end. If so, a brand new market for roughly five million sets would be created. Then, too, 1952 witnessed the demise of restrictions on consumer credit, so buying on time is a more powerful factor this year. Replacement of "knotholes" has already been mentioned; and many homes are getting to be two-set ones. In this way Mother can watch the wrestling while Junior gets space-happy with Captain Video.

There is thus no reason to expect any falling off in set sales. The major questions relate more to competition and profitability. Vivid memories of the golden year 1950 flash back. About seven million sets were sold then, in the immediate post-Korea scarcity buying. It was wonderful, but it led to expansion of capacity so that in 1951 overproduction set in, competition got rugged, prices were slashed and indigestible inventories mounted. By Spring of 1952, inventories were pretty well worked off, and then the favorable factors cited above, moved up demand to approximately current levels. But production has more than kept pace, and by the end of this year Zenith, Philco and Motorola all will have increased 1951 set production capacity by at least 100%. So, even as in the earlier days of radio, "dat ole debbil" overproduction can louse up the profit factor and drive the smaller producers into either the banks, or bankruptcy. The demand factor is here, yes, but price cutting to move unwieldy inventory can slash both profits and dividends—so a certain amount of investor diligence here is requisite.

A stabilizer to earning power for many TV makers is found in the extensive electronic production program, mostly for the military. Some companies have 50% or more of their gross from this source, but profitwise it's less satisfactory. Government contracts have to be figured closely, are often arrived at by competitive bids, and are subject to renegotiation. So while this collateral electronics manufacture keeps the factories humming, it is a less substantial source of dividend-bearing profits.

Perhaps it's time we looked at a few actual examples. Radio Corp. has already been mentioned. It's the number one producer in sets, radios and the whole electronic list but because it's so frequently written about, and because it has the market inertia of 13,881,000 common shares to overcome, let's talk today about some of the others.

Second in size is Philco Corp., an enterprise distinguished in management and historically kind to its shareholders. A 33⅓ share for one split in 1940, followed by stock dividends of 5% in 1947, 7% in 1948, 5% in 1951, preceded by a 2-for-1 split in 1950, plus steady cash distributions, illustrate my point.

Record sales of $360 million for 1952 stemmed importantly from TV sets, but were further supported by manufacture and distribution of home and motor radios, ranges, freezers, batteries, vacuum tubes, and relay equipment. One hundred twenty-seven wholesalers and 25,000 retailers constitute the sales outlets. There's also an extensive program of production and research in radar and electronics for the government.

Nineteen fifty-two net was around $3.20 for each of the 3,525,372 common shares listed on the New York Stock Exchange and selling around 34; roughly 11 times net earnings with the $1.60 dividend earned twice. The general projection here would suggest that 1953 results might be as good or better than last year. A $40 million V loan and $10 million of $3.75 preferred provide leverage for the common.

DuMont Laboratories is not in a class with Philco as far as size is concerned but it is an excellent set maker with a long record of pioneer research in electronics. Sales estimated at around $78 million for 1952 represent a gain of 50% over 1951 and were derived from a number of operating divisions, including studio transmitting equipment, broadcasting stations, TV sets, cathode rays, electronic parts, plus one of the savviest research labs in the business. The sets are in the middle and higher priced groups where profit levels can be better maintained. The broadcasting stations in New York, Pittsburgh and Washington, plus 61 affiliates broaden the base for present and future earnings.

Some will contend that 1952 earnings of about 50c a share are rather slender to support a market price of $16 a share for Du Mont "A" which pays a 25c dividend. That looks like 32 times earnings. For those who might call DuMont overpriced here, the past record of excellence in electronic research, the wide coverage of the whole TV field, and the association of DuMont with Paramount Pictures (which company owns the entire 500,000 shares of class B common) may suggest growth factors not apparent from current earnings. There are 1,801,054 shares of class A preceded by 127,000 shares of $1 dividend ($20 par) preferred convertible into the A at $18.19 a share. For long range viewing DuMont cannot be ignored.

Raytheon Manufacturing has been a more volatile and speculative unit than the first two we talked about. Cash dividends on common have been noticeable through the years by their absence, although there was a 3-for-1 stock split and a 5% stock dividend in 1945. Recent price of $13 on the New York Stock Exchange compares with 1952 (and all-time) high of 14⅛.

The fiscal year for Raytheon ends May 31 and estimates for the year ending then have been made at around $1.60 per share on the 2,170,942 common shares. That figure, if realized (up from 84c last year) should not be, however, viewed as likely dividend bait, since the company has heavy cash requirements, particularly to finance $210 millions of government business backlog. Of TV set manufacturers, Raythoen has perhaps the largest percentage of government billings in its gross sales—about 58%.

Principal features of Raytheon are (1) its position as one of the five largest makers of cathode ray tubes for radio and television, and (2) perhaps the largest factor in a special type of vacuum tube used among other things for guided missiles and Geiger counters and (3) an important manufacturer of Video sets through its subsidiary Raytheon Television and Radio Corp. The Raytheon trade name is carried for general public sale; and in addition sets of Raytheon manufacture are sold for private name branding by Western Auto Supply Co., Montgomery Ward and Gamble Skogmo.

Capitalization is a bit complicated with a $20 million V loan, $3.6 million in long-term debt and 87,000 shares of $50 par preferred ahead of the aforementioned common. While earnings have been on the fluctuating side, Raytheon has made a big advance in sales in recent years, has a new cathode ray tube plant which should be an efficient earner, and the possibilities of its new transistor have stirred the imagination of electronic romancers. While Raytheon should not be advanced as anything but a speculation, it can conceivably be verging upon a new level of profitability.

Others deserving mention for your own video review would be Motorola, an old favorite of conoisseurs in this field. Motorola sticks to electronics and doesn't clutter up its operations with ice boxes and appliances. It's the largest vendor of auto radios and probably fourth in TV sets. It shoud do $180 millions of business this year and earn perhaps $4 a share, with good fortune. On the New York Stock Exchange at 40.

Emerson, Zenith, Admiral and Sylvania round out the major independents, and, of course, there are always the two Mr. Bigs in all things electrical — General Electric and Westinghouse.

If you don't mind a little romance and good dash of speculation in your stock list, the TV's may still turn in a paceful performance for you this year. Video and electronics, played back to back, offer plenty of growth elements. If you pick wisely, and string along with the units that can weather periods of incisive competition, then you may be able to parlay this video vista into dividends and, mayhap, capital gains.

Gordon Howard Dir. Of H. C. Flood Co.

Gordon T. Howard

MONTREAL, Canada — Gordon T. Howard, has joined the firm of H. C. Flood & Co. Limited, 360 St. James Street, West and has been appointed a Director, H. C. Flood, Chairman of the Board, announced.

First Boston Corp. Earnings Up in 1952

The annual report of The First Boston Corporation for 1952 shows a net income of $2,512,084, equivalent to $4.47 per share on both classes of capital stock of the corporation. This compares with $2,149,011, equal to $3.82 per share in 1951. Total capital funds, exclusive of reserves, amounted to $19,570,562 at the end of the year, after deducting dividends of $4.00 per share on the capital stock and on the class A capital stock. Net asset value was $34.79 per share on Dec. 31, 1952. This compares with total capital funds, exclusive of reserves, amounting to $19,308,478 a year earlier, and net asset value of $34.33 per share.

C. V. Goodwin Joins Blair Holdings Corp.

Claire V. Goodwin has been elected Executive Vice-President and Assistant to the President of Blair Holdings Corporation, it was announced yesterday by President V. D. Dardi. Goodwin also will be nominated as member of the board of directors at the forthcoming annual meeting of the stockholders, Dardi said.

Mr. Goodwin brings more than 33 years of experience in the securities business to Blair, which among other assets owns the two investment company subsidiaries of Blair, Rollins & Co., Inc., and First California Company.

Mr. Goodwin is also serving on the board of directors of Lucky Stores, Inc., rapidly growing super-market chain in which Blair has a substantial interest. He entered the securities business in 1920, later became a partner in Wm. Cavalier & Co., which he left in 1941 to become a general partner in the firm of Walston, Hoffman & Goodwin. He resigned from the latter firm on Jan. 1, 1953.

Lawson, Levy Add

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif. — Adolph B. Canelo III is now with Lawson, Levy & Williams, 1 Montgomery Street, members of the San Francisco Stock Exchange.

MOTOROLA-WORLD'S LARGEST EXCLUSIVE ELECTRONICS MANUFACTURER-Built for Growth

Research, Engineering, Production Facilities Planned for Increased Profits

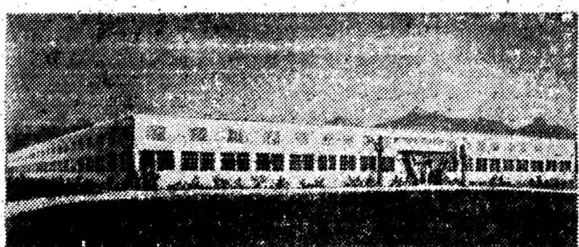
Motorola, in men and material resources, is geared for growth. Motorola research, production and merchandise are developed from long range, realistic appraisal of the dynamic field of electronics whose horizons are not yet measurable. These are the essentials of growth.

Television, with a wealth of entertainment and service features, is already a vital part of the American scene, although commercially only six years old. Larger screen sizes, second set and replacement sales, and new TV stations in new markets are encouraging factors in evaluating future demand.

Radio, long a family necessity, retains an important position in the market place. Motorola has developed significant advances in radio design and revolutionized production techniques to increase the desirability and reduce the cost of home, portable, and car radios.

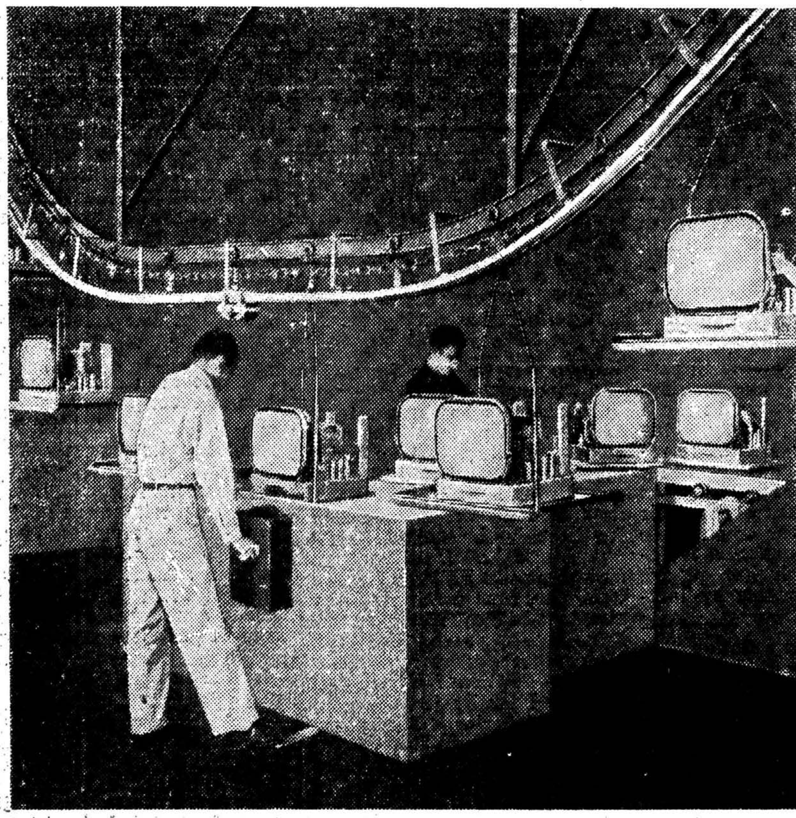
Specialized communication and electronic equipment, pioneered by Motorola, has increased in demand for industrial, military and civic purposes. Demand for development of new equipment for new purposes . . where one application suggests another . . . hints at products as yet unexplored.

Motorola is prepared for increased production of profitable products in the expanding field of electronics. Motorola is the world's largest exclusive electronics manufacturer.

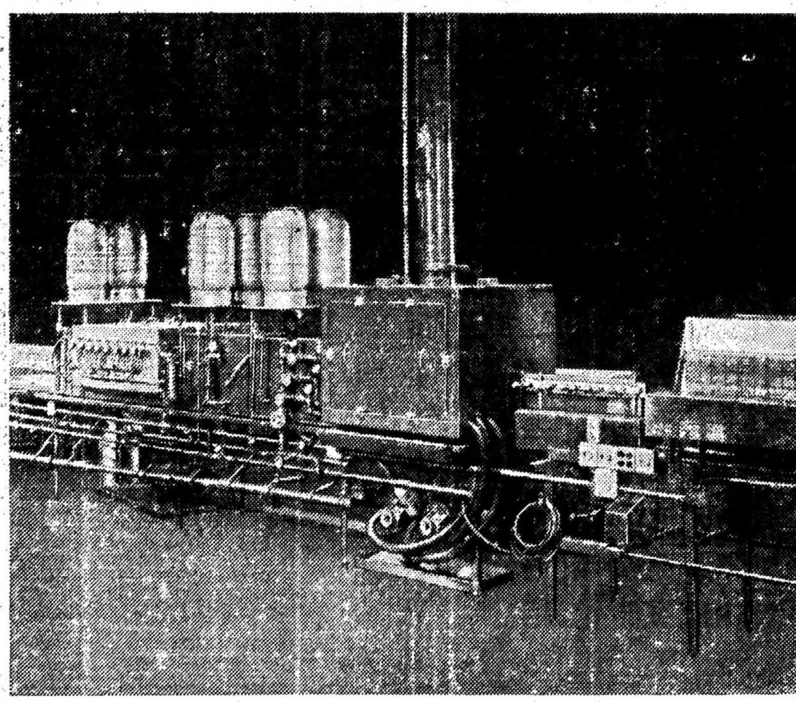


TO HELP BUILD AND KEEP A STRONGER AMERICA—Motorola's new laboratory for advanced electronic research at Phoenix, Arizona specializes in the development of electronic and communication equipment for the Atomic Energy Commission and other national defense agencies.

QUALITY IS A "MUST". Just one of many checks made in the production of Motorola car radios, part of the rigid engineering and testing standards that maintain a reputation for ability to withstand shock, vibration, temperature and humidity strains.



QUALITY IN QUANTITY. Mass production of TV sets on the Motorola assembly line requires "hot line" and "shake table" tests to guarantee top performance in the home.



NEW PRODUCTION FACILITIES FOR NEW PRODUCTS—Motorola's development of the PLAcir chassis (plated circuit chassis) replaces a maze of wiring and connections in radio sets with one, simple, wafer-thin, prefabricated "plate." New, compact, efficient machinery mass produces the PLAcir chassis.

Motorola Inc.

WORLD'S LARGEST EXCLUSIVE ELECTRONICS MANUFACTURER

Monetary Policy and Savings

By E. SHERMAN ADAMS*
Deputy Manager, Department of Monetary Policy,
American Bankers Association

Dr. Adams reviews nation's monetary policy since Korea, along with growth in individual savings and the increased demand for credit. Stresses need of encouraging people to continue the practice of thrift and suggests a program to accomplish this objective. Points out greater personal savings will aid Treasury in converting short-term debt into long-term obligations, and foresees possibility of accumulated savings, together with debt repayments, exceeding supply of mortgages, thus complicating investment problems of savings institutions.

The relationship of monetary policy and savings to economic stability has been vividly demonstrated since the outbreak of war in Korea. Let us examine this experience briefly to see what lessons we can derive from it.

Dr. E. S. Adams

During the first year after the Korean war broke out, the rate of increase in personal savings declined sharply. Individuals reduced their current rate of savings, drew on past savings and increased their borrowings, in order to purchase goods which they expected to become scarce or higher priced. This excessive spending by individuals was one of the chief causes of the price inflation that occurred during that period.

Since the spring of 1951, however, the rate of personal savings has been greatly accelerated. Income dollars have been channelled away from the market place into the reservoir of savings. This has been a potent anti-inflationary force, helping to preserve the stability of the economy.

*An address by Dr. Adams before the Annual Savings and Mortgage Conference sponsored by the Savings and Mortgage Division of the American Bankers Association, New York City, March 3, 1953.

The Record of Savings Bonds

It is instructive to analyze the performance of different types of savings during these two periods. Savings deposits showed a slight net gain during the 12 months following Korea, and thereafter increased very substantially. By comparison, the record of U. S. Savings Bonds is less favorable. Redemptions of Savings Bonds have exceeded sales of new bonds not only during the first of these two periods, but during the second period as well.

Some people have jumped to the conclusion that the Savings Bond program has been a failure during these periods. The record is disappointing, to be sure; but there are several mitigating circumstances. First, part of the decline in sales of Savings Bonds has been in the Series F and G, and J and K Bonds, which are bought mostly by large investors. This was caused largely by the rise in yields available on marketable Treasury obligations. Moreover, the increase in Savings Bond redemptions has been partly accounted for by the heavy maturities of Series E Bonds which were sold during the early years of World War II. Finally, despite these heavy maturities, the rate of redemptions of Series E Bonds has remained very much lower than the rate of withdrawals from savings accounts or the rate of repurchase of savings and loan shares. If you take these factors into account, you reach the conclusion that the Savings Bond record since Korea is much better than many people have assumed.

The Increased Demand For Credit

The increase in the liquid savings of the public over the past several years has been offset to a considerable extent by the rapid growth that has taken place in personal indebtedness. Since Korea, residential real estate debt has increased by about $19 billion; and consumer indebtedness, though held in check for 20 months while Regulation W was in effect, has increased more than $6 billion. This heavy deficit financing by individuals has been a strong inflationary factor.

Let us look at the record of business savings and investment since Korea. Since Korea, corporate savings in the form of depreciation charges and undistributed profits have been at record levels. Nevertheless, these record savings have not been sufficient to satisfy the demand of corporations for additional funds to augment working capital, to build up inventories, and to expand plant and equipment. As a result, business concerns have borrowed heavily. Savings institutions have not only invested all of their new savings in new private debt, but, in addition, have sold government securities, on balance, in order to make even more funds available to meet private demands for credit.

Adding together the demands for funds by individuals and by corporations since Korea, we find that this total demand has exceeded the accumulation of new savings available to meet it. In such a situation, the only other source from which additional funds can come to meet the demand it, of course, the commercial banking system—through an expansion of bank credit.

Monetary Policy Since Korea

This demand for credit presented a problem for the Federal Reserve authorities. Their job, in essence, is to see to it that there is enough, but not too much, bank credit. Since Korea, they have permitted some expansion of bank credit to meet the needs of a rearmament economy. At the same time, they have sought to prevent credit from expanding too fast and too far. In general, their policy has been one of mild restraint on the expansion of credit.

During the period immediately following Korea, the problems of the monetary authorities were intensified by the decline in the rate of increase in personal savings. Conversely, for the past two years, the task of the Federal Reserve has been considerably eased by the spectacular increase that has taken place in savings.

The ability of the Federal Reserve authorities to restrain credit was greatly enhanced, of course, by the famous Federal Reserve-Treasury "accord" of 1951, which led to the withdrawl of the pegs from government bonds. Many savings banks and insurance companies had previously been selling large quantities of government securities at par or better and reinvesting the proceeds in new mortgages and new corporate bonds. The decline of government bond prices below par

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Television Use in Industry and Science

By HERBERT E. TAYLOR, JR.*
Manager of Television Transmitter Division,
Allen B. Du Mont Laboratories, Inc.

Asserting closed circuit television looms as a business, scientific, educational and industrial tool, whose potential is limited only by the imagination and foresight of those who use it, Mr. Taylor cites examples of the all-inclusive role which industrial television, both monochrome and color, is destined to play. Says experts look for industrial and scientific television use to override use in home as entertainment.

"The really big role that television is to play in our lives is in the making, but has yet to be revealed in all its magnitude. Do not make the mistake of putting it in a fixed category of entertainment. I do not mean to disparage it as an entertainment medium. Entertainment is important and necessary. But entertainment is just a part of television's function and place in our lives." This excerpt from a recent statement on television by TV scientist Dr. Allen B. Du Mont is a tip-off on the enormous importance of a phase of television not generally realized by the public—the role of television in industry and science.

H. E. Taylor, Jr.

Television offers a golden opportunity to education generally and to the state of Texas specifically, with 18 channels allocated by the F.C.C. here, to achieve greater educational progress than has been afforded up to now. But although educational TV will be a vital part of telecasting in the future it is only one facet of the development awaiting television in the "non-entertainment" field.

Closed circuit television looms as a business, scientific, educational and industrial tool whose potential is limited only by the imagination and foresight of those who use it.

Although the present use of television in industry and science is only a small fraction of what it will someday be, there are already numerous instances of its use. These are spread over a sufficiently varied field to give a good picture of the all-inclusive role which industrial television, both monochrome and color, is destined to play.

Cases of Industrial Use

Among already existing uses are some of the following examples:

A utility company is using TV as a means of checking smoke conditions at power plant smoke stacks.

Hospitals are using it in closed circuit telecasting of operations with excellent results.

Railroads are testing television in yards as an aid to switching and in checking on incoming and outgoing trains.

Police in Houston, Texas, have experimented with it to check on lawbreakers in jail cells.

London Airport is starting to use it in conjunction with radar as a quick means of checking on aircraft traffic from any points around the field and on the action of planes already in the air.

Television has already been used as a means of witnessing the signing of contracts between signatories at long distances from each other. One instance of this was the signing of a television contract by an automotive company. Some of the signatories were in the studios of WABD, Du Mont TV station, New York, others were at WTTG, Du Mont TV station in Washington, D. C.

The sales department of a leading liquor concern (Schenley) has used it to conduct a large sales "meeting" between salesmen and sales managers stationed in several cities.

Members of the Church of Jesus Christ Latter-Day Saints have used it in Salt Lake City to handle overflow crowds at a three-day conference on religious matters. Those who could otherwise have been unable to see and hear the speakers and singers were able to "attend" in a nearby hall.

Universities have used it in many instances in telecasting educational, science and other conferences to nearby overflow audiences.

Recently TV was used by the British to salvage a submarine lost with 75 men aboard. Salvage men with a TV camera in a water-tight compartment located the sub, and viewers in a cabin on the salvage ship could even read the sub's name, "Affray," on the prow.

Federal office workers in civil defense units have recently had training en masse through closed circuit TV sent to several cities at once.

The armed forces are now experimenting with training recruits and reservists through closed circuit TV.

Industrial and Scientific Use Will Become Dominant

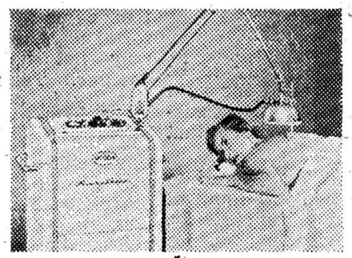
According to television experts, industrial and scientific television may easily become more widespread and important than home-consumption television today which, relatively speaking, is still in its infancy and concentrates largely on fields which come mainly under the general heading of entertainment, sports or news coverage.

TV executives point out that industrial or scientific television

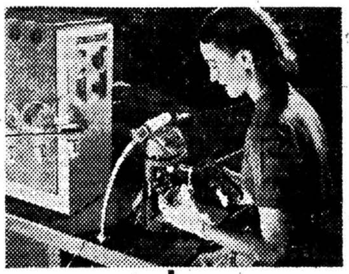
Continued on page 37

*An address by Mr. Taylor before the Texas Society of Professional Engineers, Lubbock, Texas, Feb. 26, 1953.

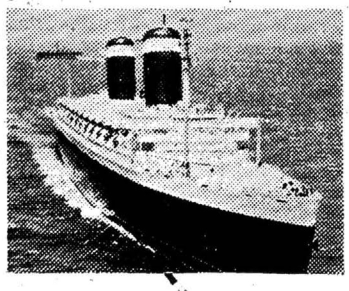
Raytheon Microtherm®—For Penetrating Deep Heat



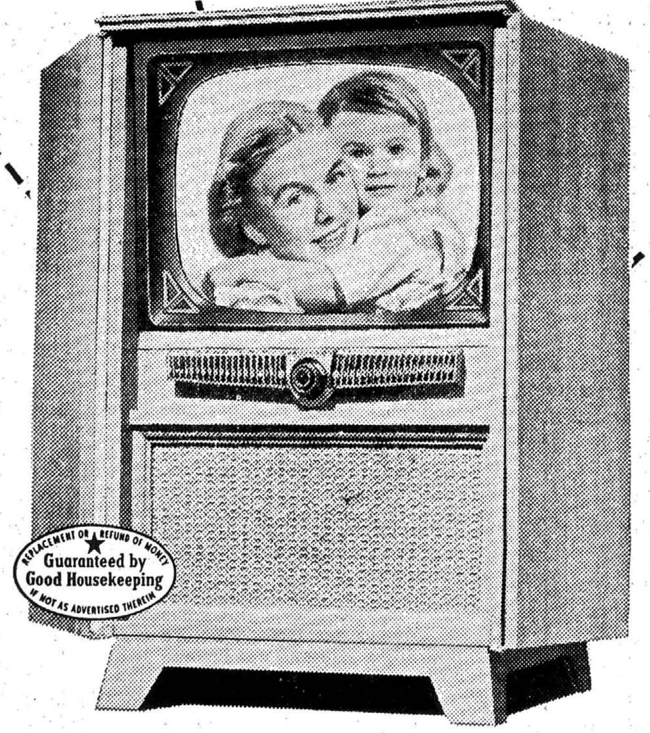
Raytheon Weldpower®—For Precision Electronic Welding



Raytheon Radar and Fathometer® Aboard S.S. United States



Raytheon—First in Commercial Production of Transistors



Behind Every RAYTHEON TV Set—
Electronic Leadership

When you buy a Raytheon television receiver, you're buying Raytheon electronic experience. You're buying 28 years of engineering know-how—the diversified skills which have *earned* the company world-wide leadership in many fields.

Raytheon was the first TV receiver manufacturer with continuous, all-channel VHF-UHF tuning.

Raytheon is the first commercial producer of transistors, the newest "mighty mite" of electronics.

Raytheon is the world's largest producer of marine radar—holds over $200-million in government contracts for Army, Navy and Air Force electronic developments.

This electronic leadership stands behind every Raytheon TV set and every other Raytheon product.

Built FOR TODAY... RAYTHEON *Designed* FOR TOMORROW

RAYTHEON MANUFACTURING COMPANY
WALTHAM 54, MASS.

Eyeing Tax Laws in Stock Trading

By EDWARD W. STERN

Herzfeld & Stern
Members, New York Stock Exchange

Mr. Stern gives some advice regarding impact of tax laws in effecting stock transactions. Concludes it rarely pays to take losses in excess of profits.

If all our transactions represent long-term gains (and I wish someone would show me how to trade that way), we would not have to consider the impact of taxes on our sales. Otherwise, we cannot afford to disregard tax laws when we sell securities.

Edward W. Stern

We had better change our ideas about selling for tax law advantage in two regards. The capital gains provision of the 1952 tax law, which allowed long-term loss in excess of long-term gains to count in full, is not likely to remain in the 1953 bill. With about one-fifth of the shares listed in 1946 selling 40% or more below their 1946 peaks, this provision of the capital gains law has cost the Treasury a lot of money, and we should plan for the same provisions as in 1951. And the accepting of tax losses in excess of profits, up to $1,000 to be taken against regular income, is not very valuable unless your tax bracket is up in G. If you aren't that rich, your tax saving is likely to be less than if you waited for your stock to run up a few points further and reduce the loss by that much.

Divide the trading year into three sections, when you think of the tax laws in selling stocks. The first part ends June 30. Be optimistic enough to expect to live through the year; you usually will. Even if you have a lot of losses, and profits are few and far between, make it a practice to take two dollars in profits for every dollar in losses, during this period.

The second part of the year runs July 1 to Oct. 10. During this part of the year, accept every available loss up to the point where your losses equal your profits. There is good reason to end the second period on Oct. 10. Usually between that date and the year-end, the market has an unpleasant habit of enduring a very weak spell, during which the stocks that have done worst fade badly when people begin thinking about tax losses. Do your tax selling early, not late.

You are likely to own some issues, in which you have several commitments, some showing a profit, some a loss. If, during the time prior to Oct. 10, such issues run up to your break-even point, you may want to lighten up. Unless you need tax losses urgently, sell the part that shows a profit, especially if the earlier commitments show losses. If you do some selling, and the stock settles back, you may want to replace the shares you sold. You can do this if you took a profit, but if you took a loss, you may not buy back for 31 days, and by then the stock may not be on the bargain counter. Take the bigger tax liability in order to be able to maintain your position. But during the third period, disregard this factor—take the profit or the loss according to the way your other trades stand.

If, during the first two periods you need a tax loss, and have the choice between several small losses and one large loss, accept the loss that will give you the most in proceeds. Because if you sit back patiently and wait for a buying opportunity, you can probably make more profit with a larger capital than with a small one. But during the third (year-end) period, prefer to accept the biggest single loss you can, rather than several small losses. The proverbial year-end rally is likely to change a lot of small losses into an aggregate profit—if you must accept a loss, take the loss that will disturb the fewest positions.

If your fiscal year ends in January, February, or March, take your tax losses on the year-end rally rather than earlier. But regardless of fiscal year, it rarely pays to take losses in excess of profits, just to save a few dollars.

Bankers Offer Federal Paper Board Co. Stock

Goldman, Sachs & Co. and associates are offering 200,000 shares of Federal Paper Board Company, Inc., $5 par value common stock at $17 per share.

The shares are being sold for the account of selling stockholders and no proceeds will accrue to the company.

The company and its subsidiaries reported for 1952 net sales of $22,557,000, net income before taxes of $6,493,000 and net income after taxes of $2,397,000, or $3.37 per common share based on the 700,000 shares of common stock now outstanding.

The company is engaged principally in the manufacture and sale of folding boxboard which is fabricated by customers and subsidiaries of the company into a wide variety of folding cartons used in packaging for consumer sale, such every-day articles as foods, soaps, tissues, tobaccos and numerous other items. The company estimates that more than half of the total tonnage of folding boxboard produced by it in 1952 was used for fabricating cartons for the food industry.

The company's paperboard mills are located at Versailles, Conn.; Steubenville, Ohio; Bogota, N. J.; Montville, Conn.; White Hall, Md.; and Reading, Pa. It has carton plants at Versailles, Conn.; Bogota, N. J.; Palmer, Mass.; and Steubenville, Ohio. During the five-year period ended Dec. 27, 1952 net property, plant and equipment of the company and its subsidiaries increased from approximately $3,791,000 to $7,624,000 and net current assets increased from approximately $3,121,000 to $6,847,000. During the same period approximately $8,048,000 of earnings was retained in the business.

Joins Bailey & Davidson

(Special to THE FINANCIAL CHRONICLE)

FRESNO, Calif. — Alma Ryan has joined the staff of Bailey & Davidson, 2133 Fresno Street.

Lawrence Cook Adds

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio—William J. Grealis is now with Lawrence Cook & Co., Fidelity Building.

Continued from first page

Television—Its Realities And Eventualities

man beyond anything previously dreamed of. They make possible the detection of vapors and odors. They extend the sense of taste by measurement of the salinity or acidity of liquids. And they can reach out to determine movement accurately at great distances. Invirtually every function of the sensory or nervous system they outperform man. In the light of electronic developments to date it is not too much to say that this science ultimately can enable any mechanical activity to be handled faster and more efficiently. This, in a broad way, is what we actually know electronics can and ultimately will do for us.

Let me repeat that we actually know what electronics can and will do for us. It is not a matter of scientific speculation. The electronics age is here, but it is for the most part in custody. Its custodian is the armed forces. The requirements first of war and then of defense have held up peacetime application of most electronic developments. The urgency for the invention of new weapons and the unlimited resources of money and men for research telescoped discovery time for these devices into a matter of a few years instead of a few generations. Out of this intensive effort has come equipment for detecting the approach of the enemy, for navigating safely in fog and darkness, for sighting artillery, for remote controlling of bombs, for forecasting weather, and for analysis of complex logistic problems quickly, as well as a host of subsidiary devices. Moreover, without electronics there could have been neither an atom nor hydrogen bomb project.

This concentration in the electronics field on military production, and research orders for communication and control equipment continues. Tremendous sums are being spent by the government and private companies on research. Government research and development contracts for the exploration of radar, sonar and telephone communications are still being awarded. Similarly, private industry is pyramiding its research departments year after year. One nationally-known concern, for example, today has 500 engineers, chemists, physicists and mathematicians on its staff which only six years ago numbered but 50. This is not an isolated instance in industry but rather the rule.

Electronics Industry Has an Unprecedented Dynamic Quality

From this accelerated research, electronics gets its unprecedented dynamic quality. Heretofore, the developments that most are familiar with derived from the vacuum tube. This tube made possible that tremendous field of technology called electronics which includes radio, television, radar, long-distance telephony, talking pictures and those complex machines that compute, tabulate and interpret scientific and engineering data.

For all of its achievements the vacuum tube now appears about to be superseded. Not so long ago, out of the Bell Telephone laboratory, came the transistor—a gadget the size of a green pea. Scientists predict fabulous things with this device which performs most of the functions of the vacuum tube. It is claimed, for example, that the transistor will change all of our lives more profoundly than any discovery of the past 100 years. Electronics wizards say it will inspire further inventions and contrivances with uses that cannot be imagined today.

At the minute, many electronic companies are making transistors but most of their output is going into the mobilization program, where the small but rugged device has opened a virtually unlimited horizon for more reliable and simpler electronic equipment that costs less, weighs less and uses less current. Thanks to the transistor, lighter and more compact gun controls and communication and guidance aids now are possible. This, in turn, means higher speeds, greater range and added power, or—in brief—more fighting punch.

Against this background, two separate fields of electronics are revealed — the military and the civilian—and the former has priority. For this reason care must be taken to distinguish between commercial realities, like television, and commercial eventualities, like the transistors. The latter, for example, already has become the mighty midget of the military but hardly works at all for civilians. And the same thing is true of the electronic. Compared to what we know that magic particle can do, very little actually has been done in gearing it to the multitudinous uses of industry.

From the investors' viewpoint this picture of electronics presents two aspects and both must be appraised. The first deals with present-day realities, and the second with the eventualities. Let's take them up in that order.

As recently as 1939 the factory value of electronic equipment produced amounted to only $230 million. Last year the factory value of electronic equipment production had a value of $4 billion. This year it is estimated that production will top the $5 billion mark. Of this $5 billion, the bulk will go either to the armed forces or for use in the field of sight and sound communication.

Television — Largest Peacetime Application of Electronics

The production of television equipment for entertainment is still the largest single reality as well as the most important one dollar-wise in the peacetime application of electronics. The 1953 factory value of this production is expected to exceed $2¼ billion.

Moreover, the market for home television sets and for broadcasting equipment is expanding and there is every indication that it will continue to expand. There are now about 21 million television sets in use and there exists a potential total market of some 50 million users. The difference of 29 million does not mean sales are limited to this figure for many reasons. For one thing sets of present owners will be replaced. For another, quality is improving on new models. Then, too, color television may go into production by early 1954. And this innovation alone will probably touch off a buying wave of several years' duration.

But the biggest stimulus to sales in the months ahead undoubtedly will come from the opening of new markets in areas where new telecasting stations go into operation. To March 1, last, the Federal Communications Commission had granted construction permits for 230 stations. These, plus the 108 on the air when the freeze was lifted, make a grand total of 338 authorized or on the air of the 400 originally scheduled. By the close of this year a total of more than 200 are expected to be in operation. These new stations will account for the production of $1 billion in electronic equipment this year. Since only a relatively few new stations will go on the air during the first half of 1953, the chief impetus to sales of sets from new markets will be felt only in the latter part of this year and to a greater extent in 1954.

Even without this impetus, 1953 teleset sales have been at a high rate. In fact, authorities have been revising upwards estimates of set production. A few months ago 1953 set production was generally projected at 6½ million units with a wholesale value of $1¼ billion. This figure would be within shooting distance of the record 7½ million sets turned out in 1950. Recently, the president of Emerson Radio forecast a 7½ million set year. This would compare with official 1951 and 1952 production of 5,384,798 and 6,096,279 sets respectively.

This bright outlook in television is accompanied by the prospect of more profitable broadcasting operations. A great deal less is being heard about the high costs of television shows and time. And recently a leading trade publication reported the estimate of a large advertising agency that national advertisers would be spending some $750 million annually on television by 1955 as compared with the 1952 expenditure of some $400 million.

Industrial Use of Electronic Equipment

By contrast with television, the production of electronic equipment for peacetime use in industry is relatively small. Yet this field inherently possesses all the elements for as spectacular a growth as television. In fact, many authorities believe that ultimately, unless international tensions worsen, it will far surpass the dollar value production of television for entertainment. There are some who believe that by 1972 dollar production of electronics at factory level may reach the $20 billion mark. Such a growth envisions scores of new applications of electronic principles in industry and communications. In one, for example, production lines would be completely automatic from the reception and inspection of the raw material to the packaging and inspection of the finished product.

By comparison with today, electronic principles are applied to production in limited fashion. For the most part, industry is using electronic devices presently to control conventional machinery. Complete electronic application would involve all-electronic machinery from beginning to end.

Thus, relatively, electronic devices now in wide use in industry are simple. Photoelectric cells and other control devices have the broadest market. With them standards of quality and precision are attained that used to be considered beyond reach. Moreover, such devices are faster and cost less than the electrical and electromagnetic equipment they have replaced. Their most popular applications have been for measurement and anlysis, or wherever regulation or sensitive control is required.

Today, scores of industries are using these devices for hundreds of functions, as — for example— wherever such factors as time, color, density, purity, height, pressure, length, viscosity, weight, resistance, noise, vibration, etc., must be measured, analyzed, controlled or regulated. Electronic control of machinery has almost universal application. So do time, speed, temperature and level controls. Other widely used applications include electric current in welding, various types of alarms including fire and smoke detection, and other safety devices.

The technology of electronics is continually finding new applications. One is dielectric heating without flame or smoke in use in the plywood and plastics fields. Another is induction heating—also without flame — and used in the steel industry for hardening purposes. Still another type of electronic action, called electrostatics, has been put to work to process low-grade ores. All of these applications have a host of potential markets. An outgrowth of electronics that is rapidly finding favor with industry is the field of ultrasonics in which high-frequency sound waves are utilized in an ever-growing number of factory operations.

Other Electronic Developments

There are a number of other developments in electronics that are "realities" but have not quite reached the point where they might be classified as commercial realities. Perhaps the most important are the highly publicized electronic "brains." These business machines, perfected to a complex degree in digital computing, solve the most abstruse mathematical problems instantaneously. Electronic "brains" use thousands of tubes and have cost from $700,000 to $1,500,000 each. The less than a dozen in existence were built in connection with governmental projects and 90% of the work in developing them was paid for with Federal funds.

These electronic computers are proven products. Without them it is entirely likely that the deadly guided missiles would be years from development. They have been invaluable to the defense program.

These same machines, in varying degrees of complexity, may prove to be the electronic heart. They offer the widest range of possibilities. Most obvious uses range from the computation, tabulation and interpretation of scientific and engineering data down to simple bookkeeping units. But these machines may also become the master "robot" of the factory, correlating and integrating the various electronic devices in the completely automatic assembly line of the future.

The commercial production of these machines probably has been made more imminent as the result of the development of the transistor. One factor in their high cost is their numerous tubes. One massive electronic "brain" for the Navy has more than 4,000 electronic tubes. Substitution of the less expensive transistor for tubes where possible undoubtedly will bring their ultimate price tag down. This machine may spark the development of a whole new industry just as the television did.

Adaptation of television to industry is just getting under way. An obvious use is the establishment of sight contacts with plant or office. Another is the recording of phenomena not visible to the human eye. A third is the photographing of high speed or dangerous operations. This industrial market is expected to reach substantial proportions as business men learn how to best adapt this cathode ray tube to their individual needs.

Here, too, the tiny transistor will make an important contribution. Its impact on both entertainment and industrial television is going to be greater than was initially expected. The little device has progressed to the point where it will replace many tubes in a teleset. Originally the experts said it would replace only a few. This later development is going to have far-reaching effects when transistors go into large scale commercial production. Not only will it serve to reduce the size and price of sets, but it will make possible automotive as well as portable television. In fact a portable battery operated receiver with a five-inch screen was among the experimental equipment at a recent RCA transistor demonstration. So, too, was a "walkie-lookie" portable TV camera. Both could have extensive uses in industry.

Importance of Transistor

The full promise of the transistor is that it may form the basis for a new electronics industry. That is why its development has been hailed as a landmark in the ever expanding electronic world. The effect of the transistor is to remove present limitations to electronic progress. These limitations were set by the shortcomings of the vacuum tube, the heart of all electronic devices and equipment. Despite its mighty contributions since its invention by Dr. Lee DeForest in 1906, the vacuum tube has had certain shortcomings. It is short-lived and fragile; it generates considerable heat and it is too big. The transistor bypasses these disadvantages and at the same time functions with comparatively great economy in materials and in power.

A startling illustration of its economy in size and power as well as its effectiveness was given last summer by Bell Telephone. You may remember in the Dick Tracy story back in 1946 how gunmen tried to steal the two-way radio wrist watch of a blind scientific genius. Last summer the Bell Telephone presented such a device to the cartoonist whose fiction it was. Only the transistor could have made fact out of that fiction.

The transistor is so-called because it transfers electric current across a resistance. It is best described as a simple little instrument capable of performing many of the functions of the vacuum tube. It consists of two very thin wires with pointed ends pressed against a speck of germanium, a widely distributed semi-conductor occuring in many ores and minerals. Initially it was manufactured for about $12. More recently sales prices have ranged from $6 to $7. Ultimately the price is expected to reach about 60 cents. This would follow much in the pattern of the vacuum tube, which in the early days of radio cost $12. This same tube now is available for about 75 cents.

Singularly enough electronic authorities do not expect the transistor to eliminate the electron tube. Rather it is expected that the market for tubes may even increase ultimately because transistors will allow the development of electronic devices as yet undreamed of. The completely revolutionary fact about transistors is that they demonstrate for the first time that potential electronic force can be harnessed in solid matter as well as in a vacuum. It is this discovery that has set fire to the imagination of the scientists.

Even though the transistor is still a good distance away from large scale commercial production because of military priorities, it has already brought about the "miniaturization" of some devices. Perhaps the first is a three-ounce hearing aid that recently went on the market. Another is a tiny sound recorder carried in the clothing. General Motors used this device at its recent big Motorama auto show to sample opinion. Samplers with the tiny recorder mingled with the viewers to elicit candid comment and the unseen recorders of course took it all in.

So quickly are new developments being piled upon new developments in electronics that the field must be constantly under study to stay abreast. Hardly a week goes by that some new device or product is not heralded. We now have, for example, the electronic photocomposition machine called the Photon. It's the typeless typesetter delivering film negatives instead of type slugs. Minnesota Mining and Manufacturing Co. just told of a radically new material for audio magnetic tape it has developed. From the University of Chicago comes word of the use of radioactive ragweed for medical research on asthma and hayfever.

There can be little doubt that electronics is proving to be the magical key for unlocking the secret compartments of nature. And most of these compartments have not even been approached as yet. They hold such huge potentials as the electron-controlled completely automatic factory, or the motor that runs on electrons. Such concepts may sound like wild flights of the imagination but they are no more fanciful than guided missiles or space ships. And even the latter no longer are far-fetched according to the president of the Consolidated-Vultee Aircraft Corporation. He was quoted recently as saying: "Some of the problems we are working on right now in the field of guided missiles for the armed forces are basically more difficult than that of building a spaceship. If we can accomplish the former, and I assure you that we will, then there is absolutely no reason why we can't do the latter."

In the light of that observation who can say where electronics will take us or what it will do for us? Thus far it has given us radio, radar, television, etc. But these accomplishments, great as they have been, do not weigh very heavily against what we know electronics can and will do for us in the future. If electronics is not in its infancy, certainly the evidence indicates that it is just beginning to grow up.

Walter Schumann With Hemphill, Noyes & Co.

PHILADELPHIA, Pa.—Hemphill, Noyes & Co., members of principal securities exchanges, announces that Walter Schumann is now associated with their Philadelphia office, 1421 Chestnut Street, as manager of the Municipal Bond Department.


W. H. Schumann

Prior to joining Hemphill, Noyes & Co. Mr. Schumann had been a partner of Dolphin & Co. from the time of the firm's formation in 1940.

Mr. Schumann is a member of the Philadelphia and New Jersey Municipal Bond Clubs, the Investment Traders Association of Philadelphia and the Bala Golf Club. He resides in Morton, Ridley Township, Pa.

Now Barham & Co.

CORAL GABLES, Fla. — Barham and Co. has been formed to continue the investment business of Barham and Cleveland. Offices are located at 2207 Ponce de Leon Boulevard. Officers of the new corporation are Kingsley Barham III, President; R. F. Jonas, Secretary-Treasurer; and Pauline Tinsley, Vice-President.

Henry E. Reichert With Negley, Jens & Rowe

(Special to THE FINANCIAL CHRONICLE)

PEORIA, Ill. — Henry E. Reichert has become associated with Negley, Jens & Rowe, Jefferson Building. Mr. Reichert was formerly an officer of Allan Blair & Company of Chicago.

William G. Hyde

William G. Hyde, for the past several years associated with Wm. E. Pollock & Co., Inc., in Beverly Hills, California, passed away Feb. 21.

Now Allen Beers Co.

PHILADELPHIA, Pa.—Allen E. Beers has admitted V. F. Hartzag to partnership in his investment business which will now be conducted under the firm name of Allen E. Beers Company from offices at 123 South Broad Street.

Guns and Butter In Britain

By PAUL EINZIG

Dr. Einzig discusses Britain's defense budget for the fiscal year 1953-54, and points out any substantial rise above the previous year's expenditure is not possible. Says, from viewpoint of the nation's economy, industries engaged in rearmament must be relieved of pressure on them in order to be able to assist in the export drive and maintain the gold reserve.

LONDON, Eng. — The Defense Estimates for the financial year 1953-54 show that Britain intends to spend some £1,500 million (in addition to American aid) on her armed services during the 12 months from Mar. 31, 1953. This represents something like 15% of the national income, and well over one-third of the Budget. The White Paper containing the Estimates points out that any substantial rise above the expenditure in 1952-53 was not possible. In fact the increase is planned to be something like £120 million. About £40 million of this is due to the higher costs and £80 million represents an actual increase of the rearmament effort. This is admittedly much less than was originally intended. Under the original rearmament plan of 1951, the expenditure of £4,700 million should have been completed by March 31, 1954. The Government decided, however, last year that rearmament should be spread over a longer period and held it to a lower peak.

Dr. Paul Einzig

In particular it was essential from the point of view of the national economy to relieve the engineering industry, and other industries engaged in rearmament, of part of the pressure imposed on them. For, as a result of the deterioration of the balance of payments during 1951, these industries had to play an increased part in the export drive. It was the original plan that the textile industries should expand their exports while the engineering industries are engaged in rearmament. The overseas markets for textiles have become much more difficult, however, during 1952, and it has become imperative for the engineering industries and other industries producing capital goods to divert their attention to exports. Otherwise there would have been a danger of further losses of gold through a deterioration of the balance of payments, and this would have imperilled the country's economic stability.

Accordingly the Government decided last year to reduce Defense orders by some £200 million, from £850 million to £650 million in addition to £100 million to be spent on development. In spite of the reduction the amount to be spent on production and research will be some £90 million higher than during the current financial year. So there is no question of relaxing the rearmament effort. All that is happening is that it will not be increased to the same extent as was originally intended.

It must have been with the utmost reluctance that Mr. Churchill decided to make cuts in the original rearmament program. All his life he has been in favor of maintaining Britain's arms strength at a high level. For many years during the 'thirties his insistant demand on rearmament against the growing Hitlerism was a lone voice crying in the wilderness. It was when he became Prime Minister in 1940 that the arms drive which was proceeding at a liesurely pace during the phoney war was stepped up. While in opposition, he was constantly urging the Labor Government to increase Britain's fighting strength. In spite of this, when returning to power after the General Election of 1951 he felt impelled to lower arms expenditure below the figure fixed by his Socialist predecessor. It stands to reason that he must have examined every possibility for maintaining the rearmament program and only decided on cutting it in face of the realization of the grave economic dangers its full maintenance would have entailed.

As it is, the maintenance of rearmament at its reduced scale tends to frustrate the Government's effort at disinflation. While mopping up money by means of credit restrictions the Government promptly pumps it back into circulation by means of rearmament. Internal purchasing power remains inflated, prices tend to rise, handicapping the export drive. Were it not for the cuts in the rearmament program the inflationary trend would become accentuated and the adverse balance of payments would increase.

The gold reserve, in spite of its recent increases, is barely above the danger level and any additional inflation that would have been entailed by the full execution of the arms program might easily have brought it below the danger level. To avoid the disaster it would have become necessary to resort to unpopular measures of austerity. Economically that would have been a sound policy but politically it would have been fatal. Those who preach austerity should bear in mind that the British public has put up with it to a varying degree for more than 13 years. Any attempt at enforcing a lower standard of living would inevitably strengthen Left Wing Socialism and would therefore defeat its object. For a victory of Socialist Party with its Left Wing in control would mean the end of rearmament. It is true the rearmament drive was initiated by Mr. Attlee's Socialist Government. It was done, however, in face of the strong opposition of the Left Wing of the Party and the fact that the Conservative Government had to cut the original program is quoted triumphantly by the Left Wing as a vindication for its opposition to rearmament. Should the Socialists return to power, Mr. Attlee might be unable to resist Left Wing pressure in favor of further substantial cuts in arms expenditure.

The fact that balance of payments considerations are compelling a Conservative Government to reduce the defense expenditure shows the grave disadvantages of an inadequate gold reserve. If Britain were in possession of a really substantial gold reserve she could afford to disregard the temporary gold drain caused by rearmament. It is because the safety margin is too narrow that even a comparatively moderate drain threatens to provoke a major crisis. It is of the utmost importance therefore that Britain should be able to build up a safe gold reserve not only in order to safeguard sterling but also in order to be able to raise and maintain national defense to a level in accordance with the requirements of national security and world peace.

Central RR. Co. of N. J. Equip. Tr. Ctfs. Offered

An offering of $2,460,000 of the Central Railroad Co. of New Jersey 3⅝% equipment trust certificates of 1953, to mature annually March 1, 1954 to 1968, inclusive, was made March 3 by a group headed by Halsey, Stuart & Co. Inc. The certificates are priced to yield from 2.50% to 3.65%, according to maturity.

These certificates are to be secured by the following new standard-gauge railroad equipment estimated to cost not less than $3,079,000: 500 50-ton all steel box cars. Issuance of the certificates is subject to authorization by the Interstate Commerce Commission.

Other members of the underwriting group are—R. W. Pressprich & Co.; Freeman & Co.; The Illinois Co.; Wm. E. Pollock & Co. Inc.

Kidder, Peabody Branch

ELIZABETH, N. J.—Opening of a new Kidder, Peabody & Co. mutual funds sales office in Elizabeth, N. J. has been announced by Milton Fox-Martin, manager of the firm's central mutual funds department. Alfred W. Hage, who has been associated with Kidder's mutual fund department since 1949, has been named manager of the Jersey branch.

Laidlaw & Co. Opens New Princeton Branch

PRINCETON, N. J.—Laidlaw & Co., members of the New York Stock Exchange, have announced the opening of a new office in Princeton, N. J., the company's second branch in New Jersey. Watts S. Humphrey, formerly with the Princeton Bank and Trust Co. and a resident of that community, has been named manager of the new Laidlaw office. Well-known in the investment field, Mr. Humphrey had also been associated with Clark, Dodge & Co. and, prior to World War II, had served as an officer and director of the General Reinsurance Group.

F. L. Sundstrom Joins Schenley Industries

Frank L. Sundstrom, formerly a general partner in the brokerage firm of Burton, Cluett & Dana, has been appointed Administrative Assistant to Ralph T. Heymsfeld, President of Schenley Industries, Inc., it has been announced.

Frank L. Sundstrom

Sundstrom had been a general partner of the brokerage firm since its organization in 1931. A resident of East Orange, N. J., he represented the Eleventh District of New Jersey in the 78th, 79th and 80th Sessions of Congress.

Before entering the brokerage business, Sundstrom served as a newspaper reporter and editor, and coached football at Indiana University. He had been named an All-American tackle during his senior year at Cornell University.

He will have his office in the company's New York headquarters in the Empire State Building.

New York Stock Exchange Weekly Firm Changes

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

Transfer of the Exchange membership of T. Ferdinand Wilcox to Frederick Stafford will be considered by the Exchange on March 12.

Transfer of the Exchange membership of Walter Roesler to William L. Vesce will be considered by the Exchange on March 12.

Carel W. Van Heukelom retired from partnership in Andre de Saint-Phalle & Co. Feb. 28.

Frank L. Sundstrom, general partner in Burton, Cluett & Dana, became a limited partner effective Feb. 28.

Henry L. Bogert, general partner in Eastman, Dillon & Co., became a limited partner Feb. 28.

Charles H. Mallory, general partner in Mallory, Adee & Co. became a limited partner effective March 1.

Robert A. Love, general partner in Chas. E. Quincey & Co. became a limited partner, effective March 1.

Manley, Bennett Adds

DETROIT, Mich.—Manley, Bennett & Company announce the appointment of Wade Sloane and John E. Vernier as registered representatives of the firm, effective immediately.

Both men are experienced in the securities business and their addition brings the firm's sales force to 22.

Manley, Bennett & Company, members of the New York & Detroit Stock Exchanges, recently acquired larger offices at 1100 Buhl Building.

Hunter Secs. Corp. Opens Uptown Branch

Hunter Securities Corporation has announced the opening of an uptown office in the Nelson Building, New York City, under the direction of Albert R. Kevet. Associated with the new office are Albert Lee, Pierre Rossini, and Frank C. Taussig.

Sidney Walcott Opens

BUFFALO, N. Y. — Sidney S. Walcott is engaging in the securities business from offices at 41 St. Catherine's Court.

"Do It Yourself" —A New Industry

By ROGER W. BABSON

Mr. Babson calls attention to a "Do-It-Yourself" movement which has resulted from high labor and materials costs. Lists house decorations and furniture as among products made or set up in homes. Looks for "Do-It-Yourself" stores to open.

The constantly increasing shorter hours, combined with higher prices, which are largely the result of shorter hours, are developing a new industry—namely, the "Do-It-Yourself" industry.

Roger W. Babson

For a time the manufacturers of paint, wallpaper, etc., in order to protect the local painters and paperers, refused to advertise their products for the housewife to use herself. Now, however, you will find large advertisements in leading magazines urging people to "short-circuit" the local artisan.

To further this "Do-It-Yourself" movement, manufacturers now sell wallpaper already to hang, with the blank margins cut off. They are selling paint rollers to take the place of brushes and a new paint with a rubber base for quick and perfect application. What Gillette did to the old-fashioned razor, this new movement is doing to brushes and paints.

Homes and Furniture

For several years families have been able to buy unpainted and knocked-down furniture; but the prices were high on the latter. Today, however, one needs to buy only ply-board and certain metal clamps from a lumber dealer. For a small fee the lumber dealer will cut the pieces as needed for tables and chairs.

The big development has been in young people building their own homes. Two couples will buy adjoining lots, make joint contracts for the foundations, and then go ahead with different plans. These plans can be bought with complete details for ordering, cutting and erecting the house. For heavy work, when two men are needed, they help each other. The only outside help needed is a plumber. This may explain why a prominent columnist stated "The new President's Cabinet consists of 11 millionaires and one plumber!"

Practical Hobbies

Physicians are now prescribing hobbies instead of pills. In fact, hobbies are now so used that most drug stores sell Hobby Magazines. These magazines urge useful hobbies and show how furniture, toys and other things may be made at home. They are great boosters of the "Do-It-Yourself" industry.

Not only does the hobby industry benefit the nation's health, but by it parents set a fine example to their children. It not only is better for the kids to see their Dad working — instead of playing golf—but it enables the father and boy to work together and become better acquainted. Hence, the social and educational advantages.

New Stores Will Open

I believe you will see "Do-It-Yourself" stores open. If I were a young chap and wanted to open a small specialty store, I would enter this field, combining some sporting goods with it. The same factors of shorter hours and higher costs are forcing many families to indulge in inexpensive and healthful sports.

Another suggestion is that you become a salesman on commission for some lumber dealer to sell "Build-It-Yourself" houses. It would interest almost every young couple to at least hear your story. It also might be combined with the real estate business. Before building a house one must secure the land.

Something to Consider

I have often wondered why house builders do not sell furniture and home furnishings. Or why furniture dealers do not sell houses. This is a combination which should appeal to many customers and should be advertised in the local newspapers.

In fact, as I look into the future, I expect to see much more local advertising of this "Do-It-Yourself" idea. Many newspapers are afraid to push it for fear of offending the local builders, painters, furniture dealers, and other present advertisers. I, however, believe this to be shortsighted, because the future of every newspaper and every present advertiser depends ultimately on the growth of the community, which depends on the adoption of all new ideas.

Two Committees For NASD Announced

WASHINGTON, D. C. — Carl Stolle, G. A. Saxton & Co., Inc., New York City, Chairman of the Board of Governors of the National Association of Securities Dealers, Inc., announced the following committee appointments:

Finance Committee

Chairman: Paul Devlin, Vice-President of Blyth & Co., Inc., New York.

Members: John F. Bunn, Jr., partner in Bioren & Co., Philadelphia; George H. Stubbs, Jr., Vice-President of Stubbs, Smith & Lombardo, Inc., Birmingham, Ala.; Murray Ward, President of Hill Richards & Co., Los Angeles; and Wallace H. Fulton, NASD Executive Director.

National Business Conduct Committee

Chairman: Edward C. George, Vice-President of Harriman Ripley & Co., Inc., Chicago.

Members: William J. Collins, head of William J. Collins & Co., Portland, Ore.; Claude T. Crockett of Crockett & Co., Houston; Allen C. DuBois, partner in Wertheim & Co., New York; George F. Noyes, Vice-President of The Illinois Company, Chicago; William H. Potter, Jr., Senior Vice-President of The First Boston Corporation, Boston, and Harold E. Wood, President of Harold E. Wood & Co., St. Paul.

Tomorrow's Markets Walter Whyte Says—

The impact of Stalin's illness on the trend of world affairs will be puzzling until there is more news from Russia. When a stock market is confronted with such an uncertainty, it generally becomes cautious as it did on Wednesday. In due course it will give its own interpretation of future developments.

The general market is now in a tightening position. Breaking the December-February lows around the 279-281 area for industrials and the 106-107 area for rails would leave doubts as to the near term trend. Breaking through the downtrend of the past two months which would be accomplished by a rally above 285-287 for industrials and 111-112 for rails would give hope that the correction of the election rally had been completed.

The reduction of margins from 75% to 50% and issuance of the fourth group of price decontrol orders found ready response in the market last week. Volume jumped to the highest level in over a year, 70% of the issues that traded were able to advance, while 28% of the stocks that moved higher made new highs for 1952-53.

Strangely enough, the gains in the averages were not large. Industrials were up only $2.83, rails 83c and utilities 16c during the week. This was due to the fact that buying was most aggressive in the secondary and lower priced shares which are not included in the general market averages.

Overhanging Tax Payments

Restraining the advance was the selling that is still being done to raise funds for income tax payments. Many technically minded traders also checked their enthusiasm as the averages approached the downtrend line that has been established during 1953. At present, this trend is around the 286-287 level. Artificially depressing is the fact that the market declined rather sharply six months ago from its early September level to its low late in October. Purchasers on that decline will, for the first time, be able to take their long-term (six months) profits in coming weeks.

Rails are handicapped by the uncertainty as to the decision on the demands of the unions for wage increases based on increased productivity. These demands are substantial. Unfortunately, the final judgment is up to one individual, Professor Paul Guthrie, who is acting as referee, and his decision is final. Since the hearings have been concluded the decision can come at any time, and should have an important influence on the rail section.

Speculative Flavor

The market now has the most speculative tone it has had since the summer of 1951. Low priced shares last week reached their highest levels in over a year. This, in part, represents a search for the more depressed sections of the market which has been evident since the turn of the year. It also suggests increased public participation. The latter in turn was foreshadowed by the upturn in free credit balances in brokerage accounts which started late last summer. In the past, the best way to handle speculative phases in the market has been to stay with them as long as the indices of low priced issue advance faster than the general averages, as they have been doing since the close of 1952. When such a move falters, it is usually a sign that the general market is in a vulnerable condition. on the rail section.

EPT-Lapse Beneficiaries

While there are still uncertainties as to the trend in the next few weeks, the outlook for a seasonal rally after this correction is completed should be good. It could be substantial if there is evidence that the excess profits tax will be allowed to expire on June 30. The influence of this tax is well shown on the following ten stocks—Bendix Aviation, Bridgeport Brass, Briggs & Stratton, Chrysler, Cincinnati Milling, Clark Equipment, Douglas Aircraft, Ex-Cell-O, Gen. Railway Signal, and Thompson Products. Per share earnings of these issues totalled $70.89 in 1952, after paying excess profits taxes of $37.77. Without the EPT earnings would have been 55% higher. At present, they are selling only 7½ times reported earnings. They are selling less than 5 times earnings before EPT.

[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.]

Foreign Trade Under the New Administration

By JOHN QUIRK*

Vice-President, National Foreign Trade Council, Inc.

Mr. Quirk reviews foreign trade policy of current Administration as expressed in President Eisenhower's State of the Union Message, and finds them generally favorable. Warns investors abroad should be free to conduct their own negotiations on a commercial basis without the interference and competition from their own tax funds. Decries double taxation of foreign income, and predicts U. S. exports in 1953 will be about $12.5 billion, or $700 million less than in previous year. Looks for greater competition from Germany and Japan, and calls for clear statement that U. S. will not devaluate the dollar.

Let me say, I am not one of those who feels that either of our political parties is less friendly to foreign trade than the other. This nation's international trade is so vital to our defense and economy, and so basic to a sound foreign policy in these dangerous times, that the Administration in power must, of necessity, do all that it can to promote expanding international trade among friendly nations. Although possibly yet not fully recognized outside our own field, the foreign commerce of the United States which last year totalled some $34 billion, including services, has long since come of age and is now such a significant segment of our economy that any suppression or neglect of it must result in serious repercussions upon the domestic economy.

John Quirk

President Eisenhower, in his State of the Union Message, said: "our foreign policy will recognize the importance of profitable and equitable world trade." As foreign traders, we can view this as perhaps the equivalent of what we might term the "vital importance" of world trade. Certainly we want "profitable and equitable world trade" for that is the only form of trade that our people could approve. We have never wanted subsidized exports and the grant shipments that resulted from Lend Lease in the war period, and from the Marshall Plan in the postwar period, were requirements of our country's military and foreign policy and not aid to our exporters. To a great extent these shipments were made at considerable sacrifice to the domestic economy to assist the military and economic potential of our allies.

Continuing in that part of his State of the Union Message dealing with international trade, President Eisenhower called upon our friends abroad to "take the initiative in creating broader markets and more dependable currencies, to allow greater exchange of goods and services among themselves," in order to establish conditions that will "invite vital help from us." The President cited such help as

"**First:** Revising our customs regulations to remove procedural obstacles to profitable trade. I further recommend that the Congress take the Reciprocal Trade Agreements Act under immediate study and extend it by appropriate legislation. This objective must not ignore legitimate safeguarding of domestic industries, agriculture and labor standards. In all executive study and recommendations on this problem, labor and management and farmers alike will be earnestly consulted.

"**Second:** Doing whatever our Government can properly do to encourage the flow of private American investment abroad. This involves, as a serious and explicit purpose of our foreign policy, the encouragement of a hospitable climate for such investment in foreign nations.

"**Third:** Availing ourselves of facilities overseas for the economical production of **manufactured articles which are needed for mutual defense** and which are not seriously competitive with our own normal peacetime production.

"**Fourth:** Receiving from the rest of the world, in **equitable exchange for what we supply, greater amounts of important raw materials which we do not ourselves possess in adequate quantities.**"

As to the first reference, I am sure that we have all noted, with satisfaction, that Administration Congressional leaders have included in their "must" legislative program consideration of the renewal of the Reciprocal Trade Agreements program and a Customs Simplification bill.

Essentials to Investments Abroad

With respect to the second item, the encouragement of private American investments abroad, we are hopeful that the government's program, in this field, will stress the development of a proper investment environment abroad and adopt tax incentive legislation.

In the Foreign Trade Council's statement on "A Foreign Economic Policy for Americans," which was endorsed by the 39th National Foreign Trade Convention last November, industry's position was made clear when it was stated:

"With a view to laying the groundwork for the creation of environments abroad favorable to the investment of private capital, our Government should pursue a vigorous program looking toward the conclusion of treaties of Friendship, Commerce and Economic Development, tax treaties, and other agreements conducive to this end.

"If favorable investment climates are to be created abroad, our Government must make it clear, by word and action, that American public funds will not be made available for projects which, under proper conditions, could be financed by private capital. It is obvious that no progress will be made toward opening the door to the entrance of private capital from abroad, and particularly from the United States, so long as other nations believe that they can draw upon American public funds, and can thereby escape the obligations and self-discipline which the attraction and use of private capital would entail."

We are optimistic that the foregoing recommendations are being carefully studied and that, as a result, investors in the future will be free to conduct their negotiations on a commercial basis without the interference and competition of their own tax funds.

In the tax field, the Council continues its position that foreign income of American companies should be taxable only in the country where earned. It is our belief that only in this way can American companies operating abroad maintain a competitive position with national companies and branches and subsidiaries of companies domiciled in third countries which give favorable tax treatment to their foreign investors.

The third item refers to so-called offshore purchases by our Department of Defense which in 1953 might run to one billion plus and be of substantial assistance to the economies of Western Europe. The reservation to limit these purchases to products which are not seriously competitive with our normal peacetime production is an important one as there have been plans proposed to channel into offshore procurement such things as replacement parts for U. S. equipment which logically should go to experienced U. S. producers.

The fourth category of help mentioned by the President was greater imports of raw materials which we do not have in adequate quantities

About 40% of our imports represent commodities essential to the functioning of our domestic economy which either are not produced at all in this country or are available in insufficient quantities.

Another 40% of our imports could be produced here but are available either at lower costs from abroad or in such form as to stimulate demand.

The balance of 20% represents such non-competitive items as coffee, tea and cocoa which are such an accepted part of our standard of living.

Export Prospects in 1953

Studies conducted by the U. S. Council's Balance of Payments group indicate that our commercial exports in 1953 will run about $12.5 billion, or $700,000,000 lower than in 1952. In reaching their estimates, our group made two basic assumptions:

(1) That there would be no further deterioration in the world political situation, and

(2) That there would be continuation of defense and other programs now underway.

Additionally, the group took the position that there would not be any appreciable change in the general price level from that prevailing at the end of 1952.

Any developments materially affecting the continued validity of one or more of these factors, obviously could bring about considerable change in the volume of international trade.

A total of approximately $19.2 billion (exclusive of strictly military aid) is expected to be made currently available to foreign countries during 1953 as a result of sales of goods and services to the United States, unilateral transfers consisting of private remittances and governmental economic aid and other expenditures, net private investments from the United States, and net governmental loans and short-term assets. This sum is approximately the same as the amount made available during 1952, exclusive of strictly military aid.

In view of the special nature of the defense items financed under the Mutual Security Agency program, the Balance of Payments group decided this year to exclude these items from their computation.

United States expenditures on

Continued on page 24

*An address by Mr. Quirk at the St. Louis International Trade Forum, St. Louis, Mo., Feb. 19, 1953.

Railroad Securities

Chicago & Eastern Illinois

In connection with its latest equipment trust financing, Chicago & Eastern Illinois has had some interesting comments to make regarding the vast improvement there has been in operating results in recent years. For one thing, it is pointed out that operations in the past three years have been more favorable than in any like period of the company's history. Earnings on the common stock last year came to $4.65 a share, before capital and sinking funds, compared with $3.80 on a similar basis in the preceding year. Even after allowing for the capital and sinking funds the common share earnings last year came to $3.76.

Basically, far more important than the mere figures as to share earnings is the way in which these results were achieved. All indices of operating efficiency have shown steady betterment in recent years. The transportation ratio, for instance, was cut to 35.9% last year. This was about two points lower than at the close of World War II and about 3½ points below the immediate prewar era. This represents a substantial, and presumably permanent, saving in costs. In accomplishing this improvement the road, between 1940 and 1952, increased its gross-ton miles per train hour by more than 50% and just about doubled the net-tons per train. In most recent years the rate of improvement in operating efficiency has been at an accelerated pace.

The management attributes this highly favorable trend to a considerable degree to diesel power. Dieselization of the lines was completed in May, 1950. Extensive mechanization of road and equipment maintenance have also had an important role in the earnings picture. Getting a bigger payload on the trains is, of course, a major factor in rail earnings, particularly when wages and fuel costs are mounting steadily. The tonnage carried determines the revenue while the number of trains operated, not the length of the trains, largely determines the expenses. It does not cost anywhere near twice as much to handle a 100-car train as a 50-car train although the longer train produces twice the revenue.

As part of its program the company eliminated a self-imposed 50-car limit formerly applied to certain through freight trains. Dieselization, which enlarged the weight capacity of all freight trains, made possible the elimination of a number of trains, both local and through, while at the same time increasing the speed of the through trains. The improvement in operations has not been confined to freight service. Through elimination of a substantial number of unprofitable trains, passenger train miles were reduced more than 36% between 1947 and 1952. As a result, the company states that on an out-of-pocket basis there were only five months in the six years 1947-1952, inclusive, in which they failed to show a profit on this business. In no month since April, 1949 has the company failed to make a profit on its passenger business on the basis of actual out-of-pocket expenses.

It is probable that the full opportunities for operating economies have not even yet been realized. Moreover, the traffic outlook is considered by most railroad analysts to be highly encouraging. In particular, it is felt that coal tonnage will continue to expand sharply in line with power requirements for atomic energy installations in the service area. On a longer term basis, moreover, the new power developments on, or adjacent to, the company's lines are expected to attract more diversified general industry. With traffic and operating prospects both pointing to further expansion in earning power the question of possible inauguration of dividends on the common stock has naturally arisen in the minds of many analysts.

The company has two classes of stock—383,751 shares of $2.00 Class "A", on which the preferential dividend is cumulative to the extent earned, and 411,166 shares of common. There has been dividend arrears on the Class "A" stock but these were satisfied last year by issuance to holders of an equivalent market value of common stock. This Class "A" stock is now on a regular $2.00 annual basis and there appears to be little question but that this will be continued. So far as common dividends are concerned, however, there is considerable feeling that despite the comfortable earnings position the time is not yet ripe. This is because of the company's financial needs. A fairly substantial serial equipment trust debt has been built up in recent years. For the next couple of years these maturities will be running about $1.8 million to $1.9 million annually. This is in excess of annual equipment depreciation charges and covered by only a modest margin by combined depreciation and Capital Fund charges which are estimated at $2,025,000 a year.

With Pledger & Company

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — John W. MacKusick has become affiliated with Pledger & Company, Inc., 210 West Seventh Street, members of the Los Angeles Stock Exchange. Mr. MacKusick was formerly with Revel Miller & Co. and Walston, Hoffman & Goodwin.

Joins Stewart, Eubanks

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif. — Clarence O. Amonette, Jr. has become associated with Stewart, Eubanks, Meyerson & York, 216 Montgomery Street, members of the San Francisco and Los Angeles Stock Exchanges. He was formerly with Brush, Slocumb & Co.

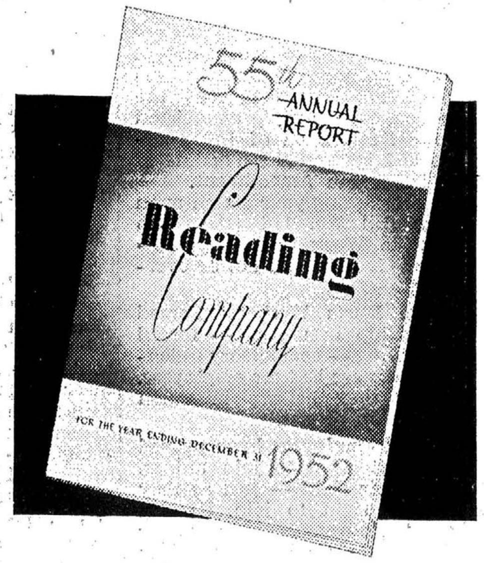
Joins Wachob-Bender

(Special to THE FINANCIAL CHRONICLE)

LINCOLN, Neb. — Edwin T. Hoffman has become associated with Wachob-Bender Corporation, Trust Building.

READING COMPANY

reports for 1952



Revenues for the year were $131,954,486. Earnings per share on Common Stock were $6.34.

Dividends of $2.00 per share were paid on both the Preferred and Common Stocks, making the 47th consecutive year in which dividends have been paid on all classes of stock.

A total of $27,032,582 was invested in improvements, of which $22,161,276 was for equipment and $4,871,306 was for improvements in road property.

Operating expenses decreased 2% for the year and the operating ratio was reduced to 77.41%.

Industries located on the Reading during the last two years are expected to produce 40,000 carloads of revenue freight annually.

J. A. Fisher

President

REVENUES, EXPENSES and EARNINGS for 1952

(Condensed Earnings Report)

	1952	1951	INCREASE OR DECREASE
REVENUES FROM OPERATION—Transportation of freight, passengers, mail, express, and all other	$131,954,486	$131,177,889	$ 776,597–I
EXPENSES OF OPERATION—Cost of transportation service, maintenance and depreciation of road facilities and equipment, and solicitation of traffic	102,152,097	104,062,934	1,910,837–D
LEAVING AS NET REVENUE FROM OPERATIONS	$ 29,802,389	$ 27,114,955	$2,687,434–I
TAX ACCRUALS—Federal and state income, railroad retirement, unemployment insurance, and other taxes applicable to railway operations	$ 15,310,544	$ 15,042,883	$ 267,661–I
NET RECEIPTS FROM RENT OF EQUIPMENT AND JOINTLY USED RAILWAY FACILITIES	$ 1,274,981	1,246,925	28,056–I
NET RAILWAY OPERATING INCOME	$ 15,766,826	$ 13,318,997	$2,447,829–I
OTHER INCOME—Dividends, interest and rentals, less miscellaneous deductions	$ 1,764,369	$ 1,769,169	$ 4,800–D
GROSS INCOME AVAILABLE FOR FIXED CHARGES	$ 17,531,195	$ 15,088,166	$2,443,029–I
FIXED CHARGES—Interest on funded and unfunded debt, rent for leased roads, and amortization of discount on funded debt	$ 5,854,888	$ 5,555,958	$ 298,930–I
NET INCOME AVAILABLE FOR DIVIDENDS, CAPITAL EXPENDITURES, AND OTHER CORPORATE PURPOSES	$ 11,676,307	$ 9,532,208	$2,144,099–I

The Right to Work— An Unalienable Right

By G. A. MARR
Attorney-at-Law, Salt Lake City, Utah

Commenting on a "Right to Work" bill now pending before the Utah State Legislature, Mr. Marr observes that it is in accord with the fundamental principle enunciated in the Declaration of Independence and the mandate of the 13th Amendment to the Constitution.

House Bill No. 116, known as "The Right to Work Bill," is now pending before the Legislature of the State of Utah. In this connection, Mr. Marr has issued a statement bearing the captain "Lest We Forget," the text of which is reproduced herewith.—Editor.

"Lest We Forget"

The Declaration of Independence declared that:

"All men are created equal; that they are endowed by their Creator with certain unalienable rights; that among these are life, liberty, and the pursuit of happiness. That to secure these rights, governments are instituted among men * * * and that whenever any form of government becomes destructive of these ends, it is the right of the people to alter or to abolish it * * *."

Implementing this Declaration, the Thirteenth Amendment to the Constitution of the United States declared that:

"Neither slavery nor involuntary servitude, except as a punishment for crime whereof the party shall have been duly convicted, shall exist within the United States, or any place subject to their jurisdiction."

When government denies to one man the right to work except upon conditions imposed by another man, it has ignored the fundamental principle enunciated in the Declaration of Independence and ignored the mandate of the Thirteenth Amendment.

In considering your action upon House Bill No. 116 [the Utah "Right to Work Bill"—Ed.] elementary facts should not be overlooked:

Force Hurts Workers: Forced membership in unions — forced dues-paying — compulsory unionism—these are bad for employees, whether they believe in union membership or not.

Lots of employees have proved they don't want to join unions. That's their right — just as they have the right to join. Forcing them to join and pay dues—or else lose their jobs—takes away this basic freedom, and makes them pay for something they don't want and think isn't worth the money.

Some may want to get out of unions and stop paying dues. All should have that free course open to them, if they should want to exercise that choice. That's the only real way employees can control their union and see that officials run it in the members' interest. Forcing members to stay in and keep on paying dues—completely against their will and contrary to their sense of values —destroys the control union members have over union officials —and makes members the servants rather than the masters of their own union.

Employees who want a union want it strong enough to protect them—but not strong enough to destroy them or their freedom or their right to make a living.

Force Degrades Employers: It isn't a pretty sight when an employer—out of either cowardice or what seems to be "practical necessity"—makes a deal with union officials and trades away the freedom and pay of his employees in return for favors or concessions from union officials—such as calling off a strike, or letting the employer make some other temporary personal gain.

Far from making such a deal with union officials, the employer should do all that is legally in his power to protect his employees against needless force and compulsion being imposed upon them by anyone—whether by union officials, or by government or by anybody else.

Force Destroys Confidence in Government: Government should protect freedom. Rather than condoning or, worse yet, being a party to any scheme of corporation and union officials to take money and freedom away from the employees by force, the government should protect employees against just that.

Force Damages Everybody: Progress thrives on freedom of choice, freedom of jobs, freedom to improve, freedom to compete, freedom to strive and excel, freedom independently to seek good values and just rewards.

Progress thrives where there is a balance of power—not where a union monopoly, for instance, becomes so powerful as to dominate employees, employers, customers, vendors, government and the public.

Unwarranted power in the hands of any one group—as all history so clearly shows—always means less freedom and less well being for everybody else.

If, as rumored, House Bill 116 is "political dynamite" then truly we have fallen a long ways from the idea of a government under which men are entitled to life, liberty and the pursuit of happiness, and under which involuntary servitude, except as a punishment for crime, is prohibited.

Joins Supple, Griswold

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif.—Albert C. Stubb has joined the staff of Supple, Griswold & Co., 235 Montgomery Street. Mr. Stubb was formerly with Wilson, Johnson & Higgins and Davies & Mejia.

With A. M. Kidder

(Special to The Financial Chronicle)

FT. LAUDERDALE, Fla. — George I. Williamson is now with A. M. Kidder & Co., 207 East Las Olas Boulevard.

Joins Kidder Staff

(Special to The Financial Chronicle)

ST. PETERSBURG, Fla. — George E. Sims has become affiliated with A. M. Kidder & Co., 400 Beach Drive, North. He was formerly with Merrill Lynch, Pierce, Fenner & Beane for a number of years.

Continued from page 22

Foreign Trade Under the New Administration

commercial merchandise imports are expected to remain at about the same level as in 1952, with the possibility of a slight reduction. Including an adjustment for offshore purchases, the import figure is expected to run about $11.3 billion. Earnings to foreigners on services in 1953 are expected to total $4,600,000,000, which includes higher travel earnings estimate as a result of the British coronation. Through capital transactions, including private investments and government aid, foreigners are expected to acquire another $3.3 billion, making up the $19.2 billion of available funds previously mentioned.

United States exports for 1953 are expected to utilize $12.5 billion of these availabilities, with service transactions requiring $4.8 billion, the same as last year, making a total of exports of goods and services of $17.3 billion. Of the difference of $1.9 billion —$0.4 billion goes into the mysterious errors and omissions category, leaving foreigners to increase their gold and reserve holdings by $1.5 billion—$600,000,000 more than was added in 1952.

In arriving at their opinion that imports in 1953 might be a little lower than 1952, this group anticipated that considerable amount of stockpiling, which our government transacted in 1952, would not be repeated this year and it was noted that early in 1952 many commodities were imported at relatively high prices. As the overall price index has dropped considerably, it is therefore thought doubtful that the average price of imported products will be as high as that of 1952.

The level of economic activity in the United States is, of course, of paramount importance in judging future import volume and, in setting the import estimate, it was believed that there would be no decline in our industrial productivity for 1953.

While the estimate of commercial exports for 1953 is about $700,000,000 less than 1952, it should be noted that the estimate allows for about a $700,000,000 increase over the commercial export rate of the last six months of 1952. The high average of exports for 1952 was due to the very substantial amount of shipments in the first-half of the year which fell off in the second half mainly through reduced shipments of coal and agricultural products, with some falling off in other items.

On the basis of improved supply conditions abroad, it is not expected that either coal or agricultural products will do as well this year as last. The outlook for manufactured and industrial products should be as good and, in some lines, possibly better. These estimates are made on the basis of the retention of present import and exchange restrictions and, on balance, our group felt that $12.5 billion for commercial exports this year represented a minimum figure which could possibly be bettered.

German and Japanese Competition

It is expected that American exporters will, in 1953, meet greater competition from the revitalized export trade of Germany and Japan. This, of course, will have a direct impact upon the American companies being replaced by such competition but, assuming some degree of convertibility of the funds received by Germany and Japan for their increased exports, it should be that Germany and Japan, together with some of their traditional trading market ssuch as Holland for Germany, should become better prospects for sales from the United States.

This I know is very little solace to the American company directly meeting German and Japanese competition in third markets but it is consistent with the theory that the United States, the greatest single factor in international trade will, on balance, benefit from expanding world trade and improved economic communities abroad.

Turning to the matter of reserves of foreign Central Banks in the United States, it is noted that these continue to rise and reports of the Federal Reserve Bank show a trend toward conversion of a greater amount of these into gold holding. This would indicate that, possibly, the managers of these funds feel that there is some possibility that the United States might increase its purchase price for gold. Our government, on a number of occasions, has made it clear that it has no intention of changing the price of gold but, despite this, plans, based on such hopes, continue to be brought forward. One calls for an increase in the price of gold from $35 per ounce to $52 per ounce, with the United States to utilize the book profit obtained on its gold holdings to set up a stabilization fund to make the pound and other currencies convertible. It might clarify the thinking of people abroad if, at this time, our government would again emphasize the fact that it has no intention of further depreciating the American dollar through increase in the price of gold.

Many signs point to a serious consideration at this time of steps to increase the convertibility of the pound sterling and other Western European currencies. All indications are that this topic will be on the agenda for discussion when Britain's Foreign Secretary, Anthony Eden, and the Chancellor of the Exchequer, R. A. Butler, make an official visit to the United States next month. Close observers of the financial position of the United Kingdom have expressed the view that Messrs. Eden and Butler on this visit would sound out the attitude of our Treasury Department toward some form of financial backing to the United Kingdom to broaden the convertibility of the pound. Increased convertibility of sterling and other trading currencies, if it leads to an easing of present discriminatory import regulations, would enhance the trade possibilities of American exporters. I do not think, however, that this can be looked forward to with any degree of optimism for 1953.

There is no need to tell exporters that the seller's market has been over for some time and that greater concentration of sales effort must go into current planning for sales abroad. Those manufacturers who have not respected their responsibility to supply a proper share of their production to customers abroad, during a period of shortages, have placed an unreasonable burden upon their export managers who must now operate in a highly competitive and, possibly, unfriendly field. On the other hand, those companies that have allocated a fair share of their output for customers abroad and backed their export officials in serving their areas will, as in difficult times in the past, secure a good share of the business available.

Those manufacturers who feel that they can increase their exports when domestic business slows down might well ponder the following paragraph from the report of "Markets after the Defense Expansion," the survey issued by the United States Department of Commerce.

"The key to continued favorable export markets lies basically in successfully maintaining a high level of domestic business activity and in continued economic progress abroad. Foreign and domestic markets are really only parts of a single inter-connected market system, which may either contract or expand more or less simultaneously, but which in the longer run can hardly be divided so that the contractions in one part can be offset by expansion in the other."

Obviously, all other factors being equal, the company with a competent going export organization will have a distinct advantage in securing its share of business in highly competitive markets. I am confident that the outstanding productive and sales qualities of American companies will enable them to successfully meet existing challenges. Our traders are entitled to friendly interest in such of their problems as arise from discriminatory acts of foreign governments and it would seem that the time is now appropriate for Washington to request that discriminatory import and exchange licensing procedures against U. S. products be gradually, but systematically, relaxed within the reasonable economic ability of the governments involved. I think that our government in its effort to bolster the economic strength of friendly nations has been extremely tolerant of measures against our trade not entirely justified by present day conditions.

This brief review of certain factors in the current foreign trade situation and the outlook for 1953 will, I hope, be of some help in furthering the deliberations of the St. Louis International Trade Forum.

Atwill Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

MIAMI, Fla.—Mrs. Laura M. McCarthy has joined the staff of Atwill & Company, First National Bank Building.

Joins Harris, Upham

(Special to THE FINANCIAL CHRONICLE)

PALM BEACH, Fla.—James A. De Peyster has become associated with Harris, Upham & Co., 316 South County Road.

Pruett Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

ATLANTA, Ga.—Charles W. Haines has become affiliated with Pruett and Company, Inc., 710 Peachtree Street, N. E.

With Walter H. Johnson

(Special to THE FINANCIAL CHRONICLE)

MONROE, La.—Charles L. Walsworth has become connected with Walter H. Johnson, 1312 North Third Street.

Joins Scharff & Jones

(Special to THE FINANCIAL CHRONICLE)

NEW ORLEANS, La.—Roy F. Blondeau has been added to the staff of Scharff & Jones, Inc., 219 Carondelet Street.

Joins Draper, Sears

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—Wallace C. McElroy has become connected with Draper, Sears & Co., 53 State Street, members of the New York and Boston Stock Exchanges. He was previously with R. L. Day & Co., Inc.

Balance in Output and Demand Cited

Business Survey Committee of the National Association of Purchasing Agents, headed by Robert C. Swanton, finds production now meeting demand and eating into previous backlogs.

A majority opinion of purchasing agents, who comprise the National Association of Purchasing Agents, Business Survey Committee, whose Chairman is Robert C. Swanton, Director of Purchases, Winchester Repeating Arms Company, New Haven, Conn., though indicating that the coming mid-year is the period set for a decisive trend, finds industrial business leveling off at the present high rate until the end of June. Beyond that, 20% are optimistic for the third quarter, while 20% look for a continuing high rate of business for the whole year, with normal ups and downs—no drastic change expected either way.

Robert C. Swanton

The committee reports that orders continue of flow in, though at a somewhat slower rate. Production has come up to meet the new demand and eat into previous backlogs. Much new business is short orders for early delivery. Nobody wishes to hold unnecessary inventories. Industrial raw material stocks are in good balance and turnover rates are increasing. Buying policy is conservative in the midrange of hand-to-mouth to 90 days. Employment is high and labor relations more tranquil.

The spree of price increases prophesied to follow wage and price decontrols has not occurred. The few advances have been more than canceled out by declines.

The committee also points out that the very cautious buying and inventory policies in force are not a reflection of a pessimistic attitude toward business this year. They stem from the growing recognition that scarcities are fast becoming a fear of the past. Inflation is being stopped, and business is entering a new era of the give and take of free competition.

Commodity Prices

Wage decontrol and release of many items from price curbs did not create an upward price movement in February. There has been a flurry of small advances, more than offset by lower quotations. Of particular interest to many buyers is the anticipated confusion in copper and its products when controls are off, the reaction from an unrealistic domestic controlled price and an arbitrarily set foreign price. For a time, there may be a multiple price market before the metal settles on a world price basis. In the meantime, buyers are not inclined to speculate and are holding purchases to near-by requirements. As to over-all commodity price trends, Purchasing Agents believe supply, demand and competition will be the most important influences. At this time, the indicators are more down than up.

Inventories

Purchased material inventories are still on the decline, though at a slower pace than has been reported in many months. Seventy-five per cent record a much improved turnover rate. Others are striving to increase turnover and reduce inventory investments, as this is made possible by increasing availability of materials in practically all lines. Many report stocks are in complete balance with production needs.

Employment

Employment remained at the high point of January. A few more report a longer work week or additional shifts where help is available. Wage decontrol has not caused much real labor unrest to date. Many labor-management discussions are in process. So far, no big break is in evidence. Skilled help is generally in short supply.

Buying Policy

In line with price weakness, inventory reduction and supply balancing with demand, a buyers' market is more pronounced in February. This is substantiated by the short-range view reported on future coverage, predominately hand-to-mouth to 90-days—two thirds reporting a control policy under 90 days. This does not denote a pessimistic view of industrial business. It is caution, bred of the change from scarcities, artificial prices and unnecessary controls. Business looks good to most Purchasing Agents through June.

Edward Jones Adds

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo.—Eugene L. de Penaloza has been added to the staff of Edward D. Jones & Co., 300 North Fourth Street, members of the New York and Midwest Stock Exchanges.

Securities Salesman's Corner

By JOHN DUTTON

Prospecting Idea

If you live in a community where there are new people coming into town from other cities, and if you will take the time to notice the real estate transactions that are reported in your daily paper, you may be able to locate some new accounts. It is also possible in some localities to obtain a list of real estate transactions from the records published in your county or municipal clerk's office.

If you will make a list of the homes that have been purchased in the $15,000 price upward range you will be more likely to discover some good investment prospects than if you make a list of those in the lower priced property purchasers. Also, if you are familiar with the more settled and "better" residential sections of your community this too will help you in your prospecting.

The Reason for Making a Solicitation

The reason that you may find an opportunity to open an investment account among those who buy homes is not alone that some of these people have securities and investments, but also that you have a **legitimate reason** for making a contact. One of the most difficult hurdles that any salesman of securities must overcome is that he always finds it a handicap to make a "cold contact." You should have a **reason** for every call. Either it is an inquiry that you are following from some of your advertising, or a lead from a client or friend (the best contact in my opinion) or some other springboard that you can use that enables you to make a dignified approach on your first call.

Here Is a Letter You Can Send To Home Owners From This List

Dear Mr. Smith.

We noticed that you have a new home in Columbus and we are thinking you may be a new resident there.

Whether you are or not, we would like to invite you to let us know if there is anything we can do for you that would be helpful to you regarding your investments and securities. If you would like information at any time regarding your investments or if you would like to buy or sell any securities whether they are government bonds, municipal bonds, listed or unlisted stocks, or mutual funds, we offer you our facilities.

In addition, we have a Research and Statistical Department that can give you an analysis of your investment portfolio at any time you would like to have it. We also have a service that will keep you advised on the investments you now own. There is no charge for this service because we know that by giving our clients the very best assistance along this line it is profitable to them and to us over the longer term.

We are enclosing a self addressed envelope, and if there is anything you would like to have us do for you, we would appreciate it very much if you would call our Main Street office at any time.

Sincerely

If you follow this letter several days later by a telephone call you have a door open. At least you are not going in cold. Some of these people may not have the remotest idea of buying securities, others might be good prospects or could be just waiting for someone to approach them. This campaign can be used by any salesman who has the patience to follow it through—it is not expensive—and does not take a lot of time from your stenographic department. In fact, you might have a supply of letters mimeographed to match your typed in headings and salutations, providing the work is well done and the letters are signed personally. This would save time, especially if your office staff is too busy to type personal letters of this nature.

The telephone pre-approach call following the letter should be used to qualify prospects and to make appointments with those who might be worthwhile as future clients.

Disagrees in Part With Henry Ford II Views on Tariff Elimination

H. Wickliffe Rose, President of the American Tariff League, says his organization also favors customs simplification and revamping of Trade Agreements Act, while not opposing elimination of import duty on any commodity that does not serve a constructive purpose, but he objects to all-out tariff repeals.

In commenting upon the speech made by Henry Ford II (see "Chronicle" of Feb. 19) before the Inland Daily Press Association on Feb. 17, H. Wickliffe Rose, President of The American Tariff League, Inc., has released the following statement:


H. Wickliffe Rose

"The American Tariff League finds several points of agreement with Henry Ford II, in his speech on tariff and trade at Chicago on Feb. 17, 1953.

"He is quoted in the press as having advocated immediate elimination of the 10% tariff on foreign automobiles. The League does not advocate the maintenance of an import duty on any commodity when the duty is not serving a constructive purpose. If the automotive industry does not want a tariff, by all means it should be eliminated. That industry has been one of the strongest advocates for the Trade Agreements Act. The Act has been in force for nearly 19 years, but in all that time the duty on automobiles has not been touched in the international agreements. It is still a mystery why that duty was not reduced at all when the duties on the rest of the list were being reduced.

"Another point on which the League finds itself in agreement with Mr. Ford is that the Trade Agreements Act is outmoded and should be dropped. Under the Trade Agreements Act rates included in agreements are frozen. The dutiable rates are out of date in many cases. New commodities have been introduced for which there is no clear provision. Like the situation with automobiles, there may be others where conditions have changed, and the duties should be revised. So long as there is any constructive purpose in a tariff structure, then the rates should be made unilaterally in the United States, and not in international political trading.

"Mr. Ford said further that we should enact promptly a workable law for simplifying customs procedures. Again the League agrees, and wishes to point out that a bill could have been passed in the last Congress had it been confined to simplifying customs procedure. There is no disagreement that we know of on that subject. The bill before Congress last year, however, went well beyond simplification of customs and in several important provision would have reduced the amounts of duty paid.

"The League agrees with Mr. Ford that there should be trade instead of aid. The League has consistently favored fostering foreign trade where it does not injure American productivity and American industrial workers, farmers, miners, and fishermen.

"This leads to an important possibility of difference in views between the League and Mr. Ford. If this country could easily absorb another five to six billion dollars worth of goods from abroad each year, as he says, does he mean in addition to what is now produced and consumed in the United States? If so, then what does it matter whether there are tariffs or not? Since Mr. Ford advocates removing all tariffs, however, he seems to count on replacing a considerable portion of American production with foreign goods. Then how about those payrolls now in America which will be sent abroad? How about the present customers of American cars whose industries must be closed to permit such a huge volume of foreign competitive imports? There is nothing but the foreign supply to prevent the importation now of all the goods we want on the free list, constituting the vast majority of all the commodities imported. It seems obvious to us that five or six billions of dollars in additional competitive goods cannot be imported without serious injury to the productivity of the United States and its total economy.

"The League agrees with Mr. Ford also in meeting competition in the market and not 'in the halls of the Tariff Commission.' We wonder whether Mr. Ford realizes that equitable customs duty can keep the domestic producers competing in the market, and so protect the American consumer from the high prices usually exacted when a foreign source dominates the market."

With Waddell Reed

(Special to THE FINANCIAL CHRONICLE)

KANSAS CITY, Mo.—Allen L. Newton has joined the staff of Waddell & Reed, Inc., 1012 Baltimore Avenue.

Fusz-Schmelzle Adds

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo. — Walter M. Fassel is now with Fusz-Schmelzle & Co., Boatmen's Bank Building, members of the Midwest Stock Exchange.

With Fulton, Reid

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio — Harlow Greenwood has joined the staff of Fulton, Reid & Co., Union Commerce Building, members of the Midwest Stock Exchange. Mr. Greenwood was previously with H. C. Hopkins & Co.

Cites Recent Weaknesses in Our Economy

Arthur M. Weimer, Dean of Indiana University School of Business, and Economist of the United States Savings and Loan League, lists shrinking farm prosperity, high inventories and rapid expansion of consumer credit as economic weak spots that "may spell difficulties later on."

In an address at a conference of the Wisconsin Savings & Loan League, Milwaukee, Wis., on Feb. 20, Arthur M. Weimer asserted that three points of weakness have developed recently in the nation's economic picture which "may spell difficulties later on." Dr. Weimer, who is Dean of the Indiana University School of Business, and Economist of the United States Savings and Loan League, described the weak points as follows:


Arthur M. Weimer

(1) Shrinking prosperity of agriculture, as a result of heavy production and weaker foreign markets. "With farm prices still declining, agricultural prospects for 1953 do not now appear to be as bright as last year," said Weimer.

(2) High levels of inventories. Weimer warned that a decline in sales in the months ahead could create "serious problems" in inventories.

(3) Rapid expansion of consumer credit.

"A substantial stimulus to consumer buying has been provided in recent months by this expansion of credit," Dr. Weimer added. "A leveling off or a decline in consumer demand could quickly alter the current favorable outlook for production, employment and incomes."

In discussing housing and home financing trends, Dr. Weimer said that conventional mortgage money is generally available on terms "somewhat stiffer" than a year ago, and that FHA and GI loans are becoming increasingly hard to get. An advance in the rates on insured and guaranteed mortgages would make FHA and GI loans more readily available and tend to stimulate housing demand, he added, stating:

"If FHA and GI terms should be liberalized on old houses and should cover wider price ranges, the demand for larger houses undoubtedly would become stronger.

"Many families that bought minimum houses in terms of their immediate requirements shortly after the war have accumulated substantial equities and might 'trade up' if financing terms were attractive."

Drafts Program to Aid Home Owners

Emanuel M. Spiegel, President of the National Association of Home Builders, reveals eleven basic recommendations which his organization will submit to Congress, objective of which is to enable industry to maintain annual production of more than 1,000,000 new homes and to rehabilitate at least 750,000 older units each year.

In a speech prepared for delivery before a meeting of the Home Builders Association of Hartford, Emanuel M. Spiegel, President of the National Association of Home Builders, revealed 11 basic recommendations which the national organization will submit to Congress and the Eisenhower Administration to carry out the program.


Emanuel M. Spiegel

The New Jersey builder, making his first policy statement since he assumed the Presidency of NAHB last month, said the proposed program is designed to enable the industry to maintain an annual production of more than 1,000,000 new homes and to rehabilitate each year at least 750,000 older units which are structurally sound but in need of modernization and repair.

The dynamic housing program also calls for lower down payments, a longer payment term, adequate financing for modernization of the old homes, and to reorganize the government's housing agencies in order to give greater service to the public.

Mr. Spiegel said the key to the entire program is an adequate flow of mortgage capital at terms adapted to the needs of the "mass market"—at low down payments and longer amortization terms and with low monthly carrying charges.

He asserted this may require an increase in interest rates on loans guaranteed by the Veterans' Administration, and perhaps on some mortgages insured by the Federal Housing Administration, and a revision of FHA down payment schedules, which currently neglect the credit requirements of non-veteran families of modest means.

"The volume of production appropriate to a prosperous economy, currently estimated at 1,000,000 units, cannot be long continued under present high down payment requirements," he said. "The FHA down payment requirements should be amended . . . to recognize today's conditions, by making adequate mortgage financing available for the 'forgotten man'—the non-veteran of modest means.

"For example," he added, "the purchaser buying a $12,000 to $15,000 house should be able to do so with a down payment of $1,200 to $1,800, instead of $2,400 to $3,000 as at present."

Pointing out that home building is one of the major bulwarks of the American economy, Mr. Spiegel noted that construction of new homes accounted directly for $11,000,000,000 of the national production in 1952, plus an estimated $2,750,000,000 indirectly in land and development activity and in home furnishings and household equipment which are a direct result of such sales.

In addition, Mr. Spiegel said, the existing inventories of 43,000,000 non-farm homes represents a $300,000,000,000 national asset — almost one-fourth of the estimated total wealth of the United States — which must be preserved and strengthened.

The National Association of Home Builders executive offered these major recommendations for governmental action on a comprehensive national housing program:

(1) Congress should give FHA sufficient insurance authorization to provide a continuous revolving fund, thus avoiding the periodic exhaustion of FHA insurance funds which from time to time has impeded home building.

(2) The interest rate on guaranteed or insured home loans should be increased in direct relation to the interest rate on government bonds. The present 4% rate on VA-guaranteed loans and, in some areas, the 4¼% FHA rate, are out of line with the rising rate of return on other investments. The present volume of VA financing has been made possible only through inordinately high discounts which lead to higher costs for the home buyer, direct federal lending, and purchases by the Federal National Mortgage Association.

(3) FHA down payment requirements should be reduced, particularly on medium-priced housing, and a 30-year mortgage should be permitted on all VA and FHA housing priced below $12,000—instead of the 25-year limit now in force on most such mortgages.

Spiegel proposed raising the FHA mortgage limit from $16,000 to $20,000 on single-family homes and a new sliding scale of down payments under which the maximum mortgage would be 95% of the first $8,000 valuation, plus 80% of the next $7,000 and 60% of the next $5,000. On homes valued above $20,000 up to $25,000, the maximum mortgage would be a flat 80%.

(4) FNMA should be restored to its original function as a secondary market for mortgages to assist in areas where mortgage credit is insufficient and to meet temporary shortages which may occur from time to time. Spiegel said adjustment of FHA and VA interest rates would, in itself, go far toward reducing the use of FNMA as a primary mortgage market. He also suggested conversion of FNMA into a quasi-private corporation with an advisory board composed of representative builders, lenders and public representatives.

(5) Defense and military housing programs should not be extended except as further need for them is conclusively demonstrated by the military or other agencies in charge of defense production. If continued, care should be taken to avoid over-estimation of defense and military housing needs.

(6) The estimated $6,000,000,000 now spent each year for ordinary home repair and modernization could be increased by at least $2,000,000,000 by an active campaign for enforcement of local building, sanitation and health codes, rehabilitation and reconditioning of substandard but structually sound housing, and razing of housing which cannot be salvaged. FHA should expand and liberalize its insuring aids in this field to make this program effective.

(7) For such families as are unable to pay economic rent, rent assistance (financed by Federal and state contributions in agreed proportion and properly supervised on a local basis) should be substituted for the present wasteful public housing program.

(8) Useless portions of FHA should be eliminated. Sections 609, 611, Title VII, and the farm housing section of FHA are almost completely inactive and should be repealed as an economy measure.

(9) The Housing and Home Finance Agency should be continued as a supervisory agency only. The necessity for a number of HHFA's present activities should be carefully reviewed.

(10) The supervision of the technical aspects of VA-guaranteed home loans should be transferred to FHA, thereby eliminating useless duplication of effort which adds to government expenses, and will result in savings to veteran purchasers.

(11) The public housing program, which involves Federal appropriations of more than $100,000,000 a year, should be carefully reviewed before any further funds are committed or appropriated. An immediate review also should be made of all existing construction contracts between the Federal Public Housing Administration and local housing authorities.

Joins Lee Higginson

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Scott B. Fraser is with Lee Higginson Corporation, 231 South La Salle Street.

Robert M. Bacon With E. F. Hutton & Co.

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Cal.—Robt. M. Bacon has become associated with E. F. Hutton & Company, 160 Montgomery Street. Mr. Bacon was formerly Manager of the San Francisco office of Francis I. du Pont & Co. and prior thereto was a partner in Bacon & Co.

C. J. Eubank Co. Formed

(Special to THE FINANCIAL CHRONICLE)

WACO, Tex. — Following the dissolution of Elliott & Eubank, Charles J. Eubank announces the formation of Chas. J. Eubank Company with offices in the Amicable Life Building to engage in the securities business.

With Mutual Fund Assoc.

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif. — Homer A Lee has joined the staff of Mutual Fund Associates, 127 Montgomery Street.

Waddell & Reed Add

(Special to THE FINANCIAL CHRONICLE)

DETROIT, Mich. — Ralph B. Hoffman is now affiliated with Waddell & Reed, Inc., 15315 West McNichols Road.

Joins Pacific Northwest

(Special to THE FINANCIAL CHRONICLE)

PORTLAND, Oreg.—Richard T. Ruckdeschel is now with Pacific Northwest Company, Wilcox Building.

Now With Goodbody Co.

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio — Hayward K. Kelley is now connected with Goodbody & Co., National City East Sixth Building. Mr. Kelley was formerly with Walston & Co.

With Greene & Ladd

(Special to THE FINANCIAL CHRONICLE)

MIDDLETOWN, Ohio—Edward T. Johnson has become connected with Greene & Ladd, First National Bank Building.

King Merritt Adds

(Special to THE FINANCIAL CHRONICLE)

MINNEAPOLIS, Minn. — William M. Richter has become affiliated with King Merritt & Co., Inc., Rand Tower.

LETTER TO THE EDITOR:

Scores Blocking of Investigations On "Self-Incrimination" Grounds

Floyd A. Allen says refusal of defendants to answer legitimate questions should not be tolerated any longer and of itself should be sufficient to stamp such individuals as undesirable for public service. Observes that millions of people fill out questionnaires daily without reluctance or hesitation.

Editor, Commerical and Financial Chronicle:

Signs in Washington and recent statements by Mr. Dulles leads us to believe that the pinks, the subversive thinkers and the Communist sympathizers are all on their way out not only from the State Department where they seem to have been in dominant leadership, but from Government forces in general. It is a gratifying movement long, long over due. Many investigations into these elements have been stymied by the defendants' refusal to answer questions because of some supposed constitutional protection against self incrimination. This may be a personal prerogative but it certainly turns these examinations into a farce, and should in itself alone constitute good and sufficient reason to render such persons suspect, and to bar them from any position of importance either in Government, or where they can influence large segments of the public. This subversive fringe is so small in proportion to the great mass of loyal patriotic straight-thinking people of this country that it is clearly unnecessary to reach into their ranks for candidates, even for relatively obscure posts.


Floyd A. Allen

Millions of people face questionnaires of some kind or other every day without reluctance or hesitation. In our application for insurance, for employment, for drivers' licenses, even for a safety deposit box, we give our thumb prints, our birth dates, our changes of residence, our record of employment, our mother's maiden name, and sometimes many more personal details all without fear of disclosure or reprisals. Why then should this wave of defiance through the shallow flimsy curtain of refusing to answer legitimate questions be tolerated for another moment? While it may not be grounds for legal prosecution it certainly should be sufficient to stamp such a person as undesirable for public service.

FLOYD A. ALLEN

Floyd A. Allen & Company, Inc.
Investment Securities
Los Angeles, Calif.
Feb. 25, 1953.

Tax Repeal Without Cutting Expenses Seen Harmful

Speaking at a conference of the University of Chicago Law School on Feb. 27, Dr. Roy Blough, Director of the Office of Economic Affairs of the United Nations and former U. S. Treasury tax expert, warned that repealing taxes without reducing expenditures will have a harmful effect on the public interest.


Roy Blough

"Reducing expenditures and thereby making taxes unnecessary may also have its harmful effects," Dr. Blough told the national authorities at the conference on use and disposition of property. The mistake, he said, is to call attention to the undesirable effects of taxes while forgetting that the available alternative forms of taxation also carry with them undesirable effects.

Taxes, Dr. Blough pointed out, influence where people live, the make of the automobile which they drive, and the extent of where and how much the car is driven. "Since it is not possible to prevent taxes from having effects on the use of property, the task of the policy maker is to levy taxes in such a way as to produce that balance of effects that is most beneficial or least harmful to public interest," Blough said. "Sometimes this means tax changes to avoid certain effects, and at other times it means imposing taxes to achieve desired effects."

The Federal government, Blough pointed out, deliberately uses taxation to discourage some form of the use of property, as for example its Federal taxes on imports, on state bank notes, on narcotic drugs, on gambling and the former Federal taxes on oleomargarine.

"The decisions that are made with respect to the use of money, the most important form of property, will determine whether we shall have prosperity or depression, whether prices will rise, fall or remain stable, whether the economy will expand or stagnate and which industries will grow and which decay," Blough, former member of the President's economic advisers, said.

"Taxation can most easily affect the use of property when it is in the form of money since many options are open for the owner to spend, save, invest or give it way."

Incentive effects of taxes are the ones on which emphasis is usually placed in urging changes in taxing methods, Dr. Blough added. A sales tax, he said may make spending for the taxed article less attractive than spending for other articles or saving. A heavy income tax may make investment in risky enterprises less attractive than investments in safe enterprises, while "the reduced amount of property, which a taxpayer has left because of taxes may also make people allocate property differently among various uses from the allocation he would have made in the absence of the tax."

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The Security I Like Best

metal fabricating, textiles and paper and printing. No industry accounts for more than 13% or 14% of sales and as seen from the foregoing list, growing but relatively depression-resistant consumers' goods lines dominate demand. These relationships will change somewhat as new company plants come into production in 1953 and as the Chemstrand operation reaches capacity, for the largest single group of projects in the 1951-53 expansion program is plants to produce acrylonitrile and vinyl chloride and to expand facilities for making styreme monomer. In other words, plastics, raw materials for synthetic fibers and the new soil conditioner will gain in relative sales importance.

Few companies in any growth industry have shown more sales improvement in the past decade than has Monsanto. Sales have increased in each year since the 1938 recession except 1952 when they dropped back slightly, reflectingly largely a mid-year readjustment in the chemical industry. However, last year's sales of $267 million produced a net income of $23.2 million (including a tax credit) equal to $4.29 per common share. In 1946 sales of a little less than $100 million resulted in a net income of $2.37 per common share. Before the war, in 1941 sales of $64 million produced net per share of $1.64.

The 1952 results should be improved upon this year; in fact, the annual rate of earnings in the fourth quarter of 1952 was considerably higher than the $4.29 reported for the calendar year and sales were above a $300 million annual rate. Present plants can probably produce $320 million of sales annually, possibly more, and the new chemical plants to come in by mid-year should add $100 to $115 million of sales. If the company's sales attain a $420 million level on a 17% pre-tax margin and a 52% tax it would earn about $6.50 per common share. But, of course, the new plants will not be sales contributors for the full year and as of the moment excess profits taxes are in effect, so even if EPT expires this summer I would not expect more than $5.50 per share for 1953. But in the latter half of the year earnings could rise beyond this figure and without EPT could go to a $6.50 annual rate as indicated. Note that the calculation assumes a 17% pretax margin which is historically low for the company; at 20% the earnings rate would rise to $7.50.

In addition, Chemstrand Corp. in full operation on a 52% tax should earn Monsanto another $2 per share, although for some time presumably Chemstrand would retain these earnings.

An earnings potential of $9 to $10 per common share of Monsanto with Chemstrand included, or about two and a half times last year's results, is a possibility within another year or so. Further programs, of course, lie ahead and financing them will require more capital, but the history of the company has been one of successful, dynamic growth and I will expect the stock to continue to be appraised accordingly. At the moment, the stock is not cheap on last year's reported earnings, but should turn out to be reasonably priced if the sales and earnings potential develops as I have outlined them.

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Monetary Policy and Savings

slowed down this shifting from government securities into new private debt.

It is significant to note that one of the chief effects of this new monetary policy was upon the investment policies of savings institutions. Similarly, the effects of the regulation of real estate credit through Regulation X were felt primarily by savings institutions. In former times, monetary management was preoccupied with the short-term money market. In recent years, it has become increasingly concerned with influencing the flow of long-term savings.

What lessons can we derive from this experience? What light does it shed on what the future may hold? And what policies should be adopted to help to stabilize our economy?

At the present time, the rate of personal savings continues at a high level. This is an important element of strength in the economic outlook.

Private Debt Expansion

On the other hand, there are certain elements of weakness in the present situation which should not be ignored. One of these is the enormous increase that has taken place in private debt. Since 1945, total private debt has increased by about $140 billion, or almost 100%.

Now, it is true, of course, that our national income has also been rising rapidly during this period. It is also true that total private debt does not appear to be excessive today in relation to national income, if judged by prewar standards. But that is not the point. The point is that private debt has been increasing at an abnormally rapid rate and therefore has been —and still is—a major stimulant to the economy. Private debt expansion imposes increasing restrictions on future spending and demand. The longer it continues, obviously, the greater is the danger that a reversal of the trend may some day have serious effects on the economy.

The immediate outlook is for a further increase in private debt. Mortgage debt is still climbing. Taking seasonal factors into account, the rising trend of bank loans to business remains strong. An increasing proportion of new automobiles and household appliances is being sold on credit, and manufacturers of these goods are confident that 1953 will be a banner year for sales.

In view of this situation, what should be done? What policies should be followed with respect to savings and with respect to credit, which will help maintain economic stability?

With our economy operating at full blast, we cannot rule out the possibility that something could set off another wave of inflation. Recognizing this as a possibility, therefore, not necessarily a probability, what policies should be followed?

A Suggested Program

To start with, it seems clear that all of us should do whatever we can to encourage personal savings. This should take the form not only of stimulating savings deposits, but also of vigorous efforts to sell more United States Savings Bonds.

In recent years, the Savings Bond program has been greatly handicapped by the background of an unbalanced Federal budget and other inflationary factors. Given a real determination to balance the budget and to stabilize the value of the dollar, a sustained effort to merchandise Savings Bonds should be able to achieve important results.

On the other hand, the experience of recent years has demonstrated that the rate of personal savings is not easily regulated. In addition to encouraging thrift, therefore, steps should be taken to retard the growth of private debt, as follows:

(1) Perhaps the first essential is to make sure that the present boom does not run away into a final splurge of speculation. For the past 12 years, we have been witnessing a huge expansionary boom which, for the first time in our history, has not been accompanied by overspeculation based upon credit. Generally speaking, bankers and businessmen have adhered to conservative policies. We cannot dismiss the possibility that the upsurge of optimistic sentiment generated by the overwhelming Eisenhower victory might lead of a relaxation of this cautious attitude. Perhaps the most important contribution that bankers can make toward maintaining economic stability is simply to continue to adhere to their conservative credit policies.

(2) In certain cases, lending institutions should be more selective in granting loans. I have in mind particularly those institutions whose risk assets have been expanding more rapidly than their reserves available to absorb future losses. This general observation applies, naturally, to savings and loan associations as well as to banks.

(3) Borrowing should not be encouraged. At a time like this, the emphasis of bank promotional efforts should be upon thrift, not on loans. Bankers should regard it as part of their responsibility to counsel individuals against going too heavily into debt.

(4) Under existing tax laws, it is greatly to the advantage of corporations to finance expansion by means of borrowing. The tax laws should be revised to eliminate this bias which encourages the growth of corporate indebtedness.

(5) During the past year and a half, more than $1 billion of public funds have been used to purchase FHA and VA mortgages through the Federal National Mortgage Association. This should be stopped. The FNMA should be restored to the status originally intended by Congress, that of a standby agency.

(6) Various proposals have been put forward which would make housing credit even easier than it is today. Now, I do not pretend to know how long the present building boom will last. However, all of us do know that in the past all building booms have sooner or later ended, that they have invariably been accompanied in their final stages by overbuilding, and that the subsequent readjustment has always been complicated by the overbuilding during the boom. Most of you will agree, I think, that the present is hardly an appropriate time to stimulate building by making real estate credit easier than it already is.

(7) Some distinguished economists are advocating that the Federal Reserve Board's original 1950 authority to regulate real estate credit should be restored. All of us, I am sure, are aware of the disadvantages of this type of credit regulation. Nevertheless, I think we may agree that at this advanced stage of the building cycle, real estate credit conditions should be watched carefully, and that we should not assume that no additional regulation will ever again be needed.

(8) Similarly, we should not regard the regulation of consumer credit as being dead and buried for good. The Federal Reserve Board has recently stated that it does not favor the reimposition of Regulation W at this time. It should be noted, however, that in President Eisenhower's State

of the Union Message, in the passage in which he condemned the use of direct government controls, he made a specific exception with respect to direct credit controls. Our experience since Korea has demonstrated that under certain conditions Regulation W, for all its disadvantages, may serve as a useful anti-inflationary weapon.

(9) Most bankers hope, of course, that it will not be necessary to resort to any additional credit regulation and that credit expansion can be kept within bounds by voluntary efforts. It seems to be generally agreed that the Voluntary Credit Restraint Program of 1951-52 was reasonably effective. If conditions should call for the revival of a voluntary program of this kind, let us be prepared to act promptly and to cooperate fully.

(10) Meanwhile, until we are definitely out of the inflationary woods, the Federal Reserve authorities will doubtless continue to exert a mild degree of restraint upon the expansion of bank reserves and bank credit. If inflationary trends do develop, I think we can confidently expect the Federal Reserve to shift promptly to a more restrictive policy.

Sooner or later, we will be confronted with a downward readjustment in business activity. Under these circumstances, the large accumulation of liquid savings in the hands of the public should help to cushion the effects of declining incomes. Also, it would be appropriate at that time to take steps to ease credit conditions and to encourage the flow of savings into investment.

The Outlook for Savings

Now let us consider the longer range outlook for savings and for monetary policy.

There appear to be good reasons to believe that the trend of personal savings over the years ahead will be strongly upward. Some of the main reasons are as follows:

(1) On a relative basis, savings deposits today are not high. In terms of purchasing power, savings deposits per capita in this country are 20% lower than they were at the end of 1945.

(2) The capacity to save of the average American family has increased substantially over the past several decades. Savings deposits have lagged considerably behind personal incomes. Although the number of savings accounts has increased by 50% during the past 10 years, there are still millions of persons who have no savings who can afford to save. If living costs level off and taxes are lowered, the public's capacity to save will be further increased.

(3) The incentive to save may be stronger in the future than in recent years. Many people already feel, and more may come to feel, that we have reached a turning point in the age of inflation, and that money is going to be worth saving again.

(4) Over the past 12 years, the productive capacity of American industry has more than doubled. The era of shortages is past. Consumers will have little incentive to anticipate their needs by precautionary buying.

Effects of Increased Savings

It seems to me that these and other factors, including the rapid growth of pension funds, add up to a high rate of personal savings over the years ahead. In fact, it seems quite possible that new accumulations of savings, together with debt repayments, may exceed the future supply of new mortgages and new corporate bonds, in which these savings are traditionally invested. This, obviously, would considerably complicate the investment problems confronting the managers of savings institutions.

From the standpoint of the monetary authorities, however, there would be certain advantages. Such an accumulation of savings would enable the Treasury to refund some of its excessive short-term borrowings into long-term obligations — to shift more of its debt from the portfolios of commercial banks into the hands of non-bank investors. In fact, unless this situation does develop, it will be very difficult for the Treasury to make much progress toward lengthening out the public debt and achieving a sounder distribution of debt ownership.

Success in funding the public debt would, in turn, be a boon to the Federal Reserve authorities. A better distribution of the debt would give the monetary authorities greater freedom of action in combating inflation and deflation.

Conclusion

In concluding, I should like to make three general observations:

(1) It is apparent that the role performed by savings in our economy is vital and has many broad ramifications. It follows that bankers should give careful thought to the broader aspects of the savings business in which they are engaged.

(2) The savings business affects, and is affected by, monetary policy in many ways. Monetary management is a matter of basic concern to all officers of savings institutions.

(3) The Eisenhower Administration has made it clear that it wishes to reduce direct governmental controls, except on credit, to a minimum. This means greater reliance upon fiscal and monetary measures to maintain the health of the economy. Certainly most bankers believe in this approach. In fact, we have been advocating it for years. Now it is here. It is on trial. It behooves us all to do what we can to ensure its success.

Canadian Securities

By WILLIAM J. McKAY

The Canadian Bank of Commerce in its Annual Business Review and Outlook, covering the past year, lays great stress on Canada's renewed exploitation of natural resources. The bank ascribes the progress along these lines as a prime factor in the current Canadian economic expansion and a basis for the further industrialization of the country. In its analysis of this development, the "Commercial Letter" of the Canadian Bank of Commerce states:

"The scope of the resource development carried on during the past year was so wide that it can be dealt with here only in outline. Progress on most of the larger projects exceeded expectations. The need for tidewater access to raw materials dictated much of the past year's activity along this line. About 200 miles of the 360-mile railroad leading from Sept Isles to the Ungava iron ore deposits has now been completed, and the branch line connecting Prince Rupert and Kitimat is under way, as is that connecting with the nickel deposits in the Lynn Lake area in Manitoba. The Trans Mountain Oil Pipeline from Edmonton to Vancouver appears to be ahead of schedule and is expected to be completed by August of this year, while the line from Sarnia eastward to Toronto, now in use, completed another stage in the transport to market of the products of the western oil fields.

"The potential of aluminum production is being expanded by widely separated construction programs in northern Quebec and northern British Columbia, where as an initial step large power developments are under way. Actual production of iron ore increased by about 11% in 1952 and while ore was still being imported to supply certain regional or special requirements, this was slightly more than offset by exports, with the result that this country became a net exporter of iron ore in 1952. In addition to the Ungava deposits and the iron and titanium deposits on the lower north shore of the St. Lawrence in Quebec, new ore bodies were opened up and others were under investigation in widely separated areas of Ontario. The development of important uranium finds in northern Saskatchewan and the Lynn Lake nickel development strengthened Canada's leading position in these two important strategic materials.

"Partly because of the remoteness of certain of the other forms of resource development, but mainly because of its continuing spectacular achievements, attention continued to be focused on the oil and gas development of the prairie area. Year-end potential production in the western provinces at about 300,000 barrels a day was about 130,000 barrels in excess of the actual daily average production for the year, which was necessarily held down pending transportation facilities sufficient to handle the larger volume. Planned additions to pipelines, however, are expected to take up the lag within the next year or so. Despite work stoppage of many rigs during the summer as a result of shortage of certain equipment during the steel strike in the United States, over-all progress was excellent, new oil and gas discoveries averaging two a week. Although domestic requirements have doubled since the end of the war, Canadian production last year provided over 37% of the total as compared with only 9% in 1946.

"The total value of mineral production attained a new high level of $1,278 million, $33 million above the previous year, despite lower unit prices for most of the base metals.

"Over a million horsepower of new hydraulic turbine capacity was brought into operation in 1952 to establish a new annual record, and total production of electrical power was approximately 8% above that in 1951. Many of the new projects were undertaken in remote areas, a circumstance which suggests that other similarly situated undeveloped sites may also have potentialities. Additions to capacity scheduled to get into production in 1953 total 860,000 h.p., and other developments which are in either the planning or early construction stage exceed two million h.p. Construction of new transmission lines was very active and rural electrification made excellent progress, especially in Ontario, Quebec and Manitoba.

"Canada's rapid industrialization in recent years has been based very largely on the products, either actual or prospective, of its natural resources. In 1952, for instance, about two-thirds of the total capital investment in manufacturing was based on products of the forest and the mine, including $174 million in pulp and paper, $171 million in iron and steel, $74 million in non-ferrous metal products, $79 million in petroleum and coal products and $122 million in miscellaneous chemical products."

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Subscription Television—Hope Of Small Town TV Stations

said, and I quote: "In the small market TV situation there must be some well-heeled godfather to foot the bill, but since none exists in broadcasting it falls upon John Q. Public to pay for pleasing TV fare."

The income from Phonevision, added to the income from sponsored programs sold to local advertisers, could finance the profitable operation of television stations in hundreds and hundreds of small markets that must otherwise depend upon the vagaries of fringe area reception, or do without entirely.

If television is to serve the broad public interest of the nation and not just a segment of it, the small town as well as the major markets must have TV.

Here is what it means in terms of people:

On the basis of present indications upwards of 20 million Americans will have virtually no TV service, or be without a nearby station, unless subscription television is established to finance small market stations. With subscription TV, virtually all of these people could within a reasonable time enjoy excellent reception of fine programs.

Turning to another phase of TV's puzzling economic problem:

An Assist To TV Channels For Colleges

It is apparent that a home box office can furnish an economic assist of magnificent proportions to colleges and universities—many of whom are even now wondering how it is financially possible to make use of the special TV channels that the FCC has assigned to them.

Using Phonevision and its TV metering systems, the educator can charge a "television tuition fee" for certain courses of instruction, to enable students to earn college credits at home. This would make college degrees possible for thousands who can't afford four full years in campus residence. With a few hours a day of pay-to-see-it television, our educational institutions could finance many additional hours of free programs that go far beyond the scope of the printed page and the confines of classroom or laboratory presentation.

I mean to infer by none of this that an advertiser would lose any part of his audience to subscription TV. On the contrary—the limitations of average family entertainment budgets plus the choices that would prevail between "fee" television and "free" television would mean that the average family would spend only two or four hours a week watching Phonevision programs. The rest of their TV times would be watching regular sponsored programs. And this leaves plenty of elbow room for the I Love Lucy's, the Toasts of the Town, Meet the Press, Jack Benny, Imogene Coca and all other programs that have a special significance to American audiences watching a lighted TV screen, to play to the much larger over-all audience that Phonevision could develop.

I would like to advance this thought.

I believe that the healthy competition between **all** types would raise the level of both pay-to-see-it and sponsored television. And that, I contend, is a real plus for everyone concerned.

I believe also that Phonevision's system of opening up the great reservoir of premium programming not yet seen on home TV and distributing it to the grass roots level of America would be an economic shot-in-the-arm for our shrinking theatrical arts. The legitimate theatre could then afford to cater also to the tastes and pleasures of the minority—which with Phonevision, would involve an audience of millions.

With a home delivery service that would make our products of entertainment available right at the armchair for as low as one thin dime per viewer, we open an entirely new vista of public service.

The entire concept of subscription television and Phonevision leaves me with a profound feeling that such a commercial service is not only "in the public interest" but that it also provides an entirely reasonable and logical assist to television as a medium for advertising.

Joins Schirmer, Atherton

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Mrs. Shirley R. Adler has joined the staff of Schirmer, Atherton & Co., members of the New York and Boston Stock Exchanges. Mrs. Adler was formerly with Harris, Upham & Co. and J. Arthur Warner & Co., Inc.

With Hannaford Talbot

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Paul Jensen is now affiliated with Hannaford & Talbot, 519 California Street. He was previously with Hill Richards & Co.

Public Utility Securities

By OWEN ELY

Hartford Electric Light Company

The common stocks of the Connecticut utilities are generally rated "tops" in New England investment circles, due to a combination of favorable factors. The companies have long been noted for their stable earnings and generous dividend payouts. Correspondingly, price-earnings ratios have been well above the general average.

President Kenneth P. Applegate of Hartford Electric Light Company recently gave a talk before the New York Society of Security Analysts, at which time a book of financial and statistical information, together with the report to stockholders for 1952, were distributed. The following is summarized principally from these sources:

Hartford Electric has had an interesting history, starting as a "private stock company" in 1881 with only $20,000 capital stock. Part of its growth has been due to continued mergers with small neighboring utilities. However, it has always remained an independent company, never having been part of a public utility holding company system. Perhaps for this reason, the balance sheet has remained generally free of "write-ups." The Federal Power Commission made an original cost study in 1943, and after the company made some relatively small adjustments in its plant accounts the Federal Power Commission and the Public Utilities Commission of Connecticut gave the company "a clean bill of health." Thus the company has no plant acquisition adjustments and expects that no future adjustments will be required by either commission.

The company serves a compact area of 245 square miles centering around Hartford. The city has the distinction of ranking first in the nation for income per family, among cities of over 100,000 population. The service area has a population of 310,000 people and contains 96,000 electric customers. The Hartford area is considered very stable, having excellent business diversity due to its industries, the many outstanding insurance companies located in the city, and the fact that it is a dominant shopping center for southern New England.

The company maintains close relations with its neighboring utilities, and in 1925 formed the Connecticut Valley Power Exchange, the purpose of the pool being to coordinate operations and obtain economies and greater reliability of service. The company is also closely linked by a system of transmission lines with the Connecticut Power Company. In 1921 it acquired all the common stock of that company from Stone & Webster, but at the present time it owns less than 10%, which is not considered to constitute control. Under a year-to-year contract it supplies nearly all the firm power for Connecticut Power Company; and until recently, Hartford also supplied some power to Western Massachusetts Electric Company and to Connecticut Light & Power Company.

Hartford Electric has had an interesting set-up for sharing excess earnings, with a three-way division between employees, customers and stockholders (with customers receiving the larger portion). A table in the recent "information book" given to analysts shows the history of these dividends during the period 1925-46 (since which time none have been distributed). Even with the omission of these "extras" in recent years, the company finally found it necessary to go to the Public Utilities Commission of Connecticut in the spring of 1952 and ask for a rate increase, the first in 30 years. There was no opposition from the public, and in October the Commission granted the increase requested (with one small exception in connection with municipal street lighting).

It is estimated that if the new rates and charges (including the fuel adjustment clause) had been in effect for the year 1952 the increase in revenues would have amounted to about $1,575,000. Since the new rates were in effect for only about one-sixth of the year, a rough estimate indicates that if earnings were on a pro forma basis the balance for common stock might have been increased about 75 cents, or from $2.81 to about $3.56.

The company has long been noted for its stability and sound financial structure. During the period 1942 to 1946 the common stock equity ratio averaged around 78%, but with the subsequent issuance of long-term debt and preferred stock the ratio dropped to 44% at the end of 1952. Including some financing early in January, the debt ratio has now risen to 47%, and the management thinks that it would be undesirable for the ratio to rise much beyond this. Hence, it appears likely that common stock financing may be forthcoming some time in 1953, unless share earnings prove disappointing.

Three With Harris Upham

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif. — Joseph J. Bava, James J. Carroll and Frank C. Sargent have become associated with Harris, Upham & Co., 232 Montgomery Street. Mr. Bava was previously with Hooker & Fay; Mr. Carroll was with J. Barth & Co.

Joins First Oakland

(Special to THE FINANCIAL CHRONICLE)

OAKLAND, Calif. — Neil M. Rose is now affiliated with First Oakland Corporation, Financial Center Building.

Joins McGhee & Co.

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio — Otis J. Ransby is now with McGhee & Company, 2587 East 55th Street.

With King Merritt

(Special to THE FINANCIAL CHRONICLE)

BENECIA, Calif. — Bernard Casebolt is now affiliated with King Merritt & Co., Inc. Mr. Casebolt was formerly with William R. Staats & Co., and H. Irving Lee & Co., in San Jose.

Akin-Lambert Adds

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — John O. Alsup has been added to the staff of Akin-Lambert Co., Inc., 639 South Spring Street, members of the Los Angeles Stock Exchange.

With E. F. Hutton

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Harry J. Makoff is with E. F. Hutton & Company, 623 South Spring St.

Continued from page 4

Investment Schizophrenia

in Standard and Poor's daily 50 —industrial index."

I think we may conclude that there is considerable diversity of opinion among the experts relative to individual securities.

Portfolio Policy

The readers of the Oct. 23, 1952, issue of the "Commercial & Financial Chronicle" were probably startled by the headlines. On the front page the two lead articles, side by side, carried the following headlines: "Bull Market Is Not Over," and "Outlook for the Stock Market Is Bearish." The captions referred to talks given on Oct. 21, 1952, before the Association of Customers' Brokers by Mr. Kenneth Ward and Mr. James F. Hughes. However, they are not the only ones who disagree on the outlook for the stock market and consequent portfolio policy.

On Oct. 2, 1952, the Baxter International Economic Research Bureau sent out a letter from William J. Baxter which was headlined as follows: "I Look for a Bust in Common Stocks." Part of the first sentence of the letter was, ". . . a serious decline in markets is coming in which a large number of common stocks will turn out to be worthless . . . a decline that will be far more destructive than that of the 1929 crash."

Others are also bearish in their outlook. Value Line's "Fortnightly Commentary," Feb. 16, 1953, stated: "The stock market has been sliding off from the highs of early January. . . . The risk of a more serious drop remains large. We continue to advise a strongly defensive position in (a) cash or government bonds, (b) undervalued, or at least reasonably priced stocks in non-cyclical industries . . . and (c) fairly valued stocks in growth industries, such as electronics and air transport."

In line with their forecasts, the Value Line Supervised Account I, was as of Jan. 19, 1953, invested 41.2% in cash.

Others were not as bearish as Value Line and Baxter International Economic Research Bureau. Moody's, Feb. 2, 1953, stated:

"If you are a typical individual stock investor, we advise you to continue keeping the larger part of your stock money in good commons. This should be done under a protective shield which consists of (a) sticking to several progressive companies, (b) being willing to exchange overvalued stocks for others that are more conservatively valued, and (c) keeping a buying reserve of stock money temporarily invested in bonds. A good point about the recent stock market is that widespread or indiscriminate speculation has been lacking."

Also on Feb. 2, 1953, Standard and Poor's in their "Listed Stock Reports" concluded their analysis of Investment Policy in these words: "While the immediate course of stock prices is yet to be determined, the technical position of the list seems improved and fundamental factors remain predominantly on the favorable side. We continue to recommend a substantially invested position in selected common stocks."

Certainly Moody's and Standard and Poor's foresaw no such bearish indications as did Baxter and Value Line. It appears you can find bulls and bears even among the investment services.

Another item of interest in connection with our cursory glance at the degree of unanimity of opinion among the experts is the portfolio policies of the investment companies. The data that follow are all from the excellent article, referred to earlier, by Henry Ansbacher Long in the "Commercial and Financial Chronicle" Feb. 12, 1953, entitled "Funds Accelerate Buying of Oils." All data are as of the end of December, 1952. Among the 21 open-end balanced funds a relatively conservative position is held by Group Securities' Fully Administered Fund. This Fund had 48.6% of its portfolio in net cash and governments compared to only 42.6% in common stocks, plus lower grade bonds and preferreds. By contrast to this bearish position, Diversified Investment Fund of Diversified Fund Inc. had only 2.1% of its portfolio in net cash and governments and 74.1% in common stocks, plus lower grade bonds and preferreds. Also bullish was the position of National Securities Income Series with only 3.3% of its portfolio in net cash and governments and a whopping 80.3% in common stocks, plus lower grade bonds and preferreds.

The closed-end investment companies were all uniformly high compared with the balanced open-end funds in their percentage in common stocks, lower grade bonds and preferreds. Among the 11 companies listed, the lowest percentage in this category was the 84.8% of Tri-Continental. Five of the 11 closed-end companies had over 90% of their portfolio in common stocks, lower grade bonds and preferreds. American International had 96.3% and General Public Service had 97.5%. These fellows are certainly not expecting the bottom to drop out of the stock market this week.

We should pursue this topic further by comparing the portfolios of other investors such as the common trust funds of commercial banks, pension trusts, college endowments, fire insurance companies, etc. However, if we have made our point that diversity of investment opinion among the experts seems to be the order of the day, we need go no further.

Conclusion

What does this all mean? What conclusions may we gather from the observations presented?

First, an eclectic point of view by itself is no guaranty of investment success. This is true whether you refer to the selection of individual securities or to the broader question of portfolio policy. You don't make money in Wall Street by doing what everyone else is doing.

Second, no mention has been made of sale recommendations of the services, nor even of their intermediate recommendations. Data were more readily available on purchase suggestions so attention was focused on them for the most part.

Third, many other services have been omitted. Those investment services were omitted which emphasize the technical aspects of the market. Also many other services which emphasize intrinsic value of individual securities based on qualitative and quantitative analysis were omitted.

Fourth, it is possible to find investment services and investment portfolios to suit your own individual sense of bearishness or bullishness.

Fifth, investment companies are no panacea.

Sixth, there is a small degree of unanimity of investment opinion. This shows up both in a diversity of investment opinion anent individual securities and concerning portfolio policy.

Do these conclusions mean that professional investment advice is little better than astrology? No, it does not. The investment adviser can help much in personalizing an investment portfolio. An investment portfolio should be tailor-made to suit individual requirements. A security that would be an investment for one person might be a speculation for another. By considering the factors of yield, stability of income, degree of marketability, tax exemption, hope of appreciation, stability of market values, etc., much can be done to adapt a portfolio to individual requirements. Furthermore, the professional can avoid the obvious mistakes through his analysis and through his constant supervision. It is much easier to avoid the mistakes laymen are prone to make, than it is always to select the proper securities and the proper portfolio balance.

The economists of our industrial corporations are alleged to be doing well if they are right six times out of ten on the average. Perhaps the successful investment man also is one who is right more than half of the time. But over a period of time he can not only protect a portfolio from depreciation, but he can make it grow at a very creditable rate. In the interim it will provide a satisfactory yield. Some investment advisers, some investment companies, some investment services, do a much better job than others. Moreover, the good ones tend to maintain their superior performances year after year. The reason is that they are human. Moreover, as Professor Arthur Stone Dewing said: "Investment is an art as well as a science." And in any art, some men do better than others.

Our Reporter on Governments

By JOHN T. CHIPPENDALE, JR.

The government market is on the defensive and despite some attempts to improve the trend of quotations from time to time, there is no evidence yet that buyers are concerned about the long-term treasuries getting away from them because of prices moving up sharply. Evidently, the belief that the Treasury will offer a long-term high coupon obligation in the future is keeping the pressure on the most distant maturities of the outstanding obligations. Volume, according to advices, has not been large, although there have been blocks of bonds in the market for sale. Nonetheless, the sharp decline which has taken place in the marketable long-term issues, on limited activity, has also apparently brought to an end the "orderly market" which the monetary authorities in the past had indicated would be part of the policy.

The decline in prices of the longs has had a sympathetic effect upon the shorts and the intermediates. However, there is a good demand around for the near-terms and, with continued uncertainty likely, these issues will be well bought.

The money markets are about as confused as they ever have been because it is not easy to figure out the various moves that have been made by the monetary authorities. To be sure, the developments that have taken place for the purpose of returning the economy to a completely free basis are understandable. This was indicated when there was a change in Administration, and the money markets were among the various segments of the economy that would be put pretty much on their own as soon as possible. This has been fairly well accomplished, even though there had been considerable freedom in the money markets before the change in political parties took place last fall.

A Contradictory Policy?

Not so long ago, the Federal Reserve System increased the rediscount rate from 1¾% to 2% and an increase in this rate is generally taken to mean that there is danger ahead and a warning is being sounded by the monetary authorities which should be heeded. Such an upping of the rediscount rate might also result eventually in higher interest rates, which might have a tendency to slow down the demand for funds in the form of loans. The so-called sore spots in the loaning picture are consumers borrowing and mortgages. However, there is considerable question as to whether or not a small increase in the rediscount rate will slow down the demand for loanable funds. It is believed in some quarters that a resort to direct controls may have to be made in order to curtail certain phases of the loan trend.

After this increase in the rediscount rate, with its implied cautiousness as far as the money markets are concerned, and especially the demand for loanable funds, what does Federal do, but reduce margin requirements for the purchase of common stocks from 75% to 50%. There are the usual reasons given as to why the margins were lowered and these are taken for granted. However, whether one believes it or not, any increase in margin purchases of common stock will result in loans and deposits being added to. This seems to be a bit contrary to the concern that the monetary authorities appear to have about the general trend of loans.

Liquidity Prime Objective

As far as the government bond market is concerned, the offering of split maturities to take care of the first refunding of the new Administration was a departure from what had been going on. A change in the method of financing was expected and the financial community was given what it was looking for. However, the initial attempt to move out the maturities of government obligations was not something to throw one's bat in the air about. Most of the owners of the maturing treasury certificates went for the short-term 2¼s, and liquidity preference is about as strong now as it has ever been. There is not likely to be much of a change in this demand for the most liquid treasury obligations as long as the uncertainty which has been in the money market continues. If the down-drift in prices of treasury obligations goes on, will it be possible to sell a 2½% bond with a maturity of about six years, in the future? It is believed that the Treasury will continue to use a two- or three-way stretch in meeting maturities as the year goes on.

Long Bonds Remain Under Pressure

The sharp decline in prices of the longest government obligations, which has taken them to new lows since issuance, has come about, according to reports, on not too sizable volume but at times it has been large enough, however, under existing thin markets to have a marked influence upon quotations. Dealers and investors are not inclined to do any positioning while the trend seems to be so definitely on the defensive. There is no incentive to put funds into outstanding long-term treasury securities while the rumors persist, and they evidently eminate from good sources, that before the year is over the government will be offering 3¼s, 3⅜s or even 3½% bonds.

C. B. Smith Heads Nat'l School Boards

At the annual meeting of the National School Boards Association, held in Atlantic City, Feb. 12-14, Clifton B. Smith, a member of the Freeport Board of Education, was elected President for the year 1953. Mr. Smith is associated with the New York Stock Exchange firm of Francis I. du Pont & Co. and in 1936 was Treasurer of the National Security Traders Association. He is a graduate of Freeport High School and has been a resident of Freeport since 1906. In the year 1947-48 he served as President of the New York State School Boards Association; he is also a member of the Regents Advisory Council.

Clifton B. Smith

Opens Own Office

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Robert W. Wilson is now engaging in the securities business as an individual dealer from offices at 1717 East Colfax Avenue. He was formerly a partner in Hicks, Wilson & Co.

E. I. Shelley Adds

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—John T. Sudbay, Jr. has become connected with E. I. Shelley Company, Ernest & Cramer Building.

Two With Waddell & Reed

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—Herschel Officer and James A. Sumner have joined the staff of Waddell & Reed, Inc., United States National Bank Building.

Savings Bank Life Insurance

By CHARLES GILLESPIE*
Assistant Secretary, Harlem Savings Bank

Asserting life insurance is germane to savings banks since no one's savings program is complete without life insurance, Mr. Gillespie traces savings bank insurance laws going back to 1907. Describes loan values. As attractions he lists low cost, added values, absence of salesmanship, and no sales commission. Maintains possibilities of combinations of different types of insurance with a savings program to meet definite individual circumstances are many and varied.

I would imagine that of all the services now offered by savings banks, the service that at first blush would appear to be foreign to our business would be life insurance. Yet no one's savings program is complete without life insurance. Life insurance equities are one of the large items when the total liquid savings of the nation are considered.

Charles E. Gillespie

The idea of savings banks being able to offer a complete savings program including life insurance did not originate with savings bankers themselves. The history of savings bank life insurance goes back to the report in 1906 of the Armstrong Committee for the New York Legislature, the first thorough investigation of life insurance in this country. Charles Evans Hughes, later Chief Justice of the Supreme Court, was counsel for the Committee.

Its report gave impetus to a nation-wide demand for more efficient management in the insurance companies and greater responsibility to policyholders.

Louis D. Brandeis, then in the private practice of law in Boston, later to be a Justice of the United States Supreme Court, had represented policyholders of one of the insurance companies and after the report, undertook to work out more economical ways of supplying life insurance to wage earners than the type of insurance they generally bought, namely, industrial insurance.

After careful study he turned to the mutual savings banks as non-profit institutions with a long record of careful management of the public's funds.

First Savings Bank Insurance Law

In 1907 after a campaign of education backed by organized labor, civic groups and many employers, Massachusetts enacted the first savings bank insurance law.

Thirty-one years later in 1938 New York passed its Life Insurance Law, and Connecticut in about 1941.

Savings banks took to the idea slowly at first but gradually it has developed to the point where at the end of 1952 there was $684,686,000 worth of Savings Bank Life Insurance in force representing 623,018 policies.

It is sold by 168 savings banks in Massachusetts, 66 in New York and 31 in Connecticut.

The type policies offered in New York range from five-year term to 20-year endowment policies and include straight life, 20-year life, life paid up at 65 and endowment at 65. Children's policies are also offered as is group insurance. The maximum amount possible in New York State to be purchased by any one person is $5,000. In Massachusetts a person may take out up to a total of $25,000. Only those who live or work in New York State can buy New York State Savings Bank Life Insurance.

Premium rates are low due to many factors, not the least of which is that there are no commissions paid because no salesmen are employed. The applicant calls at the bank to apply for the insurance.

Loan Values Offered

The policies in addition to being low cost offer loan values after a year's premium has been paid and a cash surrender value after six months' premiums are paid.

In most ordinary life insurance policies, loan values are available after two years premiums have been paid, with industrial policies usually having no loan value. Ordinary life policies usually allow a cash surrender value at the end of the second year with industrial policies at the best having no cash surrender value until the end of the third year.

Although, as with any participating company, dividends on policies cannot be guaranteed nor the listings of dividends paid in the past considered as estimates for future years, dividends that compare favorably have been paid each year on Savings Bank Life Insurance.

Physical examinations are required on the adult policies with the examinations made by certified local physicians.

A central fund managed by Savings Bank Trustees appointed by the Superintendent of Banks with the consent of the Governor, has the responsibility of the underwriting and of prescribing uniform policies and forms to be used by the banks. One of the many important functions of the Savings Bank Life Insurance Fund is in handling the mechanics whereby the year's mortality experience is unified between the banks.

The investment of the funds of the Life Insurance Department is the responsibility of each savings bank and it is invested in the same manner as the law prescribes for savings banks.

However, the assets of the Life Insurance Department are separate and distinct from those of the Savings Bank and are liable only for the liabilities of the Life Insurance Department. Likewise the assets of the Savings Department are liable only for the liabilities of the Savings Department.

Those who sell the life insurance or discuss it with prospective applicants must pass an examination and be certified, similar to the licensing of life insurance agents.

Attractions

Gradually people are becoming acquainted with Savings Bank Life Insurance and they realize what it offers, in short:

Its low cost.
Its added values.
The fact that no salesman calls.
The fact that no commission is paid to the person selling it.

The possibility of a low pressure objective discussion of the life insurance needs of the applicant with an outlining of the types of life insurance available.

Plus the fact that after a life insurance policy has been purchased arrangements may be made so as to have the premium when it becomes due deducted from the policyholder's savings account, eliminating the need to remember and take care of it, plus the opportunity that many banks offer to develop a savings plan which includes all or some of the following:

Life insurance.
Savings account.
Purchase of United States Savings Bonds.

All of the foregoing can be handled through one savings account with the amount which should be deposited each week or month to arrive at the desired goal, figured in advance so that the depositor and policyholder need only make this required deposit to provide the insurance protection and accumulate the savings desired.

Life Insurance has long been considered as a means of compulsory savings. The combination of life insurance and regular savings with a prescribed plan tends to add an impetus of compulsion to the entire program which, of course, is helpful in having a person stick to their objective.

Varied Possibilities

The possibilities of combinations of different types of insurance with a savings program to meet the need of a definite set of circumstances are many and varied. Likewise the understanding of the different types of insurance which can be bought and when each type should be purchased is an interesting study. However, time does not permit our exploring these points for it could take hours. Nor could I take the time to cover many of the more technical details of the joining of Savings Bank and Life Insurance Company. If though this small introduction to Savings Bank Life Insurance has raised any questions in your mind, I suggest you stop in at the Savings Bank Life Insurance Bank nearest to you where they will, I'm sure, be most happy to discuss them with you.

*Paper presented by Mr. Gillespie at the Savings Bank Forum under the auspices of the Association of Bank Women, at the Town Hall Club, New York City, Feb. 24, 1953.

Auchincloss, Parker Branch

NEW CANAAN, Conn.—Auchincloss, Parker & Redpath, members of the New York Stock Exchange, announce the opening of a branch at 23 Cherry Street, under the supervision of Charles K. Dickson of New Canaan and Edward H. Gilbert, Jr. of Stamford, both partners of the firm. Resident manager of the office will be Frederick H. Clarkson of Darien.

Simon to Form Own Firm

KANSAS CITY, Mo.—Herman O. Simon will shortly form Herman O. Simon Co. to engage in the securities business. Mr. Simon was previously with Prescott, Wright, Snider Co.

Sonora Products Co.

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif. — Sonora Products Company is engaging in a securities business from offices at 400 Alabama Street. Officers are A. K. Humphries, President; A. S. Glikbarg, Vice-President; and P. H. Small, Secretary-Treasurer.

Davies & Co. Adds

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif. — Harold W. Marsan has joined the staff of Davies & Co., 425 Montgomery Street, members of the New York and San Francisco Stock Exchanges.

News About Banks and Bankers

CONSOLIDATIONS
NEW BRANCHES
NEW OFFICERS, ETC.
REVISED CAPITALIZATIONS

At a meeting of the Board of Directors of **City Bank Farmers Trust Company of New York** held March 3, Freeman J. Daniels, partner of the law firm of Perkins, Daniels & Perkins, was elected a director.

Freeman J. Daniels

* * *

Don G. Mitchell, President of Sylvania Electric Products, Inc., has been elected a member of the Board of Directors of **Irving Trust Company, of New York,** the bank announced on Feb. 27. Sylvania Electric is a major company in the lighting, radio, television, and electronics fields. Mr. Mitchell, who is the recipient of a number of honorary degrees, early established a reputation as one of the country's outstanding marketing executives, and has broadened his activities to other major management phases. He joined the Sylvania organization as Vice-President in charge of sales in 1942; he became Executive Vice-President in January, 1946, and in May of the same year was elected President. Mr. Mitchell began his business career when he joined the McGraw-Hill Publishing Company, in a short time becoming manager of its industrial site service bureau. In addition to being President and Director of Sylvania Electric, Inc., Mr. Mitchell is a Director of Nylok Corp., General Time Corp., National Biscuit Co., First National Bank & Trust Co. of Summit, N. J. and Thorn Electrical Industries, Ltd., London, Eng. He is also Chairman of the American Management Association's Executive Committee and a Trustee of the Committee for Economic Development.

* * *

Joseph Hugh Reid, Vice-President and Director of National Lead Company, has been elected a member of the Advisory Board of 30 Broad Street Office of **Chemical Bank & Trust Company of New York,** it was announced on March 4 by N. Baxter Jackson, Chairman. Mr. Reid also is manager of the Titanium Division of National Lead.

* * *

Thomas J. Shanahan, President of the **Federation Bank & Trust Company, of New York,** announced on Feb. 27 that the new issue of 50,000 shares of additional capital stock, which was offered to stockholders of record at the price of $20 per share (par $10 each) has been oversubscribed approximately 25% as of closing Feb. 25. As was noted in these columns Feb. 19 (page 806) plans to increase the capital of the company from $1,500,000 to $2,000,000 were approved by the State Banking Department on Jan. 15.

* * *

James E. Dingman, Vice-President and General Manager of the Bell Telephone Laboratories, Inc. has been appointed to the Advisory Board of the 14th Street and 8th Avenue Office in New York of **Manufacturers Trust Company,** Horace C. Flanigan, President, announces. Mr. Dingman joined the Bell System in 1922. In 1949 he was elected Vice-President of Personnel of the Bell Telephone Co. of Pennsylvania and the Diamond State Telephone Co. In 1950 he became Vice-President of Operations and a Director of the two companies. Mr. Dingman was elected Vice-President and Director of the Bell Telephone Laboratories and appointed General Manager in 1952.

* * *

The election of Charles F. Mansfield and Frank F. Stetson, formerly Assistant Treasurers, as Assistant Vice-Presidents of **The Marine Midland Trust Company of New York** was announced on March 3 by James G. Blaine, President, following a meeting of the Board of Directors. Mr. Mansfield is newly assigned to the Mid South and Southwest, while Mr. Stetson will continue to represent the bank in the Middle Atlantic States.

* * *

John T. Madden, President of the **Emigrant Industrial Savings Bank, of New York,** announced on Feb. 26 that the Board of Trustees has appointed Edwin D. Roll a Vice-President of the Bank. Mr. Roll, a graduate of Colgate University, has been in the New York banking field for over 20 years, and becomes Associated with the Emigrant after 16 years with the **New York Trust Company.**

* * *

The Peoples National Bank & Trust Co. of White Plains, N. Y. has increased its capital from $500,000 to $700,000 effective Feb. 20. Of the increase $100,000 was brought about by the sale of new stock and the further $100,000 increase resulted from a stock dividend.

* * *

The merger of the **Garden City Bank & Trust Co. of Garden City, N. Y.** and the **Bank of Great Neck, at Great Neck, N. Y.** under the charter of the Garden City Bank & Trust Co. and the new title **Long Island Trust Co.** became effective Feb. 9. Reference to the merger plans appeared in these columns Jan. 8, page 109 and Jan. 22, page 296.

* * *

Samuel Gilbert H. Furner, Honorary Chairman of the Board of the **Elmira Bank & Trust Co. of Elmira, N. Y.** died suddenly on Feb. 27 while driving to his home in Montour Falls, from his office. He was 74 years of age. Mr. Turner was also Chairman of the Board and of the Executive Committee of L. C. Smith & Corona Typewriters, Inc. The Associated Press reports that he practiced law in Elmira for a number of years until he became President of the **Second National Bank** in 1913. He was elected Chairman of the Board of the bank when it became the First National Bank & Trust Co. in 1929. He became Honorary Chairman of the bank, now known as the Elmira Bank & Trust Co., in 1948. Mr. Turner was also former President of the New York State Bankers Association.

* * *

The Oswego County National Bank of Oswego, N. Y. with common stock of $625,000 was merged (effective Feb. 6) with the **Syracuse Trust Co. of Syracuse, N. Y.** under the charter of the latter and under the title of the **Marine**

Midland Trust Company of Central New York, according to the Feb. 16 "Bulletin" of the Comptroller of the Currency. Announcement of plans to this end appeared in our issue of Feb. 12, page 688, at which time also it was noted that the Syracuse Trust Co. had filed with the State Banking Department a certificate whereby its capital was to be increased from $1,800,000 to $2,550,000.

* * *

The Puritan Bank and Trust Company of Meriden, Conn. reports as members of its official staff, D. J. Kenefick, Assistant Treasurer and Harriet Kawiak, Assistant Secretary. C. S. Powers is President, Sheldon E. Falk Vice-President and O. Edwin Johnson, Treasurer. The last named was heretofore Assistant Treasurer.

* * *

It is learned from the Philadelphia "Inquirer" of March 2 that Harry E. Johnson, has been appointed Auditor of **Philadelphia National Bank of Philadelphia, Pa.** to succeed William F. Watters, who retired under the bank's pension plan. James Finacey, Jr., was named Assistant Auditor.

* * *

Glenn K. Morris, President of the **National Bank of Germantown & Trust Co. of Philadelphia,** died suddenly on March 1. He was 55 years of age. According to the Philadelphia "Inquirer" Mr. Morris was named President of the Germantown bank in July, 1941. He joined the institution as a Vice-President and Director on Jan. 15, 1940, after serving 22 years with the Federal Reserve Bank of Philadelphia. He was Assistant Cashier at the Federal Reserve when he resigned.

* * *

The Board of Directors of **City Bank and Trust Company of Reading, Pa.** has unanimously approved a resolution to issue 15,000 additional shares of the institution's capital stock, subject to approval of the shareholders. A special meeting of the shareholders will be called in the near future to vote upon a proposed amendment to effectuate the change in the bank's Articles of Incorporation. It is intended to issue rights to present shareholders, permitting them to purchase one new share for each two shares presently held. City Bank was incorporated in 1934. John D. Heckman, President, points out that deposits in 1940 were $4,671,000, rose to $10,823,000 in 1945, and to $20,519,000 at Dec. 31, 1952. The bank's present capital consists of 30,000 shares having a $10 par value, or a total of $300,000. Surplus is $850,000 and undivided profits is $240,000.

* * *

The National Central Bank of Baltimore, Md. now has a capital of $600,000 having increased it as of Feb. 19 from $500,000 by a stock dividend of $100,000.

* * *

The National City Bank of Cleveland, Ohio, reports a capital of $14,000,000 as of Feb. 5, increased from $12,000,000 through the sale of $2,000,000 of new stock.

* * *

A stock dividend of $250,000 has served to enlarge the capital of the **Fort Wayne National Bank of Fort Wayne, Ind.,** from $1,000,000 to $1,250,000 effective Feb. 5.

* * *

The Commercial National Bank of Kansas City, Kansas, increased its capital as of Jan. 14 from $850,000 to $1,000,000 by a stock dividend of $150,000.

* * *

The **City National Bank of Fort Smith, Ark.** reports the following new officers as of Jan. 17: Edward W. Reed, President; Greely Watson, Vice-President & Trust Officer; W. B. Fitch, Vice-President & Cashier; L. W. Mivelaz, and A. G. Bauer, Assistant Cashiers.

* * *

On Feb. 20 the capital of the **First National Bank of Port Arthur, Texas** became $700,000, increased from $500,000, by the sale of $200,000 of new stock.

* * *

The name of the **City National Bank of Galveston, Texas** was changed as of March 1 to the **Moody National Bank of Galveston,** according to the Feb. 24 "Bulletin" of the Office of the Comptroller of the Currency.

* * *

The sale of $250,000 of new stock by the **First National Bank of San Jose, Calif.** has resulted in the raising of the capital of the bank from $1,000,000 to $1,250,000, the enlarged amount having become effective Feb. 17.

* * *

The Bank of Nova Scotia, Head Office, Toronto, Ont., Can., announces the retirement of E. S. Crawford Assistant General Manager effective at the end of February.

* * *

W. A. G. Kelley, Q. C., has been elected a Director of **The Canadian Bank of Commerce, head office, Toronto.** Mr. Kelley is a partner of Borden, Elliot, Kelley, Palmer & Sankey, barristers and solicitors, of Toronto. He is also a Director of Brazilian Traction, Light & Power Company, Ltd.; La Compagnie Legare Limitee; Lelan Electric Canada, Ltd., and other Canadian Companies. J. Page R. Wadsworth has been appointed an Assistant General Manager at the bank's head office and Keith B. Smith has been appointed superintendent of the Alberta branches.

* * *

SWISS BANK CORPORATION, BASLE, SWITZERLAND

	Sw. francs Dec. 31, '52	Sw. francs Dec. 31, '51
Total resources	2,858,047,298	2,734,097,053
Deposits	2,518,533,410	2,392,026,198
Cash and due from banks	647,953,042	619,409,150
Government and other secur.	518,873,025	463,042,880
Advances	976,596,324	932,193,831
Profit	22,569,150	19,769,062

Samuel Blaustein

Samuel Blaustein passed away at the age of 47. He was with Newburger & Co. of Philadelphia for 25 years, and had been active in the affairs of the Investment Traders Association of Philadelphia. He is survived by his wife and two sons.

With Inv. Service

(Special to The Financial Chronicle)

DENVER, Colo. — Gladys P. Morelock has joined the staff of Investment Service Corporation, 444 Sherman Street.

With Grimm & Co.

(Special to The Financial Chronicle)

WEST PALM BEACH, Fla. — William A. Barry has become affiliated with Grimm & Company.

Francoeur Adds to Staff

(Special to The Financial Chronicle)

MACOMB, Ill.—John C. Shanklin is now with Francoeur & Company, Inc., 438 South Edward Street.

Joins Link, Gorman Co.

(Special to The Financial Chronicle)

CHICAGO, Ill.—Charles Noonan has become affiliated with Link, Gorman, Peck & Co., 208 South La Salle Street. He was formerly with Bache & Co.

With F. S. Yantis Co.

(Special to The Financial Chronicle)

CHICAGO, Ill. — Joseph J. Ziegler has become connected with F. S. Yantis & Co., Inc., 135 South La Salle Street, members of the Midwest Stock Exchange.

Elements of Bond and Stock Investing

By RICHARD HOLTON*

Vice-President, East New York Savings Bank

Mr. Holton cites four components of bond; and describes the buyer, why prices move up and down, and how to become an investor. Differentiates between bondholder and stockholder.

I would like to preface my remarks by stating that much glamour of many businesses or professions lies in making it appear mysterious to the layman. I feel positive that doctors have spent some time in learning unpronounceable names for simple things as toes and pinkies. The lawyer makes his profession mysterious with the ever-present brief-case, probably containing, if the facts were known, a couple of "Who-Done-Its" and last week's "Times" crossword puzzle. Papa Dionne felt right at home when the real estate man was talking of permanents until he woke up to find that he and the realtor were thinking of two distinctly unrelated articles. And the bond man talking of taps, vicks or tunnels can throw his listener into utter confusion as to whether he is a plumber, a drugstore clerk or a civil engineer.

Richard A. Holton

Simple English

For tonight, then, I'll try to talk English and let you in on the simple nature of this business. I will comment on four phases: (1) Something about bonds themselves; (2) A little about who buys them; (3) Why prices move up and down; (4) How to become an investor.

Although I shall confine myself to bonds, I do wish to clear up the confusion that always seems to exist in the minds of a few as to the difference between a bondholder and a common stockholder. A bondholder loans his money to the debtor at a fixed rate of interest for a fixed time with some assurance of prior claim if trouble occurs. A common stockholder invests in the business with no guarantee of fixed interest nor future principal payment and has the lowest claim if trouble occurs.

Now, first — something about bonds. Four factors must be considered: (1) The debtor, (2) the security behind the debt, (3) the maturity and (4) the interest return.

As to the debtor, there are three broad classifications: (1) Obligations of the U. S. and its instrumentalities, (2) obligations of states and municipal bodies, under which are included commissions and authorities creating debt for special purposes (roads, bridges, tunnels, etc.) and (3) corporate obligations such as telephone companies, electric light and gas, railroads and other business corporations.

As to *security:* The security for payment of governmental and municipal obligations is only that of the credit of the issuer. In some few cases certain revenues or taxes to be collected are pledged against the debt. The broad name applied to this group is unsecured bonds.

Corporations in general pledge certain assets to secure the loan, and as such are called secured bonds. In such cases where no security is pledged, the nomenclature of debenture bonds is applied.

As to *maturity:* Bonds are classified as short-terms up to five years before payment; medium-term, five years to 15 years; long-term, thereafter. There are, of course, variations within these ranges in individual classifications.

As to the *interest return:* The different interest patterns on bonds of different types and maturities at any given time results from (1) different credit standings of borrowers and (2) risk of capital depreciations as maturities are lengthened, by changes in the money market. The first is simple enough—surely you should expect to get less interest from the better credit. The second may need some clarification and can be shown best by illustration.

Assume you had a choice to buy a 2¼% bond at 100 maturing in 1 year, 5 years or 20 years. If the then prevailing rate for such type of a bond increased to 2½%—only ¼%, the 1-year bond you purchased would decline 99¾, the 5-year to 98¾ and the 10-year to 96. The lure to the buyer to purchase longer bonds and partially compensate him for the added risk is practically always in a better interest return on longer maturities over shorter ones. As of today, the interest pattern on government bonds is about 2.14% for 1-year maturities, 2.40% for 5-year and 2.80% for 19-year.

Now for the second point. Who buys bonds? Commercial banks, insurance companies, savings banks, pension funds, colleges, individuals and so on. And each purchases the type and maturities that fit its own picture. Let us tonight consider the first three.

The demand liability of commercial banks of immediate payment of deposits unlimited in amount together with the demands for business loans requires bonds that can be liquidated quickly with none or small depreciations in such amounts necessary to meet their demand. As a result, such banks seldom go beyond a 5-year maturity and in large part confine themselves to government bonds because of the better liquidity. The average length of bond portfolios in New York City banks is about two years. The fact that they do not pay interest on demand accounts eliminates any urge for excess interest on the bond portfolio.

Savings banks, apparently banks of demand, actually are not. (Both by law and by the nature of their business.) By law they can demand a 60-day notice of withdrawal. Although this has been used seldom—the last time in 1914—and would have been used widely in 1933 had it not been for the Bank Holiday, it protects the bank from wholesale demand in times of panic. By the dividend feature it attracts the long-term saver and again protects itself from excess withdrawals in limitation of individual deposits.

Because of this type of deposit liability, savings banks do not need to be excessively liquid. A 15% position of cash and short-term bonds seems sufficient under normal conditions with the rest going into mortgages and long-term bonds of various types with the better returns allowing the payment of rather satisfactory dividends.

Insurance companies need even less liquid positions than savings banks because of their continuous premium payments.

Third—What causes market movements?

The simple law of supply and demand—the relationship between the supply of available investment funds to the demand for those funds. When monies seeking investment exceed the demand, dollar prices move up, and vice versa when the reverse is the fact.

Each upward or downward movement is of long duration although the direction may be temporarily reversed by government fiscal operations. The high of the government bond market in recent years was 109½ in 1946 for U. S. Government 2½s due September, 1972. They had risen from a low of about 100 in 1939 due to pressure of increasing investment funds.

After the war, increasing demands for business loans, issuance of long deferred corporate and municipal securities and an enormous expansion of building reversed the over-supply of investment funds to an undersupply. Prices started downward up until March 1951. Treasury policy, fearful of unfavorable public opinion if government prices moved too low, and concerned about increased governmental financing costs, tried to support the market against the trend. The abandonment of this policy brought a quick break in prices with a gradual lowering of them up to the present time. Bond mentioned before at a high of 109½ sells today at about 95⅝.

The relative stability of government prices over the last three months would indicate a balancing of the two factors. Some economists forecast a slight increase of investment funds toward the end of this year, which would make for increased values. Some of you may be interested to see if this becomes a fact in November or December.

So far, I think you will agree that this is a very simple business. Now as to the last—*how to become* an investor. To the average this seems the most difficult, when as a matter of fact it is the easiest. All you do is to listen to someone talking of a good investment. Go to Hilda's bank and draw out your money and buy this investment. When you find out in a week or two, or perhaps even the next day, that you cannot sell your investment for what you paid for it, you are then an investor. Simple, isn't it?

*Paper presented by Mr. Holton at the Savings Bank Forum under the auspices of the Association of Bank Women, at the Town Hall Club, New York City, Feb. 24, 1953.

Hartwig Baruch

Hartwig N. Baruch, famed as an actor in the '90s and as a banker from 1903 to 1938, passed away at his home in Coral Gables, Florida, at the age of 84. Mr. Baruch, a brother of Bernard M. Baruch, prior to his retirement, was a partner in H. Hentz & Co. and was a member of the New York Stock Exchange.

A. C. Karr Adds

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—Edward E. Henderson has become connected with A. C. Karr & Co., 523 West Sixth Street.

With Lester, Ryons

(Special to The Financial Chronicle)

LOS ANGELES, Calif. — F. Dwight Leslie has become affiliated with Lester, Ryons & Co., 623 South Hope Street, members of the New York and Los Angeles Stock Exchanges. Mr. Leslie was formerly with Kerr & Bell and Edgerton, Wykoff & Co.

On Mitchum, Tully Staff

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—John B. Callery, Jr. is with Mitchum, Tully & Co., 650 South Spring Street.

Bank and Insurance Stocks

By H. E. JOHNSON

This Week — Bank Stocks

The expansion of bank loans over the past two years has been one of the most dynamic factors in the operating position of New York banks and one which, in large part, accounts for the gain in earnings during this period.

Outstanding bank loans reached a record peak at the end of 1952 approximately 10% above the total of a year earlier. This together with the large increase of 1951 made a gain in total loans of over 75% in the 2½ years since the outbreak of war in Korea.

Demands for credit have been exceedingly heavy in this period reflecting the expanded defense activities and the higher inventories necessitated by the increased volume of business. Also, large capital expenditure programs have put a drain on cash resources and funds have been borrowed to carry out such projects.

In view of this record and because bank loans are such an important factor in the operating outlook, the question arises as to what the prospect is for loans over the coming year for New York banks.

First of all, it seems clear that unless there is a drastic deflation, the loan total in 1953 will average higher than in 1952. Total loans at the end of 1952 were approximately 10% higher than a year earlier, so that 1953 started at a considerably higher level. Accordingly, providing there is no more than the usual seasonal decline this year, prospects are bright for a well-maintained volume of loans.

Business prospects point to a continuing heavy demand for credit this year. Capital expenditures, according to current estimates are expected to equal the total of 1952. Increased depreciation charges including accelerated amortization will help defray part of the cost. However, many concerns drew down on cash resources last year and will need to borrow to complete programs. An additional factor is that earnings have been declining for the past two years and present indications are for a lower general level of profits in 1953.

Also, there may be some reluctance on the part of corporations to obtain money in the capital markets this year. The sharp increase in interest rates for fixed income securities raises a question as to whether it is advisable to borrow for long term at the current rate when a year or so from now the bond market may be more favorable.

When it is realized that high-grade obligations are currently selling in the market at close to a 3.50% return as compared with less than 3.00% a year ago, it may be considered desirable to postpone permanent financing until a more favorable time. This could be an important factor in the demand for bank short-term credit.

The tax situation also enters into the picture. With 80% of 1952 corporate tax payments due in the first half of this year, borrowing to pay taxes is expected to be a more important factor than in years past. Also, the possibility that excess profits taxes may not expire on July 1, 1953, gives corporations added incentive to carry bank loans which increase the capital base.

Admittedly a falling off in business activity later in the year could cause some liquidation of loans. This, however, is expected to be offset by seasonal expansion of credit in the final months so that year-end figures should be close to those of last year and may possibly show a small increase. The extent of the gain will depend upon business activity in the last half of the year.

Even though there is little change in loans from year to year, we would expect the total volume to average 5%-10% higher than in 1952.

This could be favorable to New York bank operations. Many institutions made sizable gains last year in loan totals which are encouraging for earnings prospects this year. In fact it is interesting to note that some of the banks which made the most favorable showing in earnings in 1952 were also the institutions which showed the best gains in loan volume.

As a means of comparison we have prepared the following table showing the loan totals and changes from 1951 to 1952 of 16 of the major New York banks. It will be interesting to compare the quarterly totals as the year progresses.

LOANS AND DISCOUNTS
—As of December 31—

	000's Omitted 1952	1951	Change	Percentage Change
Chase National	$2,511,938	$2,161,952	$349,986	+16.2%
National City	2,274,212	2,089,776	184,436	+ 8.8
Guaranty Trust	1,566,425	1,384,002	182,423	+13.2
Bankers Trust	1,011,348	926,473	85,175	+ 9.2
Manufacturers Trust	874,945	816,946	57,999	+ 7.1
Chemical Bank	823,455	715,349	108,106	+15.1
Hanover Bank	690,746	591,283	99,463	+16.8
Irving Trust	631,886	588,865	43,021	+ 7.3
Bank of Manhattan	582,867	566,285	16,582	+ 2.9
New York Trust	336,646	309,871	26,775	+ 8.6
J. P. Morgan	297,856	268,604	29,252	+10.9
Public National	250,174	224,516	25,658	+11.4
First National	245,057	193,141	51,916	+26.9
Bank of New York	212,747	157,971	54,776	+34.7
Corn Exchange	185,242	143,035	42,207	+29.5
U. S. Trust	54,523	49,443	5,080	+10.3

* * *

Correction on Peoples First National Bank & Trust Co., Pittsburgh

J. E. Wilson, Vice-President and Comptroller of the Peoples First National & Trust Co., Pittsburgh, Pa., in a letter dated Feb. 23, advises us as follows:

"My attention has been called to tabulation of statistics re banks contained on page 34 of your Feb. 19, 1953 issue of the 'Commercial and Financial Chronicle.'

"In that tabulation our earnings per share are shown as follows:

1952	$3.48
1951	4.09
1950	3.97

"Comments state that 'All of the above figures have been adjusted for stock dividends, splits, and the issuance of new shares. . . .'

"You will note from page 3 of our Annual Report, copy of which is enclosed, that on the basis of 800,000 shares now outstanding, our earnings for 1951 were $3.07 per share. On the same basis, earnings for 1950 were $2.98 per share.

"Because of the wide circulation of your paper, we believe these figures should be corrected so that the steady growth in earnings is shown as being—

1952	$3.48 per share
1951	3.07 per share
1950	2.98 per share

"Very truly yours,

"J. E. WILSON,

"Vice-President and Comptroller."

Continued from page 3

Electronics—An Integrated, Mature and Progressive Industry

peal as gift items. Finally, car radios have become a necessity.

Commercial Application

The second phase of the electronics business that became apparent was its commercial applications. For all practical purposes we can divide these into three categories.

First, communications; second, microwave, which, in effect, is communication, and third, the various control devices that can be worked out through electronics.

In the field of communication, aside from those things that are served by the telephone and telegraph industry, it is interesting to note that we have really only started into a new field. For example, in 1945, the police organizations of our country made use of only 2,600 police radio systems. In 1952, there were 7,000 police systems in operation. The taxicab companies in 1945 had only one base station transmitter and two mobile radios in their entire industry. Now there are 4,000 such systems using some 70,000 transmitters and receivers.

There are various industrial uses of communication within industry. This application was practically nonexistent in 1940. At the present time, **there are 10,000 companies that have their own radio communication system. These now use in the order of 70,000 mobile transmitters.** The utility companies, oil companies and lumber companies and manufacturing types of industry are starting to take on important uses of this form of electronics. The vari- railroads, transit companies, highway construction, veterinarians and ranchers, and automobile clubs represent a relatively new potential. When we couple together the new markets that are open and the opportunity for the replacement of our product among those who have become established, it is easy to understand that the communication application of electronics is in for a good, steady, healthy growth.

The reasons for this get back to the dynamics of the industry. Our engineers are seeking miniaturization, portability and mobility, lower power consumption, and better efficiency. Up to now, we haven't mentioned such applications as aeronautic and marine radio and amateur radio, which are also important parts of the electronics industry.

The second phase of the commercial application of electronics is microwave. Microwave communication is for all practical purposes a high frequency relay radio system. **At the present time, the greatest potential users of microwave repeater relay radio systems are the various pipelines. At the present time, there are about 7,000 miles of pipelines that are covered by microwave communication of one form or another.** When you look at the potential opportunity in 280,000 miles of gas and oil pipelines in this country, there would appear to be a tremendous growth opportunity for practical and competitively priced products.

In those two particular phases it is well to note that we do not expect a pell-mell, rapid, ascending growth. Rather, we look for a logical steady, and progressive type of growth which augurs well for stability within the industry.

The applications of electronics in the field of control, the control of various switching devices, and the control of business machines **forecasts the start of what will be a revolution in business procedures and office activities a decade or two hence.** There is the opportunity of applying electronically controlled devices to all forms of machines. In so doing this can be expected to cause a second industrial revolution. In effect, the first industrial revolution took the muscle out of the work; now, in addition to the mechanical fingers which the first industrial revolution gave us, it is possible to conceive ways and means of applying electronic brains to those muscles which will do the basic, elementary supervisory jobs. Already we have found ways and means of doing this. These are on printing presses, chemical and metallurgical processes and remote control of equipment and measurements of all kinds, and we have hardly started into this field.

Military Applications of Eelectronics

The third phase of the business is the application of electronics to the military. In the last war, you are all fimiliar with the contributions made in terms of communication and radar. Now, we are dealing in terms of additions to communications and radar, the application of various of these same principles to a new thing called guided missiles. We think that we are, unfortunately, in an international situation that will require our government to arm constantly for our protection. It may be such that they will not arm in large quantities of various war materials, but we do think it is necessary that our government will continue a philosophy and a policy of keeping America armed with the most modern equipment and weapons, depending to a great extent on electronics as a servant of those weapons. As a consequence, the **electronics industry has assumed a position where we will sell to the military somewhere in the order of two and a half billion dollars worth of electronic gear this year. We anticipate in the next fiscal year that we will sell an equivalent amount.** We think that for ten years ahead, our government will be required to purchase from the electronics industry and its various forms of communications, radar and the application of electronics to guided missiles, many billions of dollars worth of electronic gear. The reason for it is that there are so many rapid strides being made in aircraft design, in missile design and radar and communication design, that every few years we seem to render obsolete things we invented a few years before. So, we anticipate that the military phase of the electronics business will continue as far ahead as we can see to be a substantial business.

Television—The Final Phase

The final phase is television. We have over twenty million receivers is use as of the first of 1953 and we had 126 stations delivering programs to the American public. Last year, we sold six million sets. This year, it is anticipated that somewhere in the neighborhood of six and a half to seven million receivers will be made and sold. By the end of the year there will be 225 to 250 stations on the air, thereby opening a much larger market for the sale of television receivers. **By 1960 we expect there will be 48 million homes that will have television receivers and that means over 50 million television sets in use. We can easily translate this into a replacement market that should allow the industry to run steadily at a minimum of five or seven million sets each year,** not to mention the new home formations which will develop.

Many people have anticipated since the freeze on television stations has been taken off that there is an opportunity for somewhere in the neighborhood of 2,000 television stations going on the air. It is my private view this is a myth. We do not anticipate that there is an economic worth in 2,000 television stations going on the air to serve the American public. We think sometime in the course of the next five or six years the industry will find itself being served by somewhere in the order of 600 to 700 stations and then it will be a slow and gradual process for the American public to absorb a few hundred additional stations beyond that.

We have had in recent months to take on a new technical challenge in the television industry in the form of utra high frequency. We have been given a new wave band on which more stations could go on the air. The industry has accepted this challenge, and we have been able to give an acceptable product to the American public.

Subscription television and theater television loom on the horizon. Subscription television is pay-as-you-go television and theater television is that service that would be seen in your theaters. There will be a good deal of study and a good deal of time put on these two problems in the course of the next 24 months by the industry, and by the Federal Communications Commission, which governs certain of the technical standards in our industry.

We in our company are not privileged to predict what will happen in the case of either of the two categories of our industry. It is safe to say that if the government and if the industry feel there is an economic value in pay-as-you-go television, and if the theater television interests can adequately work out technical and financial problems, the television industry, the electronics industry and the American economy is big enough to absorb all of these things and digest them well, and each business go on about its business and do a good and big business. We do not see in subscription or theater television a threat of any proportion to any other phase of the television business.

Color Television

You are all interested in color television. **The basic question is: "When will we have it?"** We know we will have it, we know it will be a compatible system, one which will work along side of the black and white system and permit current sets to receive colored broadcasts at least in black and white. The industry has been working diligently under the auspices of the National Television Standards Committee. A group of a dozen of the most important laboratories have pooled their engineering effort in an attempt to come up with industry-wide acceptable and simple standards. We are virtually at the end of this research work. The job of developing the system has virtually been accomplished. But we still have three basic problems to overcome.

First, is the technical problem of providing a good, practical, inexpensive color tube. Second, we must gain governmental approval of the system we will offer for government approval sometime this year or early next year, and finally we must find ways and means of encouraging the broadcaster and the sponsor to take on the increased cost of financing colored programs. With regard to the technical problem, it is a little difficult to predict when it will be answered. Various forms of color tubes are emerging from the laboratories, and it is safe to indicate that sometime in maybe two or three years, these tubes will be adequately developed to where they can go into manufacture.

With regard to the government problem, the problem of having the FCC approve our system, we anticipate that the FCC will be willing to hear our cause, maybe by the latter part of this year. However, we don't anticipate that those proponents of subscription television or theater television who are equally interested in having their causes heard out before this tribunal would give us priority because many years of the Commission's time was taken on studying the allocations of frequencies for current type TV stations and color TV. Now they, of course, feel they deserve their full day in court. Thus it may not be until sometime next year that the FCC will go back and give attention to the color problem.

You will be interested in knowing the varied opportunities for the component manufacturers who serve the basic commodity manufacturers in the industry. We anticipate that component manufacturers will have varying prospects in the next 10 years, mostly up. Obviously, if we are going to do more business from an end equipment manufacturing standpoint, our component manufacturers and suppliers will do generally as well, even to and including the receiving tube business. In 1960 we anticipate there will be a requirement of 170,000,000 receiving tubes for replacement purposes as against the 95,000,000 required in 1952; 250,000,000 receiving tubes were needed for prime use in electronics equipment in 1952, and it will peak up larger than this in the course of the next few years until the transistor comes into its own. It may level back down and probably will never get lower than the 250,000,000 requirement in the foreseeable future. The picture tube business should be excellent in the years to come. We used seven and a half million of them last year for replacement and for new set usage. By 1960 we anticipate the need for fourteen million because the replacement business will be an important business by that time.

Materials Shortages Not Serious

We do not anticipate that we will have any basic material shortages in 1953. We do, however, anticipate that because of the surge to provide additional sets to new markets, to provide for the customers who want commercial applications of electronics, to provide contract manufacturers who desire car radios, that on a selective basis material shortage will harass us during 1953, but not of a serious nature.

Our costs have been increasing in the course of the last eight months. It appears they are leveling out. In recent months there have been scattered price increases on end use commodities and we do not anticipate there will be more of these. The trend will be toward lower priced products of all kinds coming from the electronics industry.

We might touch briefly on the applications of transistors, and a new factor within our industry called plated circuits. Plated circuits will allow manufacture of a better product at a lower cost, coupled with the remarkable development of the Bell Laboratories, the transistor.

You have heard the basic explanation. We can plate a veritable road map of circuits on bakelite rather than hand wire our circuits and in the course of the next few years, I dare say the majority of the industry will convert to this form of manufacture of electronics circuits, which will give us a more reliable product, lower cost and higher volume.

Over this year we anticipate that the average companies in our business will enjoy an increase of from 25% to 50% in sales. Their profits should be as good or better than last year, particularly if the Excess Profits Tax goes off.

The long range prospect for profits in the electronics industry is good. Technological improvement will give us new products and permit us to lower production costs and keep the cost-price relationships in good order. That should permit the electronics industry to earn good profits over the course of the next decade. They will not be in the proportions of the bonanza years we enjoyed in television in 1948, 1949 or 1950, but they will still be good, healthy profits.

Our industry is now well diversified. We have got fat off our bones and we still have muscle with which to make use of our agility. We think there is throughout the industry strong and courageous leadership which will permit our industry to seek an important place in the sun, a place which we think offers to the American people a seasoned and respected industry to which to give their attention.

TV Developments Abroad Analyzed

Television developments in 38 foreign nations are reviewed in a pamphlet just issued by the Office of International Trade, U. S. Department of Commerce. The publication is expected to be of special interest to television manufacturers and broadcasters, equipment manufacturers, and the music recording and film industries.

The report, which is a resume of developments through 1952, indicates that in all but three of the 38 nations, television stations are in operation, under construction, in the experimental stage, or under active consideration. In the other three, the subject is still being discussed.

Five of the countries in the Western Hemisphere — Canada, Brazil, Cuba, Dominican Republic, and Mexico—employ the same standard (525 lines, 30 frames) as the United States, which will permit a direct exchange of programs.

The pamphlet, "Foreign Television Developments," has been published as No. 355 (February 1953) of the World Trade Series, Business Information Service, and may be obtained from any field office of the Department of Commerce or from the U. S. Department of Commerce, Washington 25, D. C., for 15 cents.

With Draper, Sears & Co.

(Special to The Financial Chronicle)

BOSTON, Mass.—John A. MacGilvrey is now connected with Draper, Sears & Co., 53 State Street, members of the New York and Boston Stock Exchanges.

Two With E. E. Mathews

(Special to The Financial Chronicle)

BOSTON, Mass. — Harry H. Bigelow and Peter R. Salvaggio have become affiliated with Edward E. Mathews Co., 53 State Street.

But Let's Have the "Rethinking"

"To my mind it is essential that the President be able to look to such an agency (Council of Economic Advisers) for long-range thinking and planning in this vital field. My intention is to reinvigorate that body and augment its influence by means of some new personnel and a thorough rethinking of its functions. If the conclusions of this study should indicate a need for statutory change, I shall promptly recommend those changes to the Congress."—President Eisenhower.

Pres. Eisenhower

We are much inclined to agree with the President—provided the "thorough rethinking" of what the council should be or do, results in sound conclusion, and, of course, provided also that really able and sound personnel is selected.

We have had our fill of this body as selected and used by President Truman, but that does not necessarily mean that nothing good could come of such an organization.

Warns Against Curbs in Fighting Communism

Dr. Grayson Kirk, President of Columbia University, says "Iron Curtain" situation is like a nightmare, but opposition to it, if it prevents honest criticism and examination of ideas or impairment of free thought or speech, makes us little better off than those we condemn.

Speaking at the closing session of the Fifth Annual Columbia University Forum in New York City on Feb. 21, Dr. Grayson Kirk, successor to President Eisenhower as President of Columbia University, warned student delegates against curbs on freedom which may be used to combat ideologies from behind the Iron Curtain. Discussing this subject Dr. Kirk stated:

"One of the most dangerous and fantastic features of the 'Iron Curtain' is that it is a curtain which shields the minds of men from free contacts with their fellow men. In this respect, we are faced with a situation today which is far more barbaric and primitive than any which the world has known since the so-called Dark Ages. By contrast, the Dark Ages represented a period of genuine enlightenment. That such a situation could prevail in the mid-twentieth century seems more like a nightmare than anything else. But it does prevail, and those of us in the free world must never cease to protest against it.

"For the same reasons, a great university must always be on guard against efforts in the free world to limit freedom of thought. If our beliefs cannot withstand the test of honest criticism, if we refuse to permit the examination of certain ideas and points of view because we think they are dangerous, then we are little better off than those whom we condemn and oppose. To be sure, we must be on guard vigilantly against agents of subversion and those engaged in special pleading, but that same vigilance must be used unfailingly to protect full expression of views honestly held. It is the glory of our civilization that it rests upon the conviction that enlightenment and progress can only exist in an atmosphere of freedom.

"It is our belief that ultimate peace can only be assured in a world of free men. Only a democratic world can be free, and only a world filled with educated men and women can properly assume the burdens and responsibilities of democracy. Peace, democracy, freedom and education — all are indissolubly linked together. If any one of these four elements is absent, all are jeopardized. If they are all present, no counter forces on earth can, in the long run, oppose them."

Chicago's TV Sets Exceed No. of Phones

The Chicago area now has more television sets in use than home telephones or bathtubs. W. C. Johnson, Vice-President-sales of Admiral Corporation disclosed the latest TV census showed 1,360,000 receivers in use in the Chicago viewing area.

There are 1,320,000 telephones in homes here, according to Illinois Bell Telephone Company. The Census Bureau lists 1,260,000 bathtubs—presumably in use—in the area.

Johnson said that in many cities which have had television for at least five years the number of sets is now greater than the total of telephones. As examples he cited Los Angeles, Philadelphia, St. Louis, Cleveland and Boston.

More than 6 million TV sets were sold last year, compared with 175,000 in 1947, the first full year of commercial telecasting, the Admiral executive pointed out. He said the first set made by his company cost 870% more than a current model, using screen size for comparison.

Winner & Myers Open

LOCK HAVEN, Pa. — F. D. Winner and Gladys Myers have formed Winner and Myers with offices at 218 Water Street to conduct a securities business.

Morris Geller Opens

Morris Geller is conducting a securities business from offices at 175 Fifth Avenue, New York City.

Alfred Greany Opens

Alfred G. Greany is conducting a securities business from offices at 128 East 72nd Street, New York City.

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The State of Trade and Industry

strength will bear watching, and disappearance of premium prices will be interpreted as an early sign of falling demand.

(3) Another sign of current market strength is continuing demand for foreign steel. Although imports are far from the post-Korean high, and some importers have been caught with hard-to-sell shipments, consumers continue to nibble at foreign tonnage outside their regular supply channels.

The auto industry, steel's biggest customer, is applying by far the most pressure to keep the market tight. Despite their strong buying position, automotive purchasing agents are augmenting regular mill tonnage from all the above sources.

Hindsight shows automakers took a gamble that paid off. In spite of National Production Authority quotas limiting first quarter production to 1,250,000 cars, they scheduled output at more than 1.5 million. Gamble was that production limits would end before quotas were reached.

This high production has had its price. Some auto plants have been forced to obtain as much as half their steel from expensive conversion or foreign sources, at nearly twice the cost of mill steel, concludes "The Iron Age."

Steel Output Continues Near Record Level

There is nothing in the markets as yet to indicate how steel prices will go when they are decontrolled, says "Steel," the weekly magazine of metalworking. Some adjustments on products considered out of line are anticipated, but no across-the-board revision, either up or down, seems likely despite bright demand prospects over coming months. Increasing competition for orders is indicated as supply comes into closer balance with demand and this is expected to keep prices under control.

Steel men also are closely observing developments in the nonferrous metal markets. Last week copper and related prices developed a bullish flurry. Scrap copper control was lifted more than two weeks ago and prices advanced sharply. However, movement to consumers was sluggish with primary copper prices still controlled. Last week, however, the government removed controls on primary copper prices and the market immediately went up three to four cents per pound. Whether still further advances impend is uncertain with the market in an unsettled position, declares this trade journal.

Expectations are the government allocation system for steel and other critical materials will be abandoned June 30 except that requirements for military, atomic energy and defense projects will be assured priority. Control over distribution of steel, copper, aluminum and other materials for civilian-type industry appears doomed. It does not necessarily follow, however, that such materials will be easier to get since supply conditions will continue to hinge upon the demand factor with the consumer fending for himself without government dictation as to who gets what, and how much, concludes "Steel."

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 99.5% of capacity for the week beginning March 2, 1953, equivalent to 2,244,000 tons of ingots and steel for castings. In the week starting Feb. 23, actual production was 2,240,000 tons and the rate 99.4%. For the like week a month ago the rate was 97.7% and production 2,202,000 tons. A year ago when the capacity was smaller actual output was 2,117,000 tons, or 101.9%.

Electric Output Tapers Off in Latest Week

The amount of electric energy distributed by the electric light and power industry for the week ended Feb. 28, 1953, was estimated at 8,069,760,000 kwh., according to the Edison Electric Institute.

The current total was 126,426,000 kwh. below that of the preceding week when output totaled 8,196,186,000 kwh. It was 653,794,000 kwh., or 8.8% above the total output for the week ended March 1, 1952, and 1,247,662,000 kwh. in excess of the output reported for the corresponding period two years ago.

Car Loadings Lifted to Higher Level in Latest Week

Loadings of revenue freight for the week ended Feb. 21, 1953, totaled 689,553 cars, according to the Association of American Railroads, representing an increase of 7,803 cars or 1.1% above the preceding week.

The week's total represented an increase of 6,002 cars, or 0.9% above the corresponding week a year ago, and a decrease of 45,292 cars, or 6.2% below the corresponding week in 1951.

United States Auto Output Last Week Rose to Highest Point Since Early March, 1951

Passenger car production in the United States last week rose 8%, increasing the prospect for a record first half production of about 3,200,000 cars, states "Ward's Automotive Reports."

It aggregated 126,671 cars compared with 125,540 cars (revised) in the previous week. This was still 46.5% more than the 86,450 cars turned out in the year ago week.

Total output for the past week was made up of 126,671 cars and 28,024 trucks built in the United States, against 125,540 cars and 26,489 trucks the previous week and 86,450 cars and 24,910 trucks in the comparable 1952 week.

Canadian factories, "Ward's" said, will build 8,103 cars and 2,105 trucks this week, against 7,945 cars and 1,886 trucks last week and 4,327 cars and 2,710 trucks in the comparable 1952 week.

Business Failures Hold Steady

Commercial and industrial failures totaled 178 in the week ended Feb. 26, or two more than in the preceding week, Dun & Bradstreet, Inc., reports. While casualties were higher than in the comparable weeks of 1952 and 1951 when 163 and 170 occurred respectively, they remained considerably below the prewar level of 254 in the similar week of 1939.

Failures involving liabilities of $5,000 or more dipped to 141 from 147 a week ago, but exceeded the 130 of this size occurring last year. Among small casualties, those with liabilities under $5,000, there was an increase to 37 from 29 in the previous week and from their 1952 total of 33.

Wholesale Food Price Index Rises Slightly for Third Week

The wholesale food price index, compiled by Dun & Bradstreet, Inc., showed a further slight rise last week to $6.21 on Feb. 24, from $6.20 a week earlier. This was the third consecutive weekly gain and marked an increase of 1.3% over the 1953 low of $6.13 on Feb. 3. The current index compares with $6.58 on the corresponding date a year ago, or a drop of 5.6%.

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 Extends Slightly Its Rise of the Previous Week

The daily wholesale commodity price index, compiled by Dun & Bradstreet, Inc., extended the upward movement of the preceding week to close at 279.53 on Feb. 24. This compared with 278.16 a week earlier, and with 303.13 on the like date a year ago.

Principal grain markets strengthened the past week, continuing the rising trend of the closing days of the previous week.

Firmness in wheat was influenced by reports of severe dust storms in the Winter wheat belt and a substantial volume of sales for export.

Strength in corn reflected smaller cash grain receipts and the announcement that the CCC would curtail its sales of off-grade corn. Oats and rye prices rose in late dealings, but both the these markets were overshadowed by the possibility of further imports from Canada. Trading in grain futures on the Chicago Board of Trade was quite active, but purchases failed to reach the heavy volume of preceding week.

Spot cotton prices were mostly steady last week with a slight upward trend toward the latter part of the period. Late strength was influenced to some degree by the recommendation of the Secretary of Agriculture that farmers reduce their cotton acreage this year in an effort to ward off low prices and acreage curbs next year. Other bullish influences included short covering and hedge switching, and a moderate volume of price-fixing for both domestic and export account.

The principal bearish factor was the lower-than-expected official consumption report for January.

Domestic consumption for the five-week January period, as reported by the Bureau of the Census, was 894,000 bales, as against 923,000 bales in the comparable period last year. The daily average consumption rate for January was 36,500 bales, comparing with 36,700 per day in December, and 37,700 in January a year ago. Stocks of cotton at mills on Jan. 31 were reported at 1,733,000 bales, the largest in more than 18 months. Entries into the CCC loan stock in the week ended Feb. 13 dropped sharply to 53,200 bales, from 93,300 in the preceding week, and 142,100 two weeks earlier.

Trade Volume Shows Little Change from a Week Ago

The celebration of Washington's Birthday closed stores in many cities but evoked attractive promotions in others in the period ended on Wednesday of last week, so that there was little variation in total retail trade.

The total dollar volume of retail trade was estimated as reaching a new high for this time of the year despite lagging sales in some cities in the East.

The total dollar volume of retail trade in the week was estimated by Dun & Bradstreet, Inc., to be from 1 to 5% higher than that of a year ago. Regional estimates varied from the corresponding 1952 levels by the following percentages: New England +0 to +4; East −2 to +2; South and Northwest +2 to +6; Southwest +3 to +7; Midwest and Pacific Coast +1 to +5.

Shoppers' interest in Spring apparel spread from the Southern regions to many other parts of the nation last week. Apparel stores chalked up larger sales receipts than in the comparable week last year as many shoppers began to prepare for the earlier advent of Easter. The most pronounced current rises were in the purchasing of women's clothing, particularly suits and sportswear. The demand for men's clothing remained modestly above the limited level of a year before.

While more household goods were sold than in the similar week a year before, shoppers' interest was much less avid than a few weeks ago. In lagging demand were large appliances, console television sets, large furniture pieces, and floor coverings; quite popular were phonograph equipment and records, decorating materials, freezers and incidental furniture.

Trading activity in most of the nation's wholesale markets in the past week continued close to that of the prior week.

The total dollar volume of wholesale trade remained slightly larger than that of a year earlier as it has for several months.

Department store sales on a country-wide basis, as taken from the Federal Reserve Board's index, for the week ended Feb. 21,* 1953, increased 2% from the level of the preceding week. In the previous week an increase of 3% was reported from that of the similar week of 1952. For the four weeks ended Feb. 21, 1953, an increase of 3% was reported. For the period Jan. 1 to Feb. 21, 1953, department store sales registered an increase of 2% above 1952.

Retail trade in New York last week declined about 10% from the 1952 week. A factor in the decline was the reduced number of shopping days resulting from the Washington's Birthday, holiday.

According to the Federal Reserve Board's index department store sales in Ne wYork City for the weekly period ended Feb. 21,* 1953, increased 8% from the like period of last year. In the preceding week a decrease of 10% was reported from that of the similar week of 1952, while for the four weeks ended Feb. 21, 1953, a decrease of 3% was recorded. For the period Jan. 1 to Feb. 21, 1953, volume declined 4% under that of 1952.

*In using year ago comparisons for this week allowance should be made for the fact that stores were closed in some cities on Friday of the corresponding week last year in observance of Washington's birthday.

Charles Horton With Wertheim & Co.

Charles C. Horton

Wertheim & Co., 120 Broadway, New York City, members New York Stock Exchange, announce that Charles C. Horton is now associated with the firm in its Municipal Bond Department.

Mr. Horton was formerly assistant manager of the New York office of Braun, Bosworth & Co., Incorporated.

Wm. Creamer Director

BOSTON, Mass.—At the annual stockholders' meeting, William E. Creamer of Medford, was elected to the Board of Directors of the Hearthstone Insurance Co. of Massachusetts, it is announced by W. Clement Stone, President.

Wm. E. Creamer

Mr. Creamer, associated with Schirmer, Atherton & Co., Boston, members of the New York Stock Exchange, is a former president of the Boston Securities Traders Association and has been identified with the investment business for over 35 years.

James E. Paisley

James E. Paisley, who had been with Gottron, Russell & Co., Cleveland, since August, 1951, passed away from a heart attack on February 22. He had been associated with Otis & Co. for eight years, and prior to that spent 15 years with Paine, Webber, Jackson & Curtis.

R. J. Henderson Now With F. I. du Pont & Co.

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—Robert J. Henderson has become affiliated with Francis I. du Pont & Co., 722 South Spring Street. Mr. Henderson was previously with Daniel Reeves & Co. and prior thereto was an officer of Edward J. Bourbeau & Co.

With Brush, Slocumb

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif. — Byron W. Leydecker is now with Brush, Slocumb & Co., Inc. 1 Montgomery Street, members of the San Francisco Stock Exchange.

With Mutual Fund Assoc.

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif.—Ann L. Abel has joined the staff of Mutual Fund Associates, 127 Montgomery Street. Miss Abel was formerly with Consolidated Investments Inc.

With Waddell & Reed

(Special to The Financial Chronicle)

ALTON, Ill. — Richard W. Schwaab is now connected with Waddell & Reed, Inc.

Continued from first page

As We See It

ent tariff arrangements provide them, the Committee offers the following defense of its findings:

"Increased dollar earnings by foreign countries would result in increased American exports, and consequently increased employment in our export industries and more stable incomes for American farmers. Moreover, the problem of industrial adjustment to an increase in imports can, in our opinion, be minimized by lowering the tariff gradually over a period of several years.

"Imports of finished manufactures which are subject to tariff duties now supply a very small fraction of our total domestic consumption of manufactured goods — less than one-half of 1%. With rising national income, a gradual increase in imports can be absorbed with relatively little disturbance to domestic industries."

It is evident that the Committee has boldly entered a most controversial field with proposals which will rarely if ever find anything approaching unanimous support among legislators, businessmen or the general public. Senator Taft has, we suspect, well described the attitude of Congress when he said:

"I don't think the program as a whole would meet with much approval in Congress.

"The proposed simplification of customs procedures is, of course, noncontroversial. But there will be a difference of opinion about everything else they recommend. If we had complete trade it certainly would interfere with our domestic economy. We can't import low prices from abroad.

"The whole question probably presents a subject with differences extending down within the Administration and Congress. Both points of view are represented within the Cabinet itself."

There is little reason to believe he could not about as well have described the attitude of the public at large in the same or similar terms.

We must confess that we find ourselves in a sort of divided state of mind about this document and its proposals. There are times when it forcefully brings to the attention of the country and of the world certain truths which are often overlooked or not understood; there are others when it seems to us to border on the naive; and there are still others where it does not quite go to the heart of things. To the horrible picture it presents of us standing alone in the world against ruthless aggression, we sometimes are tempted to inquire whether we should be worse off standing on our own feet against a ruthless and aggressive foe across the Atlantic (or the Arctic) than we should be allied with weak, Laodicean peoples who refuse either to change their ways or to face dangers by which they, far more than we, are exposed.

More in It Than That

It is evident that the Committee understands that there is more the matter with British industry than a mere lack of welcome in foreign markets. This much is clear when it remarks that:

"Too frequently since World War I, large sections of British management and British labor have not been sufficiently interested in technical advance, in increasing labor productivity and in lowering costs to permit British industry as a whole to keep pace with more vigorous foreign competitors.

"There has frequently been a tendency to prefer accepted methods and traditional ways to continuous growth and improvement.

* * *

"Increased initiative depends on increased incentives and competitive pressures and on changes in attitudes. British industry also needs access to expanding foreign markets which are more secure than at present from the extraordinary risks of sudden changes in economic policy on the part of foreign governments. These are two basic conditions of British economic health."

This is hardly an overstatement of the case, yet the Committee apparently has rather more faith than we can summon that these basic changes in British attitudes or habit would change with the adoption of the proposals that the Committee now brings forward. These failings of British industry seem to us to be much more prevalent and much more deep-seated than the Committee apparently lieves them to be. It is not only that "large sections of British management and British labor have not been sufficiently interested" in the sort of progressive changes which are essential to efficient production in this day and age. Not "large sections" but virtually each and every man, woman and child on that island seem to us to be infected, and it is not only a matter of lack of interest, but positive, almost aggressive opposition. In the atmosphere that prevails in that country, it would require more than ordinary courage for a man of business affairs to undertake the radical sort of changes that are required if successful competition is to be offered the industries, say of Germany or of the United States.

Of course, the tariff recommendations and the argument presented in their defense are an old, old story, and will be met with the old, old type of opposition in many branches of American business. Here we must confess to a certain sentimental (or should we say logical) sympathy with the Committee and its reasoning. We should much prefer a world without bitter international rivalries and without the efforts of each country to prevent its citizens from enjoying the benefits of efficiency and vigor in foreign industry. We are prepared to go further and assert that we believe that some such ultimate goal is most desirable. We think though at the same time that nothing is to be gained by blinking the fact that we have built up large industries here at home which, thanks to all the costly artificialities we ourselves have introduced in years past, particularly during the past decade or two, would have a hard time surviving if that protection were removed forthwith.

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Television Use in Industry and Science

is essentially a "private" form of telecasting for a specific selected audience and, when used within that limitation, has certain definite advantages.

It needs no license to install or operate. It is not limited by many factors affecting public telecasting, such as being forced to transmit from a definite channel with definite band-width restrictions. There are other technical advantages such as being able to send better color images as well as better black-and-white.

The ability to send very fine, high definition color and black-and-white pictures via industrial television is frequently of great importance.

The following examples will show why:

The broadcasts of medical operations, fine color is important because different parts of the body being operated on are of different colors and medical students and other observers benefit by being able to see these organs in true color as they actually are, either when healthy, or diseased or injured.

The ability to telecast such operations is also important as a convenient means of imparting medical knowledge. Many students, at one time, can watch operations close-up. Previously, they had to watch from amphitheatres, and the view was often obstructed by the surgeons and nurses who had to crowd around the operating table to perform their routine duties. Television makes it possible for lectures in nearby rooms to point out important surgical procedures, etc., appearing on the TV screen without bothering the operating surgeons.

In the study of bacteriology and other sciences such as chemistry, where microscopes play a big role, TV is important. Through TV receivers hundreds can watch a single microscope slide at one time. Because colored dyes and similar color factors are of vital importance in such studies, the fine color that can be provided by industrial TV is again a big advantage.

Important Role in Industry

In industry, TV also has an important role to fill. Supervision of plant operations by management through TV is one part of the job. Actual manufacturing operations are another part. In blast furnaces, for example, the color of the material in the furnace is sometimes important. TV lets the men working at the furnace get a much closer look at what they are doing than would otherwise be possible because of the intense heat.

In exploration or investigation of places which are difficult to reach for reasons of depth, pressure, lack of space, etc., TV can be important. It gives the investigator a third eye for going into such places as volcano craters, crevices in ocean bottoms, mine shafts, etc.

The problem of protecting industrial installations, banks and similar places can be greatly simplified through television. Cameras in strategic places can relay their pictures to central viewing points so that many parts of a plant may be guarded at the same time.

In the field of merchandising, industrial television is also important. Fashion show, demonstrations of products and the like can easily be used in strategic parts of stores or in outside windows to attract a much larger segment of customers than would otherwise be possible.

The uses of television in the military field are tremendous but, naturally, many of them are under security regulations.

It would probably stagger the imagination of the average citizen if they (the military officers dealing in electronics) could lift the security curtain and reveal the many advanced uses to which they are putting the cathode-ray tube and television to protect us from greedy aggression.

Among the uses already revealed are studies of rockets, guided missiles and robot planes carrying TV cameras which can televise targets and send back information to ground observers.

Recently an audience of over 1,200 military and business leaders at a meeting of the National Advisory Committee for Aircraft at Lewis Laboratory in Cleveland, saw the latest ramjet engine in action in a supersonic wind tunnel by means of the Du Mont color television system.

Three-Dimensional Television

Stereo, or three-dimensional television, developed by the Remote Control Engineering Division of the Argonne Laboratory, midwest installation of the Atomic Energy Commission, through the industrial cooperation of Allen B. Du Mont Laboratories, Inc., is proving to be important. Atomic energy installations naturally work with materials which are dangerously radioactive. Scientists, working at safe distances, can watch and work with dangerous objects which are behind protectives barriers, through the use of mechanical hands. The hands are attached to devices which are so delicate that they pick up and pour small flasks and do other precise laboratory work. The ability of the operator to see in three dimensions in such precision work gives him a much greater degree of accuracy.

To the general public, television today means sports, dramas, variety shows, news programs and the like. To the television scientists who have a much broader view of the industry, the industrial side of television is of equal or greater import, and will play a much bigger role in the future.

John P. Broderick Establishes Office

John P. Broderick has announced establishment of his own organization as public relations and advertising consultant with offices at 52 Broadway, New York City. Formerly an editor of the "Wall Street Journal," Mr. Broderick for the past nine years has been engaged in advertising and public relations. A charter member and former President of the New York Financial Writers Association, Mr. Broderick also has been President of the New York professional chapter of Sigma Delta Chi, journalistic fraternity; President of the Dow-Jones Employees Association; President of the Forty-Four Club, alumni group of the "Wall Street Journal"; President of the Minnesota Alumni Association of New York, and President of the New York Chapter, Public Relations Society of America.

John P. Broderick

During World War II, Mr. Broderick was Publicity Director of the Victory Fund Committee, Second Federal Reserve District.

F. H. Breen

F. H. Breen, of F. H. Breen & Co., Los Angeles, passed away suddenly February 15.

Sutro Adds to Staff

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—Sidney Swartz has been added to the staff of Sutro & Co., Van Nuys Building.

Joins Dean Witter Staff

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—Reuben A. McLeskey is now connected with Dean Witter & Co., 632 South Spring Street.

Standard Inv. Adds

(Special to The Financial Chronicle)

PASADENA, Calif. — Carl A. Villani is now connected with Standard Investment Co. of California, 87 South Lake Avenue.

Mid-Coast Inv. Co.

MYRTLE BEACH, S. C.—Mid-Coast Investment Company has been formed to continue the investment business of Mid-Coast Realty & Investment Co.

Mutual Funds

By ROBERT R. RICH

Mister Wellington and Miss Delaware Disavow Marriage Vows

That old man known as The Wall Street Rumor — whose stomach gets bigger at every luncheon—put a shotgun in the backs of Wellington and Delaware Funds and tried to get them married. It didn't work. They wouldn't go to the altar.

Not only did they turn and run at the sight of each other, but W. Linton Nelson, proud "papa" of Miss Delaware Fund, stood on his front porch this afternoon in Philadelphia and said, in effect, "The family has received a number of inquiries relative to persistent social gossip that the parents of a large local mutual fund plan to sponsor a common stock fund and are making dowry arrangements with Miss Delaware Fund for that purpose.

"Such rumors as involve Miss Delaware Fund are completely unfounded. We cannot, of course, speak for anybody else's daughter. The parents of Delaware Fund, however, cannot make too clear that not only have no discussions whatsoever been held along this line, but in addition, the parents of Delaware Fund have no interest in entering into any marriage discussion with any other parents."

The Wellington family, when queried, said Mr. Wellington couldn't come to the telephone. A family spokesman said, however, "Our son is not looking at this time for any partner. We are known as Balanced Fund People and we intend to stay that way."

The Delaware Family are, of course, known as Common Stock Fund people, and the social objectives — er, investment objectives—of the Balanced Fund and Common Stock Fund People are, of course, completely opposite, as Herbert Anderson, father of 22 growing children and President of Group Securities, can tell you.

Of course, they say opposites attract, and since both Miss Delaware and Mr. Wellington are of good Philadelphia families, Mr. Wall Street Rumor, putting two and two together, or Delaware and Wellington, thought it would be a good match. Well, this society editor will have none of it.

If son Wellington and daughter Delaware aren't speaking, the two families are, and have tea quite often.

Mr. Nelson, President of Delaware Fund, went on to say that his daughter was one of the fastest-growing in the country. "We look for a continuation of this trend," he said. "We believe that Delaware is on the threshold of her greatest growth."

Of course, if Miss Delaware is too young to be married now, someday she will be a big girl and presumably, by that time, will know better.

Mr. Wellington is a grown man, under conservative parenthood, his parents say. At least, the tutors—sometimes, called portfolio managers — have been conservative enough as every social release to this editor points out.

Wall Street Rumor's cousin, State Street Rumor who lives in Boston, hasn't been heard from recently. Of course, in Boston, marriage is a difficult art at best. There are so many things to be considered. But it is known that the Eatons are speaking only to the Howards, the Howards to Merrill Griswold, and Mr. Griswold speaks only to the press. Putnam Fund, as everybody knows, speaks only to its shareholders.

However all this may be, one fact we do know—as was duly reported in our "Social Notes From All Over" column only five years ago—from now on among mutual fund families there are going to be more marriages than births.

JOHN MUNRO, Vice-President in charge of the Economics and Investment Department of National Securities & Research Corp., left on an extended research trip on Monday. Mr. Munro's itinerary includes St. Louis; Kansas City; Denver; San Bernardino, California; Los Angeles; San Francisco; Portland; Spokane; Seattle; Minneapolis and Chicago. Mr. Munro will interview a number of the executives of corporations whose securities are held in the portfolio of National Securities Series, and he will address several meetings of dealers on the west coast on the subject "Portfolio Management under the New Administration."

E. Waln Hare, Vice-President of National Securities & Research Corp., has just departed on an extensive business trip which includes visits to Chicago, Salt Lake City, Los Angeles and San Francisco. Mr. Hare intends to visit several of National's service points and leading dealers in and around these cities. While on the west coast, Mr. Hare will attend the Mutual Fund Conference to be held in Los Angeles on March 9 to 11.

IN RESPONSE to a heavy demand by shareholders and dealers, Calvin Bullock has announced the initiation of a reinvestment program effective March 1, 1953. The program will apply to each of the four U. S. mutual funds sponsored by Calvin Bullock—Dividend Shares, Canadian Fund, Inc., Bullock Fund, Ltd., and Nation-Wide Securities, Inc.

Calvin Bullock has agreed to waive its portion of the sales charge on dividends reinvested at offering price. Dealers will receive the entire sales charge, less the amount charged by the trust company to cover the cost of putting through each transaction.

In order to start a reinvestment program, the shareholder must own enough shares to yield a dividend from net investment income of at least $15 each quarter.

Under the program, dividends from net investment income will be reinvested at offering price, in full and fractional shares, while distributions from net securities profits will be reinvested at net asset value in full shares.

ELECTION OF Trustees for the ensuing year, and an increase in total net assets since the year end to a record high of over $63,000,000, were announced Wednesday following the 16th annual meeting in Boston of the shareholders of The George Putnam Fund.

Re-elected to serve as Trustees were, George Putnam, Charles M. Werly, Louis J. Hunter, Stanley F. Teele and Horace S. Ford, two of whom, Mr. Putnam and Mr. Werly, were founders of the Fund in 1937.

The increase in total net assets represented a rise of more than $2,000,000 in the first two months of 1953, George Putnam, Chairman of the Trustees, told shareholders, and investors owning shares in the Fund now total over 22,500 and include more than 50 different types of institutions. For the first time since the Fund was started, he pointed out, the shareholders were meeting under a Republican Administration, but "no change in basic investment policy is contemplated by the management."

"We expect interest rates to work higher," he said, "and we shall continue to emphasize shorter maturities for our high grade bonds. In the stock section of our portfolio we believe that about 65% of stocks is the proper balance under present conditions."

A LETTER mailed to shareholders of Canadian Fund Inc., accompanying the first quarterly dividend stated that total net assets on Jan. 31, 1953 were $24,404,356 and that over 2,000,000 shares were owned by over 16,000 shareholders.

The five principal industries represented in Canadian Fund's portfolio were oil and gas 22.37%, non-ferrous metals 14.01%, pulp and paper 12.16%, foods and beverages 4.27% and banks and finance 3.65%.

SALES OF National Securities Series for the fiscal quarter ended Jan. 31, 1953 were reported at $11,829,397, the highest three-month sales in the history of the company, according to figures released today by E. Waln Hare, Vice-President of National Securities & Research Corp. These sales represent an increase of over 70% from the like quarter a year earlier.

Total assets of National Securities Series were reported at $122,950,472 on Jan. 31, 1951—up over 38% from a year earlier. The largest single fund in the National Securities Series continues to be Stock Series with net assets of $59,099,568 as of Jan. 31, 1953. Income Series continues as the second largest fund with net assets at $29,814,148.

During the fiscal quarter ended Jan. 31, 1953, the investment management of National Stock Series, a common stock fund, increased holdings of numerous stocks, some of which were Briggs Manufacturing; Celotex Corp.; Flintkote; Bucyrus Erie; Allied Stores Corp.; Interlake-Iron Corp. and Republic Steel. Eliminations of individual stocks included Columbus and Southern Ohio Electric; Douglas Aircraft; McGraw Electric Co. and Corn Products Refining Co.

KEYSTONE CUSTODIAN Funds, Inc. reported combined net assets of $228,129,200 for its 10 Funds on Jan. 31, 1953, compared with $220,515,000 six months earlier. These figures were made public today by The Keystone Company of Boston, national distributor for the Keystone Funds, together with the semi-annual reports to the shareholders of Keystone Custodian Funds "B3" and "S4".

Keystone Lower-Priced Bond Fund "B3", reporting to shareholders for the first six months of the fiscal year ending July 31, 1953, showed the following comparative figures at the beginning and at the end of the current fiscal period:

	July 31, '52	Jan. 31, '53
Total net assets of the Fund	$42,276,054	$44,452,673
No. of shs. outsdg.	2,310,111	2,360,581
Net as. val. per sh.	*$18.30	$18.83
Div. dec. from inc.	$0.45	$0.46

*After payment of 16c per share from realized security profits.

This largest of the 10 Keystone Funds seeks to provide general income for its shareholders. On Jan. 31, 1953, its portfolio consisted of 64 different bond issues, selected with this goal in mind. The most recent regular distribution of 46 cents per share compared with 45 cents per share paid in each of the last six semi-annual periods.

Southern Pacific Co. Oregon Lines 1st "A" 4½s, 1977 was the only issue added to the B3 list for investment in the first six months of the current fiscal year. The following issues were eliminated: Baltimore Transit Co. Cum. Inc. Deb. 4s, 1975; Baltimore Transit Co. Cum. Inc. Deb. 5s, 1975; Ill. Cent. & Ch., St. L. & N. O. RR. Co. Jt. 1st Ref. 5s, 1963; Seaboard Air Lines RR. Co. Gen. Inc. "A" 4½s, 2016; and Southern Ry. Co. Dev. & Gen. 6½s, 1956.

Lower-Priced Common Stock Fund "S4" also reported comparative figures at the beginning and end of the first six months of the fiscal year ending July 31, 1953, as follows:

	July 31, '52	Jan. 31, '53
Total net assets of the Fund	$9,298,360	$9,680,035
No. of shs. outsdg.	1,344,867	1,257,899
Net as. val. per sh.	*$6.91	$7.70
Div. dec. from inc.	$0.10	$0.10

*After payment of 50c per share from realized security profits.

Keystone Fund S4's portfolio comprises 58 lower-priced common stocks, selected for their capital growth opportunities in rising markets. The Trustee's letter to shareholders, accompanying their last dividend checks, compared the performance of the Fund with that of the class from which the portfolio issues were selected for three separate periods—in each of which the Fund had a substantially better record than the class. The table follows:

	Percentage Change S4 Class	S4 Fund
6-30-52—12-31-52	+ 2.24	+ 11.03
12-31-51—12-31-52	+ 0.61	+ 20.79
6-14-49—12-31-52	+81.12	+138.29

Additions to the S4 list for investment since July 31, 1952, were as follows: Butler Brothers, Chicago & Southern Air Lines, Inc., Consolidated Coppermines Corp., Delta Air Lines, Inc., Martin (Glenn L.) Co., Skiles Oil Corp., South American Gold & Platinum Co., Steep Rock Iron Mines, Ltd., Stromberg-Carlson Co. The following issues were eliminated: Chicago & North Western Ry. Co., and Continental Motors Corp.

TOTAL ASSETS of three mutual funds distributed and managed by Investors Diversified Services, Inc., of Minneapolis, increased $130,208,573 during 1952, it was reported by Earl E. Crabb, Chairman and President of I. D. S.

At the year end, total combined net assets of the three funds—Investors Mutual Inc.; Investors Stock Fund, Inc.; and Investors Selective Fund Inc.—were $494,904,147, as compared with $364,695,574 at the close of 1951.

The gain in assets, an all-time yearly record for the funds, was due to a substantial increase in combined net sales, as well as to market appreciation of their total holdings of securities.

Net sales of the funds' shares after redemptions was $109,367,225, an all-time record for a single year. As a result of these sales the funds added 23,400 shareholders in 1952. At the year end they had 139,400 shareholders.

Redemptions for 1952 were at an all-time low rate percentagewise. Throughout 1952 the average monthly redemption rate for the three funds was only 3.66% of their average monthly net assets.

Combined dividend distributions to shareholders of the three funds during 1952 totaled $25,709,760 as compared with $22,252,444 in 1951.

TELEVISION - ELECTRONICS Fund on Tuesday reported the largest first quarter increase in net assets in its history. The increase, according to the company's report for its fiscal first quarter ended Jan. 31, last, amounted to $3,798,251 and boosted net assets to a record high of $26,301,767 at the close of the period, from $22,503,516 on Oct. 31, 1952. Net asset value per share also increased to $14.56 a share on Jan. 31, 1953, from $13.57 a share at the end of the fiscal year.

The number of shares outstanding in the hands of the public increased to an all-time high of 1,806,158 during the quarter, or about double the number of shares outstanding on Jan. 31, 1952.

Chester D. Tripp, President, told shareholders that for the 12 months ended Jan. 31, last, the growth in net assets of $14,008,842 through appreciation and sale of shares was the largest for any 12 months' period in the Fund's history.

Mr. Tripp pointed out that amazing strides have been and are being made constantly in the applications of electronics to virtually all segments of industry. "These little-publicized, but nonetheless growing uses of electronics," he went on, "have found such widespread acceptance in industry that there is every reason to anticipate an even greater growth in the non-entertainment fields than in television. As a matter of fact," he continued, "television itself has already found widespread applicability in industrial installations."

The fund executive had little doubt that this year will see the teleset makers turn out the second highest volume of sets in history. He noted that January saw an all-time production record of 718,378 sets as compared with 404,933 in January, 1952.

He added that although the replacement factor in this field has been of only relatively minor importance to date, it can be expected to make itself felt to a growing degree as each month goes by. He described teleset inventories at all levels as in a "healthy condition" with factory inventories equal to only three days' production at the current rate.

BOSTON FUND reports for the year ended Jan. 31, 1953 total net assets of $93,494,006 compared with $77,743,045 a year ago, an increase of 20%. Net asset value per share increased to $24.01 from $23.23 last year and shares outstanding increased to 3,894,511 from 3,346,727. The number of shareholders as of the fiscal year end was 22,942, a gain of about 20% over the previous year.

The fund declared four quarterly dividends from investment income during the 12-month period totalling 85 cents per share and also declared a capital gain distribution of 35 cents per share payable in February, 1953.

As of Jan. 31, the fund's portfolio was made up of 55.01% common stocks, 24.22% corporate bonds and 14.85% preferred stocks with 5.92% in cash and notes. The common stock list included 93 different stocks in 20 different industry classifications.

Among principal changes in common stock holdings during the three months ended Jan. 31 were:

Holdings Increased

	Bought	Now Owns
Aluminium Ltd.	4,500	17,460
Amer. Inv. Co. of Ill.	3,500	18,500
Arizona Pub. Serv. Co	10,000	10,000
Community Pub. Serv. Co.	7,949	14,099
Florida Power Corp.	4,600	26,200
Gen. Motors Corporation	1,500	13,500
Gen. Public Util. Corp.	2,000	6,300
Houston Ltg. & Pow. Co.	3,900	29,200
Iowa Southern Util. Co.	2,000	13,500
Johnson & Johnson	2,000	7,300
National Lead Co.	5,000	28,400
Northern Pacific Ry Co	5,000	5,000
Pacific G. and E. Co.	12,600	12,600
Socony Vacuum Oil Co	22,000	22,000
Southern Company	3,000	24,800
Union Car. & Carbn. Corp	4,400	12,400

Holdings Decreased

	Sold	Now Owns
Amer. Cyanamid Co.	6,000	6,000
Continental Oil Co.	3,400	15,500
Gulf States Util. Co.	8,000	----
Inter. Harvester Co	8,600	8,500
Kennecott Copper Corp.	6,600	----
Procter & Gamble Co.	4,900	----
Rayonier Incorporated	8,000	----
Skelly Oil Company	10,890	----
Texas Company	4,000	17,300
Texas Utilities Company	7,865	----
Virginia Elec. & Pow. Co.	6,000	2,400

Continued from page 9

Need Farmers Fear a Depression?

ned it that way. We wanted to see European agriculture restored. Under the Marshall Plan we helped Europeans to do so by helding restore their farm plant. We should not be surprised that success has its consequences. For the second time within a generation we may be facing a readjustment of agriculture—a partial readjustment at least—to domestic markets.

No Severe Farm Depression in Sight

So now I come to the question you invited me to answer: Do farmers need to fear a depression?

Perhaps, as the first step, we should get rid of the word fear. Fear is a corrosive thing. It is also too strong a word to be used here. Farmers can reasonably count on the possibility of lower prices and less favorable price ratios in the future than in the recent past. But the word depression means a good deal more than this.

To most farm people the word depression has come to mean a disaster something like that of 1929-1932. While I said, at the outset, that I think we sometimes exaggerate the extent of the control we believe ourselves to have over our economic destiny, we should also bear in mind that we are not helplessly its victim. There is something we can do. Moreover a good deal of stability has been built into the economy since the early 'thirties.

There is social security which will cushion the drop in the purchasing power of the workingman. People's savings are also much larger. While there is some dispute on the point, I would say that it is a source of strength that labor is in a better position to resist wage cutting than it was 20 years ago. Our increased reliance on the income tax—I suppose it is hard to imagine that anyone would have a good word for the income tax at this season of the year — is a source of strength. This tax has the unique virtue of reducing itself as incomes decline and taxpayers move to lower income brackets. What is more, in the event of a serious slump, it would be wise policy to cut tax rates and let people spend more of the money they receive. There is plenty of scope for this, the rates being what they are. This is my happy thought for today.

Finally, in agriculture we have the structure of support prices and the related machinery for adjustment of supply to demand. Even after nearly 20 years our agricultural policy is still acutely controversial—and I for one do not greatly regret this fact. It would be unfortunate were we ever to think that we had found the final formula—the last word in levels of supports or methods of setting acreage and marketing quotas. During the next two years it is certain that our farm policy will undergo another of those periodic reviews to which it has been subject—at the instance of either the Supreme Court or the Congress—ever since 1933. We can reasonably suppose that we will have changes in that policy—this is why we have changes in government. Yet I hazard the guess that — after the debate over fixed and flexible supports and after the consideration of price insurance and other ideas as yet unborn—there is one principle to which we shall adhere. That is the notion that farmers are entitled to reasonable shelter from the uninhibited effects of market forces. Agreement on this principle seems to me to be a good deal more important than any foreseeable disagreement on method.

Any system of price or income guarantees, however well designed and comprehensive, is a poor substitute for a good price in the market. Moreover, within agriculture we have yet no design for making a support price system comprehensive — the problem of aid to perishables, which could be a point of great vulnerability, is still unsolved. There are limits to the stockpiles of cotton, wheat and corn which we can carry—and if I am right in thinking that the day of large exports is passing, these stockpiles could grow very rapidly. Yet, difficult as these problems are, we are surely in a much happier position than we were in the early 'thirties. We now know that we can act if we must; we know that action to sustain farm prices and incomes in emergency does not bring total disaster to a free economy. Through trial and error—perhaps the difference between our two parties lies in the relative emphasis that is placed on the trial and on the error—we have learned a good deal about procedure and administration. There will never again be the desperate improvisation of the early days of the New Deal. If we are not entirely in control of our destiny on agricultural matters, at least we are not entirely at the mercy of events. Nor need we be.

We can properly be concerned about the possibility of depression, but we can be reasonably confident of our ability to ward off the worst of its consequences.

Herbert F. Wyeth With Shearson, Hammill Co.


Herbert F. Wyeth

Shearson, Hammill & Co., 14 Wall Street, New York City, members of the New York Stock Exchange and other principal stock and commodity exchanges, announce that Herbert F. Wyeth has joined the firm's research organization specializing in railroad and other transportation securities. Mr. Wyeth was formerly with Shields & Company.

Doug Allan TV Stock Offered at $1 a Share

Stuyvesant F. Morris, Jr. & Co., New York City, are offering "as a speculation" an issue of 163,102 shares of common stock (par 50 cents) of Doug Allan TV and Film Productions, Inc. at $1 per share.

The net proceeds from the sale of the stock are to be used to pay for 39 films, at a total estimated cost of $58,500; and the remainder added to working capital.

The Doug Allan corporation was incorporated in Delaware on Jan. 30, 1953. The basis of its business is the acquisition of motion pictures made by famous world travelers, explorers, and adventurers for use in television, theatres, and educational outlets throughout the world.

Waddell & Reed Adds

(Special to THE FINANCIAL CHRONICLE)

CARBONDALE, Ill.—Emmet M. Norman is now affiliated with Waddell & Reed, Inc.

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)	Mar. 8	99.5	*99.4	97.7	101.9
Equivalent to—					
Steel ingots and castings (net tons)	Mar. 8	2,244,000	*2,240,000	2,202,000	2,117,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	Feb. 21	6,542,950	6,544,500	6,491,750	6,365,800
Crude runs to stills—daily average (bbls.)	Feb. 21	¶7,079,000	7,017,000	7,031,000	6,599,000
Gasoline output (bbls.)	Feb. 21	24,241,000	23,552,000	23,154,000	21,528,000
Kerosene output (bbls.)	Feb. 21	3,065,000	2,708,000	2,759,000	2,630,000
Distillate fuel oil output (bbls.)	Feb. 21	10,871,000	10,582,000	11,121,000	10,552,000
Residual fuel oil output (bbls.)	Feb. 21	9,013,000	8,773,000	8,771,000	9,024,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished and unfinished gasoline (bbls.) at	Feb. 21	155,857,000	154,439,000	145,879,000	150,900,000
Kerosene (bbls.) at	Feb. 21	21,357,000	21,815,000	23,890,000	19,825,000
Distillate fuel oil (bbls.) at	Feb. 21	71,430,000	74,978,000	85,179,000	59,573,000
Residual fuel oil (bbls.) at	Feb. 21	44,364,000	45,954,000	46,918,000	38,484,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	Feb. 21	689,553	681,750	697,641	683,551
Revenue freight received from connections (no. of cars)	Feb. 21	663,354	666,145	664,328	661,517
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	Feb. 26	$322,676,000	$144,052,000	$599,911,000	$165,676,000
Private construction	Feb. 26	217,099,000	81,403,000	453,422,000	75,248,000
Public construction	Feb. 26	105,577,000	62,649,000	146,489,000	90,428,000
State and municipal	Feb. 26	87,240,000	34,393,000	102,509,000	48,249,000
Federal	Feb. 26	18,337,000	28,256,000	43,980,000	42,179,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	Feb. 21	8,520,000	8,350,000	9,210,000	10,213,000
Pennsylvania anthracite (tons)	Feb. 21	632,000	527,000	550,000	845,000
Beehive coke (tons)	Feb. 21	123,700	*119,100	118,100	139,600
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	Feb. 21	85	92	86	83
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	Feb. 28	8,069,760	8,196,186	8,150,534	7,415,966
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	Feb. 26	178	176	162	163
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	Feb. 24	4.376c	4.376c	4.376c	4.131c
Pig iron (per gross ton)	Feb. 24	$55.26	$55.26	$55.26	$52.72
Scrap steel (per gross ton)	Feb. 24	$44.00	$43.67	$42.00	$42.00
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	Feb. 25	27.825c	24.200c	24.200c	24.200c
Export refinery at	Feb. 24	35.100c	35.125c	34.475c	27.425c
Straits tin (New York) at	Feb. 25	121.500c	121.500c	121.500c	121.500c
Lead (New York) at	Feb. 25	13.500c	13.500c	14.000c	19.000c
Lead (St. Louis) at	Feb. 25	13.300c	13.300c	13.800c	18.800c
Zinc (East St. Louis) at	Feb. 25	11.375c	11.500c	12.500c	19.500c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	Mar. 3	94.85	94.89	95.79	96.54
Average corporate	Mar. 3	107.80	108.16	108.52	109.60
Aaa	Mar. 3	111.07	111.62	112.19	113.89
Aa	Mar. 3	110.15	110.34	110.70	112.75
A	Mar. 3	106.92	107.27	107.98	108.52
Baa	Mar. 3	103.30	103.47	103.80	103.80
Railroad Group	Mar. 3	105.52	106.04	106.21	106.39
Public Utilities Group	Mar. 3	107.44	107.62	108.34	109.24
Industrials Group	Mar. 3	110.52	110.88	111.25	113.50
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	Mar. 3	2.86	2.86	2.80	2.73
Average corporate	Mar. 3	3.29	3.27	3.25	3.19
Aaa	Mar. 3	3.11	3.08	3.05	2.96
Aa	Mar. 3	3.16	3.15	3.13	3.02
A	Mar. 3	3.34	3.32	3.28	3.25
Baa	Mar. 3	3.55	3.54	3.52	3.52
Railroad Group	Mar. 3	3.42	3.39	3.38	3.37
Public Utilities Group	Mar. 3	3.31	3.30	3.26	3.21
Industrials Group	Mar. 3	3.14	3.12	3.10	2.98
MOODY'S COMMODITY INDEX	Mar. 3	418.7	410.0	405.4	434.1
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	Feb. 21	198,987	217,420	202,039	173,186
Production (tons)	Feb. 21	238,981	245,665	239,985	211,365
Percentage of activity	Feb. 21	94	95	94	87
Unfilled orders (tons) at end of period	Feb. 21	471,623	514,273	462,564	355,934
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE = 100	Feb. 27	107.88	107.89	108.62	111.85
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	Feb. 14	24,871	35,698	32,199	26,181
Number of shares	Feb. 14	716,030	1,036,903	918,371	736,039
Dollar value	Feb. 14	$31,646,828	$44,249,552	$39,017,000	$33,312,942
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	Feb. 14	22,648	31,059	29,446	21,955
Customers' short sales	Feb. 14	88	166	133	132
Customers' other sales	Feb. 14	22,560	30,893	29,313	21,823
Number of shares—Total sales	Feb. 14	638,052	879,779	806,943	606,221
Customers' short sales	Feb. 14	3,178	5,930	4,698	4,203
Customers' other sales	Feb. 14	634,874	873,849	802,245	602,018
Dollar value	Feb. 14	$26,121,196	$35,217,630	$33,945,871	$26,147,141
Round-lot sales by dealers—					
Number of shares—Total sales	Feb. 14	166,580	266,590	236,930	170,330
Short sales	Feb. 14				
Other sales	Feb. 14	166,580	266,590	236,930	170,330
Round-lot purchases by dealers—					
Number of shares	Feb. 14	256,400	380,960	339,090	276,970
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	Feb. 7	321,050	261,770	325,320	286,500
Other sales	Feb. 7	9,047,830	8,435,740	10,035,030	7,914,370
Total sales	Feb. 7	9,368,880	8,697,510	10,360,350	8,200,870
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS:					
Transactions of specialists in stocks in which registered—					
Total purchases	Feb. 7	865,440	867,250	1,052,910	805,090
Short sales	Feb. 7	191,280	150,920	172,860	151,860
Other sales	Feb. 7	756,390	685,170	1,054,710	696,110
Total sales	Feb. 7	947,670	836,090	1,227,570	847,970
Other transactions initiated on the floor—					
Total purchases	Feb. 7	173,430	191,790	297,230	189,100
Short sales	Feb. 7	16,300	10,500	23,900	14,500
Other sales	Feb. 7	217,840	201,010	364,260	196,500
Total sales	Feb. 7	234,140	211,510	378,160	211,000
Other transactions initiated off the floor—					
Total purchases	Feb. 7	305,023	302,710	358,587	321,685
Short sales	Feb. 7	55,850	53,550	58,420	42,940
Other sales	Feb. 7	374,647	300,152	413,249	288,794
Total sales	Feb. 7	430,497	353,702	471,609	331,734
Total round-lot transactions for account of members—					
Total purchases	Feb. 7	1,343,893	1,361,750	1,708,727	1,315,875
Short sales	Feb. 7	263,430	214,970	255,180	209,300
Other sales	Feb. 7	1,348,877	1,186,332	1,822,219	1,181,404
Total sales	Feb. 7	1,612,307	1,401,302	2,077,399	1,390,704
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100):					
Commodity Group—					
All commodities	Feb. 24	109.7	*109.6	109.5	111.7
Farm products	Feb. 24	98.2	98.5	99.4	106.3
Processed foods	Feb. 24	105.4	*105.3	104.6	112.5
Meats	Feb. 24	97.4	*97.6	95.5	112.4
All commodities other than farm and foods	Feb. 24	113.1	112.8	112.8	112.7

*Revised figure. ¶Includes 652,000 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. †Not including Amer. Tel. & Tel.

	Latest Month	Previous Month	Year Ago
BUSINESS INVENTORIES — DEPT. OF COMMERCE NEW SERIES — Month of Dec.: (millions of dollars):			
Manufacturing	$43,630	*$43,578	$43,039
Wholesale	10,187	*10,191	10,266
Retail	21,055	*20,969	20,754
Total	$74,872	*$74,738	$74,059
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD — Month of February (000's omitted):			
Total U. S. construction	$1,023,021	$1,886,520	$788,429
Private construction	651,145	1,177,528	414,397
Public construction	371,876	708,992	374,032
State and municipal	272,710	480,062	222,341
Federal	99,166	228,930	151,691
COAL EXPORTS (BUREAU OF MINES)—			
Month of December:			
U. S. exports of Pennsylvania anthracite (net tons)	166,489	464,526	583,020
To North and Central America (net tons)	144,979	412,558	309,369
To South America (net tons)	------	------	------
To Europe (net tons)	------	------	------
To Asia (net tons)	21,510	51,960	273,651
To Africa (net tons)	------	8	------
CONSUMER CREDIT OUTSTANDING—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM — Estimated short-term Credit in millions as of Jan. 31:			
Total consumer credit	$23,734	$23,973	$20,126
Instalment credit	16,555	16,513	13,314
Sale credit	9,383	9,405	7,322
Automobile	5,314	5,205	3,962
Other	4,069	4,200	3,360
Loan credit	7,172	7,108	5,992
Noninstalment credit	7,179	7,460	6,812
Charge accounts	4,439	4,759	4,253
Single payment loans	1,578	1,549	1,445
Service credit	1,162	1,152	1,114
COTTON AND LINTERS — DEPT. OF COMMERCE — RUNNING BALES:			
Lint—Consumed month of January	893,808	697,984	923,219
In consuming establishments as of Jan. 31	1,733,358	1,602,810	1,677,299
In public storage as of Jan. 31	1,477,283	7,802,862	4,954,558
Linters—Consumed month of January	111,009	114,027	121,278
Stocks Jan. 31	1,034,865	903,432	620,278
Cotton spindles active as of Jan. 31	20,314,000	20,290,000	20,120,000
COTTON SPINNING (DEPT. OF COMMERCE):			
Spinning spindles in place on Jan. 31	23,082,000	23,070,000	------
Spinning spindles active on Jan. 31	20,314,000	20,290,000	20,120,000
Active spindle hours (000's omitted) Jan.	11,521,000	8,637,000	10,686,000
Active spindle hours per spindle in place Jan.	501.3	483.3	465.0
DEPARTMENT STORE SALES—SECOND FEDERAL RESERVE DISTRICT, FEDERAL RESERVE BANK OF N. Y. — 1947-1949 AVERAGE = 100 — Month of January:			
Sales (average monthly), unadjusted	79	178	*81
Sales (average daily), unadjusted	78	175	*79
Sales (average daily), seasonally adjusted	97	101	*99
Stocks, unadjusted	101	102	*100
Stocks, seasonally adjusted	114	111	*113
HOUSEHOLD VACUUM CLEANERS — STANDARD SIZE (VACUUM CLEANER MANUFACTURERS' ASSN.)—Month of January:			
Factory sales (number of units)	255,866	249,032	230,226
HOUSEHOLD WASHERS AND IRONERS — STANDARD SIZE — (AMERICAN HOME LAUNDRY MANUFACTURERS' ASSOCIATION)—Month of January:			
Factory sales of washers (units)	277,309	310,661	213,993
Factory sales of ironers (units)	24,395	16,798	15,636
Factory sales of dryers (units)	62,260	70,584	45,121
LIFE INSURANCE—BENEFIT PAYMENTS TO POLICYHOLDERS—INSTITUTE OF LIFE-INSURANCE—Month of December:			
Death benefits	$168,314,000	$141,626,000	$141,621,000
Matured endowments	40,498,000	32,337,000	37,549,000
Disability payments	9,244,000	7,874,000	7,988,000
Annuity payments	28,870,000	28,595,000	27,987,000
Surrender values	53,198,000	45,127,000	47,712,000
Policy dividends	117,278,000	48,501,000	101,391,000
Total	$417,402,000	$304,060,000	$364,243,000
LIFE INSURANCE PURCHASES — INSTITUTE OF LIFE INSURANCE—Month of December (000's omitted).			
Ordinary	$1,948,000	$1,609,000	$1,565,000
Industrial	421,000	474,000	436,000
Group	950,000	373,000	477,000
Total	$3,319,000	$2,516,000	$2,478,000
MANUFACTURERS' INVENTORIES & SALES (DEPT. OF COMMERCE) NEW SERIES—Month of December (millions of dollars):			
Inventories:			
Durables	$24,133	*$23,835	$22,884
Nondurables	19,497	19,743	20,155
Total	$43,630	*$43,578	$43,039
Sales	24,200	*23,465	20,962
MONEY IN CIRCULATION—TREASURY DEPT.—As of December 31 (000's omitted)	$30,433,000	*$30,236,000	$29,206,000
MOODY'S WEIGHTED AVERAGE YIELD OF 200 COMMON STOCKS—Month of Feb.:			
Industrial (125)	5.26	5.18	5.31
Railroad (25)	5.69	5.52	6.35
†Utilities (24)	5.03	5.03	5.49
Banks (15)	5.32	4.29	4.50
Insurance (10)	3.17	3.07	3.41
Average (200)	5.22	5.15	5.73
NEW YORK STOCK EXCHANGE—			
As of January 31 (000's omitted):			
Member firms carrying margin accounts—			
Total of customers' net debt balances	$1,345,031	$1,365,659	$1,283,149
Credit extended to customers	30,790	33,455	33,747
Cash on hand and in banks in U. S.	372,256	344,121	390,224
Total of customers' free credit balances	731,781	727,339	808,965
Market value of listed shares	120,482,594	120,536,170	111,580,425
Market value of listed bonds	100,116,011	100,255,735	96,268,777
Member borrowings on U. S. Govt. issues	61,981	204,843	34,998
Member borrowings on other collateral	952,029	1,001,774	656,400
REAL ESTATE FINANCING IN NONFARM AREAS OF U. S. — FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION —Month of December (000's omitted):			
Savings and loan associations	$539,936	$526,128	$420,696
Insurance companies	125,707	115,594	122,071
Bank and trust companies	305,498	298,066	263,110
Mutual savings banks	111,963	103,538	90,609
Individuals	225,400	217,193	207,167
Miscellaneous lending institutions	244,953	231,871	204,498
Total	$1,553,457	$1,492,390	$1,308,151

Securities Now in Registration

★ INDICATES ADDITIONS SINCE PREVIOUS ISSUE
• ITEMS REVISED

★ Airton, Inc., Linden, N. J.
March 2 (letter of notification) $200,000 of debenture bonds. **Price**—At par. **Proceeds**—For general corporate purposes. **Business**—To manufacture electronic components. **Office** — 20 East Elizabeth Ave., Linden, N. J. **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.

• Arizona Public Service Co. (3/11)
Feb. 16 filed 378,000 shares of common stock (par $5). **Price**—To be supplied by amendment. **Proceeds**—To finance capital expenditures. **Underwriters**—The First Boston Corp. and Blyth & Co., Inc., both of New York.

★ Ashland Oil & Refining Co.
Feb. 27 filed 100,000 shares of cumulative second preferred stock, $1.50 series of 1952 (no par) (convertible prior to June 15, 1962) to be offered for subscription by officers and employees of company and its American and Canadian subsidiaries under a "Restricted Stock Option Plan for Employees." **Price**—Alternate provisions fix the purchase price at 85% and 100%, respectively, of the market value of the stock at the time the options are granted. **Proceeds**—For working capital and used in part for property additions and improvements. **Underwriter**—None.

★ Ashtabula Telephone Co. (Ohio)
Feb. 20 (letter of notification) 10,000 shares of common stock (par $25). **Price**—$29 per share. **Proceeds**—For construction program. **Office**—4616 Park Ave., Ashtabula,, Ohio. **Underwriter**—None.

Atlanta Gas Light Co.
Feb. 11 filed 80,255 shares of common stock (par $10) to be offered to common stockholders at rate of one new share for each 10 shares held about March 4; rights to expire March 25. **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans issued in connection with company's construction program. **Underwriters**—The First Boston Corp., New York; and Courts & Co. and the Robinson-Humphrey Co., Inc., both of Atlanta, Georgia.

★ Atlas Finance Co., Inc., Atlanta, Ga.
Feb. 19 (letter of notification) 20,000 shares of common stock (par $5). **Price**—$15 per share. **Proceeds**—For working capital. **Underwriters**—Clement A. Evans & Co., Inc. and Norris & Hirshberg, Inc., both of Atlanta, Ga.

Basalt Rock Co., Inc., Napa, Calif.
Feb. 13 (letter of notification) 6,000 shares of common stock (par $1). **Price**—$11.75 per share. **Proceeds**—To Albert George Streblow. **Underwriter**—Dean Witter & Co., San Francisco, Calif.

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.

• Birmingham (Ala.) Lead & Smelting Co., Inc. (3/16)
Feb. 9 (letter of notification) 150,000 shares of preferred stock (par $1) and 150,000 shares of common stock (par 1 cent) to be offered in units of one share of each class of stock. **Price**—$1.16 per unit. **Proceeds**—To purchase land and equipment. **Underwriter**—Carlson & Co., Birmingham, Ala.

★ Braun (C. F.) & Co., San Marino, Calif.
Feb. 24 (letter of notification) 1,000 shares of common stock (par $10). **Price**—$74.15 per share. **Proceeds**—For working capital. **Office**—1025 Oak Grove Ave., San Marino 9, Calif. **Underwriter**—None.

Bristol Oils Ltd., Toronto, Canada
Sept. 25 filed 1,000,000 shares of common stock (par $1). **Price**—Approximately 64.48 cents per share. **Proceeds**—To acquire leases and for corporate purposes. **Underwriter**—None. To be named by amendment.

★ Bullock Fund, Ltd., New York
Feb. 27 filed 100,000 shares of capital stock (par $1). **Price**—At market. **Proceeds**—For investment. **Underwriter**—None.

Byrd Oil Corp., Dallas, Tex.
Oct. 22 filed $1,750,000 of 10-year 5½% convertible sinking fund mortgage bonds due Nov. 1, 1962, to be offered for subscription by common stockholders at the rate of $100 of bonds for each 28 shares of stock held (for a 14-day standby). Certain stockholders have waived their rights. **Price**—At par. **Proceeds**—To repay $1,014,500 of outstanding notes and for drilling expenses and working capital. **Underwriters** — Dallas Rupe & Son, Dallas, Texas; Carl M. Loeb, Rhoades & Co., New York; and Straus, Blosser & McDowell, Chicago, Ill. **Offering**—Postponed.

★ California Electric Power Co. (3/31)
March 2 filed 136,249 shares of common stock (par $1). **Proceeds**—To repay bank loans and for new construction. Underwriters — To be determined by competitive bidding. Probable bidders: Blyth & Co., Inc.; Kidder, Peabody & Co.; Merrill Lynch, Pierce, Fenner & Beane and Dean Witter & Co. (jointly); Union Securities Corp. and J. A. Hoglc & Co. (jointly); Lehman Brothers. **Bids**—Tentatively scheduled to be received on March 31.

★ Canadian Fund, Inc., New York
Feb. 27 filed 1,000,000 shares of capital stock (par $1). **Price**—At market. **Proceeds**—For investment. **Underwriter**—None.

• Central Maine Power Co. (3/10)
Feb. 9 filed $10,000,000 of first and general mortgage bonds, series U, due March 1, 1983. **Proceeds**—To refund outstanding short-term notes and for new construction. **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; Union Securities Corp. and A. C. Allyn & Co., Inc. (jointly). **Bids**—To be received up to 11 a.m. (EST) on March 10. Statement effective March 2.

★ Champion Tool & Die Co., Irwin, Pa.
Feb. 27 (letter of notification) 2,000 shares of common stock. **Price**—At par ($100 per share). **Proceeds**—To repay bank loans and for expansion. **Address**—P. O. Box 415, McKeesport, Pa. **Underwriter**—None.

• Cinerama, Inc., New York (3/10)
Feb. 4 filed $2,000,000 of 4% convertible debentures due 1958. **Price**—At 100% of principal amount. **Proceeds**—For working capital. **Underwriter**—Gearhart & Otis, Inc., New York; and White & Co., St. Louis, Mo.

★ Colonial Stores, Inc.
Feb. 23 letter of notification 1,000 shares of common stock (par $2.50). **Price** — At market (approximately $30.87½ per share). **Proceeds**—To stockholders entitled to receive fractional shares as a result of a 20% stock dividend. **Underwriter**—None.

★ Coloriver Oil Co., Salt Lake City, Utah
Feb. 24 (letter of notification) 900,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—To drill a test well (from sale of 600,000 shares) and to reimburse H. L. Rath for engineering, surveying, etc. **Office**—1106 First Security Bank Bldg., Salt Lake City, Utah. **Underwriter**—None.

Commercial Credit Co. (3/10)
Feb. 24 filed $30,000,000 of senior notes due June 1, 1965. **Price**—To be supplied by amendment. **Proceeds**—For working capital. **Underwriters**—Kidder, Peabody & Co. and The First Boston Corp., both of New York.

★ Commonwealth Investment Co.,
Feb. 26 filed 3,750,000 shares of common capital stock. **Price**—At market. **Proceeds**—For investment. **Underwriter**—None.

Community Credit Co., Omaha, Neb.
Jan. 26 (letter of notification) 1,500 shares of 5½% cumulative sinking fund preferred stock, series A. **Price**—At par ($100 per share). **Proceeds**—For working capital. **Underwriter**—Wachob-Bender Corp., Omaha, Neb.

Cooperative Grange League Federation Exchange, Inc.
Feb. 13 filed 50,000 shares of 4% cumulative preferred stock (par $100) and 700,000 shares of common stock (par $5). **Price**—At par. **Proceeds**—For working capital. **Business**—Production of dairy and poultry feeds. **Office**—Ithaca, N. Y. **Underwriter**—None.

Coronado Copper Mines Corp.
Jan. 23 (letter of notification) 299,970 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—

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NEW ISSUE CALENDAR

March 5, 1953
Chicago & Eastern Illinois RR. **Equip. Tr. Ctfs.**
(Bids noon CST)
Chicago & North Western RR. **Equip. Tr. Ctfs.**
(Bids noon CST)

March 7, 1953
Lake Superior District Power Co. **Common**
(Robert W. Baird & Co., Inc.)

March 9, 1953
Fall River Electric Light Co. **Bonds**
(Bids 11 a.m. EST)
General Telephone Corp. **Common**
(Paine, Webber, Jackson & Curtis; Mitchum, Tully & Co.; and Stone & Webster Securities Corp.)

March 10, 1953
Central Maine Power Co. **Bonds**
(Bids 11 a.m. EST)
Cinerama, Inc. **Debentures**
(Gearhart & Otis, Inc. and White & Co.)
Commercial Credit Co. **Notes**
(Kidder, Peabody & Co. and The First Boston Corp.)
Hilo Electric Light Co. **Common**
(Offering to stockholders—no underwriting)
Narragansett Electric Co. **Bonds**
(Bids noon EST)

March 11, 1953
Arizona Public Service Co. **Common**
(The First Boston Corp. and Blyth & Co., Inc.)
Central & South West Corp. **Common**
(Bids to be invited)

March 12, 1953
Chesapeake & Ohio Ry. **Equip. Tr. Ctfs.**
(Bids to be invited)
North American Royalties, Inc. **Common**
(Lehman Brothers)

March 16, 1953
Birmingham Lead & Smelting Co. Inc. **Pfd.**
(Carlson & Co.)

March 17, 1953
Hot Shoppes, Inc. **Common**
(Johnston, Lemon & Co.)
Lake Superior District Power Co. **Bonds**
(Bids to be invited)
Mississippi Power & Light Co. **Bonds**
(Bids noon EST)
Public Service Co. of New Mexico **Preferred**
(Allen & Co.)
Public Service Co. of Oklahoma **Bonds**
(Bids to be invited)
Union Sulphur & Oil Corp. **Debs. & Class A Stk.**
(Smith, Barney & Co.)

March 18, 1953
Mallory (P. R.) & Co., Inc. **Preferred**
(Lee Higginson Corp.)
Public Service Electric & Gas Co. **Common**
(Morgan Stanley & Co., Drexel & Co. and Glore, Forgan & Co.)

March 24, 1953
Dallas Power & Light Co. **Bonds**
(Bids noon EST)
Georgia Power Co. **Bonds & Preferred**
(Bids 11 a.m. EST)
Pacific Lighting Corp. **Preferred**
(Blyth & Co., Inc.)

March 25, 1953
Brockton Edison Co. **Bonds**
(Bids to be invited)
Independent Plow, Inc. **Class A**
(Offer to stockholders—Barrett Herrick & Co., Inc.)
Southern Indiana Gas & Electric Co. **Common**
(Smith, Barney & Co.)

March 27, 1953
Merritt-Chapman & Scott Corp. **Common**
(Offering to stockholders—no underwriter)

March 31, 1953
California Electric Power Co. **Common**
(Bids to be invited)

April 1, 1953
Central & South West Corp. **Common**
(Offer to stockholders—Bids to be invited)

April 6, 1953
California Electric Power Co. **Bonds**
(Bids to be invited)

April 7, 1953
Florida Power & Light Co. **Bonds**
(Bids noon EST)
Kentucky Utilities Co. **Bonds**
(Bids to be invited)

April 13, 1953
Texas Electric Ser. Co. **Bonds & Preferred**
(Bids 11:30 a.m. EST)

April 14, 1953
New Orleans Public Service Inc. **Bonds**
(Bids noon EST)

April 15, 1953
Southern Co. **Common**
(Bids 11 a.m. EST)

April 21, 1953
Louisiana Power & Light Co. **Preferred**
(Bids noon EST)

May 12, 1953
Alabama Power Co. **Bonds**
(Bids 11 a.m. EST)

May 19, 1953
Texas Power & Light Co. **Preferred**
(Bids to be invited)

June 9, 1953
Gulf Power Co. **Bonds**
(Bids 11 a.m. EST)

June 23, 1953
New York Telephone Co. **Bonds**
(Bids to be invited)

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To acquire leases, for exploration expenses, to repay loans and for working capital. **Office**—100 West 10th St., Wilmington, Del. **Underwriter**—Charles J. Maggio, Inc., New York.

Dallas Power & Light Co. (3/24)
Feb. 16 filed $9,000,000 of first mortgage bonds due March 1, 1983. **Proceeds**—For construction program. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler; The Frist Boston Corp.; Lehman Brothers; Kidder, Peabody & Co.; Equitable Securities Corp.; Union Securities Corp.; Harriman Ripley & Co., Inc. **Bids**—Tentatively scheduled to be received up to noon (EST) on March 24.

Daystrom Manufacturing Co., Chicago, Ill.
Feb. 17 (letter of notification) 14,000 shares of common stock to be offered for subscription by present stockholders. **Price**—At par ($10 per share). **Proceeds**—For new equipment. **Office**—2001-23 No. Parkside Avenue, Chicago 39, Ill. **Underwriter**—None.

★ **Dean & Co., San Antonio, Tex.**
Feb. 25 (letter of notification) $100,000 of 5% junior subordinated debentures, first series, due Feb. 1, 1965. **Price**—At par (in denominations of $1,000 each). **Proceeds**—For capital to increase the loan business. **Office**—800 Broadway, San Antonio, Texas. **Underwriter**—The First Trust Co. of Lincoln, Neb.

★ **Delaware Fund, Inc., Camden, N. J.**
March 2 filed 423,200 shares of capital stock. **Price**—At market. **Proceeds**—For investment. **Underwriter**—None.

Delta Air Lines, Inc., Atlanta, Ga.
Feb. 11 company filed an application with SEC covering proposed issue of $10,695,846 of 5½% convertible debentures (subordinated) to be issued in exchange for Chicago & Southern Air Lines, Inc., common stock under merger plan at rate of $21 of debentures for each C. & S. share. Debentures will be convertible into Delta common stock at rate of one share for each $35 principal amount of debentures.

★ **Dickerson Co., Inc., Camden, N. J.**
Feb. 26 (letter of notification) $200,000 of registered 10-year 6% debenture bonds dated Dec. 1, 1952 and due Dec. 1, 1962. **Price**—$800 per $1,000 bond. **Proceeds**—To pay off mortgage and notes payable and for working capital. **Office**—431 Market St., Camden, N. J. **Underwriter**—None.

★ **Ducommun Metals & Supply Co.**
Feb. 18 (letter of notification) 4,600 shares of common stock (par $2). **Price**—At market (approximately $12 per share). **Proceeds**—To Virginia Ducommun Ward, the selling stockholder. **Address**—P. O. Box 2117. Terminal Annex, Los Angeles 54, Calif.

★ **Eastern Tractor Manufacturing Corp., Kingston, N. Y.**
Feb. 25 (letter of notification) 748,000 shares of common stock (par five cents). **Price**—40 cents per share. **Proceeds**—For working capital. **Underwriter**—Hunter Securities Corp., New York.

★ **Eaton & Howard Balanced Fund, Boston, Mass.**
March 2 filed 700,000 shares of capital stock. **Price**—At market. **Proceeds**—For investment. **Underwriter**—None.

Econo Products Co., Inc.
Jan. 8 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For expansion and working capital. **Office** — 17 State St., New York. **Underwriter**—James T. DeWitt & Co., Inc., Washington, D. C.

Edison (Thomas A.), Inc.
Feb. 13 (letter of notification) 3,500 shares of class B common stock (par $3⅓). **Price**—At market (about $16 per share). **Proceeds**—To Charles Edison, Chairman of the Board. **Underwriter**—Riter & Co., New York.

Ekco Oil Co., Philadelphia, Pa.
Dec. 4 (letter of notification) 99,000 shares of common stock (par one cent). **Price**—$3 per share. **Proceeds**—To acquire leases and drill wells. **Underwriter**—Hopper, Soliday & Co., Philadelphia, Pa.

★ **Electriglas Corp., Bergenfield, N. J.**
Feb. 27 (letter of notification) 220,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—To pay creditors and loans and notes payable, to buy raw materials and for working capital. **Underwriter**—Moran & Co., Newark, N. J.

● **English Oil Co., Salt Lake City, Utah**
Jan. 5 filed 3,435,583 shares of common stock, of which 750,000 shares are to be offered publicly, 250,000 shares are to be reserved for officers and key employees and options, and 2,435,583 shares in exchange for oil and gas properties and interests therein. **Price**—At par ($1 per share). **Proceeds**—For acquisition of additional properties and leases. **Underwriter**—J. A. Hogle & Co., Salt Lake City. Utah. **Offering** — Expected latter part of March.

★ **Equitable Insurance Co., Puerto Rico**
Feb. 24 (letter of notification) 50,000 shares of common stock to be offered at $1.99 per share; 100,000 shares of class A 6% cumulative participating preferred stock at $1 per share; 100,000 shares of class B 6% cumulative non-participating preferred stock at $1 per share; and 50,000 purchase warrants or options to buy one additional share of either common or preferred class A stock at one cent per warrant. **Proceeds** — For investment. **Address**—P. O. Box 4726, San Juan, Puerto Rico. **Underwriter**—Borinquen Associates, Inc.

F. & F. Finance Co., Inc., Hickory, N. C.
Feb. 16 (letter of notification) 36,998 shares of common stock. **Price**—$7.50 per share. **Proceeds**—For working capital. **Office**—347 First Ave., N. W., Hickory, N. C. **Underwriter**—Southern Investment Co., Inc., Charlotte, North Carolina.

● **Fall River Electric Light Co. (3/9)**
Jan. 29 filed $6,800,000 of first mortgage and collateral trust bonds due Jan. 1, 1983. **Proceeds**—To redeem $2,000,000 of 3⅛% bonds and to repay $4,800,000 of bank loans. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers, Bear, Stearns & Co. and Salomon Bros. & Hutzler (jointly); Glore, Forgan & Co.; The First Boston Corp., Estabrook & Co. and Stone & Webster Securities Corp. (jointly). **Bids**—To be received up to 11 a.m. (EST) March 9 at 49 Federal Street, Boston Mass. Statement effective March 2.

First Securities Corp., Philadelphia, Pa.
Jan. 21 (letter of notification) 600,000 shares of common stock (par one cent) which includes 22,190 shares being reoffered to the previous purchasers. **Price**—25 cents per share. **Proceeds** — For expansion of business and for working capital. **Underwriter** — First Securities Corp., Philadelphia, Pa.

First Springfield Corp., Springfield, Mass.
Feb. 9 filed 20,000 shares of capital stock (par $10). **Price**—At market. **Proceeds** — For investment. **Underwriter**—D. J. St. Germain & Co., Springfield, Mass.

● **Florida Opportunity Bulletin, Inc., Miami, Fla.**
Feb. 16 (letter of notification) 20 shares of 6% cumulative preferred stock (par $500). **Price**—At par ($500 per share). **Proceeds**—For working capital to equip editorial office and expand the Bulletin. **Address**—P. O. Box 456, Coconut Grove, Miami 33, Fla. **Underwriter**—None.

★ **Florida Power & Light Co. (4/7)**
March 2 filed $15,000,000 of first mortgage bonds due 1983. **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.; Harriman Ripley & Co., Inc.; Lehman Brothers; The First Boston Corp.; Merrill Lynch, Pierce, Fenner & Beane; White, Weld & Co. **Bids**—Tentatively scheduled to be received up to noon (EST) on April 7.

Fuller Brush Co., Hartford, Conn.
Jan. 29 (letter of notification) 3,000 shares of preferred stock. **Price**—At par ($100 per share). **Proceeds** — For working capital. **Office**—3580 Main St., Hartford, Conn. **Underwriter**—None.

General Alloys Co., Boston, Mass.
Feb. 16 (letter of notification) 25,000 shares of common stock (no par), of which 15,025 shares are to be issued upon exercise of options held by officers of the company at $3 per share and 9,975 shares are to be offered to the underwriter (William S. Prescott & Co., Boston, Mass.) at $2.78 per share and resold by them to key employees at $3 per share. **Office**—405 West First St., Boston, Mass. **Proceeds**—For working capital.

● **General Telephone Corp. (3/9-10)**
Feb. 19 filed 300,000 shares of common stock (par $20). **Price**—To be supplied by amendment. **Proceeds**—To increase investments in subsidiaries. **Underwriters**—Paine, Webber, Jackson & Curtis, New York and Boston; Mitchum, Tully & Co., San Francisco, Calif., and Stone & Webster Securities Corp., New York.

Georgia Power Co. (3/24)
Feb. 20 filed $16,000,000 of first mortgage bonds due April 1, 1983. **Proceeds**—For construction program. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers; Kuhn, Loeb & Co.; Blyth & Co., Inc. and Kidder, Peabody & Co. (jointly); The First Boston Corp.; Union Securities Corp. and Equitable Securities Corp. (jointly); Shields & Co. and Salomon Bros. & Hutzler (jointly); Morgan Stanley & Co.; Harriman Ripley & Co. Inc. **Bids**—To be received up to 11 a.m. (EST) on March 24 at office of Southern Services, Inc., 20 Pine St., New York 5, N. Y.

Georgia Power Co (3/24)
Feb. 20 filed 100,000 shares of cumulative preferred stock (no par). **Proceeds** — For construction program. **Underwriters**—To be determined by competitive bidding. Probable bidders: Blyth & Co., Inc.; Lehman Brothers; Morgan Stanley & Co.; The First Boston Corp.; Union Securities Corp. and Equitable Securities Corp. (jointly). **Bids**—To be received up to 11 a.m. (EST) on March 24 at office of Southern Services, Inc., 20 Pine St., New York 5, N. Y.

Global Oil & Drilling Co., Inc., Wilmington, Del.
Feb. 16 (letter of notification) 300,000 shares of common stock (par five cents). **Price**—$1 per share. **Proceeds**—For drilling expenses. **Office**—100 West 10th Street, Wilmington, Del. **Underwriter**—Baruch & Co., Inc., New York.

Grand Bahama Co., Ltd., Nassau
Feb. 3 filed $1,350,000 20-year 6% first mortgage convertible debentures due March, 1973, and 1,565,000 shares of class A stock (par 10 cents). **Price**—Par for debentures and $1 per share for stock. **Proceeds** — For new construction. **Business** — Hotel and land development. **Underwriter**—Gearhart & Otis, Inc., New York.

Great Lakes Industries, Inc, Chicago, Ill
Feb. 13 (letter of notification) 18,000 shares of common stock (par $1). **Price** — $5 per share. **Proceeds** — To Dempsey & Co., Chicago, Ill., the selling stockholder. **Underwriter**—Dempsey & Co.

Great Western Uranium Corp.
Feb. 12 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For acquisitions and working capital. **Office** — U. S. Bank Bldg., Grand Junction, Colo. **Underwriter**—Israel & Co., New York.

Greer Hydraulics, Inc., Brooklyn, N. Y.
Feb. 27 (letter of notification) 1,730 shares of common stock (par $1). **Price**—At market. **Proceeds**—To redeem convertible preferred stock on March 20. **Underwriters** — Burnham & Co.; G. H. Walker & Co. and Townsend, Graff & Co., all of New York.

Gyrodyne Co. of America, Inc.
Nov. 13 filed 350,000 shares of class A common stock (par $1), to be offered for subscription by stockholders of record Dec. 22, 1952, on a pro rata basis; rights to expire on Feb. 28, 1953. The offering will include 50,000 shares to directors, officers and employees of the company and to certain individuals and firms in payment for services. **Price** — $5.75 per share. **Proceeds** — For engineering and construction of prototype coaxial helicopter. **Office**—St. James, L. I., N. Y. **Underwriter**—None.

★ **Helicopters for Industry, Inc.**
Feb. 25 (letter of notification) 30,000 shares of common stock (par $1) and 3,000 shares of 8% cumulative preferred stock (par $10) to be offered in units of 10 shares of common and one share of preferred (plus 10 shares of common and one share of preferred of Westair, Inc.). **Price** — $40 per unit. **Proceeds** — To pay debt and for working capital and expansion. **Office**—111 Cathedral Ave., Hempstead, N. Y. **Underwriter**—None.

★ **Hilo Electric Light Co., Hilo, Hawaii (3/10)**
March 2 filed 25,000 shares of common stock to be first offered to common stockholders of record March 10 at rate of one new share for each three shares held; then to employees; any unsubscribed shares to be offered to public. **Price**—At par ($20 per share). **Proceeds**—To repay bank loans. **Underwriter**—None.

Honolulu Oil Corp.
Feb. 24 filed $1,250,000 in an incentive and stock ownership plan for employees of corporation and 25,000 shares of capital stock. **Underwriter**—None.

● **Hot Shoppes, Inc., Washington, D. C. (3/17)**
Feb. 17 filed 229,880 shares of common stock (par $1), of which 195,880 shares are to be sold publicly for the account of three selling stockholders, and 34,000 shares by the company of which 16,000 shares will be offered to public and 18,000 shares to employees of the company. **Price**—To be supplied by amendment. **Proceeds**—To company, for working capital, etc. **Underwriter**—Johnston, Lemon & Co., Washington, D. C.

★ **Hubinger Co., Keokuk, Ia.**
Feb. 24 (letter of notification) 11,000 shares of common stock (par $2.50). **Price** — At market (approximately $8.62½ to $9.62½ per share). **Proceeds** — To Roy L. Krueger, the selling stockholder.

★ **Incorporated Investors, Boston, Mass.**
March 2 filed 2,500,000 shares of capital stock. **Price**—At market. **Proceeds**—For investment. **Underwriter**—None.

★ **Independent Plow, Inc., Noedesha, Kan. (3/25)**
Feb. 26 filed 100,000 shares of participating convertible class A stock (par $5), to be offered for subscription by common and preferred stockholders at rate of one share of class A stock for each 3¼ shares of preferred and/or common stock held. **Price** — $6.50 per share. **Proceeds**—To repay balance of RFC loan ($192,311); to redeem outstanding preferred stock ($86,341); and for working capital. **Underwriter**—Barrett Herrick & Co., Inc., New York.

Inspiration Lead Co., Inc., Wallace, Ida.
Jan. 26 (letter of notification) 2,000,000 shares of common stock. **Price**—15 cents per share. **Proceeds**—For mining expenses. **Office**—507 Bank St., Wallace, Ida. **Underwriter**—Mine Financing, Inc., Wallace, Ida.

★ **Inter-American Electronics Corp., Puerto Rico**
Feb. 27 (letter of notification) 938 shares of participating preferred stock and 7,900 shares of common stock. **Price**—Of preferred, $100 per share; and of common, $10 per share. **Proceeds**—To purchase equipment. **Office**—1073 Ponce de Leon Avenue, Saturce, Puerto Rico. **Underwriter**—None.

● **Interprovincial Pipe Line Co. (Canada)**
Feb. 6 filed 1,439,552 shares of capital stock (par $5) being offered for subscription by stockholder of record Feb. 27 on the basis of two new shares for each five shares held; rights to expire on March 13. (Imperial Oil Ltd. owns 33.36% and Canadian Gulf Oil Co. 10.01% of the outstanding stock.) **Price**—$18 per share—Canadian. **Proceeds**—For new construction. **Offices**—Toronto, Ont., and Edmonton, Alta. **Underwriters** — Wood, Gundy & Co., and McLeod, Young, Weir, Inc., both of New York and Toronto. Statement effective Feb. 25.

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.

Israel Overseas Corp. of New York
Feb. 17 filed 16,000 shares of capital stock par $1 and $3,400,000 of 20-year debentures to be offered in units of eight shares of stock and $1,700 principal amount of debentures. **Price**—$2,500 per unit. **Proceeds**—For general corporate purposes. **Underwriter**—None.

Jefferson Lake Sulphur Co., New Orleans, La.
Feb. 16 (letter of notification) 2,000 shares of common stock (par $1). **Price**—At market. **Proceeds**—To Roger

J. Barba, the selling stockholder. **Underwriter**—None, but James E. Bennett & Co., New York and Chicago, will act as agent.

Lake Superior District Power Co. (3/7)
Feb. 16 filed 29,761 shares of common stock (par $20) to be offered for subscription by common stockholders of record Feb. 25 on the basis of one new share for each nine shares held; rights to expire on March 23. Subscription warrants are expected to be mailed on March 7. **Price**—To be supplied by amendment. **Proceeds**—For construction program. **Underwriter**—Robert W. Baird & Co., Inc., Milwaukee, Wis.

Lake Superior District Power Co. (3/17)
Feb. 16 filed $2,000,000 first mortgage bonds, series E, due March 1, 1983. **Proceeds**—For construction program. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Robert W. Baird & Co., Inc. **Bids**—Bids are expected to be opened on March 17.

★ **Little Loans Corp., Phoenix, Ariz.**
Feb. 24 (letter of notification) $300,000 of debenture bonds. **Price**—At par (in multiples of $100). **Proceeds**—To invest in small loans. **Office**—243 North First Ave., Phoenix, Ariz. **Underwriter**—None.

Lorain Telephone Co., Lorain, Ohio
Dec. 9 (letter of notification) 5,000 shares of common stock (no par) to be offered for subscription by common stockholders at rate of one new share for each 15.41 shares held. **Price** — $20 per share. **Proceeds** — For property additions. **Office**—203 W. Ninth Street, Lorain, Ohio. **Underwriter**—None.

★ **Mallory (P. R.) & Co., Inc., Indianapolis and New York (3/18)**
Feb. 26 filed 150,000 shares of cumulative convertible preferred stock (par $50). **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans and for general corporate purposes. **Underwriter**—Lee Higginson Corp., New York.

Maryland Casualty Co., Baltimore, Md.
Feb. 5 filed 442,098 shares of common stock (par $1) being offered for subscription by common stockholders of record Feb. 21 at rate of one new share for each 2½ shares held; rights to expire March 12. **Price** — $23 per share. **Proceeds**—To increase capital and surplus. **Underwriter**—Merrill Lynch, Pierce, Fenner & Beane, 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.

★ **Merritt-Chapman & Scott Corp. (3/27)**
March 3 filed 121,322 shares of common stock (par $12.50) to be offered for subscription by common stockholders of record March 27 at rate of one new share for each five shares held; rights to expire on April 14. **Price**—To be supplied by amendment. **Proceeds**—For working capital and general corporate purposes. **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-American Research Corp., Wheatland, Pa.**
Feb. 27 (letter of notification) 54,888 shares of common stock (par $1). **Price**—$4 per share. **Proceeds**—For research, developmental work, working capital and to reduce indebtedness. **Office**—Council Ave., Wheatland, Pa. **Underwriter**—None.

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.

Mississippi Power & Light Co. (3/17)
Feb. 11 filed $12,000,000 of first mortgage bonds due 1983. **Proceeds**—For construction program. **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**—To be received up to noon (EST) on March 17 at Room 2033, No. 2 Rector Street, New York, N. Y.

★ **Monitor Mines, Inc., New York**
Feb. 24 (letter of notification) 1,000,000 shares of common stock (par 10 cents). **Price**—25 cents per share. **Proceeds**—For working capital. **Office**—55 Liberty St., New York 5, N. Y. **Underwriters**—d'Avigdor Co. and L. H. Rothchild & Co., both of New York.

★ **Mt. Mansfield Co., New York**
Feb. 19 (letter of notification) 600 shares of convertible preferred stock (par $100) to be issued in exchange for 600 shares of common stock and 2,000 shares of common stock (par $100) to be issued at $120 per share. **Proceeds**—For working capital. **Address**—c/o C. V. Starr, 930 Fifth Ave., New York, N. Y. **Underwriter**—None.

★ **Mutual Shares Corp., New York**
Feb. 20 filed 105,678 shares of common stock. **Price**—At market. **Proceeds**—For investment. **Underwriter**—None.

● **Narragansett Electric Co. (3/10)**
Feb. 10 filed $10,000,000 of first mortgage bonds, series D, due March 1, 1983. **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). **Bids**—To be received up to noon (EST) on March 10 at company's office. Statement effective March 2.

● **New England Power Co.**
Feb. 4 filed 80,140 shares of $4.60 cumulative preferred stock (par $100) being offered for subscription by holders of 6% preferred stock of record March 3, on a share for share basis; rights to expire March 23. **Price**—$100 per share. **Proceeds**—For repayment of bank loans. **Underwriters**—Lehman Brothers, New York.

Newton-Phoenix Oil Corp., Houston and New York
Feb. 3 filed 2,500,000 shares of common stock (par one cent). **Price**—30 cents per share. **Proceeds**—To purchase land and for drilling expenses. **Underwriter** — Morris Cohon & Co., New York.

● **North American Royalties, Inc. (3/12-19)**
Feb. 16 filed 325,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To retire outstanding preferred stock and bank loans and for working capital. **Office**—Bismarck, N. Dak. **Underwriter**—Lehman Brothers, New York.

North Pacific Exploration, Ltd., Toronto, Canada
Feb. 4 filed 1,375,000 shares of capital stock (par 25 cents-Canadian). **Price**—$1 per share (U. S. funds). **Proceeds**—For exploration costs. **Underwriters**—Aetna Securities Corp. and L. D. Friedman & Co., Inc., both of New York.

Northland Oils Ltd., Canada
Nov. 21 filed 1,000,000 shares of capital stock (par 20 cents—Canadian) and subscription warrants for 600,000 shares, of which the stock and subscription warrants for 400,000 shares are to be offered in units of 100 shares of stock and subscription warrants for 40 shares. **Price**—$52 per unit. **Proceeds**—For drilling of additional wells and to purchase producing wells. **Underwriter**—M. S. Gerber, Inc., New York. Financing may be revised.

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.

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.

★ **Pacific Lighting Corp. (3/24)**
March 2 filed 200,000 shares of cumulative preferred stock (no par). **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans and for new construction. **Underwriter** — Blyth & Co., Inc., New York and San Francisco.

★ **Pacific Paper Materials Co., Longview, Wash.**
Feb. 18 (letter of notification) 260,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—To retire debt. **Address**—P. O. Box 719, Longview, Wash. **Underwriter**—None.

★ **Pacific Outdoor Advertising Co., Los Angeles, Calif.**
Feb. 26 (letter of notification) 8,660 shares of preferred stock (par $10) to be exchanged share-for-share for common stock of Pacific Indoor Advertising Co. (par $25) in order to make latter a wholly-owned subsidiary. **Underwriter** — None. **Office** — 995 No. Mission Road, Los Angeles 33, Calif.

Paley Manufacturing Corp., Brooklyn, N. Y.
Jan. 16 (letter of notification) 99,000 shares of common stock (par 25 cents). **Price**—$3 per share. **Proceeds**—For expansion and working capital. **Underwriter**—G. K. Shields & Co., 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.

★ **Peninsular Telephone Co., Tampa, Fla.**
Feb. 27 filed 73,241 shares of common stock (no par) to be offered for subscription by common stockholders at rate of one new share for each five shares held. Certain officers and employees will be entitled to purchase unsubscribed shares. **Price**—To be supplied by amendment. **Proceeds** — For construction program. **Underwriter** — Morgan Stanley & Co. and Coggeshall & Hicks, both of New York.

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.

Phillips Packing Co., Inc.
Feb. 2 (letter of notification) 3,000 shares of common stock (no par). **Price**—At market (approximately $6 per share). **Proceeds**—To Theodore Phillips, the selling stockholder. **Underwriter**—Alex. Brown & Sons, Baltimore, Md.

Pittsburgh Consolidation Coal Co.
Feb. 13 filed $3,500,000 in participations under plan offered to eligible employees of company and 50,000 shares of common stock (par $1). **Underwriter**—None.

★ **Public Service Co. of New Mexico (3/17)**
Feb. 25 filed 30,000 shares of cumulative preferred stock, series A (par $100). **Price**—To be supplied by amendment. **Proceeds**—To finance construction costs. **Underwriter**—Allen & Co., New York.

★ **Public Service Electric & Gas Co. (3/18)**
Feb. 25 filed 750,000 shares of common stock (no par). **Price**—To be supplied by amendment. **Proceeds**—To reimburse treasury in the amount of $9,306,000 for the payment at maturity on March 1, 1953, of certain publicly held prior lien mortgage bonds, and for construction program. **Underwriters**—Morgan Stanley & Co., Drexel & Co. and Glore, Forgan & Co. (jointly).

★ **Radar-Electronics, Inc., New York**
March 3 (letter of notification) 5,996,000 shares of common stock (par one cent). **Price**—Five cents per share. **Proceeds**—For working capital. **Underwriter**—Tellier & Co., New York.

Ravenna Metal Products Corp., Seattle, Wash.
Jan. 30 (letter of notification) 20,000 shares of class A common stock (par $10). **Price**—$15 per share. **Proceeds**—For research and advertising program. **Office**—6518 Ravenna Ave., Seattle 5, Wash. **Underwriter**—None.

★ **Rocky Mountain Lease & Development Co.**
Feb. 27 (letter of notification) 280,000 shares of common stock to be sold or issued to promoters. **Price**—At par ($1 per share). **Proceeds**—To acquire oil and gas leases. **Office**—223 Fremont Street, Las Vegas, Nev. **Underwriter**—None.

★ **SeaPak Corp., St. Simons Island, Ga.**
Feb. 25 (letter of notification) 38,933 shares of common stock (par $1) to be offered for subscription by stockholders at rate of one new share for each 6.4 shares held. **Price**—$5.25 per share. **Proceeds**—For new equipment. **Underwriter**—None.

★ **Seiberling Rubber Co., Barberton, Ohio**
Feb. 19 (letter of notification) 15,420 shares of common stock (par $1) to be offered in exchange for 7,710 shares of common stock of Seiberling Rubber Co., Ltd. (Canada) on the basis of two shares of the Ohio firm for each share of the Canadian company. **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.

★ **Shopping Bag Food Stores, Los Angeles, Calif.**
Feb. 26 (letter of notification) 9,371 shares of preferred stock (par $25) and 9,371 shares of common stock (par $1) to be offered in units of one share preferred and one share common stock. **Price**—$32 per unit. **Proceeds**—To liquidate indebtedness. **Office** — 2716 San Fernando Road, Los Angeles 65, Calif. **Underwriter**—None.

Simonds Saw & Steel Co., Fitchburg, Mass.
Jan. 15 (letter of notification) 1,000 shares of common stock (no par). **Price**—At market (approximately $40.50 per share). **Proceeds** — To Daniel Simonds, the selling stockholder. **Underwriter**—Townsend, Dabney & Tyson Boston, Mass.

★ **Southern Indiana Gas & Electric Co. (3/25)**
March 3 filed 114,167 shares of common stock (no par) to be offered for subscription by common stockholders of record March 25 at rate of one new share for each six shares held; rights to expire on April 10. **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans and for new construction. **Underwriter** — Smith Barney & Co., New York.

Star Air Freight Lines, Inc., N. Y.
Feb. 4 (letter of notification) 149,000 shares of common stock (par $1) in units of 20 shares. **Price**—$20 per unit. **Proceeds**—To purchase Quaker City Airways, Inc. (Pa.) to purchase operating certificates and for working capital. **Office**—2 East 33rd St., New York. **Underwriter**—None.

★ **Sweet Memories Corp. (N. Y.)**
March 2 (letter of notification) 5,000 shares of common stock. **Price** — At par ($1 per share). **Proceeds**—For working capital. **Office**—40 West 57th St., New York. **Business**—To operate mail-order candy business. **Underwriter**—None.

★ **Television & Radio Broadcasting Corp.**
Feb. 26 (letter of notification) 299,900 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For operating capital. **Office**—c/o Morton M. Goldfine, 82 Devonshire Street, Boston 9, Mass. **Underwriter**—Jackson & Co., Inc., Boston, Mass.

Texas Oil Exploration Co., Ft. Worth, Tex.
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**—Expected in a week or two.

Thomas & Skinner Steel Products Co., Inc., Indianapolis, Ind.
Feb. 16 (letter of notification) $250,000 of 5½% first mortgage convertible sinking fund bonds. **Price**—At par.

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and accrued interest (in denominations of $1,000 and $500 each). **Proceeds** — To reduce bank loans and for working capital. **Underwriter** — City Securities Corp., Indianapolis, Ind.

Union Sulphur & Oil Corp., Houston, Tex. (3/17)
Feb. 25 filed $10,000,000 of sinking fund debentures due 1978 and 101,000 shares of class A non-voting stock (par $1), the latter to be sold for account of certain selling stockholders. **Price**—To be supplied by amendment. **Proceeds**—From sale of debentures, to pay notes and for working capital, etc. **Underwriter**—Smith, Barney & Co., New York.

United States Air Conditioning Corp.
Feb. 17 (letter of notification) 100,000 shares of common stock (par 10 cents) and warrants to purchase 250,000 additional shares of common stock (each warrant giving holder the deferred right after 13 months to purchase prior to Dec. 31, 1957, one share of stock upon payment of $3.06¼ per share), to be offered in units of one common share and 2½ warrants. **Price**—$2.29 per unit. **Proceeds**—For working capital. **Address**—c/o Phillips & Avery, One Wall St., New York, N. Y. **Underwriter**—Mortimer B. Burnside & Co., Inc., New York.

★ Ute Royalty Corp., Salt Lake City, Utah
Feb. 24 (letter of notification) 80,000 shares of common stock (par $1). **Price**—$3 per share. **Proceeds**—to acquire lands and for corporate purposes. **Office**—1102 Newhouse Bldg., Salt Lake City, Utah. **Underwriter**—W. D. Nebeker & Co., Salt Lake City, Utah.

★ Vanadium-Alloys Steel Co.
Feb. 25 (letter of notification) 3,600 shares of capital stock (no par) to be offered to employees. **Price**—$27.50 per share. **Proceeds**—For working capital. **Office**—Latrobe, Pa. **Underwriter**—None.

Victoreen Instrument Co.
Feb. 12 (letter of notification) 15,000 shares of common stock (par $1). **Price**—At market (approximately $5.25 per share). **Proceeds**—To E. A. Benson and R. F. Shima, the two selling stockholders. **Underwriter**—Barrett Herrick & Co., Inc., New York.

★ Walker Laboratories Inc., Mt. Vernon, N. Y.
Feb. 25 (letter of notification) 4,600 shares of Class B common stock (par 25 cents) and 1,500 shares of Class A common stock (par $1). **Price**—At market (estimated at $4.50 per share). **Proceeds** — To Theodore Blanchard, President. **Underwriter**—None.

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.

★ Westair, Inc.
Feb. 25 (letter of notification) 30,000 shares of common stcok (par $1) and 3,000 shares of 8% cumulative preferred stock (par $10) to be offered in units of 10 shares of common and one share of preferred (plus 10 shares of common and one share of preferred of Helicopters for Industry, Inc.). **Price**—$40 per unit. **Proceeds**—To pay debt and for working capital and expansion. **Address**—Westchester County Airport, P. O. Box 109, White Plains, N. Y. **Underwriter**—None.

★ Westinghouse Electric Corp.
Feb. 27 filed 200,000 shares of common stock (par $12.50) to be offered under "Employee Stock Plan" to Employees of corporation and six subsidiaries, and 498,735 shares of common stock to be offered under "Restricted Stock Option Plan" to certain officers and other executive employees of corporation and its subsidiaries.

Prospective Offerings

Alabama Power Co. (5/12)
Jan. 28 it was reported company plans issuance and sale of $18,000,000 first mortgage bonds due 1983. **Proceeds**—For construction program. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc., and Kidder, Peabody & Co. (jointly); Morgan Stanley & Co.; Kuhn, Loeb & Co.; Union Securities Corp., Equitable Securities Corp. and Drexel & Co. (jointly); Lehman Brothers; The First Boston Corp.; Harriman Ripley & Co., Inc. **Registration**—Planned for April 10. **Bids**—Tentatively expected at 11 a.m. (EST) on May 12.

• Allied Chemical & Dye Corp.
Feb. 4 company announced that company plans to sell publicly not in excess of $200,000,000 principal amount of long-term sinking fund debentures through an underwriting group. **Proceeds**—To be used for expansion, working capital and other corporate purposes **Underwriter**—Morgan Stanley & Co., New York. **Offering**—Due some time in April.

Aluminium Ltd.
Feb. 12 it was reported company may be in the market this spring with a financing program to raise about $40,000,000. A 1-for-10 offering of common stock (about 818,658 shares) is said to be under study. **Proceeds**—For expansion program. **Underwriters** — The First Boston Corp. and A. E. Ames & Co., Ltd., acted as dealer-managers in October, 1951, stock offering to stockholders.

Arkansas Power & Light Co.
Feb. 2 it was announced company may issue and sell, probably in June, 1953, about $18,000,000 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., Blyth & Co. Inc., Equitable Securities Corp. and Central Republic Co. (jointly); Merrill Lynch, Pierce, Fenner & Beane and Union Securities Corp. (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.

★ Blackstone Valley Gas & Electric Co.
Feb. 20 it was reported company plans sale of $5,800,000 first mortgage bonds. **Proceeds**—To repay bank loans. **Underwriters**—May be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Harriman Ripley & Co. Inc.; White, Weld & Co., Kidder, Peabody & Co. and Lee Higginson Corp. (jointly); Estabrook & Co. and Stone & Webster Securities Corp. (jointly); Lehman Brothers; Union Securities Corp. **Offering**—Expected in April.

★ Brockton Edison Co. (3/25)
Feb. 20 it was reported company plans to issue and sell $4,100,000 first mortgage collateral trust bonds, due 1983. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Harriman Ripley & Co. Inc.; Coffin & Burr, Inc.; The First Boston Corp.; White, Weld & Co. and Kidder, Peabody & Co. (jointly); Estabrook & Co. and Stone & Webster Securities Corp. (jointly). **Bids** — Tentatively expected on March 25.

California Electric Power Co. (4/6)
Jan. 29 it was announced company proposes the sale of $8,000,000 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.; Salomon Bros. & Hutzler; Merrill Lynch, Pierce, Fenner & Beane and Dean Witter & Co. (jointly); Kidder, Peabody & Co.; Blyth & Co., Inc.; Lehman Brothers. **Bids**—Tentatively scheduled to be received on April 6.

★ Central Hudson Gas & Electric Corp.
March 3 it was announced that some portion of the company's financing program for 1953-1954 will involve the sale of $16,550,000 new securities, a portion of which will involve common stock or debt securities convertible into common stock. Stockholders will vote at the annual meeting March 24 on authorizing an additional 1,000,000 shares of common stock. **Underwriters** — Kidder, Peabody & Co. and Estabrook & Co. handled offering in November, 1949, of $6,000,000 2% convertible debentures.

Central Maine Power Co.
Jan. 2 it was reported company plans sale later this year of $10,000,000 common stock (in addition to $10,000,000 of first and general mortgage bonds, see above) after distribution by New England Public Service Co. of its holdings of Central Maine Power Co. common stock. Probable bidders: Blyth & Co., Inc. and Kidder, Peabody & Co. (jointly); Coffin & Burr, Inc.; A. C. Allyn & Co., Inc. and Bear, Stearns & Co. (jointly); Harriman Ripley & Co., Inc.

• Central & South West Corp. (4/1)
Feb. 23 company applied to SEC for authority to issue and sell 606,084 additional shares of its common stock (par $5), to be offered for subscription by stockholders of record about April 1 in ratio of one share for each 14 shares held. **Proceeds**—To purchase additional shares of common stock of its four principal subsidiaries, who in turn will use the funds to pay for property additions and improvements. **Underwriters** — To be determined by competitive bidding. Probable bidders: Merrill Lynch, Pierce, Fenner & Beane; Lehman Brothers and Lazard Freres & Co. (jointly); Blyth & Co., Inc., Smith, Barney & Co. and Harriman Ripley & Co., Inc. (jointly).

Chesapeake & Ohio Ry. (3/12)
Bids are expected to be received by the company up to noon (EST) on March 12 for the purchase from it of $7,950,000 equipment trust certificates. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co.; Salomon Bros. & Hutzler.

Chicago & Eastern Illinois RR. (3/5)
Bids will be received by the company at 332 So. Michigan Avenue, Chicago 4, Ill., up to noon (CST) on March 5 for the purchase from it of $2,100,000 equipment trust certificates, series J, to be dated March 1, 1953 and to mature in 30 equal semiannual installments from Sept. 1, 1953 to March 1, 1968, inclusive. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler; R. W. Pressprich & Co.; Kidder, Peabody & Co.

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.

Chicago & North Western Ry. (3/5)
Bids will be received by the company at 400 West Madison St., Chicago 6, Ill., up to noon (CST) on March 5 for the purchase from it of $8,400,000 equipment trust certificates to be dated April 1, 1953, and to mature in 15 equal annual instalments from April 1, 1954, to 1968, inclusive. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

• 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. **Offering**—Postponed.

Clevite Corp.
Feb. 17 it was announced company plans public sale of 200,000 shares of common stock (following approval of 2-for-1 split on April 6). **Underwriters**—F. Eberstadt & Co., Inc., New York; Prescott & Co., Cleveland, O.

Columbia Gas System, Inc., N. Y.
Oct. 10 it was announced company plans to issue and sell common stock (probably sufficient to raise between $20,000,000 and $25,000,000) and additional debentures early in the Spring of 1953. **Proceeds**—To repay bank loans and for construction program. **Underwriters**—To be determined by competitive bidding. Probable bidders: For stock, Merrill Lynch, Pierce, Fenner & Beane, White, Weld & Co. and R. W. Pressprich & Co. (jointly); Morgan Stanley & Co. For debentures, Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.

Consolidated Natural Gas Co.
Feb. 6 it was reported company is considering debt financing, probably a maximum of $35,000,000 to $40,000,000. If competitive, probable bidders may include: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co. and The First Boston Corp. (jointly); White, Weld & Co. and Paine, Webber, Jackson & Curtis (jointly). **Offering**—Tentatively expected in late spring.

Culver Corp., Chicago, Ill.
Nov. 22 it was announced that company proposes to offer to stockholders of record Jan. 13 a total of 23,640 additional shares of common stock on a share-for-share basis. **Price**—At par ($2 per share). **Proceeds**—For investment. **Office**—105 West Madison Street, Chicago, Ill. **Underwriter**—None.

Delaware Power & Light Co.
Feb. 24 it was announced stockholders on April 21 will vote on approving a proposal to increase the authorized preferred stock from 200,000 shares to 300,000 shares (par $100). Probable bidders for any new preferred stock financing may include Blyth & Co., Inc. and The First Boston Corp. (jointly); White, Weld & Co. and Shields & Co. (jointly); Lehman Brothers; W. C. Langley & Co. and Union Securities Corp. (jointly); Morgan Stanley & Co. Stuart Cooper, President, said it is possible that common stock may be sold later in the year.

Detroit Edison Co.
Feb. 9 it was announced company plans to issue an unspecified amount of convertible debentures, which may first be offered for subscription by stockholders. **Proceeds**—To retire bank loans and to meet construction costs. **Meeting**—Stockholders on April 14 will vote on authorizing the new debentures. **Underwriter**—None.

• Eastern Utilities Associates
Feb. 20 it was announced company plans sale of $7,000,000 collateral trust mortgage bonds due 1973. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Estabrook & Co. and Stone & Webster Securities Corp. (jointly); The First Boston Corp.; White, Weld & Co. and Kidder, Peabody & Co. (jointly); Glore, Forgan & Co. and Harriman Ripley & Co. Inc. (jointly). **Bids**—Tentatively expected in April.

Fitchburg Gas & Electric Co.
Jan. 23 it was announced company plans to issue and sell 23,698 additional shares of capital stock (par $25) to its stockholders on a 1-for-5 basis, subject to their approval on Feb. 25. **Proceeds**—To repay short-term borrowings.

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.

General Public Utilities Corp.
Feb. 11 it was reported company is planning issuance and sale this summer of additional common stock to common stockholders on a 1-for-15 basis. Merrill Lynch, Pierce, Fenner & Beane acted as clearing agent in last stock offer.

Gulf Power Co. (6/9)
Jan. 28 it was reported company plans issuance and sale of $7,000,000 of first mortgage bonds due 1983. **Proceeds**—For construction program. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co.; The First Boston Corp.; Kidder, Peabody & Co. and White, Weld & Co. (jointly); Merrill Lynch, Pierce, Fenner & Beane, Salomon Bros. & Hutzler and Drexel & Co. (jointly); Union Securities Corp.; Equitable Securities Corp.; Lehman Brothers. **Registration**—Planned for May 8. **Bids**—Tentatively expected at 11 a.m. (EST) on June 9.

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.; Carl M. Loeb, Rhoades & Co.

Helicopter Air Service, Inc., Chicago, Ill.
Feb. 9 it was reported company has applied to the CAB for a certificate of convenience covering service from Detroit to Cleveland, and also in Chicago, where the company is now operating a mail pick-up service in suburban towns. **Underwriter**—May be Cruttenden & Co., Chicago, Ill.

High Voltage Engineering Co., Cambridge, Mass.
Feb. 18 it was reported company plans early registration of $800,000 4%-6% convertible subordinate debentures due 1967 and 20,000 shares of common stock to be offered in units of a $1,000 debenture and 25 shares of common stock. **Price**—$1,000 per unit. **Business**—Company was organized in 1947 to design, develop and manufacture X-ray machines and other equipment. **Underwriter**—Paine, Webber, Jackson & Curtis, Boston and New York.

Jersey Central Power & Light Co.
Feb. 11 it was reported company plans to issue and sell $8,500,000 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.

Jewel Tea Co., Inc.
Feb. 11 it was announced company plans to offer and sell to common stockholders about 142,000 shares of additional common stock (par $1) on a basis of one new share for each eight shares held. This will follow approval on March 31 of a split up of each present no par common share into two shares of $1 par value. **Underwriters**—Lehman Brothers and Goldman, Sachs & Co., both of New York.

Kentucky Utilities Co. (4/7)
Jan. 30 it was reported company may issue and sell $10,000,000 of first mortgage bonds. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp. and Lehman Brothers (jointly); Kidder, Peabody & Co. and White, Weld & Co. (jointly); Union Securities Corp. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Blyth & Co., Inc.; Equitable Securities Corp. **Bdis**—Tentatively expected to be received on April 7.

★ **Kerr-McGee Oil Industries**
Feb. 24 it was reported that company is said to be considering some new financing (about $10,000,000). May be in form of convertible debentures. **Underwriter**—Lehman Brothers, New York.

Long Island Lighting Co.
Dec. 15 it was announced company has established a bank credit in the amount of $40,300,000 extending to Dec. 1, 1953, to be refinanced by the issuance of new securities. **Underwriters**—(1) For common stock, probably Blyth & Co., Inc. and The First Boston Corp. (jointly). (2) For preferred stock, may be W. C. Langley & Co. (3) For bonds, to be determined by competitive bidding. **Probable** bidders: Halsey, Stuart & Co Inc.; Blyth & Co., Inc. and The First Boston Corp. (jointly); W. C. Langley & Co.: Smith, Barney & Co.

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., Lehman Brothers and A. C. Allyn & Co., Inc. (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.; Equitable Securities Corp.

★ **Louisiana Power & Light Co. (4/21)**
Feb. 25 it was reported company may issue and sell 60,000 shares of cumulative preferred stock (par $100). **Proceeds**—To refund present outstanding preferred stock. **Underwriters**—To be determined by competitive bidding. Probable bidders: Blyth & Co., Inc. and Equitable Securities Corp. (jointly); W. C. Langley & Co. and The First Boston Corp. (jointly); Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Union Securities Corp. **Bids**—Expected at noon (EST) on April 21. **Registration**—Scheduled for March 19.

Metropolitan Edison Co.
Feb. 11 it was reported company plans to issue and sell in May about $8,000,000 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).

Middle South Utilities, Inc.
Feb. 3 it was reported company may later this year issue and sell about $15,000,000 of additional common stock. **Proceeds**—To repay bank loans, etc. **Underwriters**—To be determined by competitive bidding. Probable bidders: Blyth & Co. Inc.; Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Lehman Brothers; The First Boston Corp.; Union Securities Corp. and Equitable Securities Corp. (jointly).

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. and White, Weld & Co. (jointly); 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.

New Jersey Power & Light Co.
Feb. 11 it was announced company plans issue and sale of about $5,500,000 first mortgage bonds due 1983. **Underwriters**—To be determined by competitive **bidding**. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler; Union Securities Corp. and White Weld & Co. (jointly); The First Boston Corp. and Kidder, Peabody & Co. (jointly); Carl M. Loeb, Rhoades & Co.; Equitable Securities Corp.; Kuhn, Loeb & Co., Lehman Brothers and Goldman, Sachs & Co. (jointly); Merrill Lynch, Pierce, Fenner & Beane. **Offering**—Probably in May or June.

New Orleans Public Service Inc. (4/14)
Dec. 15 it was reported company plans to sell about $6,000,000 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 up to noon (EST) on April 14.

● **New York Telephone Co. (6/23)**
Feb. 26 company applied to New York P. S. Commission for permission to issue and sell $35,000,000 of refunding mortgage bonds, series G. **Proceeds**—To repay bank loans and for construction program. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co. **Bids**—Tentatively scheduled to be received on June 23. **Stock Offering**—Company also plans to issue and sell to American Telephone & Telegraph Co., its parent, 700,000 additional shares of common stock (par $100).

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 recently offered). **Proceeds**—For new construction.

● **Northern Natural Gas Co.**
Feb. 27 it was announced company has informed the Nebraska State Railway Commission that it proposes to make an offering of 548,100 additional shares of common stock (par $10) to its common stockholders on the basis of one new share for each five shares held. **Proceeds**—To repay short-term loans and for new construction. **Underwriter**—None. **Offering**—Expected in May.

● **Northern Natural Gas Co.**
Feb. 27, H. H. Siert, Treasurer, announced that following the proposed offering in May of 548,100 shares of common stock to stockholders, the company plans to issue and sell $40,000,000 of new debentures. **Proceeds**—To repay bank loans and for construction program. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.; The First Boston Corp. and Kidder, Peabody & Co. (jointly).

Oklahoma Natural Gas Co.
Feb. 24 it was announced that the directors were considering authorizing an offering of a sufficient number of shares of new common stock (par $7.50) to raise $4,000,000. This would follow proposed stock split of present authorized 1,639,884 shares of $15 par value into 3,279,768 shares of $7.50 par value. Proceeds would be used for the company's construction program. Underwriters will be determined by competitive bidding. Probable bidders: Stone & Webster Securities Corp.; Shields & Co.

Pacific Northwest Pipeline Corp.
Jan. 29 company received FPC permission to file a third substitute application proposing to construct a 1,466-mile transmission line extending from the San Juan Basin in New Maxico and Colorado to market areas in the Pacific Northwest. Estimated overall capital cost of the project is $186,000,000, including $2,000,000 for working capital. Financing is expected to consist of first mortgage pipe line bonds and preferred and common stocks. **Underwriters**—White, Weld & Co. and Kidder, Peabody & Co., both of New York, and Dominion Securities Corp. Ltd., Toronto, Canada.

Pennsylvania Electric Co.
Feb. 11 it was reported company plans to issue and sell in June about $12,500,000 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 Power & Light Co.
Jan. 23, Charles E. Oakes, President, announced that new financing this year will require the sale of from $20,000,000 to $25,000,000 of first mortgage bonds, with total financing for the four-year period running about $65,000,000. If sold competitively, probable bidders may include: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Equitable Securities Corp.; White, Weld & Co.; Smith, Barney & Co.

Permian Basin Pipeline Co., Chicago, Ill.
Feb. 4 company filed an amended application with FPC for authority to construct a 163-mile pipeline system at an estimated cost of $40,269,000. Probable underwriters for convertible notes and stock; Stone & Webster Securities Corp.; and Glore, Forgan & Co., both of New York. Of the stock of this company, 51% is now owned by Northern Natural Gas Co.

★ **Pittsburgh Coke & Chemical Co.**
Feb. 26 it was announced company contemplates to issue and sell about 84,000 shares of common stock (no par), subject to satisfactory market conditions. Previous stock offering was made in August, 1951, to stockholders, without underwriting.

★ **Public Service Co. of Indiana, Inc.**
March 2 it was announced company plans in May or June to issue and sell 600,000 shares of new cumulative preferred stock (par $25), subject to approval of an increase in authorized capitalization. **Proceeds**—For construction program. **Underwriter**—Blyth & Co., Inc., New York and San Francisco.

● **Public Service Co. of Oklahoma (3/17)**
Feb. 25 company sought SEC authority to issue and sell $6,000,000 of first mortgage bonds, series D, due March 1, 1983, and to issue and sell to its parent, Central and South West Corp., $100,000 additional shares of common stock (par $10) for the sum of $1,000,000. **Underwriters**—For bonds to be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler; White, Weld & Co. and Shields & Co. (jointly); Glore, Forgan & Co.; Harriman Ripley & Co., Inc.; The First Boston Corp.; Kuhn, Loeb & Co. and Union Securities Corp. (jointly). **Proceeds**—For property additions and improvements. **Bids** — Tentatively expected to be received on or about March 17.

● **Public Service Electric & Gas Co.**
Feb. 25 it was announced company plans issuance and sale in June of $50,000,000 of first refunding mortgage bonds. **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 Lehman Brothers (jointly); Morgan Stanley & Co. and Drexel & Co. (jointly); The First Boston Corp.

● **Resort Airlines, Inc.**
Feb. 18 it was announced proposed offering to minority stockholders of record Feb. 20 of 1,449,374 additional shares of capital stock (par 10 cents) has been delayed because of technical reasons. The offering was to have been made at 20 cents per share on basis of one new share for each share held, with rights to expire on March 16. **Proceeds**—For working capital, etc. **Underwriter**—None, but Fiduciary Management, Inc., owner of 8,956,240 shares, about 84% of outstanding Resort stock) was to buy any unsubscribed shares.

Seaboard Finance Co., Los Angeles, Calif.
Feb. 9, Paul A. Appleby, President, announced plans for offering an issue of non-convertible preferred stock (no par). **Proceeds** — For working capital and expansion. **Underwriter**—The First Boston Corp.

★ **South Carolina Natural Gas Co.**
Feb. 19 it was announced a FPC Presiding Examiner filed a decision, subject to Commission review, authorizing company to construct approximately 160 miles of pipeline at an estimated cost of $5,945,000. **Securities** may be sold privately through competitive sale.

★ **South Georgia Natural Gas Co.**
Feb. 19 it was announced a FPC Presiding Examiner filed a decision, subject to Commission review, authorizing the company to construct 335 miles of pipeline in Alabama, Georgia and Florida at an estimated cost of $8,141,518.

Southern Co. (4/15)
Jan. 28 it was reported company plans offering of about 1,000,000 additional shares of common stock (par $5) to stockholders of record about April 15 on a basis of one new share for each 17 shares held; rights to expire on May 7. **Price**—Expected to be named by company on April 13. **Proceeds**—To increase investments in subsidiaries. **Underwriters**—To be determined by competitive bidding. Probable bidders: Blyth & Co., Inc.; Equitable Securities Corp. and Union Securities Corp. (jointly); First Boston Corp.; Lehman Brothers; Morgan Stanley & Co., Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane (jointly). **Bids**—Tentatively expected to be received at 11 a.m. (EST) on April 15. **Registration**—Planned for March 13.

Southern Natural Gas Co.
Nov. 3 FPC authorized company to construct 326 miles of pipeline from Gwinville, Miss., to the Gulf of Mexico, estimated to cast $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.

★ **Southwestern Gas & Electric Co.**
Feb. 25 it was reported company later this year may issue and sell 50,000 shares of cumulative preferred stock (par $100). **Underwriters** — May be determined by competitive bidding. Probable bidders: White, Weld & Co. and Kidder, Peabody & Co. (jointly); W. C. Langley & Co.; Harriman Ripley & Co. Inc.; Merrill Lynch, Pierce, Fenner & Beane and Union Securities Corp. (jointly); Lehman Brothers.

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Southwestern States Telephone Co.
Feb. 18 it was reported early registration is expected of an issue of about 60,000 shares of convertible preferred stock (par $25). **Underwriter** — Central Republic Co., Inc., Chicago, Ill.

• Texas Electric Service Co. (4/13)
Feb. 26 it was reported company plans to issue and sell $7,000,000 first mortgage bonds due 1983 and 100,000 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.; Harriman Ripley & Co. Inc.; The First Boston Corp.; Glore, Forgan & Co. (2) For bonds, 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 to be received up to 11:30 a.m. (EST) on April 13. **Registration**—Tentatively scheduled for March 5.

★ Texas Illinois Natural Gas Pipeline Co.
Feb. 24 it was announced that company will issue and sell bonds and common stock in the ratio of 75% and 25%, respectively. It is anticipated that Peoples Gas Light & Coke Co. will subscribe for about 67% of the common stock and for any additional shares not subscribed for by other stockholders or their assignees. Proceeds would be used for expansion program.

• Texas Power & Light Co. (5/19)
Feb. 26 it was reported company may sell about $5,000,000 of first mortgage bonds. **Proceeds**—For new construction. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co., Blyth & Co., Inc., Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane (jointly); The First Boston Corp.; Union Securities Corp.; Hemphill, Noyes & Co. and Drexel & Co. (jointly); White, Weld & Co.; Lehman Brothers; Salomon Bros. & Hutzler. **Bids**—Tentatively expected May 19.

★ Texas Power & Light Co. (5/19)
Feb. 26 it was reported company is planning issue and sale of $7,000,000 of cumulative preferred stock. **Proceeds**—For additions and improvements. **Underwriter**—May be determined by competitive bidding. Probable bidders: Union Securities Corp., Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane (jointly); White, Weld & Co.; The First Boston Corp.; Kuhn, Loeb & Co., Lehman Brothers and Salomon Bros. & Hutzler (jointly). **Bids**—Expected on May 19.

• Texas Utilities Co.
Feb. 26 it was announced company plans to sell additional common stock (no par) sufficient to raise about $15,000,000 of new money. **Proceeds** — To increase investments in subsidiaries. **Underwriters**—To be determined by competitive bidding. Probable bidders: The First Boston Corp., Blyth & Co., Inc., First Southwest Co., Rauscher, Pierce & Co., Inc. and Dallas Union Trust Co. (jointly); Union Securities Corp.; Lehman Brothers and Bear, Stearns & Co. (jointly); Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Goldman, Sachs & Co. and Harriman Ripley & Co., Inc. (jointly). **Bids** — Tentatively scheduled to be received in early June.

United Gas Corp.
Feb. 11 it was reported company may issue and sell in May or June about $20,000,000 of common stock to common stockholders on a 1-for-15 basis and $30,000,000 of debentures. **Proceeds**—For 1953 construction program. **Underwriters**—For stock, none. For debentures, to be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co., White, Weld & Co. and Equitable Securities Corp. (jointly); The First Boston Corp., Harriman Ripley & Co., Inc. and Goldman, Sachs & Co. (jointly).

★ Walworth Co.
Feb. 20 it was announced stockholders on March 25 will vote on increasing authorized common stock from 1,900,000 shares to 2,500,000 shares and on granting directors right to issue all or part of increased stock without prior offering to stockholders; also on reserving part of the additional shares for issue upon conversion of convertible 3¼% debentures due May 1, 1976. **Underwriter**—May be Paine, Webber, Jackson & Curtis, New York and Boston.

Washington Water Power Co.
Dec. 3 it was reported company may issue and sell in June, 1953, $10,000,000 of first mortgage bonds and between $14,000,000 and $18,000,000 of debentures. If competitive, bidders may include: Halsey, Stuart & Co. Inc.; Union Securities Corp. and Lehman Brothers (jointly); Blyth & Co., Inc., Smith, Barney & Co. and White, Weld & Co. (jointly); W. C. Langley & Co. and The First Boston Corp. (jointly).

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INCREDIBLE—BUT TRUE!

of both big and small business alike were well served.

This miracle was wrought because our investment banking and brokerage business was permitted to evolve in a natural way and was thus ideally suited to our progressive economy.

Profits or mark-ups that it was the custom in the trade for dealers to take were the result of the workings of competitive forces in a free market and these were essential to maintain the business health of those in the investment field.

Back in the early days of the '30s when we had a rubber stamp Congress, there were boys "in the saddle" up on Capitol Hill who didn't think our forefathers, when drafting the Constitution, were endowed with much sense or vision; so these lads did something about it, not by the long and tedious process of Constitutional amendment, but by framing new legislation with the aid of lawyers belonging to the Felix Frankfurter school of thought that subverted the Constitution. A Welfare State was projected by these architects of an alien form of government.

The State was to be all powerful. Paternalism in government was to prevail and regimentation and socialistic taxation and all that went with it were to be the NEW order of the day. We shouldn't have said **NEW**, because these doctrines were the ones of the Old World that curtailed liberties, made for a planned economy, and were the very ones our forefathers hoped they were relegating to the rubbish heap when drafting the Constitution.

They knew these elements were the incubators of tyranny, a lower standard of living and a possible slave state. They wanted government by law and no part of government by men.

It was natural that the first thing these New Deal architects should do in building another social order was to start with legislation affecting our capital markets. Hence the Securities Acts and the regulatory bodies born thereof—the Securities and Exchange Commission (SEC) and the National Association of Securities Dealers, Inc. (NASD).

So that our readers can determine for themselves the extent to which this legislation meets or fails to meet the tests we spoke of at the outset, let us conduct a hypothetical interview with a dealer in securities.

We do this remembering that a free flow of capital into trade and industry is an ingredient that is essential to a high level of business activity and employment and futher remembering the part dealer-brokers in securities play in this process, their job being not only to sell the securities when they are initially floated, but also to create markets in them thereafter so that an investor desiring to reconvert his securities into cash can readily do so.

Stocks and bonds were conceived of in the first place to make such reconversion possible as an inducement to get people to put at the disposal of productive industry money not being currently utilized, thereby making savings an asset and not a problem. You can thus appreciate how important it is that we see to it that the investment business thrives.

Having refreshed our memories in this regard, let us get on with our interview.

Q Are you a dealer-broker registered with the Securities and Exchange Commission?

A Yes, it is mandatory under the provisions of the Securities Exchange Act of 1934 for **all** dealers and brokers to register with and subject themselves to the jurisdiction of the SEC. Non-compliance with the edicts of the Commission could and invariably does result in the revocation of such registrations.

Q Why do you say for all dealers and brokers? Suppose you just did business within the borders of your own state, would you still have to register?

A Yes, because this Act stipulates it is intended to apply to all those using the mails. This new gimmick brought under the jurisdiction of the Commission all dealers and brokers even though they were doing a purely intrastate business and would ordinarily be subject only to the laws of their own state. This may not be constitutional, but who is going to spend the money to find out?

Q With companies in all lines of endeavor making ever new peaks in sales volume and profits in recent years, I suppose investment bankers and brokers have been doing a thriving business, too.

A Anything but.

Q What do you mean anything but? How could it be otherwise?

A Well the Securities and Exchange Commission (SEC) and the National Association of Securities Dealers (NASD) have compelled dealers more and more to accept their arbitrary and fallacious notions as to what constitutes a fair mark-up or profit instead of letting competition in a free market decide this question as formerly.

Q Is this making it difficult for investment firms to make both ends meet?

A That's why you see more and more concerns in our field going out of business, being absorbed by others or just confining their sales to exempt securities or mutual funds shares. I hate to think what the final toll will be after the stimulating effects of inflation have subsided, as they will in time, if we are not given relief from this destructive un-American system of regulation in the meanwhile.

Q What methods did these regulatory bodies use to abolish trade custom with respect to mark-ups and profits?

A Well at first the SEC and the NASD in conducting their examinations of broker-dealers looked askance at those transactions where mark-ups of more than 20% were involved, then 15%, then 10%.

Q Then what?

A Come the late '30s and early '40s, the SEC and the NASD through its Executive Director, Wallace Fulton, who is tantamount to a policeman working out of the SEC station, were still loud in proclaiming that something had to be done to get mark-ups down. They were still too high, according to their preconceived notions, or "unconscionable" as they elected to call them.

Q What did they do then?

A The SEC came up with talk about promulgating a bid-and-ask disclosure rule. Such a rule would have compelled every dealer to reveal the wholesale price or, in other words, the profit he expected to make on a transaction before accepting an order from a customer. It would have been like compelling a tradesman to tell a customer the price a fountain pen, or what have you, cost him before making a sale.

Q What was the dealer reaction to this talk?

A The Commission hardly passed the word around as to what they had in mind before both the SEC and Wallace Fulton heard plenty, all of it making it obvious that such a rule would be unworkable and if enforced would have the disastrous effect of forcing the great mass of over-the-counter firms out of business.

Q Did the SEC stop talking about it after that?

A Anything but. They knew all they had to do was whisper that such a rule was in contemplation in order to make even the biggest dealers turn pale. Now they had a weapon in their arsenal which would make for acceptance of any less radical proposals they advanced with respect to reducing mark-ups.

Q Wasn't the forcing down of mark-ups an expensive proposition?

A It certainly was and created a financial problem for both the SEC and the NASD. This was particularly true of the small dealers located in small towns in every state in the country. Forcing them to knuckle down under the new order of things involved prohibitive costs, the examination of their books, the interrogation of their customers, and other investigating media and snares of entrapment. As a result the SEC realized that it would have to be asking Congress for larger appropriations, and the NASD recognized the fact that it would be compelled to increase its assessments against its members for dues. Apparently an alternative was considered.

Q What alternative?

A Exterminate the little dealers! Result, fewer dealers to regulate, hence less cost. As simple as that. To implement this objective the NASD adopted a minimum capital rule which, if enforced, would have resulted in expelling all non-complying dealers out of the Association. This was akin to pronouncing the death sentence on them.

Q I thought a majority of members of the Association had to vote affirmatively for a proposed rule to be adopted?

A That is true.

Q I should think that a majority of the members, realizing that capital and integrity are not synonymous, would have defeated this requirement.

A But you're forgetting about that new weapon in the SEC's arsenal that both the SEC and Fulton were utilizing—the threat of imposing a bid-and-ask disclosure rule.

Q Meaning what?

A Before the proposed rule was submitted to a vote of the NASD membership, Fulton made the rounds of a lot of prominent dealers and played them for suckers by leading them to believe the promulgation of a bid-and-ask disclosure rule by the SEC was around the corner and the adoption of a minimum capital rule was necessary to stave it off. He thus set a grapevine propaganda machine in operation to spread this kind of talk.

Q What else did he do to insure its adoption?

A He made each member of the Association sign his name to his ballot. In other words, it wasn't a secret ballot, and when he found enough affirmative ballots were not being cast during the days that were allotted for voting on the proposed rule, he contacted the secretaries of different districts (there are 13 districts) and had them call up members that had not mailed in ballots urging them to do so and to vote affirmatively.

Q Did it work?

A Yes, this did the trick and the necesary affirmative votes were cast to provide for the adoption of the rule.

Q It is a rule today?

A No. Before the time came for it to become effective under the Association's bylaws, the SEC was compelled, because of an aroused public opinion, to hold public hearings on the rule and abrogate it. However, although the Securities Acts have no affirmative provision requiring annual filing of financial reports by dealer-brokers, the SEC has issued a rule making it mandatory to file such reports. Some firms use this information to get business away from their competitors who are less fortunately situated financially. It is to the credit of most of the large firms that they have frowned on this policy. While they recognized that the comparison of their large capital with that of smaller firms might temporarily help their business, in the long run it would work to their detriment to advocate or condone policies that are destructive to all but the wealthy.

Q After this setback, did they let trade custom prevail on mark-ups?

A No, they cooked up a proposed bid-and-ask rule and asked for comments on it and suggestions for alternative proposals to bring mark-ups down still more. They already knew what the reaction would be in connection with the proposal. They claimed that Section 15C2 of the Securities Act of 1934 expressly called for rules which were "designed to prevent fraudulent, deceptive or manipulative practices or fictitious quotations in the over-the-counter markets" and this was it. "Oh, Section 15C2, what sins have been committed in thy name!"

Q Well, if the SEC and Fulton already knew what the reaction and effect of the proposed rule would be, why did they do this?

A To make for acceptance of what was to come. They never did promulgate such a rule.

Q Did the comments received really condemn the proposal and were alternative rules suggested?

A In no uncertain terms. The New York Security Dealers Association suggested that as an alternative a ceiling of 10% be placed on markups.

Q You said a minute ago such a rule was proposed simply to make for acceptance of what was to come. What did come?

A Why, the so-called 5% yardstick philosophy. This was in 1943 and, of course, was designed to change trade custom still more and force mark-ups still lower. Under this yardstick dealers who sell securities become the subject of suspicion, are claimed to owe an explanation and to be subject to trial if their mark-ups exceed 5%. During the entire period when these agencies were deliberately abolishing trade custom with respect to mark-ups, their spokesmen, to make for acceptance of their policies, kept harping on the need for curbing "fringe dealers." First a "fringe" dealer was one that took more than a 20% mark-up, then 15%, then 10% and now 5%.

Q You mentioned before that under the Securities Act of 1934 you had to register as a dealer-broker with the SEC and subject yourself to the edicts of the Commission. The NASD, however, claims to be a voluntary association and if this is so, how come dealers don't resign if its rules and policing activities are having such a disastrous effect on their financial health?

A They can't. The NASD has a rule that forbids a member from giving discounts (tantamount to wholesale prices in other lines of business) to a non-member of the Association. Consequently, any dealer or broker, even though he be doing a purely intrastate business, who doesn't belong can't get discounts or wholesale prices from underwriters of new bond and stock issues nor can he engage in other lucrative forms of business open to members. If he does belong he subjects himself to all the rules and policing activities of the Association, which are tantamount to law so far as he is concerned.

Q Isn't that a violation of the Sherman Anti-Trust Act?

A No. The Maloney Act, an amendment to the Securities Exchange Act of 1934, specifically provided that a self-policing association like the NASD may adopt such a rule.

Q You said a minute ago that the change wrought by the SEC in trade custom was deliberate and studied. Did you mean this to apply to the NASD's 5% philosophy, too?

A Yes. The NASD is really an arm of the SEC. The Commission can abridge any rule the NASD has or compel it to adopt any it sees fit. SEC commissioners and members of the Commission's staff undoubtedly played an important part in the formulation of that philosophy.

Q I understand the NASD 5% figure was arrived at as a result of a questionnaire that was sent out to all members asking them for particulars which would reflect the gross mark-ups they had taken on 50 consecutive principal transactions during the previous six months.

A Yes. The questionnaires that were returned, according to the Association, showed that 40% of the transactions reported were effected at a spread of not over 3% and 71% at not over 5%.

Q Did the NASD explain what significance these figures should have for all members?

A The letter that went out to Business Conduct Committees in October 1934, when the philosophy was first promulgated, contained a paragraph reading: "In the final analysis, the Business Conduct Committee must be impelled to act where a member sells securities at a price which bears no reasonable relationship to the current market. Isolated transactions, where the spread or mark-up is in excess of 5%, may warrant only informal inquiry or a precautionary letter; but where practice is established, formal complaint procedure is the recommended course." Hence the 5% yardstick. As you can see, the Association ignored the fact that this survey showed that in the case of 29% of the transactions stipluated dealers had found it necessary to go in for mark-ups of more than 5%. While a large percent of the business could be done on a 2 to 5% basis, it could be that 5%, 7%, 8% or more was necesary in some instances to make the lower ones possible.

Q Were the mark-ups of big firms doing a volume business included in the average percentages you just quoted?

A Yes.

Q Pretty tough on the little fellow, I'd say.

A You're telling me!

Q Was any allowance made in applying the 5% yardstick for the tremendous increase in the cost of doing business since 1934?

A No. Absolutely none.

Q The 5% yardstick impresses me as being a rule and you told me that the Association could adopt a rule only after majority approval by its membership.

A Yes, but the Association has a vague rule that states: "A member, in the conduct of his business, shall observe a high standard of commercial honor and just and equitable principles of trade," and used this as its authority for adopting the instant philosophy. According to a poll conducted by *The Commercial and Financial Chronicle*, 85% of the members opposed the promulgation of the philosophy and it was felt right down the line that it constituted a rule. In fact, their ire was aroused to such an extent the SEC had to hold a hearing on the subject.

Q What happened?

A Since some of the commissioners and members of the SEC staff undoubtedly had a hand in the formation of the philosophy, it was natural to expect that the Commission would, when being asked to pass upon what was considered largely its own creature, uphold the NASD in its contention that it was not a rule and did not have to be submitted to the membership for vote, and this is just what it did. In the decision handed down, the SEC characterized it as an "interpretation" and not a rule but did state that no presumption of a violation arises solely on the basis that a spread in excess of 5% had been taken. But what consolation is that when the SEC permits the NASD to continue merrily on its way enforcing its edict?

Q I understand that the form letters announcing the 5% philosophy and ones explanatory thereof went out over the name of the Chairman of the Board of Governors. Do you think he drafted those letters?

A You can be sure he didn't draft any of them.

Q Why do you say that?

A Because nobody, but nobody, except the lawyers connected with the SEC and NASD and people like Fulton, could draft such letters, concoct such a scheme, or interpret the results of the survey as was done.

Q Do the Governors of the Association get paid?

A They are all dealers and serve without com-

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pensation and are all unwitting puppets of Fulton even though he may lead them to believe he is subservient to them. All members of the Business Conduct Committees are more or less in the same category.

Q Does Fulton receive a salary?

A Oh, yes—he gets $40,000 a year plus expenses, I hear. And when he travels around the country, as he does, I suspect he is wined and dined plenty by dealers and brokers everywhere.

Q What do you mean you think he gets $40,000 plus expenses?

A Even though it is supposed to be a voluntary Association, members realize without being told that if they know what's good for them they won't try to pry into how the money obtained from them in the form of dues is spent. They are told what Fulton wants to tell them and that's that.

Q What happens if a dealer is found to be taking more than 5% on transactions?

A Well, that's a bit involved. Why not let me first tell you about the next step that was taken in the overall pattern of changing trade custom and mark-ups.

Q Okay, what was the next step?

A The NASD then proposed the adoption of the following by-law amendments:

(a) Compel all member firms to register with the National Association of Securities Dealers all of their partners, officers, salesmen, traders and employees who handle transactions with customers, so that these registrants could be controlled in the same way as the members themselves are being controlled.

(b) Prevent non-registrants from transacting any branch of the investment banking or securities business.

(c) Provide that the mere act of registration constitutes an agreement to abide by and comply with all of the provisions, conditions and by-laws of the NASD.

(d) Make registrants subject to the disciplinary machinery now set up by the NASD.

With the passage of these amendments, non-compliance on the part of the individual with the Association's edicts on mark-ups or in other directions could deprive him of the privilege of earning his bread and butter and to take care of his family by engaging in the securities business.

Q Did the membership vote affirmatively on these amendments?

A Yes.

Q Why would a firm vote in favor of rules like these that seem obviously obnoxious?

A Well, Mr. Fulton started the old grapevine working again. He made dealers believe for one thing that if their salesmen were registered, these salesmen and not their firms would be disciplined. He also gave them the impression it would hold down the turnover of salesmen by indirectly controlling their compensation. Another thing, in my opinion, that enters into the way the vote went was that a note accompanied each ballot stating that no unsigned ballots would be counted.

Q Do they discipline salesmen and not firms now?

A Not that I know of. Fulton has made it clear even recently in Association bulletins that a firm cannot escape the consequences of the actions of their employees. As a matter of law, of course, this is true under the doctrine of agency.

Q Is the number of firms engaged in the securities business increasing?

A No. Just the opposite. Here are the figures showing the number of firms and the number of branch offices they maintained at the end of last year, at the end of 1929 and at the depth of the depression in July, 1932, just before the SEC came into being:

	Dec. '29	July '32	Dec. '52
Main Offices	7,690	6,772	4,765
Branches	3,697	2,285	2,320
Total	11,389	9,057	7,085

Q That's 38% less firms and branch offices than there were in 1929, a quarter of a century ago.

A Correct. And if it hadn't been for the destructive influence of the SEC and the NASD in changing trade custom and usage, there would probably be 25% more instead of 38% less today. So I ask you, are the SEC and the NASD regulating or destroying the investment banking and brokerage business?

Q Does the 5% philosophy apply to new security issues?

A Not directly. Sooner or later you may be sure the bright lads in the SEC (if they are permitted to go merrily on their way) will get around to narrowing underwriting spreads on new issues, too. As a matter of fact underwriting commissions or discounts as a percentage of gross proceeds in the case of new common stock issues reached a new low last year.

Q How do you account for that?

A I believe it is due to the fact that the prospectus which a dealer must give to an investor at the time a sale is consummated must contain the cost price to the underwriter and the discount he, as a dealer, gets. This disclosure requirement is just as wholly wrong and un-American as was the SEC's proposed bid-and-ask rule. Can you imagine in any line of business saying to a customer "I want to sell you this car or necktie or bedspread, but before I do here is the amount of gross profit I make by selling it to you?" I say it's nobody's business how much underwriting profit there is in a deal. I say that this requirement should not stand. If it does, then every other business in the United States should be forced to disclose its gross profits on every item sold to the public.

Q Does the 5% philosophy and the SEC's relentless efforts to force mark-ups down artificially make for a poorer secondary market in new issues?

A Yes.

Q Won't this be likely eventually to make it difficult to float certain types of new security issues?

A Yes. Definitely. I would say this will become more and more obvious as time goes on, unless mark-ups are again determined by competition in a free market instead of by SEC and NASD fiat.

Q But why?

A When new issues of big corporations are floated, provision is usually made for their being listed on the New York Stock Exchange after they have been sold. In such cases, the assumption is the investor will find there is a market for his securities thereafter, if, as, and when he desires to reconvert his securities into cash.

Q What happens in the case of issues of the smaller corporations of the country?

A A market must be maintained for them by dealers in the over-the-counter market. Let me explain. While the gross profit of an underwriter of small issues may be 10%, 15% or 20% and is adequate to make it profitable for him to sell them initially, the 5% philosophy edict and the SEC's arbitrary policy of holding mark-ups down eliminates the incentive on the part of the dealer to find other buyers in those cases where the original purchasers wish to sell. As time passes and investors realize this, they will be less inclined to buy the securities of small business enterprises. Such small enterprises, which are essential to small community life and are needed in a thriving state, will then find it correspondingly difficult to raise capital through the sale of securities.

Q A couple of weeks back I saw a SEC press release indicating new securities offered in 1952, including both new money and refunding issues, amounted to $9.7 billion exclusive of investment company shares of almost $800 million, thus making a grand total of $10.5 billion. In this release they stated that even after adjusting for changes in the purchasing power of the dollar, the 1952 figure for *real* investment securities would be twice that of 1929. This left me with the impression that this was a record to be proud of. How about it?

A Nothing of the kind. When they put the word "real" before investment securities you may be sure there is a "nigger in the woodpile" somewhere. When it comes to semantics and propaganda, the SEC lads are right there. They may not make any misstatements, but you can be sure they will try and mislead you if it serves their purpose.

Q What do you mean?

A Let's take some of the figures given in their release and break them down quickly and see if you think they indicate the SEC is an asset to the country as the staff members would have you believe in their efforts to perpetuate themselves in their jobs. They say the total of new security flotations in 1952 was $10.5 billion, including $800 million investment company shares, contrasted with $10 billion in 1929 (before we had an SEC) and point out that the composition of the financing in the earlier year differed considerably from 1952, all of which is true. But they do not stress and spell out what those differences were where the implications would be unfavorable to the SEC.

Q For example.

A Let me just take the time to point out two differences of fundamental importance. One is the fact that the $10.5 billion figure the SEC quoted for 1952 includes private placements of $4.1 billion. If you deduct this amount from the $10.5 billion figure, you get $6.4 billion which is the figure that should be contrasted with $10.1 billion for 1929 to determine whether the amount of securities publicly offered was up or down. So again, I ask you, is the SEC regulating or destroying the investment banking business?

Q What is the other difference you had in mind?

A The other fundamental difference in the composition of the financing for the two years is that practically all of the 1952 financing took the form of bonds, notes and debentures, whereas in 1929 the exact reverse was true since in that year 69% of all offerings consisted of common and preferred stock issues. This was a much healthier situation.

Q Why do you say that?

A Well, if business is bad with a corporation, dividends can be suspended on its outstanding stock until things improve. On the other hand, when money is raised through the sale of debt securities as in 1952, corporations are putting themselves in a position where they have to continue paying interest on these securities no matter how bad business is at some future date or face bankruptcy. This means curbing expenses (less business for other concerns) and letting workers go wherever possible in a period of business adversity. The SEC lads will scoff at the suggestion that part of this change was their doings. However, while certain other elements in the economic picture undoubtedly have some bearing on this trend, an objective study would reveal that the Securities Acts and the administering thereof by the SEC were a factor of the first magnitude.

Q Why was there such a large volume of private placements last year and none in 1929?

A There was no Securities Act and no SEC in 1929. The teriffic cost, onerous requirements and the time element incidental to the registering of securities with the SEC has led corporations with high credit ratings to sidestep the SEC and raise capital by selling bonds, notes or debentures directly to just one or a few large institutions or insurance companies. Other factors may have played a minor part in this trend, but this is the primary one. In the parlance of Wall Street this is known as direct placement, since it does not involve the public offering of the securities by investment dealers who are the losers as are also the smaller institutions and other investors who are denied a participation in these issues.

Q Do foreign governments, municipalities, and corporations have to go through the same onerous and extensive registration procedure when selling new issues here?

A Yes, but the information required of foreign governments, municipalities and corporations, of course, is somewhat different.

Q Would you say that this fact was a major deterrent to more foreign issues being floated in this country?

A Yes, and, of course, it does not help to bridge the so-called dollar gap that we hear so much talk about these days and consequently hurts our foreign trade.

Q Didn't the SEC exempt the securities of the World Bank (International Bank for Reconstruction and Development) from some of the provisions of the Securities Acts?

A Yes. They promulgated several rules to exempt the World Bank securities from certain provisions of the Securities Act of 1934, which means, among other things, that a member of the NASD could give discounts to a nonmember in the case of these securities. Clearly, it was felt that if these particular securities were to be given the broadest possible market, one that was liquid and unrestricted, one that would result in a successful disposition at the best possible price of the offering, certain provisions of the Securities Act would have to be waived, and, in fact, these were waived. By a parity of reasoning why shouldn't the same be true of foreign securities and domestic securities? If methods of marketing and marketing conditions are benefited by these exemptions granted to the World Bank, why shouldn't the same benefits be extended? In the compliance by the SEC with the request of the World Bank concerning its securities, we see a tacit admission by the Commission that the Securities Acts and their interpretation are onerous burdens concerning the marketing of securities which were best removed in the public interest.

Q I understand that selling new issues of securities is materially retarded because only "tombstone" copy can be used in ads. Is that so?

A Yes. They are called "tombstone" ads because of the brevity of the copy. Unlike merchants in other kinds of business, the dealer selling new issues of securities until recently could do no more than state in his advertisements the name of the corporation whose securities he was offering for sale, the total number of shares involved (like 300,000 shares of common stock), and the price per share. Advertising of investment funds is similarly restricted. Sales literature used in connection with investment funds is censored and governed by a so-called "Statement of Policy" issued by the SEC. Therein sales literature is deemed to include any communication (whether in writing, by radio or by television) used by an issuer, underwriter, or dealer to induce the purchase of shares of an investment company.

Q You said until recently. Does this mean the restrictions have been lifted?

A In December, 1952, the SEC "liberalized" their rules so that in ads or promotional material taking the form of what the SEC calls "identifying statements" for use as a means of locating persons who might be interested in receiving a prospectus, a few words may now be said about the kind of business the issuer corporation is engaged in. The SEC rules on the subject defined an "identifying statement" as a written communication or advertisement which meets the Commission's requirements. Talking about the type of business of the issuer corporation, it specifically stated that "it is not contemplated that this statement regarding the nature of the business will exceed a line or two." Dividends may have been paid by the issuer corporation for 50 consecutive years, earnings may be robust year in and year out, new products admittedly in tremendous demand, but can a dealer say anything about this in his offering advertisement? Absolutely not! A fine state of affairs! How much business do you think department stores and other merchants and manufacturers would do if they were similarly restricted in their promotional sales efforts. Some times you seriously wonder if those New Deal architects didn't make a calculated attempt to prevent capital being obtained by industry except through a governmental agency like the RFC. Some of the restrictions might well be statutory but it would appear to a dispassionate observer that the SEC was never seriously interested in having them removed by amendments to the Securities Act.

Q You said the "identifying statements" were to be used for the purpose of locating persons interested in getting a prospectus. Is it your experience that individual investors read these prospectuses?

A No. The average individual investor may look on the front cover to see what profit I, as a dealer, am making. Professionals such as institutions and brokers and dealers do, of course, delve into the voluminous detailed particulars incorporated in them. It would be much better all around if we had the freedom to issue a brief circular incorporating therein the pertinent particulars as we see them.

Q Does that mean you would do away with the SEC and the filing of registration statements?

A Yes. Instead I would recommend that it be mandatory for an issuer corporation to file a short, sensible and readable prospectus with the Department of Commerce. Copies should be freely available for public inspection and duplicates available for a small fee. If at a date subsequent to the filing and sale of the securities it develops that it in any way was a false document, it could be used as a basis for a recission of the sale of the securities to an investor, and criminal prosecution by the Attorney General of those responsible for any false statements would be an additional remedy. I don't think it should be compulsory for a dealer to give an investor a prospectus. He should be permitted to give as much or as little as he sees fit in his selling literature. The investor, however, should be protected by law just as though the sale had been effected on the basis of the information contained in the prospectus that would be on file with the Department of Commerce. The present procedure is altogether too expensive and time consuming. Regarding the time element, just let me say that between the time a corporation decides to engage in an expansion program and the time its lawyers, accountants, engineers and whatnot prepare all the data now necessary to be incorporated in a registration statement and the 20 days or more it takes the SEC to look it over and make it effective, markets can change so that it is no longer possible to obtain the needed financing.

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Q A while back I asked you what happened if a dealer was taking mark-ups of more than 5% and you said you would tell me later.

A Well, the District Secretary of the NASD may bring the matter to the attention of the Business Conduct Committee in his district at its next periodic meeting (the country has thirteen districts under the NASD setup).

Q What then?

A The Business Conduct Committee decides whether or not a dealer should be brought to trial although the NASD as with the SEC studiously avoids use of the word trial. In their parlance they "set a date for a hearing."

Q Before whom does such a hearing take place?

A Before a subcommittee of the District Business Conduct Committee, usually three members.

Q In what capacity does the Committee act?

A As complainant or plaintiff, investigator, prosecutor, judge and jury.

Q You mean the Committee passes judgment on its own complaint?

A Yes indeed! Un-American and foreign to the entire concept of our jurisprudence as that is.

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A That vague one that says: "A member, in the conduct of his business shall observe a high standard of honor and just and equitable principles of trade."

Q Does he get a fair trial?

A Not according to our concept of Anglo-Saxon justice.

Q Meaning what?

A That all members of the Association's Business Conduct Committees are dealers or brokers themselves and therefore are directly or indirectly, to a greater or lesser degree, competitors of the dealer on trial. An important thing to remember is that most firms in the securities field transact business with each other and as a consequence formulate opinions of their own regarding the standing of other dealer-brokers. A dealer in New York may do business each day with many other firms in his own city or in other cities in the country. If you were to pick out the names of a hundred dealer-brokers and ask every member on a Business Conduct Committee to tell you name by name how he would rate each one, you would find that he would tell you this one is tops, that one is not so good and I for one wouldn't do business with him, and so on right down the line. In other words, they have their own preconceived notions of a dealer's ethics before he comes to trial, and that dealer consequently has three strikes against him right off the bat under such a judicial system, and it is a judicial system in effect. I am not trying to cast aspersions on these men. Most of them are men who stand high in their profession, but the fact is that they would be excluded from a jury in our regular courts on the grounds they were likely to be biased. To illustrate my point still further, at a hearing a while back before the

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pensation and are all unwitting puppets of Fulton even though he may lead them to believe he is subservient to them. All members of the Business Conduct Committees are more or less in the same category.

Q Does Fulton receive a salary?

A Oh, yes—he gets $40,000 a year plus expenses, I hear. And when he travels around the country, as he does, I suspect he is wined and dined plenty by dealers and brokers everywhere.

Q What do you mean you think he gets $40,000 plus expenses?

A Even though it is supposed to be a voluntary Association, members realize without being told that if they know what's good for them they won't try to pry into how the money obtained from them in the form of dues is spent. They are told what Fulton wants to tell them and that's that.

Q What happens if a dealer is found to be taking more than 5% on transactions?

A Well, that's a bit involved. Why not let me first tell you about the next step that was taken in the overall pattern of changing trade custom and mark-ups.

Q Okay, what was the next step?

A The NASD then proposed the adoption of the following by-law amendments:

(a) Compel all member firms to register with the National Association of Securities Dealers all of their partners, officers, salesmen, traders and employees who handle transactions with customers, so that these registrants could be controlled in the same way as the members themselves are being controlled.

(b) Prevent non-registrants from transacting any branch of the investment banking or securities business.

(c) Provide that the mere act of registration constitutes an agreement to abide by and comply with all of the provisions, conditions and by-laws of the NASD.

(d) Make registrants subject to the disciplinary machinery now set up by the NASD.

With the passage of these amendments, non-compliance on the part of the individual with the Association's edicts on mark-ups or in other directions could deprive him of the privilege of earning his bread and butter and to take care of his family by engaging in the securities business.

Q Did the membership vote affirmatively on these amendments?

A Yes.

Q Why would a firm vote in favor of rules like these that seem obviously obnoxious?

A Well, Mr. Fulton started the old grapevine working again. He made dealers believe for one thing that if their salesmen were registered, these salesmen and not their firms would be disciplined. He also gave them the impression it would hold down the turnover of salesmen by indirectly controlling their compensation. Another thing, in my opinion, that enters into the way the vote went was that a note accompanied each ballot stating that no unsigned ballots would be counted.

Q Do they discipline salesmen and not firms now?

A Not that I know of. Fulton has made it clear even recently in Association bulletins that a firm cannot escape the consequences of the actions of their employees. As a matter of law, of course, this is true under the doctrine of agency.

Q Is the number of firms engaged in the securities business increasing?

A No. Just the opposite. Here are the figures showing the number of firms and the number of branch offices they maintained at the end of last year, at the end of 1929 and at the depth of the depression in July, 1932, just before the SEC came into being:

	Dec. '29	July '32	Dec. '52
Main Offices	7,690	6,772	4,765
Branches	3,697	2,285	2,320
Total	11,389	9,057	7,085

Q That's 38% less firms and branch offices than there were in 1929, a quarter of a century ago.

A Correct. And if it hadn't been for the destructive influence of the SEC and the NASD in changing trade custom and usage, there would probably be 25% more instead of 38% less today. So I ask you, are the SEC and the NASD regulating or destroying the investment banking and brokerage business?

Q Does the 5% philosophy apply to new security issues?

A Not directly. Sooner or later you may be sure the bright lads in the SEC (if they are permitted to go merrily on their way) will get around to narrowing underwriting spreads on new issues, too. As a matter of fact underwriting commissions or discounts as a percentage of gross proceeds in the case of new common stock issues reached a new low last year.

Q How do you account for that?

A I believe it is due to the fact that the prospectus which a dealer must give to an investor at the time a sale is consummated must contain the cost price to the underwriter and the discount he, as a dealer, gets. This disclosure requirement is just as wholly wrong and un-American as was the SEC's proposed bid-and-ask rule. Can you imagine in any line of business saying to a customer "I want to sell you this car or necktie or bedspread, but before I do here is the amount of gross profit I make by selling it to you?" I say it's nobody's business how much underwriting profit there is in a deal. I say that this requirement should not stand. If it does, then every other business in the United States should be forced to disclose its gross profits on every item sold to the public.

Q Does the 5% philosophy and the SEC's relentless efforts to force mark-ups down artificially make for a poorer secondary market in new issues?

A Yes.

Q Won't this be likely eventually to make it difficult to float certain types of new security issues?

A Yes. Definitely. I would say this will become more and more obvious as time goes on, unless mark-ups are again determined by competition in a free market instead of by SEC and NASD fiat.

Q But why?

A When new issues of big corporations are floated, provision is usually made for their being listed on the New York Stock Exchange after they have been sold. In such cases, the assumption is the investor will find there is a market for his securities thereafter, if, as, and when he desires to reconvert his securities into cash.

Q What happens in the case of issues of the smaller corporations of the country?

A A market must be maintained for them by dealers in the over-the-counter market. Let me explain. While the gross profit of an underwriter of small issues may be 10%, 15% or 20% and is adequate to make it profitable for him to sell them initially, the 5% philosophy edict and the SEC's arbitrary policy of holding mark-ups down eliminates the incentive on the part of the dealer to find other buyers in those cases where the original purchasers wish to sell. As time passes and investors realize this, they will be less inclined to buy the securities of small business enterprises. Such small enterprises, which are essential to small community life and are needed in a thriving state, will then find it correspondingly difficult to raise capital through the sale of securities.

Q A couple of weeks back I saw a SEC press release indicating new securities offered in 1952, including both new money and refunding issues, amounted to $9.7 billion exclusive of investment company shares of almost $800 million, thus making a grand total of $10.5 billion. In this release they stated that even after adjusting for changes in the purchasing power of the dollar, the 1952 figure for *real* investment securities would be twice that of 1929. This left me with the impression that this was a record to be proud of. How about it?

A Nothing of the kind. When they put the word "real" before investment securities you may be sure there is a "nigger in the woodpile" somewhere. When it comes to semantics and propaganda, the SEC lads are right there. They may not make any misstatements, but you can be sure they will try and mislead you if it serves their purpose.

Q What do you mean?

A Let's take some of the figures given in their release and break them down quickly and see if you think they indicate the SEC is an asset to the country as the staff members would have you believe in their efforts to perpetuate themselves in their jobs. They say the total of new security flotations in 1952 was $10.5 billion, including $800 million investment company shares, contrasted with $10 billion in 1929 (before we had an SEC) and point out that the composition of the financing in the earlier year differed considerably from 1952, all of which is true. But they do not stress and spell out what those differences were where the implications would be unfavorable to the SEC.

Q For example.

A Let me just take the time to point out two differences of fundamental importance. One is the fact that the $10.5 billion figure the SEC quoted for 1952 includes private placements of $4.1 billion. If you deduct this amount from the $10.5 billion figure, you get $6.4 billion which is the figure that should be contrasted with $10.1 billion for 1929 to determine whether the amount of securities publicly offered was up or down. So again, I ask you, is the SEC regulating or destroying the investment banking business?

Q What is the other difference you had in mind?

A The other fundamental difference in the composition of the financing for the two years is that practically all of the 1952 financing took the form of bonds, notes and debentures, whereas in 1929 the exact reverse was true since in that year 69% of all offerings consisted of common and preferred stock issues. This was a much healthier situation.

Q Why do you say that?

A Well, if business is bad with a corporation, dividends can be suspended on its outstanding stock until things improve. On the other hand, when money is raised through the sale of debt securities as in 1952, corporations are putting themselves in a position where they have to continue paying interest on these securities no matter how bad business is at some future date or face bankruptcy. This means curbing expenses (less business for other concerns) and letting workers go wherever possible in a period of business adversity. The SEC lads will scoff at the suggestion that part of this change was their doings. However, while certain other elements in the economic picture undoubtedly have some bearing on this trend, an objective study would reveal that the Securities Acts and the administering thereof by the SEC were a factor of the first magnitude.

Q Why was there such a large volume of private placements last year and none in 1929?

A There was no Securities Act and no SEC in 1929. The teriffic cost, onerous requirements and the time element incidental to the registering of securities with the SEC has led corporations with high credit ratings to sidestep the SEC and raise capital by selling bonds, notes or debentures directly to just one or a few large institutions or insurance companies. Other factors may have played a minor part in this trend, but this is the primary one. In the parlance of Wall Street this is known as direct placement, since it does not involve the public offering of the securities by investment dealers who are the losers as are also the smaller institutions and other investors who are denied a participation in these issues.

Q Do foreign governments, municipalities, and corporations have to go through the same onerous and extensive registration procedure when selling new issues here?

A Yes, but the information required of foreign governments, municipalities and corporations, of course, is somewhat different.

Q Would you say that this fact was a major deterrent to more foreign issues being floated in this country?

A Yes, and, of course, it does not help to bridge the so-called dollar gap that we hear so much talk about these days and consequently hurts our foreign trade.

Q Didn't the SEC exempt the securities of the World Bank (International Bank for Reconstruction and Development) from some of the provisions of the Securities Acts?

A Yes. They promulgated several rules to exempt the World Bank securities from certain provisions of the Securities Act of 1934, which means, among other things, that a member of the NASD could give discounts to a nonmember in the case of these securities. Clearly, it was felt that if these particular securities were to be given the broadest possible market, one that was liquid and unrestricted, one that would result in a successful disposition at the best possible price of the offering, certain provisions of the Securities Act would have to be waived, and, in fact, these were waived. By a parity of reasoning why shouldn't the same be true of foreign securities and domestic securities? If methods of marketing and marketing conditions are benefited by these exemptions granted to the World Bank, why shouldn't the same benefits be extended? In the compliance by the SEC with the request of the World Bank concerning its securities, we see a tacit admission by the Commission that the Securities Acts and their interpretation are onerous burdens concerning the marketing of securities which were best removed in the public interest.

Q I understand that selling new issues of securities is materially retarded because only "tombstone" copy can be used in ads. Is that so?

A Yes. They are called "tombstone" ads because of the brevity of the copy. Unlike merchants in other kinds of business, the dealer selling new issues of securities until recently could do no more than state in his advertisements the name of the corporation whose securities he was offering for sale, the total number of shares involved (like 300,000 shares of common stock), and the price per share. Advertising of investment funds is similarly restricted. Sales literature used in connection with investment funds is censored and governed by a so-called "Statement of Policy" issued by the SEC. Therein sales literature is deemed to include any communication (whether in writing, by radio or by television) used by an issuer, underwriter, or dealer to induce the purchase of shares of an investment company.

Q You said until recently. Does this mean the restrictions have been lifted?

A In December, 1952, the SEC "liberalized" their rules so that in ads or promotional material taking the form of what the SEC calls "identifying statements" for use as a means of locating persons who might be interested in receiving a prospectus, a few words may now be said about the kind of business the issuer corporation is engaged in. The SEC rules on the subject defined an "identifying statement" as a written communication or advertisement which meets the Commission's requirements. Talking about the type of business of the issuer corporation, it specifically stated that "it is not contemplated that this statement regarding the nature of the business will exceed a line or two." Dividends may have been paid by the issuer corporation for 50 consecutive years, earnings may be robust year in and year out, new products admittedly in tremendous demand, but can a dealer say anything about this in his offering advertisement? Absolutely not! A fine state of affairs! How much business do you think department stores and other merchants and manufacturers would do if they were similarly restricted in their promotional sales efforts. Some times you seriously wonder if those New Deal architects didn't make a calculated attempt to prevent capital being obtained by industry except through a governmental agency like the RFC. Some of the restrictions might well be statutory but it would appear to a dispassionate observer that the SEC was never seriously interested in having them removed by amendments to the Securities Act.

Q You said the "identifying statements" were to be used for the purpose of locating persons interested in getting a prospectus. Is it your experience that individual investors read these prospectuses?

A No. The average individual investor may look on the front cover to see what profit I, as a dealer, am making. Professionals such as institutions and brokers and dealers do, of course, delve into the voluminous detailed particulars incorporated in them. It would be much better all around if we had the freedom to issue a brief circular incorporating therein the pertinent particulars as we see them.

Q Does that mean you would do away with the SEC and the filing of registration statements?

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A Well, the District Secretary of the NASD may bring the matter to the attention of the Business Conduct Committee in his district at its next periodic meeting (the country has thirteen districts under the NASD setup).

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A The Business Conduct Committee decides whether or not a dealer should be brought to trial although the NASD as with the SEC studiously avoids use of the word trial. In their parlance they "set a date for a hearing."

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A Before a subcommittee of the District Business Conduct Committee, usually three members.

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A As complainant or plaintiff, investigator, prosecutor, judge and jury.

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SEC, a man high up in the NASD in Denver made the statement that "We know all the dealers in our city and know which ones to watch."

Q Can you cite any instances where members of Business Conduct Committees have taken punitive action against a dealer because he was a competitor?

A I'll mention a couple of things that occurred which are in keeping with what you have in mind. The Chairman of one Business Conduct Committee acting as a dealer and not in his capacity as an Association official called a competitive dealer on the telephone and asked him to "lay off" circularizing the stockholders of a certain local company in an effort to unearth stock that might be purchased from present holders for resale to his customers. Heated words followed and the Chairman of the Committee told the dealer that trouble was ahead for him. Sure enough the next day a field man from the NASD came into his office to examine his books and not long after that he was charged with taking unreasonable mark-ups. He was found guilty by the local Business Conduct Committee headed by the competitive dealer who warned him that trouble was ahead and he was suspended from membership for a period of time. I was also told that the Chairman of another Business Conduct Committee told a dealer from a nearby town just before that dealer was going in the room where he was to be tried for taking unconscionable markups "if anything happens to you" remember my firm would like you to open a branch office for us in your town. I do not know whether this dealer was expelled from the Association or if he just decided he could not make both ends meet if he had to lower his mark-ups. I do know though that it was not long after this conversation that the Chairman's firm opened a branch office in that dealer's town and he became manager of it. Appeals from Business Conduct Committee decisions are inadvisable because experience has demonstrated where this was done the punishment meted out was increased. Then, too, the regulated must continue to live with the regulators.

Q Are all firms treated alike when it comes to policing activities of the SEC and the NASD?

A No. It is generally understood that by and large no examination at all is made of firms belonging to the New York Stock Exchange.

Q Other than through NASD field examiners, how do complaints arise? Do investors voluntarily come forth and file complaints?

A In rare cases. In most instances if the truth were known, it would be disclosed that rival firms instigate the complaints.

Q What do you mean by that?

A One salesman will want to impress upon the customer of the other fellow how much better off he is in doing business with him and will make pointed inquiries to determine the mark-ups that were taken on securities that the customer bought from his competitor. Then he stresses how excessive they are and urges him to call up the offices of the NASD and file a complaint.

Q You have been talking right along about the over-the-counter markets. What is the difference between the over-the-counter market and the listed or exchange market?

A The exchange market is often referred to as an auction market because in theory an exchange provides a focal point for the concentration of all bids and offerings of potential purchasers and sellers for all securities listed on a particular exchange. Auction marketing in a security cannot be maintained unless there is sufficient activity in it. In those cases where less active securities are traded on an exchange, it devolves upon the stock specialist for each particular stock to create a market in the absence of any public orders to buy or sell by putting in an order for his own account. In other words if you wanted to sell 100 shares of XYZ stock and the specialist had no order from anyone else to buy that stock, he himself would be expected to do so. He has a monopoly in that stock and the continuity of any market thus created is dependent upon his financial resources and his willingness to thus risk his own money. As that eminent economist, Dr. Benjamin M. Anderson, put it "That is why we need a strong and active stock market in which men may shift investments readily. Many men will invest if they have a dependable market for the investments they purchase but would not invest if there were no liquid market. And I may add that in order for a stock market to perform this function effectively there must be active speculators who make a market when there otherwise would not be any who narrow the spread between bid and asked prices, and who perform an exceedingly useful function in the general picture." The SEC stated that there were 2,624 stock issues and 964 bonds issues listed and registered on all exchanges in the country last year.

Q How many securities are traded on the over-the-counter market?

A The volume is enormous and the over-the-counter market is the largest securities market in America. The National Quotation Bureau publishes a service in which dealers indicate the over-the-counter securities they wish to buy or sell and this service estimates that approximately 25,000 issues are mentioned in their stock manual and 2,000 in their corporation bond manual. There must be again as many corporations, too, whose securities are traded over-the-counter but since only people local to small cities have interest in the securities of their home industries, they are not mentioned in the National Service. Out of town dealers would have no interest in them. The same thing applies to the stocks of most of the 14,000 banks in the country. In addition, the securities of the United States Government, of all the state governments and the bonds of over 100,000 municipalities are traded on the over-the-counter market.

One, five, ten, a hundred or more over-the-counter dealers may interest themselves in "making a market for" a given unlisted security. They stand ready to buy or sell substantial quantities of the securities which they are "quoting." Because of competition, the spread between their bid and asked figures ordinarily is quite narrow. These over-the-counter dealers are definitely interested in seeking business, and, as an integral part of their operations, take inventory positions and quote prices at which they will buy and sell. They are acquainted with the investment merit of specific securities and will sometimes sell them directly to investors themselves. In other cases they have a dealer following throughout the country. Such dealers are always looking for securities that present good values to sell to their investor clientele. By this process undervalued securities are brought into line with their intrinsic values thereby providing a good market for an investor wishing to reconvert his securities into cash. But, of course, the SEC and NASD in their eagerness to force markups down to their false concepts of what they should be no longer make this possible to the same degree as formerly.

Q You just quoted Dr. Anderson on the need for a strong and active stock market. Have the Securities Acts and the administering of them by the SEC helped to make this an accomplished fact?

A Just the opposite. Here are some revealing figures showing the volume of sales on the New York Stock Exchange for Dec. 31, 1929, 1932, and 1952, together with a number of issues listed.

	1929	1932	1952
No. Issues Listed	1,297	1,237	1,522
Shares Sold	1,124,800,410	425,234,294	337,805,179

To discuss the many reasons for this indicated shrinkage over the years and the fact that the market for securities on the New York Stock Exchange has lost a great deal of its liquidity would take hours. Here, too, the solution lies in the repeal of the Securities Acts and the abolition of the SEC. The Eisenhower Administration wants to cut the budget. The SEC put in a request for $6 million for the coming fiscal year all of which could be saved by its abolition with distinct advantage to our economy. In fact, the SEC does not need as much money as it has been getting. It could close its regional offices all over the country and cut down in other ways that would be all to the good. If the NASD were eliminated also, it would save investment bankers and brokers a tidy sum, too. Their dues to the Association have been equivalent to taxation without representation.

Q Are your answers largely a matter of opinion or do these constitute facts which are capable of proof?

A I am convinced that an investigation by a Congressional Committee with full power to compel individuals in and out of the regulatory bodies to testify under oath would establish the facts I have ascertained beyond all reasonable doubt.

Q One last question. Do you think we are going to have a depression?

A Depression is not fundamental to capitalism if capitalism is given a chance to work. The Securities Acts and the SEC and NASD policies discussed by me are a good sample of how to prevent capitalism from working. Here you have a situation where the cure is worse than the disease. The Securities Acts and the activities of the SEC and NASD might be likened to a doctor who cut off his patient's arms and legs because he had a few infected finger and toe nails. If this and other legislation akin to it are not repealed or revamped, there is every reason to expect we will have one in time.

Our interview is ended and so we ask our Senators and Congressmen in Washington, are you convinced that the Securities Acts and the activities of the SEC and NASD detract from those ingredients that made America great? Do they make it easy for trade and industry to obtain capital or the reverse? If they do not, then Congressional remedial action is in order.

The CHRONICLE would appreciate receiving comments on the views expressed in the above editorial, reprints of which are available, or on any related phases of the subject under discussion. Letters will be published anonymously if the writer states he does not wish to have his identity revealed. Communications should be addressed to Editor, Commercial and Financial Chronicle, 25 Park Place, New York 7, N. Y.

Joins Dempsey-Tegeler

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Thelma P. Furey has joined the staff of Dempsey-Tegeler & Co., 210 West Seventh Street. Miss Furey was formerly with Edgerton, Wykoff & Co., and Hannaford & Talbot.

With Auchincloss Firm

NEW CANAAN, Conn. — Auchin, Parker & Redpath, members of the New York Stock Exchange, have announced that Miguel Braganca has become associated with the firm in its New Canaan, Connecticut office.

Form New Firm

BROOKLYN, N. Y.—Sam Belofsky has formed the Union Securities Company with offices at 1606 Lincoln Place to engage in the securities business.

Joins Gibbs & Co.

(Special to THE FINANCIAL CHRONICLE)

WORCESTER, Mass. — Walter H. Loftus has become affiliated with Gibbs & Co., 507 Main St.

DIVIDEND NOTICES

AMERICAN BANK NOTE COMPANY

Preferred Dividend No. 188
Common Dividend No. 178

A quarterly dividend of 75¢ per share (1½%) on the Preferred Stock for the quarter ending March 31, 1953 and a dividend of 25¢ per share on the Common Stock have been declared. Both dividends are payable April 1, 1953 to holders of record March 9, 1953. The stock transfer books will remain open.

E. F. PAGE, *Treasurer.*

February 25, 1953

AMERICAN LOCOMOTIVE COMPANY

30 Church Street New York 8, N. Y.

PREFERRED DIVIDEND No. 179
COMMON DIVIDEND No. 114

Dividends of one dollar seventy five cents ($1.75) per share on the Preferred Stock and of twenty five cents (25¢) per share on the Common Stock of this Company have been declared, payable April 1, 1953, to holders of record at the close of business on March 13, 1953. Transfer books will not be closed.

CARL A. SUNDBERG
February 26, 1953 *Secretary*

AMERICAN MACHINE AND METALS, INC.

37th Dividend

A regular quarterly cash-dividend of TWENTY-FIVE cents a share was declared on February 26, 1953, payable on March 31, 1953 to share owners of record March 12, 1953.

H. T. McMeekin, *Treasurer*

LIQUIDATION NOTICE

Metuchen National Bank, located at Metuchen, in the State of New Jersey, is closing its affairs. All creditors of the Association are therefore hereby notified to present claims to the undersigned, at 85 Rector Street, Metuchen, N. J.

Phil T. Ruegger
Thomas D. Ainslie
Louis H. Meade
Liquidating Committee

Dated: January 20, 1953.

Homer Craig Opens

(Special to THE FINANCIAL CHRONICLE)

ALAMEDA, Calif. — Homer Craig is engaging in the securities business from offices at 2328 Santa Clara Avenue.

With Waddell & Reed, Inc.

(Special to THE FINANCIAL CHRONICLE)

KANSAS CITY, Mo.—Albert J. Cammann has become connected with Waddell & Reed, Inc., 1012 Baltimore Avenue.

DIVIDEND NOTICES

AMERICAN METER COMPANY
Incorporated
1513 RACE STREET
Phila. 2, Pa., Feb. 26, 1953

A quarterly dividend of Fifty Cents ($.50) per share has been declared on the Capital Stock of the Company, payable March 16, 1953, to stockholders of record at the close of business February 27, 1953.

W. B. ASHBY, *Secretary.*

ANACONDA

DIVIDEND NO. 179

February 26, 1953

The Board of Directors of Anaconda Copper Mining Company has today declared a dividend of Seventy-five Cents ($.75) per share on its capital stock of the par value of $50 per share, payable March 31, 1953, to stockholders of record at the close of business on March 10, 1953.

C. EARLE MORAN
Secretary and Treasurer
25 Broadway, New York 4, N. Y.

BENEFICIAL LOAN CORPORATION

DIVIDEND NOTICE

Dividends have been declared by the Board of Directors, as follows:

CUMULATIVE PREFERRED STOCK
$3.25 Dividend Series of 1946
$.81¼ per share
(for quarterly period ending March 31, 1953)

COMMON STOCK
Quarterly Dividend of $.60 per share

The dividends are payable March 31, 1953 to stockholders of record at close of business March 13, 1953.

PHILIP KAPINAS
March 2, 1953 *Treasurer*

OVER 750 OFFICES — Beneficial Loan System — IN U. S. AND CANADA

CALUMET & HECLA, INC.
Dividend No. 75

A dividend of fifteen cents ($0.15) per share will be paid on March 20, 1953, to holders of the outstanding Capital Stock of the Calumet & Hecla, Inc., of record at the close of business March 9, 1953. Checks will be mailed from the Old Colony Trust Company, Boston, Mass.

J. H. ELLIOTT, Secretary.

Boston, Mass., February 26, 1953.

C.I.T. FINANCIAL CORPORATION

Dividend on Common Stock

A quarterly dividend of $0.45 per share in cash has been declared on the Common Stock of C. I. T. FINANCIAL CORPORATION, payable April 1, 1953, to stockholders of record at the close of business March 10, 1953. The transfer books will not close. Checks will be mailed.

C. JOHN KUHN, *Treasurer*

February 26, 1953.

With Waddell & Reed

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif.—Harry E. Alexander has joined the staff of Waddell & Reed, Inc., 8943 Wilshire Boulevard.

DIVIDEND NOTICES

CANADA DRY

DIVIDEND NOTICE

The following dividends have been declared by the Board of Directors:

Preferred Stock

A regular quarterly dividend of $1.0625 per share on the $4.25 Cumulative Preferred Stock, payable April 1, 1953 to stockholders of record at the close of business on March 16, 1953.

Common Stock

A quarterly dividend of $0.15 per share on the Common Stock, payable April 1, 1953 to stockholders of record at the close of business on March 16, 1953.

Transfer books will not be closed. Checks will be mailed.

WM. J. WILLIAMS
Vice-President & Secretary

The Colorado Fuel & Iron Corporation

At a meeting of the Board of Directors of The Colorado Fuel and Iron Corporation, held in New York, N. Y. on February 25, 1953, the regular quarterly dividend on the common stock of the corporation in the amount of thirty-seven and one-half cents per share, was declared, together with the regular quarterly dividend on the series A $50 par value preferred stock in the amount of sixty-two and one-half cents per share, and also the regular quarterly dividend on the series B $50 par value preferred stock in the amount of sixty-eight and three-quarters cents per share, all payable on March 31, 1953 to stockholders of record at the close of business on March 6, 1953.

D. C. McGREW, Secretary.

Exide BATTERIES

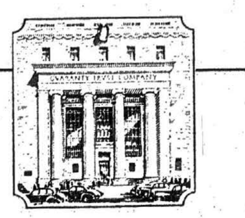
THE ELECTRIC STORAGE BATTERY COMPANY

210th Consecutive Quarterly Dividend

The Directors have declared from the Accumulated Surplus of the Company a dividend of fifty cents ($.50) per share on the Common Stock, payable March 31, 1953, to stockholders of record at the close of business on March 13, 1953. Checks will be mailed.

H. C. ALLAN,
Secretary and Treasurer

Philadelphia, March 2, 1953.



New York, March 4, 1953

The Board of Directors has this day declared a quarterly dividend of Seventy-five (75) Cents per share on the Capital Stock of this Company for the quarter ending March 31, 1953, payable on April 15, 1953, to stockholders of record at the close of business March 13, 1953.

STUART K. BARNES, Secretary

Guaranty Trust Company of New York

Joins Waddell & Reed

(Special to THE FINANCIAL CHRONICLE)

LINCOLN, Neb.—John E. Yost is with Waddell & Reed Inc., Barclay Building.

DIVIDEND NOTICES

INTERNATIONAL SHOE COMPANY
St. Louis

168TH CONSECUTIVE DIVIDEND
Common Stock

A quarterly dividend of 60¢ per share payable on April 1, 1953 to stockholders of record at the close of business March 13, 1953, was declared by the Board of Directors.

ANDREW W. JOHNSON
Vice-President and Treasurer

February 24, 1953

LONG ISLAND LIGHTING COMPANY

Notice of Quarterly Dividends

The Board of Directors has this day declared the following quarterly dividends, each payable April 1, 1953, to stockholders of record at the close of business March 13, 1953:

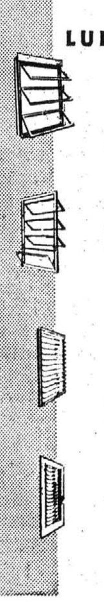
Preferred Stock, 5.25%, Series A
Dividend of $1.3125 per share.

Preferred Stock, 5%, Series B
Dividend of $1.25 per share.

VINCENT T. MILES
Feb. 25, 1953 *Treasurer*

DIVIDEND NOTICE

LUDMAN *Corporation*
Miami, Florida



LUDMAN Auto-Lok
ALUMINUM OR WOOD WINDOWS & HARDWARE

LUDMAN Windo-Tite JALOUSIES
JALOUSIE DOORS & HARDWARE

The Board of Directors of Ludman Corporation have declared the quarterly dividend of 10c per share in cash, payable March 31, 1953 to shareholders of record March 16, 1953.

Ludman Corporation has paid quarterly dividends without interruption since its first public offering.

Max Hoffman
President

MIAMI COPPER COMPANY
61 Broadway, New York 6, N. Y.
February 26, 1953.

A dividend of fifty (50¢) cents per share has been declared, payable March 31, 1953, to stockholders of reccord at the close of business March 12, 1953.

An extra dividend of twenty-five (25¢) cents per share has been declared, payable March 31, 1953, to stockholders of record at the close of business March 12, 1953.

The transfer books of the company will not close.

JOHN G. GREENBURGH,
Treasurer.

DIVIDEND NOTICES

DIVIDEND NOTICE
THE MINNEAPOLIS & ST. LOUIS RAILWAY COMPANY

The Board of Directors of this Company on February 27, 1953, authorized the payment of a dividend of Twenty-five (25¢) Cents per share on all shares of common stock outstanding as of the close of business March 10, 1953, such dividend to be payable March 14, 1953, to the holders of record of shares of said stock at the close of business on March 10, 1953.

By order of the Board of Directors.

JOHN J. O'BRIEN, Secretary

NATIONAL STEEL *Corporation*

93rd Consecutive Dividend

The Board of Directors at a meeting on February 25, 1953, declared a quarterly dividend of seventy-five cents per share on the capital stock, which will be payable March 12, 1953, to stockholders of record March 4, 1953.

PAUL E. SHROADS
Vice President & Treasurer

REYNOLDS METALS COMPANY

Reynolds Metals Building
Richmond 19, Virginia

PREFERRED DIVIDEND
COMMON DIVIDEND

The regular dividend of one dollar thirty-seven and one-half cents ($1.375) a share on the outstanding 5½% cumulative convertible preferred stock has been declared for the quarter ending March 31, 1953, payable April 1, 1953, to holders of record at the close of business March 20, 1953.

A dividend of twenty-five cents (25¢) a share on the outstanding common stock has been declared payable April 1, 1953, to holders of record at the close of business March 20, 1953.

The transfer books will not be closed. Checks will be mailed by Bank of the Manhattan Company.

ALLYN DILLARD, *Secretary*

Dated, February 26, 1953

THE SAFETY CAR HEATING AND LIGHTING COMPANY, INC.
DIVIDEND NO. 223

The Board of Directors has declared a dividend of 25¢ per share on the outstanding Capital Stock of the Company of the par value of $12.50 per share, payable April 1, 1953, to holders of record at the close of business March 12, 1953.

J. H. MICHAELI,
February 25, 1953 *Treasurer*

TENNESSEE CORPORATION
61 Broadway, New York 6, N. Y.
February 25, 1953

A dividend of fifty (50¢) cents per share has been declared, payable March 30, 1953, to stockholders of record at the close of business March 11, 1953.

JOHN G. GREENBURGH
Treasurer.

THE **West Penn** *Electric Company*
(Incorporated)

QUARTERLY DIVIDEND DECLARED

• **Common Stock**
55¢ per share

Payable on March 31, 1953, to stockholders of record on March 13, 1953.

H. D. McDOWELL,
Secretary

March 4, 1953

Washington . . . And You

Behind-the-Scene Interpretations from the Nation's Capital

WASHINGTON, D. C. — A very great deal of fun was being had around the Capitol in recent days—but all by Democrats.

One of the delights of the Democrats has been Homer E. Capehart, U. S. Senator from Indiana, a stout-hearted conservative who would never knowingly give aid and comfort to the political enemy, and a man genuinely respected by his colleagues, although they say it is more for his established success in the business world than for his political sagacity.

Senator Capehart got the idea that it was super politics for the Republican party to offer "standby" wage and price controls as the Administration prepared to untangle the snarled up controls of the Truman Administration.

What happened, it may be inferred fairly from reading between the lines, is that before President Eisenhower committed himself in his first message to Congress, both Senator Capehart and Chairman Jesse P. Wolcott of the House Banking Committee went to the White House and spoke their pieces.

Wolcott, whose thinking squares exactly with that of Senator Taft and the party leadership in Congress, talked against standby controls. The Indiana Senator, who is Chairman of the Senate Banking Committee, spoke on behalf of the standby controls.

Mr. Eisenhower in his message came out strongly in favor of the free price system and in opposition to standby controls except in a real big war. The President inferred that fiscal policy and the completely independent use of Federal Reserve powers were adequate in Mr. Eisenhower's opinion to combat inflation short of war.

Capehart Remains Unconvinced

It's been a warm winter around these parts, so notwithstanding the fact that the supreme court of Republican political strategy ruled against him, Senator Capehart did not pull in his neck.

His first bill for standby wage and price controls provided that an "advisory committee" could tell the new Administration when it was necessary to re-invoke alleged controls. This particular bill did not sell. This was because most second political graders have learned that "advisory committees" are merely a form of bureaucratic ventriloquism. Whenever a bureaucracy feels it must save the country, it can persuade its advisory committee to so recommend.

In this form, the Senator's bill was hence no political embarrassment to the GOP. However, Homer hit upon the idea of giving the President power to invoke a "90-day freeze" of prices and wages. This sounded better. "After all, don't you trust your own President?" was the argument.

Burney Maybank, the hot trainer from South Carolina and previous Chairman of the Senate Banking Committee, is standing in Homer's corner with the towel and smelling salts and is urging his distinguished colleague on.

After all, the Democrats recall that in 1950 the Republicans made things tough for them by coming out hot for controls after Korea. At that time Harry Truman remembered how certain Democrats got their tails singed in 1946 as a result of the then GOP argument against controls, and was most hostile at first to the idea.

So most of the Democrats are strong for Homer. The Indiana Senator is learning that he has become a statesman. He is demonstrating that in a position of responsibility he can rise above party. What the Senator doesn't realize is that this hopping up of his ego comes almost entirely from the loyal opposition.

Threatens Division

The Senator from Indiana has persuaded a number of left-wing Republicans, plus some of the neophytes from the GOP ranks, to sign on his proposition, and, by golly, they are going to pass this bill through the committee and on the floor of the Senate, you just wait and see, they will tell you.

Democrats are delighted. They relish the prospect of at least creating division and dissension within the narrow GOP majority. And with luck, they may bring a vote repudiating Senator Taft or President Eisenhower on the free economy, or both. This would knock over a fundamental White House position on a basic party issue.

In this affair the amateurs from New York City are no help at all. Everybody around this town knows that Homer Capehart has both a large heart and a large ego. Since Ike hath spoken against standby controls, the accepted method of doing business would have been to call Homer up for some plush conferences uptown, give him the VIP treatment, and however prettily they spoke it, told Homer, "nuts."

Instead the timorous big brains of the Administration have gone down to the Capitol, appeared before Homer's closed door hearings, and let Homer and the Democrats pass the word to the press that they were getting all kinds of backing from the Eisenhower Administration.

Waver on Budget

Homer's hearings, incidentally, contributed to another broad feast of Democratic pleasure at the discomfiture of Congressional leaders.

Having convinced himself of the need for standby controls, Senator Capehart naturally wanted to know from Mr. Dulles whether foreign aid could be cut materially; from Budget Director Dodge whether the Budget could be balanced in fiscal 1954, and the same from Treasury Secretary Humphrey. Unless these objectives of the Eisenhower Administration could be guaranteed, a case was built up for the need for possible later use of controls.

Mr. Eisenhower's lieutenants are not yet on to the great game of politics. They didn't understand the Capehart-Democratic pitch. They are also businessmen who don't like to promise things before they see just where and why and how they are going to do them. So apparently the Administration phalanx did, by lack of positiveness, give aid and comfort to the Democratic strategy.

From these and other executive hearings, the following dope has been passed out, as the Democrats are happy to note:

(1) Maybe the Budget can't be balanced in 1954. (Incidentally, President Eisenhower was asked at his last week's press conference what he thought about "Dodge's statement to the Senate Banking Committee" that it would be difficult to balance the Budget. There was no confirmation that Mr. Dodge so stated. It was just second hand "dope." The question was "loaded," but Eisenhower fell for it hook, line, and sinker, and opined as how it would be difficult to balance the Budget in fiscal 1954.)

(2) Charles Wilson, Defense Secretary, is supposed to have said that he needed all of the $46 billion budgeted for Defense by Truman, and didn't see where he could make cuts. (This story was directly given by Democratic members of the Appropriations Committee who attended the closed hearing, and it was said that this is not what Mr. Wilson Stated.)

(3) In Korea Dulles will not make a move without calling Churchill.

(4) There probably can be no tax reduction.

(5) Because there is danger of a collapse in France and Italy if foreign aid is cut, it will not be heavily cut even if Western Europe does not do something positive to support the European Defense Community, the condition the President said publicly was attached to substantial continued aid.

Says Ike Has Reneged on All Campaign Promises

"In other words," said one Democrat anonymously, "we have got Eisenhower's boys as now admitting that they promised what they could not deliver, and Ike is going to renege on virtually every one of his campaign promises." The Democrats look more contended than a cat which has just eaten three baby mice in a row.

See Firings as Key

GOP leaders in Congress are disgusted with the way things are going. It is not accurate to report them as dismayed, because they had previously seen little evidence of comprehension of Washington ways from the Eisenhower lieutenants.

Messrs. Dodge and Humphrey, for example, are not even disturbed when told how they have fallen for some Democratic trickery. They still think they are playing smart politics by seeming to be coy about the chances of balancing the Budget, the politics being to stop the Reed bill, which won't be stopped.

The greatest current problem of the new Administration, as it is seen by the great majority on Capitol Hill, is the dread fear the Eisenhower Administration has of the "civil service."

All the New Deal agencies were set up specifically by statute on the basis of hiring persons without regard to the civil service. Later their jobs were "secured" under civil service. Job specifications have been written up to throw the mantle of civil service over the highest-priced New Dealers.

It is a safe bet that not less than 99 and 44/100ths of all men now on the Federal payroll at above $10,000 per annum ever won their jobs even in the first place by taking competitive civil service examinations.

Even the few who once may have been genuine civil servants got their advancement by showing their adaptability to promoting the aims of the Roosevelt-Truman deals.

Must Throw Out Truman Budget

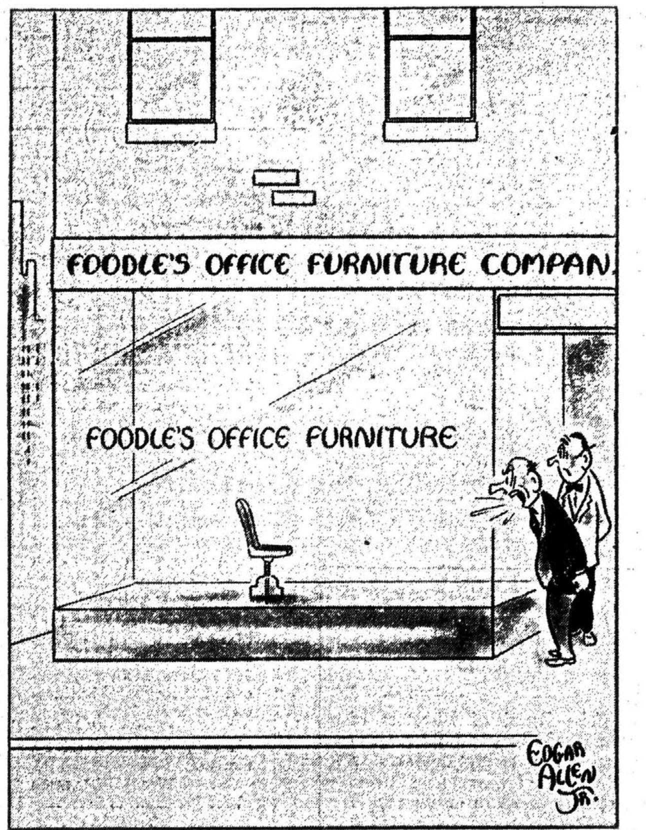
Here is some advice offered from a Congressional leader whose voice is one of authority, but who will remain anonymous only if the present "nonsense" keeps up much longer:

"They have got to stop taking their advice from the second and third layers of the Truman bureaucrats. These men have got to be fired. They've got to throw out the Truman Budget as their point of reference and forget all about it. Then they have got to come in with a new Budget."

Otherwise, said he and a score of others privately, the Congress will simply take over completely the control of the Budget.

(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



"'Simplicity in display?'—It just looks like LAZINESS to me, Finnegan!"

Business Man's Bookshelf

Business Books for Serious Reading and Study—Survey of 100 titles based on recommendations of educators, accountants, and others—Alpha Kappa Psi Fraternity, 111 East 38th Street, Indianapolis 5, Ind.—paper—10¢

Fertilizer: A Cornerstone of the Welfare of the Nation—National Fertilizer Association, Inc., Investment Building, Washington 5, D. C.—paper.

International Trade Policy Issues—Foreign Commerce Department, Chamber of Commerce of the U. S., Washington, D. C.

Second World Food Survey—Food and Agriculture Organization of the United Nations—Columbia University Press, 2960 Broadway, New York 27, N. Y.—paper—50c.

Tariff Idea, The—W. M. Curtiss — Foundation for Economic Education, Inc., Irvington-on-Hudson, New York—paper—50¢.