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EDITORIAL

As We See It

High ranking officials of the British Government and of the Government of the United States have concluded extended conversations. An announcement following these meetings was, as is so often the case on such occasions, unenlightening, although apparently intended to convey the impression that a good deal had been accomplished. "Measures for creating the economic and financial conditions under which the countries of the free world may be better able to earn their own living by their own industry" were under extensive and intensive consideration, according to the announcement, which, however, added that "it was understood in advance that no commitments would be made."

The thoughtful citizen of this country will, of course, be chiefly interested in the statement that "the Government of the United States will undertake, and continue over the next several months, an intensive examination and review of the general subjects discussed at the present meetings, including the suggestions resulting from the Commonwealth Economic Conference, and possible alternative suggestions, in order to arrive at a sound judgment with respect to the specific courses of action which might be taken. The two governments intend to have further discussions with each other, with other governments, and with international organizations concerned, including the Organization for European Economic Cooperation."

We, of course, have no way of knowing precisely how to interpret these vague assertions. We do not profess to have any special information with respect to the specific ideas or proposals ad-

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The Outlook for Business

By JUSTIN F. BARBOUR*
President, Barbour's Dow Theory Service, Inc.

Mr. Barbour holds while it seems inevitable that business and prices will decline from prevailing high level, it also seems probable the country will enjoy an extended period of satisfactory and profitable business. Bases forecast on (1) increasing population; (2) new $40 billion defense industry; (3) unprecedented replacement market; (4) new and improved products; (5) insatiable desire for higher living standards; and (6) our democratic form of government. Foresees new Administration as business aid.

An opinion of the future is useful provided it is modified as and when important change occurs. An unpredictable event can completely change the best prevailing opinion of the outlook. When such a situation occurs, both one's opinion and program should be adjusted to the new development. It is well to remember that the elements of news and change are likely to parallel the tide. For example, during the past 20 years, we should have expected more controls, and increasing expenditures, debt and taxes. Under the new Administration, we should expect a reversal of these trends.

Business Index 134% Above 1935-39 Average

At the present time, the Federal Reserve Board Index of Industrial Production is approximately 234. This means that it is 134% above the 1935-39 average. Its highest postwar point to July, 1950 was 202. The defense program is the reason it is so high now. The Index was only higher in 1943, 1944 and the first quarter of 1945, when war production was at its peak.

Barring all-out war, which I think is most unlikely, it seems probable that business activity is at a practical peak where it cannot long remain. A decline to a lower level should be high by all standards except 1943 and 1944, and 1951 and 1952. The 1947-48 average of the Index approximated 190. That seems a logical mean for, let us say, 1954-56. It is about 13.5% lower than the average of the past two years. A comparatively lower 1954-56 production for some segments of the economy

*An address by Mr. Barbour at the 8th Annual Convention of Corn Belt Livestock Feeders Association, Feb. 28, 1953.

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The Market Outlook

By ANTHONY GAUBIS*
Investment Counselor, New York City

New York investment counselor holds probabilities favor an irregular but substantial rise in prices of majority of stocks, continuing toward end of year and with chance of running into next year. Foresees corporate earnings remaining at present levels, and confidence restored in future of private enterprise. Looks for higher interest rates and restoration of normal yield spread between stocks and bonds. Holds serious economic maladjustments have been alleviated. Concludes we are in same stage of stock market as existed in early 1927.

We have all had a chance to analyze dozens of forecasts or budgets of individual corporations, and what is more important, we have been able to secure a glimpse of the basic program and economic philosophy of the new Administration. The principal major uncertainty at the present time is whether or not we will see a change in Russia's foreign policy, but the chances would seem to be against any development in this sphere which would result in a curtailment of the presently scheduled rearmament program for at least the next six to 12 months.


Anthony Gaubis

The question as to whether we are in a "bull" or a "bear" market cannot be answered without first defining these terms. I personally believe that the Dow Theory definitions are rather academic, as they provide for the possibility of calling a decline of only 10% to 15% in the Averages a "bear market" under certain conditions, while a decline of three to four times this magnitude could be considered merely a reaction in a "bull market." As you know, the Dow Theorists also reserve the right to reclassify any decline or advance after it has been running for an extended period of time, and very

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*An address by Mr. Gaubis before the New York Society of Security Analysts, New York City, March 10, 1953.

NEW STOCK MARKET COLUMN—Don't miss our new column on the stock market, "THE MARKET AND YOU" by Wally Street, which appears on page 24.

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.)

GORDON Y. BILLARD

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

Southern Pacific

For high income and excellent longer term appreciation potentialities, my foremost candidate is Southern Pacific. Last year, system earnings equaled $6.93 compared with $5.36 for the previous year. On a consolidated basis earnings were $7.09 and $5.81 per share, respectively. Based upon present indications, earnings this year should equal or slightly exceed those reported for 1952. Thus, there seems little question about continuation of the recently established 75c quarterly dividend rate. At present prices, the yield is approximately 6.7%. Further expansion in earnings this year might well bring an additional disbursement toward the year end, over and above the regular quarterly rate.

Gordon Y. Billard

As a rail property, Southern Pacific appears to offer good value based upon (1) a capable management, (2) sound financial position, (3) excellent physical condition, (4) long-term growth potentialities of the territory served, (5) demonstrated earning power, and (6) dividend return.

But Southern Pacific is far more than a railroad enterprise. To encourage the building of Southern Pacific, the Federal government many years ago made large grants of land, mainly in Utah, Nevada, and California. Part of the then choicest acreage was sold to settlers for farming and ranching because of location, accessibility, fertility, etc. A substantial amount of land was sold without retaining mineral rights. However, the company retained some very sizable acreage which it still holds.

As of Dec. 31, 1951, the company owned 4,064,000 acres of land located as follows:

Location	Acres
California	2,171,000
Nevada	1,696,000
Utah	175,000
Oregon	3,000
Lower Calif. (Mexico)	19,000
Total	4,064,000

In addition, it has reserved oil, gas, and mineral rights in 590,000 acres heretofore sold.

The company's general policy, at least for many years, has been not to sell its acreage but hold it for income and management. The timber acreage is being managed under a program expected to insure perpetual cutting of stumpage. Of the agricultural land about 134,000 acres were, as last reported, under lease for agricultural purposes. Some of the company's lands are in oil producing regions. The company itself is not developing oil and gas acreage, but instead has followed the practice of leasing such land to oil operators. As of Dec. 31, 1951, about 38,000 acres were leased for oil and gas development, but production was reported coming only from about 900 acres. The company also receives some oil income from leases on its operating right of way and on industrial real estate and from certain oil rights in Texas and Louisiana owned by its subsidiary, Rio Bravo Oil Company. The annual income from royalties and rentals for the past five years has averaged around $1.9 million. Total income from sale of timber, agricultural, grazing, and mining leases and oil and gas royalties and rentals last year was about $4.3 million. Some of the grazing and desert lands contain deposits of iron ore and other minerals. What the substantial land holdings of Southern Pacific may be worth, of course, is impossible to attempt to estimate. Some of the acreage may be of little or no value, but if only a small part of it were in proven oil or mineral producing regions, the values translated in terms of shares of Southern Pacific could be most substantial (each share of Southern Pacific represents an equity of approximately 0.52 fee owned and mineral rights acreage).

In 1920 Southern Pacific sold about 259,000 acres of partly developed oil-bearing acreage to Pacific Oil for $43,750,000, or equal to about $168 per acre. It is interesting to note that Kern County Land Company, which owns about 1,918,000 acres in California, Oregon, New Mexico, and Arizona, has outstanding 4 million shares of common stock selling around 55, giving a total market value of $220 million, equal to approximately $115 per acre. Texas Pacific Land Trust, which owns about 1,813,000 acres in Texas, has outstanding 1.1 million shares selling for about 154, giving a total market valuation of about $170 million, equal to about $94 per acre. It is one of the anomalies of the present market that the widespread speculative demand for land type securities has completely by-passed SOPAC.

The oil and gas potentialities of Southern Pacific's land holdings have, of course, been known for a long time. The significant point, however, is that never has there been a time more propitious than the present for the exploration and development of the territory in which Southern Pacific holds such large acreage. The reasons for this are largely in the rapid growth of the West and the fact that both technological and economic conditions in the oil business and the search for sources of the new metals make imperative more intensive exploration and developmen of certain of Southern Pacific's substantial land holdings. E. I. DeGolyer, noted geologist and petroleum engineer, is a member of the Board of Directors.

Any attempt to explore and evaluate even a small portion of Southern Pacific's land holdings would require a long period of time. Nevertheless, if any valuation is being placed upon the undeveloped land potential of Southern Pacific, it is hardly recognizable in current prices for the shares. Some 150 years ago the United States Minister Extraordinary to France, James Monroe, negotiated and cleverly consummated the purchase from Bonaparte of France (on instructions from Thomas Jefferson, then President of the United States) of all the land (except Texas) lying west of the Mississippi and east of the Rockies from the Canadian border to the Gulf of Mexico for about 4c per acre. If Southern Pacific as a railroad is worth only what it is selling for, then its land holdings are valued something less than the acreage cost in the most famous of all land purchase deals — the Louisiana Purchase.

HAROLD BLUMENTHAL

Partner, Swift, Henke & Co., Chicago, Ill.

Chicago "Daily News", Inc.

Chicago "Daily News," Inc. common stock possesses such an obvious potential for appreciation it should appeal to the far-sighted investor who is willing to forego current return for large long-term or capital gain. This stock represents a rather singular investment opportunity as it is probably the only equity in a large metropolitan newspaper available to the investing public. The present price of the stock at 28 seems to overlook the fact that the Chicago "Daily News" is now in the best financial condition in its history and is one of the few newspapers in the country that has registered such outstanding gains in both circulation and advertising linage.

H. Blumenthal

The "Daily News" down through the years has held a prominent position as an advertising medium. In 1952 it led the country's afternoon newspapers in general advertising (liquor linage omitted) for the 10th consecutive year and for the 11th consecutive year in grocery advertising over all the newspapers in the United States—morning, evening or Sunday. Under the management of John S. Knight, who purchased control in 1944, retail advertising linage has shown an increase of 95% and circulation has been boosted 32.5%. Circulation is still on the increase and the "News" in November, 1952 recorded the highest circulation figure for any month in its 77-year history and the year closed with the highest December circulation in history.

The most impressive achievement of the present management has been its remarkable reduction in debt. In 1944 when Mr. Knight took over management the company had total obligations, including preferred stock, of $12,800,000 and by keeping dividends on a nominal basis (last year's dividends amounted to 25 cents in cash and 5% in stock) all the preferred has been retired and total debt at Dec. 31, 1952 amounted to only $850,000 in short-term notes, which should be completely liquidated in 1953. This policy has built up common equity in an extremely valuable property. In 1944 the stock had no tangible value and was about $2.50 per share underwater, but at the end of 1952 book value amounted to $19.70 per share.

Founded in 1875 Chicago "Daily News" is now the third largest evening newspaper in the United States. Throughout the years the "Daily News" has had an enviable journalistic record and it has received world-wide recognition and many honorary awards in the field of reporting and

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Salesmen as Parties to Disciplinary Proceedings

Court holds SEC may not join salesmen as parties to broker-dealer revocation proceedings. Court says proper remedy is by injunction or complaint to the Attorney General. Right of NASD to register and discipline salesmen in doubt.

On petition for review of an order of the Securities and Exchange Commission, the United States Court of Appeals for the District of Columbia circuit has just handed down an opinion in the case of *Samson Wallach, Sr.*, Petitioner, vs. *Securities and Exchange Commission*, Respondent, which we believe to be of far-reaching import.

In a proceeding against his employer for revocation of the employer's registration as a broker-dealer, before the SEC, Wallach, a salesman himself not so registered, was named as a party.

The Commission insisted that it was in the interest of orderliness and expedition to try salesmen for their violations of the Act in revocation proceedings against their employer. Otherwise, the Commission said, there looms ahead the bleak prospect of trying each salesman separately at such future time as he may choose, upon issues already litigated against his employer, and when "the facts are not so readily ascertainable."

The SEC contended that this result would be a frustration of the Congressional intention.

The court, however, held that in Section 15(b) of the Act with regard to registrants, no provision is made for compelling "controlled" persons who are not broker-dealers to become parties to the proceedings brought against their principals.

To the claim of the Commission that a decision such as the court in fact ultimately found would lead to absurd results, the judges in their opinion answered that Section 21 of the Act authorizes the Commission to bring suit in the District Court to enjoin "any person" from engaging "in acts or practices which constitute or will constitute a violation of the provisions of this title, or of any rule or regulation thereunder."

The judges also pointed out that the Commission may transmit evidence concerning violations of the Act to the Attorney General, who may in his discretion institute the necessary criminal proceeding under this title.

This in effect is saying that, under comparable circumstances in a revocation proceeding as to the registered dealer and broker himself whose right to continue in business is being tested, the forum, the place where the issues will be tried out in the first instance, will be the Securities and Exchange Commission. As to any salesman or other non-registered employee of this same broker-dealer whose activities are also involved, the Commission must either petition the Federal courts, like any other litigant, or else make its complaint to the Attorney General. However, it may not join these, that is, the salesman or other employees, with the registered dealer-broker before the Securities and Exchange Commission.

The following part of the decision rendered by Judges Edgerton, Bazelon and Washington is noteworthy: "The Commission may be able to convince Congress that the improvised administrative procedure is preferable to the judicial procedure now provided by the Act. But until it does, we think the statutory provisions lead to no such absurd result as would warrant the Commission's superimposing its judgment upon that of Congress."

We have been informed that it is the intention of the Commission to appeal from this order.

If the opinion stands the question arises, what effort can and will the SEC make to circumvent its effect?

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Recent Developments In Cigarette Industry

By O. PARKER McCOMAS*
President, Philip Morris & Co. Ltd., Inc.

Major cigarette company's executive points out industry is undergoing revolutionary changes. Says recent lifting of price controls and proposed price rise will mean $150 million more cigarette sales dollars yearly. Holds an ad valorem graduated tax on cigarettes would cause government loss of $90,000,000 and would be detrimental to tobacco farmers. Contends, because of industry's stable inventory position and growing market, a cigarette company could or should be conservatively financed on a debt to equity ratio of 2 or 3 to 1.

The cigarette industry today is in the midst of a number of changes in all phases of its activities. They are changes which reflect the growing complexity of business and economic life in America—and some are changes which are the direct healthy result of the change in Washington. The dynamics of the cigarette situation today are such as to present an almost revolutionary comparison with the comparatively static 300-year history of the tobacco industry. These changes are affecting every phase of our industry. Though I will discuss them seriatim, I know you will appreciate that no one factor is isolated and that all are interrelated.

O. Parker McComas

The lifting of price controls gave this industry its first price rise ex tax since July 28, 1950. On the most conservative basis, this price rise should yield at least $150,000,000 more sales dollars to the tobacco industry. It will go far towards putting the tobacco companies on a more equitable basis with the other consumer industries. Some of its effects will be apparent at another point in this talk.

One of the major changes taking place today in the industry is in the marketing end. In 20 years, the industry has more than doubled its volume. The number of retail outlets through which its products are sold has increased by 45% until today more than 1,300,000 outlets sell over 400 billion cigarettes a year. A qualitative change has accompanied this quantitative change with the proportion of sales shifting among the various types of outlets. Whereas years back, the grocery and supermarket outlets were considered minor factors in the sale of cigarettes, today the estimate of their share of the business runs as high as 40%. You only have to look at the tremendous growth of your own Penn Fruit, Food Fair, American Stores and other local chains to appreciate the volume of business in these outlets. In this connection, two important factors have arisen — one is the switch from the package sale to the carton sale, and secondly, the fact that more women are buying the cigarettes for the family than ever before. The growth of automatic merchandising has given the vending industry an increasing proportion of the market, estimated as high as 15 to 20%.

I merely cite the above, not to give you a treatise on the marketing of cigarettes, but to indicate the vastness of the problem we are facing. We at Philip Morris have been actively dealing with this situation for several years and last year took a major step forward in electing a Vice-President to coordinate our sales, promotion and advertising functions.

Basic Shift in Products

Coincident with these changing patterns of distribution has been a really basic shift in the product structure of the industry. In the decade before World War II, the domestic blended 70-mm regular cigarette commanded more than 90% of all cigarette sales in this country. Since the war's end, however, changes in consumer tastes have brought the development of the king size cigarette, which is reaching new peaks in sales volume. Last year it accounted for 18% of the market, and this year will reach 25%, I believe. It is our opinion that by 1958, and probably before, 85-mm volume will equal that of the 70-mm cigarette.

Filter-tip cigarettes have nearly doubled in one year from an insignificant share to about 1½% of the market. Within the next year or two, the accelerated growth of this type cigarette may be even faster than the king size. An interesting merger of these two trends may be found in the new king-size filter-tip Viceroy, which is being introduced in several test markets currently.

Formerly, an industry joke was about a king-sized cork-and-filter tip 85-mm cigarette with a chlorophyll base. Today it doesn't sound as fantastic as it once did.

Another change taking place is the industry's attitude toward pure and applied technical research. Although it has by no means as yet reached the development of other consumer industries or especially the technical industries, we are entering an era where science will be merged with the experience gained by 300 years of empirical knowledge.

*From an address of Mr. McComas at a luncheon meeting of the Financial Analysts of Philadelphia, Philadelphia, Pa., March 5, 1953.

These developments will be applied to new and old brands, new filters, new packaging, new forms of agronomy and new machinery. Recently, R. J. Reynolds opened a new $2,000,000 laboratory. The other major companies are continuing extensive research activities. And last year, we hired a new Director of Research and are expanding our staff, laboratories and fields of investigation.

Let me cite but one instance of where research has paid off directly for us in the production end. We make a cigarette known as English Ovals, which are packed in a box so that the printing on each cigarette on the top layer faces upward. This packing was always done by hand until last month, when we put in a packing machine which packs the cigarettes in the box and which has an electronic eye that turns each cigarette into its proper position. As a result, the machine now accomplishes in a day with two operators the former work of 35 girls. The 33 other workers have been transferred to other productive assignments in the plants.

The above changes—and I have only really touched each one lightly—will take place and have their effects by and large within the present manufacturing framework of the industry. The accumulation of a large inventory of several-year-old high-priced tobaccos and the building of the necessary production and marketing organization would require an almost prohibitive investment by a new manufacturing company.

Financial Side of Industry

I want to speak now about the financial side of the industry. The customary yardsticks by which you judge other companies cannot be applied without recognizing the peculiarities of this industry.

A major consideration in the evaluation of the financial status of the tobacco industry must be a correct interpretation of its leaf inventory, which is the overwhelming portion of its current assets. The tobacco, which is fairly stable in price under the government program, must be aged, must be maintained as to grade and quality on a continually even basis, and therefore must be on a perpetual inventory basis. The major companies maintain average inventories to insure continuous production of the same quality cigarette over a two- to two-and-a-half year span. This semi-processed inventory does not fluctuate in value, and as far as the major manufacturers are concerned, will be liquidated only in the form of cigarettes.

Even with brand shifts, which have never amounted to more than a few percentage points in one year, it is almost impossible to conceive of a company not being able to liquidate its leaf inventory through cigarette sales. And since the major companies are all in the same relative position as to leaf costs, it would be impossible for one company to cause any appreciable loss to its competitors by lowering cigarette prices without harming itself. In fact, as you saw last week, the competitive costs are so close as to bring all major brands within the same price levels.

Thus, the inventory position has remarkable stability and financial value and will continue to have them. Even were government controls removed (which is most improbable), the same set of facts would apply equally to all the major companies, the fluctuations would even out over the 24-30 month inventories, and we would be right back to where we started. Incidentally, I might mention that we do not anticipate any substantial rise in leaf costs on the 1953 market, given reasonable growing conditions.

Therefore, the first yardstick of security analysts with which I must disagree is **net working capital.** The important aspect of this picture, to me at least, is how much total debt there is in relation to the current asset position. In other words, it seems it would be more accurate and sensible to judge the balance sheet of a cigarette company like that of a finance company than of a textile or steel company.

In this matter, an unfortunate belief has developed in some quarters that the industry should finance itself by 50% debt and 50% equity. There is no reason why such a proportion should be followed. As I noted above, net working capital ratios such as two to one, or any other such combinations of figures are completely meaningless and unrealistic. I do believe that total debt —both funded debt and current liabilities — should be not more than a certain percentage of current assets. Not to the extent of a finance company ratio, which I believe is currently around five debt to one equity, but in view of the cigarette industry's stable inventory position and ever-increasing stable consumer market, a condition where the total debt was two or three to one equity would seem to me extremely conservative from the lender's point of view. It, of course, would mean proportionately greater returns to the stockholders.

The new price schedules will yield at least $150,000,000 in additional sales dollars to the industry. Taxes will, of course, take at least half this sum and the remainder will be utilized by the companies according to their needs in operations, and to better finance their inventories.

It certainly is a more realistic approach to pricing than occurred during the war years, and please understand that I now pontificate with the benefit of hindsight. From Jan. 1, 1940 to Dec. 31, 1951, the total assets of the five major cigarette companies increased $1,490,300,000, of which only $75,000,000 was due to plant expansion. During this same period, the net income of these five companies totaled $1,112,200,000, so that if they had retained all their earnings and had paid no preferred or common dividends, they still would have failed to meet their financial requirements, necessitated by the rise in assets, by $378,100,000. However, if leaf prices remain stable, the current price adjustments should work out satisfactorily from the stockholder, lender and consumer points of view.

Another aspect of this financial picture are fixed assets. The fixed assets of the cigarette companies are a very insignificant part of their picture. From time to time, one of the companies may add a plant, but I don't think it has any real financial significance. All of the companies are constantly adding new machinery as a result of the research and development about which I spoke before. This machinery is added to produce either a better product or to save labor, as in the case of our English Ovals packer. Even in the period of recent reduced earnings, the cost of these additions are covered by retained earnings —and between depreciation and increased productivity usually pay for themselves within a matter of only a few years. From 1940 to 1950, the cigarette industry achieved a volume rise of 134.5% with only 105% increase in net plant; and on Dec. 31, 1951, net plant accounted for only 6.29% of the total assets of the five major tobacco companies. The point I want to make is that there is certainly no prospect of financing being necessitated by the addition of large fixed assets. In other words, we are not the chemical or steel industries.

Taxes

The next topic—taxes. It is becoming an increasingly serious problem at all levels—Federal, state and municipal. The industry is attempting to educate the public that the greatest proportion of their cigarette dollar goes to the tax coffers, and I believe some progress is being made. One of the more recent complications is the suggestion of an ad valorem graduated tax. This is covered in a bill recently introduced in Congress providing that cigarettes intended to retail for 13c ex local taxes shall be taxed by the Federal Government at $2.90 per thousand, while the major popular-priced cigarettes would be taxed at the current $4 per thousand rate.

The bill is sponsored by some of the "smaller" manufacturers with the argument that it would help the small businessman and would provide the opportunity for the consumer to buy cheaper cigarettes. It is meeting the practically unanimous opposition of the distributors, retailers, tobacco growers, other manufacturers, and also certain legislative groups. Let us examine why:

(1) As to the claim of helping the "smaller" manufacturers: if this bill passes, and the economy brands do develop a sizable percentage of business, it will not be long before the major companies start producing economy brands and the industry will return to its present relative status.

(2) If the principle which is advocated is sound, there is no reason why it should stop at cigarettes or why there should be only two gradations. The logical extension of the philosophy of this bill turns the excise tax into a sales tax.

(3) Contrary to the era of economic freedom, we are supposedly in, this bill would utilize government tax powers for price fixing. It would also mean government subsidy of one group of manufacturers against another.

(4) If 20% of the business should go out in economy brands, it would mean a loss of at least $90,000,000 in excise taxes to the Federal Government.

(5) The switching of consumers to cheaper cigarettes would mean the use of cheaper tobaccos instead of the more expensive tobaccos used by the popular cigarettes. This would mean a loss to the growers that would either come out of their pockets or be made up in government subsidies.

(6) In particular opposition to the bill are the retailers and distributors who see the low-profit margins on these economy cigarettes and the necessity for stocking additional brands imposing an extra burden on their already harassed small businesses.

These **really small** businesses which run into the hundreds of thousands and the half-million tobacco farms that give sustenance to millions of our people, really deserve the consideration.

The State of Trade and Industry

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

Total industrial production for the period ended on Wednesday of last week held pretty much to the pattern established in previous weeks with declines in some industries offsetting rises in others. Output remained close to the post-war record established in recent weeks and was slightly under the all-time high attained in the final quarter of 1943.

In the steel industry last week more steel was made in the United States than ever before in a similar length of time, and for the first time this year steelmaking furnaces were operated at an average exceeding 100% of capacity, states the American Iron and Steel Institute this week.

The record high production total was 2,262,000 tons of ingots and steel for castings. The highest previous weekly output was 2,248,000 tons in the week starting Jan. 19, 1953, and the week of Feb. 9, 1953.

While material shortages were much less common than several months ago, the available supply of skilled labor was rather scanty.

United States farm products exported last year dipped 15% in dollar value below the post-war record of 1951, the United States Department of Agriculture reported. Shipments in 1952 totaled $3,425,000,000, compared with $4,040,000,000 in 1951. Wheat and wheat flour, valued at $941,000,000, was the leading United States agricultural export, with cotton and leaf tobacco next in order, the department said. Imports of farm products in 1952 were $4,518,000,000, down 13% from the record $5,166,000,000 of 1951, it added.

Construction expenditures in the first two months of 1953, United States Departments of Commerce and Labor report, totaled $4,500,000,000, a 6% advance over a year ago. Physical volume, however, was only 1% higher, the above sources note. About 5% of the gain in dollar outlays resulted from increased labor and material costs.

Most major types of construction in January and February rose above the like 1952 period, reflecting a backlog of projects started following relaxation of credit and material controls in the final six months last year. But industrial plant expansion declined from the "unusually high" levels a year ago, the survey said. Hospital building was down "substantially" because of tapering off of the public health and Veterans Administration construction programs.

This week the vigor and duration of steel demand are causing market forecasters to raise their sights, according to "The Iron Age," national metalworking weekly. Even steel producers, historically conservative in their market appraisals, are beginning to look past the mid-year barriers without seeing anything to derail the steel express.

In the past two weeks presidents of two middle-sized steel companies have predicted near capacity operations for the balance of 1953. It is doubtful that the views of these two steel men are as divergent from other industry opinions as they appear at first glance. Steel leaders making more conservative forecasts of capacity operations "through the first half" are talking about a lead pipe cinch. It is generally conceded that first half business is in the bag. Even the most conservative steel leaders do not expect the bottom to drop out of the market in the second half. More than one has pointed out that a modest decline from breakneck production rates (if it comes) might not be so bad, continues this trade journal.

Big order backlogs are not a sure sign of booming business in the months ahead. Orders can be and have been cancelled right and left at first sign of trouble. Things to watch in the steel market are (1) inventories, (2) cancellations, (3) rate of new orders, and (4) business prospects of steel consumers (manufacturers), states this trade authority.

Inventories of steel consumers, though generally growing slowly, are still on the lean side and badly unbalanced. In Detroit terrific auto production schedules are keeping steel stocks low with some firms operating practically on a hand-to-mouth basis.

Cancellation of steel orders is practically unheard of. In addition to high manufacturing schedules, the likelihood of steel price increases about mid-year is keeping buying pressure strong. If prices go up no consumer wants to get caught with low inventories.

When steel production starts catching up with demand mar-

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COMING EVENTS

In Investment Field

March 11 & 12, 1953 (Chicago, Ill.)
Central States Group Investment Bankers Ass'n of America 17th Annual Conference at the Drake.

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.

May 15, 1953 (Baltimore, Md.)
Baltimore Security Traders Association 18th Annual Spring Outing at the Country Club of Maryland.

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.

June 27, 1953 (Chicago, Ill.)
Chicago Bond Traders Club Annual Spring Outing at the Nordic 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.

RICH MAN, POOR MAN

Come March 15th there's Mr. Brown
Who wears that upper-bracket frown
And envies lucky Jimmie Jones
Who only owns his skin and bones.

—Hazel Bowers.

(Courtesy of Hartford "Times")

Eastman, Dillon to Admit W. G. McKnight

Eastman, Dillon & Co., 15 Broad Street, New York City, members of the New York Stock Exchange, on April 1 will admit William G. McKnight, Jr. to partnership in the firm.

Observations . . .

By A. WILFRED MAY

Malenkov—and the Market

Visitors to Russia asking the $64-question "who is going to succeed Stalin?" have invariably been answered by hyper-sensitive recrimination. Typically, one well-disposed and usually good-humored Muscovite friend to whom I broached this intriguing topic there last year, cut me short with a vituperative scolding on the defensive theme:—"How can you ask such an asinine question? Don't try any lies about the Generalissimo's health! Why bring up such a fool question?"—whereas I subsequently found that he and other Russians while among themselves betrayed their own normal, if not even greater, curiosity in that "purely hypothetical" event. Their feverish interest was manifested in such supposedly significant portents as—*a la* the game of musical chairs—which of the heirs-apparent was chosen to stand closest to the Premier from photograph to photograph.


A. Wilfred May

The hush-hush of foreigners' speculation on the succession is symptomatic of the complete black-out of Stalin as a man during the 29 years of his reign. Moreover, even at home he remained a complete enigma to all but the palace guard; which similarly has and will continue to envelop Malenkov (excepting perhaps for his weight and the cut of his uniform).

Thus estimates concerning the new leader's international policies, and the internal Kremlin situation, must, at least at this point, remain pure uninformed surmise.

But we can at least take with a grain of salt the new regime's initial call to the people, as it was hourly boomed over the Moscow radio:—

"The steel-like and monolithic unity of the ranks of the party constitutes the main condition for its strength and might. Our task is to guard like the apple of our eye, the unity of the party."

Perhaps there was "monolithic unity" during the Leader's internment in Red Square, but how long this monolithism will last is anyone's guess. Certainly the lesson of history of the aftermaths of most autocratic rulers going back to the Roman Empire, makes its permanence highly dubious. Had Mussolini and Hitler not been prematurely liquidated by military defeat, would not their later passing also have been marked by strife and dissension? And surely the personal Stalin myth eliciting the adoration of his people—accentuating the difficulty of handing down the ruler's mantle—was, at the very least, as great as was that for the ancient and modern dictators.

A Mere Honeymoon?

Surely the probabilities point to a post-honeymoon struggle for power among the ambitious gangsters of the Kremlin—irrespective of the timing of an open split. Tito's defection with his pals was completely unexpected—so unexpected that we still do not trust its genuineness. The how and when of internal dissension is secondary.

Kremlin trouble with satellites is, perhaps, the chief source of vulnerability. Irrespective of the outward show (over-protesting of sweet brotherliness), the long existing Chinese dissension with "the boss" should be accentuated by the Stalin-Malenkov transfer. It will raise to parity and above Mao's estimate of his own relative status toward the fellow super-nationalist regime. It will be recalled that the instigation behind the Korean aggression shifted from Chung-King to Moscow with the 1952 stalemating. So again, in this sector, anything can happen.

U. S. Business and the Investor

What of the Kremlin succession's effect on American business and the investor; on the inflation-or-deflation-ahead question? For the impetus given by the new Russian rulers to the intensity of the Cold War, with its expense occupying 74% of our Federal budget, supplies the chief key to the answer to this question.

It seems to me that our weighing of the possibilities should be segregated into the long- and short-term. **Over the early future,** it is likely that Malenkov's need for a public build-up at home, and to cement his satellites beyond his borders, will prompt diversionary show of aggression abroad. This would be staged under the old reliable guise of self-defense against the foreign enemy—the "capitalist warmonger" technique. Tuesday's Czech

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Outlook for the Stock Market

By IMRIE DE VEGH*
de Vegh & Company, New York City
Investment Counsel

Stating great question is whether present boom is rushing to a climax, Mr. de Vegh outlines conditions which indicate "we are rushing to some kind of peak." Holds time may come when responsible monetary authorities have to say when credit expansion has gone too far, but contends no depression is likely as long as world armament race continues. Looks for possible painful readjustments, but says there exists real danger of downward adjustments within six months or later.

I am skeptical of stock market forecasts; I consider them to operate in an altogether different dimension from forecasts of economic developments or from forecasts of corporate earning power.

Imrie de Vegh

As I see it, professional investing deals in expectations. When someone has carefully studied a company, or an industry, or a group of industries, he will have formed certain expectations and he will invest his own or his clients' money according to those expectations.

When someone sits down to analyze and try to foresee the general course of our economy and fits his individual security selections into that pattern, he is still dealing in his own expectations. But when he switches to forecasting the general market, he ceases to deal in his own expectations: he is attempting to predict the expectations of others. After all, what the stock market averages express are the collective expectations of other investors. When we say that the stock market is going to go up or that it is going to go down, we are not saying that economic conditions are going to get better or worse; we are saying that other investors' expectations are going to change in certain ways. In other words, we are stating our expectations of other people's expectations; expectations of the second degree, if you will.

In other words, to make a really good forecast of the future course of the stock market one has to combine the talents of a security analyst or an economist with those of an expert mass psychologist. There are such people, I know. I doubt very much whether I am one of them.

Corporate Profits and Money Supply

(1) Therefore, I shall try to get into my subject through the back door. I shall tell you what my expectations are with respect to corporate profits and the money supply. Then I shall wind up with some guesses as to how the stock market might discount the changes that I expect; assuming that I am right in expecting that these changes will occur.

(2) The first and most obvious point that I would like to make is that this is the sixteenth year of rising output in the American economy. The interruptions to the process of expansion during these 16 years have been negligible in importance from the viewpoint of the economy, although tremendous shifts have taken place in the relative position of industries from time to time. The shifts and adjustments that took place came, by and large, piecemeal, with the exception of reconversion in 1945, which, as we all recall, proved to be almost no problem at all.

The great question is whether the present boom is now rushing to a climax, at the end of which we shall have a bunching of downward adjustments, or whether we can expect future readjustments to come as nicely staggered through the economy as they came between 1946 and the present.

(3) It is obvious enough on the record that we are rushing to some kind of peak. First quarter earnings for most companies are likely to be brilliant. Second quarter earnings promise to be even better in quite a few instances. We also know that the present all-time high rate of production and sales, which makes these earnings possible, rests on an extraordinary bunching of new orders that was started by the steel strike, and that continued beyond what might have been its normal course because of the victory of the Republican Party at the polls.

(4) We know, also, that a high and increasing proportion of the sales of industry is paid with borrowed money.

Last year total plant and equipment expenditures were about $27 billion. Total public and private offerings of corporate, state, and municipal securities were at an all-time high and they are currently still rising.

The tax-free interest rate has already doubled from its postwar low. Our leading corporations are gradually acquiring capitalizations reminiscent of Chinese pagodas. If the projected rates of public construction and private plant and equipment expenditures are to be attained, we shall have a new all-time high of offerings this year, way beyond anything we have ever seen.

Non-farm residential construction amounted to something like $11 billion last year, and at the current rate it is more likely to be $12 or $13 billion this year—assuming that mortgage money will stay plentiful to finance it.

Consumers' durables sales have seldom been better, but consumer credit is currently being created at a rate, I believe, better than $6 billion per annum net.

High Rate of Borrowing

(5) Up to a point this peak level of production and this rushing into debt feed on each other. People borrow because business is good and expansion seems profitable; or, because business is good and they can afford a new car; by the same token, business is as good as it is, because people and organizations spend so much borrowed money.

There comes a point when responsible monetary authorities have to say that this has gone too far and ought to be choked down.

If they do not say it in time, both the boom and the borrowing will overshoot the mark, and the whole structure will eventually topple of its own weight.

(6) It would be much better for the country, figuratively speaking, if we sold five million cars this year and five million cars next year, than if we sold six million cars this year and four million cars next year. On the other hand, the Administration believes in a *laissez faire* economy, it is new to its job, it is still feeling its way. It will be hard for them to act on the principle that the only way to prevent a slump is to sit hard on the preceding hump. So I am wondering whether we might not have quite a little hump in borrowing and profits—especially if Congress votes a nice reduction of taxes in the meantime—before we get the slump that some of us are afraid of.

(7) A great deal has been said in recent years about the underlying strength of the economy and built-in stabilizing factors. As I see it, there is one, and only one, genuine stabilizing factor of real significance in our economy; but that one is so tragically important that it has to be part of all our economic calculations. It is the immense and growing power of the Soviet Union.

As long as Soviet rearmament, and particularly Soviet atomic development, proceeds at its present and projected pace, it is obvious that there can never be a post-defense period, except in preparation for national suicide. What is less obvious, but equally relevant, is that in order to keep pace with the Soviet Union we are being forced into such a large-scale pursuit of technological innovations as to create a virtually inexhaustible and constantly renewed reserve of new materials and new techniques for the future growth of our civilian economy.

(8) As we have seen after the Civil War and both World Wars, great inventions and innovations, first developed for defense purposes, eventually find tremendous civilian applications. When these innovations were exhausted, when the civilian economy became saturated with new durable goods, prolonged depressions used to follow, against which orthodox capitalism seemed quite defenseless.

Except for rearmament, something similar would be quite reasonable to expect in the not too distant future, in view of the venerable age of the present boom, the sharp decline in the rate of family formation and the big supply of new plant and durables in the economy. The big difference is that under present world conditions the arms race itself, plus the gradual application to civilian use of the vast technological innovations forced on us by the arms race, will tend to prevent the old-fashioned type of incurable slumps.

No Depression as Long as Armament Race Continues

(9) So I do not believe that we are likely to have great depressions as long as the present world armament race continues; but we can have periodic readjustments, which can occur piecemeal or can occur in a bunched form. And, of course, if we were to respond to Soviet peace talk like the legendary Three Little Pigs, we could have "readjustments" quite as painful as the predicament of the Three Little Pigs of the story.

Well, I hope that that is not going to be the national response. Even so, I am very much afraid that at the present time we are running the risk of a relatively limited period of brilliant corporate earnings, followed by a simultaneous downward readjustment in a number of durable goods industries. It is, however, quite possible that before the present phase of expansion becomes overripe we shall be forced into additional national security expenditures, including very big new items like atomic defense, as well as new foreign investment and trade programs, that will prolong the boom. And in the long run such increases in government expenditures seem inevitable in any case.

Position of Stock Market

(10) Now, assuming that my expectations are reasonable, how can these be translated into other people's expectations?

If everybody expects the same thing, the stock market will discount it. If you agree with me that the present pace of private debt creation is dangerous, we shall all look with great skepticism on the current earning power of the consumers' durable goods producers and of quite a few capital goods producers as well. What is more, if everybody agrees, corporations and individuals will be quite hesitant about continuing the present pace of borrowing money. And since on the basis of current earnings the stock market is overall very reasonably priced, we shall not witness big overall fluctuations in one direction or another.

(11) Since, however, I have as good a chance of being wrong as the next fellow, we could reason quite differently. We could start from the fact that earnings are brilliant and will continue to be brilliant for several months more. By then, we will have tax reductions and we might have increased national security expenditures. Moreover, we are experiencing a healthy readjustment right now in raw materials prices and food prices, which will provide a new base for more prosperity. In that case it is obvious that stocks are still cheap and the Dow-Jones Industrials, or any other market averages, are entitled to go into new high ground.

(12) I should not be the least bit surprised if this was exactly what the stock market was going to say. But then we come to the next question. Should one buy in anticipation of this rise, or should one be content to sit and merely sell when the rise comes?

That kind of question has to be decided on the basis of one's theories of investment. I have seen a great many theories of investment and there are several to which I am quite allergic. The two I consider most dangerous I labeled some years ago "The Bigger Fool Theory of Investment" and "The Dead Horse Theory of Investment."

The former theory consists of buying a stock not because of one's own expectations, but because of what one thinks the other fellow's expectations are going to be. In other words, one buys the stock not because it seems cheap on values, but because one hopes to find a bigger fool than one's self on whom one can palm it off at a higher price. Well, the market might afford such opportunities over the next three months or more, but I would be very leery of them.

The dead horse theory of investment is our other great pitfall. It consists in the evaluation of the present worth of a dead or dying racehorse by averaging its past earnings and applying a conservative price-earnings ratio to them. I believe that earnings between 1946 and 1952 have to be scrutinized very carefully from the viewpoint of recession-resistant qualities. Some that look very good on paper will, I believe, prove to be very much like the earning power of Man-of-War the day before his carcass went to the soap factory.

(13) So, you see, there are several ways to look at the outlook for the stock market. If you believe, as I do, that there exists a real danger of simultaneous downward adjustments, let us say, six months hence, you will all be selling on rallies and you will wait with your buying, either until we actually experience the downward readjustment in business, or until it becomes obvious that because of lower government revenues and higher government expenditures the downward readjustment is indefinitely postponed. In that case there is very little to worry about marketwise in either direction. But if enough investors forget about possible readjustments, the market will go up on the good earnings statements of the next three to six months and then it will break of its own weight.

*An address by Mr. de Vegh before the New York Society of Security Analysts, New York City, March 10, 1953.

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Observations . . .

U. S. plane-shooting may be the forerunner of this. Such heatening-up of the relatively Cold War will contribute to U. S. business activity, inflation, and presumably stock market strength.

Over the medium-term, on the other hand, our assumptions of eventual split in the Malenkov seams will spell an easing of danger to us, with a cut-back of the armament economy, and deflation—accompanied by at least psychologically discouraged markets. This, of course, on the further major premise that the Kremlin will have the sense to refrain from starting a shooting-war that it has already evidenced it knows it cannot win.

Over the very long-term, this country's economy and equity shares should follow the worldwide secular inflation trend.

Real Estate Lending in 1953

By JOSEPH R. JONES*

Chairman, Committee on Real Estate Mortgages, Savings and Mortgage Division, American Bankers Association Vice-President, Security-First Nat'l Bank, Los Angeles, Calif.

Asserting there have been abnormal influences in real estate market in past two decades, West Coast banker calls attention to tremendous demand for residential, commercial and industrial properties. Warns experience shows tendency toward overbuilding, and cites heavy rise in mortgage debt as possible sign of market saturation. Calls attention to thin margin of equity, along with diminished financial responsibility of borrowers, and indicates serious condition in real estate market may be in offing.

Real estate lending has become a very important segment of our economy during the past decade. It is at this moment the subject of much debate and controversy, and there are widely divergent schools of thought as to the proper procedure for the future. There are those who think only in terms of continued expansion; there are those who see a panic beginning in the very near future; and there are some others who see certain warning signs which must not go unheeded, and who wish to do everything possible to help stabilize the situation so that the least harm and the greatest good will result.

Joseph R. Jones

Real estate lending involves a program of great complexity and is intertwined with many and varied factors of our government and the economy of our nation. The desirability and the value of a piece of property, and thus the safety of a real estate loan, are dependent on the prospects of war or peace, the general money market, and whether or not the current government policy is to be one of spending great sums for war, or any other of many purposes which could create inflationary influences. This in turn vitally affects the labor market, which in turn is a powerful influence in the cost of the production of new buildings.

For the past many years, we have been subject to many abnormal influences in the real estate market. The wars in which we have engaged and the great production effort to support these wars have caused great shifts of population. The areas developing new war industries, or expanding others, have brought to them many thousands of people who need shelter. The prohibitions against building during World War II created a great backlog of demand which demanded fulfillment just as soon as the restrictions were lifted. All of these forces have acted to create a very bullish market for real estate in many parts of the United States for several years past.

Abnormal Influences in Real Estate Market

The forces involved in real estate lending are rather ponderous, and not as easily controlled as those involved in many other types of lending. Commercial lending policies can be changed quickly; but if a bank decides to enter the field of real estate financing, it must begin to build contacts and cultivate the people who are in the market for this type of loan. Generally this is a fairly slow process, and volume will be achieved only after a considerable period of development. On the other hand, if a bank has been financing this type of operation for some time, and then decides that it should restrict the program, that too takes time. If you have been financing the development of tracts of houses for speculative sale, your commitment to the builder generally was given before he acquired the tract of land in question. After purchase, he must develop it; build the houses; sell them; and qualify the purchasers before the bank will be called upon to make a permanent loan to the new owner of the property. This is a program of many months; and when a decision is made to restrict this type of lending, the loans will continue to pour in for several months afterward. This is important, because it often takes many months to change the volume of such lending after the decision is made to alter the program.

*An address by Mr. Jones before the Savings and Mortgage Conference of the American Bankers Association, New York City, March 4, 1953.

During the past several years, a new economic apparent prosperity has bred the desire for larger, finer, and more costly homes. And probably the most important factor of all is the easy credit available, with which they can acquire this new and more costly home far beyond their fondest dreams of a few years ago. Government guaranty and insurance of loans for a very high percentage of cost, and with a very long maturity which affords very low monthly payments, has spread the cost of the home many, many years into the future. The cost, higher taxes, and present unsettled conditions have not been enough to stop the great buying wave that has existed in real estate for many years.

We have been talking so far particularly about residential properties. There has also been a great development in the field of commercial and industrial properties, also due to pent-up demand. Then came Korea and another great expansion in manufacturing capacity. In the past six years, we have spent $124 billion for industrial plants. Our industrial capacity has doubled since 1939, and is 50% greater than it was seven years ago. Mr. Martin, the Chairman of the Federal Reserve Board, is reported to have said at the Investment Bankers Association Convention in Hollywood, Florida, that the productive capacity of our country is now so great that sooner or later prices will have to be reduced if we want to sell all the goods we are capable of producing.

We have seen some reflection of this in ordinary commercial business properties. The market for this type of property has become definitely weaker during the past few months. The "Wall Street Journal" recently conducted a fairly wide survey on this subject and found vacancies varying from 6 to 12% in various communities and in various types of properties. So far, it has been mostly the marginal properties that have felt the impact the most severely. The better located, and favorably leased properties, have not been greatly affected.

This upward and downward movement of real estate values and volume of sales always leads to the question of whether or not such movements are cyclical. There are many astute students of this subject who affirm that the cycle is definite and quite regular, and that history can be expected to repeat itself periodically. This theory has been espoused by some of the leading real estate analysts for many years, and they have made a very good case for their reasoning. There are those who will say that cycles have existed but are unnecessary. A very short time ago, there was a very strong argument made by the economist for a certain mortgage association that cycles are completely unnecessary and may be controlled. We saw a definite downturn in real estate in the year 1950, and many of us thought that was the beginning of the change of cycle. But things happened to cause this movement to reverse and again begin to expand. There are many who will contend that it was the action of the government in softening the credit terms at that time that caused the reversal of trend. There can be little doubt that lower down-payments and longer terms with the consequent lower monthly payments greatly expand the number of buyers and thus provide a strong support for a waning market.

The Tendency to Overbuild

A close study of real estate development over the past hundred years should convince even the most skeptical that building never stops exactly when an adequate supply has been provided, but instead continues until the supply exceeds the demand, and in this manner acts to depress the market still further. The question for us to determine is: when have we satisfied the normal, proper, and sound demand for real estate, and when do we enter the period of overproduction with its possible bad results?

As a gauge of activity in this field, let us look at the volume of real estate debt as revealed by the F.D.I.C. figures. The total debt on 1-to-4-family dwellings on June 30, 1952, was approximately $57 billion, or nearly three times the $20 billion that existed at the close of the great real estate boom of the twenties. The F.D.I.C. also shows us that the commercial banks in the United States in the period from Dec. 31, 1945, to June 30, 1952, increased their time deposits 28%, and in the same period increased their real estate loans 220%. In 1945, 16% of the time deposits in commercial banks was invested in real estate mortgages; and in 1952, this had increased to 39%.

This great activity has by no means been limited to commercial banks. The great expansion of this type of credit has been common to practically all types of lenders. We have seen how the ratio of real estate loans to savings deposits in commercial banks increased from 16% to 39% from

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Dealer-Broker Investment Recommendations & Literature

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

Air Conditioning—Report—Cohu & Co., 1 Wall Street, New York 5, N. Y.

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

Funding Program of the 1920's and The New Funding Program —Brochure—Aubrey G. Lanston & Co., Inc., 15 Broad Street, New York 5, N. Y.

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

Most Popular Common Stock Holdings of colleges, foundations and other institutions—Dreyfus & Co., 50 Broadway, New York 4, N. Y.

Motion Picture Industry—Analysis—Thomson & McKinnon, 11 Wall Street, 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.

Northern New Jersey Banks—Report on 36 banks—Parker and Weissenborn, Inc., 24 Commerce Street, Newark 2, N. J. Also available is a special semi-annual report on Northern New Jersey Banks.

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.

Public Utility Common Stocks—Comparative tabulation—G. A. Saxton & Co., Inc., 70 Pine Street, New York 5, N. Y.

Railroad Income Bonds—Comparison—Vilas & Hickey, 49 Wall Street, New York 5, N. Y.

Stock for Income and Capital Gains—Featured in monthly review included in weekly "Business and Investment Timing Service"—Current appraisal of 80 issues with eight page report on "Business and Stock Market Outlook for 1953" and next four weekly bulletins, to new subscribers—$2.00—Anthony Gaubis & Company, 37 Wall Street, New York 5, N. Y.

What's Ahead?—Ten reports a year by Edward R. Dewey, co-author of "Cycles, The Science of Prediction," sent to those contributing $10 a year to Foundation for the Study of Cycles, 9 East 77th Street, New York 21, N. Y.—Also included is a chart of stock market cycles projected to 1990 —ask for chart C. 312.

* * *

Alabama Gas Corporation — Analysis — American Securities Corporation, 25 Broad Street, New York 4, N. Y.

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

American Hawaiian Steamship Co.—Analysis—J. R. Williston, Bruce & Co., 115 Broadway, New York 6, N. Y.

American & Foreign Power—Data—Sutro Bros. & Co., 120 Broadway, New York 5, N. Y. Also available are data on **Central Railroad of New Jersey, New York Central Railroad, New York, New Haven & Hartford Railroad** and **American Broadcasting-Paramount Theatres.**

American Investment Company of Illinois—Annual Report—Executive Office, American Investment Company of Illinois, Ambassador Building, St. Louis 1, Mo.

American-Marietta Company — Analysis — Eppler, Guerin & Turner, Fidelity Union Life Building, Dallas 1, Tex.

Arkansas Natural Gas Corp.—Memorandum—Kidder, Peabody & Co., 17 Wall Street, New York 5, N. Y. Also available are data on **Arkansas Louisiana Gas Co.** and **Arkansas Fuel Oil Corp.**

Central of Georgia Railway Company—Analysis—Cruttenden & Co., 209 South La Salle Street, Chicago 4, Ill. Also available is a memorandum on **Baxter Laboratories.**

Clinton Foods, Inc.—Analysis—Stanley Heller & Co., 30 Pine Street, New York 5, N. Y.

Commercial Credit Corp.—Memorandum—Auchincloss, Parker & Redpath, 52 Wall Street, New York 5, N. Y. Also available is a memorandum on **General Baking Corp.**

Detroit Edison Company—Annual report—Treasurer, Detroit Edison Company, 2000 Second Avenue, Detroit 26, Mich.

Eastern Industries, Inc.—Bulletin—De Witt Conklin Organization, 100 Broadway, New York 5, N. Y.

Electriglas Corp. — Circular — Moran & Co., 10 Commerce Court, Newark 2, N. J.

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

Great Lakes Industries, Inc.—Analysis—Dempsey & Company, 135 South La Salle Street, Chicago 3, Ill.

Interlake Iron Corporation—Complete 1952 annual report—Secretary, Interlake Iron Corporation, Union Commerce Building, Cleveland 14, Ohio.

Kelsey-Hayes Wheel Company—Bulletin—Eastman, Dillon & Co., 15 Broad Street, New York 5, N. Y. Also available is an analysis of **Kold-Hold Manufacturing Co.**

Lakeside Laboratories, Inc.—Special report—Loewi & Co., 225 East Mason Street, Milwaukee 2, Wis. Also available is a report on **U. S. Vitamin Corporation,** and memoranda on **Madison Gas & Electric Co.** and **Quaker Oats Co.**

P. Lorillard Company — 1952 annual report, illustrated — P. Lorillard Company, 119 West 40th Street, New York 18, N. Y.

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

Manufacturers Trust Company — Analysis — Paine, Webber, Jackson & Curtis, 25 Broad Street, New York 4, N. Y.

Muntz TV, Inc. — Bulletin — O. B. Motter & Associates, 500 Fifth Avenue, New York 36, N. Y.

New York Central Railroad—Analysis—Abraham & Co., 120 Broadway, New York 5, N. Y.

North American Acceptance Corp.—Analysis—Walston & Co., 35 Wall Street, New York 5, N. Y.

Perkins Machine & Gear Company—Analysis—Bond, Richman & Co., 37 Wall Street, New York 5, N. Y.

Public Service Co. of Colorado—Memorandum—Smith, Barney & Co., 14 Wall Street, New York 5, N. Y.

Puget Sound Power & Light—Memorandum—Goodbody & Co., 115 Broadway, New York 6, N. Y. Also available is data on **Washington Waterpower Co.**

Remington Arms Co. — Memorandum — Jones, Kreeger & Hewitt,, 1625 Eye Street, N. W., Washington 6, D. C.

Republic Steel—Memorandum—Hirsch & Co., 25 Broad Street, New York 4, N. Y.

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

Standard Thomson Corporation — Report — Hecker & Co., Liberty Trust Building, Philadelphia 7, Pa.

Telecomputing Corporation—Analysis—Hill Richards & Co., 621 South Spring Street, Los Angeles 14, Calif.

Valley National Bank of Phoenix—Memorandum—William R. Staats & Co., 640 South Spring Street, Los Angeles 14, Calif.

LETTERS TO THE EDITOR:

"Incredible—But True!"

Correspondents subscribe to opinion expressed in editorials, including "Incredible—But True!", that time has arrived for repeal of the Securities Acts and abolition of SEC and NASD, and for enactment of sensible definitive legislation which will unshackle the securities industry from the chains of bureaucracy which, after 20 years, has reduced this vital industry to a state of virtual impotence with damaging consequences to the welfare of the nation.

In the editorial "Incredible—But True!" which appeared in our issue of March 5, the "Chronicle" set forth some of the reasons why, in its opinion, the Securities and Exchange Commission and the National Association of Securities Dealers should be liquidated and the Securities Acts repealed. Simultaneously, the recommendation was made that the Congress enact sensible definitive legislation in harmony with the American way of life, the cornerstone of which provides for government by law and not by men. The existing statutes and the organizations charged with their adminstration, it was pointed out, are responsible for the deplorable state of conditions now bedeviling both large and small business and the securities industry. Continuance of this situation, we averred would ultimately cause incalculable damage to the nation's economy.

Below we give some of the letters that have already been received commenting on the editorial in question and a preceding one. As requested, the identity of the writers is not being revealed.—EDITOR.

A MARQUETTE, MICH. READER
[Name withheld on request.—Ed.]

The SEC and the NASD ought to be abolished, and they are sure to be if the "Chronicle" will continue its campaign of education inaugurated in the March 5 issue.

In a part of the section of the United States in which I have my business, the so-called "death sentence" of the Public Utility Holding Company Act administered by the SEC broke up the electric power system into half a dozen small high cost operations. The red tape and restrictions placed on new financing by the SEC discourage any entrepreneur from attempting to organize and finance a company of adequate size to serve the area with low cost power. Thus the great opportunity that exists to increase the business of the area is throttled by the pernicious activities of the SEC bureaucrats.

You will render the nation a great service if you free the capital markets.

P. S.—You may publish this letter anonymously if you wish to.

* * *

FROM A N. Y. CITY DEALER
[Name withheld on request.—Ed.]

That was more than a "provocative" story in your issue of March 5th—it contains facts—yes, "Incredible but True!"

* * *

FROM A DETROIT DEALER
[Name withheld on request.—Ed.]

Congratulations on "Incredible—But True!" in March 5 issue! I would like to have 3 copies to send to my Congressmen and 4 for presentation to our local papers and industrial magazines. The more publicity adverse to the SEC and NASD which can be obtained, the better our industry's chances are of being freed from the tyranny of these organizations. I am personally in favor of state regulation rather than national regulation. Competition in any business is the surest regulation there is.

I hope your article was not so long that all dealers would fail to read it. How about sending copies of your article to *all* securities dealers whether they subscribe to your fine paper or not? You might even reprint your article of June 21, 1945, on "The Spreading Octopus."

It is beyond my comprehension why dealers all over the country have not seen this condition coming and so planned to take action against these agencies that are restricting their business.

Why is not the SEC made up of men who have had experience in the business they are governing?

It is too bad that there is at present the constant fear of reprisal by the SEC if a definite stand against present policies is taken. When you published letters of mine in previous issues, such as the one seven years ago stating that the NASD was a subsidiary of the SEC, my partners nearly had heart failure.

There *should* be a revolution in this business, unanimously supported by the thousands of small dealers and security salesmen all over this country. They must understand that they alone can bring about the constructive changes that are needed for the benefit of our country's economic future and their own business future. They seem to be waiting for someone else or the general public to do it, while they are *afraid* to speak up. The general public does not know, nor does Congress, how restrictive these agencies have become—as *proved* by the figures contained in your fine article. Those figures should be brought to the attention of every Congressman by every patriotic broker-dealer and securities salesman in the country. I hope you will suggest this procedure in your next article on this same subject.

It is heartening to know we

Continued on page 16

Equity Investment And Retirement Goals

By NATHAN BELFER
Assistant Professor of Economics
The Pennsylvania State College

Dr. Belfer, after analyzing various sources of retirement income, concludes some new fresh thinking is required concerning financial aspects of retirement. Suggests saving plan to supplement Social Security payments and private pensions, and contends systematic investment in equities will show excellent returns over period of time. Holds, for average individual, systematic purchases of mutual fund shares is proper vehicle for investment program.

The financial aspects of retirement have received increased attention in recent years. At present there are three principal sources from which an individual can expect to receive an income upon retirement. These are Federal Social Security, company pension plans and individual savings. Under Social Security monthly payments to covered insured workers who have worked for a specified number of years before retirement range from $25 to $85 a month. If the worker's wife is also over 65 he will receive 50% additional. The details of private company pension plans vary considerably. Some pay the individual on retirement a definite percentage of his average annual salary, in others the pension will be a fixed dollar amount. Trade unions have frequently attempted to secure a commitment from an employer so that Social Security payments plus the company pension would equal about 50% of the individual's average annual salary. Lastly, individuals can supplement Social Security and company pensions with their own savings accumulated during the active working years. Savings can be used to purchase an annuity from an insurance company, they can also be invested in fixed dollar obligations such as savings accounts and bonds. It is also possible to invest one's savings in common stocks.


Nathan Belfer

Results of Systematic Savings

The results of systematic savings and compound interest are quite surprising. The accompanying table indicates the sum which an individual will accumulate at compound interest if he saves $200 a year for a specified number of years at the indicated rate of return.

$200 a year is less than $4 a week and would not appear to be too large a sum for the average individual to set aside from his income. Thus at 8% compound interest an individual will accumulate almost $52,000 in 40 years. Over a 40-year period the $8,000 invested by the individual has grown by almost 550%. (The table is for annual savings of $200. The results of larger or smaller annual savings are directly proportional and can be easily computed from the basic data in the table.) The really surprising thing borne out by the table is that relatively small differences in yield will result in tremendous differences in the final results. Let us consider the case of a person 30 years of age who decides to save $200 a year for 35 years until he retires at age 65. If he receives 2% a year, he will have accumulated $10,000 when he is ready for retirement. If, however, he receives 8% a year, he will accumulate $34,464 or 245% more! For a 40-year period the added return is 329%. These results are surely impressive and are a strong argument for attempting to secure higher yields on one's personal investments.

Yields of 2% and 3% are easily obtainable from government bonds, savings banks, savings and loan associations and corporate bonds. What, however, about the higher yields of 6, 7 and 8%? The Cowles Commission has made an intensive study of all the industrial common stocks listed on the New York Stock Exchange from 1871 to 1937. For that period the average annual increment was 8.8%—6% from income and 2.8% from appreciation in market value. For the period 1938-1951 no similar detailed study has been made, but the average annual increment has been somewhat better than 12%. Thus for the 80-year period 1871-1951 which embraces both Republican and Democratic Administrations, prosperities and depressions, war and peace, the average annual investment accomplishment has been approximately 9.25%. The table only goes to 8%. This is not unrealistic in view of the above cited investment results. A personal investment program which includes common stocks will show over a period of years a considerably better combined income and principal performance than can be obtained from an investment program restricted to low yielding fixed income obligations.

Financial Planning for Retirement

What financial planning then shall the individual do in preparation for retirement? Federal Social Security provides a fixed dollar income. Private pension plans, while somewhat more flexible than Social Security, also tend to give the individual a relatively fixed income. These plans, however, usually do not provide a person with sufficient retirement income and are no protection against inflation. It is necessary therefore for the individual to supplement his fixed retirement income from the above sources with his own funds. Over-all estate planning should include: (1) a cash reserve for contingencies; (2) low cost term insurance; (3) systematic investment to build up the estate (primarily in equities); (4) non-cancellable guaranteed accident and health insurance so that funds will be available to continue the investment and insurance payments in case of disability.

This is not the place to discuss the merits of the various types of life insurance. It would appear though that term insurance is the best buy for the average individual. The return on money put into high premium insurance is extremely low. Term insurance (non-cancellable guaranteed renewable) provides sufficient protection; the monies saved on premiums can be invested more profitable elsewhere.

Is it safe, however, for the individual to build toward retirement through investment in equities? First, it should be recognized that every individual already has a large investment in fixed income securities through Social Security and private company insurance plans. Second, fixed dollar obligations since they are no protection against inflation are as speculative as common stocks, but in a different way. The public remembers 1929 and 1932. Actually the stock market fall from 1929 to 1932 was about the same as the previous rise. The recovery from 1932 was fairly rapid. A person who remained in equities to 1932 would have found that his losses were rapidly converted into profits. Persons who practiced dollar averaging through systematic stock purchases month by month over a long period came out much better than persons who kept their funds in fixed income obligations. The figure cited above of an average annual return of 9.25% in the 80-year period 1871-1951 speaks for itself.

How shall the individual invest his $200 a year? Such a small sum obviously cannot be profitably used to purchase securities directly. However, through a single investment in the shares of a mutual fund the individual will obtain careful initial selection, constant supervision and broad diversification. Furthermore, by systematically investing the same amount of money year after year in mutual fund shares the individual will enjoy the advantages of dollar averaging.

Investment in Equities

The advantages of equity investment exist even after retirement. Life expectancy at age 65 is now 14 years. Let us assume that on retirement a person desires an income of $1,200 a year ($100 a month) from his own funds to supplement his Social Security and company pension. The following table indicates the amount of money required to secure an income of $1,200 a year for 14 years at the indicated rate of return:

2%	$14,527
3%	13,555
4%	12,676
5%	11,878
6%	11,154
7%	10,495
8%	9,893

Thus at 2% it is necessary to invest $4,634 (or 47%) more than at 8% to secure the same results. The higher the rate of return the smaller is the investment required to secure a desired income. Furthermore, the higher the rate of return the larger is the estate that can be left to one's family.

The same relationship can be seen in a somewhat different way. Let us again consider the case of an individual 30 years of age who decides to save $200 a year for 35 years till he retires at 65. At 8% compound interest a year he will accumulate $34,464 when he is ready for retirement. His life expectancy at 65 is 14 years. If he decides to exhaust completely both principal and investment return during these 14 years, he can spend the following amounts annually at the indicated rate of return:

2%	$2,847
3%	3,051
4%	3,263
5%	3,482
6%	3,708
7%	3,941
8%	4,180

At 2% he will receive only $2,847 a year, at 8%, however, he will receive $4,180, or 47% more. The higher the rate of return the larger is the retirement income which the individual can enjoy.

Recently, Pierre S. DuPont stated that when he was planning for his retirement he found that the purchase of a low-yielding annuity would return a very small annual income and would also result in a serious depreciation in the value of his estate. He therefore kept his funds invested in higher yielding equities.

It is obvious that some new fresh thinking is required concerning the financial aspects of retirement. Social Security and company plans provide a fixed retirement income. Through systematic saving an individual can accumulate a life estate. Investment in fixed income obligations will show mediocre results. However, systematic investment in equities will show excellent returns over a period of time. The increase in the value of one's investment can be used for both greater retirement benefits and for a larger estate for the dependents. For the average individual systematic purchases of mutual fund shares is the proper vehicle for his investment program and will show excellent results. An investment program which includes equities will show over a period of time a far better combined income and principal performance than can be obtained through an investment program restricted to fixed income obligations. Social Security and company pension plans provide a person with a cushion of fixed dollar investment; his own personal funds can be profitably invested in equities through the systematic purchase of mutual fund shares. The modest investment of only $200 annually during the working lifetime will result in the accumulation of a very considerable personal estate.

ACCUMULATED ANNUAL INVESTMENT OF $200
(With Interest Compounded Annually at the Rate Shown)

No. Years	2%	3%	4%	5%	6%	7%	8%	*Increase
10	$2,190	$2,292	$2,402	$2,516	$2,636	$2,764	$2,898	32%
15	3,458	3.720	4,004	4,316	4,356	5,026	5,430	57
20	4,860	5,374	5,956	6,614	7,358	8,200	9,152	88
25	6,406	7,292	8,330	9,546	10,974	12,650	14,622	128
30	8,114	9,516	11,218	13,288	15,812	18,892	22,656	179
35	9,998	12,092	14,730	18,064	22,288	27,648	34,464	245
40	12,080	15.080	19,003	24,160	30,952	39,928	51,812	329

*8% yield over 2% return.

Carel Van Huekelom Is With Television Shares

Television Shares Management Co. and Hudson Fund Distributors, Inc. announce that Carel Van Heukelom has become associated with them as representative in the New York metropolitan area with headquarters at 115 Broadway, New York City. He will continue as foreign representative for the firms.

Mr. Van Heukelom was formerly a partner in Andre de Saint-Phalle & Co.

Laurence P. Smith With Hornblower & Weeks

(Special to THE FINANCIAL CHRONICLE)

DETROIT, Mich.—Laurence P. Smith has become associated with Hornblower & Weeks, Penobscot Building. Mr. Smith was formerly Vice-President of the City Bank of Detroit and prior thereto was a partner in Bennett, Smith & Co.

The So-Called "Prosperity"

By ROGER W. BABSON

Asserting we have been living on borrowed money, Mr. Babson calls attention to nation's big debt; the huge government personnel; and dependence of millions on U. S. Treasury for relief and support. Says farmers have been fooled and our defense industry has created artificial prosperity. Contends there is no such thing as "perpetual prosperity."

Ex-President Truman, in his final report to Congress, likened the 1952 boom to the Hoover boom. He noted that our total output has doubled since 1933; and that agricultural output has increased about 50%. There is little question but what, in many ways, the last 20 years have been kind to us, as well as devastating.

Roger W. Babson

The truth is that we have been living on borrowed money. Any family can make a big show for a few years by going heavily into debt. Furthermore, Harry Truman didn't point out that in 1933 the total number of government employees, excluding the Armed Forces, was a little over half a million. Today there are 2,500,000, not including the Armed Forces, on government payrolls.

He neglected to mention that he had left President Eisenhower a $260 billion debt inheritance, this being 13 times bigger than 20 years ago. Nor did he mention the millions of people he has made dependent upon the United States Treasury for relief of one sort or another: subsides, pensions, price supports and all the rest.

Farmers Have Been Fooled

It was a comfortable yet heinous prosperity, heinous because it reminded one of the stupid farmer who took everything he could out of his land without ever any thought to fertilization, crop rotation, problems of erosion, or preventive spraying. Certainly, no professional farmer would fail to do these things. Very few backyard gardners plant without some thought to fertilization, watering and pest control.

Yet, business has been expected to turn out bumper crops year after year, with little or no cultivation; while at the same time its best plants became root bound. Vines have withered and dried up because borers and suckers ate away at the vines. This is the Republican's inheritance. It may look good to the novice, but the professional businessman and the professional farmer know business is not as healthy as it appears to be.

Artificial Prosperity

Most economists agree that our great new industry—Defense—is what has kept us going since we caught up with post-World War II demand. While many may have viewed Republican victory as the harbinger of happy days, former President Truman was probably more nearly correct when he likened our situation to the Hoover boom. I've said many times that governments can influence the course of economic action, but they cannot repeal Newton's Law of Action and Reaction.

There now is no such thing as perpetual prosperity. Barring war, we may well be at the downturn of the economic cycle. If we had not had the Korean outbreak in 1950, the Truman Administration would not have fared so well. Our government is still "priming the pump" with national security expenditures to the tune of about $48 billion annually. A peak figure of $60 billion may be reached by 1954. After 1954, what's going to happen when government defense spending is gradually cut back $20 billion to a maintenance level of about $40 billion in 1960? The only hope is to treat businessmen and investors in as friendly a manner as labor leaders have been treated.

National Defense Spending

At currently planned rates, national defense spending would purchase about 17% of our total national output by 1954, but soon drop back to only 9%. One of our main problems, then, is for merchants to find customers who can afford to purchase goods and services to take up the slack. I do not believe we can do this until a very substantial cut is made in government spending and taxes. The bottom 80% of our population, where the mass market lies, holds only about 7% of our gross national savings! This is a very important statement. **Think it over.**

Eisenhower's problem is going to be a tough one, moving from a kind of straw man economics to an economics of natural law. His "eleven millionairies and a plumber" Cabinet brings to the job outstanding experience and abilities. Certainly they understand, as well as any man can, the problems of business. Time will tell how well they understand politics so to get real results!

W. B. Dunkle V.-P. Of A. L. Wright & Co.

PHILADELPHIA, Pa.—Arthur L. Wright & Co., Inc., 225 South 15th Street, investment securities, announced that Walter B. Dunkle has been elected a Vice-President of the firm.

Mr. Dunkle has been in the securities business since 1921 and for the past 18 years was associated with Suplee, Yeatman & Co., Inc. He is a member of the Philadelphia Securities Association and the Municipal Bond Club of Philadelphia.

A graduate of Girard College, he attended the Evening School of the Wharton School of Finance of the University of Pennsylvania.

W. F. Kurtz Adds

CLEVELAND, Ohio — William P. Zahler has become associated with W. F. Kurtz & Co., Union Commerce Building. He was formerly with C. F. Childs & Co.

Carl Grady Adds

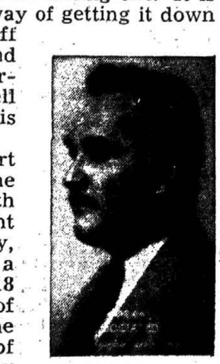
(Special to THE FINANCIAL CHRONICLE)

WOOSTER, Ohio — Orin O. Blandford is now affiliated with Carl M. Grady, Peoples Federal Building.

From Washington Ahead of the News

By CARLISLE BARGERON

It is beginning to look as though one of President Eisenhower's contributions to his great office will be the debunking of that widely accepted myth that his job is a man-killing one. It is not likely to kill him. Instead he seems by way of getting it down to a 40-hour week, Saturdays and Sundays off like the rest of the government employees, and an occasional Thursday afternoon off too. Certainly the government is running just as well as it was and there are indications that it is going to be run better.



Carlisle Bargeron

The fact is, of course, that Herbert Hoover after four crucifying years in the White House is still active and in good health at 78, and Mr. Truman after nearly eight years in that office is still spry and perky, although he has said many times that it was a man-killing job and that he had to work 18 hours a day. Nevertheless, after the death of every President, whether in office or after he retired, there is a tremendous outpouring of wordage to the effect that one man is simply not enough for the Presidency, that we probably ought to have two.

Certainly there is no lessening of crises or problems now than there were with Mr. Truman but you get the impression that Mr. Eisenhower's idea, instead of sitting around and fretting about them, is to get up early in the morning, clean his desk as soon as possible and get away possibly for a round of golf. In starting the day early he apparently can't get away from the old Army rule of reveille shortly after the chickens have crowed.

Newspapermen covering the White House regularly and whose business it is to study the President at every angle, say the Presidency doesn't awe him in the slightest. As one of them aptly expressed it, he is "used to being great." He carries the office and the responsibility with an unusual serenity.

The fact is that he is used to crises and problems. It is doubtful if any more are likely to come to him than he faced as the commander of our troops in Europe. The business of consigning 100,000 men at a time to battle is about as grave as any can be. Yet from Harry Butcher's diary, "My Four Years With Ike," you learn that the General is so constituted that he was able pretty much to take that in his stride. He used to take time off for golf then as well as now.

His secret apparently is the delegation of authority. Many students of the Washington scene have predicted this is something he would not be able to accomplish in the office of President. There are always demands to have the President act personally. Nevertheless, he is moving along with this delegation on an apparently smooth basis. Secretary of Agriculture Benson, at the height of the agitation over falling farm prices, was being given a lot of solicited and unsolicited advice by the Washington kabitzers. One piece of advice involved his talking with the President.

"How do you see the President?" he asked.

This exaggerates a situation. A Cabinet member can see the President, of course, but it is a fact that Eisenhower expects his Cabinet members to do their jobs without having to run to him.

He has apparently ironed out the usual thorny problem of members of Congress wanting to talk to the President directly instead of through an aide, by receiving them individually and in groups and reasonably frequently. The members, as a result, don't feel they are separated from him by an iron curtain.

His most pronounced delegation of authority is in his attitude toward Congress. Rather, it is a case of his not trying to run that body, tell it what to do, dot the i's and cross the t's for it as the last two President's have done. This can save a man a tremendous lot of work, although there are some indications that it is going to take Congress a little while to get back to running itself.

I am not meaning to imply that everything is hunky dory in the new Administration. The Congressional mail over Korea and taxes is increasing. Only in the ivory domes of the newspaper editors, apparently, is there a demand that taxes not be reduced now, not until the budget is put in order . . . and these editors are apparently reflecting the wishes of our more thoughtful citizens. Among the masses of less thoughtful ones, a keen disappointment is being evidenced in the Congressional mail.

However, some of the more practical Republican minds in Congress think that notwithstanding this feeling, the political thing to do is to hold up tax reduction until next year in order that it will be fresh in the minds of the voters in the Congressional campaigns of that year.

But there is no such political thinking about Korea. The realization on the part of Capitol Hill Republicans generally is that the disappointment on this matter is keen. It explains the Congressional outcries and demands for an investigation of the ammunition shortage on top of General Van Fleet's return. A year ago there were the same outcries and demands. The situation was relatively the same then as now. It is getting to be an old refrain.

Joins A. Lepper & Co.

(Special to THE FINANCIAL CHRONICLE)

CINCINNATI, Ohio—Lawrence G. Gessing has become associated with A. Lepper & Co., First National Bank Building, members of the Cincinnati and Midwest Stock Exchanges. Mr. Gessing was previously with Prescott & Co., and H. B. Cohle & Co.

With Smith, Moore Co.

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo.—Gerald H. Fox has become associated with Smith, Moore & Co., 509 Olive Street, members of the New York and Midwest Stock Exchanges. He was formerly with Merrill Lynch, Pierce, Fenner & Beane, and G. H. Walker & Co.

Convair—Where Flight Makes Might

By IRA U. COBLEIGH

Author of "Expanding Your Income"

A quick look at this distinguished developer and producer of transonic transports and militant missiles.

Annual reports are the standard financial literary fodder for investor and analyst alike, at this season of the year. Some are downright dreary (the reports, I mean), some correct and proper, but awfully arid; and some really give you an animate three-dimensional picture of what the company has been doing, what it has earned, and some preview of its future plans and profitability. The report of Consolidated Vultee Aircraft Corp. (Convair, for short) is in the last group. One of the most romantic and readable year-end summaries and projections I've seen, it describes a distinguished enterprise dedicated importantly to the defense program against known and indicated perils to our national security.

Ira U. Cobleigh

You may think of Convair as a leading transport producer for commercial aircraft. Well, it is. As of Nov. 30, 1952 (end of Convair fiscal year) 176 of the commercial No. 340 Convair-Liners had been sold; and when deliveries are complete, 38 airlines all over the world will be flying these Convairs (successors to the Model 240). Production is now at the rate of eight planes a month; and substantial military orders for a modified variation of this model are under discussion.

But this is not the picture of Convair—only a slight fraction of it as a matter of fact, for commercial sales are but 10% of Convair's operations. The big 90% is devoted to research and production of military planes, interceptors and strato-weapons which can fly electronically and unerringly toward land, or high velocity aerial, targets.

Land and Water-Based Craft

Let's start with intercontinental bombers. Convair has one of the best—the B-36—now in standardized production at Fort Worth, Texas for the U. S. Air Force, under an order to be completed in the Autumn of 1954. This has, I believe, six piston engines, and four jets, but Convair doesn't stop there. Its jet, swept-wing adaptation of the B-36 has already been tested—a big job capable (if commercially used) of whisking 190 passengers from New York to Frisco between breakfast and lunch. But that's not all. Convair has a long range program to design a long range bomber nucleonically propelled by a power plant now being researched by General Electric.

So much for the big transports. F102 may sound like just another number to you but it's the tag on a super duper supersonic jet interceptor for the Air Force now being developed at the San Diego plant.

Lest you think that Convair is solely a producer for the Air Force, it should be remembered that this outfit has, almost from its inception, been importantly identified with water-based craft. Its first flying boat took wing in 1929, and, since then, a whole fabulous series of hydronauts has borne the Convair name. Perhaps the most famous of these, and one you'll surely remember, is the PBY Catalina flying boat, with a brilliant performance record on at least five of the seven seas, in World War II.

Atomic-Craft Leadership

The postwar demands of an atomic age were for new and fantastic velocities in piloted craft—beyond the range of sight and sound. Traditional wing structure presented definite limitations so Convair pioneered in bat or Delta Wing drawing board designs, and its experimental XF92 was a world first in "D" wing flight. "D" development led to the F102 interceptor aforementioned and to its latest hydrocraft, the F2 Sea-Dart Navy Fighter, having a nose like a narwhal, retractable water-skis, and jet propulsion creating a maximum speed not revealed, for obvious security reasons.

From the above, you can see that in piloted craft, Convair can certainly claim a notable leadership both in existing models and in blueprinting prototypes for the future. Equally advanced is its position in guided missiles. The plant at Pomona, California is devoted entirely to these under a Navy contract. While, quite appropriately, Convair's current progress in these is a top military secret, this company successfully tested rocket powered strato-missiles back in 1948; and by its engineering and research has no doubt forwarded the technology of parabolic flight into new areas of speed and accuracy from both air and land projection points. It's quite reassuring to know that such competent scientists as those at Convair are daily at work on electronically guided missiles calculated to defend us against atomic attack from any element—land, sea or air.

$1 Billion Backlog

This all adds up to quite a program — a $1 billion backlog (11/30/52) and a vital challenge to the inventive genius and technical talents of the 49,000 employees of Convair. A word, too, should be said about management top-side of this major military merchant which grossed $390 million in 1952, and should top that by $80 million in 1953. Board Chairman is Floyd B. Odlum, a man of brains and vision, and President of Atlas Corp., which owns 18% of the common of Convair. His financial and management leadership are widely respected. President, since last April, is General Joseph T. McWarney, distinguished soldier, administrator, and a man widely informed as to the vital elements of effective national defense. Below these, lies an executive echelon, young, progressive, and loaded with engineering savvy.

On the financial side Convair earned for 1953 (fiscal year) $4.39 on each of the 2,376,927 shares of common outstanding; and paid $1.75, roughly an 8% yield on the current N. Y. Stock Exchange price of 21⅝. Year-end financial position was satisfactory, revealing net working capital of almost $34 million, with actual bank borrowing (against a revolving credit of $75 million) of $55 million. Further, in 1952 shareholders received a dividend through distribution of San Diego Corp. common, equal to about $1.60 per share of Convair. About the future, it would appear that Convair has done much to consolidate its activities, and to create a durable base for sustenance of earning power. Thus it might be argued that present level for the common of about five times 1952 net earnings is not inflated; rather it places slight value on the obviously interesting possibilities for future enhanced profitability.

With almost $14 billion in our government budget (fiscal year 1953) for military aircraft, Convair has a steady market for its product; and the sustained future need for Convair's productivity is suggested by the following quotation from a speech made in Los Angeles, Jan. 16, 1953 by Thomas G. Lanphier, Jr., Convair Vice-President in charge of Planning:

"We and others in aircraft and allied industries are trying to draw upon the American system and way of life to produce, in time to be effective, the intense physical defenses necessary to protect that system from atomic or hydrogen destruction. . . . We at Convair are working on supersonic fighters and missiles for just that purpose."

Considering the history of Convair, its expanding sales, impressive research, talent, and technique for the design and production of aerial weapons for either defense or retaliation; and its improved earning power, Convair deserves the consideration of the air minded investor. Its common stock is not unrewarding, on its 1952 dividend basis, nor devoid of capacity to increase its market altitude.

Examination of the latest facts, merely sketched here, may suggest to you that a position in Convair, though obviously speculative, might be more than a flight of fancy.

Earl D. Wallace Joins Dillon, Read & Co.

Earl D. Wallace

Earl D. Wallace, who recently resigned as President and a Director of Sohio Petroleum Company, and as a Vice-President and Director of The Standard Oil Company (Ohio), has become a consultant to Dillon, Read & Co. Inc., 46 William Street, New York City, on oil and gas matters.

With Walter J. Hood Co.

(Special to THE FINANCIAL CHRONICLE)

PORTLAND, Maine — Laurence H. Mann has become associated with Walter J. Hood Co., 415 Congress Street. Mr. Mann was formerly with du Pont, Homsey & Company and prior thereto with J. Arthur Warner & Co., Inc.

Louis McClure Adds

(Special to THE FINANCIAL CHRONICLE)

TAMPA, Fla.—William H. Fray has become affiliated with Louis C. McClure & Co., 615 Madison Street.

With F. I. du Pont

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — John Boncheff, Jr. is now affiliated with Francis I. du Pont & Co., 677 South Figueroa Street.

Dollars and Sense In Stock Transactions

By HAROLD J. KING, PH.D.

Dr. King points out that Stock Exchanges might streamline their operations—build business—and cut expenses by adopting the decimal system for stock transactions.

While the New York Stock Exchange ponders ways to streamline its operations, and make them more acceptable to the investing public, it might give consideration to the advisability of converting to the decimal system for its transactions and reporting. This would mean the making and recording of bids, offers, and sales in terms of dollars and cents. U. S. Steel, common, for example, might be quoted at 40.8 ($40.80), or 40.9, instead of 40⅞.

Harold J. King

That people prefer to do business in terms of things with which they are most familiar is a cardinal sales principle. And the people of the United States are much better acquainted with the decimal system of dollars and cents than forbidding eighths and sixteenths. What would happen to Gimbel's sales volume, should the management decide to quote its merchandise in cumbersome fractions, while still operating with a currency geared to the decimal system?

How much could be saved in clerical expenses by the Exchange, its members, and others throughout the industry by making the change?

Adherence to custom could be justified as long as London was the financial center of the world. But it is now past time to recognize that the tides have shifted financial leadership to this country. The longevity of manufacturers who refuse to see trends, and make the logical adjustments, is notoriously low. Are financial institutions exempt from this law of nature?

Of course, with that rapidly growing species of little women who hold the purse strings in America—who are displaying an ever growing interest in investments—the use of the second decimal place might not be amiss. Should they find it possible to bid 3.98, instead of 4.0, for a hundred shares of the XYZ Company, the Exchange might find conferred upon itself an attractiveness equal to that of Macy's basement. In any event, the clerical complications brought about by the use of the second decimal place would be inconsequential, as compared to those the Exchange inflicts upon itself by using the present archaic system.

No More Government Competition In Credit or Business Fields

By HON. JESSE P. WOLCOTT*
U. S. Congressman from Michigan
Chairman, House Banking and Currency Committee

Hailing new Administration as ending socialistic legislation, Rep. Wolcott says its aim is to restore free enterprise system and withdraw government competition in fields of credit, housing, industry and agriculture. Says role of government in housing should be one of encouragement, and it may also furnish secondary market for home mortgages. Looks for Reconstruction Finance Corporation to die a natural death on June 30, 1954. Would limit rent controls to critical areas.

We have learned a great deal in the last 20 years which is going to be helpful to us in the months and years to come in doing the job which you as free enterprise producers are going to insist be done. I wish that I could talk to you next week rather than this week because this week in Washington there are a series of conferences going on which will at least lay down general policies with respect to a great many problems, mainly economic. In a very short time we will know a great deal more about the role which government should have in housing and of course the role which you as investors and bankers and mortgage people will have in the policy the government creates.

Jesse P. Wolcott

I do think, however, that we can look into the crystal ball and come up with a reasonably finished picture of certain phases of this effort. I think we can labor under the assumption that the threats to the American system, many of them, at least, were completely renounced, and that in keeping with the will of the great majority of the people, this Administration is not going to countenance any efforts by any one in government or outside to socialize any segment of our economy. I think you can appreciate how refreshing it is for members of Congress to no longer have to labor under the assumption that legislation which is enacted in Congress might be used to change the very form of American government. That basic problem has beset us through the years. I think you can have reasonable assurance that you may plan in the future—perhaps cannot work too far in the future, but can call it a four-year plan anyway. Business and industry and agriculture, all segments of our economy, have a very important role. As those who, through the extension of credit, make possible this free enterprise system, you can be assured that, during this planning period in the foreseeable future and barring war or a series of incidents which would seem to indicate that war is inevitable, you can plan and produce with the firm conviction with more than reasonable certainty that government is not going to knock the props out in exercising direct controls.

The President has said that he favors the indirect means of stabilizing our economy. This indicates strongly that the direct controls—price, wage, salaries, and I include consumer credit controls and real estate credit controls—are to be used only to supplement, to implement, the indirect controls if and when they fail to do the job. Let us have definitely in mind that it is the ambition of the Administration, the President and the Congress, to restore the American system of government in all particulars. There are some obstacles, of course; and the people are somewhat impatient undoubtedly that after this six long weeks since the inauguration we haven't been able to accomplish as much as they expected us to accomplish. But it will be a matter of months. If the American people are patient, they will begin to see the changes.

Let us analyze some of the changes, the form they might take, what we have in mind as basis to restore the American free enterprise system, which means that although government will encourage, supplement, and implement, it will never supplant the free enterprise system. Government will not be in competition with industry, business, and agriculture. (May I say that government is not going to compete with you in the establishment, creation, dissemination, and granting of credit.) It will be your job, your responsibility, to make available cash and credits to effectuate the programs set up. These programs are necessary because we are going to have a cutback in defense production; and as we do this, there must be an acceleration of production in consumer lines.

I do not want to appear to be in conflict with any of my colleagues basically because there are no differences between the White House and Congress, no differences between Congressional leaders, that cannot be readily reconciled. I speak only for my own self when I say that there will not be a sword of Damocles hanging over your heads in the form of standby controls which will interfere in any way with your plans; and they will not exist as a threat that after you have planned, the government will come in and do something to you.

I personally can see a great deal of harm that might have come from standby controls. None of us has any objections to giving the President power to freeze the economy in time of war, but can see no particular reason to give him that power now. For next August when Congress is not in session, if there were a surprise attack, a quorum would be in Washington next noon, declare a state of war and adopt a resolution giving the President power to freeze the economy. By 4 p.m. that afternoon, the President could get out an order freezing the economy. If a series of incidents occur leading up inevitably to conditions which might justify direct controls, then we would have so much experience that any of us could sit down with a pair of scissors and clip up OPA and OPS regulations and in half an hour put a bill together. Inside of 48 hours, the bill could be reported out of committee and passed. There is no assurance that a standby bill passed now would suit the economic conditions four or five years from now.

Government to Withdraw From Home Construction

I suppose you are more vitally interested in the subject which I was asked to talk about. This has been a background to indicate that you may expect a declining activity on part of government in housing. Perhaps that is all we can say about it at present. But if we are going to restore the free enterprise system in its entirety as we hope to do, that implies that the government is going to get out of the home building business, that the home builders are going to build, and you are going to finance that building.

Now again, the role of government in that particular phase of our economy is one of encouragement, and we can encourage it in a great many ways. The greatest encouragement is the construction of a maximum number of homes, the maximum that the market will absorb—some say one million a year. We do not know, but you and the building industry can sit down and determine pretty well what the goal should be, then come down before our committees and give us the benefit of your discussions.

If it is desirable from your standpoint that we perfect a secondary market for the home mortgage paper, we won't hesitate to do so. But we will be careful that the secondary market does not become a primary market, for it is your job to create the primary market.

This whole housing picture must be reviewed in the light of changed conditions. The Housing and Home Finance Agency is rather a hodge-podge of authority emanating from conflicting emotionalisms. I think it can be cut back to size, and simplified. You will have to take this into consideration in this program which I suggest that you and the building industry create, then talk to us, so we will know what the size of this agency should be. If it is necessary to do something with the Federal National Mortgage Association, we will do it. Perhaps we should take another look at the Home Loan Bank Board to see if we can make better use of it in this financing effort.

Government in Credit Field

There are certain ancillary problems. We find in the crystal ball that the government of the United States has created untold billions of credit and is now creating hundreds of billions of additional credit. The Reconstruction Finance Corporation was at one time a $18 billion concern. The RFC directors were never able to tell us within $2 billion how they had expanded, but we know that there were at least $18 billion outstanding. That is pretty big business. In 1947, the Congress cut RFC back to size, to a $2-billion concern, and said to RFC, "You liquidate. You do your own liquidation job and stand by as an agency on which we can build a new credit structure to supplement credit emanating from the banks and Treasury if necessary. But you will be merely a standby agency for the temporary purpose of liquidating yourself." Since then, RFC has expanded its influence. There have been a good many scandals in connection with it. It took drastic action on the part of the administrators to clean it up.

I believe that the thinking in Washington today — and this is notwithstanding anything which we have read or heard to the contrary—is that the RFC shall be allowed to die a natural death on June 30, 1954. There will be a new administrator, a new chairman of the board, very shortly; and I believe that from now until June 30, 1954, the RFC will be liquidating itself, making very few loans, and at the termination of its existence on June 30, 1954, what is left of the liquidating job will probably be turned over to the Treasury.

Question of a Balanced Budget

One of the things which we are going to do to make it possible for you to plan and to determine how safe your investments are going to be is to balance the budget. Just the other other day, we found ways and means that nobody knew existed, apparently, of balancing the budget. Perhaps you read an article in the "Wall Street Journal" which covered it quite thoroughly about the repayment which we required of $8 million of capital of FHA Title I to the Treasury — capital which hadn't been used since 1939. In the light of the fact that FHA, under Title I operation, had accumulated an earned surplus since 1939 of $18 million, which gave it a reserve of much higher ratio than it needed, we required that FHA pay back to the Treasury this $8 million; and in doing so we got to thinking about other agencies. You know it has already developed that there is perhaps over $1 billion of vital capital and assets lying around that can be very easily returned to the Treasury and liquidated and paid into the Treasury. So we know that inside of the next year, we hope during the fiscal year 1954, we will be able to recoup these assets to the Treasury of about $1 billion.

If you know of any others that haven't been mentioned, that are lying around, we will be very grateful to you fellows if you will tell us about them.

That would be the basis for the statement I have made for a sound structure. Then we would reduce taxes. Perhaps you can tell us why, but I have never been able to tell why, it is that on occasions when we wanted to increase the revenue into the Treasury, it has been done by reducing taxes. I am not facetious when I say that it is actually a fact that on the two occasions—one as late as 1947 —when we reduced taxes, we balanced the budget by increasing the revenue into the Treasury, in addition to cutting off some of the expenses of running the Federal establisment—strange, but nevertheless it is true. After World War I we had a like experience. So possibly we can cut taxes a little bit as one of the ways and means of balancing the budget.

The Stabilization Effort

But there are other things probably which must be done in the stabilization effort. For the first time in a good many years, the Federal Reserve is acting independently of Treasury domination. The autonomy of the Federal Reserve, as an independent agency of government, vested with authority and responsibility of stabilizing our currency has been restored to them; and an accord has been reached between the Treasury and the Federal Reserve in respect to debt management which we feel will enable the Federal Reserve to effectuate the purposes for which it is set up.

That will probably mean, in the final analysis, a little higher interest rate; and you and I and all of us working in this field must take into consideration the fact that in accordance with this accord, interest rates are probably on the incline.

You have to plan on that; we have to plan on that, in our Veterans Administration program especially. We realize, we understand why you bankers, mortgage bankers, don't want V. A. paper. You find it unprofitable to invest your capital and your depositors' money in that kind of paper.

The problem of Veterans Administration interest has not been a problem of economics. It has been a very cold political question. What to do with it, I don't know. But there are hopes that the housing committees of the two large veterans' organizations, the American Legion and the Veterans of Foreign Wars, will finally reach an accord and be perhaps more realistic about the deficiencies in the V. A. housing program. I have been told that we had a right to expect that these two organizations would initiate increases in the interest rate if that was necessary to reactivate the veterans' program. We hope that we may be able to sit down with the veterans' organizations at the same time that we sit down with you in this review of this housing picture and do whatever job must be done to reactiviate that program.

Rent Control

Now, just one more word, with respect to rent control. You have all exhibited a great deal of interest in rent control. Rent control will expire on April 30, unless we extend it, and I don't think we are going to extend it. We start hearings on it next Monday, so that we will get the question settled by the Congress early enough so that the state legislatures can act on the question, if they think they have the constitutional authority to take over where the Federal Government leaves off in rent control.

I am not giving you these figures with the idea that they are accurate, but I think I use them simply as an example of what we may find in this field of rent problems. I think we are going to find that over 80% of the units which are under control by the Federal Government are concentrated in three states. I think we are going to find that about 20% of the units under control are spread throughout the other 45 states and include such cities as Chicago.

I don't think—this is my own thinking — that with all of the monetary problems which we have in the Federal Government —the effect which huge expenditures for this, that, or any other thing have upon the value of the dollar and the trouble which we have had with deficit financing— I don't think there is any justification whatsoever for the Federal Government's maintaining an expensive bureau for the purpose of

*Excerpts from an address of Rep. Wolcott before the Annual Savings and Mortgage Conference of the American Bankers Association, New York City, March 4, 1953.

administering rent control in a half dozen big cities.

I think it is more economically sound for the states to delegate to those cities the authority to control rents in those cities, thereby not only relieving the Federal Government of the obligation to indulge in deficit financing, which means that through the present system of debt monetization there will be an influence on the value of the dollar; but in addition to that, most of these cities are situated in states which pay into the Federal Treasury many more dollars than they get back out of the Federal Treasury, and it is economically sound for the taxpayers in those cities to take over the burden of rent control.

That means, of course, that the Federal Government will probably continue to control rents in the critical areas, but we will redefine critical areas. Probably the critical areas will be confined to those installations which are largely under the control of the War Department, the Department of the Navy, the Atomic Energy Commission.

If we find that April 30 is too early a date for the states—we, of course, have to be fair with them; that is why we are holding these hearings early—then perhaps we might continue rent control, or we might have another cut-off date, I should say. April 30 will be the cut-off date; and unless the cities take affirmative action to continue it, then rent control will expire in all of those cities where affirmative action is not taken, but all rent control will expire at a given date, maybe 60, 90 days after that.

That is some of the thinking which hasn't, I say, yet jelled but is jelling in Washington this week; so if we all meet back here again next Monday, we may know more about the situation.

NY Hanseatic Corp. Elects Officers

Hans E. Ben

Hans E. Ben and D. William O'Kolski have been elected Vice-Presidents of The New York Hanseatic Corporation, 120 Broadway, New York City. Paul M. Hirschland has been elected an Assistant Vice-President and Bernhard Voges has been elected Assistant Secretary.

Rousseau Opens Office

(Special to The Financial Chronicle)

WORCESTER, Mass. — Herman Rousseau has opened offices at 8 Flagg Street to engage in the securities business. Mary A. Driscoll has become associated with him as a member of his staff. Both Mr. Rousseau and Miss Driscoll were formerly with Gibbs & Co.

With Brown Bros. Harri'n

(Special to The Financial Chronicle)

BOSTON, Mass.—John E. Hart, Jr. has become connected with Brown Brothers, Harriman & Co., 10 Post Office Square.

E. A. Holtham Adds

(Special to The Financial Chronicle)

MODESTO, Calif.—Michael G. Telesco has been added to the staff of Earl A. Holtham, 1024 J Street.

Youth Should Gear Vision To Opportunity—Not Security

By HAROLD L. BACHE*

Senior Partner, Bache & Co.
Members New York Stock Exchange

Mr. Bache stresses need for a reversal of doctrine of "smug confidence in security," and its replacement by emphasis on courage, enterprise, industry and self-respect. Urges business men make youth aware of existing opportunities in our newly developing industries. Upholds risk-taking, and says spirit of venture is soul of our free economy.

The world we live in today is a battleground upon which the adversaries are freedom and tyranny. The conflict is one of social systems — of methods and ideas through which society makes its decisions in social, political, economic, intellectual and even religious problems. The test of these systems—these ideologies — lies in their effectiveness in attaining the satisfactions—spiritual, human and material—which are the goals of any society. This war of methods and ideas gives rise to new problems, and underscores older ones. It is the source of the great uncertainties of our world.

Harold L. Bache

In this struggle I know that the way of the free world is right, and I am confident that it will prevail. It will not be an easy struggle, and victory will be obtained neither cheaply nor quickly. But I am certain that we shall tread the path successfully, that we shall meet the challenge of the present and of the future, as we have done many times in the past.

In the achievement of this victory, responsible business leadership has a role of major proportions as it makes its way through the uncertainties that surround us.

Educating the People

The recent elections provided American businessmen with the challenge they had hoped for during a period of many years: an opportunity for business. Now that the people of our country have made their choice the stage is set and it provides business leaders of the United States with the opportunity to enter this competition in a big way for the greatest of all stakes. For several decades, leaders of government and leaders of organized labor have been appealing to the weakness in man — his fear, greed, laziness and self-pity. It is high time to reverse these doctrines of weakness and lay emphasis on an appeal to the strengths in man —his courage, enterprise, industriousness and self respect. You and I, individually and through our numerous associations across this country, must enter this competition—**not against** the government, **not against** organized labor, but **for** the principle that every one of the millions of people on payrolls is entitled to every consideration and treatment consistent with the respect and dignity due him.

This will not only contribute to a broadening of interests, but even more importantly to a reestablishment of the values of good citizenship. Both are facets of what we call "education." Towards that end you and I—all of us — by every available means must participate in the reeducation of America's youth and the public at large to acquaint them with the aims and objectives and accomplishments of the Capitalistic system and of the opportunities it affords. Education will prove to every reasonable person that Democracy or the free enterprise system will pass the test of effectiveness of a social system over any other in the world. The test, as I said before, lies in the effectiveness of the system in attaining the spiritual, human and material satisfactions which are the goals of any society.

Responsibility of Business

The progressive business leader of today realizes that his responsibility extends beyond the office or plant door. The employee of today is prepared to learn and understand the close identity between his individual interests and the interests of the enterprise which employs him. And industry knows that the well-informed employee will not cast a vote that creates an unfavorable atmosphere for business; for if he is well-informed, he recognizes that in an industrialized economy such as ours, what is good for business is good for the greatest number of citizens generally.

Farsighted business leaders are also aware of their responsibility to assist employees in broadening their understanding of economics and in gaining an understanding of how the vitality of our economy depends on risk-taking and on preserving public attitudes that encourage opportunity rather than a retreat to security.

These factors were given official recognition in a recent statement prepared by Thomas B. McCabe, former Chairman of the Federal Reserve Board, at the request of the Senate Banking and Currency Sub-committee. In his statement Mr. McCabe said: "Security, rather than opportunity, has become more and more a part of our national philosophy." Deploring the growth of this viewpoint, Mr. McCabe also stressed that "Risk-taking had long been an American tradition. It resulted in the rapid development of our resources, expansion of production and a steadily rising standard of living."

Farsighted business leaders recognize their responsibility—in the interest of business and the nation as a whole — to bring home to their employees the importance of public attitudes that result in risk-taking and the importance of preserving the element of opportunity for the individual.

There exists among America's youth a deep, however dormant, admiration for the men who made America the greatest nation on earth; admiration for the great things they built and for the individual initiative which created these things.

It is a challenge to all of us to arouse this dormant admiration into vibrant, healthy action—into strong, intelligently aggressive awareness of the decade of opportunity upon which we are entering. We must call their attention to the opportunities that crystallize every day and point out the great industries developed in the last few years—the Television industry, the expanding Aircraft field, the cross country Natural Gas transmission lines, Air Conditioning, the Frozen Food industry, the enormous development of the Chemical industry—not to mention the Automobile industry. Atomic research has within the past years opened new possibilities which may likely reshape every segment of our way of life. These industries prove that opportunities exist for him who is willing to accept opportunity and not to rely on the smug confidence of security.

Another indication that the opportunity of risk-taking is still growing can be read into some figures recently released by the Security and Exchange Commission. Last month (February) the Commission reported to Congress that new security issues registered with the Commission for public sale totalled 9 billion 500 million dollars during the fiscal year ended June 30, 1952. "This total," the Commission said, "was the largest for any fiscal year in the Commission's 18-year history." It reflected the needs of corporations for outside funds to carry on development and expansion programs.

In addition to such public financing, corporations obtained funds for expansion through private placement of securities with investors, through bank loans and through re-investment of corporation earnings. All this clearly indicates that the tempo of expansion and opportunity of this nation is greater than ever before.

Thus, it is our responsibility to educate the public to the opportunities of the free enterprise system in every possible way. Toward this objective we must employ all means of communication: public relations, labor relations, stockholder relations, customer relations and community relations.

We at Bache & Co. have gone to much trouble and considerable expense to try to do our part in bringing home to the public the privileges and opportunities of the Free Enterprise System and in a larger sense, of the need to support the enslaved nations' struggle for freedom today. In our office we have sort of a motto—"Make a stockholder and you lose a possible Communist." We feel that in making stockholders, we are advancing the cause of Democracy, Free Enterprise and Freedom.

I greatly appreciate the opportunity of having met with you today and to urge you to shoulder the new and larger responsibility which private enterprise must face. The spirit of venture is the soul of our free and capitalistic economy; it is the **one** and **only** great force among the free people of the world today, and among those who look toward us for their eventual liberation.

To meet this challenge let us start to equip America's youth to prime itself as the coming generation of executive leaders whose vision is **not** geared on security but on **opportunity.**

*A talk by Mr. Bache before the Rotary Club at Torrington, Conn., March 3, 1953.

John B. Hansen With Wm. E. Pollock Co.

John B. Hansen has become associated with Wm. E. Pollock & Co., Inc., 20 Pine Street, New York City, dealers in U. S. Government securities, underwriters and dealers in State, municipal, Housing Authority, revenue, railroad, public utility industrial bonds and equipment trust certificates. Mr. Hansen was formerly with the Federal Reserve Bank of New York.

With Military Inv. Serv.

(Special to The Financial Chronicle)

BIRMINGHAM, Ala.—Lecial L. Lowery is now connected with Military Investment Service, of Ft. Gaines, Ga.

Quincy Cass Adds

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—Edward Edison has been added to the staff of Quincy Cass Associates, 523 West Sixth Street, members of the Los Angeles Stock Exchange.

What's Ahead in Agriculture

By HON. CLIFFORD R. HOPE*
U. S. Congressman from Kansas
Chairman, Agriculture Committee, House of Representatives

Rep. Hope describes changes in agriculture during last 150 years, indicating, while once a self-contained, simple industry, farming today requires heavy investment and large working capital. Points out farmer has nothing to say about prices, and, because of price uncertainties, it has been deemed necessary to stabilize farm prices at fair level. Says price supports are based upon principle of adjusting production and marketing to demand, and present programs will be carried out while fair parity prices will not be changed.

Agricultural policy has been an important subject of economic and political discussion in this country for the last 30 years. It will continue to be. Certainly it is just as important and as pertinent now as it has been at any time during our history.


C. R. Hope

There are at least four reasons why this is the case.

(1) Agriculture is so tied in with our total economy that we do not dare to allow it to get too far out of line with other phases of it.

(2) We must have a vigorous, prosperous and expanding agriculture if we are going to produce the quantity of agricultural products required to meet the needs of a growing nation.

(3) There are certain basic social values inherent in rural life which we cannot lose without grave danger to the future of our nation. These values are imperiled by economic instability in agriculture.

(4) The 16% of our people who live on farms and the 40% additional who are partially or wholly dependent upon agriculture constitute an element in the political picture which cannot be denied or overlooked in a nation where the people rule and where economic questions play an important part in determining elections.

With these considerations in mind I would like to proceed to develop certain facts and situations and indicate how they may be expected to affect agricultural policy.

First, let's consider the changing nature of agriculture. 150 years ago 85% of our people lived on farms and it took all of them to produce enough food and fibre and shelter for themselves and the rest of us. 100 years ago 68% of our people lived on farms. Even as late as 1910 a third of our people were engaged in agriculture.

Now the less than 16% of our people who live on farms produce enough food, fibre and shelter for themselves and all the rest of us. In the case of a few commodities this production must be supplemented by imports but that is offset by substantial exports of other agricultural products.

This great increase in agricultural efficiency can be ascribed to several things—one is our heritage of rich soil; another is mechanization; another is our system of agricultural research and education. The combination of these and other factors has made our farmers the best in the world.

But I still haven't touched upon the most important difference between farming 100, or 50, or even 25 years ago, and farming today. Until comparatively recently, farming was a self-contained industry. The farm produced most of the family food, woodlots and forests most of the fuel. Horses or oxen produced on the farm furnished the power. They didn't consume gasoline. They were fueled by hay and grain grown on the farm. Much or all of the clothing was produced on the farm. There was little expense for hired labor because families were large and much work was interchanged with neighbors. Taxes were negligible. Capital investment was low; hence interest charges were unimportant. There was little on the farm that required insurance and if there was, farmers very largely carried their own risk.

In other words until comparatively recent times farmers had little need for cash.

Farming Today Requires Heavy Investment and Large Amount of Working Capital

Contrast that with the situation of the average farmer today. Not only the big farmer or the medium-sized farmer but the little farmer as well requires a heavy cash outlay. He must purchase his power in the form of tractors and farm equipment. He must purchase gasoline or distillate as fuel. He must buy fertilizer. Hired labor is costly if he can get it. He has a huge investment and requires much working capital upon which interest must be paid. He has large sums tied up in transportation equipment. He has a heavy outlay for insurance and for taxes. The annual depreciation on his machinery and equipment amounts to far more than his entire cash outlay a few years ago.

For these reasons it can be seen that while the market price of farm products was a rather unimportant factor a comparatively few years ago, today it is everything. Any farmer to stay in business must have substantial cash receipts from his production and in order to have anything for himself his prices must be high enough to pay these fixed charges and lay aside a reserve for depreciation and amortization of his investment.

Farmer Has Nothing to Say About Prices

All of these costs are determined by someone else, not the farmer. He has no bargaining power that will enable him to reduce them. If he consumes electric power the price of that is fixed by a public commission. The wages of his hired labor are fixed by competition with industrial enterprises where wages, hours and working conditions are determined by collective bargaining between well entrenched labor unions and industries which can pass high labor costs on to consumers.

His taxes, his transportation rates in getting his products to market centers, his insurance rates—all are fixed by law or by the action of state or Federal agencies. The price of his fuel and his fertilizer and his farm machinery and equipment is not the subject of bargaining as far as he is concerned. He simply pays what the sellers demand.

On the other hand, with certain unimportant exceptions the farmer has nothing to say about the price of his products. If he ships his cattle and hogs to Omaha or Chicago he takes what the buyers offer him and they all offer him substantially the same. His alternative is to ship his livestock back home again.

When he takes his grain to market he does not say how much he will take for it. He says "How much will you give me?"

Thus with few exceptions which are inconsequential, the farmer has nothing to say about the price of the things he buys or the price of the things he sells. Somebody else determines both figures. Furthermore his unit cost of production especially in the case of crops depends very largely on the yield. The weather, insect pests and plant diseases have much to do with this, no matter how good a job of farming a man does. His corn may make 50 bushels an acre one year and 25 bushels the next. In the latter case, assuming that his expenses are exactly the same, the cost per bushel is twice as much as it was in the previous year.

This is not to say that good farming doesn't pay or that efficiency doesn't reduce costs. The point is that no farmer can tell in advance what his costs are going to be. What other businessman could stay in business if both his costs and selling price were fixed by someone else and his productivity was determined in most cases by weather and other factors beyond his control?

Stabilizing Farm Prices at Fair Level

That is why during the last 25 or 30 years so much has been attempted in the field of giving farmers stability in the way of prices for the things they sell at a level commensurate with the prices of the things they buy.

Originally great hopes were held out for cooperative marketing on the theory that it would attain sufficent volume that farmers could control the supply going to market and thus have something to say about the price of the product. That objective has seldom been reached although farmers' cooperatives have been successful in many lines and have rendered great service to farmers by bringing about better marketing conditions.

Another method that has been used — and quite successfully in the case of some commodities, particularly perishables—is that of marketing agreements. The best example of this is the milk marketing agreements in the various metropolitan milksheds of the country. Marketing agreements have been successful also in the case of fruits and vegetables produced within small geographical areas. My observation has been that there are very few cases where marketing agreements have been successful except where there were strong cooperative organizations engaged in marketing the product.

The most extensive programs to stabilize agricultural prices have been in the field of supporting prices through government loans and purchases. These efforts have included many commodities. In some cases it has been necessary to remove only a small quantity of a commodity from the market through government purchases. In other cases where major commodities of a perishable or semiperishable nature such as potatoes, eggs and dairy products were involved, heavy losses have been sustained and valuable food supplies have been lost through spoilage or deterioration.

The most successful operations however as far as price supports are concerned are those dealing with the so-called basic commodities of wheat, cotton, corn, tobacco, rice and peanuts. These commodities are storable. They can be carried over from one year to another. The programs under which these operations were carried out included controls of production or marketing or both, which prevented excessive supplies from coming on the market.

In the main these programs have been carried out by means of non-recourse loans or agreements by the government to purchase at the support price. Considering the amount of money represented, the length of time the programs have been in operation, and the great importance of the commodities in question, these programs have cost very little.

Supports on the basic commodities and a few others are mandatory. In addition the Secretary of Agriculture has authority to support the price of any other agricultural commodity providing certain conditions are found to exist.

A special price support program tailored to meet the peculiar situation of the commodity in question is that which has been set up for sugar. In this case the desired price is maintained by regulating the amount of sugar marketed, with allocations to various producing areas. Differences in costs of production between domestic and foreign producers are adjusted through payments to do-

Continued on page 40

*An address by Congressman Hope before the Commodity Club of New York, New York City, March 5, 1953.

The Favorite Fifty

AN ANALYSIS SHOWING BY DOLLAR VALUE, THE LISTED STOCKS MOST POPULAR WITH PROFESSIONAL MANAGEMENT, AND THE RELATIVE STANDING OF THESE STOCKS SINCE 1949.

The holdings of 53 Closed-end Trusts and over 100 Mutual Funds—with investible assets of over $5.7 billion—have been compiled in order to get the FAVORITE FIFTY.

Stocks owned by less than fifteen Investment Trusts and individual blocks of stock held for control, or what appears to be a similar purpose, have been omitted.

The market value of the FAVORITE FIFTY is about $1.4 billion . . . representing about 25% of the total assets of all the Trusts.

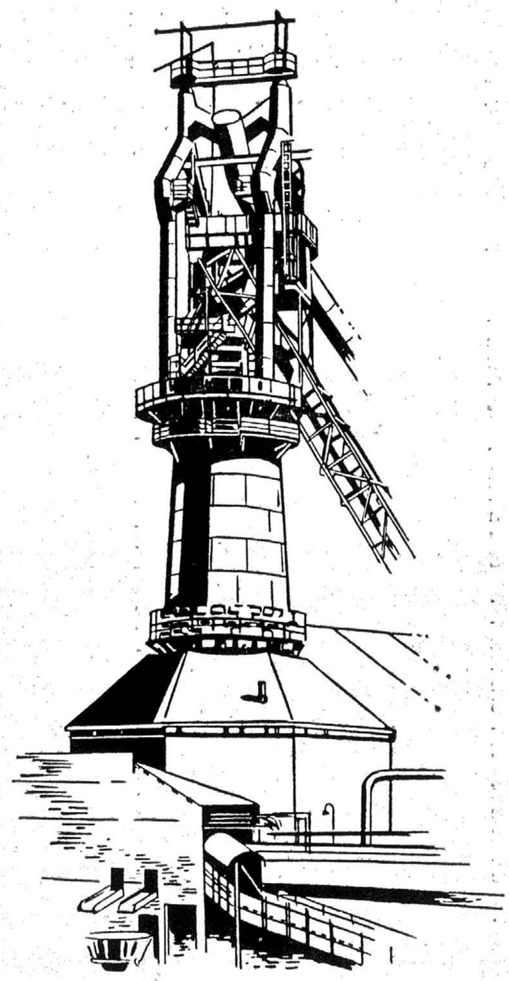
RANK BY DOLLAR VALUE Dec 31 1949	Dec 31 1950	Dec 31 1951	Jun 30 1952	Dec 31 1952	STOCK—	$ Value (millions)	No. of Trusts Hold'g	Number Shs. Held (thousands)	Percent of Outstdg. Stk. Held by Trusts
2	3	1	1	1	Amerada Petroleum Corp.	83.6	27	474	15.02
9	7	2	2	2	Standard Oil Co. (New Jersey)	52.8	69	679	1.12
4	2	4	3	3	Continental Oil Company	46.4	62	741	7.61
3	1	5	5	4	International Paper Company	43.9	63	798	8.97
17	8	7	6	5	Goodrich (B. F.) Company	41.4	49	533	12.92
12	10	9	9	6	General Electric Company	38.5	73	529	1.83
1	4	3	4	7	Gulf Oil Corporation	38.0	69	755	3.34
5	5	6	7	8	The Texas Company	36.7	53	636	2.31
24	9	10	8	9	Standard Oil Company of Calif.	36.6	54	618	2.15
6	20	31	15	10	General Motors Corporation	34.7	59	504	0.58
15	17	14	20	11	Westinghouse Electric Corp.	32.3	66	676	4.32
19	15	12	12	12	Union Carbide & Carbon Corp.	30.8	63	430	1.49
16	6	8	10	13	Kennecott Copper Corp.	30.8	65	392	3.62
7	11	15	17	14	Du Pont (E. I.) De Nemours & Co.	30.2	55	313	0.69
11	13	16	11	15	Phillips Petroleum Company	28.9	63	456	3.15
14	41	47	29	16	Chrysler Corporation	28.2	57	294	3.38
35	23	13	13	17	*Dow Chemical Company	28.0	48	655	3.06
--	27	42	23	18	Atchison, Top. & Santa Fe Ry. Co.	27.4	42	270	5.55
21	22	20	18	19	United Gas Corporation	26.0	53	917	7.83
48	25	33	14	20	*Southern Pacific Company	25.0	44	543	6.09
13	16	21	22	21	Sears, Roebuck & Company	24.5	36	408	1.73
23	12	18	16	22	Standard Oil Company (Indiana)	24.4	43	298	1.94
22	28	29	26	23	Middle South Utilities, Inc.	24.1	50	902	13.57
--	26	22	24	24	Bethlehem Steel Corporation	23.5	48	426	4.44
20	38	26	31	25	American Gas & Electric Co.	23.2	50	341	5.67
--	--	--	43	26	General Public Utilities Corp.	22.9	49	858	10.08
--	--	27	25	27	*Aluminium Limited	22.6	40	439	5.36
--	37	34	34	28	Socony-Vacuum Oil Company	22.5	56	598	1.71
41	19	11	19	29	Monsanto Chemical Company	22.5	43	244	4.63
--	42	36	28	30	Niagara Mohawk Power Corp.	21.5	54	774	7.38
43	--	41	35	31	Panhandle Eastern Pipe Line	21.3	27	264	7.88
25	33	40	44	32	Int'l Business Machines Corp.	20.6	27	88	2.74
--	--	46	36	33	Shell Oil Company	20.4	33	282	2.10
--	--	--	--	34	Firestone Tire & Rubber Co.	19.8	20	267	6.84
26	45	35	37	35	Central & Southwest Corp.	19.6	54	960	11.32
8	14	19	21	36	Montgomery Ward & Company	19.5	51	314	4.83
29	43	30	32	37	Johns-Manville Corporation	19.3	44	261	8.24
--	--	--	42	38	Illinois Central Railroad Co.	19.2	24	225	16.54
--	--	--	--	39	Northern Pacific Railway Co.	19.1	29	230	9.29
37	30	25	27	40	Skelly Oil Company	18.9	28	227	7.89
--	--	44	--	41	American Tel. & Tel. Co.	18.8	45	118	0.31
--	--	--	41	42	Seaboard Air Line Railroad Co.	18.8	25	165	16.81
34	29	37	39	43	International Nickel Co. of Canada	18.6	35	402	2.75
47	--	--	--	44	Southern Company	18.5	43	1158	6.78
30	31	23	30	45	Humble Oil & Refining Company	18.2	19	247	0.69
32	--	--	--	46	American Tobacco Company	17.9	30	275	4.26
--	47	17	33	47	*American Cyanamid Company	17.5	45	325	3.82
--	--	--	--	48	Texas Utilities Company	17.3	32	401	7.59
50	35	28	46	49	Phelps Dodge Corporation	17.2	38	423	4.22
--	--	--	--	50	Goodyear Tire & Rubber Co.	16.7	36	307	7.06

SOURCE: Aigeltinger & Co.'s GUIDE TO INVESTMENT TRUST PORTFOLIOS. *Stock split.

DIGEST OF 1952 ANNUAL REPORT

Interlake Iron Corporation

LARGEST INDEPENDENT PRODUCER OF MERCHANT PIG IRON



An Interlake Blast Furnace

Our sales in 1952 were less than in 1951, with our two largest plants (at Toledo and at Chicago) out of production for long periods of time. Both plants suffered strikes which were part of the disturbed conditions in the iron and steel industry.

Our 1952 profit, however, was approximately 6½ per cent higher than in 1951; it was $5,370,557 (equal to $2.75 a share), as compared with $5,038,856 ($2.58 a share) in 1951. Profit increased because our consolidated accounts for 1952 included for the first time the results of operations of Dalton Ore Company, which we now own completely.

For more than twenty years we have owned a 70 per cent stock interest in Dalton Ore Company; we purchased the remaining 30 per cent effective January 1, 1952. With this purchase, Interlake Iron now has complete and outright control of its reserves of iron ore, including a 10 per cent interest in Erie Mining Company, which is projecting a large taconite program on the Mesabi Range.

Pig iron output in 1952 was slightly greater than in the year before, despite the loss of production because of strikes. This was possible because increases in productive capacity completed during 1951, enabled us to produce more iron in less working time.

Interlake Iron's $35,000,000 program of plant expansion and improvement, now three-fourths completed, is continuing to make progress. Major projects still under construction at the end of 1952 and scheduled for completion in 1953 included a new blast furnace at Erie and a new blast furnace at Chicago, replacing smaller units at these locations, and an additional battery of 57 coke ovens at Toledo. The new Erie furnace is now ready for operation.

The demand for pig iron and our other products continues to be strong, and all our plants are running at capacity. With our facilities in the most efficient condition they have ever reached, we are looking for continued successful operations in 1953.

Ronald W. Thompson
President

In 1952

The Corporation received

From the sale of 1,103,699 tons of pig iron . .	$59,557,057	79%
From the sale of 168,544 tons of coke . . .	2,682,507	4%
From the sale of coal, ore, gas and coal chemicals	12,131,032	16%
From rents, royalties, interest, dividends, etc.	804,392	1%
A total of	$75,174,988	100%

Which it used for

Materials and services purchased from others	$49,499,442	66%
Wages and salaries and pension costs	10,128,723	13%
Federal, State and local taxes	7,341,742	10%
Dividends to Stockholders	2,927,601	4%
Depreciation, Depletion and Amortization .	2,834,524	4%
Retained for use in the business	2,442,956	3%
	$75,174,988	100%

AT THE YEAR END

Current assets, including $16,314,335 cash and U. S. Government securities, were	$35,528,610
Current liabilities were	14,376,915
Total assets were	85,397,701
Bank loans maturing 1/6 annually 1954-1959 were	3,500,000
Capital Stock and Surplus, including Earned Surplus of $22,881,022 was . .	$67,520,786
Shares of capital stock outstanding, (less Treasury shares)	1,952,008
Number of employees	2,200

General Offices, Union Commerce Building, Cleveland 14, Ohio   Blast Furnaces and Coke Ovens at Chicago, Toledo, Duluth and Erie

Copies of the Corporation's complete 1952 Annual Report may be obtained by writing to the Secretary, Interlake Iron Corporation, 1900 Union Commerce Building, Cleveland.

Our Reporter's Report

The reception accorded new issues reaching market this week was nothing to brag about. The several utility offerings making their appearance were reported on the slow side as investors seemed content to stand aloof.

Some observers, in fact most of them, were inclined to blame the current lethargic demand in no small measure to the general disposition on the part of large-scale investors to conserve their buying power for the huge Allied Chemical offering due out early next month.

The big chemical manufacturer has arranged with investment bankers to market an issue of $200,000,000 new debentures soon after the turn of the month. Being a new name this issue is proving to have popular appeal.

For the present, at least, distributors of new securities naturally would rather see less interest in tnat one and more in those of current vintage. Of course, the near approach of the March 15 Federal tax date probably is contributing its weight in holding back potential buyers.

But, by and large, the stand-off attitude is credited chiefly to the Allied Chemical prospect. Feeling is that despite the vastness of that impending offering many people are likely to be disappointed by inability to get all they may desire of this one.

Shooting the Works

Underwriters sponsoring the huge Allied Chemical offering are leaving no stone unturned to assure the widest distribution and success for this piece of business.

It is now clear that the offering syndicate will be one that can be described only as "super-duper" since it will band together virtually the entire capital of the underwriting industry.

Not since competitive bidding was forced upon the industry have Morgan Stanley & Co., and Halsey, Stuart & Co. Inc. shown up in the same offering syndicate. But that will be the case this time, assuring virtually the ultimate in distribution facilities.

Commercial Credit 3½s

Dealers reported a fairly lively interest in the $30,000,000 note issue of Commercial Credit Co., brought to market by bankers today. These notes have a 12-year maturity which add to their attractiveness for many portfolios.

Expected to be priced around 99 and carry an interest rate of 3.50% they would offer the prospective buyer an indicated yield of around 3.60% on that basis.

Proceeds will be used by the big credit firm to provide for an increased volume of business looming with the automobile industry's bigger production plans among other things.

GMAC Plans Issue

General Motors Acceptance Corp. is reported planning to place a big issue of junior subordinated notes via the direct sale route.

This one, for $135,000,000 expected to carry a coupon rate of 4%, is destined, according to report, to go to a group of about a dozen large insurance companies.

The notes would mature partly in 14 years and partly over a period of 20 years with no amortization or pre-payment provided.

Continued from page 8

"Incredible—But True!"

have another Paul Revere. Best wishes for success!

P. S.—I guess this letter had *better* be anonymous, but I personally don't like to do it that way.

* * *

FROM AN OHIO DEALER

[Name withheld on request.—Ed.]

I have read your Jan. 22 editorial, "Time of Decision," advocating abolition of the SEC, with deep interest and approval.

Because the SEC's publicity staff is constantly plying the members of Congress and the public with spurious claims that the Commission is the protector of the financial fortunes of the small investor, the nation is unaware that the SEC has practically paralyzed the capital markets.

In the 12 months ended June 30, 1949 (the lastest period for which I have been able to assemble the full story), bond and debenture issues totalling $2,749,-320,215 were registered with the SEC and cleared for cash sale to investors. The Bell Telephone system, 14 electric and gas companies, and 8 other large corporations accounted for $2,025,821,178 of this debt financing. (Under the SEC's competitive bidding rule, utility companies are compelled to register their securities. Otherwise, much of the above financing would doubtless have been done by private placement to bypass the SEC.)

At the other end of the scale, only 5 bond issues of less than $1,000,000 were cleared for cash sale by the SEC. In other words, only 5 companies with financial needs in this relatively modest category were willing to endure the elaborate and expensive ordeal of SEC registration. This is appalling in a nation of 425,000 corporations.

By way of contrast, consider the field of municipal finance, with which the SEC is barred by statute from interfering. During the same 12 months period, 5,455 municipal issues aggregating more than $4,000,000,000 were sold to the public for cash. Had the communities that sold their bonds been forced to submit to the SEC's red tape, most of them assuredly would have been unable to raise the funds they needed.

The only substantial sources of long-term corporate capital today are the insurance companies and the government lending agencies. If the SEC menace can be removed, the capital markets will again come into their own.

You have my permission to publish this letter in the "Chronicle" providing you do not reveal my indentity.

* * *

FROM A MISSOURI DEALER

[Name withheld on request.—Ed.]

My comments on your editorial "Time of Decision" which appeared in the "Chronicle" of Jan. 22 can be brief and to the point. I am in complete accord with your attitude and observations relative to the operation of the SEC over a period of years, and completely sympathetic with your findings. I have been in the securities business for many years, dating back prior to the existence of the SEC, and fully realize that while we have prospered to some degree that it has caused many hardships and has impoverished those in the securities business when virtually all other lines of endeavor have been flourishing. I believe in some type of regulation because I am sure that our business is no different than any other, and does include some unscrupulous and grasping individuals, whom, however, I firmly believe to be in the minority.

The industry needs relief with some supervision, and it seems to me that if we would all join in the same type of reaction that we did in opposing the Commission's attempt to assume the taxing powers of the Congress by attempting to levy fees on those they were regulating, we might be able to accomplish results.

You have our permission to reproduce this letter, along with others in your publication, but would prefer that you do not reveal our identity.

* * *

FROM A N. Y. CITY DEALER

[Name withheld on request.—Ed.]

The article in the January 22nd issue of the "Chronicle" advocating the abolition of the SEC is a suggestion which I heartily endorse.

The great amount of harm done by this bureaucratic agency far outweighs any amount of good which it has accomplished. The securities industry is a captive industry in a free economy and it is a captive of the SEC. The attitude throughout the staff in the Commission itself appears to be that all dealers and brokers are simply allowed to be in business, since they are all suspect of wrongdoing and if by any chance a decision is made to eliminate any of these firms from business it could not on its face be a bad decision.

It is well known that the right people and the right lawyers can do wonders in regard to decisions coming out of the SEC. The interference on the part of the SEC with trade custom in the securities industry has far reaching effects which puzzles even the SEC. For example, the 5% rule adopted and forced on the industry a few years ago led to the logical result of an enormous increase in the sales of mutual funds, a development which the SEC apparently looks upon with concern, as witness the statement of policy and other harassing tactics.

When the individual helpless dealer found that even with the 5% markup he might to justify his position to his competitors who make up the committees of the NASD, he naturally in self protection looked around for some medium on which he could obtain a satisfactory profit without criticism. The 6% and sometimes higher concessions of the mutual funds seemed to solve his problem.

Anyone who cares to trace the sales of mutual funds by years can readily see that the large sales of mutual funds in recent years began with the imposition of the 5% rule. Prior to the 5% rule many States did not criticize dealers if their markups were not in excess of 10%. As long as a small securities firm in the over-the-counter field could obtain up to a 10% markup he had no interest in selling mutual funds with a 6% concession.

It is difficult to make some people believe that self interest is the thing that makes most things in the world move, including the securities industry. If a dealer can sell two securities to a customer, both of which are equally suited to the customer's needs, he will naturally sell the one on which he can make the most profit.

The Gestapo tactics of the investigating end of the SEC surpasses belief in this free country. Investigators have gone to customers of firms and have filled such customers full of fear and have destroyed their confidence in almost any investment firm. The idea seems to be that the end justifies any means that may be taken to turn an investor against the firm against whom it is decided to build a case.

These are only a few of the grounds of dissatisfaction which dealers who have been in a position to observe these matters have found.

Being an investment dealer myself I naturally cannot consent to having my name used in connection with this letter, but I want to thank you for your continued endeavors in having justice prevail in regard to the securities industry, which as the President of the Stock Exchange said in a speech a few months ago is the most highly regulated industry in America.

* * *

PUBLIC FOOLED AGAIN

New York City Correspondent

The editorial article, in the Jan. 22, 1953 issue of the "Chronicle" entitled "Time of Decision," advocating the repeal of the Securities Exchange Act is all to the good. It fails, however, to bring out the fact that the act should be repealed because it has failed to accomplish the purpose for which it was enacted, the protection of the investing public.

President Franklin D. Roosevelt in a message to Congress on March 28, 1933 recommended legislation for Federal supervision over traffic in investment securities in inter-State commerce. In this message President Roosevelt said in part:

"In spite of many State statutes, the public in the past has sustained severe losses through the practices, neither ethical nor honest, on the part of many persons and corporations selling securities.

"Of course the Federal Government cannot and should not take any action which might be construed as approving or guaranteeing that newly issued securities are sound in the sense that their value will be maintained or that the properties which they represent will earn profit.

"There is, however, an obligation upon us to insist that every issue of new securities to be sold in inter-State commerce shall be accompanied by full publicity and information and that no essentally important element attending the issue shall be concealed from the buying public. . . .

"The purpose of the legislation I suggest is to protect the public with the least possible interference to honest business."

Even before this message was read a bill had been placed in Senate and House leaders' hands which provided that "every issue of stock henceforth moving or advertised in inter-State commerce shall be so thoroughly and authoritatively advertised that an unsuspecting public need not again be victimized for lack of information as to the underwriting."

With the above purpose in mind, President Roosevelt submitted to Congress on March 29, 1933 the proposed Federal Security Act.

Congress passed and President Roosevelt signed on May 27, 1933 the "Securities Act of 1933."

In commenting on the signing of this legislation, the "United States News" of May 27, 1933 said:

"Behind the Act is the basic intention of informing the investor of the facts concerning the securities to be offered for sale in inter-State commerce. In addition the Act is intended to protect investors against fraud and misrepresentation."

I will not go into the ramifications and complications of the Act itself and simply cite the above to show that one of the main reasons for having the Act at all was to protect and inform the public through advertisements.

The information called for in the Act turned out to be so voluminous that it could not be presented to the public as in the past through the regular advertising media but had to be presented in the form of a prospectus.

We all know that these so-called prospectuses were so long and complicated that they were way beyond the ability of the general average investor to understand or be bothered with.

Because of this, the average public has been lead into the misbelief that because the issue had been registered with and passed by the Securities & Exchange Commission, the offering would protect their investment against losses, the contrary provision in the prospectus notwithstanding.

Many things could be shown to prove that such a thought is far from the truth. I will, however, just mention the so-called Tucker Corporation. Here an issue was registered with the Securities and Exchange Commission and passed. The public invested millions, the whole thing blew up and the public lost all.

Of course, this is nothing new. The people who invested their money with Henry Ford became millionaires while others who invested their money in other automobile enterprises at the same time lost everything they invested.

The only reason this is mentioned at all is to show that neither the SEC nor any other governmental body can insure the success of new ventures or as a matter of fact the continued success of old business.

In your editorial article in the June 10, 1933 issue of the "Chronicle" it said:

"The investment field is so broad, and it has so many angles, that it is absolutely impossible to embody in a single statute all the phases respecting the relations between buyers and sellers, and thus to protect an investment buyer in all respects. No matter what provisions may be enacted into law, the relationship between buyer and seller are practically unchanged. A certain responsibility, founded upon common sense, rests upon the buyer to protect himself, and if he does not show enough interest in the merits and value of what he undertakes to purchase his negligence may scarcely be shifted to someone else. . . .

"Congress and Legislatures may keep on enacting statutes forever, but the schemers will find some way to separate investors from their savings for a minimum of consideration."

No amendments or new statutes can accomplish the looked for protection. Nor will these act as a substitute for common sense.

Since there are and were laws to protect the investing public against losses due to actual fraud or deceit, the Securities Exchange Act should be repealed as it has failed to accomplish the purpose and intent for which it was enacted.

Rejoins E. F. Hutton

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—Irving Hirsch has rejoined the staff of E. F. Hutton & Company, 623 South Spring Street. Mr. Hirsch has recently been with Hemphill, Noyes & Co. and Shields & Company.

Two With Inv. Service

(Special to The Financial Chronicle)

DENVER, Colo. — Billie E. Pointer and Elizabeth F. Wilcox have joined the staff of Investment Service Corporation, 444 Sherman Street.

With Slayton & Co.

(Special to The Financial Chronicle)

ST. LOUIS, Mo. — Oliver J. Mollman is with Slayton & Company, Inc., 408 Olive Street.

Thanks, folks!

A Fine Year of Progress

for Lorillard's Fine Tobacco Products

CONSOLIDATED INCOME AND EARNED SURPLUS

	Year Ended December 31 1952	1951
Sales, less Discounts, Returns and Allowances	$214,508,482	$188,447,430
Cost of Goods Sold, Selling, General and Administrative Expenses	201,096,117	176,034,189
Operating Income	$ 13,412,365	$ 12,413,241
Other Income and *Expense* (net)	255,184	*92,233*
	$ 13,667,549	$ 12,321,008
Interest on Long-Term Debt	$ 943,500	$ 1,034,701
Amortization of Debenture Discount and Expense	33,206	30,058
Other Interest—principally on bank loans	1,049,901	312,777
	$ 2,026,607	$ 1,377,536
Income before Taxes on Income	$ 11,640,942	$ 10,943,472
Federal Income Tax	$ 5,798,000	$ 5,302,000
Federal Excess Profits Tax—current year	24,000	286,000
Federal Excess Profits Tax—*prior year refund*	*96,000*	—
State Income Taxes	214,000	229,000
	$ 5,940,000	$ 5,817,000
Net Income for Year	$ 5,700,942	$ 5,126,472
Earned Surplus at beginning of year	28,143,205	27,372,160
	$ 33,844,147	$ 32,498,632
Dividends on Preferred Stock ($7.00 per share)	$ 686,000	$ 686,000
Dividends on Common Stock ($1.50 per share)	3,744,307	3,669,427
	$ 4,430,307	$ 4,355,427
Earned Surplus at end of year	$ 29,413,840	$ 28,143,205

Depreciation provided: 1952, $950,870; 1951, $815,827

Other Leading Products of P. Lorillard Company

CONSOLIDATED BALANCE SHEETS

ASSETS

	December 31 1952	1951
CURRENT ASSETS:		
Cash in banks and on hand	$ 8,547,344	$ 7,530,826
Accounts receivable—trade (less reserves 1952, $643,811; 1951, $639,173)	9,602,442	8,952,647
Other accounts and notes receivable	323,262	448,285
Inventories, at cost:		
Leaf tobacco	110,093,684	88,118,882
Manufactured stock and revenue stamps	10,365,707	9,124,404
Materials and supplies	4,548,705	4,752,393
Special deposits—contra	511,918	666,213
Total current assets	$143,993,062	$119,593,650
PROPERTY, PLANT AND EQUIPMENT:		
As adjusted December 31, 1932 by authorization of stockholders, plus subsequent additions at cost, less retirements	$ 22,605,222	$ 21,342,441
Less: Reserves for depreciation	7,519,378	7,141,606
Total property, plant and equipment	$ 15,085,844	$ 14,200,835
BRANDS, TRADE MARKS AND GOODWILL	$ 1	$ 1
DEFERRED CHARGES:		
Prepaid insurance, advertising and taxes	$ 721,102	$ 680,324
Unamortized debenture discount and expense	424,655	450,361
Miscellaneous	619,259	560,225
Total deferred charges	$ 1,765,016	$ 1,690,910
TOTAL	$160,843,923	$135,485,396

LIABILITIES

	December 31 1952	1951
CURRENT LIABILITIES:		
Notes payable—banks	$ 49,700,000	$ 26,000,000
Accounts payable—trade	3,946,273	3,405,016
Twenty Year 3% Debentures (due within one year)	600,000	600,000
Accrued taxes	6,502,735	6,331,961
Accrued payrolls	801,317	435,069
Accrued interest	270,000	274,500
Other accrued liabilities	291,168	222,760
Dividends, etc.—funds on deposit, contra	511,918	666,213
Total current liabilities	$ 62,623,411	$ 37,935,519
LONG-TERM DEBT:		
Twenty Year 3% Debentures, due October 1, 1963 ($600,000 to be retired annually 1953-1962)	$ 15,400,000	$ 16,000,000
Twenty-five Year 3% Debentures, due March 1, 1976 ($350,000 to be retired annually 1954-1975)	15,000,000	15,000,000
Total long-term debt	$ 30,400,000	$ 31,000,000
CAPITAL STOCK AND SURPLUS:		
Capital Stock:		
7% Cumulative Preferred, par value $100 per share:		
Authorized 99,576 shares		
Issued 98,000 shares	$ 9,800,000	$ 9,800,000
Common, par value $10 per share:		
Authorized 5,000,000 shares		
Issued 2,496,281.89 shares	24,962,819	24,962,819
Paid-in Surplus	3,643,853	3,643,853
Earned Surplus, as per statement ($19,872,160 not available for cash dividends on common stock under provisions of debenture indenture)	29,413,840	28,143,205
Total capital stock and surplus	$ 67,820,512	$ 66,549,877
TOTAL	$160,843,923	$135,485,396

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The Gold Outflow—What It Means

By ARTHUR T. BOANAS*
Junior Economist, Federal Reserve Bank, Cleveland, O.

Reserve Bank economist ascribes current gold outflow partly to conversion of foreign dollar balances into gold and partly to U. S. increasing imports compared to exports. Holds further improvement in foreign dollar balances and larger U. S. private investment abroad, along with curtailment of inflation in foreign countries, would mean a continuation of outward-bound gold.

During the past ten weeks, more than $600 million of gold has passed from the ownership of the United States Treasury to that of countries overseas. If this rate of outflow were to continue throughout 1953, by the end of the year this country's stock of gold would be reduced to about $20 billion, the lowest level since the end of World War II. Two questions arise from this development. First, is the outflow of gold likely to continue at its present rate? Second, would it be beneficial, or harmful, if the United States should sustain a heavy loss of gold?

Arthur T. Boanas

An answer to the first question must recognize that part of the recent gold outflow represents the conversion of dollar balances already owned by overseas countries, into gold. It seems unlikely that this somewhat mechanical process of converting dollar balances into gold will be long sustained, because of the previous reduction in dollar balances.

On the other hand, there has been a distinct improvement for several months past in the proportion of merchandise purchased from the United States by overseas countries as against their sales to this country. In part, this reflects further curtailments of "nonessential" purchases from the United States by countries overseas, but it also represents an increase in sales to this country. There seems little reason to expect any immediate reversal of this trend, and so it is probable that 1953 will see a continued outflow of gold as a result of changes in the trade balance, although not at the recent rate.

The second question, as to whether a heavy loss of gold by this country would be beneficial, can be answered in the affirmative, but leads to further and less tractable considerations.

At the present time, the gold reserves of most overseas countries are inadequate to support their desired volume of trade. An outflow of gold from the United States would augment those foreign reserves, and would advance the date when countries overseas would be willing to permit their currencies to be freely convertible into other currencies.

Would currency convertibility abroad make feasible the termination of U. S. Government expenditures on foreign aid, thus easing the strain on American pockets and foreign pride? To this question, a negative answer must be given.

Currency convertibility, with gold reserves acting as shock absorbers to soften the impact of sudden shifts in the demand for a particular currency, is highly desirable as a means of fostering the international flow of trade and capital. But it would be on shaky foundations as long as the dollar income of foreign countries remains substantially below their dollar expenditures. And despite the postwar expansion of production abroad, United States purchases of goods and services from abroad continue to fall short of sales to other countries.

If aid were terminated, gold would indeed return to this country, but abroad, currency crises would reappear, rearmament would be slowed down, and the volume of trade would decline and become subject to still more rigorous controls. The bogey of agricultural surpluses might again haunt the American farmer, or indirectly, the taxpayer.

Removal of Trade, Restrictions

A program currently being ardently advocated to solve the problem of inadequate dollar earnings by overseas countries is the abolition of import duties and quotas by the United States. However, any sizable increase in American purchases of foreign merchandise, and in foreign gold reserves, which might result from tariff reduction, would not occur overnight. The ultimate increase in imports, moreover, might well prove much less spectacular than is often suggested. The majority of imports into this country at the present time are not subject to duty, and the average rate of tariff on the remainder is relatively low. Price reductions on some imported goods would certainly stimulate their sale, but would also presumably intensify the efforts of competing American producers.

Moreover, it takes considerable courage, time, and expense for foreign manufacturers to build up effective merchandising organizations in this highly competitive country. The difficulties besetting attempts to develop even a limited market for foreign cars are a case in point. Furthermore, there is always the possibility that if such a market were expanded substantially as a result of abolishing import duties, the American automobile industry might decide to enter the smaller car field. The end result might be the total collapse of the foreign car market in the United States.

For reasons such as this, as well as for the fact that immeasurable chains of substitutions and reallocations of resources occur when prices and markets change, it would be imprudent to be over sanguine about the cure-all potentialities of the abolition of import duties and quotas. What can be said for certain, however, is that any improvement in the trade balance would be closely associated with a further outflow of gold from the United States.

A less conspicuous, but more immediate, benefit could perhaps be achieved from an increase in purchases of military equipment and supplies by the United States from overseas countries. Steel and manufacturing facilities in Europe are now more adequate than hitherto, but "off-shore purchases" will, of course, continue to be limited in the future by strategic considerations. Increases in "off-shore purchases," like tariff reductions, would cause gold to leave this country.

An increased outflow of private American capital, either directly or indirectly, to "soft-currency" countries, with its attendant stimulus to gold exports, would also help to bridge the "dollar gap" but immediate prospects in this direction seem rather dim. Currency convertibility and a favorable and consistent attitude towards American capital on the part of foreign governments are essential prerequisites to American investment. The advent of a firm basis for currency convertibility is not yet in sight, while attitudes of purblind nationalism wax strong against the Western capitalist.

Perhaps the brightest hope for a solution of the so-called chronic dollar shortage springs from the recently intensified efforts of overseas countries to control inflation and to regulate the consumption demands of their economies more closely to their capacity to produce. Provided such measures are successful, the fact that productivity continues to rise at a faster rate in the United States than abroad will not prevent the ultimate closure of the dollar gap. Higher productivity in one area than in another is the very basis for specialization and trade.

The measures mentioned here—tariff reductions, increased "off-shore purchases," greater private investment abroad, and the prevention of inflation in overseas countries—would all induce a beneficial outflow of gold from the United States if they were effective.

*A broadcast by Mr. Boanas over Radio Station WGAR, Cleveland, O., Feb. 23, 1953.

Chic. & No. Western Ry. Certificates Offered

A group headed by Halsey, Stuart & Co. Inc. on March 6 offered $8,400,000 of Chicago & North Western Ry. Co. 3½% equipment trust certificates, series of 1953, maturing annually April 1, 1954 to 1968, inclusive. The certificates were priced to yield 2.50% to 3.625%, depending on maturity.

The issue is to be secured by new standard-gauge railroad equipment, consisting of 11 2,250 h.p. diesel electric "A" passenger units, 40 1,500 h.p. diesel electric road switching locomotives 12 600 h.p. diesel electric switching locomotives, and 100 70-ton ore cars, estimated to cost not less than $11,-200,000. Issuance of the certificates is subject to authorization by the Interstate Commerce Commission.

Other members of the underwriting group are: R. W. Pressprich & Co.; White, Weld & Co.; Freeman & Co.; Wm. E. Pollock & Co., Inc.; Gregory & Son Inc.; McMaster Hutchinson & Co.; McCormick & Co.; Mullaney, Wells & Co.; and F. S. Yantis & Co.

Dr. L. T. Stevenson With Tucker, Anthony

Tucker, Anthony & Co., 120 Broadway, New York City, members of the New York Stock Exchange, with offices in New York and Boston, announces that Dr. Louis T. Stevenson is now associated with the firm. He will be with the research department with special emphasis on economics and the paper industry.

Dr. Stevenson was formerly economist for the American Paper & Pulp Association and is the author of several books on the economy of American paper making. He was also formerly President of Mountain Mill, Lee, Mass.

Link, Gorman, Peck Co. Opens New Branch

GARY, Ind. — Link, Gorman, Peck & Co. have announced the opening of a new branch office in the Gary National Bank Building under the direction of Howard W. McKinney.

Mr. McKinney, who has been associated with the investment business for the past 25 years, was recently with Sills, Fairman & Harris, Inc.

Railroad Securities

Gulf, Mobile & Ohio

So far as earnings are concerned the railroads have started out the year 1953 in a most gratifying manner. Traffic was under 1952 levels throughout January, caused largely, as mentioned a few weeks ago in this column, by declines in coal and grain loadings. Still even some of the roads that depend heavily on such commodities were able to report earnings gains in January compared with the opening month of 1952. It is obvious that the trend toward greater operating efficiency that has been in evidence since the end of World War II is still with us. Moreover, as additional large expenditures for new equipment and for roadway property are made, the efficiency, and thus the margin of profit, should improve further. All in all, from the present vantage point it appears safe to look for another gain in net income for the Class I carriers as a group in the current year. Such a gain should be accompanied by a substantial number of dividend increases, or extras, later in the year. With this background it is the opinion of many rail analysts that higher stock prices are also in prospects.

One of the rail stocks that has been rather laggard for some time now has been Gulf, Mobile & Ohio common. Presumably the desultory action of this stock in the face of highly favorable earnings trends has been a reflection of some disappointment over the failure of the management to increase the dividend above the $2 annual rate that has been in effect since the middle of 1950. Close students of this road, however, have not shared in this disappointment as they have contended all along that liberalization of financial policies would probably be delayed at least until late this year. In the program of complete dieselization and modernization of rolling stock the road has built up a fairly heavy equipment debt and annual maturities are large. Moreover, cash requirements for roadway property improvements have been substantial. Nevertheless, eventually a higher dividend should be forthcoming and in the meantime the other uses to which the cash has been put have naturally vastly improved the basic investment stature of the company's junior equity.

Gulf, Mobile & Ohio was one of the first of the major roads to achieve complete dieselization and this has brought about a marked improvement in its operating efficiency in recent years. The achievement is particularly striking when it is considered that the road as it is now constituted represents the bringing together of four roads, three of which were in bankruptcy or receivership at the time of acquisition. Of course not all of the success of the enterprise is attributable to the more efficient operation. The road has also benefitted from the growth characteristics of large parts of the service area. In financial circles it is generally conceded that this territorial expansion has not even yet run its full course.

As measured by the all-important transportation ratio, Gulf, Mobile & Ohio has become one of the most efficient railroads in the country. It is one of the few that spends less than 30 cents out of every revenue dollar in moving and handling the freight. Last year its transportation ratio declined to 28.6%, which was nearly a point below the excellent 1951 showing. For the Class I carriers as a whole the transportation ratio last year was around 37%. With gross revenues for the year up less than 5% common share earnings increased to $6.94 compared with $5.56 reported in 1951. With the exception of the $7.20 a share reported in 1950 this was the best showing in the company's history.

The current year has started out well. Gross for the opening month was up moderately. The transportation ratio continued to work lower and there was an appreciable drop in the maintenance of way outlays. All in all, the operating ratio was cut to below 70%, nearly two points under the like month a year earlier. As a result, net income climbed more than $100,000 and came to $690,000. The year-to-year increase in net was equivalent to $0.11 a share on the 917,235 shares of common outstanding. On the basis of results to date and the visible prospects over the balance of the year it seems quite possible that the company may move forward to new high record earnings for the year 1953 as a whole. Thus, regardless of the immediate dividend prospects most analysts still consider the stock attractive.

Chic. & East. Ill. R.R. Certificates Offered

An offering of $2,100,000 of Chicago & Eastern Illinois RR. Co. 3⅝% equipment trust certificates, series J maturing semi-annually Sept. 1, 1953 to March 1, 1968, inclusive, was made on March 6 by Halsey, Stuart & Co., Inc. and associates. The certificates were priced to yield from 2.40% to 3.75%, according to maturity.

These certificates are to be secured by new standard-gauge railroad equipment consisting of four modern-design passenger train sleeping cars, 10 modern-design railway passenger train coaches and 100 55-ton flat bottom gondola cars, estimated to cost not less than $2,625,000. Issuance of the certificates is subject to authorization by the Interstate Commerce Commission.

Included in the underwriting group are: R. W. Pressprich & Co.; Freeman & Co; The Illinois Co.; McMaster Hutchinson & Co.; Wm. E. Pollock & Co., Inc.; and F. S. Yantis & Co., Inc.

Robt. D. Alexander With Howard, Weil, Labouis.

(Special to THE FINANCIAL CHRONICLE)

NEW ORLEANS, La.—Robert D. Alexander, member of the New Orleans Stock Exchange has rejoined Howard, Weil, Labouisse, Friedrichs and Company, 222 Carondelet Street, members of the New Orleans and Midwest Stock Exchanges. Mr. Alexander has recently been a partner in Landry, Alexander & Co.

Honest Dollars and the Price of Gold

By HARRY SEARS*
President, Calaveras Central Gold Mining Co., Ltd.,
Angels Camp, Calif.
Director, California Gold Committee

Calling the "frozen price of gold a species of slavery," gold-mining executive asserts gold producers render an important service to nation and therefore should not be hamstrung by fixed gold price. Says gold is a commodity, and condemns gold seizure and denial of the rights of citizens to possess gold as usurpation of private rights and property. Calls attempt to hold gold price today at level of 1934 a "fiction and insult to our intelligence." Contends Communists planned our monetary policy.

We, as struggling gold producers and owners of idle gold properties, seek freedom from slavery. A slavery which has closed and held impotent, hundreds of communities throughout 11 western states. Activity died there with the frozen and unrealistic price of gold and direst acts of the government aimed at destruction of gold mining. A slavery which has destroyed the property rights and investments of countless thousands of stockholders and shaken their faith in the justice and integrity of our laws. A slavery which has deprived thousands throughout the ranks of labor of their jobs, and forced them to seek other employment far from their chosen homes. A slavery which has prevented us from contributing to the ever shrinking world supply of gold, leaving the people of this nation entirely dependent on foreign gold supplies and depriving them of fiscal sanity and honesty in their government and integrity in their money.


Harry Sears

From these forms of slavery we not only seek freedom, but we demand it, for this freedom is the most vital element to insure peace, to wage war, or to protect our future.

We have met many times to discuss this record during past discouraging years, so it is with relief that we meet today to discuss the future and welcome strong rays of hope which may be seen in our new national leadership and their pledges.

This is not merely hope for gold producers, but hope which the intelligent handling of the gold situation will spell for all our citizens.

Gold producers fill a position of special importance, rendering a service to our country which outstrips any benefit they can reap for themselves.

We realize that this is a subject of many facets, with deep undercurrents generated by various interests who try to hide behind gold as a cloak, to mask their real purposes.

Gold Is a Commodity

Basically, gold is a rare metal of enduring quality which through countless ages has represented adornment, safety, security, and value, in human minds.

Gold as money, or as the background for money, is only one of its uses, for it is a commodity metal as are copper, zinc and lead, or as wheat or wool or feathers are commodities. The industrial use of gold in manufacturing and the arts in this country is constantly expanding and for many years has far outstripped the total gold production in the United States.

The best known use for gold is as a monetary base and for balancing trade between nations. Its direct use as money is far from the lives and experience of the present generation. They have been weaned away from it, deliberately, by acts and policies and propaganda of a government which sought escape from the restrictions imposed upon it by gold, freely held by its citizens. This has been replaced by government seizure of gold and tremendous issues of paper currency which masquerades as money. This paper has been constantly losing value and purchasing power during the past 19 years.

We are told that we had a gold standard until 1934, with the right to convert our currency into gold, but that we now have a gold currency standard and though we can no longer demand and receive gold, that the currency is safeguarded by the gold reserve, in Fort Knox and that bank deposits are insured by the government.

We face the simple question—if this gold reserve is really a protection and if the guarantee of the government is worth anything, why do these things happen? There is no safety for us if we get dollars that continue to lose their purchasing power.

Socialistic Destruction of Gold

The simple answer is that we have been in the grip of a brand of politics during these 19 years which was erasing our former freedoms and imposing socialistic controls over all phases of our lives. They sought to strengthen their power over us by seizing "the purse" by destruction of our savings, by diminishing our property, under one pretext or another, and by burying us beneath a barrage of misleading propaganda, to weaken our will to resist.

As a first step the government seized gold coins and gold bullion from our citizens in 1933, under the plea of emergency measures necessary for the safety of the nation. It paid them for this gold with paper currency which at that time had the same purchasing power as the gold money they surrendered. At the same time it abrogated all outstanding bonds and contracts which carried clauses calling for payments in gold, changing these to payments in paper currency.

If there was an emergency at that time which justified some action regarding gold, that emergency arose through the stupidity of those who had insisted through 100 years that gold could be a fixed, one price standard, through a century of progress and growth of the human family, and through vast expansions of national debts and monetary necessities.

Those who closed their eyes to the facts of simple arithmetic and who refused to admit that dollars, even under their gold standard, with gold payable on demand, had lost 60% of their purchasing power.

Even with the disastrous examples of the fate of France and Great Britain, fresh in their minds, in the collapse of their finances in the mid 20's, for lack of gold to meet their needs, and of their refusal to enlarge their gold reserves through giving them a realistic price commensurate with the loss of purchasing power of their currencies. In spite of these experiences there was stubborn determination to treat gold as a fixed and static substance instead of recognizing it as a live and vital thing which had to be produced by human toil and paid for at current costs.

Those who were loudest in their blame of the government for its gold seizure were completely lacking in admission that their unrealistic formulas had led to the crisis.

Something had to be done about the price of gold, so after the seizure its increase to $35 an ounce was a step in correcting its unbalanced relation to dollars, but this price should have then been $50 instead of $35. If that had been done, much of the era of international tragedies which were to follow, could have been avoided.

Illegal Gold Seizures

We do not condone the gold seizure or the denial of the rights of citizens to possess gold. This was a high-handed taking of private rights and property, which was to become commonplace during the following years.

When the government was sued, because of their gold seizures and the contract and bond abrogations calling for payments in gold, they were only upheld by a slender margin under a tortured Supreme Court decision which held, in effect, that even with the Constitutional Power of Congress to fix the value of money, they could substitute these paper dollars for gold dollars only because the plaintiffs failed to show a loss. The purchasing power of the gold dollar at that time was no greater than that of the paper dollar.

Purchasing Power of Dollars

Thus was established the all-important point of the purchasing power of dollars, in fixing the power of the government to act as to money, as to contracts, or as to property, particularly where one form of payment, or the value of a payment, was substituted for another form, or value of payment.

Although the Gold Reserve Act of 1934 seemed to imply and express the purpose of the government to bring gold nearer to actual reflection of the lost purchasing power of dollars, the government went to even greater lengths in its lawless treatment of gold producers. The Treasury issued regulations through which it constituted itself the sole supplier of gold to industry and the arts, setting up the necessity of gold producers having licenses to smelt and refine their product, and requiring that their gold be turned over to the Mints at the arbitrary price of $35 per ounce and fixing criminal and civil prosecution as penalties if this was not done.

The effect of these regulations has been that the Treasury seized the privately owned gold, of producers, while it was yet unmined. They interposed the necessity of the owners getting their consent to its mining, for smelting, to separate gold from silver is a necessary step in preparing it for market and for its sale. Then they required the owners to sell the gold to them and in exchange gave them their fixed price of $35 per ounce although for some years there have been higher prices, and other markets, where the gold could have been sold.

But the owners of the gold were denied these markets because the Treasury would not issue export licenses to reach foreign buyers and because they would not allow the free sale of gold to our citizens in this country.

Since 1934 this process of compulsory selling to Mints and acceptance by producers of 35 paper dollars per ounce in payment, has continued, even though the dollars have gradually lost purchasing power until they are now only 40% as valuable as when the Gold Regulations were issued. Because of this steady decline in the purchasing power of dollars, and because they have lost 60%, these transactions become unlawful "taking" of the gold by the Treasury, without "due compensation," thus violating the Constitutional rights of the producers and owners of the gold.

To attempt to maintain the fiction that 35 of today's dollars is the equivalent of 35 dollars of 1934 is an insult to the intelligence of anyone capable of computing the simple arithmetic involved.

Because of this policy of the government, more than 90% of the gold producers in the United States have closed down and are out of business. Their mines have flooded, their plants have been dismantled or have been abandoned and are rotting away.

Gold producers were the first victims of price control. They are still the victims.

Government Subsidizes Gold Processors

In taking to itself the sole right to supply gold to industry the Treasury has stepped outside of monetary matters and has constituted commercial users of gold as a favored class, supplying their raw product at a ruinously low price, thus forcing the producers out of business while the processors had no limits of profit placed on retail sales.

The volume of these gold sales to industry, in this country, has been so large that it has absorbed the total United States gold production during the past twelve years, plus over $300,000,000 worth of gold which has been taken out of the monetary stocks of the Treasury and likewise fed to industry. None of the gold production of this country has reached the monetary gold reserves during these past twelve years.

Let us examine the official $35 gold price and its effects on the fiscal safety of our citizens.

Communists Planned Our Monetary Policy

The International Monetary Fund was an offshoot of the Bretton Woods Plan of 1945. Those were the days when the Communists were having a field day in planning our monetary destruction, following the teachings of Karl Marx that, "The surest way to overturn the social order is to debauch the currency."

Alger Hiss and Harry Dexter White, of the Treasury, were leading actors in these organizations. The working papers were drafted by the Soviet and Polish delegates. White became the U. S. Director of the Fund which planned the making of international currencies convertible in a completely totalitarian way, as in Nazi Germany or in the Soviet. This was tied in with our dollars and planned as a trap into which they would slide.

Another phase of the International Monetary Fund was to maintain the $35 gold price, and make our gold available at that price to all members. On this basis we made bargain sales of the main monetary substance which the people of this country possess. They thus planned to siphon off our gold, to the rest of the world, and leave us to wallow in worthless paper currency.

The Fund has signally failed to achieve its purported objective of exchange convertibility, but our participation in it has kept up the fiction of a world price for gold of $35. Member countries give lip service to this official price but in many of them unofficial markets carry on current transactions at higher prices.

The United States has thus taken leadership in impressing the idea and example on other countries that we do not consider it important to return to gold convertibility. We continue to cheapen gold, in the eyes of the world, by offering it to foreign governments at 35 depreciated dollars, thus inducing them to delay action among themselves which would give gold its rightful official price. While they can continue to get gold from us at this ridiculously low figure, why should they make their buying more difficult.

It will also be recalled that through Harry Dexter White, as Assistant Secretary of the Treasury, our engraved money plates and quantities of paper and ink were made available to the Soviets so that they could manufacture and print our currency in spurious millions which they circulated in bales through Soviet troops in Germany, where hundreds of millions of this phony currency had to be accepted and redeemed by our Treasury.

A Money Manager Speaks

Unfortunately these policies are supported by the managers of our own paper currency. Allen Sproul, President of the Federal Reserve Bank of New York, addressed the American Bankers Association in San Francisco several years ago, speaking of gold as something inferior to the present paper currency. His statements are typical of those who have directed our money policy during recent years. Sproul said: "We have decided—that this policy requires—that gold should not be available for private use in this country."

"We have decided that the place for gold is in the monetary reserves—as a backing for our money supply—not in the pockets or the hoards of the people."

"The principal argument for restoring the circulation of gold coin, seems to be distrust of the money managers and of the fiscal policies of the government."

Mr. Sproul has stated the issue very clearly, but he seems blind to the fact that this mistrust has been richly earned. As a matter of practical fact we are just as effectually robbed if we lose our property through Federal Reserve policy or through direct acts of the Communists. We know that the Communists seek our extinction, but we had expected some integrity from the Federal Reserve.

Gold Price a Fiction and a Fraud

Under the money managers our dollars have lost 60% of their purchasing power. When we consider this in connection with the price for gold paid to producers, it amounts to outright robbery, taking their private gold for a fictitious price and compelling them to accept it.

When we consider this loss of purchasing power of dollars in connection with the price of gold, sold to industry, or sold to foreign governments by the Treasury, it amounts to robbery perpetrated against our citizens, for their monetary reserve is being depleted at a fictitious price, they are surrendering value, and receiving nothing in return.

The government gold reserves are a public trust. when measured in dollars they are undervalued. They cannot be replaced except at far greater cost and over long periods of time. Our domestic gold policy has made us entirely dependent on foreign gold production for replacements, or for future reserve expansion.

The $35 Gold Cult

Outside of the menace of the government policies to these gold reserves, there are two special groups in this country comprising what we may call the "$35 Gold

*An address by Mr. Sears at the National Western Mining Conference, Denver, Colo., Feb. 12, 1953.

Cult." They call themselves "The Economists' National Committee on Monetary Policy," and "The Gold Standard League," both following the economic theories of Dr. Walter E. Spahr, who advocates the return to a fixed gold standard for the dollar, at its present theoretical relationship to gold, also the redemption of all paper currency in gold on the same formula of $35.

In a circular put out some months ago by the Gold Standard League, their Chairman, Philip McKenna, speaks of having attended a meeting sponsored by the Economists' Committee and says:

"The monetary problems they discussed were today's and those of the future, but the words—the logic they applied—were the same they used 18 years ago. The reason is obvious. Truth is eternal."

They thus indict themselves and admit the fatal weakness of their program. It is obvious that a dollar with a purchasing power 18 years ago of 100c would not be entitled to be traded for the same amount of gold today when it is worth in purchasing power about 40c. "Truth is eternal."

But these people are actively working to recruit pressure on Congress to enact the so-called Reed Bill (H. R. 2138) in its latest edition, calling for redemption of our currency and deposit accounts in gold, at $35.

They have been at it for some time and some of their members clutter up financial papers with their absurd contentions that if they can succeed it "will save the dollar of the people of this country from further devaluation."

The actual value of the dollar is of course determined by what it will buy. Theories as to its relationship to gold, or to anything else, are of no practical importance.

The Dollar as a Standard

The devastating absurdity of their whole case rests on continuing the fixed relationship of gold to $35 as though that formula possessed some relation to practical facts. They thus make the *dollar* their standard, *not the gold.* They advocated redemption when the dollar was worth 100 cents, they advocate it now at 40 cents, and as the dollar continues on its decline and reaches a purchasing power of 10 cents or 2 cents, they would still advocate its redemption, claiming that this would "stop further devaluation."

What they are seeking would be equivalent to the purchase of gold at the present time at $14 an ounce, or later at $3.50 an ounce, or perhaps at 70 cents an ounce (in terms of purchasing power of dollars). When we express the gold price in these terms it seems absurd, which it is, but these are in reality the same prices which the Treasury is now compelling, or will later compel, gold producers to accept.

These are temporary prices for gold, they do not represent the value of gold. That value is something fixed in the minds of people to which they can resort when all the managed currencies and their managers are swept into the discard.

The danger from these people is the confusion they spread. The pity is that in their ranks are a number of dupes who imagine they would be benefiting if their program would succeed. They are living in a dream world.

"$35 Gold Cult" in Action

In a recently published article written by the Connecticut State Chairman of the Gold Standard League, one Frederick G. Shull, and discussing $52 as a hypothetical figure for a new gold price, he says:

"To say that the U. S. Treasury

Continued on page 22

Continued from page 21

Honest Dollars and the Price of Gold

would make a paper profit of 11 billion by marking up gold to $52.50 an ounce is overlooking the fact that such a move would be highly 'dishonest' and it fails to depict that it would rob our people of billions of dollars of the 'real value' of their accumulated savings. For example, the people own upward of $500 billion of savings in the form of government bonds, bank deposits and life insurance benefits already paid for. Raising the 'official' price of gold to $52.50 would mean a 33⅓% devaluation of the dollar, robbing the people of about $160 billion of the 'real value' of their accumulated savings."

He overlooks the fact that 35 of today's 40-cent dollars will buy only $14 worth in "real value," of bread, or cloth, or cheese, as compared with "real values" 19 years ago, and if Mr. Shull could have his way he would buy an ounce of gold with it. But, if as he insists, the gold remains frozen at the present $35 purchase price, the gold would have no greater "real value" than the paper currency he bought it with.

This dream world complex is so complete that Mr. Shull fails to perceive that the billions of dollars of "real value" of the accumulated savings of the people, are already gone. They have been taken to the cleaners by their government, by the money managers of the Federal Reserve, and other institutions, by the Treasury's fantastic gold policy. These are the people responsible for the 40c dollars.

Now to return to the "$35 Gold Cult." We may consider these people fanatics and some undoubtedly are. About three years ago a spokesman for the Gold Standard League had the temerity to come before us at one of our annual meetings and to urge his half baked arguments that everything would be fine for gold miners if paper currency could be converted into gold at $35 per ounce. After a short open discussion which deflated his thesis he finally said, "Well I think we ought to have a gold standard, even at a higher price for gold."

But they are still beating the drums and trying to influence support for their $35 currency redemption scheme. It might be proper to consider some of those who would benefit through such a program. Perhaps some of their financial support comes from these sources.

The gold processors and manufacturing jewelers would be well served if they can continue to purchase their raw stock at bargain prices.

The money managers, to whom gold is a headache, would be glad to be freed from gold, which cramps their style.

The ultimate aims of Communism and the destruction of our national solvency might merit a nod of approval from Stalin.

Then there are the selfish interests who would plan to get some cheap gold into their hands, knowing that with the exhaustion of our national supply and the collapse of paper currency, that the $35 gold formula would be tossed to the winds and that gold would again take its age old place in human affairs.

We should not leave the "$35 Gold Cult" until we have heard how exercised Mr. Shull is over the gold miners. He is reported as having said in a recent address:

"The people must prevent a catastrophe. Public action is necessary because a strong lobby of gold producers, with headquarters in Washington, D. C., is using every effort to get our political leaders to establish by Congressional action, a higher official price for gold, urging prices all the way from $52.50 to as high as $80 an ounce. Let's assume these selfish interests were successful in getting the official price raised to $70 an ounce, for example. That would reduce the real value of the dollar by exactly 50%, for the dollar would then only be worth 1/70th instead of 1/35th of an ounce of gold, and that would rob the people of one-half of the real value of their current dollar assets—a robbery of upward of $250 billions. Only an aroused and enlightened public opinion can combat this threat to our economy—making sure that it shall not be allowed to happen."

We have only touched the fringes of the fog of misunderstanding which these confusionists create, to obscure the fatal consequences of a cheap and static gold price and the disastrous results if their program of dollar redemption on the $35 gold basis was to be tried.

In May, 1949 there was a hearing before the Senate Committee on Banking and Currency on two proposed bills to provide free markets in this country for domestic gold producers. The bills were opposed by the Treasury, Federal Reserve, Monetary Fund, and other government departments; also by Dr. Walter E. Spahr and a group of "experts" from the "$35 Gold Cult" who used the occasion to voice their vain proposals for redemption of Currency in gold at $35.

Currency Conversion to Gold at $35 Impossible

A letter dated May 4, 1949, signed by Wm. McC. Martin, Jr., Acting Secretary of the Treasury, was filed in the records of these hearings. This letter puts the official seal of doom on the theories of convertability at $35. We quote a paragraph:

"Even our $24 bililon of gold holdings would be completely inadequate to meet a serious run on gold from the $27 billion of United States currency in circulation, over $140 billion of bank deposits, and scores of billions of dollars of government securities, not to mention other relatively liquid assets. Conversion of around 5 or 6% of these government and bank obligations would be enough to bring the Federal Reserve Banks below their legal minimum gold reserve."

That letter was written nearly four years ago. In these years the Treasury admits losing nearly 3 billions of its gold, the outstanding government securities and dollar demand obligations have been enormously increased and we now face the probability that Congress will be asked to approve an increase in the limit on the national debt. Conditions now are therefore much more critical than on May 4, 1949.

Three days ago a news dispatch announced the Treasury's report of its first national debt refinancing as a big success. $9 billion in certificates of indebtedness maturing Feb. 15 were exchanged instead of being cashed in, since only 1½% wanted cash, but as in their choice we find that: 93% took one-year certificates at 2¼%, $8,112,000,000; 7% took five-year 10 month bond at 2½%, $619,000,000.

Those who took the one-year Certificates choose to lose $20,280,000 of offered extra interest, during the coming year, rather than to be tied up for another five years to securities where repayment was limited only to dollars. They do not trust the dollar.

What would have been left in the government gold reserves if conversion to gold on the $35 basis had been in force?

Under the old gold standard, from 1834 to 1934, with gold priced at $20.67 per ounce, the dollar lost 60% of its purchasing power in 100 years. Under the so-called gold currency standard, from 1934 to date, with gold priced at $35 per ounce, the dollar has lost 60% of its purchasing power in 19 years.

Gold must once again be recognized as a powerful force in providing fiscal safety for the people and the right to possess it must be returned to them.

Gold production in this nation must once again become a major industry, not merely the by-product of other metals. The security of the United States depends upon the self-sufficiency of this country in preserving and producing its own gold supply and not solely upon paper contracts or agreements with other nations.

Our New Government

We now have a new government in Washington, put there through the overwhelming insistence of people who were tired of intrigue, incompetence, stupidity, or dishonesty which has characterized many of the policies during the past 19 years.

We have a dynamic new leader who realizes that this is America, not Russia. In his inaugural address he said, "We have the right to choice of our own work, to the reward of our toil."

He assures us that our change of leaders, "expresses a purpose of strengthening our dedication and devotion to the precepts of our founding documents."

We are therefore justified in the expectation that in the future the constitutional rights of property owners and gold producers will not be violated and their product will not be forcibly taken from them, at constantly decreasing prices, under pretense that Treasury gold regulations have a legal and valid right to govern their business.

We have been promised an honest dollar and an ultimate return to gold convertibility. Our new Secretary of the Treasury has just publicly promised, "A sound and stable dollar, not one of declining value."

Honest Dollars Must Be Based on Honest Gold Price

In this country the denominator of financial transactions is called the dollar, but many different dollars have masqueraded under the same name. Their purchasing power has varied widely.

Honest dollars must be grounded on truth and accuracy. They cannot be based on a slogan or upon a fiction. They must stand up when tested by the cold analysis of arithmetic.

The present official price of gold in this country is not honest. It is merely a formula, but the original basis of the formula has been destroyed.

There cannot be honest dollars related to gold until the price of gold is increased.

Gold must be legally freed from restraints and the public must be informed that they have an inherent right to possess it, to hold it, to demand it. The ignoble falsehood which has characterized our citizens as "hoarders," when they merely wanted to be frugal, to feel safe, and to hold gold, must be wiped away.

Basic Changes in Gold Policy

It would be helpful if the following specific measures were speedily enacted by our Congress:

First—A bill, or a joint resolution declaring gold as a critical and strategic metal so that it may be so classified for all production purposes and necessities.

Second—A bill to permit all citizens of the United States to buy, sell and possess gold, in any form and any quantity, basing this on their inalienable Constitutional property rights.

Third—The Treasury must be prohibited from selling gold to industry and the arts, either through change in the gold regulations or by direct mandate of Congress. This is a market which under our free economy should be supplied by our American gold producers where the demand, in a free market, sets its own price level.

Under an honest government gold policy this level, and that for monetary gold, would be about the same. For the present, if we merely adjust it to the statutory price as provided in the Gold Reserve Act of 1934, and increase the number of 40-cent dollars required to equal 35 of the 100-cent dollars therein referred to, the present gold price would be about $87 per ounce.

These suggestions are in line with announced government purposes in other lines of business. We feel that gold producers are entitled to the same freedom to conduct their own affairs.

Many Problems Still Beset Japanese Economy

Bulletin of Institute of International Finance of New York University, issued by Dean G. Rowland Collins and Dr. Marcus Nadler, reports despite Japan's remarkable economic progress since war, situation there is far from favorable.

According to the current bulletin issued by Dean G. Rowland Collins, Director, and Dr. Marcus Nadler, Research Director, for the Institute of International Finance of New York University, entitled

G. Rowland Collins Marcus Nadler

"The Economic Position of Japan," despite Japan's remarkable economic progress in the past few years, formidable obstacles to the attainment of a self-supporting economy still remain.

With the signing of the peace treaty and the regaining of political sovereignty in April, 1952, the bulletin states, Japan entered a new phase of its development. The striking progress made in rehabilitating the economy from the destruction and chaos wrought by the war has laid a strong foundation for further growth. During the past four years industrial production has more than doubled and has reached the 1938 level. Agricultural output and per capita food consumption have also been brought to prewar standards. The value of exports has increased two and a half times since 1949, and the government has accumulated substantial foreign exchange resources. Fiscal reforms have brought about balanced budgets and made it possible to reduce the internal debt. The recent settlement of the prewar bonded foreign debt provides for virtually full payment and has enhanced the credit standing of Japan abroad. These achievements, in the face of enormous obstacles, including loss of over half the prewar area of the empire and major sources of food and raw materials, as well as the destruction of many industrial enterprises by bombing, are evidence of the vitality of Japan's economy and the skill and industry of its people.

In many respects, however, the bulletin points out, the situation of Japan is far from favorable. As compared with most other countries, industrial recovery has lagged behind, with the result that the country's relative share of world production is only about half the prewar proportion. As regards exports, which in physical volume are still only a little more than a fourth the prewar total, the deterioration in Japan's world position is still more striking. Furthermore, the sharp increase in production and trade may be attributed in considerable measure to special circumstances created by the Korean war. The outbreak of hostilities and the ensuing world rearmament boom greatly stimulated the demand for capital goods abroad, while the increased purchasing power of the raw-materials-producing countries caused by the steep rise in commodity prices expanded the markets for Japanese textiles and other consumer goods. With the subsequent reaction, accompanied by a decline in prices and reduced consumer buying abroad, the upward trend was halted or greatly slowed down. In 1952 exports showed a decline, while the rate of industrial growth was only 6% as against 32% the year before.

Since during the entire postwar period Japan has incurred large deficits in merchandise trade, and at the same time has also been deprived of a large part of its prewar earnings from shipping and other services, the balance-of-payments surplus reflects primarily the dollars made available through United States direct aid, expenditures of American military forces and agencies and their personnel in Japan, and procurements of supplies and services for the Korean war. Imports received through American aid from 1947 to the middle of 1951 averaged about $430 million annually. The special purchases for Korea brought in an additional $800 million from the start of the war to the end of 1952.

With its antiquated equipment and high production costs, which have been aggravated by the inflationary price rises brought about by the war boom and the rapid expansion of credit, Japan has found it increasingly difficult to meet growing competition in world markets. As a result, there has been considerable idle capacity in many of the producers' goods industries during the past year. The relatively efficient textile industry, on the other hand, is suffering from the general decline in the world cotton cloth trade, due in part to the development of domestic textile industries in many countries.

Thus, while Japan has regained its prewar position as the leading textile exporter, the volume of cotton cloth shipments is less than two fifths the prewar total. Similarly, silk production and exports have shown substantial recovery in the past few years, but the output of the industry, largely because of the sharp decline in American demand, has shrunk greatly from the prewar figures. While rapid progress has been made in rebuilding the merchant fleet, it is still only one half the prewar total.

With First Southern

(Special to THE FINANCIAL CHRONICLE)

BOYNTON BEACH, Fla.—Christopher N. Wilson has joined the staff of First Southern Investors Corporation, 524 Jasmine St.

I. R. Deemar Opens

CHICAGO, Ill.—Irving R. Deemar is engaged in the securities business from offices at 4722 North Kedzie.

Corporate Membership For NYSE Approved

Members, by vote of 594 to 538, amend the Exchange's constitution providing for permissive incorporation of member firms. Funston hails step as most constructive taken by Exchange in many years.

G. Keith Funston, President of the New York Stock Exchange, announced on March 5 that a majority of the Exchange members have approved the proposal to make the corporate form of doing business available to present and future member firms on and after May 1.

G. Keith Funston

The vote on amendments to the Constitution providing for permissive incorporation was 594 for, 538 against and 3 defective.

"The decision of the membership," Mr. Funston said, "is one of the most constructive steps taken in a great many years and will enhance the usefulness of the Stock Exchange by stimulating a broader and more liquid market in listed securities. It will encourage qualified incorporated securities firms of high character to become members of the Exchange thus reinforcing our efforts to serve the growing public interest in share ownership."

Mr. Funston called attention to the fact that two of the most significant recommendations made in the report by the Special Committee on Broadening the Auction Market on the New York Stock Exchange have been achieved. The first was the recent and long-overdue action of the Federal Reserve Board in reducing margin requirements to 50%.

"With members of the Exchange indicating by their vote on permissive incorporation that they are willing to abandon a 160-year-old tradition if it will improve the services which the auction market supplies, it is to be hoped that Congress and governmental bodies will give sympathetic consideration to the other recommendations made by the Special Committee on Broadening the Auction Market. The most important of these, of course, is the present Capital Gains Tax Law."

Voting on permissive incorporation began Feb. 20 and continued through the close of the stock market on March 5. The subject has been considered at various times since 1938, and concrete proposals to inaugurate it were twice rejected by the membership—in November, 1947, by a vote of 835 to 344, and in September, 1949, by a vote of 815 to 394.

The Board of Governors of the Exchange submitted permissive incorporation to the membership with a strong endorsement. Corporations eligible for membership in the Exchange, Mr. Funston pointed out, will be limited to those primarily engaged in the securities business as brokers and dealers, and whose voting stock is held by persons actively engaged in the business of the corporation. Eligible nonmember securities corporations can become member corporations under prescribed restrictions.

Banks, investment trusts, insurance companies and securities corporations whose stock is held publicly, the Stock Exchange President emphasized, will not be eligible for Exchange membership.

Existing member firms who may wish to incorporate—in order to strengthen their financial structure, to achieve greater continuity of operation and to develop pension funds for their employes and officers—can now do so.

Member corporations, their stockholders, officers, directors and employes, Mr. Funston stressed in his statement, will be subject to the same control by the Exchange as is now exercised over member firms, their partners and employes.

Budinger V.-P. of Harris, Hall & Co.

CHICAGO, Ill. — William G. Budinger was elected a vice-president of Harris, Hall & Company, 111 West Monroe Street, at the annual board of directors meeting, Edward B. Hall, President, has announced. Mr. Budinger has been associated with Harris, Hall since 1946.

Gersten, Kastor & Eliasberg To Be Formed

Gersten, Kastor & Eliasberg, members of the New York and American Stock Exchanges, will be formed March 19 with offices at 60 Wall Street, New York. Partners are Harold Eliasberg, member of the New York Stock Exchange, and Monroe Gersten and Joseph H. Kastor, both members of the American Stock Exchange. Mr. Eliasberg was previously a partner in Burns, Nordeman & Co. Mr. Gersten and Mr. Kastor were active as individual floor brokers.

Chicago Analysts To Hear

CHICAGO, Ill. — John S. Coleman, President of the Burroughs Adding Machine Co. will address the luncheon meeting of the Investment Analysts Society of Chicago to be held March 12 at 12:15 p.m. in the Georgian Room, Carson Pirie Scott & Co.

THE MARKET AND YOU

By WALLY STREET

The market was wiser than most news commentators last week.

It chose to defer judgment on the significance of the death of Stalin on the trend of world affairs. As a result, it continued to fluctuate in the narrow six point range that has confined its movements for the past four weeks. By narrowing its fluctuations, however, it suggests preparation for more decisive action soon. The first clue will be found in the direction it moves out of its month's range on volume. That range is within the 280-286 area for industrials and the 106-111 area for rails.

* * *

When important events are as puzzling and unpredictable as they are today, it is usually wise to let the market tell its own story. Professional traders who are quick to sense the supply and demand for shares will probably insist that the market bulls soon absorb the offerings that have appeared at the highs of the past four weeks, or they will lose interest and hope to replace stocks at lower levels. Recent leadership leaves something to be desired, especially since the wider moving, volatile stocks, which are favorites of shrewd traders, are lagging. Investment grade equities are also quiet. Enthusiasm has been greatest in issues involved in merger rumors.

* * *

Underneath the recent support area there is a resistance level at 274-276, and an even stronger one around 270-272. Since there is an increasing number of people who bought stocks at lower levels on the decline that was in progress six months ago, the opportunity to establish long-term (six months) profits could be a depressing factor into April. Chances of a good summer rally would be improved if the market established a solid base in the next six weeks.

* * *

Confusing are the numerous attempts to solve the riddle of Russia. To some, the change of leadership means a greater chance of peace and the hope that the heavy burden of taxes will be eased. Others feel that the new leaders will start trouble in hopes of unifying their countries under the new masters. Still others see the possibility of internal struggles within Russia and trouble with her satellites. Perhaps one of the best comments is the statement of our own Secretary of State that the hopes of peace are enhanced. He does not think, however, that there is occasion for any particular change in the American prosecution of the cold war.

* * *

First responses to either war or peace are generally emotional and are generally wrong. Our entry into the last two World Wars and the outbreak of the Korean war started emotional selling. It did not take long, however, for the market to recover those losses and move higher. When peace came in 1918 and in 1945, the market rallied sharply in the next year, but in doing so it formed bull market peaks from which bear markets emerged.

* * *

Logic would say that any event that made our rearmament effort less urgent would be bearish, particularly now that we have done such a good job of filling the demand for the many civilian goods whose production was restricted during the last war. But the stock market reflects emotional factors as well as logic and signs of a more peaceful world could well produce psychological influences as they did in 1918 and in 1945-46, leading to strength this summer. This is especially possible since the lower margin requirements make it easier to buy stock, first half year earnings should be good, and there is still a chance that the excess profits taxes will be eliminated.

* * *

Underneath the general market there are divergent trends. Gone is the enthusiasm for most of the leaders of the past two years. Fortunately, several of the depressed groups that have been neglected in the enthusiasm for growth and tax favored issues in recent years are now having their day. This is seen in the better than average strength being reflected for utilities, auto parts, trucks, beverages, cement, containers, carpets and rugs, foods, golds, machine tools, industrial machinery, rail equipment, food chains, shoes, beet sugars, apparel, motion pictures, and cigarettes. Such groups may well be the leaders during a summer rally.

[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.]

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The Security I Like Best

photography. For the fourth straight year this newspaper has been judged first in typography and make-up of papers with a circulation of more than 75,000 by the Inland Daily Press Association. Its foreign news service is considered one of the finest in the world and subscribed to by many other newspapers in this country and Canada.

It should be mentioned that the company owns a 26-story combination newspaper plant and office building containing 528,958 square feet of rental space. This building has both railroad and dock facilities and houses one of the most modern and efficient newspaper plants in existence. The building produces important rental revenues exclusive of the newspaper occupancy. The company also obtains a sizable amount of income from its 42% equity in Radio Station WIND.

Chicago "Daily News" has operated at a profit in every year since its incorporation in 1925 and has clearly demonstrated depression-proof qualities. The company operated at a profit through the thirties, and in 1932, 1933 and 1934, when general business reached an all-time low, it realized the largest earnings seen during the 10 years prior to World War II.

The present quotation on the stock at about 28 compares with a price of 36 in December, 1951 and 42 in 1946 and probably reflects lower earnings during the past year which were due to adverse conditions which prevailed throughout the entire newspaper publishing industry. Last year's earnings dropped to $1.95 per share as compared with the average of $3.30 per share earned on the present capitalization in the previous seven years. However, the outlook seems bright for a larger volume of advertising and higher circulation in 1953. These better prospects are partially confirmed by a substantial increase in advertising linage in January, 1953 over the same month last year.

The astute and progressive management can be expected to meet the problems of higher costs and to make constant improvement in the quality and position of this newspaper. The patient investor in this growing and strong enterprise will receive substantial rewards.

Central States IBA Annual Conference

CHICAGO, Ill.—The 17th annual conference of the Central States Group, Investment Bankers Association of America, is in session at The Drake, Chicago. Lee H. Ostrander, William Blair & Company, is Chairman of the Group.

Lee H. Ostrander

A formal dinner was held Wednesday in honor of Ewing T. Boles, The Ohio Company, Columbus, President of the I. B. A.; and an informal dinner and entertainment are scheduled for this (Thursday) evening.

Topics and speakers were:

"Our Foreign Policy"—Henry R. Luce, Editor-in-Chief, "Time," "Life," and "Fortune."

"Evaluation of Closely-Held Corporations" — Dr. Ralph E. Badger, Associate, Standard Research Consultants; President, Investment Counsel, Inc.

"Comments on Public Financing in California" — James L. Beebe, Partner, O'Melveny & Myers.

"The Business Outlook"—Sumner H. Slichter, Lamont University Professor, Harvard University..

"Plastics Today and Tomorrow" —John Walsh, Member, Industrial Economics Department, Arthur D. Little, Inc.

The motion picture "Opportunity, U. S. A.," sponsored by the I. B. A., is being screened this afternoon. This film recently received the George Washington Honor Medal awarded by Freedoms Foundation for "outstanding contribution to a better understanding of the American way of life." Charles A. Capek, Lee Higginson Corporation, Chairman, Group Education Committee, will discuss the potentialities of the picture as an educational and promotional tool.

Employees of member firms that are enrolled for the classroom course in fundamentals of investment banking, sponsored by the Group in cooperation with Northwestern University, are guests of the Group.

According to Mr. Ostrander, more than 400 investment bankers are in attendance at the conference. They come mainly from the states making up the Group —Illinois, Indiana, Iowa, Nebraska, and Wisconsin—but every other section of the country is also being represented.

Conference arrangements were in charge of Paul W. Fairchild, The First Boston Corporation, Chairman of the Meetings and Entertainment Committee.

Officers of the Central States Group, in addition to Chairman Ostrander, are:

William D. Kerr, Bacon, Whipple & Co., Vice-Chairman.

Thomas W. Evans, Continental Illinois National Bank and Trust Company, Secretary-Treasurer.

Bank and Insurance Stocks

By H. E. JOHNSON

This Week — Insurance Stocks

The Glens Falls Insurance Group in 1952 made one of the best showings in the industry with operating results considerably improved over those of the previous year.

Both underwriting and investment operations made gains. The improvement in the insurance phase of the business, however, was most marked and underwriting profits of $382,522 in 1952 contrasted with a loss of $798,652 reported in the earlier period. This result was achieved despite an increase of $7,900,000 in premium writings or about 13.2% and the necessity of enlarging the unearned premium reserve by $4,994,000.

Investment earnings also gained. A larger volume of invested funds resulted from the increase in premiums and retained income. In addition higher yields on fixed income securities helped to improve the investment earnings.

A summary of the operating statement for the past two years of the Glens Falls Group is presented below. Certain items have been consolidated into the major headings for the sake of simplicity. Other such as realized capital gains have been excluded from the operating statement to conform to the accepted statistical procedures of crediting these items to the surplus account.

	1952	1951
Premiums written	$67,718,073	$59,824,779
Increase in unearned premiums	4,993,790	4,985,999
Premiums earned	$62,724,283	$54,838,780
Losses and loss expenses incurred	35,549,582	32,078,771
Ratio to premiums earned	56.68%	58.50%
Underwriting expenses incurred	26,785,737	23,479,478
Ratio to premiums written	39.55%	39.25%
	$62,335,319	$55,558,249
Other profit and loss items	—6,442	—79,183
Net underwriting income	$382,522	—$798,652
Investment Income	2,379,143	2,215,099
Income before taxes	$2,761,665	$1,416,447
U. S. income taxes	670,198	436,874
Net income	$2,091,467	$979,573

Translating the above operating results to a per share basis and adjusting for the estimated acquisition costs of the larger volume of business reflected in the increase in the unearned premium reserve, the following figures are obtained.

	1952	1951
Underwriting profit or loss	$0.59	—$1.23
Equity in increase in unearned premium reserve	2.94	2.71
Adjusted underwriting profit	$3.53	$1.48
Investment income	3.66	3.41
Pre-tax operating income	$7.19	$4.89
Federal income tax	1.03	0.67
Adjusted earnings per share	$6.16	$4.22

From the above adjusted figures it can be seen that the operating results of 1952 were substantially better than in 1951 even though the tax liability was somewhat higher.

Another interesting feature of the Glens Falls report is the comment made on investment policy and changes. With the rise in the equity market to the highest point in over 20 years, sales of common stocks exceeded purchases by approximately $500,000. Some of the more important sales of equities included Gulf Oil, International Business Machines, Montgomery Ward, Parke Davis, Standard Oil of New Jersey, Texas Gulf Sulphur, Westinghouse Electric and West Virginia Pulp & Paper.

Offsetting these sales and providing an outlet for new funds were the increased holding of tax exempt bonds which increased from $18,954,000 par value to $22,725,000. Also there was some increase in preferred stock holdings including such issues as American Viscose, Armstrong Cork, Commonwealth Edison, Consolidated Edison, General American Investors, Merck & Co., Peninsular Telephone, Pfizer and Pure Oil.

Boettcher & Co. Adds

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—R. Paul Greiss is now with Boettcher & Company, 828 Seventeenth Street, members of the New York Stock Exchange.

With Pasadena Corp.

(Special to THE FINANCIAL CHRONICLE)

PASADENA, Calif.—Harry A. Cottingham has become affiliated with Pasadena Corporation, 234 East Colorado Street. Mr. Cottingham was previously with Paine, Webber, Jackson & Curtis.

Continued from first page

The Market Outlook

frequently, when the rise or decline has largely run its course.

For practical purposes, I believe that a bull market might be defined as one in which **the majority of stocks,** as well as the Averages, have been able to record a net gain of 10% or more over any 12 month period. A bear market, on the other hand, might be classified as one in which the majority of stocks, as well as one or more of the leading stock averages, experienced a decline of 20% or more from a previous peak, or the equivalent of three or four years' income. Even these definitions would provide for a recognition of the fact that there are times when the picture is neither jet black nor pure white, but a cross between the two. I believe that we have been through such a hybrid period between early 1951 and 1952, when a majority of stocks experienced declines of 20% or more, but when these rotating readjustments in individual stocks were not reflected in the market averages.

A View of the Intermediate Outlook

For the sake of brevity, I am going to start out with an outline of my conclusions as to the intermediate outlook and then give you the principal reasons for these views.

As of noon today (March 10), and subject to a review of the entire situation, of course, if there should be some major change in our relations with the Communists, I believe the history of the stock market will show that we are in a bull market. The probabilities, as I see them, favor an irregular but substantial rise in the prices of the majority of stocks, as well as in the leading stock averages, at least until October or November of this year. There is a fair chance that the rise may extend into March or April of 1954. In terms of the Dow-Jones Industrial Average, I believe that the lows for the year are likely to be within 1% or 2% of the 275 level, or not far from the recent lows. From a very short-term point of view, I believe that whatever lows are made this month will not be broken by more than 2% or 3% if they are broken at all. I do not think that the bull market will run its course until the Dow-Jones Industrial Average gets up to somewhere between 350 and 375, with the exact level depending in part on whether personal and corporate income taxes are reduced on July 1.

My reasons for these expectations may be summarized as follows:

(1) In spite of signs of more intensive competition and the probability that the trend of business activity may be moderately downward in the last half of the year, it seems reasonable to expect that corporate earnings for the year as a whole will approximate or moderately exceed the 1952 levels. This prospect is due, in part, to the fact that the earnings of many companies were pulled down last year by interruptions to work schedules as a result of material shortages and other repercussions of price controls, as well as by government-inspired strikes. In terms of the Dow-Jones Industrials, it seems likely that earnings this year will be somewhere between the $24.50 to $25 likely to be reported for last year, to possibly as much as $27 a share. This level of earnings supports the prospect that total dividend payments will at least equal those declared during 1952, and which provide a yield at current prices of about 5½%.

(2) With the control of the Federal Government now in the hands of practical businessmen, in contrast with the group which dominated the Truman Administration, we have a basis for expecting a gradual return of confidence in the future of private enterprise. This should result in a return toward the pre-Truman ratios of stock prices to earnings. In the 20 years beginning with 1926 (when common stocks first became popular with institutional and private investors as a result of Edgar Lawrence Smith's book, "Common Stocks as Long-Term Investments"), and up through the first year of Mr. Truman's Administration, the Dow-Jones Industrials sold at highs equal to at least 14 times earnings in all but two years. These two years were 1941 and 1942, when taxes were rising sharply and price controls were put into effect. In 14 of the 20 years from 1926 to 1945, the Dow-Jones Industrials sold at prices equal to at least 17 times earnings.

It would probably be too optimistic to expect stocks to sell at an average high of as much as 17 times earnings, until either the foreign situation clears up or corporations can begin to pay out a larger proportion of their earnings in dividends. However, a rise in stock prices to the equivalent of 14 to 15 times earnings would seem to be a reasonable prospect. This would mean a high of at least 350 for the Dow Industrials this year, if our composite earnings estimate is reasonably correct.

Approximation of Normal Yield Spread Between Stocks and Bonds

(3) My third point is related to the first and second. With a return toward normal economics, we may well see higher interest rates, but also a return to pre-"Fair Deal" relationships between the yields on stocks and bonds. As pointed out in a recent bulletin of the Cleveland Trust Co., high-grade bonds did not sell on a yield basis of less than 4% at any time from 1900 to 1934. Yields on stocks have been abnormally high in relation to bond yields, but this may be accounted for by the continuous attacks on business by the people associated with the Truman-CIO Administration. For reasons which I shall touch upon later, there is a basis for believing that we are in the early stages of the third "leg" of a triple bull market of the type witnessed from 1921 to 1929, and from 1932 to 1937. Before each of these bull markets ran their course, stocks advanced to a point where they were selling on a lower yield basis than were high-grade bonds. Allowing for a possible rise in long-term interest rates to 4%, and assuming that stocks will meet resistance at around that average yield, this would still leave room for the Dow-Jones Industrials to get up to above 375 on the basis of last year's dividends.

(4) My fourth reason for expecting the stock market as a whole to work upward from whatever lows are to be seen during the current month is the fact that we have already seen an alleviation of some of the more serious of the economic maladjustments which had crept into our economy with the help of the Truman Administration. Time will permit going into only one phase of this approach to stock market analysis. That is, the relationship of commodity prices to the stock market as a whole.

Contrary to widespread belief, a sharp rise in commodity prices can be, and frequently is, a bearish factor on the outlook for equities, while a decline in commodity prices is fundamentally a favorable factor. This is true because our economy is governed by the laws of supply and demand, and because of the effect that changes in commodity price levels have on both sides of the supply-demand equation. At any rate, the record shows that during the past 50 years, stocks have always been a reasonably good purchase for an advance of generally 40% or more, either by the time the Bureau of Labor Statistics Index of Wholesale Commodity Prices had declined by as much as 5% from a previous peak, or within five months thereafter. A decline of this magnitude in commodity prices from the highs of early 1951 was reached by November of last year. On the basis of the record since 1900, this means that the historical odds are at least 5-to-1 that a substantial rise in the market averages will be witnessed either from the lows of the past few months, or from the lows to be seen within the next few weeks. (In the 1948-1949 period, commodity prices had declined by as much as 5% by January of the latter year. The bear market lows in the stock market were recorded five months later. Commodity prices did not turn upward until early in 1950. By that time, the Dow-Jones Industrials were more than 25% above their 1949 lows.)

The Stage of the Stock Market Cycle

(5) The fifth and final point which I shall have time to discuss has to do with certain technical studies generally referred to as "Timing" and "Wave" principles.

On the basis of my interpretation of these combined approaches, we are probably now in about the same stage of the broad market cycle as we were in early 1927. At that time, we had been through a period of more than a year in which we saw substantial declines in the prices of individual stocks, but when the market averages were clearly "historically high" as they were holding close to the highest levels on record. The prevailing view in Wall Street did not recognize the fact that a broad period of consolidation in the market averages can strengthen the basic technical position of the market, just as much as can a simultaneous shake-out in all issues. (I might add, parenthetically, that I realize that "things are different now" as compared with early 1927.) It is interesting to note that in January, 1927, there was widespread concern over the fact that the building industry had caught up with the demand for housing; that consumer credit was at "uncomfortably" high levels; and that the outlook for many key industries, including steel, was none too favorable. As things worked out, steel operations declined by more than 25% between March and November, 1927, and the earnings on the stocks which make up the Dow-Jones Industrial Average were more than 20% lower in 1927 than they were in 1926. However, with confidence in the longer-term outlook for business being encouraged at that time by a pro-business Administration in Washington, purchases of equities by the newly-formed investment trusts, as well as by insurance and trust companies, more than absorbed the selling by those who refused to believe that the 1926 shake-out in the majority of listed securities could take the place of a "normal" decline of 25% or more in the market averages. By the end of 1927, the Dow-Jones Industrial Average was more than 30% above the low touched in the first quarter of that year.

Among the specific phases of the Timing approach which are pertinent at this time is that the third phase of a major bull market normally runs for at least 23 months, and the fact that the two major cyclical advances since 1932 ran for a little more than four years. On the basis of this approach, I think we should classify the period from February, 1951, (when all of the leading steel issues reached their postwar highs to date) until May 1, 1952 (when the New York "Times" Industrial Stock Average and the majority of individual issues were close to the lows touched 12 months earlier) as a period of consolidation or readjustment, which laid the base for the third bull market phase of the advance which got under way in 1942. Practical technicians will agree, I believe, that the period from February, 1951, to May, 1952, had a great deal in common with the year 1926, when we also had a consolidation and rotating readjustment in the stock market.

It does not follow, of course, that we are likely to see a further advance at this time comparable with that of 1927 to 1929. The probabilities are against this not only because of such things as enlightened Federal Reserve policy, but also because of the implications of long-term Timing studies, which had indicated that the market could be considered "safe" until August or September, 1929, but which now suggest that the final phase of the advance may well run its course within the next 10 to 15 months.

Adjustments of Forecasts Needed

In closing, I want to reiterate a statement which I have made in several other talks on the Outlook for the Stock Market. That is, I do not believe any market forecast should be considered or judged differently than is a corporation budget. When I was on the staff of the chief economist of the American Telephone & Telegraph Company many years ago, I participated in discussions which led to making both short-term and long-term forecasts of general business activity. As a practical matter, these forecasts were reviewed quite frequently, and modified whenever the occasion warranted. Any stock market forecast must be viewed in the same light. Just as a corporation budget is used merely as a guide to purchasing and sales policies, any appraisal of the outlook for the market as a whole should be only one of the considerations which should enter into specific decisions as to the timing of purchases of individual stocks. Anyone who does not try to make a rough and continuously reviewed appraisal of the position and outlook for the market as a whole is operating on the same basis as would a large corporation which did not attempt to set up long-term budgets, merely because this involved certain risks which are present in making any appraisal of the future.

Jaffe Director

CLEVELAND, Ohio.—George E. Jaffe, senior partner of Jaffe, Lewis & Company, and member of the Midwest Stock Exchange, 1723 Euclid Avenue, was elected a director of Balcrank, Inc. of Cincinnati, Ohio, on March 3, 1953. This company is the largest manufacturer in the country of outdoor steel furniture. They are also the fourth largest in the manufacture of lubricating equipment for automotive, industrial, farm and aeronautical machinery.

Geo. E. Jaffe

The company was organized in 1906. The stock is listed on the Cincinnati Stock Exchange.

Gold Outflow Factor in Ending Dollar Shortage

March issue of "Monthly Bank Letter" of National City Bank of New York says turn is a timely one and indicates successful use of fiscal and credit policies to suppress internal inflation, though a leading factor is heavy U. S. outlays abroad.

Commenting on the significance of the $675 million decline in the U. S. gold stock over the last three months, and the consequent growth of foreign curency reserves, the March issue of the "Monthly Bank Letter" published by the National City Bank of New York finds this new turn a timely one.

"A growing impatience has appeared, abroad as well as at home, with the intergovernmental grant and loan props that have supported a rickety structure of international payments since the war," the "Bank Letter" states. "This feeling is apparent not only among U. S. taxpayers, who feel the main burden, but also among citizens of recipient nations who rebel at the outside interference with their internal affairs that becomes involved.

"Inflationary policies of public finance have played a leading role in the persistence of trade imbalance in the postwar years. As evidenced in the declining price trends of internationally-traded commodities. inflation has now been brought under restraint in most countries. The task of realizing and maintaining reasonable international equilibrium, however, is one that never ends. In the present juncture the gold outflow adds force to the necessity, in the interest of international economic stability, of dealing with our unbalanced Federal budget."

Discussing the fundamental factors involved in the gold outflow and the strengthening of foreign gold reserves, the "Bank Letter" notes:

"There are many influences behind the recent balance of payments swing. Of most lasting benefit is the successful use of fiscal and credit policies to suppress internal inflation. Balanced budgets have come back into fashion and artificial measures to cheapen the cost of borrowed money have lost popularity.

"A second factor is the maintenance of tight foreign exchange and trade restrictions, most notable in the case of sterling area countries but by no means confined to them. This is the method of balancing up international accounts by rationing foreign exchange income. It serves in emergency but only by stifling the natural flow of goods, people and money among the nations.

"A third influence bringing the new upturn in foreign gold and dollar reserves is the continuance of abnormal U. S. outlays abroad —not only under the Mutual Security Assistance Act and manifold other programs, but also for maintenance of troops and military procurement overseas. These items, along with overseas capital investments, have swollen the flow of dollars abroad to a point where they exceed the amounts foreigners require to pay for goods and services bought here."

Speculative Pressure and Sterling Convertibility

By PAUL EINZIG

Dr. Einzig discusses the impact which exchange speculation may have on restoration of Sterling convertibility. Points out speculative pressure forced devaluation of Sterling in 1949, but sees Sterling exchange now in better position to meet such an impact. Holds, however, it is matter of elementary importance for British Government to safeguard Sterling against possible effects of speculation pressure.

LONDON, Eng. — The British Treasury officials engaged in preparing the brief for Mr. Eden and for Mr. Butler on the eve of their departure for Washington to discuss convertibility of sterling, were confronted with an unenviable task. They were requested to give an idea about the potential extent of effective speculative pressure on sterling in prevailing conditions. This was necessary in order that the negotiators should be able to form an idea about the amount of gold and dollar reserve that would be necessary to safeguard sterling against speculative pressure after the restoration of its convertibility. This factor must be taken into account in addition to that of the potential pressure that has to be reckoned with as a direct result of the restoration of convertibility. That potential pressure depends on the extent of overseas holdings of sterling and of the world-wide scarcity of dollars.

Dr. Paul Einzig

We saw in 1947 that in a matter of weeks the proceeds of the largest external dollar loan in financial history were exhausted through the conversion of sterling holdings by foreign holders anxious to secure dollars. Had the period of convertibility not been cut short by the government's decision to suspend it, it would have become evident sooner or later that pressure through withdrawals of existing sterling balances was liable to be accentuated by pressure through the conversion of sterling balances specially created for that purpose through dumping goods on Britain and through abstaining from buying British goods. That stage was not reached in 1947 but might well be reached in 1953. Its extent is entirely incalculable.

In addition to that unknown factor there is the other unknown factor with which we are here primarily concerned—the potential extent of speculative pressure. The two factors are not altogether independent of each other. Evidence of speculative pressure is liable to influence holders of sterling to convert while evidence of large-scale conversion is liable to encourage speculation on the assumption that a failure of convertibility would entail devaluation or depreciation. It is assumed reasonably enough, that the potential extent of pressure on sterling would not be as big as before the war. For convertibility would not mean a return to the prewar regime of free exchanges. British residents would continue to be prevented from speculative against sterling and also from lending sterling to facilitate foreign speculative operations.

The first of these two factors was not unduly strong in Britain before the war. While in France the main adverse factor was the ability and willingness of French people themselves to send their money abroad whenever they feared a devaluation of the franc, or to speculate against the franc, in Britain, such operations were of secondary importance compared with speculative transactions by foreigners. On the other hand, those speculative transactions were largely fed by the credit facilities of overseas banks in London. This latter factor at any rate need not be reckoned with. Exchange regulations and the willing cooperation on the part of the British banks would rule out the possibility for foreign speculators to sell short borrowed sterling on any noteworthy scale. That is, we can only assume this if the bulk of foreign owned sterling balances is effectively blocked before resuming convertibility. This would be necessary not only in order to prevent their wholesale conversion but also in order to prevent foreign holders from lending their sterling for speculative purposes.

Assuming that reasonably watertight arrangements would be applied in that respect there would remain the speculative methods which in 1949 successfully forced the government to devalue sterling. There was no evidence that sterling was then over-valued or that its devaluation would materially improve the balance of payments. But speculators all over the world got it into their heads that a devaluation was bound to come, and by acting on this belief they succeeded in bringing about its devaluation which would otherwise have been easily avoidable.

There was no large-scale short position in sterling in the prewar sense of the term because it was not easy to borrow sterling in connection with speculative operations. On the other hand, a very large short position developed through the postponement of payments in sterling by foreign debtors as long as possible. They deferred payment in the hope of being able to pay in cheaper sterling. As a result, the proceeds of British exports and Sterling Area exports were not coming in and the gold reserve was declining in consequence.

Experts were wondering at the time about the extent to which this factor could possibly operate. The payment of valid claims could not be deferred indefinitely so that if the British Government had been able to hold out long enough the debtors would have had to abandon their hopes of holding out until after a devaluation. In itself, this factor would not have forced the British Government's hand. There was, however, another factor that had to be reckoned with. Importers of British goods were becoming increasingly reluctant to place their orders because they were afraid that sterling might be devalued before they are able to sell their imported goods. In that case they would have been exposed to considerable losses. Rival importers would have been able to buy British goods with the aid of cheaper sterling and they would have been able to undersell the firms who had paid before devaluation.

There is absolutely no limit to the operation of this factor. It is bound to continue to a greater or less extent so long as devaluation fears continue to prevail. Evidence of a decline of the gold reserve through the deferment of orders tends to feed these fears. If the situation becomes unduly prolonged, foreign rivals of British exporters might capture some overseas markets altogether. It is true, technically it would be possible for importers of British goods to hedge against a devaluation of sterling by selling forward sterling from the time they paid for the imported goods until the disposal of these goods is completed. That operation is however, apt to be expensive, for if many people operate in the same way the cost of selling forward sterling is apt to become rather high. Moreover, it is a rather involved operation, for the forward dates have to be arranged so as to make them coincide with the gradual disposal of the imported goods. While wholesale merchants in financial centers of importing countries may be organized for this it is too much to expect the retail merchant of the Middle West selling British bicycles or briar pipes to engage in such involved operations in order to hedge against their possible losses through a devaluation.

Conceivably the problem will not arise immediately after the restoration of convertibility. At the time of writing sterling was very firm and would undoubtedly appreciate rather than depreciate if it were allowed to find its own natural level. Nevertheless, it is a matter of elementary prudence for the British Government to safeguard sterling against the possible effects of a turn in the trend, following the restoration of convertibility. It was for this reason that the Treasury experts were asked to state the potential extent of gold and dollar losses that might have to be faced through speculation. It is doubtful however, whether they or any other human being would be in a position to give an opinion on this subject that could possibly claim even approximate accuracy.

Wayne Martin Joins Clement A. Evans Co.

ATLANTA, Ga. — The investment banking firm of Milhous, Martin & Co., Atlanta, Ga., has withdrawn from active business, and its business has been transferred to Clement A. Evans & Company, Incorporated, First National Bank Building, of Atlanta, is is announced. firm has branches in Augusta, Columbus, Macon and Savannah. James F. Milhous will leave the investment business to enter the commercial banking field.

Wayne Martin

Wayne Martin, Vice-President and Treasurer of Milhous, Martin & Co. since 1942, will become Vice-President of Clement A. Evans & Company and John Woolfolk will also be associated with the Evans organization. Mr. Martin has been in the investment business for 31 years in Atlanta and from 1932 to 1941 he was sole proprietor of Wayne Martin & Company.

A. W. Veronneau Opens

MERIDEN, Conn. — Arthur W. Veronneau is engaging in a securities business from offices at 217 South Colony Street.

LETTER TO THE EDITOR:

Finds Fault with Dr. Stone's Remedy for Wage-Price Spiral

Alden A. Potter says proposal is "actually appeasing Communism," since it accepts Karl Marx's central fallacy that cost determines value in the market place.

Editor, Commercial and Financial Chronicle:

The theory over which Dr. Stone is contending in your issue for Feb. 26 (relative to the views of Prof. Slichter) on the maintenance of a "living" wage by organized labor, is actually appeasing (certainly not opposing) Communism. Tacitly both of these gentlemen (not to say most economists) are accepting Karl Marx's central fallacy, hinging on the "money illusion," to wit, the notion that cost determines value in the market place.

Alden A. Potter

It is not possible to maintain a stable monetary economy on a basis of falling prices, technologically inspired, with resultants rising "real wages." The proper result of technological advance, with a freely competitive wage structure, is an increase in real **dividends**, i.e., in the ratio of monopoly to competitive income. A home, an auto, or any other durable equipment, produces dividends and thus raises the standard of living for the owner; a factory does the same for its owners.

In his able defense of the GM escalator clause Charles E. Wilson has advanced the theory that monetary control should (but doesn't) prevent falling real incomes due to rising prices. His cogent argument is available in the "Chronicle" for late 1951 (notably in "Gold Just Another Commodity") and more recently in the "Reader's Digest." Dr. Stone cannot have given careful attention to these addresses by Mr. Wilson which show that the trouble lies, not in collective "bargains" or contracts, but in the bank credit system.

A dynamic, economic equilibrium can be maintained less precariously while using the present "credit" system (there is less liklihood of a slump into depression such as the Kremlin and our own economists are continually forecasting, the one as a "crisis" in capitalism and the other as if there were an economic "law of gravity") if the "price level" is kept rising by an excessive increase in money supply.

The plain truth is that the only possible path to prevention of poverty (falling real income per capita) is by birth control. With a stable "price level" individual families must take advantage, not of earned income only, but of unearned income, from property, in order to keep the ratio between what they need (determined by the number of mouths to feed) and what they can buy, above a subsistence level.

Indeed, wherever over-population occurs the gap between wealth and poverty necessarily widens because the real wage level falls, ineluctably, **below** subsistence; and this cannot possibly be corrected by any redistribution program. Only the propertied classes, never the unpropertied masses, can live securely; the masses can avoid hardship only by not existing, that is, by birth control. The problem is not as to whether, but as to how population shall be kept within bounds. The incentive to activity in competition is provided by the spread between wealth and proverty; otherwise there could be no occasion to strive.

This is the hard fact that has driven Norman Thomas to renounce socialism while the "humanitarian" Rockefeller and Ford Foundations keep on subsidizing "research" into ways of getting around it into a utopian "economy of abundance" whereby wages (and population) can be escalated "dynamically" forever!

Minimum wage laws do not—cannot—determine the real minimum income available to labor. The "intelligent and far-sighted" Mr. Reuther is chafing at the bit in the GM contract, already objecting, and not without reason, to the unrevised "base" for the "index" used. The fallacy of such a percentage index, calculated from a "base" period is an implication of the "cost theory of value." Only a moving, annual average of the price of the caloric content of staple foods, eliminating the "base" and percentage relation, can afford a workable basis for escalating wage and other contracts.

No rational index of inflation can include durables which become obsolete as sources of "unearned" income and so decline in capital value while other capital values are increasing. A calorie of food income can never be rendered obsolete any more than the sun from which it is derived can be outmoded by technology.

After all, it is the sun, and only the sun, upon which all life (man is no exception) depends for food; and the total available supply is a fixed, not a dynamic, quantity. Technological "improvements" in production add nothing to the total; they simply change the character of the earth's population by displacing certain other lives with those of the more efficient of "fit" species. New mechanical uses for energy can easily over-exploit this process and produce an inescapable dilemma of over-population. The only possible escape from such difficulties is prevention, not cure; that is, monopoly maintained in the interest of particular people who have been able to maintain estates that are not over-populated.

ALDEN A. POTTER

Box 171, R.F.D. 3
Bethesda 14, Md.
March 10, 1953.

Stokes & Co. To Be NYSE Members

PHILADELPHIA, Pa.—S. Grey Dayton, Jr. will acquire membership in the New York Stock Exchange on March 19, and Stokes & Co., Land Title Building, members of the Philadelphia-Baltimore Exchange will become a member of the New York Exchange. Partners in the firm are Edward B. Stokes, Mr. Dayton, Elmer E. Hackman, John E. Heppe, and Homer B. Hill.

Edw. Schrader, Director

Edward A. Schrader, a partner in Goldman, Sachs & Co., investment bankers, was elected yesterday to the board of directors of Federal Paper Board Company, Inc., manufacturers of folding box-board and folding cartons. Mr. Schrader also is a director of Vulcan Detinning Company.

NEWS ABOUT BANKS AND BANKERS

CONSOLIDATIONS
NEW BRANCHES
NEW OFFICERS, ETC.
REVISED
CAPITALIZATIONS

At the regular meeting of the Board of Directors of **The National City Bank of New York** held on March 3, James Prescott Carter and A. Herman Lynch were appointed Assistant Vice-Presidents. Mr. Carter, who will be identified with the bank's Caribbean District at Head Office, formerly resided in Havana where he was in charge of the bank's Cuban Branches. Mr. Lynch, formerly a branch manager, will be identified with the bank's Credit Department. At the same meeting John R. Bauchelle and Robert G. Burgner were appointed Assistant Cashiers.

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The 25-Year Club of **Union Dime Savings Bank, New York,** held its eighth annual dinner on March 9, at Toots Shor's, 51 West 51 Street. The dinner was in honor of the four new members: Arthur T. Aichele, Thomas Cavanagh, George R. Force, and John P. Scholl, who were presented with 25-year pins by the President of the bank, J. Wilbur Lewis. The club now numbers 43, including several retired members of the bank's staff. Leroy A. Martin, President of the club, presided at the meeting and was reelected for the coming year.

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An increase in the capital of the **Valley Stream National Bank & Trust Co. of Valley Stream, Long Island, N. Y.,** became effective on Feb. 27, when the amount was increased from $500,000 to $550,000 as a result of the sale of $50,000 of new stock.

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An increase in the capital of the **First National Bank of Farmingdale, New York,** from $400,000 to $450,000 by a stock dividend of $50,000 is announced by the Comptroller of the Currency, the enlarged capital having become effective Feb. 25.

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Two new directors of **Marine Midland Corporation** were elected on March 4, at the stockholders' annual meeting in **Buffalo, N. Y.** They are Earle J. Machold, President of Niagara Mohawk Power Corporation and Cloud Wampler, President of Carrier Corporation. Both Mr. Machold and Mr. Wampler reside in Syracuse, N. Y. All of the other nominees were reelected.

The election of two new officers and the promotion of one other at the March 4 meeting were also announced. The newly elected officers are John M. Wilcox, Assistant Vice-President and Donald M. Ringleben, Assistant Secretary. Walter H. Boyd, Jr. was promoted from Assistant Secretary to Assistant Vice-President. All other officers were reelected.

Mr. Machold, newly elected director, is a graduate of Syracuse University; he engaged in the practice of law from 1928 to 1942, when he was elected President of Niagara Hudson Power Corp., and in 1950 became President of the successor Niagara Mohawk Power Corp. He also serves on the Board of Directors of the New York Central RR. Co., and the Glens Falls, N. Y. Insurance Co.

Mr. Wampler began his business career, following his graduation from Knox College in 1916, with the Harris Trust and Savings Bank, Chicago, Ill. In 1920 he left that institution to enter the private banking business. Prior to his connection with Carrier Corporation he was President of Stern-Wampler & Company, Inc., investment bankers, with headquarters in Chicago. In 1935 he was elected a director of the Carrier Corporation and became Chairman of its Finance Committee in 1938. In 1941 he became associated with the company as Executive Vice-President and in 1942 he was elected to the Presidency.

Mr. Wampler is a member of the Board of Directors of The Marine Midland Trust Company of New York and the Marine Midland Trust Company of Central New York, Syracuse, New York. He was formerly a National Vice-President and Director of the National Association of Manufacturers, and is currently connected with various other associations.

The stockholders voted against two proposals presented at the meeting, one recommending cumulative voting for election of directors and the other rotation of annual stockholders' meetings in other localities in New York State.

* * *

Incident to the proposed merger of the **First National Bank & Trust Co. of Massena, N. Y.,** with the **Northern New York Trust Co. of Watertown, N. Y.,** approval has been given (Feb. 19) by the State Banking Department to a certificate providing for an increase in the capital stock of the Watertown institution from $500,000 to $700,000, consisting of 28,000 shares, par $25 each. The merger it is understood became effective Feb. 24.

* * *

The Newport National Bank of Newport Rhode Island has enlarged its capital from $120,000 to $230,000; part of the increase came about through a stock dividend of $30,000, while the sale of new stock served to add $80,000 to the capital bringing it up to $230,000 as of Feb. 27.

* * *

A charter for a new bank in **Union, N. J.,** has been granted by the Department of Banking & Insurance of New Jersey to a group of merchants and business men headed by Frank M. Pitt, according to a staff correspondent at Union to the Newark "Evening News" of March 2. These advices state that the bank will be called the **First State Bank of Union.** Capital resources of the new bank, it is added, will be $352,000 of which $220,000 will represent capital acount, $110,000 surplus account, and $22,000 expense account. Later advices from the same source to the Newark "News" of March 8 report that Mr. Pitt has been elected President of the newly chartered bank, and that other officers have been named as follows: Vice-President, Ernest G. Maihack of Summit; Secretary, Charles F. Heard of Springfield, and Treasurer, Austin A. Kohl of Irvington. It is added that the board of directors will consist of the officers and Jacob H. Greenstein and Benjamin Romano, both of Union; Bernard J. Heinzman of Maplewood and James Mears of Millington.

* * *

Herman G. Grimme, Trust Officer of the **West Side Trust Co. of Newark, N. J.,** marked his 50th anniversary with the institution on March 9, it is learned from the Newark "Sunday News." The item notes that Mr. Grimme joined the trust company in 1903, after graduating from the Newark High School; he was elected Treasurer of the company in 1916, Assistant Vice-President in 1928 and Trust Officer in 1935. From the "News" we also quote: "Mr. Grimme will be one of the honored guests of the **New Jersey Bankers Association** Golden Jubilee convention in May, when he will be inducted into the State Association's Half Century Club."

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The title of the **First National Bank & Trust Co. of Montclair, N. J.,** was recently changed (Jan. 19) to the **First National Bank of Montclair.**

* * *

Stockholders of **The National Exchange Bank of Augusta, Ga.,** voted on March 4, to change the name of the institution to **The First National Bank & Trust Company of Augusta.** The effective date of the change will be May 4, with the approval of the Comptroller of the Currency. A spokesman for the stockholders pointed out that the adoption of the new name involved no change in the ownership or management of the bank, and that the present directors and officers would continue in office. No change is planned, either, in the banking and trust services which are offered at both the Broad Street and Walton Way offices, although it is stated, it is believed that the new name more accurately describes the facilities of the bank and its position in the community.

Announcement is made of an increase in the capital of the **St. Augustine National Bank of St. Augustine, Fla.** to $300,000; previously $200,000, the capital was enlarged Jan. 28, to the present figure by a stock dividend of $50,000, and the sale of $50,000 of new stock.

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The sale of new stock to the amount of $200,000 has served to enlarge the capital of the **Citizens National Bank of Orlando, Fla.,** from $200,000 to $400,000, the latter having become effective Feb. 11.

* * *

On Jan. 22, the **First National Bank at Orlando, Fla.,** enlarged its capital to the extent of $125,000, that amount representing a stock dividend which brought the capital up to $625,000 from $500,000.

* * *

The First National Bank of Montgomery, Ala., recently (Jan. 27) increased its capital from $1,000,000 to $1,500,000 as a result of a stock dividend of $500,000. While an item bearing on this appeared in our issue of Feb. 26, page 918, the name of the bank was inadvertently given as the First Bank of Montgomery.

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The United States National Bank of San Diego, Cal., now has a capital of $1,100,000, increased from 1,050,000, a stock dividend of $50,000 having served to bring it up to the present amount, which became effective Jan. 28.

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The Sumitomo Bank, Limited, head office **Osaka,** announces the establishment of **The Sumitomo Bank (California),** an affiliate of the Osaka bank, under the Law of the State of California. The Sumitomo Bank (California) has a paid-up capital of $1,000,000, and surplus of $250,000. Its head office is at 440 Montgomery Street, San Francisco, and it operates a Los Angeles branch at 260 East 1st Street, Los Angeles, Cal. The President is Jumpei Nishimura (Chief Managing Director of the Sumitomo Bank, Limited). The San Francisco bank commenced its general banking business as of February 2, 1953.

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Francis J. Callinan, Secretary of **California Bank, Los Angeles, Cal.,** recently completed his 30th year of service with the bank. He is a graduate in law of the University of Southern California and is active in the American Society of Corporate Secretaries, Inc.

7-Point Program for Improvement in World Trade

Harry Mallinson, Executive Vice-President of Eli Lilly International Corporation, recommends, among other things, extension of reciprocal trade agreements; customs simplification; offshore procuremnet; discontinuance of economic aid under guise of military aid; and revisions of our commercial treaties.

Speaking in Indianapolis before the Indiana Federation of Clubs on Feb. 26, Harry Mallinson, Executive Vice-President of Eli Lilly International Corporation, recommended a seven-point program for the improvement of world trade.

Harry Mallinson

In pointing out factors which work against the perfect state of commerce, Mr. Mallinson listed prohibitive tariffs, fluctuating currency, nationalistic pride, and disunity in objectives. For example, he said, in one year the prohibitive Hawley-Smoot Tariff Act of 1930 caused major tariff revisions by 60 leading nations of the world. Most of these revisions were aimed at excluding U. S. goods. Perfect flow of trade internationally could, he stated, insure free convertibility of all currencies at stable rates. Nationalistic pride in some countries has, according to Mr. Mallinson, kept out foreign companies and prevented full use of resources which foreign capital and know-how could have made possible. Disunity in objectives by the friendly nations, he felt, has also hampered development of the perfect state of trade.

"The United States is the most potent force in world trade today," Mallinson said, "As a nation, we are obligated to protect and expand our fifteen-billion-dollar-a-year export business, and we also have an obligation to other people of the world to work for perfect distribution of the world's goods for security against aggression, for economic security, and for higher standards of living."

Communists feel, he said, that war between the capitalists themselves is inevitable. They are encouraged in this belief by what they see in the field of international trade. The Soviet nation, with its far-flung holdings, is far better prepared than any other single country to play the "lone wolf" role and the Soviets are exceedingly anxious not to see any improvement in the world trade picture.

The pharmaceutical executive specifically recommended seven points to follow in our efforts to straighten out international trade:

(1) Reciprocal trade agreements should be extended, preferably for another five years. Action should be taken early this year as a token of reassurance to other nations.

(2) Proposed customs-simplification bill should be reviewed promptly and passed.

(3) Offshore procurement, particularly in Europe, should be increased.

(4) Point IV program should be given special attention for expanding production in undeveloped areas. Expand output of goods required by U. S.

(5) Renewed and constant attention should be given to Treaties of Friendship, Commerce, and Navigation.

(6) We should not continue to provide economic aid under the disguise of military aid.

(7) We should have Trade, not Aid.

With Frank L. Edenfield

(Special to THE FINANCIAL CHRONICLE)

MIAMI, Fla.—Paul R. Sage has joined the staff of Frank L. Edenfield & Co., 8340 Northeast Second Avenue.

In Investment Business

DENVER, Colo.—Jean Y. Harvell is engaging in a securities business from offices at 1608 Broadway.

Our Reporter on Governments

By JOHN T. CHIPPENDALE, JR.

The government market is still primarily a liquidity preference affair although, at intervals, there has been a better tone in the intermediate and longer term obligations, which has brought limited rallying tendencies into these securities. Volume has been on the restricted side except for the nearest-term securities which continue to demand the attention of most buyers of government obligations, even though yields on these issues have moved up at times. The preference for the short-term obligations with liquidity is becoming more evident each day and, if this trend should continue, it will not have a good effect upon the other Treasury issues. Tight money market conditions continue to act as a damper on the entire government market.

Banks, insurance companies and nearly all other institutional investors appear to have an interest only in the shorts. The higher income issues seem to have only a few friends, mainly among the State and Government funds.

Tight Credit Policy Continues

The monetary authorities continue to keep the pressure on the money markets and there are no indications that a change in policy will be in the offing as long as the economic situation follows the current pattern. There is no doubt but what the powers that be are concerned about the uptrend in private indebtedness and this is evidently the prime cause at the moment of the tight money conditions that are prevailing. According to some of the more competent followers of the money markets, the point of concern with the monetary authorities in the private indebtedness trend is the overstimulation that these loans give to business. As long as this stimulation continues, business activity carries on at a high level, at or close to boom proportions.

However, it is well realized that this stimulation cannot go in indefinitely and there will be a let-down sometime in the future. In order to retard, if not stop this overstimulation of business, which comes from the increase in private indebtedness, the monetary authorities are keeping money conditions tight.

Banks Under Pressure

As a result, the debt management and credit policies of the current Administration, according to well-informed followers of the money markets, are being carried out with the idea in mind of keeping money and credit conditions on the firm side, so that some restraint may be brought to bear upon the lending institutions. It is probably hoped that banks and other loaning institutions will cut down or even refuse to make loans that have a stimulating effect upon business, because of the credit restraining policies of the monetary authorities. Federal, under the new conditions, has evidently abandoned the neutral or passive attitude towards the money markets, having now assumed a more positive role with the purpose of making credit harder to obtain.

Evidence of the credit restraining policy of the Central Banks is apparent from the fact that Federal has done nothing to offset the outflow of gold which has a credit-limiting effect upon the commercial banks. Likewise, it is believed that the monetary authorities went along with the lowering of margin requirements with the belief that the loans which would be created through the borrowings to purchase equities because of the smaller margin requirements would have a credit restraining effect upon the money markets.

Long-Term Treasuries Friendless

The tight money market conditions will most likely be with us for some time because this will be the method that the monetary authorities will use to restrain the flow of credit, instead of the direct control policy which was used by the previous Administration. Therefore, as long as a restraining credit policy is going to be in vogue, there is not likely to be any important trend developments in the government market. The authorities have made the market for Treasury obligations a free one and this evidently means no interference with the course of quotations no matter what the effect may be upon the attitude of holders of long-term government obligations.

The moving of prices about rather sharply in both directions on very light volume, and especially on the downside, has not, in the opinion of some followers of the government market, helped the feeling towards future flotations of long-term Treasury securities. Owners of the longer-term issues of governments who bought them in the past, as well as those that have been more recent buyers of the most distant Treasury issues, have not had very good experience with these securities because in most instances they have found themselves with sizable losses in these obligations. This seems to be a pretty good argument for short-term issues and liquidity preference because one cannot continually buy long-term Treasury issues and take losses in them.

Clisbee, Thompson Formed

TULSA, Okla.—Clisbee, Thompson and Co. has been formed with offices in the Daniel Building to engage in the securities business. Partners are C. M. Clisbee and Charles E. Thompson.

J. R. Jones Opens

GARDEN CITY, N. Y.—John R. Jones is engaging in the securities business from offices at 223 Seventh Street. Mr. Jones was previously with Garvin, Bantel & Co., Bendix, Luitweiler & Co., and Easton & Co.

R. Carstens Co. Opens

SADDLE RIVER, N. J.—Richard Carstens is engaging in the securities business from offices on West Saddle River Road under the firm name of R. Carstens & Co. Mr. Carstens was formerly with Ira Haupt & Co.

Nowell With A. M. Kidder

(Special to THE FINANCIAL CHRONICLE)

FT. LAUDERDALE, Fla.—Robert E. Nowell has become associated with A. M. Kidder & Co., 207 East Las Olas Boulevard. Mr. Nowell was formerly Ft. Lauderdale Manager for Thomson & McKinnon with which he had been associated for several years.

Continued from page 7

Real Estate Lending in 1953

1945 to 1952. During the same period, the ratio of real estate loans to savings deposits in mutual savings banks increased from 28% to 50%. Life insurance companies increased the percentage of their policy reserves invested in real estate loans in this period from 17% to 34%. Savings and loan associations raised the percentage of their share accounts invested in real estate loans from 73% in 1945 to 97% in 1952. As a matter of fact, I have noticed in the published statements of a great many savings and loan associations in Los Angeles that their total real estate loans exceed the total amount of their share accounts, sometimes by a considerable amount. This, of course, is made possible by borrowing from the Federal Home Loan Bank.

Having mentioned my home, Los Angeles, as an example of the real estate market, let us look at it a little further, and see if it offers any clue to the future. We have had a tremendous growth in Southern California, due to aircraft and other defense industries, and we like to think for many other reasons as well. This has resulted in a great program of residential construction to house the in-migrant workers who came to us.

Approximately 13½% of all the FHA loans and 14% of all the GI loans made in the United States were made in California. In Los Angeles County alone, we have built over half a million dwelling units since 1946, which is enough to comfortably house nearly two million people. Some of us in the middle of this great operation have wondered how so many houses could be built without causing a collapse in the price market. But to date, there has been no marked movement indicating a failure in the market for the average-priced house, except in a few areas.

However, some of us wonder if possibly we are approaching the point of saturation of the market. The 1950 census showed conclusively that we have more housing per capita now throughout the United States than we had in the year 1940, which has been accepted as a very normal year, without surpluses or shortages. Since 1940, population has increased 14.3%, and the housing supply has increased 23.6%. In 1940, each housing unit served 3.53 people; and in 1950, it served only 3.26 people. This would seem to prove that the shortage of the war years had been cured by 1950. If this is true, then we must consider the situation that exists today. In Los Angeles County, we have built more than 200,000 new housing units since 1950; but our population increase during that period would require only 120,000 units. We might assume that we have an 80,000 surplus, were it not for the fact that houses are still selling very well. This again raises the question: are these sales due to natural economic factors, or are they due in a large measure to inflated credit?

A couple of years ago, the Residential Research Committee of Los Angeles made a survey of the buyers in average tract developments to determine their real financial capacity. The samples used covered several tracts in widely different areas and in tracts being developed by different types of builders. The survey revealed that the amount of ready assets possessed by these buyers was very small. Of all the buyers investigated, 60% had less than $1,000 of ready assets, 54% had less than $500, and 36% had less than $250. These were the people that were "buying" the new houses, and I have quoted the word buying. The Housing & Home Finance Agency has just released the findings of a somewhat comparable survey, in which they state that 48% of the buyers surveyed had a 1950 income ranging from $3,000 to $5,000.

Thinner Margins of Equity

This seems to indicate that the average buyer of a tract house today is buying on a much thinner margin of equity and without the financial responsibility that we have thought necessary in the past. This would seem to indicate that the great volume of building, and selling, is predicated very largely on the very liberal credit now available. There are many that will say that this is a deliberate government policy of easy terms, subsidies, and guaranties to promote and expand the real estate market. They will tell you that the great inflation of real estate values, which have increased some 150% in the past years, is the direct result of this policy. Joseph M. Dodge, in one of his speeches in the Voluntary Credit Restraint Program, said that the effort of many government agencies, and many others as well, was to create the easiest possible credit, and the direct result was inflation. The American Bankers Association in its 78th Annual Convention expressed some uneasines over future business conditions, partly because of these factors.

But on the other hand, you will find those who will tell you that we have reached a new plateau, and that we need never again experience a severe recession or depression as we have in the past. I heard an economist from the Middle West give a lecture in Los Angeles a few weeks ago and say without any question that there was only one way for our economy to move in the future and that is toward greater expansion. He stated categorically that our standard of living would be so high 15 years from now that we would look back on 1952 and think that we had been living in abject poverty. This sounds frightfully like the statements made by some prominent stock brokers in August, 1929, when they said that stocks had reached a new plateau of value and would continue their upward trend.

To get some clue as to what might possibly happen in the future, our bank made a very careful study of the foreclosures we had in the 1930's. We found that 78% of the loans which we foreclosed were made between the years 1926 and 1932, the period just before the downturn of the cycle and the collapse of the real estate market which followed. We went over some of our current foreclosures to study their characteristics. In many cases, we found factors like that of a certain veteran to whom we made a GI home loan. When we made the loan, it was apparently entirely within his means; and the payments should not have proved to be too burdensome. But we found that the salesmanship of easy credit was too great for him to resist. He had obligated himself on monthly payments for furniture; a television set; a new car; a barbecue in his patio; and then when he really got in trouble, for a doctor's bill and finally a personal salary loan to help pay some of the other loans. Easy credit caused this foreclosure and many others like it.

Will Prices Hold?

When we consider loans today, we must be conscious not only of the credit, but also the problem of determining the value of the security offered to us. There are some who appraise real estate at current market value or the price it will bring today. They depend on a loan officer to be thoroughly acquainted with all the factors involved in every parcel of property offered, to be sure that it will reflect enduring value over a period of time. The other method of appraisal is to attempt to establish a fair economic value of the property involved. This will not be the boom high, nor the depression low, price of the property, but will be the value on which the property could be expected to earn a fair return over an average period of time. It was interesting to note that in the ABA Savings and Mortgage Conference in New York last year, the question of the relative merit of these two philosophies of appraisal was put to an audience of some 400 bankers; and they voted by a substantial majority as favoring the economic valuation method of appraising. This is a sound and healthy reaction and is very comforting.

This question of price and value is a constantly changing one. If the purchasing price of the dollar should increase, and it may, then realty values will shrink. If this should occur, then the very heavy percentage real estate loans made on top prices could prove to be a real problem. Thus the problem of distinguishing between price and value becomes extremely important when the period of test arrives. I have heard no one express this thought as well as Chester A. Rude, chairman of the executive committee of the Security-First National Bank of Los Angeles. In 1933, Mr. Rude, as President of the Robert Morris Associates, spoke to that association and said:

"Economists have disagreed for years over this term 'value.' Value is much broader in concept than price, with which it is usually confused. A thorough knowledge of the value of collateral offered to us in necessary. It is one foundation of credit; yet we have all been guilty of basing our loans on price, which is temporary, rather than on value which covers a longer period of time. Less attention to price during prosperity and more attention to value would have saved many banks and their customers tremendous losses."

As there are two theories of value, there are also two theories of lending. One is to make only the loans which you are convinced are sound economically and which will be relatively free of trouble. A lending program based on this concept often sacrifices immediate earnings and fees for the sake of the long-term concept of economic soundness, not only of the lending institution, but of the community as well. The other theory permits loans to be made whenever it is believed that the immediate transactions can be handled safely and with profit.

Temporary Credit for Creation Of Loans for Sale to FNMA

This leads us to the question of temporary credit for the creation of loans for sale to the Federal National Mortgage Association, a government agency popularly known as "Fanny May." The question is often raised as to the propriety of such a program. I believe that if loans are carefully and soundly made, that they will be attractive to life insurance companies and others who invest in this type of security. When loans are being made on terms and conditions that are not attractive, or at an interest rate that is not realistic, then it seems that any agency such as "Fanny May" is purely inflationary in its operation of absorbing loans that the usual channels of credit have refused. I heard one of the officers of a mortgage association very aptly say that those who create loans solely for sale to "Fanny May" have no right to object to direct government lending. Some of our Senators and Congressmen are keenly conscious of this situation as well. They do not hesitate to point to the lenders who are developing a great volume of loans to sell on this basis, and then so violently oppose the government's making loans directly. Both types of loans end in the same place, in the portfolio of the United States Government. The ABA has taken a positive stand on this situation. At its Executive Council meeting in April, 1952, it went on record as favoring the immediate curtailment of "Fanny May" to emergency operations, and as being in favor of its ultimate termination as soon as possible.

Recently, there have been other campaigns for the easing and expansion of real estate credit. One has been called the "package mortgage." It provides for the inclusion in the mortgage loan of the funds necessary to buy equipment for the house such as a range, refrigerator, washing machine, garbage disposal, and similar pieces of equipment generally considered as personal property rather than real property. The argument is advanced that with the cost spread over 20 or 25 years, the borrower is much more able to buy the house and the necessary equipment. Little thought is given to the fact that the equipment will be worn out and must be replaced before the loan is repaid. Some have made the mistake of saying that it is cheaper, because the rate of interest on a mortgage loan is much less than on short-term types of financing for such equipment. The total interest paid on $1,000 included in a 25 year FHA loan is $710. The interest paid on a 24 month loan of $1,000 at 6% discount, which is almost 12% interest, is only $120.08. This sort of credit is probably needed by many of today's buyers, but it does seem that it is inflationary in the last analysis because like other forms of easy credit, it increases the number of buyers and thus creates further demand for housing and equipment.

The long-term loan and the small monthly payment have been made the subject of a great deal of sales psychology — and very successfully too, we might add. It does make it easier for the borrower to get his home, and in some ways this is very desirable. But it is costly. If a man were buying a $10,000 house and borrowed $9,500 for 25 years on a 4% GI loan, his total interest would amount to $5,548. If, however, he could get by with an $8,000 loan on the same terms, he would pay only $4,672 in interest, or a saving of $876. If, however, he could get by on $8,000 and could meet the $59.20 monthly payment for a 15 year term, instead of the $42.24 monthly payment for the 25 year term, he would pay only $2,656 in interest. This is a saving of $2,016 over the $8,000 25 year loan, and a saving of $2,892 over the $9,500 25 year loan. It is obvious that the long loan, with the lower payment, is not the cheap loan. It may be the only means of getting the house immediately; but in addition to being inflationary, it certainly is costly for the buyer as well.

When we think of real estate loan problems, we have learned to think of them in the terms of legislation, because so much of our real estate economy has been controlled by government regulations and laws. The question of the Defense Production Act, which authorizes all of the controls as to price, material consumption, and the like, is extremely important, as this law expires April 30, 1953, unless reenacted. For many years FHA has been a part of the Housing and Home Finance Agency, along with Federal Home Loan Bank, which controls the savings and loan associations. The Public Housing Authority is also a part of HHFA. There are strong forces at work to separate FHA from this agency and reestablish it as an independent agency. ABA has gone on record as favoring this change, and it seems to be a very desirable one. Another thought which has been advanced is to transfer the lending functions of the Veterans Administration to the FHA, in order to produce uniformity of underwriting and avoid costly duplication of services by these two agencies. ABA has taken no official action on this proposal, but it will be considered seriously at the next meeting of the Real Estate Mortgage Committee. There is the problem of the very unrealistic rate of interest now provided on FHA and GI loans, which has driven many lenders from this field, and has prevented the making of many sound loans that would have served the needs of many deserving people. The low rate of interest on GI loans has also fostered the creation of many devices to provide discounts, which ultimately act to increase the rate of interest on the loan to the ultimate purchaser. This has not been a healthy development and has led in many cases to devious practices. Although the ABA favors a flexible rate, it has not petitioned the VA for an increase in rate. These things are normally resolved by the attraction of the loan to an investor. If the rate is not comparable to other investments—and today I am reasonably sure that it is not — there will be few, if any, funds available for such investments and the rate must be increased, or the program will fail. This, of course, assumes that devious devices to circumvent the intent of the law will not be tolerated.

Is Trouble Coming In Real Estate Market?

We have tried in this report to review the factors now at work in the real estate field, and what we may possibly expect in the future. It may seem to some of you that this is a sermon of pessimism. Certainly it is not intended that way, and I hope it will not be so interpreted. I wish that we could all be assured that the day of cycles is past and that we never again need fear a recession or depression of the real estate market. However, many of us are not convinced that such is the case. Certain danger signals are now appearing, and we cannot ignore them completely. We certainly do not want to see the realty market destroyed, nor be forced into a disastrous collapse. To prevent this, we who are entrusted with the lending program on real estate should cooperate to the fullest extent in attempting to stabilize this market so that if possible a collapse will be averted. We should review our lending policies and practices now and unite in the effort to meet this problem. We have many loan officers in most of our institutions who have spent their entire business lives in a period of ascending prices and so-called prosperity. A poor loan on real estate seldom resulted in a loss to the lender, because the constantly increasing price level would bail out the situation. It was not like this during the thirties, with shrinking values and equities and the problem this brought to the banker. I pray that we may never need to go through such a period again. But as Mr. Roy Wenzlick, the real estate analyst of St. Louis, said in his Jan. 12, 1953, bulletin:

"The period in which a mortgage loan department can run with very little worry and risk is past. In today's market, each loan should be carefuly weighed on its merits.

"It is going to be more difficult to sell new houses in 1953 than it has been in 1952. The real shortage is most communities no longer exists; and in some communities, a slight surplus is starting to develop. Do not build or finance large inventories of unsold houses unless the community is one in which real shortages still exist."

I heard a scientist, Dr. Dubridge, President of the California Institute of Technology, say a short time ago that no nation is stronger than its economy. The fire power of our armies and navies, the rockets and guided missiles, will all be meaningless if we do not properly sustain the economy of the nation which these armies and navies are to protect. I think we should be guided by the philosophy of this thought, which a scientist brings to a banker. Let us put into proper perspective the long range value of our policies. Let us not be misled by the attraction of quick turns in the market, and the immediate gain which we might win, if the long range effect will not be healthy. Let us not overextend ourselves in this period of great expansion, but let us keep a proper reserve of lending power for the time when our good customers may need our assistance to meet the shock of changing conditions. Let us now and in the future furnish the credit needed for all sound projects that will properly develop our own neighborhood and the nation of which we are all a part. But let us also be farsighted and courageous enough to say no to the unsound, speculative, and inflationary request for credit which every one of us here will find on our desk when we return to it tomorrow.

Bankers Offer Arizona Public Service Stock

Public offering was made yesterday (March 11) of 378,000 shares of common stock (par $5) of the Arizona Public Service Co. by an underwriting group headed jointly by The First Boston Corp. and Blyth & Co., Inc. The stock is priced at $16.50 per share.

The proceeds from the sale will be used for the company's construction program, which calls for estimated expenditures of approximately $21,300,000 in 1953 and $20,800,000 in 1954. The program includes construction of a new steam electric generating station, installation of a 100,000 kw. turbo-generator, expected to be completed in 1954, and partial installation of another 100,000 kw. unit, slated for completion in 1955. An estimated minimum of $11,000,000 from additional financing will be needed to complete the company's construction program during 1953 and 1954.

The Arizona Public Service Co furnishes electricity, gas, and water in 10 of Arizona's 14 counties, over an area of about 37,000 square miles. During 1952, electricity supplied to over 120,000 customers yielded 71% of the company's operating revenue, and gas distribution to 103,000 customers provided for 26%.

Since 1950, Arizona's population has climbed from 749,587 to an estimated 850,000, making it the second-fastest growing State in the Union. The operating revenues of the company have grown from $13,651,000 in 1948 to $27,452,000 in 1952, and net income from $1,801,000 in 1948 to $3,319,000. The company under its former name of Central Arizona Light & Power Co., has paid dividends on its common stock since 1920, and on March 1 of this year increased the quarterly dividend to 22.5 cents a share, placing the stock on an annual dividend rate of 90 cents per share compared with the former annual rate of 80 cents.

Increase in Life Expectancy Forecast

Dr. Louis I. Dublin places average length of life for males within this generation at 73 years, while females will extend average life three years longer.

Dr. Louis I. Dublin

Addressing the Eastern Life Claim Conference, a group of life insurance claim experts, at a luncheon meeting on March 6 at the Hotel Statler in New York, Dr. Louis I. Dublin said that an average length of life of 73 years was very likely within this generation. Females, he added, would enjoy about three years more than this national average. Americans can expect to add four to five years to their average length of life during the next 20 or 25 years, according to this eminent statistician.

"During the past half-century, life expectation at birth has jumped from about 49 years to the present 69 years," Dr. Dublin said. "That was in large part the result of great reductions in the mortality among infants, children, and young adults. Longevity at the middle ages and at the advanced ages has not gained materially in the recent past. But today, with research concentrated on the ills which beset later life, there should be material advances in the years ahead in life expectancy in mid-life and later."

Great changes have taken place over the past half-century in the distribution of deaths by cause, according to Dr. Dublin. At the turn of the century primary emphasis was on tuberculosis, pneumonia, communicable diseases of childhood and accidents. Today, deaths from these conditions have been greatly reduced in number, and the chief concern is over heart disease, cancer, accidents and cerebral hemorrhage.

"As a result, millions of people are now alive who would have been dead under the conditions of 50 years ago," he added. "These survivors have added greatly to the size of our population, have increased our productivity, and have strengthened the defensive power of the nation. Gains made in the public health are of great social and economic importance. They are particularly significant to the life insurance industry. They have reduced the amount of claim payments which would otherwise have occurred, and they have made possible the wide spread of life insurance among the people. That is why the life insurance industry is increasingly concerned with these matters today.

"While changes as sweeping as those of the past half-century are not likely to occur in the years ahead, important gains can nevertheless be won, provided industry and business as well as the individual citizen learn how to use the discoveries that the research men are making in the medical and health laboratories."

Andes Secs. Opens

Andes Securities Co. has been formed with offices at 303 West Seventy-eighth Street, New York City, to engage in the securities business.

With Equitable S & L

PORTLAND, Oreg. — Carter E. Gilleland, formerly with June S. Jones & Co., is now connected with Equitable Savings & Loan Association.

Joins R. L. Day

(Special to THE FINANCIAL CHRONICLE)

HARTFORD, Conn. — Gene F. Bruyette has joined the staff of R. L. Day & Co., 75 Pearl Street.

Conclusions on U. S.-British Economic Talks

Conference headed by Anthony Eden, for Great Britain, and Secretary of State John Foster Dulles, agrees elements of a workable and productive economic system within the free world should include: (1) sound internal policies; (2) freer trade and freer currencies; (3) creating conditions which foster international investment and development of resources; and (4) organization of international institutions to constructively promote these policies.

In a joint communique, covering economic and financial talks, issued on March 7 by representatives of Great Britain, headed by

John F. Dulles Anthony Eden

Anthony Eden, Minister of Foreign Affairs, and by representatives of the United States, headed by Secretary of State John Foster Dulles, a statement of conclusions was made regarding essential elements to be included in a workable and productive economic system within a free world.

The text of the communique follows:

Representatives of the United States and the United Kingdom today concluded their discussions on measures for creating the economic and financial conditions under which the countries of the free world may be better able to earn their own living by their own industry. These conversations were informal and raised questions on which it was understood in advance that no commitments would be made.

The United Kingdom representatives explained the suggestions which emerged from the conference of Commonwealth Prime Ministers, held in London in December of last year, for measures which might be taken to restore balance in the world economy through the channels of commerce and to develop, by progressive stages, an effective multilateral trade and payments system over the widest possible area. These measures would involve action by the Commonwealth countries, the United States, the countries of Continental Western Europe, and the countries that are members of existing international trade and financial institutions.

The discussions covered the internal and international conditions which would have to be established in order that each country might enjoy the human and material benefits of freer and dependable currencies and a larger volume of trade and commerce.

They also included a review of the over-all economic and fiscal situation of the United States.

Note was taken of the significant United States defense expenditures overseas, including offshore purchases.

From these conversations, certain conclusions have emerged:

There is full agreement between the two governments that the solution of the economic problems of the free world is vital to its security and well-being.

They also agree that the essential elements of a workable and productive economic system within the free world should include:

(A) Sound Internal Policies: International economic policies cannot succeed unless they are based on sound internal policies, by debtor as well as credit countries. During the course of the conversations, the United States representatives made it clear that the Government of the United States welcomes the intention of the Commonwealth governments, expressed in their December communique, to follow the internal financial and economic policies needed to achieve a freer exchange of currencies and trade.

For Freer Currencies

(B) Freer Trade and Currencies: The freeing and expansion of world trade must cover currencies as well as trade. On the financial side the trade must cover currencies as well as trade. On the financial side the objective should be the eventual convertibility of sterling and other currencies and the gradual removal of restrictions on payments. On the trade side the objective should be to bring about the relaxation of trade restrictions and discriminations in a way which, in the words of President Eisenhower's State of the Union message, "will recognize the importance of profitable and equitable world trade." It is in the interest of the United States to take such measures as are exemplified in the President's message in order that the members of the free world may the better pay their way by their own efforts.

(C) Development: The creation of conditions, both by creditor and by debtor countries, which foster international investment and the sound development of the resources of the free world. In this connection, the Government of the United States emphasized its intention to encourage the flow of investment abroad.

(D) Organization: International institutions should be constructively used to promote these policies.

The Government of the United States welcomes the initiative taken by the United Kingdom Government in connection with these problems of common concern.

The two governments believe that their is reason to hope for continued progress toward a better balanced, growing world trade and toward the restoration of a multilateral system of trade and payments. The nature and scope of the measures which may be taken by governments to further such progress, and the timing of such measures, will require further study.

The Government of the United States will undertake, and continue over the next several months, an intensive examination and review of the general subjects discussed at the present meetings, including the suggestions resulting from the Commonwealth Economic Conference, and possible alternative suggestions, in order to arrive at a sound judgment with respect to the specific courses of action which might be taken. The two governments intend to have further discussions with each other, with other governments, and with the international organizations concerned, including the organization for European Economic Co-operation.

The representatives of the two governments participating in the discussions were as follows:

For the United Kingdom:

The Right Hon. Anthony Eden, Secretary of State for Foreign Affairs; the Right Hon. R. A. Butler, Chancellor of the Exchequer; Sir Roger Makins, British Ambassador to the United States; Sir Pierson Dixon, Deputy Under-Secretary of State, Foreign Office; Sir Leslie Rowan, Second Secretary, Treasury; Sir Edwin Plowden, Chief Planning Officer, Treasury; Sir Frank Lee, Permanent Secretary, Board of Trade; Mr. D. H. F. Rickett, Economic Minister, British Embassy, Washington, D. C.

For the United States:

Mr. John Foster Dulles, Secretary of State; Mr. Lewis W. Douglas, Alternate for the Secretary of State; Mr. George M. Humphrey, Secretary of the Treasury; Mr. Harold E. Stassen, Director for Mutual Security; Mr. Winthrop W. Aldrich, American Ambassador to the United Kingdom; Mr. W. Randolph Burgess, Deputy to the Secretary of the Treasury; Mr. Harold Linder, Assistant Secretary of State for Economic Affairs; Mr. Richard M. Bissell, Consultant to the Director for Mutual Security; Mr. Andrew N. Overby, Assistant Secretary of the Treasury; Mr. Gabriel Hauge, Special Assistant to the President.

$21,500,000 Chicago Bonds Offered by Bankers Trust Group

An investment group headed by Bankers Trust Company was successful bidder on March 10 for three new issues aggregating $21,500,000 of various purpose bonds of the City of Chicago, Ill. The group's bid named a net interest cost of 2.7036% for a combination of 1½% and 2¾% interest rates.

The successful group is reoffering $11,000,000 sewer and superhighway purposes 1½% non-callable bonds at prices to yield from 1.20% for those due Jan. 1, 1954 to 3.00% for the Jan. 1, 1966; $3,000,000 fire department equipment and house of correction 2¾% non-callable bonds at prices to yield from 1.20% for those due Jan. 1, 1954 to 3.00% for the Jan. 1, 1971 maturity, and $7,500,000 bridge, electric street lighting system and refuse disposal 2¾% bonds, due Jan. 1, 1970, optional, to yield from 1.60% for those optional on Jan. 1, 1955 to 3.00% for those due Jan. 1, 1970.

Late in the afternoon, on the day of the sale, the group manager reported that more than two-thirds of the bonds had been sold.

Among those associated with Bankers Trust Company in the offering are:

The Chase National Bank; The National City Bank of New York; Smith, Barney & Co.; Blyth & Co., Inc.; Harriman Ripley & Co., Incorporated; A. C. Allyn and Company, Incorporated; Salomon Bros. & Hutzler; Mercantile Trust Company, St. Louis; Goldman, Sachs & Co.; Paine, Webber, Jackson & Curtis; The First National Bank of Portland; The Illinois Company; Lee Higginson Corporation; A. G. Becker & Co., Incorporated; R. W. Pressprich & Co. and Equitable Securities Corporation.

With Paine, Webber

(Special to THE FINANCIAL CHRONICLE)

MINNEAPOLIS, MINN.—Edwin W. Fierke has become connected with Paine, Webber, Jackson & Curtis, Pillsbury Building.

Bache & Co. Adds

(Special to THE FINANCIAL CHRONICLE)

RALEIGH, N. C.—Jack Cussons is now with Bache & Co., 126 South Salisbury Street. He was formerly with Reynolds & Co.

Coburn, Middlebrook Add

(Special to THE FINANCIAL CHRONICLE)

HARTFORD, Conn. — John E. Hilditch is now connected with Coburn & Middlebrook, Incorporated, 100 Trumbull Street.

Securities Salesman's Corner

By JOHN DUTTON

Meet the Issue When Securities Decline in Market Value

If stocks always went up after you have recommended their purchase this would be a wonderful world indeed. But securities sometimes go down when you least expect a decline. Even if values later on assert themselves, if you sell a customer a security and a drop in market price takes place soon after you have sold it to him, or even if a decline follows at some later date, you are faced with a dissatisfied customer unless you have a talk with him. Some salesmen think they should duck the issue—this is the wrong way to handle such a situation.

Face Up to Facts

Assume you have sold a customer a good security, the value in your opinion was sound. Shortly after you sold it there was a decline in price of the stock or bond you recommended. Possibly it was due to something that was beyond *your* ability to foresee. What should be done? First of all, ask yourself is the security sound, is the outlook still good for this company? Make a checkup and find out the exact situation as near as you possibly can ascertain. Even if the company has met with unfavorable circumstances find out what effect this may have on the ultimate value and lay the facts before your customer.

Take this case. A good dividend paying stock for many years finally started to decline in price. Shortly before this decline began a salesman recommended the purchase of a substantial block of it to a new client who finally bought it upon the salesman's recommendation. After almost a year's work this salesman obtained a substantial order from this new account. After several weeks had passed the stock began its decline from around 34 to a price of about 28. The salesman was debating with himself whether or not he should take the initiative and talk to the customer or just keep quiet and let nature take its course. But being a wide awake sort of fellow he decided that neither course was going to work out too well.

He went to see the senior partner of his firm and he laid the case before him and asked him what he thought best. That was just the right thing to do. They had a talk about the whole situation and finally decided to ask the client to come in to see them.

This was the right approach. When the client was asked to come to the office the psychology was right. It eliminated the embarrassment that the salesman might have felt if he had gone to see the customer. He did not lose face. The second point was that the client was shown that he was appreciated, that his business was highly valued both by the salesman and his firm. He was asked to come to see the head of the firm and the interview was held in the partner's office.

Next and most important of all was that the client was told by the senior partner that the stock was sound, and why it was sound. The reason for the decline was explained. And in addition it was suggested that if the decline continued that a new level for further accumulation should be established. The client was completely sold on the integrity of this salesman, of the firm that sold him the stock, and was not at all displeased. In fact, he left an order for more of this same security at a price several points lower than the current market and decided to increase his holdings when and if he was advised to do so.

If this salesman had not faced the issue, if he had kept quiet, made excuses, or evaded, he would have very likely lost a customer. By using common sense and by facing facts, he made a better customer out of the one he might have lost. People don't mind losses in their stocks providing they know that they have bought good value and that the firm that sold them the security in the first place, knows what it is doing and shows an interest in them. If a security declines and it was a good investment at a higher price, there is always a good opportunity to buy more if it declines and intrinsic values remain promising. Know your facts and face them. Good customers will understand and work with you—the others are not worth keeping anyway.

Announce Three NASD Committees

WASHINGTON, D. C. — Carl Stolle, Chairman of the Board of Governors of the National Association of Securities Dealers, Inc.,

George Geyer Walter I. Cole

announces the membership of three Committees of the NASD:

Members of the Quotation Committee are: Chairman, George Geyer, of Geyer & Co., Inc., N. Y.; Paul E. Alm. Alm, Kane, Rogers & Co., Chicago; Albert C. Purkiss, Walston & Co., New York; Frank B. Reid, Fulton, Reid & Co., Cleveland, and Donald E. Summerell, Wagenseller & Durst, Los Angeles.

Members of the Legislation Committee are: Chairman, Walter I. Cole, Beecroft, Cole & Co., Topeka, Kansas; William C. Roney, Wm. C. Roney & Co., Detroit; Roy W. Doolittle, Doolittle & Co., Buffalo; George F. Noyes, The Illinois Company, Chicago, and William H. Potter Jr., The First Boston Company, Boston.

The National Uniform Practice Committee includes; Chairman, Harold C. Patterson, Auchincloss, Parker & Redpath, Washington; Henry H. Badenberger, Francis I. duPont & Co., New York; B. S. Kampert, Blyth & Co., Inc., San Francisco; Thomas M. MacDonald, Blyth & Co., New York; Guenther M. Philipp, Paine, Webber, Jackson & Curtis, Chicago, and Ralph W. Welsh, Robt. Glendinning & Co., Philadelphia.

Two With Eddy Bros.

(Special to THE FINANCIAL CHRONICLE)

HARTFORD, Conn. — Stanley Szemreylo and Jacob D. Weller have become affiliated with Eddy Brothers & Co., 33 Lewis Street.

Joins du Pont Staff

(Special to THE FINANCIAL CHRONICLE)

MIAMI BEACH, Fla.—Albert B. Cooperman has become affiliated with Francis I. du Pont & Co., 2809 Collins Avenue. He was previously with Bache & Co.

Continued from first page

As We See It

vanced at this or other similar meetings. Still less are we informed about what the position of our representatives was or is on any of them. It would be hazardous and perhaps harmful to guess about these things. The habits of politicians in the past, the inclinations of Mr. Churchill on previous occasions, and sundry rumors and events during the past few months, however, suggest that no harm would be done by listing some of the ways in which the problems now under study can not in the nature of the case be solved.

No Tinkering With Money

First of all, these basic infirmities of the current world situation can not be cured or even alleviated, but can only be made worse, by tinkering with currencies or with gold prices. A movement got under way in Europe some months ago looking toward action by the Government of the United States in raising the official price of gold. For a good while there was continuous discussion of the question in the more responsible British journals. A learned and respected American economist during these weeks delivered an address in Britain which was interpreted as doing a good deal to encourage the hope that this campaign might succeed. According to those actively sponsoring this idea in Europe, a substantial increase in the price at which gold might be sold in this country would go a long way toward solving problems of "convertibility" of currencies (particularly, of course, sterling) and providing a way in which foreigners fairly generally might obtain coveted dollars in larger amounts.

From this distance, the movement would appear to have lost a good deal of its momentum abroad, but the outward flow of gold from this country, which began with the first airing of these suggestions some months ago, continues, and as a matter of fact appears to be gaining further headway, and there is some reason to suspect that this idea of solving current problems by raising the price of gold may have been making some headway in influential quarters in this country.

It can do no harm for the American people to hear the truth about this matter in straight-flung words and few: Neither this country nor the world at large can gain anything solid and enduring by a course under which we exchange our goods and services for further additions to our already "superb redundance" of the yellow metal buried deep in the ground at Fort Knox, doing no one good and serving always as a source of potential inflation and future trouble. The price of gold (in dollars) was originally raised in the vain hope that in this way prices might be raised; now there are those who apparently believe that a further increase in the price of gold might be helpful when prices are generally regarded as too high! It is evidently not only "liberty," but also gold in whose name crimes are all too often committed.

How?

About the only specific remedy even hinted at in this pronouncement of the recent conferees is to the effect that the United States Government plans to encourage the flow of investment abroad. We, of course, do not pretend to know what the Administration is planning to do in an effort to encourage private investment of American funds in foreign lands. It may even be that the Administration itself is not yet very clear and definite on the subject. We can only hope that the authorities have not fallen victim to ideas which suggest that citizens of this country can be persuaded to send their funds abroad on the strength of governmental assurances of an unsound nature, or with the aid of subsidies, or as a result of other types of programs which ignore the real difficulties in the path of foreign investment—or that anything but harm could in the end come from efforts to promote international investment in this way.

There are many impediments to the flow of American investment dollars and American industrial activities and methods abroad. One of the chief of these is the utter unreliability of many foreign governments. The experience of American investors in Mexico some years ago, the more recent experience of British investors in Iran, and a long, long list of similar encounters all over the world are very serious deterrents. Precisely what this government or any Western government can do to alter the basic nature of this situation is not altogether clear at the moment, but the state of affairs is clear enough, as is the further fact that it is hampering the natural, normal and constructive flow of capital from country to country in this day and time. One need not be a defender of the imperialism of the past, either economic or political, to see and to admit that factors which naturally attract foreign capital to distant points often do not exist today, or are offset by factors working in the opposite direction. Nothing is to be gained and much may be lost by effort to get capital into these countries in defiance of these conditions. Somehow, either time or some other force must alter these basic conditions if the benefits to both lender and borrower of the migration of capital are to be realized.

Another hazard to be avoided with care is the thought that by further doses of our already oversize liberality to European countries (whether or not with additional tinkering with currencies or gold) can further economic progress in this world, or even in the favored countries. Here, too, current ills are fundamental in nature. Nothing short of fundamental treatment is likely to help.

The time has come to get down to fundamentals in all these matters.

Canadian Securities

By WILLIAM J. McKAY

The Canadian Minister of Trade, C. D. Howe, has released his estimates of new investment in Canada in 1953, in a 22-page booklet presented to the Canadian Parliament. The amount is placed at $5,421,000,000, which is inclusive of house building and other construction. This is a new peak, since it is an increase of nearly $300,000,000 over 1952. The expected investment increase is, however, short of the $550,000,000 increase in 1952 and the $750,000,000 increase in 1951.

C. D. Howe

Mr. Howe predicts a large outlay for expansion in trade, finance and commercial enterprises, as well as mining and oil drilling. Housing, hospital, university, church and other institutional construction will also be greater. However, declines are predicted for agriculture, fishing and other primary industries as well as manufacturing. On the other hand, investment by various provincial and local governments would be higher.

This 1953 investment forecast, if fulfilled, would raise total investment in Canada since the Second World War to $30,000,000,000. The estimates are based on questionnaires sent to industry asking for investment intentions during each year.

Minister Howe's estimates show that a peak $3,432,000,000 is being planned for new construction in the current year, up from $3,157,000,000 in 1952. Investment in new machinery and equipment is expected to reach $1,989,000,000, up from $1,965,000,000 last year.

"A capital expenditure program of this magnitude would absorb about 23% of the gross national production expected in the current year," Mr. Howe states. "This proportion, too, is a record for the postwar period."

A breakdown of the investment forecast shows:

(1) Investment in new house building is expected to jump to $981,000,000 in 1953 from $850,000,000 last year.

(2) Utilities, the investment leaders, plan a $1,143,000,000 expansion, up from $1,097,000,000 in 1952.

(3) Investment by governments will increase to $788,000,000 from $778,000,000.

It is expected that much of the new investment will come from Canadian sources. According to Finance Minister Abbott, the prime purpose of increasing the exemption of dividends on stock in Canadian corporations from 10% to 20% was to encourage more investment by Canadians in their internal securities.

In an address over the Canadian Broadcasting Company's network, the Finance Minister suggested his 1953-54 budget opens the way for further tax cuts. He stated the budget was aimed at giving relief in directions that would "contribute to a further expansion of output and in this way lay a sound basis for more tax reductions in the future."

Mr. Abbott said the tax relief of all kinds in his budget "adds up to a tidy sum for all Canadians" and also resumes the "steady march" of tax reductions reversed by the Korean outbreak.

"A year ago taxes were reduced by $146,000,000 a year," he said. "This year I have proposed further reductions totaling $367,000,000 a year.

"This makes the very substantial total of $513,000,000 of tax reduction in two years and still enables us to carry our proper share of the costs of collective defense.

"This is . . . record of which we can all be proud, but those of us who have consistently supported the policies on which it has been based are perhaps entitled to a special sense of satisfaction."

The increase of the exemption on dividends received from Canadian corporations does not go by without opposition, however. Speaking in the Canadian Parliament on Feb. 24, James M. Macdonnell, the opposition party's financial critic, said it would benefit only those with large incomes.

He added, also that not many of those who will get little if any benefit from the income tax reductions will benefit from the concessions to investment income.

"I do not think we need assume . . . that any of them is trudging down to open safety deposit boxes to see his preferred shares or to calculate how much relief he is going to get on his preferred income," he said.

Mr. Macdonnell worked out the case of a hypothetical Canadian having two children, no earned income, but an income of $8,000 from share dividends. This man would pay no tax at all now, he claimed.

With Thomson, McKinnon

(Special to THE FINANCIAL CHRONICLE)

ST. PETERSBURG, Fla.—James B. Heller, Jr. is now connected with Thomson & McKinnon, 340 Central Avenue. He was formerly with Eisele & King, Libaire, Stout & Co.

Commercial Credit 3½% Notes Offered

Public offering is being made today (March 12) of $30,000,000 of 3½% notes of Commercial Credit Co., due 1965, and priced at 99%, by a group of underwriters headed jointly by Kidder Peabody & Co. and The First Boston Corp. The notes will constitute part of the superior indebtedness of the company and are redeemable at prices decreasing from 101½% if redeemed on or before May 31, 1954, to 100% if redeemed after May 31, 1961, together in each case with interest accrued to the redemption date.

Proceeds from the sale of the notes will be used to increase or maintain the working capital which in turn may be used for the purchase of receivables in the ordinary course of the financing activities of the company and its subsidiaries, or initially may be applied to the reduction of short-term loans.

The business of the Commercial Credit Co. consists primarily of specialized forms of financing and insurance. In addition the company has acquired several manufacturing companies, producing a wide variety of products, in order to employ funds and credit made available by the decline in volume of the financing business resulting from World War II. The financing activities of the company and its subsidiaries consists of acquiring instalment obligations, deferred payment obligations, and accounts receivable.

Muckerman on Trip

William J. Muckerman, who is associated with Edward D. Jones & Company, will fly on Friday, March 13, from New York to Zurich, Switzerland. He will spend about three weeks there on business and pleasure.

Draper, Sears Adds

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Royce H. Randlett has been added to the staff of Draper, Sears & Co., 53 State Street, members of the New York and Boston Stock Exchanges.

Joins Louis A. Vila

(Special to THE FINANCIAL CHRONICLE)

WESTMINSTER, Colo. — Edward L. Price is now associated with Louis A. Vila, 7618 Raleigh Street.

Mutual Funds

By ROBERT R. RICH

KEYNOTING the opening session of the Second West Coast Mutual Fund Conference in Los Angeles, Kenneth Gaston, Chairman of Group Securities, Inc., advised fund dealers to render a professional service based on an analysis of investors' varying needs. Only by being "managers of money" rather than "merchants" would the fund industry, in his opinion, realize its enormous potentialities.

"Income, stability and appreciation are the usual investment objectives," Mr. Gaston stated, "but to a considerable extent, the farther you go in any one of these directions the more distant you get from the others. No one mutual fund can possibly fit the needs of all customers, since each customer will have his own particular ranking of the importance to him of these three objectives."

"The most cruel fact about investing of which we old-timers are acutely aware is that stock prices do not move in straight lines but up and down in great cycles. The kind of fund that is right for a given client may also depend upon where we are in the cycle."

Mr. Gaston stated that in 1952 total savings of individuals amounted to approximately $20 billions, of which mutual fund sales of over $700 million represented only 3½% in the biggest year the mutual fund industry has had. Citing this room for growth, the speaker cautioned against "failure to deliver what has been sold" and thus possibly causing a serious setback in public esteem such as other branches of the financial world have met with in the course of their development.

"Men who have been permanently successful in the retail investment business," Mr. Gaston stated, "have always endeavored to fit the customer, and explain the nature of the securities sold. They have used the professional approach. The customer is satisfied only when results are what he has been led to expect—which means that he has been fitted with the right kind of mutual fund for him, properly labeled and adequately described."

A NEW ARRANGEMENT for collaboration between scientists and investment analysts in the managing of Diversified Funds, Inc.—$49,000,000 mutual fund investment company—was disclosed today.

A recently formed board of technical consultants will add highly specialized scientific and technological knowledge to the investment management service of Hugh W. Long and Company, advisors to the three Diversified mutual funds—Diversified Growth Stock Fund, Diversified Investment Fund and Diversified Common Stock Fund.

Members of the board of consultants announced thus far are:

Dr. Walter S. Baird—President and Director, Baird Associates, Inc., Cambridge, Mass. Dr. Baird's primary interests are in physical optics, in the use of light waves for the analysis of matter and the control of industrial processes. His company's operations extend also into the field of electronics.

Dr. J. E. Jonsson—President and Director, Texas Instruments, Inc.; Chairman of the Board, Geophysical Service, Inc., Dallas, Texas. Mr. Jonsson's companies are engaged in subsurface explorations for oil and gas and in the manufacture of electromechanical instruments for that purpose and for aeronautical electronics.

Stanley Platt Lovell—President and Director, Lovell Chemical Co., Watertown, Mass.; Director, Raytheon Manufacturing Company and National Research Corp.; former Director of Research, Office of Strategic Service. Mr. Lovell's principal interests currently are in the fields of biochemistry, plastics and synthetic finishes.

Dr. Cyril Stanley Smith—Professor of Metallurgy and Director, Institute for the Study of Metals, University of Chicago; formerly research metallurgist with the American Brass Co., and Associate Division Leader in charge of metallurgy at the Los Alamos Laboratory (atomic bomb project). Dr. Smith's principal interests currently are in research and development in the field of metallurgy.

In stressing the significance to the modern investor of this new team-work, Mr. Long said: "Understanding and appraising developments in science and technology are as important in the management of investments as those developments are to the progress of industry. American industry today employs one engineer for every 60 production workers. Research is the life blood of many growing companies, some of which spend between $5 and $10 of every $100 of sales in developing and improving products and methods. The investor's future is the future of industry. The Funds' shareholders have at work for them not only a fully-staffed investment group, but also distinguished consultants who can help to give us a sound insight into the technological future."

THE FORMATION of an advisory council on profit-sharing retirement plans was announced on Wednesday by Hayden, Stone & Co.

The council consists of organized teams thoroughly experienced in the investment, legal and actuarial phases of profit-sharing and pension work. It will function to provide expert assistance to commercial and industrial concerns in the establishment of retirement plans for their employees.

This service is believed to be the first of its kind to be established by an investment banking firm.

SHAREHOLDERS of Group Securities, Inc., were told in the current dividend letter that "It is possible that the necessary economic adjustments may develop industry by industry and over a period of several years rather than all at once, in which case general business activity and employment might remain high and our economy as a whole may be only mildly affected. Until evidence of such a "rolling" adjustment is more conclusive than at present we continue to favor conservative investment policies."

NEW SALES charges on volume orders of $50,000 or more in Wellington Fund became effective March 10. Under the new rates the sales charge to investors on Wellington Fund orders of $50,000 to $99,999.99 is 4%; and on orders of $100,000 or over it is 2¾%. Wellington Company in a memorandum to dealers said the change is designed to increase the attractiveness of Wellington Fund shares to large individual and institutional buyers, and to produce—it is hoped—a substantial volume of sales in this area. The new schedules do not affect the sales charge or dealers' concession on orders under $50,000.

ADMISSION OF George Putnam, Jr., as a partner has been announced by The Putnam Management Company, investment manager of The Putnam Fund of Boston, a balanced mutual fund with total assets of over $63,000,000.

Mr. Putnam was previously a member of the investment research department of The Putnam Management Company and is a director of Spray Engineering Company. He is a graduate of Harvard College and The Harvard Business School, and served with the Air Force during World War II.

THE APPOINTMENT of Carel van Heukelom, widely-known in the international as well as the New York investment banking field, as representative in New York City for Television-Electronics Fund and Hudson Fund was announced here today by Paul A. Just, Executive Vice-President of Television Shares Management Co. and Hudson Fund Distributors, Inc., respective

I. D. S. Starts Own Pension Plan

Establishment of a pension plan incorporating both fixed and fluctuating retirement benefits for employees of Investors Diversified Services, Inc., was announced by Earl E. Crabb, Chairman and President. The plan became effective as of Dec. 31, 1952.

Adopted after extensive study of possible methods of gearing retirement allowances to fluctuations in the cost of living, the I.D.S. plan will invest contributions in both fixed-return and fluctuating return securities.

I.D.S. employees after becoming eligible will contribute 3% of their annual salary over $3,600. All employee contributions will be invested in face-amount certificates issued for the Plan by Investors Syndicate of America, Inc., a wholly-owned subsidiary under management of I.D.S.

The company will contribute for both past and future service of eligible employees. All of the company's contributions for future service will be invested in shares of Investors Stock Fund, Inc., a mutual fund which invests its assets principally in common stocks and for which I. D. S. acts by contract as distributor and investment manager. Half of the company's contributions for past service also will be invested in Stock Fund shares, and the other half will be invested in I. S. A. certificates. The investments in Stock Fund shares are designed to produce a variable retirement allowance keyed to the variations in the cost of living.

An even number of Stock Fund shares will be liquidated each month during each eligible employee's retirement period, normally 14 years. Funds received from the redemption of these shares at their then prices, together with such dividends as may be earned by the shares remaining in the employee's account, will be used to pay a fluctuating income benefit, to supplement the fixed-income benefit derived from the I. S. A. certificates accumulated in his behalf.

fund sponsors. Mr. van Heukelom will make his headquarters at 115 Broadway, New York City. He will continue to represent both Funds abroad.

It was through Mr. van Heukelom's efforts that Television-Electronics Fund became the first American open-end mutual investment company to be qualified by the Netherlands Bank since World War II. Trading of the Fund's shares on the Amsterdam Stock Exchange began on Aug. 21, 1951.

Mr. van Heukelom is a native New Yorker and a graduate of Browning School. He completed his education in England and Switzerland. He formerly was a partner in Andre de Saint-Phalle & Co. of this city and prior to that was associated with leading banking houses in Amsterdam, Berlin and London.

During World War II he served as a Captain in the United States Air Force and subsequently was appointed finance and liaison officer on the SHAEF Mission to the Netherlands.

THE REPORT of The Equity Corporation for the year ended Dec. 31, 1952 shows net assets at that date equivalent to $182.41 per share of $2 convertible preferred stock (preference in liquidation $50 per share and accumulated dividends), and $3.62 per share of class A and common stocks.

These are the first published figures since the merger on Nov. 3, 1952 of The Equity Corporation and First York Corporation.

AMERICAN BUSINESS SHARES is operating now under a new schedule of sales charges and dealer concessions. Sales charge ranges from 6.25% to 2.25%, and dealer concession ranges from 2.25% to 2%.

INVESTMENT ASSETS of Tri-Continental Corporation, the country's largest closed-end investment company, increased to $170,732,783 on Dec. 31, 1952 and were the largest in the corporation's history. This record level represents an increase of 10.1% from $155,130,268 a year earlier.

Year-end net assets were equivalent to $25.69 per share of Common Stock, a gain of 15.9% over the $22.17 per share reported at the close of 1951. The report shows asset coverages of $9,261 per $1,000 principal amount of Debentures outstanding and $364.10 per share on 383,703 shares of $6 Preferred Stock. Comparable figures for 1951 were $8,440 and $327.92, respectively.

Investment income increased to $6,943,892 for 1952 from $6,476,214 pro forma for the preceding year. Reflecting this increase, dividends totaling $1.04 per share were paid on Tri-Continental common stock in 1952 as against 95 cents per share in 1951.

An important factor in Tri-Continental's favorable results for 1952 was the showing made by its wholly-owned securities underwriting and distributing subsidiary, Union Securities Corporation. That company had an excellent year in 1952 and reported net earnings of $4,035,281 as compared with $831,716 for 1951. All of the company's operations were profitable, but a substantial portion of the increase in 1952 income resulted from the sale of an interest which was acquired several years ago and required extended holding to realize the potentialities of development and profit. Union Securities paid dividends to Tri-Continental in 1952 equivalent to $500,000 as compared with $360,000 in 1951. The 1952 dividend brought total payments for the period of a little over 14 years since Union Securities was organized, to $2,460,000 as compared with $2,000,000 of capital paid in to that company by Tri-Continental.

Will-o-the-Wisp

"Doubtless, one of the major reasons underlying the marked shift back to credit buying since 1945 has been the gradual depletion in terms of purchasing power of the huge store of liquid assets built up during World War II by families which normally buy on credit. Since the end of the war, rising prices have cut the purchasing power of consumer holdings of cash and government securities by about 15%.

"At the same time, unit purchases of consumer durables have apparently increased about 20%. Thus, as a revolving fund to finance consumer purchases, liquid assets have declined significantly, and the gap has been filled by the use of installment credit."—The Conference Board.

If only the public could fully and always realize that such inflationary funds as these always tend to vanish—or, at least, their command over goods does—when effort is made to use them!

Perhaps, some day we shall refrain from pursuit of this will-o-the-wisp.

Trade, Not Aid Program Basic to Mutual Security

Milton D. Thalberg, machinery importer, says increased trade among members of common defense community will contribute importantly to efforts of free nations to achieve lasting peace.

According to Milton D. Thalberg, President of the American Association of Machinery Importers, the economic basis of mutual security is not appreciated by the general public. Mr. Thalberg made a plea for greater understanding of this relationship in a speech delivered on Feb. 25 at a meeting of the Association held in its headquarters in New York City.

Milton D. Thalberg

Definite progress has been made in clarifying common objectives of the free world, Mr. Thalberg declared, pointing out the substantial agreement that exists in political, military and cultural matters. These understandings must be furthered, he said, to insure an increasing measure of freedom. He cautioned against any relaxation of the common effort, contending that the maintenance of security requires an understanding of interdependence.

In this connection, Mr. Thalberg cited the State Department publication, "Together We are Strong." He characterized the booklet as a "highly commendable and thoroughly competent explanation of the role of international commerce in determining the standard of living of the average American and our relative security as a nation."

He endorsed in particular the following quotation from the publication: "The pursuit of mutual security through mutual strength is . . . the keystone of the broad foreign policy which the United States and other free nations have adopted as the surest road to lasting peace."

The economic means of accomplishing these mutually desirable ends will require an alert competence and a thoroughly enlightened appreciation of their own best interests from the members of the business community throughout the free world, according to Mr. Thalberg. Since the old theories of mercantilism, economic imperialism and isolation have demonstrated their lack of utility in the modern world, he explained, there has been a growing realization that commercial policies and techniques must result in the mutual benefit of the parties concerned.

"An increase in trade among the members of the common defense community will have the immediate and obvious benefits of raising our own standard of living by relieving the American taxpayer of the cost of direct aid to our less prosperous neighbors," he said. "This will increase our own domestic efficiency by permitting concentration upon those products that we produce better and cheaper than any other nation and permit us to enjoy the fruits of our neighbors' best efforts at moderate costs."

Government and industry leaders are aware of the merits of the plan, Mr. Thalberg said, citing the recent endorsement of the "Trade Not Aid" idea by Secretary of State Dulles, Henry Ford 2nd and John S. Coleman, head of Burroughs Adding Machine. The general public is still saddled with prejudices that had their origin in the early days of the industrial revolution and have been nurtured by high-powered lobbying groups, Mr. Thalberg declared.

To combat this influence, which represents a threat to the attainment of true security in the free world, Mr. Thalberg urges a continuing support for the "Trade Not Aid" program on the part of the nation's leaders and the issuance of more such educational publications as the booklet produced by the State Department. By making the general public aware of the benefits to be obtained by the operation of a free international economy, a hastening of the attainment of peace and security could be realized, the Machinery Importer President, said.

Two With Waddell & Reed

(Special to THE FINANCIAL CHRONICLE)

MINNEAPOLIS, Minn.—Leo W. Winkels and Robert J. Tessmer have been added to the staff of Waddell & Reed, Inc., Metropolitan Bank Building.

Two Join Langill & Co.

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — Peter J. Feil and Thomas M. Langill have become associated with Langill & Co., 134 South La Salle Street, members of the Midwest Stock Exchange. Mr. Feil was previously with First National Bank of Chicago; Mr. Langill was with Shearson, Hammill & Co.

Public Utility Securities

By OWEN ELY

Utility "Growth Companies"

In the hectic bull market of 1922-29 utility stocks were a favored group, due to the ideas, "growth" and "leverage." The growth idea has worked perfectly, with total annual kwh output of all public and private plants now over 10 times that of 1921. But stockholders have been unable to "cash in" on this great growth because utilities are regulated, and regulation (both Federal and state) has been much more severe under the Democratic regime at Washington than it had been in the earlier days. Now that the Republicans are back in power there should be some easing of the extreme pressure against utilities at Washington, which in the past has been reflected in many of the state capitols. Such a statement perhaps calls for detailed explanation and clarification, but space cannot be devoted to the topic in this article.

The second idea, that of leverage devices by which common stock profits could be highly pyramided, was also doomed to disappointment since the many tiered holding company structures of the 1920s came tumbling down, either in reorganization or by eventual order of the SEC under the Public Utility Holding Company Act of 1935.

During the past year or so the market has been witnessing a mild revival of the old idea of utility "growth" stocks. Some of the growth companies have apparently adopted a policy of low payout, perhaps on the assumption that the stockholder will eventually benefit by liberal plowback of surplus earnings. Thus many of these stocks are now selling at yields of 4-5% compared with yields of 5½-6½% available elsewhere in the utility list. In other words holders of these stocks now seem more interested in appreciation possibilities than in yield, and where the stocks are available at reasonable price-earnings ratios this attitude may be justified, since share earnings may continue to gain as long as the expansion program continues. (This assumes a continued lenient attitude by state commissions with respect to rates.)

The most popular growth stocks seem to be those in the south, particularly in Texas where there is no state commission. While the Pacific Coast has also enjoyed a very rapid growth in business, until recently this has been pretty much cancelled out by droughts affecting hydrogeneration, by severe utility regulation in California, and by public power competition in the northwest. A few utilities in other areas, especially Long Island Lighting, have also reflected rapid growth in their areas.

The accompanying table lists some of the principal growth companies (as measured by the postwar gain in revenues) with approximate yields, price-earnings ratios, etc., based on recent round-figure prices. The historical growth percentages are merely intended as illustrative and would be subject to much detailed explanation and analysis if accuracy were intended.

Whether these stocks can continue to advance marketwise seems dependent on (1) whether they have fully discounted the "growth" idea in investors' minds, and (2) whether they can show earnings gains after dilution due to new equity financing, etc. To what extent will investors ignore low yields, and what price-earnings ratios will they be willing to pay in future for these issues? It should be pointed out that many of these "growth" companies emerged a few years ago from over-capitalized holding companies. The SEC did an excellent job of recapitalizing them, eliminating write-ups, and injecting fresh equity capital. In the beginning these stocks were probably adversely affected by the market record of the parent holding company securities, prior to its dissolution. Their market seasoning, with resulting increases in the price-earnings ratios, tends to exaggerate their "growth" record. This factor should be kept in mind in appraising future appreciation potentials. In other words the rate of gain (if it continues) should taper off in future, as compared with that of recent years.

Area Served and Company	% Incr. in Rev. 1945-51‡	% Incr. in Price over 1936-51†	Approx. Yield	Price-Earns. Ratio
Middle Atlantic—				
Long Island Lighting	105%	80%	5.0%	15.7%
Central Industrial—				
Consumers Power	110	32	5.4	14.0
Cincinnati Gas & Electric	110	82	5.0	14.3
Southeast—				
Southern Company	96	88	5.0	13.6
Florida Power & Light	120	123	4.2	13.4
Florida Power Corp.	133	100	4.6	14.4
Carolina Power & Light	121	62	4.8	13.5
Tampa Electric	108	194	5.1	15.9
South Central—				
Middle South Utilities	100*	100	4.6	14.7
Houston Light & Power	97	150	4.0	14.0
Southwestern Pub. Serv.	128	1,510	5.5	14.2
Rocky Mountain—				
Pub. Serv. of Colo.	104	167	4.4	14.6
Idaho Power	110	92	4.4	16.8
Mountain St. Power	120	466	4.9	14.9
Pacific Southwest—				
California Oregon Power	107	37	6.2	15.4
Approx Av. all El. Util.	67%	--	5.5%	13.7%

*Electric revenues only.

†Earlier price adjusted for split-ups. Many of these issues were not outstanding during the entire period 1936-51, and the stocks might have been obtained more cheaply by purchase of securities of the original holding company.

‡Not adjusted for sale or acquisition of properties, or for changes in rates, etc.

Continued from first page

The Outlook for Business

is likely to be offset by much larger military expenditures, road building, and public and institutional construction than in the 1947-48 period.

While it seems inevitable that business and prices will decline from their prevailing high level, it also seems probable that the country will enjoy an extended period of satisfactory and profitable business, and that the purchasing power of the country will rise. I base this statement on high volume of sales, but not record sales; better operating margins and declining taxes. There are the daily needs of a large population with a high level of wages and income; a large replacement market for the semi-durables; and the new products and services to sustain a high level of business. A slow but extended decline in the general price level together with declining taxes, means that John Q. Public will have more money with which to acquire the things he and his family cherish.

What are the factors that will sustain a high level of profitable business for months and years hence? I think they are:

(1) *Increasing Population* on a high income level.

(2) The *new $40 Billion Defense Industry*.

(3) The *largest replacement market* in our history.

(4) The living requirements of approximately 2.4 million more people a year; a sizable step-up in *highway, school and hospital construction;* and, by prewar standards, a large volume of *plant expansion.*

(5) *New and Improved Products,* especially from the Chemical and Electrical Industries.

(6) The insatiable desire of the American people for an *everlasting standard of living*, and

(7) *Our democratic form of government.*

Our population has increased 30% from 121.5 million as of July 1, 1929 to about 158 million at the beginning of this year. It is increasing by slightly more than 200,000 a month. In those 24 years, many changes have occurred. First, there was the great depression with almost a decade of reduced per capita production. Then World War II, when the production of almost anything nonessential to the war was prohibited. For the past 32 months, civilian production has had to defer to defense production.

The past 24 years has been a period of greatly expanding government, and rising taxes. A peak for those trends has probably been reached. The non-agricultural part of the country has changed to a five-day week, and a high wage scale. Now there is an extra day for leisure, spending, play and exploration.

The average weekly wage was $25.03 in 1929, and about $69 last year. Adjusted for the 35.8% decline in the value of the dollar, true industrial wages are 77% higher now than then.

In 1929 the disposable personal income amounted to $82.5 billion, and personal savings to $3.7 billion. Last year, these figures approximated $240 and $24 billion, respectively. If adjusted for the 35.8% decline in the value of the dollar, and the 30% increase in population, 1952 disposable personal income amounted to $118.5 billion, and personal savings to $11.8 billion. 1952 per capita spendable funds were 43.6%, and per capita saving 218.9% greater than in 1929.

Durables, Semi-Durables, Nondurables

Manufacturing is usually divided into durable, semi-durable and non-durable groups. Durables are factories, office and institutional buildings, theatres, dwellings, highways and bridges, ships, railroad locomotives and other equipment. Semi-durables are things that last a long time, but wear out and, usually, are replaced in a period of five to ten years. The things we consume from day to day are the nondurable. We replace clothing, automobiles, house furnishings and appliances according to usage and our ability to pay.

There have been a large number of new factories and facilities created for war and defense production, and many new dwellings. Yet there have been few new office buildings, hotels, schools and hospitals constructed. Road building and highway construction has been held back for 12 years by restrictions and shortages of material and labor. It is estimated that about $40 billion is required for highway modernization. There seems certain to be a change in the composition of the production of durables and semi-durables, but not much decrease in total output. However, there will be a large volume of new industrial facilities created. On a per capita basis, we have no more plant and equipment now, than in 1929.

While there has been a great deal of construction for the military, some of the construction for civilian production has been to replace obsolete plants. Ford recently announced a $500 million program for expanding facilities. DuPont will have spent about $880 million for capital expenditures between 1945 and the end of this year. Larger average capital expenditures are planned for 1954 and 1955. Though General Electric has spent about $650 million for new plants and facilities in the past eight years, it will be more than three years before its present plant expansion program is completed. There are many similar programs. The management of these firms must have confidence in their ability to continue to increase sales over present levels.

There is an indication of future business in the record of Steel Ingot production. The following figures are per capita output in pounds:

1900	300 pounds
1910	633 "
1920	866 "
1930	741 "
1940	1,015 "
1950	1,277 "

Per capita ingot output has increased about 300% in 50 years. Total production, in contrast to per capita output, was larger for each tenth year than for the preceding tenth year. These figures mean that the country has continually found new uses for steel. Though we completed the expansion of railroad trackage, and reduced railroad car requirements in terms of passenger and ton miles, we created new products requiring steel. As long as such a basic industry can continue to grow, industry generally will continue to grow, and the standards of living continue to rise.

There is likely to be a levelling off in the production of semi-durables, with the exception of new products, where growth is pronounced, such as aircraft, air conditioning, television, et cetera.

In the past 24 years, many new products and services have become every-day necessities. Among these are the automatic gadgets for the home, frozen foods and air transportation. Railroads have become largely dieselized, the farm highly mechanized. Fertilization materially increases output per acre. Scientific feeding increases egg and milk production, and shortens the time necessary to fatten animals for the market. People use vitamins and antibiotics, extensively.

The Large Replacement Market

In the well established products, the replacement market is much larger than it has been in the past. For example, there were 26.5 million privately owned motor vehicles registered in 1929. Now there are approximately 50 million, including publicly owned vehicles. Think what this means in terms of vehicle, tire and parts replacements. It is difficult to believe that between government, business, and privately owned vehicles (cars and trucks) that less vehicles will be produced on average in the next ten years than the 5.3 million produced in 1929.

The same replacement market exists, but at a lower rate, in refrigerators, washing machines, vacuum machines, toasters, and the other household appliances that now are commonplace.

In addition to the replacement market, the mounting number of units require more service in the aggregate. Each substantial increase in the number of automotive vehicles on the road means more highways, more gas and oil and more servicing. The production of food and other consumer products is likely to parallel the growth trend of the population.

New Products

I have alluded to the significance of new products in the business picture. Among these new products are petro-chemicals, synthetic rubber, man-made fibers, plastics, magnesium, plywood, freezers, anti-biotics, air conditioning units, synthetic detergents, Diesel-Electric locomotives, truck trailers, aluminum, gypsum board, paper board et cetera, to name a few.

Half or more of the sales of our leading chemical companies are in products that have been marketed only in the past 10 years. It is nothing for these companies to double their dollar volume of sales in less than 10 years. Due to new product, a du Pont is almost certain to be turning out far more units and tons of products by 1960 than in any year thus far.

There are three new fields that hardly existed in 1929. They are (1) Modern Air Transportation; (2) Electronic Devices and Application; and (3) Atomic Energy. Air Transportation has slashed time and obliterated barriers. Cutting time is a form of cutting costs. Obliterating barriers means tapping new and virgin markets. The airplane travels coast to coast in less than 12 hours including a stop in Chicago. The fastest trains require 56 hours not including an eight hour layover in Chicago. It takes 13 hours to fly from London to New York as against about 100 hours by fastest boat; 30 hours to Buenos Aires in contrast to about 30 days by boat. Within a year the new planes with compound engines will be shortening these schedules about 15%. Air transportation means that people, mail and cargo can go and come in a fraction of the time formerly required. It means that a man and his firm can transact business in every section of the country and in many sections of the globe that were inaccessible heretofore.

The airplane has made distant points quickly accessible, as the automobile and concrete highway made the farm and city accessible to each other. You pick up an extra day by flying to and from New York, Texas, Colorado et cetera. This means you have an extra productive day, and occasionally two or more days for business or vacation. Think what it means to future American business to be able to reach and help develop the natural resources of what have been inaccessible areas of the continent and globe. The furthermost point of South America is less than two days by air from San Francisco, Denver, Chicago or New York. Men, machinery and medicine are now flown into places that lack other forms of modern transportation.

The fast, low cost air transportation means that people of moderate means can vacation in distant parts of the country and across the seas. Air transportation has made it possible for people with limited vacations to visit Florida and other distant points. More people will travel to Europe this year than ever before. The development of air transportation means as much to business as did the development of rail transportation.

Electronic Devices

Electronic devices and applications have incredible possibilities. The very rapid growth of radio reception occurred in the '20s. I clearly remember listening on a head set to Anna Case sing the inspiring Star-Spangled Banner at the opening of the Republican National Convention at Cleveland in 1924. Two or three years later, I was in the heart of the Rocky Mountains, where a telephone pole was a sign of civilization, and listened to one of my favorite programs being broadcast from New York. Radio had eliminated another barrier between urban, rural and inaccessible areas. People who waited a day to a week for their newspaper heard their news and weather reports at the moment it was broadcast from the nearest metropolis. A running account of the spectacular events of the day, and entertainment from New York and Hollywood was heard simultaneously in every nook and corner of the country.

By 1928 nearly every home had one or more radios. Now about 10 million sets a year are being bought for new automobiles, and to replace sets that have worn out.

I suppose that the telecasting of the 1948 political conventions was comparable to the broadcasting of the 1924 conventions. In 1946, a few thousand small screen TV sets were turned out. This year five to six million large screen sets will be made and sold.

Two years ago the completion of the microwave relay between Omaha and San Francisco made possible the sending of live shows from coast to coast. The lifting of the nearly three year old ban on the licensing of new Telecasting stations less than a year ago meant the opening of new and virgin markets to set manufacturers for the next three years. By 1955, color telecasting and reception should be as established as the large screen now is. That means a complete new start for the set manufacturers.

The average factory price of present sets (table models and consoles) is about $150. Initially the color receiving set is likely to be priced at about $250, and then gradually decline in price from year to year. The television set part of the industry, alone, which did not exist in 1945, is doing a business in excess of $750 million a year at the factory. The advent of color should, eventually, mean an annual factory volume of $1.5 billion. When, in a lush year, the public buys the combination sets—color TV, radio and hi-fi phonograph, the TV set end of the industry should be in the $2 billion class. People in the industry say that the possibilities for industrial users of TV are unlimited.

By the time 36 million homes have one set in the living room, and many homes a spare set in some other part of the house for the children or the husband, there should be an annual replacement market for at least 4 million sets. The TV industry is likely to produce as many units per year from now on as the number of units the auto industry turned out in 1929. When it sells the color-combination sets in volume, dollar sales are likely to compare with dollar sales of Chevys, Fords and Plymouths in 1933, when those cars retailed between $600 and $750. Literally, radio, TV and air transportation have given us *the magic carpet,* and most of it in the past seven years.

Probably no one can tell all of the possibilities inherent in electronics. Some of the present applications give us an idea of its possibilities, for example, the dialing of a telephone.

The dialing of a set of numbers starts in motion a series of electrical impulses that almost instantly rings the number called. Dialing has materially lessened the time required to make a call, and has greatly reduced the need for operators. The method used in Long Distant dialing is about four times as fast. Now, in a matter of seconds, a connection can be made with any big city. The saving of time means that existing facilities can handle many more calls. This is one of the reasons the cost of long distant calls has been declining and is low. The increasing convenience and savings of time are the reasons the telephone company has never been able to build ample, modern facilities.

The expansion of public utility facilities will run into hundreds of millions of dollars a year for many years to come.

The electronic principle that made dialing possible has resulted in innumerable automatic controls — servo-mechanisms — for almost every purpose. Electronic devices take airplanes off the ground, fly them thousands of miles, and land them safely on exactly the right spot on the runway. The radar screens in our fighter planes pick up the invisible flying enemy 100 or more miles away, and automatically fly the plane to its flying target.

Electronic computers literally think, and in doing so solve in minutes mathematical problems that require tens of thousands of man hours. The new computers greatly reduce the preproduction engineering time required in the development of a new plane. In business machines, electronic devices are eliminating far more time than the fastest airplane saves over any other form of transportation.

The well-run American businesses have always endeavored to improve their methods and products, to create new products and to tap new markets. We are a great engineering and research nation. This program of progress has been continuous but due to government, unfriendly to business, high taxes and the restrictions of the war economies, many new products have not been marketed or fully perfected. As sales become more competitive, and materials are freely available, new products should become an increasingly important factor in the economy.

The Wealth From Power

Water power gave us wealth. Steam power created more wealth. Then we developed electric power, and the power of the internal combustion engine. In the past ten years we have developed atomic power. Each new form of power has created additional wealth. Atomic power should be no exception.

There is one great difference between the productive ability of 158 million U. S. citizens, and the same number of Russians, Chinese, East Indians, or any other nationality. It is in the tools, facilities and machinery; the communication systems; transportation; productive, research and creative facilities — in the ability to mass produce. Our form of government encourages individual initiative and technological progress.

Business has created the facilities and tools for mass production at low cost, with the result that the average American worker, or farmer, produces far more units (wealth) per day than other nationals. His share of that wealth enables him to buy more food, shelter, clothing, services, luxuries, et cetera, than others.

Our creative force compounds itself and in every probability it is certain to create more business in the next ten years than in any previous peacetime decade in our history.

The New Defense Industry

We have been forced to add a defense industry to our civilian economy. It was started in July, 1950, and is expected to reach its peak late this year, at an annual rate of about $54 billion. By the last half of 1955, defense is expected to level off at $40 billion, annually.

Under the most favorable circumstances, future defense expenditures will be much greater than they were in 1947-48 when the FRB Index averaged about 190. The defense program is necessary as long as any major nation threatens the peace of the world. Defense is another bulwark to the business economy.

I believe we will bring the Korean conflict to a successful termination within 18 months or less. It is a question of the will to win, and giving the responsibility of achieving victory to capable military men.

We have the air force, navy, troops and weapons to achieve victory in Korea as we achieved victory against much greater odds in Germany and Japan. Since then, we have spent many billions of dollars in developing the atom bomb that we did not hesitate to use at Hiroshima. If it is not an effective weapon, why have we spent so much money in its development? If it is an effective weapon, must we sacrifice hundreds of thousands of our young men, prolong the war and jeopardize victory because the atom bomb is too dangerous to use. I am positive of one thing. It is dangerous to lose any war.

War is a question of logistic superiority, rather than the numerical superiority of troops. If this were not true, the largest populated nations would rule the world.

A just cause, well trained men, plus adequate logistic support, wins wars. We have had ample experience in the past 36 years to know who will win the last battle. The Kremlin is the world's great enemy. It fought a bitter and costly war to survive, which it won at Stalingrad. Now its same leaders are enslaving the Russian people, and satellite nations, in an effort to conquer the world.

Russia has not recovered from its 1940-44 war damage. Her industrial capacity can be judged by the fact that she produces about one-third as much steel as does the U. S. She lacks adequate petroleum supplies. She is a very large nation with many exposed fronts and limited transportation facilities. She has both internal as well as external problems. Her people and her leaders can scarcely forget what the United States Air Force did to Berlin and Japan.

Russia causes plenty of trouble, because we tolerate it, and fight under restraints. But Russia avoids direct war, especially with major nations. If there is an internal revolution for power as a consequence of Stalin's death, the ability of Russia to fight an aggressive war is lessened because it becomes divided. There is a psychological angle to this war. The Russian people can hardly want to fight to perpetuate their own enslavement. Our freedom and economy should interest them more.

I do not expect any greater military effort in my time than that required to achieve victory in Korea.

What The New Political Administration Means to Business

There is a new factor that I think means as much to insure good business as any that I have already mentioned. It is the return to a non-regulated, competent, sovereign government. The executive, legislative and judicial branches of government are independent of one another, as they have been to an increasing extent for nearly eight years.

For 20 years business was prosecuted and persecuted by Washington. It was harassed by a vindicative politician. It was blamed for all the nation's ills. Bureau after bureau was created to regulate and run business. The government went into competition with business. Business was forced to accept labor's demands. And it was taxed to the extent that the government directly took the largest part of its earnings.

The political climate has completely changed. Most of the controls created in the past 32 months have been removed. The money markets are again free. The new Administration is seriously going about the task of cutting down government activities and expenses, and cutting out waste and extravagance. No labor leader is going to be able to get Washington to help him win a strike. It is probable that tax rates will be lower within a year.

An analysis of the "Outlook For Business" should include profits, before and after taxes. There is likely to be fewer government contracts, but more efficient operation, because there will be fewer reports required of Washington; less direction of business such as the grading of commodities; and availability of steel, coal and other essential supplies, insuring continuous operation; and less work stoppage due to labor disputes. All these conditions bear on operating efficiency and profit margins. Margins should widen in the well run businesses. And finally, the tax take should decline each year into fiscal 1957 at least.

Under this kind of political climate, business is likely to expand facilities, products, and markets. It is rare to talk with the managements of successful businesses and find lack of confidence in the future of their particular company.

I have analyzed and discussed population, purchasing power, the unfilled backlog, replacements, new products, defense expenditures and the change in kind of government. To me, all these add up to a favorable outlook for business.

I think the well run, creative businesses and services will do well for a number of years. Every business should keep one or more steps ahead of its competition. I do not think that this kind of business need to worry about the economy as a whole. Individual industries will have recessions such as the textile industry has undergone for about two years, but losses in some parts of the economy will be offset by gains in others. As far as a recession of the percentage extent of the 1937-38 variety is concerned, I believe is is more distant than most people think.

Continued from page 5

The State of Trade and Industry

ginal or high cost mills will no longer be able to book business at premium prices. So far, with one exception, they haven't had any trouble, this trade magazine notes.

Business prospects of most major steel-using groups seem brighter than they did a few months ago. Production schedules are generally being increased. Some decline in auto output is to be expected in the second half, but right now this is the hottest steel-using industry in the country, concludes "The Iron Age."

Steel and worker shortages, plus labor troubles, cut auto output 5% last week from the preceding period.

There were 121,809 cars assembled the past week, compared with 128,865 in the previous one, according to "Ward's Automotive Reports." This was still 47% more cars than the 82,890 made in the like week a year ago.

Steel supplies were described as "super critical" by the statistical agency, which said the cold-rolled types were hardest to get. "Manufacturers are using all the foreign and conversion steels they can locate to build more cars in the race to produce," said "Ward's."

General Motors Corp. and Ford Motor Co. "appeared to be well stocked (with steel) only for the present," the agency said, and noted steel and labor shortages are already holding back one of the big three makers from realizing its output goals.

January business starts increased sharply, states Dun & Bradstreet, Inc. New business incorporations for the month rose to 9,468, the largest number for any previous month in the past five years, or since January, 1948, with a total of 11,000 new charterings. The January figure at 9,468, represented a rise of 1,194, or 14.4% over December's 8,274, and compared with 8,357 in January, 1952, a gain of 1,111, or 13.3%.

The rise in corporate activity in January was quite general throughout the country. Only 15 states reported fewer incorporations than in January a year ago, while 16 showed declines from the December level.

Steel Output Scheduled at Close to 100% of Capacity The Current Week

There's more of a peacetime look in the steel market now than there has been for a long time says "Steel," the weekly magazine of metalworking the current week.

You can tell that from the way demand for light, flat-rolled steel is moving ahead of demand for the forms of steel, such as large bars and heavy plates, customarily in heavy need during war periods, it notes. What's happening is defense demand is remaining constant while demand for civilian usage is swelling.

This development became possible largely from the stabilizing of the defense program and the substantial increase in the steel industry's production capacity, continues this trade weekly.

Now that the government has open-ended the Controlled Materials Plan and is considering further decontrols for steel, various civilian goods industries, particularly the automobile producers, are upping their production schedules resulting in an upsurge in demand for the light, flat-rolled forms of steel that are characteristic in civilian goods.

In preparation for further decontrol of the distribution of steel, government agencies were concerned last week with devising a system for giving priority to defense requirements after June 30, when the present controls are to expire, states "Steel." Under consideration were three systems: (1) A simple DO (defense order) rating band. (2) A little CMP. (3) A programming set-up in which task forces from the steel, copper and aluminum industries would confer with the armed services, Atomic Energy Commission and other qualified claimants to ascertain requirements and parcel them out on the basis of capacity relationships of the various producers.

Even though demand for the major grades of steel is intense, the return of peace-time characteristics in the steel market is bringing an occasional price reduction. In the Boston area, competition forced leading producers to make a 10% cut in prices of smaller sizes of electric welded carbon steel tubing, concludes this trade journal.

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 99.9% of capacity for the week beginning March 9, 1953, equivalent to 2,252,000 tons of ingots and steel for castings. In the week starting Mar. 2, actual production was 2,262,000 tons and the rate was placed at 100.3%, the first time it has exceeded 100% this year. For the like week a month ago the rate was 99.7% and production 2,248,000 tons. A year ago when the capacity was smaller actual output was 2,111,000 tons, or 101.6%.

Electric Output Turns Upward the Past Week

The amount of electric energy distributed by the electric light and power industry for the week ended Mar. 7, 1953, was estimated at 8,172,952,000 kwh., according to the Edison Electric Institute.

The current total was 103,192,000 kwh. above that of the preceding week when output totaled 8,069,760,000 kwh. It was 676,242,000 kwh., or 9.0% above the total output for the week ended March 8, 1952, and 1,378,435,000 kwh. in excess of the output reported for the corresponding period two years ago.

Car Loadings Drop 3% as a Result of Washington's Birthday Holiday

Loadings of revenue freight for the week ended Feb. 28, 1953, which included the Washington's Birthday holiday, totaled 668,805 cars, according to the Association of American Railroads, representing a decrease of 20,748 cars or 3% below the preceding week, due to the holiday.

The week's total represented a decrease of 87,039 cars, or 11.5% below the corresponding week a year ago, which did not include the holiday, and a decrease of 117,056 cars, or 14.9% below the corresponding week in 1951, which also was a non-holiday week.

United States Auto Output Last Week Drops Due to Steel and Worker Shortage

Passenger car production in the United States last week was cut 5% due to steel and worker shortages, states "Ward's Automotive Reports."

It aggregated 121,809 cars compared with 128,865 cars (revised) in the previous week. This was still 47% more than the 82,890 cars turned out in the year ago week.

Total output for the past week was made up of 121,809 cars and 27,803 trucks built in the United States, against 128,865 cars and 28,700 trucks the previous week and 82,890 cars and 24,354 trucks in the comparable 1952 week.

Canadian factories turned out 8,139 cars and 2,275 trucks last week, against 8,036 cars and 2,178 trucks in the preceding week and 5,276 cars and 2,606 trucks in the comparable 1952 week.

Business Failures Rise Slightly

Commercial and industrial failures rose to 180 in the week ended March 5 from 178 in the preceding week, according to Dun & Bradstreet, Inc. Although casualties exceeded the 1952 and 1951 totals of 170 and 153 respectively, they continued far below the comparable level in pre-war 1939 when 286 occurred.

Failures with liabilities of $5,000 or more increased to 152 from 141 in the previous week and 144 in the comparable week of last year. Small casualties, those with liabilities under $5,000, were down to 28 from 37 a week ago but remained slightly above their 1952 total of 26.

Manufacturing and wholesaling accounted for the slight rise during the week. Retail trade held steady at 83 and commercial service at 17. The only decline occurred among construction casualties down to 23 from 28 last week. Failures exceeded their 1952 levels in all industries and trade groups except retailing; marked rises from a year ago occurred in the construction and service lines.

Geographically, the principal rise in casualties was concentrated in the Pacific States last week. Three other areas had slight increases, including the East North Central and South Atlantic States. While no change appeared in the West South Central States, the New England failures dipped to 13 from 14, with a sharper decline in the Middle Atlantic States to 60 from 70. More businesses failed than last year in four regions: the East North Central, South Atlantic, West South Central, and Pacific States. Mild declines from 1952 prevailed in the other five geographic districts.

Wholesale Food Price Index Makes New High for Year

Continuing its upward trend for the fourth successive week, the wholesale food price index complied by Dun & Bradstreet, Inc., rose to $3.28 on March 3, from $6.21 the week before to reach a new high for this year. It marked a gain of 2.4% above the year's low of $6.13 on Feb. 3, but it was still 4.3% below the year-ago level of $6.56.

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.

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The State of Trade and Industry

Wholesale Commodity Price Index Registers Moderate Gain the Past Week

The general price level registered a further moderate gain last week. The Dun & Bradstreet daily wholesale commodity price index rose to 281.16 on March 3, from 279.53 a week earlier, and 276.43 on Feb. 9, the low point for this year. It compared with 301.06 on the like date a year ago.

Grain markets were irregular with wheat and corn registering small declines for the week.

Volume of offerings in most markets declined for the week and were sharply under a year ago.

The Winter wheat crop was benefited by moderate rain or snow during the week but additional moisture is badly needed. Weakness in corn stemmed from uncertainty as to CCC operations in regard to off-grade corn. Firmer oats prices reflected a drop in visible supplies and its relative cheapness compared with other grains. Average daily sales of all grain futures on the Chicago Board of Trade increased slightly, and totaled 54,000,000 bushels, against 50,000,000 the previous week.

Interest in most types of bakery flours remained at a low ebb despite an upward adjustment in prices. The cocoa market opened weak, but turned upward at the close on improved manufacturer buying. Warehouse stocks of cocoa increased slightly to 79,008 bags, from 76,871 a week earlier, and compared with 101,731 bags a year ago. Spot supplies of Brazilian coffee were very limited as the trade awaited decontrol action by the Government. Meanwhile, business was at a practical standstill with all offerings at ceiling levels. Trading in lard was slower; prices were steady to slightly lower. Trends in livestock were mixed. Hogs advanced steadily, but cattle and steers dropped to new low levels.

Non-ferrous metals markets were featured by a sharp upward adjustment in copper prices, following the Government's decontrol of that metal at mid-week.

The current price for electrolytic copper, Valley basis, ranges from 27½ to 32 cents, as against the former ceiling price of 24½ cents a pound. Lead and zinc, however, displayed signs of weakness.

Spot cotton prices developed a somewhat firmer tone toward the close after moving in a narrow range. The market received support from moderate mill price-fixing, short covering, and the expectation of a pick-up in export volume as the result of recent grants by the Mutual Security Administration. Another favorable influence was the belief that more than 2,000,000 bales of the 1952 crop would wind up in the government loan. For the week ended Feb. 20, loan entries totaled 59,100 bales, against 53,200 the preceding week, and 93,300 two weeks earlier. For the season through Feb. 20, total loans were 1,909,000 bales, compared with 906,800 to the corresponding date a year ago. Sales of cotton reported in the ten spot markets amounted to 124,800 bales in the latest week, comparing with 111,000 the preceding week, and 71,900 in the same week last year.

Trade Volume Stimulated by Promotions and Spring Buying Rises Above Week and Year Ago

The approach of Spring and many attractive promotions were instrumental in stirring shoppers' interest in most parts of the nation in the period ended on Wednesday of last week. Merchants in most cities reported their sales volume as perceptibly higher than in the prior week and the comparable week a year before. Lagging consumer demand continued in some large cities in the East.

The total dollar volume of retail trade in the week was estimated by Dun & Bradstreet, Inc., to be from 2 to 6% 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 −1 to +3; Southwest +4 to +8; Midwest and Northwest +2 to +6; South and Pacific Coast +3 to +7.

Shoppers displayed spirited interest in Spring apparel in most parts of the nation the past week although the peak of the Easter shopping season was still a few weeks in the future.

Most retailers were able to top the sales figures of a year ago when Easter came one week later.

In widest demand were women's suits and dresses in the medium-price ranges.

Food stores sold more than in either the prior week or the similar week a year ago. In most parts of the nation housewives found the promotions of imported beef at reduced prices most attractive. Frozen foods continued to gain steadily in popularity; the reduced prices of citrus juices and vegetables spurred consumption.

The demand for margarine continued to surpass that for creamery butter.

Most food merchants sold a larger volume than in the comparable week a year ago.

There was a slight spurt in the sales of household goods last week as special promotions garnered increased attention; demand remained slightly above that of a year ago. In heightened demand were household textiles, floor coverings, decorating materials and phonograph equipment and records.

Trading in most wholesale markets in the period ended on Wednesday of last week did not vary appreciably from the level of recent weeks. As during the past several months, the total dollar volume of wholesale orders remained moderately higher than that of a year earlier.

Department store sales on a country-wide basis, as taken from the Federal Reserve Board's index, for the week ended Feb. 28,* 1953, increased 9% from the level of the preceding week. In the previous week an increase of 2% was reported from that of the similar week of 1952. For the four weeks ended Feb. 28, 1953, an increase of 4% was reported. For the period Jan. 1 to Feb. 28, 1953, department store sales registered an increase of 3% above 1952.

Retail trade volume in New York the past week approximated the levels of the like period of 1952.

According to the Federal Reserve Board's index department store sales in New York City for the weekly period ended Feb. 28,* 1953, decreased 5% from the like period of last year. In the preceding week an increase of 8% was reported from that of the similar week of 1952, while for the four weeks ended Feb. 28, 1953, a decrease of 4% was recorded. For the period Jan. 1 to Feb. 28, 1953, volume declined 4% under that of 1952.

*In using year ago comparisons for the weeks ending Feb. 28 and Feb. 21, allowance should be made for the fact that in some cities store closings in observance of Washington's birthday occurred in the week ending Feb. 28 this year whereas last year they occurred in the previous week.

NSTA Notes

SECURITY TRADERS ASSOCIATION OF NEW YORK

Security Traders Association of New York (STANY) Bowling League standing as of March 5, 1953 is as follows:

Team—	Points
Meyer (Capt.), Kaiser, Swenson, Frankel, Wechsler, Barker	22½
Krisam (Capt.), Ghegan, Jacobs, Gannon, Cohen	21
Burian (Capt.), G. Montanye, Voccoli, Siegel, Reid	19
Hunter (Capt.), Klein, Weissman, Murphy, Searight	15
Goodman (Capt.), Smith, Valentine, Meyer, Farrell, Brown	15
Donadio (Capt.), Demaye, Whiting, O'Connor, Rappa, Seijas	14
Growney (Capt.), Craig, Fredericks, Bies, McGovern	13½
Leone (Capt.), Greenberg, Tisch, Werkmeister, Leinhard, Corby	13
Bean (Capt.), Frankel, Strauss, Nieman, Bass, Krassowich	12½
Serlen (Capt.), Gersten, Krumholz, Rogers, Gold	12
Mewing (Capt.), Bradley, Weseman, Hunt, Gronick, Huff	11½
Murphy (Capt.), Manson, D. Montanye, O'Mara, Pollack, Gavin	11

5 Point Club
Walt Mewing

Howard C. Ross — J. L. Hudgins — Robert M. Saunders — Robert H. Jordan

MEMPHIS SECURITY DEALERS ASSOCIATION

The Memphis Security Dealers Club has elected Howard C. Ross, Leftwich & Ross, President for the coming year. Other officers elected are Jack L. Hudgins, Merrill Lynch, Pierce, Fenner & Beane, Vice-President; Robert M. Saunders, M. A. Saunders & Co., Inc., Secretary; Robert H. Jordan, Mid-South Securities Co., Treasurer.

BALTIMORE SECURITY TRADERS ASSOCIATION

The Baltimore Security Traders Association will hold its 18th annual spring outing at the County Club of Maryland on May 15.

INVESTMENT TRADERS ASSOCIATION OF PHILADELPHIA

The Bowling team of the Investment Traders Association of Philadelphia for the first time won the bowling tournament with Security Traders Association of New York held Feb. 19 in Philadelphia, the night before the ITA Mid-Winter Dinner.

High bowler was Newt Parkes, Bioren & Co., with a score of 199; high two game series went to Ricky Goodman, Shields & Company, New York City; Les Gannon, Peter Morgan & Co., New York City, won the prize for the lowest score.

BOND TRADERS CLUB OF CHICAGO

The Bond Traders Club of Chicago will hold their annual spring outing at the Nordic Country Club on June 27.

Associates Investment Places 3¼% Notes

The Associates Investment Co. has placed privately $10,000,000 of 3¼% promissory notes, due Sept. 1, 1958, through Salomon Bros. & Hutzler.

Robert L. Oare, Chairman of the Board, said the issue was placed with a group of insurance companies, savings banks, pension fund trusts and other institutional investors. Proceeds will be used to retire short-term borrowings.

Funded debt of the major automobile finance company now totals $122,500,000. At Dec. 31 total assets of the company and subsidiaries amounted to $517,000,000.

Moran & Co. Offers Electriglas Shares

Moran & Co., Newark, N. J., are offering an issue of 200,000 shares of common stock (par 10 cents) of Electriglas Corp. at $1 per share.

The net proceeds will be used to repay loans payable, to purchase raw materials and for working capital.

With F. S. Moseley Co.

(Special to The Financial Chronicle)

BOSTON, Mass. — Wendell N. Gustafson is now with F. S. Moseley & Co., 50 Congress Street, members of the New York and Boston Stock Exchanges.

With Goffe & Carkener

(Special to The Financial Chronicle)

KANSAS CITY, Mo.—Valore P. Campbell has become affiliated with Goffe & Carkener, Inc., Board of Trade Building, members of the Midwest Stock Exchange.

With Merrill Lynch

(Special to The Financial Chronicle)

BOSTON, Mass. — Richard J. McDermott is now with Merrill Lynch, Pierce, Fenner & Beane, 10 Post Office Square.

Two With Waddell & Reed

(Special to The Financial Chronicle)

KANSAS CITY, Mo.—John A. Lodes and Martha L. Smith have joined the staff of Waddell & Reed, Inc., 1012 Baltimore Avenue.

McCluney Adds to Staff

(Special to The Financial Chronicle)

ST. LOUIS, Mo. — George A. Lubeley has been added to the staff of McCluney & Co., 418 Olive Street.

Waddell & Reed Adds

(Special to The Financial Chronicle)

KANSAS CITY, Mo. — Samuel F. Wehrly has become affiliated with Waddell & Reed, Inc., 1012 Baltimore Avenue.

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. 15	§99.9	*100.3	99.7	101.6
Equivalent to—					
Steel ingots and castings (net tons)	Mar. 15	§2,252,000	*2,262,000	2,248,000	2,111,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	Feb. 28	6,521,100	6,542,950	6,194,300	6,367,200
Crude runs to stills—daily average (bbls.)	Feb. 28	¶7,090,000	7,079,000	6,584,000	6,816,000
Gasoline output (bbls.)	Feb. 28	23,360,000	*24,123,000	21,649,000	22,281,000
Kerosene output (bbls.)	Feb. 28	2,935,000	3,065,000	2,865,000	2,359,000
Distillate fuel oil output (bbls.)	Feb. 28	10,796,000	10,871,000	10,391,000	11,072,000
Residual fuel oil output (bbls.)	Feb. 28	9,017,000	*9,113,000	9,222,000	9,704,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished and unfinished gasoline (bbls.) at	Feb. 28	157,378,000	155,857,000	133,861,000	152,073,000
Kerosene (bbls.) at	Feb. 28	20,550,000	21,357,000	21,180,000	18,536,000
Distillate fuel oil (bbls.) at	Feb. 28	68,025,000	*71,506,000	66,450,000	44,364,000
Residual fuel oil (bbls.) at	Feb. 28	44,432,000	44,364,000	38,725,000	37,740,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	Feb. 28	668,805	689,553	697,616	755,84[illegible]
Revenue freight received from connections (no. of cars)	Feb. 28	656,073	663,354	666,479	690,13[illegible]
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	Mar. 5	$273,663,000	$322,676,000	$288,050,000	$296,645,000
Private construction	Mar. 5	127,203,000	217,099,000	170,078,000	147,063,000
Public construction	Mar. 5	146,460,000	105,577,000	118,427,000	149,582,000
State and municipal	Mar. 5	132,430,000	87,240,000	97,476,000	110,650,000
Federal	Mar. 5	14,030,000	18,337,000	20,951,000	38,932,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	Feb. 28	8,450,000	*8,550,000	8,875,000	10,298,00[illegible]
Pennsylvania anthracite (tons)	Feb. 28	554,000	632,000	628,000	830,00[illegible]
Beehive coke (tons)	Feb. 28	122,400	*120,700	110,700	137,30[illegible]
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	Feb. 28	93	85	31	8[illegible]
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	Mar. 7	8,172,952	8,069,760	8,129,038	7,496,71[illegible]
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	Mar. 5	180	178	159	17[illegible]
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	Mar. 3	4.376c	4.376c	4.376c	4.131[illegible]
Pig iron (per gross ton)	Mar. 3	$55.26	$55.26	$55.26	$52.7[illegible]
Scrap steel (per gross ton)	Mar. 3	$44.25	$44.00	$42.00	$42.0[illegible]
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	Mar. 4	29.475c	27.825c	24.200c	24.200[illegible]
Export refinery at	Mar. 4	34.175c	35.100c	34.925c	27.425
Straits tin (New York) at	Mar. 4	121.500c	121.500c	121.500c	121.500[illegible]
Lead (New York) at	Mar. 4	13.000c	13.500c	13.500c	19.000[illegible]
Lead (St. Louis) at	Mar. 4	12.800c	13.300c	13.300c	18.800
Zinc (East St. Louis) at	Mar. 4	11.250c	11.375c	11.500c	19.500[illegible]
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	Mar. 10	94.83	94.85	95.66	96.62
Average corporate	Mar. 10	107.80	107.80	108.34	109.60
Aaa	Mar. 10	111.25	111.07	112.00	113.70
Aa	Mar. 10	110.15	110.15	110.52	112.56
A	Mar. 10	106.74	106.92	107.62	108.52
Baa	Mar. 10	103.30	103.30	103.80	103.80
Railroad Group	Mar. 10	105.52	105.52	106.21	106.56
Public Utilities Group	Mar. 10	107.44	107.44	107.98	109.06
Industrials Group	Mar. 10	110.55	110.52	111.07	113.12
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	Mar. 10	2.86	2.86	2.81	2.73
Average corporate	Mar. 10	3.29	3.29	3.26	3.19
Aaa	Mar. 10	3.10	3.11	3.06	2.97
Aa	Mar. 10	3.16	3.16	3.14	3.03
A	Mar. 10	3.35	3.34	3.30	3.25
Baa	Mar. 10	3.55	3.55	3.52	3.52
Railroad Group	Mar. 10	3.42	3.42	3.38	3.36
Public Utilities Group	Mar. 10	3.31	3.31	3.28	3.22
Industrials Group	Mar. 10	3.14	3.14	3.11	3.00
MOODY'S COMMODITY INDEX	Mar. 10	419.4	418.7	404.7	435.0
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	Feb. 28	220,319	198,987	234,876	200,560
Production (tons)	Feb. 28	251,149	238,981	240,713	199,579
Percentage of activity	Feb. 28	95	94	94	8[illegible]
Unfilled orders (tons) at end of period	Feb. 28	437,345	471,623	455,086	355,197
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE = 100	Mar. 6	107.84	107.88	107.99	111.31
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. 21	28,073	24,871	29,455	32,096
Number of shares	Feb. 21	806,963	716,030	841,854	886,133
Dollar value	Feb. 21	$36,697,015	$31,646,828	$37,867,235	$42,439,981
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	Feb. 21	24,821	22,648	25,829	23,518
Customers' short sales	Feb. 21	146	88	123	217
Customers' other sales	Feb. 21	24,675	22,560	25,706	23,301
Number of shares—Total sales	Feb. 21	697,299	638,052	710,123	683,497
Customers' short sales	Feb. 21	5,405	3,178	4,101	7,441
Customers' other sales	Feb. 21	691,894	634,874	706,022	676,056
Dollar value	Feb. 21	$28,364,497	$26,121,196	$28,710,584	$30,255,711
Round-lot sales by dealers—					
Number of shares—Total sales	Feb. 21	193,220	166,580	195,800	185,160
Short sales	Feb. 21	------	------	------	------
Other sales	Feb. 21	193,220	166,580	195,800	185,160
Round-lot purchases by dealers—					
Number of shares	Feb. 21	319,570	256,400	334,050	353,740
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. 14	206,000	321,050	288,990	216,920
Other sales	Feb. 14	5,753,150	9,047,830	8,586,020	5,556,030
Total sales	Feb. 14	5,959,150	9,368,880	8,875,010	5,772,950
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS:					
Transactions of specialists in stocks in which registered—					
Total purchases	Feb. 14	628,560	865,440	812,820	538,020
Short sales	Feb. 14	107,890	191,280	161,470	111,570
Other sales	Feb. 14	484,930	756,290	709,010	430,450
Total sales	Feb. 14	592,820	947,670	870,480	542,020
Other transactions initiated on the floor—					
Total purchases	Feb. 14	133,650	173,430	215,610	109,610
Short sales	Feb. 14	12,500	16,300	20,900	13,300
Other sales	Feb. 14	122,960	217,840	185,550	105,000
Total sales	Feb. 14	135,460	234,140	206,450	118,300
Other transactions initiated off the floor—					
Total purchases	Feb. 14	225,621	305,023	267,947	222,586
Short sales	Feb. 14	32,300	55,850	44,020	24,170
Other sales	Feb. 14	231,015	374,647	346,110	250,417
Total sales	Feb. 14	263,315	430,497	390,130	274,587
Total round-lot transactions for account of members—					
Total purchases	Feb. 14	987,831	1,343,893	1,296,377	870,216
Short sales	Feb. 14	152,690	263,430	226,390	149,040
Other sales	Feb. 14	838,905	1,348,877	1,240,670	785,867
Total sales	Feb. 14	991,595	1,612,307	1,467,060	934,907
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100):					
Commodity Group—					
All commodities	Mar. 3	109.9	109.7	109.2	111.4
Farm products	Mar. 3	99.1	98.2	97.5	106.2
Processed foods	Mar. 3	105.6	105.4	104.2	111.7
Meats	Mar. 3	97.2	*97.3	93.4	112.6
All commodities other than farm and foods	Mar. 3	113.2	*113.1	112.8	112.4

*Revised figure. ¶Includes 622,000 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.

	Latest Month	Previous Month	Year Ago
AMERICAN ZINC INSTITUTE, INC.—Month of February:			
Slab zinc smelter output, all grades (tons of 2,000 pounds)	76,899	81,994	77,296
Shipments (tons of 2,000 pounds)	71,710	80,679	77,448
Stocks at end of period (tons)	93,664	88,475	26,551
Unfilled orders at end of period (tons)	37,172	39,732	70,442
BUILDING CONSTRUCTION—U. S. DEPT. OF LABOR—Month of February (in millions):			
Total new construction	$2,190	$2,308	$2,088
Private construction	1,558	1,616	1,463
Residential building (nonfarm)	760	818	676
New dwelling units	675	735	600
Additions and alterations	67	64	63
Nonhousekeeping	18	19	13
Nonresidential building (nonfarm)	406	412	406
Industrial	185	187	209
Commercial	105	105	75
Warehouses, office and loft buildings	49	49	36
Stores, restaurants, and garages	56	56	39
Other nonresidential buildings	116	120	122
Religious	34	35	30
Educational	30	32	27
Social and recreational	10	11	9
Hospital and institutional	24	25	32
Miscellaneous	18	17	24
Farm construction	110	103	113
Public utilities	274	275	263
Railroad	28	31	27
Telephone and telegraph	41	42	41
Other public utilities	205	202	195
All other private	8	8	5
Public construction	632	692	625
Residential building	44	46	58
Nonresidential building	295	309	275
Industrial	103	112	88
Educational	134	135	128
Hospital and institutional	32	34	36
Other nonresidential buildings	26	28	23
Military and naval facilities	95	105	85
Highways	80	105	90
Sewer and water	51	53	46
Miscellaneous public service enterprises	11	13	11
Conservation and development	51	56	56
All other public	5	5	4
BUSINESS INCORPORATIONS (NEW) IN THE UNITED STATES—DUN & BRADSTREET, INC.—Month of January	9,468	*8,274	8,357
COTTON SEED AND COTTON SEED PRODUCTS—DEPT. OF COMMERCE—Month of January:			
Cotton Seed—			
Received at mills (tons)	221,907	538,701	321,768
Crushed (tons)	655,312	665,559	687,735
Stocks (tons) Jan. 31	1,827,497	2,260,902	1,514,646
Crude Oil—			
Stocks (pounds) Jan. 31	178,802,000	178,154,000	188,644,000
Produced (pounds)	211,130,000	213,966,000	218,547,000
Shipped (pounds)	199,625,000	213,695,000	200,956,000
Refined Oil—			
Stocks (pounds) Jan. 31	627,573,000	*544,572,000	336,814,000
Produced (pounds)	195,476,000	*198,592,000	185,037,000
Consumption (pounds)	104,450,000	95,697,000	133,226,000
Cake and Meal—			
Stocks (tons) Jan. 31	192,733	155,303	56,737
Produced (tons)	310,755	317,680	319,884
Shipped (tons)	273,325	306,797	318,577
Hulls—			
Stocks (tons) Jan. 31	53,247	48,869	40,166
Produced (tons)	145,158	148,538	158,820
Shipped (tons)	140,780	151,823	152,939
Linters (running bales)—			
Stocks Jan. 31	289,672	277,154	247,369
Produced	207,425	210,667	220,709
Shipped	194,907	212,911	172,258
Hull Fiber (1,000-lb. bales)—			
Stocks Jan. 31	1,642	2,072	1,910
Produced	1,637	2,222	1,884
Shipped	2,067	1,868	1,767
Motes, Grabbots, etc. (1,000 pounds)—			
Stock Jan. 31	12,620	10,988	8,273
Produced	4,031	4,325	4,049
Shipped	2,399	2,180	3,865
METAL PRICES (E. & M. J. QUOTATIONS)—Average for month of February:			
Copper (per pound)—			
Electrolytic domestic refinery	24.968c	24.200c	24.200c
Electrolytic export refinery	34.783c	34.780c	27.425c
Lead (per pound)—			
Common, New York	13.500c	14.192c	19.000c
Common, St. Louis	13.300c	13.992c	18.800c
Silver and Sterling Exchange—			
Silver, New York (per ounce)	85.250c	84.500c	88.000c
Silver, London (pence per ounce)	74.000d	73.518d	77.000d
Sterling Exchange (Check)	$2.81906	$2.81289	$2.78066
Zinc (per pound)—East St. Louis	11.483c	12.588c	19.500c
Tin (per pound)—			
New York Straits	121.500c	121.500c	121.500c
§§New York, 99% min.	120.500c	120.500c	120.5[illegible]
Gold (per ounce, U. S. price)	$35.000	$35.000	$35.000
Quicksilver (per flask of 76 pounds)	$205.091	$212.962	$202.09
‡Antimony (per pound) (E. & M. J.)	37.970c	37.970c	53.350c
Antimony (per pound) bulk, Laredo	34.500c	34.500c	50.000c
Antimony (per pound) in cases, Laredo	35.000c	35.000c	50.980c
Platinum, refined (per ounce)	$90.000	$90.000	$90.000
†Cadmium (per pound)	$2.00000	$1.93269	$2.55000
‡Cadmium (per pound)	$2.07500	$2.04135	$2.67500
§Cadmium (per pound)	$2.15000	$2.15000	$2.80000
Cobalt, 97%	$2.40000	$2.40000	$2.40000
Aluminum, 99% plus, ingot (per pound)	20.500c	20.173c	19.000c
Magnesium, ingot (per pound)	24.500c	24.500c	24.500c
**Nickel	60.000c	58.654c	56.500c
SELECTED INCOME ITEMS OF U. S. CLASS I RYS. (Interstate Commerce Commission)—Month of November:			
Net railway operating income	$110,687,003	$120,668,576	$99,287,055
Other income	17,038,673	16,904,771	17,007,382
Total income	127,725,676	137,573,347	116,294,437
Miscellaneous deductions from income	4,136,656	3,990,605	4,543,895
Income available for fixed charges	123,589,020	133,582,742	111,750,542
Income after fixed charges	87,139,287	95,124,486	75,229,072
Other deductions	2,981,320	3,051,778	2,806,294
Net income	84,157,967	92,072,708	72,422,778
Depreciation (way & structure & equipment)	41,542,013	41,405,124	40,819,007
Federal income taxes	64,351,961	84,573,928	64,223,674
Dividend appropriations:			
On common stock	47,577,619	20,248,721	54,684,807
On preferred stock	10,059,211	5,462,222	7,894,884
Ratio of income to fixed charges	3.39	3.47	3.06

*Revised figure. †Based on the producers' quotation. ‡Based on the average of the producers' and platers' quotations. §Average of quotation on special shapes to platers. ¶Domestic, 5 tons or more but less than carload lot, boxed. §§Price for tin contained. **F.o.b. Port Colborne, U. S. duty included.

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What's Ahead in Agriculture

mestic producers and a processing tax.

An important element which I think should be mentioned is that all price support legislation contains provisions for the protection of consumers.

Price Support Programs Based on Adjusting Production and Marketing to Demand

Let me emphasize again that the successful types of price support programs about which I have been talking such as those on the basic commodities and on sugar are based fundamentally upon the idea of adjusting production and marketing to demand. Every one of them would have failed long since had it not been for this fact.

Criticism of these programs has been made on the ground that there should be no control over the farmer in the production or marketing of farm products. It should be pointed out however that farmers themselves have never objected too seriously to these provisions.

They would prefer to get along without controls if possible but they feel that the only way to prevent disastrous price drops is to hold production somewhere in line with demand. They know that all efforts to do this by voluntary cooperation have failed due to the human element which leads some to cooperate and others to do just the opposite.

Because farmers believe that government programs are the only way to bring about over-all reductions and because they feel that they are the fairest method of doing this, they have generally been favored. Such programs cannot go into effect unless more than two-thirds of the producers voting in a referendum agree to them. The instances in which these proposals have been voted down are very few.

Farmers' Income Far Below That of Non-Farm Population

Compared with the previous decade the war years and the years since the war have been good years for farmers. Net farm income increased from $4,500,000,000 in 1940 to $16,700,000,000 in 1948. Since then it has dropped, being $14,700,000,000 in 1952.

Part of the increase is due to expanded production. For the last six years production has averaged 36% above prewar. 1952 was the greatest year of all with production 45% up from the 1935-1939 period. Of course a large part of the dollars and cents increase is simply inflation.

This increase in agricultural production and income has enabled farmers to participate to some extent in the improved standard of living in this country. But agriculture generally has lagged behind other industries and those engaged in it still constitute an income group which is far below the average for the country as a whole.

In 1952 the 15.9% approximately of our people who live on farms received only 8.7% of the national income. This included both farm and non-farm income. Getting down to dollars and cents figures the average per capita net income of persons living on farms from both agricultural and non-agricultural sources was $924 in 1952, while the per capita net income of the non-farm population was $1,827, or practically twice as much.

To put it another way the average income of persons on the farm was 50.6% of the average income of the non-farm population. This is the lowest percentage since 1942. Net income—both farm and non-farm—has increased in recent years due to inflation. But the relative figures as far as agriculture is concerned have been declining.

Big Job Ahead for Nation's Farmers

Let's look for a moment at the requirements which this country may be expected to make of its farmers in the years immediately ahead. To me they look rather formidable.

In the first place our rapidly increasing population means that more production will be needed each year unless we reduce our standard of living. In 1940 we had 131 million people in this country. Today we have 157 million, and at the present rate we'll have 175 million by 1960.

But that is not the whole story. Our per capita consumption today is 13% above prewar. Our exports have been and are substantial. We have used agricultural exports as an instrument of foreign policy in our world-wide campaign against Communism. This campaign is still going on. We continue to have a hungry world. While world population has increased 13% since 1940 world food production has increased only 9%.

So any way you look at it—whether from the standpoint of our domestic consumption or that of meeting the threat of Communism through food exports—the farmers of this country have a real job ahead.

How Can Production Be Expanded?

What about our production facilities? How much can we expand them? Well, on that point we have as much agricultural land in this country today as we'll ever have. We'll bring some new land into cultivation through reclamation, all of which will be very high priced. But for every acre we bring into cultivation that way we're going to lose an acre through the normal expansion of our urban centers, through the widening of our highways, the building of airports, the construction of recreation facilities, and the building of dams and reservoirs.

In other words the only way we can expand production in this country is by increasing the productivity of our present acreage. That means we've got to not only conserve but restore the fertility of our land. That costs money. It means farmers are going to have to buy more equipment. They are going to have to follow better farming methods. They are going to have to use more fertilizer. Capital investment as well as operating expenditures must be still farther increased.

That kind of a program can be carried on only if there is assurance of a stable income. Unless a farmer has some idea of what his prices will be he will in many cases hesitate to incur the risk involved in making the heavy expenditures which will be required to finance such programs, if in fact they can be financed at all.

I do not think we can blame farmers for wishing this assurance. Nor do I believe that there is any real difference of opinion among thinking people on this question. For many years both political party platforms have endorsed price support programs. Farm legislation in Congress has been enacted very largely on a nonpartisan basis. Republicans in the Middle West and Democrats in the South have worked side by side in trying to solve these problems as far as it could be done by legislation.

Where Are We Now as to Policies and Programs?

Now we have a new Administration and a new Congress and this has created some discussion as to what our agricultural policies and programs are going to be. I don't think there can be any difference of opinion as to policy. We must continue to expand our production and we know that cannot be done unless we give farmers every possible assurance of stability of income at a fair level. That is a general objective that I believe is accepted by everyone. The question is how to realize it.

Present Programs Will Be Carried Out

First, however, let's see where we are now. The President has stated on several occasions that present programs will be continued including price supports at 90% of parity on the basic commodities for 1953 and 1954. Secretary Benson has stated the same thing on more than one occasion. There is only one way that this 90% support price for 1953 and 1954 can be changed and that is by Congress. Congress is not going to change it. Price supports at 90% of parity are going to be continued on the basic commodities during this two-year period. What happens after that will be up to Congress and the position of Congress today, which I think will be the position of Congress a year from now, is not to give up any farm program until we have something better to take its place.

I understand that there have been many rumors that Secretary Benson will not carry out the present program. Such rumors are an insult to one of the most conscientious and honest men who has ever occupied a high government position.

Quite aside from the pledges that have been made I am sure that everyone who knows anything about the subject realizes that it would be impossible to make radical changes in our agricultural programs without seriously affecting our agricultural economy and the economy of the whole nation. No one realizes this more than Secretary Benson and no better proof that he realizes it is shown than his action in retaining price supports on butter at 90% of parity.

This butter program is admittedly unsatisfactory. It is conceded by everyone that it is not the ultimate answer to the problem. But I think it must be admitted also that it would be far worse as far as the general economy of this country is concerned to drop the butter price support program without having some satisfactory program to take its place, than it would be to continue it for the time being.

Objectives of Parity Prices and Fair Share of National Income for Agriculture Will Not be Changed

If our policies are changed what are those changes likely to be? Well, in the first place there will be no change of objectives. These objectives as set out in President Eisenhower's speeches during the campaign and by expressions since then, and by Secretary Benson's statements since his appointment as Secretary was announced, are parity prices in the market place and a fair share of the national income for agriculture. These objectives are substantially the same as we have had since farm programs first came into operation.

If we carry them out it means holding farm prices in line with the prices of things farmers buy. If other prices go down, farm prices should go down also. But if farm prices alone go down, we run the risk of bringing on that kind of a dislocation in our economy which on other occasions has brought on general depressions.

Secretary Benson has indicated that he expects to achieve these objectives by supplementing price supports with other programs or possibly in some cases substituting other methods for price supports. Certainly he should be given every fair opportunity to work out such programs.

As far as I know Secretary Benson has not announced specifically just what he intends to do but I think we can assume that the things he has in mind include at least some and perhaps all of the following: Expansion of farm cooperatives; more agricultural research and education in production to bring about increased efficiency and better management; expansion of programs to conserve and rebuild our soil and water resources; more international trade to provide better markets for our export commodities; improved and up to date provisions for agricultural credit; better management of agricultural imports; expanded research and education in the field of marketing to give farmers more to say about the price of the things they sell.

No doubt Secretary Benson and his able staff have other and additional ideas in mind. Certainly any program to carry out these ideas will be helpful in making agricultural production and marketing more efficient which is not only in the interest of farmers but of the entire nation.

These however are all programs which require a considerable period of time in which to get results. None of them are new although many of them have been only partially developed in the past. All of them will be helpful from a long range viewpoint. How far they will go in doing away with the need for price support programs is problematical.

While these and any other programs which may be proposed are being developed we must continue price support programs, improving them in every way possible.

The House Committee on Agriculture expects during the coming months to review our price support programs and to give consideration to all proposals which have greater economic stability for agriculture as their objectives. All this will be for the purpose of working out a program beginning with 1955.

We expect to hold hearings in Washington later in this Session where we will listen to experts from the Department of Agriculture, representatives of farm organizations, farm economists and all others who feel that they can offer constructive suggestions with respect to agriculture. We will follow this up by holding hearings over the country. It will not be possible for us to get into every agricultural state but we at least want to get into every agricultural region.

We will hold these hearings for the purpose of getting the views and ideas of farmers themselves. Of course if any farmers want to come to Washington and testify at our hearings that will be fine, but I don't think they should have to do that.

I want every farmer in the country who desires to do so to have the opportunity to appear before the Committee on Agriculture and give us the benefit of his experience and views on agricultural problems. While these hearings will be primarily on the subject of price support programs we will welcome ideas on every phase of agricultural activity and all of the functions of the Department of Agriculture.

These hearings over the country are in accord with the ideas expressed by President Eisenhower during the campaign in which he placed particular stress upon the proposition of giving farmers a greater part in the formulation and Administration of farm programs.

A further purpose of these hearings will be to acquaint all the members of the Committee with agricultural problems in every part of the country. All of the Committee members have a very good idea of agriculture in their own areas but none of us has too good an idea of the problems of those areas where agriculture is quite different from our own.

For instance I want the members of the Committee from the dairy sections of the country to become familiar with the problems of the cotton farmers of the South, and vice versa.

We not only want to hold formal hearings but as far as possible I hope the Committee can arrange informal meetings with groups of farmers where we can talk things over on a man to man basis.

The Committee on Agriculture in this Congress is composed of 16 Republicans and 14 Democrats.

We are interested of course in the commodity markets. We realize that they constitute a great stabilizing influence in the field of agricultural prices. I think if possible it would be a fine idea for our Committee to include the commodity exchanges in the studies which we make in this Congress.

It has been fine to be with you this evening and to have this opportunity to discuss with you some of the things which are important to agriculture, the basic industry of this country. I appreciate your interest in these problems and their economic, social and political ramifications.

These agricultural questions constitute only a part of the tremendous issues which confront our country and the world today. I know that you must sometimes have the feeling as I often do that some of these questions are so great as to defy solution. Perhaps they are. But as of now I have every confidence in the American people and in the leaders they have chosen in this time of crisis, to believe that all of us working together can make the great decisions which must be made and find the right answers to the critical questions which confront us.

Securities Now in Registration

★ INDICATES ADDITIONS SINCE PREVIOUS ISSUE
● ITEMS REVISED

★ Alaska Telephone Corp., Juneau, Alaska
Feb. 27 (letter of notification) $200,000 of 6% 20-year convertible debentures. **Price**—$70 for each $100 of principal amount. **Proceeds**—To expand service. **Underwriter**—Tellier & Co., New York.

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.

★ Arcturus Electronics, Inc., Newark, N. J.
March 4 (letter of notification) 37,500 shares of class A common stock (par one cent). Price—45 cents per share. **Proceeds**—To Delbert E. Replogle, President. **Underwriters**—None, but Gearhart & Otis, Inc., (New York), White & Co. (St. Louis) and McCoy & Willard (Boston) will act as brokers.

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 being offered to common stockholders of record Feb. 26 at rate of one new share for each three shares held; rights expire on April 2. **Price**—At par ($25 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) being offered to common stockholders at rate of one new share for each 10 shares held March 4; rights to expire March 25. **Price**—$20.50 per share. **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.

★ Automatic Washer Co., Newton, Iowa
March 5 (letter of notification) 4,600 shares of common stock (par $3). **Price**—At market (approximately $7 per share). **Proceeds**—To Helen I. Chapman, the selling stockholder. **Underwriter**—Merrill Lynch, Pierce, Fenner & Beane, Davenport, Iowa.

★ Bearings Co. of America, Lancaster, Pa.
March 9 filed $600,000 of first mortgage 5½% convertible bonds due from 1954 to 1968, inclusive. **Price**—100% of principal amount. **Proceeds**—To retire $303,000 4½% convertible bonds and $74,250 of 4½% class A preferred stock and 5% class B preferred stock and for working capital. **Underwriter**—Dempsey-Tegeler & Co., St. Louis, Mo.

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 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.

★ Bowling Green Fund, Inc., New York
March 4 filed 200,000 shares of capital stock. **Price**—At market. **Proceeds**—For investment. **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.

★ Brockton Edison Co. (4/6)
March 6 filed $4,100,000 first mortgage and collateral trust bonds due Feb. 1, 1983. **Proceeds**—To repay bank loans. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.; 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**—To be received up to 11 a.m. (EST) on April 6 at 49 Federal St., Boston, Mass.

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. Hogle & Co. (jointly); Lehman Brothers. **Bids**—Tentatively scheduled to be received at 8:30 a.m. (PST) on March 31.

★ California Electric Power Co. (4/6)
March 9 filed $8,000,000 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.; 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 up to 8:30 a.m. (PST) on April 6.

★ Carpenter (L. E.) & Co.
March 3 (letter of notification) 1,200 shares of common stock (par $1). **Price** — At market (about $4.62½ to $4.87½ per share). **Underwriter**—Eisele & King, Libaire, Stout & Co., New York. **Proceeds**—To George Lucas, Jr., President.

★ Central City (Colo.) Milling & Mining Corp.
March 4 (letter of notification) 1,800,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For mining operations. **Underwriter**—R. L. Hughes & Co., Denver, Colo.

★ Central Cooperative Wholesale, Superior, Wis.
March 5 (letter of notification) $200,000 of six-year 4% promissory notes. **Price**—At par (in denominations of $100 each). **Proceeds**—For working capital. **Office**—1901 Winter St., Superior, Wis. **Underwriter**—None.

★ Central and South West Corp. (4/1)
March 6 filed 606,084 shares of common stock (par $5) to be offered for subscription by common stockholders of record April 1 in ratio of one share for each 14 shares held. **Proceeds**—To purchase additional shares of com-

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NEW ISSUE CALENDAR

March 12, 1953
Chesapeake & Ohio Ry. ---------- Equip. Tr. Ctfs.
(Bids to be invited)

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 11:30 a.m. CST)
Mississippi Power & Light Co. ---------- Bonds
(Bids noon EST)
North American Royalties, Inc. ---------- Common
(Lehman Brothers)
Public Service Co. of New Mexico ---------- Preferred
(Allen & Co.)
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 23, 1953
Paley Manufacturing Corp. ---------- Common
(G. K. Shields & Co.)
Pittsburgh Coke & Chemical Co. ---------- Common
(Hemphill, Noyes & Co.)

March 24, 1953
Dallas Power & Light Co. ---------- Bonds
(Bids noon EST)
Georgia Power Co. ---------- Bonds & Preferred
(Bids 11 a.m. EST)
Great Western Uranium Corp. ---------- Common
(Israel & Co.)
Pacific Lighting Corp. ---------- Preferred
(Blyth & Co., Inc.)

March 25, 1953
El Paso Natural Gas Co. ---------- Common
(Offering to stockholders—underwritten by White, Weld & Co.)
Independent Plow, Inc. ---------- Class A
(Offer to stockholders—Barrett Herrick & Co., Inc.)
National Oil & Gas Corp. ---------- Bonds
(G. H. Walker & Co.)
North Pacific Exploration, Ltd ---------- Common
(Aetna Securities Corp. and L. D. Friedman & Co., Inc.)
Southern Indiana Gas & Electric Co. ---------- Common
(Smith, Barney & Co.)

March 27, 1953
Merritt-Chapman & Scott Corp. ---------- Common
(Offering to stockholders—no underwriter)
Mountain States Tel. & Tel. Co. ---------- Common
(Offering to stockholders—no underwriting)

March 30, 1953
Kentucky Utilities Co. ---------- Common
(Offering to stockholders—no underwriting)
Scott & Fetzer Co. ---------- Common
(McDonald & Co.)
West Coast Telephone Co. ---------- Common
(Blyth & Co., Inc.)

March 31, 1953
California Electric Power Co. ---------- Common
(Bids 8:30 a.m. PST)
Kerr-McGee Industries, Inc. ---------- Debentures
(Lehman Brothers and Straus, Blosser & McDowell)
Public Service Co. of Oklahoma ---------- Bonds
(Bids to be invited)

April 1, 1953
Allied Chemical & Dye Corp. ---------- Debentures
(Morgan Stanley & Co. and Halsey, Stuart & Co. Inc.)
Central & South West Corp. ---------- Common
(Offer to stockholders—Bids to be invited)
United Utilities, Inc. ---------- Common
(Offering to stockholders—underwritten by Kidder, Peabody & Co.)

April 6, 1953
Brockton Edison Co. ---------- Bonds
(Bids 11 a.m. EST)
California Electric Power Co. ---------- Bonds
(Bids 8:30 a.m. PST)

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. ---------- Bonds & Preferred
(Bids 11:30 a.m. EST)

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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mon 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: The First Boston Corp. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Lehman Brothers and Lazard Freres & Co. (jointly); Blyth & Co., Inc., Smith, Barney & Co. and Harriman Ripley & Co., Inc. (jointly). **Bids**—Expected in Chicago on April 1.

★ Cessna Aircraft Co., Wichita, Kansas
March 3 (letter of notification) 5,000 shares of common stock (par $1). **Price** — At the market (approximately $9 per share). **Proceeds**—Dwane L. Wallace, President, who is the selling stockholder. **Underwriter**—None, but Harris, Upham & Co., New York, will act as broker.

★ Commercial Finance Co., Inc., Rainier, Md.
Feb. 27 (letter of notification) 2,350 shares of common stock (par $1). **Price**—$1.50 per share. **Proceeds**—For working capital. **Office**—3201 Rhode Island Ave., Mt. Rainier, Md. **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**—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.

★ Deep Rock Oil Corp., Tulsa, Okla.
Feb. 26 (letter of notification) 5,500 shares of common stock to be purchased under the company's Employees' Stock Purchase Plan for 1953. **Price** — Approximately $43 per share.

★ Dixie Loan Co., Inc., West Palm Beach, Fla.
March 2 (letter of notification) 5,500 shares of 60-cent dividend preferred stock (par $5) and 10,000 shares of common stock. **Price**—For preferred, $10 per share, and for common, $2 per share. **Proceeds**—To finance small loan business. **Office**—331 First St., West Palm Beach, Fla. **Underwriter**—None.

★ Du-Art Film Laboratories, Inc. (N. Y.)
March 5 (letter of notification) 25,000 shares of cumulative and participating preferred stock (no par) and 25,-000 shares of common stock (par 10 cents) to be offered in units of one share of each class of stock. **Price**—$12 per unit. **Proceeds**—To buy new equipment and modernize plant and for working capital. **Office**—245 West 55th St., New York 20, N. Y. **Underwriters** — Childs, Jeffries & Thorndike, Boston and New York; Battles & Co., Inc., Philadelphia; and Syle & Co., New York.

● 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. **Underwriter**—Hill Richards & Co., Los Angeles, Calif.

★ Dunningcolor Corp., Hollywood, Calif.
March 3 (letter of notification) 50,000 shares of common stock (par $1). **Price**—At market. **Proceeds**—To Carroll Dunning, the selling stockholder. **Underwriter** — None. **Office**—932 North La Brea Ave., Hollywood 38, Calif.

★ Eastern Life Insurance Co. of New York
March 5 (letter of notification) 1,500 shares of capital stock (par $5.50). **Price**—$12 per share. **Proceeds**—To Judea Industrial Corp., New York. **Underwriter**—None, but Franklin & Co., New York, will act as broker.

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 Stock Fund, Boston, Mass.
March 9 filed 25,000 trust shares. **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.

★ El Paso Natural Gas Co. (3/25-26)
March 6 filed 960,000 shares of common stock (par $3), of which approximately 880,000 are to be offered for subscriptions by holders of common stock and $4.25 convertible second preferred stock of record about March 24 at rate of one new share of common for each four common shares held and one new share of common for each preferred share held; rights to expire about April 7. The remaining 80,000 shares are to be reserved for offering to employees. **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans and for new construction. **Underwriter**—White, Weld & Co., New York.

★ Empire Oil Co., Inc., Denver, Colo.
March 4 (letter of notification) 250,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For drilling program. **Office**—602 First National Bank Bldg., Denver 2, Colo. **Underwriter**—None.

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**—No date set.

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.

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.

★ Fitchburg Gas & Electric Light Co.
March 6 filed 23,698 shares of capital stock (par $25) to be offered to stockholders at rate of one new share for each five shares held. **Price**—To be supplied by amendment. **Proceeds**—For construction program. **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 being presently offered to employes. **Price**—At par ($100 per share). **Proceeds**—For working capital. **Office**—3580 Main St., Hartford, Conn. **Underwriter**—None.

★ Gas-Go Oil Co., Port Collins, Colo.
March 2 (letter of notification) 100,000 shares of capital stock (no par). **Price** — $1 per share. **Proceeds** — For drilling and oil leases. **Address**—P. O. Box 708, Port Collins, Colo. **Underwriter**—None.

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.

★ Gold Crown Mining Corp., Richmond, Calif.
March 4 (letter of notification) 25,000 shares of common stock. **Price**—$1 per share. **Proceeds**—To purchase mine machinery. **Address** — James Donogh, President, 2530 Carquinez Ave., Richmond, Calif. **Underwriter**—None.

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 Growers, Inc. (Pa.)
March 2 (letter of notification) 814 shares of 6% cumulative preferred stock (par $50) and 295 shares of common stock (par $100). **Price**—At par. **Proceeds**—For working capital. **Office**—138 West Railroad St., North Girard, Pa. **Underwriter**—None.

★ Great Western Uranium Corp. (3/24)
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.

★ Guardian Chemical Corp., Long Island City, N. Y.
March 3 (letter of notification) 36,325 shares of common stock (par 10 cents). **Price**—$2.75 per share. **Proceeds**—For working capital. **Underwriter**—Batkin & Co., 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
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.

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.

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.

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. No general public offer is planned.

★ **Jefferson Lake Sulphur Co., New Orleans, La.**
March 2 (letter of notification) 1,700 shares of common stock (par $1). **Price**—At market (approx. $21.37½ per share). **Proceeds**—To F. Lloyd Monroe, the selling stockholder. **Underwriter** — None, but James E. Bennett & Co., Chicago and New York, will act as agent.

★ **Kentucky Utilities Co. (3/30)**
March 9 filed 208,057 shares of common stock (par $10) to be offered for subscription by common stockholders at the rate of one new share for each 10 shares held. **Price**—To be supplied by amendment. **Proceeds**—For new construction. **Underwriter**—None.

★ **Kentucky Utilities Co. (4/7)**
March 9 filed $10,000,000 first mortgage bonds, series E. due April 1, 1983. **Proceeds**—To repay bank loans and for new construction. **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. **Bids**—Tentatively expected to be received on April 7.

★ **Kerr-McGee Industries, Inc. (3/31)**
March 11 filed $10,000,000 of 4½% convertible subordinated debentures due April 1, 1968. Price—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Underwriters**—Lehman Brothers, New York; and Straus, Blosser & McDowell, Chicago, Ill.

● **Lake Superior District Power Co.**
Feb. 16 filed 29,761 shares of common stock (par $20) being 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. **Price**—$31 per share. **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**—To be received up to 11:30 a.m. (CST) on March 17 by company.

★ **Lindemann (A. J.) & Hoverson Co.**
Feb. 24 (letter of notification) 10,000 shares of common stock (par $1). **Price**—$2.37½ per share. **Proceeds**—To E. A. Lindemann, the selling stockholder. **Office**—601 West Cleveland Ave., Milwaukee 15, Wis. **Underwriter**—None.

★ **Loomis, Sayles & Co., Inc., Boston, Mass.**
March 9 filed 100,000 shares of capital stock. **Price**—At market. **Proceeds**—For investment. **Underwriter**—None.

★ **Macco Corp., Paramount, Calif.**
March 5 (letter of notification) 2,000 shares of common stock (par $1). **Price**—At market (approximately $9.50 to $10.50 per share). **Proceeds**—To Fred H. Brown, the selling stockholder. **Office** — 14409 South Paramount Blvd., Paramount, Calif. **Underwriter**—None.

Mallory (P. R.) & Co. (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.

★ **Mathieson Chemical Corp., Baltimore, Md.**
March 6 filed 350,000 shares of common stock (par $5) to be offered under the company's "Restricted Stock Option Plan to Certain Officers and Other Key Employees" of the company and its subsidiaries. **Proceeds**—For general corporate purposes. **Underwriter**—None.

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-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. Doebler 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.

★ **Mountain States Telephone & Telegraph Co. (3/27)**
March 6 filed 390,931 shares of common stock to be offered for subscription by common stockholders of record March 27 at rate of one new share for each four shares held. American Telephone & Telegraph Co. (parent) now owns 1,351,203 shares (86.41%) of presently outstanding capital stock. **Price**—At par ($100 per share). **Proceeds**—For property additions and improvements. **Underwriter**—None.

★ **National Oil & Gas Corp. (3/25-26)**
March 5 filed $1,650,000 first mortgage bonds due March 1, 1973. **Price**—To be supplied by amendment. **Proceeds**—To redeem $1,349,000 of 4½% debentures (outstanding Feb. 28, 1953), to repay $135,000 bank loans and for working capital. **Underwriter**—G. H. Walker & Co., New York and Providence (R. I.)

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. (3/17)**
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. (Canada) (3/25)**
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.

★ **Ocean City Oil Fields, Inc., Aberdeen, Wash.**
Feb. 24 (letter of notification) 300,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—To drill two wells. **Office** — 101 Finch Bldg., Aberdeen, Wash. **Underwriter**—None.

★ **Ormond Corp., Albuquerque, N. M.**
March 2 (letter of notification) 5,000 shares of class A preferred stock. **Price**—At par ($10 per share). **Proceeds**—To purchase real estate. **Office**—5003 Central Ave., N. E., Albuquerque, N. M. **Underwriter**—None.

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 Western Stores, Inc., Los Angeles, Calif.**
March 2 (letter of notification) 8,802 shares of preferred stock (par $10) and 8,700 shares of common stock (par 5 cents). **Price**—For preferred, $7 per share, and for common, 30 cents per share. **Proceeds**—To Fred Meyers, Charles Flake and Joseph Solomon. **Underwriters**—White & Co., St. Louis, Mo.; Gearhart & Otis, Inc., New York, and Peters, Writer & Christensen, Inc., Denver, Colo.

★ **Palestine Economic Corp., New York**
March 6 filed 100,000 shares of commo nstock (par $25). **Price**—$28 per share. **Proceeds** — For development of Israel industry, etc., and for working capital. **Underwriter**—None.

● **Paley Manufacturing Corp. (3/23)**
Jan. 16 (letter of notification) 99,000 shares of common stock (par 25 cents). **Price**—$3 per share. **Proceeds**—For expansion and working capital. **Office**—Brooklyn, N. Y. **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 on or about March 18; rights to expire about April 1. 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 Coke & Chemical Co. (3/23-26)**
March 3 filed 84,903 shares of common stock (no par). **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Underwriter** — Hemphill, Noyes & Co., New York.

● **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. Statement effective March 4.

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 Co. of Oklahoma (3/31)**
March 9 filed $6,000,000 of first mortgage bonds due March 1, 1983. **Proceeds**—For property additions and improvements. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler; White, Welt & Co. and Shields & Co. (jointly); Glore, Forgan & Co.; Harriman Ripley & Co. Inc.; The First Boston Corp.; Kuhn, Loeb & Co. and Union Securities Corp. (jointly); Blyth & Co., Inc., Kidder, Peabody & Co. and Stone & Webster Securities Corp. (jointly). **Bids**—Tentatively expected to be received on or about March 31.

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).

★ **Putnam (George) Fund of Boston**
March 9 filed 1,000,000 shares of beneficial interest in the Fund. **Price** — At market. **Proceeds** — For investment. **Underwriter**—None.

★ **Rocky Mountain Oil Corp., Denver, Colo.**
March 4 (letter of notification) 237,500 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For working capital. **Underwriter**—Steele & Co., New York.

★ **Scott & Fetzer Co., Cleveland, Ohio (3/30)**
March 10 filed 64,000 shares of common stock (par $5). **Price**—To be supplied by amendment. **Proceeds**—To five selling stockholders. **Underwriter**—McDonald & Co., Cleveland, O.

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. The offer will expire on March 23. **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.

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● 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. **Offering**—Subsequently withdrawn.

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.

★ Suburban Gas Service, Inc., Upland, Calif.
March 3 (letter of notification) 10,000 shares of common stock (par $1), issuable upon exercise of warrants attached to $200,000 of 12-year 6% sinking fund debentures, series B (warrants entitle holders to purchase 50 shares of stock for each $1,000 debenture held). **Price**—$5 per share. **Proceeds**—To retire series B debentures or for working capital. **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 Electric Service Co. (4/13)
March 9 filed $7,000,000 of first mortgage bonds due 1983 and 100,000 shares of cumulative preferred stock (no par). **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.

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**—Date not set.

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 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 Utilities, Inc., Abilene, Kan. (4/1)
March 10 filed 319,122 shares of common stock (par $10) to be offered for subscription by common stockholders of record on or about April 1 at the rate of one new share for each 2½ shares held; rights to expire on April 14. **Price**—To be supplied by amendment. **Proceeds**—To acquire a two-thirds stock interest in Investors Telephone Co. **Underwriter**—Kidder, Peabody & Co., 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.

★ Vault Co. of America, Davenport, Iowa
March 2 (letter of notification) 10,000 shares of common stock. **Price** — $10 per share. **Proceeds** — For working capital. **Underwriter**—A. J. Boldt & Co., Davenport, Ia.

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.

★ Wall Street Investing Corp., New York
March 6 filed 100,000 shares of capital stock. **Price**—At market. **Proceeds**—For investment. **Underwriter**—None.

★ Webb's City, Inc., St. Petersburg, Fla.
March 5 (letter of notification) $250,000 of 10-year debentures. **Price**—At par (in denominations of $100 and $500 each). **Proceeds**—For plant expansion. **Office**—128 Ninth Street South, St. Petersburg, Fla. **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.

★ West Coast Telephone Co. (3/30)
March 9 filed 50,000 shares of common stock (par $20). **Price**—To be supplied by amendment. **Proceeds**—For construction program. **Underwriter**—Blyth & Co., Inc., New York and San Francisco.

Westair, 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 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

★ Agricultural Insurance Co.
March 2 it was reported company may offer rights to its stockholders to subscribe for 100,000 additional shares of capital stock (par $10) on a 1-for-3 basis. **Underwriter**—Blyth & Co., Inc., New York. **Offering**—Expected in April or May.

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. (4/1)
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. **Underwriters**—Morgan Stanley & Co. and Halsey, Stuart & Co. Inc. **Registration**—Planned for March 12.

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.

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 1st & gen. mtge. bonds sold March 10, 1953), 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 Power & Light Co.
March 2 it was reported company may issue and sell 50,000 shares of new preferred stock. **Underwriters**—To be determined by competitive bidding. Probable bidders: Stone & Webster Securities Corp.; Lehman Brothers and Glore, Forgan & Co. (jointly); Blyth & Co., Inc., Harriman Ripley & Co., Inc. and Smith, Barney & Co. (jointly); Salomon Bros. & Hutzler.

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 Great Western Ry.
Jan. 9 William N. Deramus, 3rd, President, stated that the company is planning issuance and sale of $6,000,000 collateral trust bonds to be secured by $9,000,000 first mortgage bonds held in the treasury. **Proceeds**—To pay off $3,000,000 of notes and for working capital. **Underwriters** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co., Inc.; Kidder, Peabody & Co.; The First Boston Corp.; Merrill Lynch, Pierce, Fenner & Beane.

Cinerama Productions Corp.
Jan. 9 it was reported company plans issuance and sale of about 500,000 shares of common stock. **Price**—Expected to be around $10 per share. **Underwriter**—Hayden, Stone & Co., New York. **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.

★ Commonwealth Edison Co.
March 10 company announced that in the next four years it expects to raise about $280,000,000 of new capital to help finance a $500,000,000 construction program during that period. No conclusion has been reached as to the type of securities to be issued or when they will be sold. Probable bidders for bonds: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co., Lehman Brothers and American Securities Corp. (jointly); Glore, Forgan & Co. and The First Boston Corp. (jointly) underwrite an offering of convertible preferred stock to common stockholders last November.

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.

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.

★ Detroit Edison Co.
March 6 company sought permission of the Michigan P. U. Commission to issue and sell $40,000,000 35-year first mortgage bonds to carry interest at not to exceed

4%. If competitive, bidders may include: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co.; The First Boston Corp.; Coffin & Burr, Inc. and Spencer Trask & Co. (jointly). Proceeds would be used to pay for new construction.

★ Detroit Stamping Co.
March 5 it was reported public sale of 120,000 shares of common stock is soon expected. **Proceeds**—To selling stockholders. **Underwriter**—White, Noble & Co., Grand Rapids, Mich.

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.

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.

★ Inter-Mountain Telephone Co.
Feb. 25 it was reported company is considering additional financing. **Underwriter**—Probably Courts & Co., Atlanta (Ga.) 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.

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.

★ Marion Power Shovel Co.
March 5, John P. Courtright, President, reported that company plans some long-term debenture financing. The proceeds are expected to be used to retire bank loans and to pay preferred dividend arrearages.

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); Blyth & Co., Inc.

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).

★ Mobile Gas Service Corp.
March 6, Maurice White, President, announced that, after proposed two-for-one split-up to be voted upon April 24, the company will offer to its stockholders 40,000 shares of additional common stock on a five-for-one basis. **Proceeds**—For construction program. **Underwriters**—May be determined by competitive bidding. Probable bidders: First Boston Corp.; Blyth & Co., Inc.; Bear, Stearns & Co. and Wertheim & Co. (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 State Electric & Gas Corp.
Feb. 27 it was reported that company may, later in 1953, issue and sell $20,000,000 first mortgage bonds (following private sale of 75,000 shares of 4.40% preferred stock, par $100, and $5,000,000 of 3¾% debentures due 1991 (latter expected in April). **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp. and Glore, Forgan & Co. (jointly); Blyth & Co., Inc. and Smith, Barney & Co. (jointly); Hemphill, Noyes & Co. and Drexel & Co. (jointly); Kidder, Peabody & Co. and Salomon Bros. & Hutzler (jointly); Lehman Brothers; Harriman Ripley & Co., Inc.

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.; Merrill Lynch, Pierce, Fenner & Beane and Glore, Forgan & Co. (jointly); Kuhn, Loeb & 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.
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 Gas & Electric Co.
March 6 it was announced company plans in April to offer to its common stockholders 241,000 additional shares of common stock at the rate of one new share for each 10 shares held. **Proceeds**—For construction program. **Underwriters**—To be determined by competitive bidding. Probable bidders: The First Boston Corp.; Merrill Lynch, Pierce, Fenner & Beane; Blyth & Co., Inc.; Union Securities Corp. **Registration**—Expected about March 18.

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.; Lehman Brothers and Harriman Ripley & Co., Inc. (jointly). **Offering**—Expected in June.

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.

Pacific Telephone & Telegraph Co.
Dec. 17 Mark R. Sullivan, President, announced that company in 1953 will borrow some $125,000,000 from banks to be refinanced later in year, probably by offering of bonds and additional common stock. Probable bidders for bonds: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; White, Weld & Co.; Lehman Brothers and Union Securities Corp. (jointly). Stock would be offered to stockholders, without underwriting. American Telephone & Telegraph Co., parent, owns 91.25% of Pacific common shares.

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.

★ 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 New Hampshire
Nov. 3 it was announced company plans to issue and sell approximately $5,000,000 of bonds in May or June, 1953, and in the latter part of 1953 to issue sufficient common shares to raise about $4,000,000. **Proceeds**—To repay bank loans and for new construction. **Underwriters**—To be determined by competitive bidding. Probable bidders: For bonds, Halsey, Stuart & Co. Inc.; The First Boston Corp. and Coffin & Burr, Inc. (jointly); Kidder, Peabody & Co.; White, Weld & Co. For stock, Kidder, Peabody & Co. and Blyth & Co., Inc. (jointly); Harriman Ripley & Co. Inc.

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★ Public Service Co. of Oklahoma
March 2 it was reported company may issue and sell 40,000 shares of new preferred stock (par $100). **Underwriters**—To be determined by competitive bidding. Probable bidders: Glore, Forgan & Co.; Smith, Barney & Co.; Kuhn, Loeb & Co.; Harriman Ripley & Co., Inc. and Central Republic Co. (Inc.). **Proceeds** — For additions and improvements.

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)
March 3 it was announced company plans offering of 1,004,869 additional shares of common stock (par $5) to stockholders of record April 16 on a basis of one new share for each 17 shares held (with an oversubscription privilege); 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 11:30 a.m. (EST) on April 15. **Registration**—Planned for March 13.

• Southern Natural Gas Co.
Feb. 27 it was reported that approximately $30,000,000 of first mortgage bonds will be publicly offered, probably in June. This is in addition to an additional $30,000,000 to be raised through sale of stock or bank loans. Proceeds will be used for new construction. 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; Blyth & Co. Inc., and Stone & Webster Securities Corp. (jointly).

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 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 to be received up to 11:30 a.m. (EST) on 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 to be received up to 11:30 a.m. (EST) 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.

★ Union Wire Rope Corp.
March 6 it was announced that, following proposed two-for-one split-up of the common stock to be voted upon March 24, company plans to sell 100,000 additional shares of common stock, part to stockholders and part privately. **Underwriter**—Probably P. W. Brooks & Co., Inc., New York.

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).

★ West Texas Utilities Co.
March 2 it was reported that company plans issuance and sale of 100,000 shares of new preferred stock. **Underwriters** — May be determined by competitive bidding. Probable bidders: Stone & Webster Securities Corp.; Harriman Ripley & Co., Inc.; Union Securities Corp.

Continued from page 3

Salesmen as Parties to Disciplinary Proceedings

We predict that one of these pressures will be directed against the employer or broker-dealer and will consist of a policy statement enumerating the methods to be used by the employer in hiring his help.

We have been advised that this decision is basic and most significant in that it makes doubtful the whole procedure of the National Association of Securities Dealers relating to the registration of salesmen.

This registration procedure in the form of a rule was passed upon the representation by the NASD that there would and could be instances where salesmen on trial for infraction of the Code of Procedure or Rules of Fair Practice could be found guilty without at the same time finding their principals or employers guilty.

At the time this registration procedure was evolved by the NASD, we contended editorially that in our opinion there was no warrant in the law which authorized such procedure.

What is the net effect of all this?

The Maloney Act, which constitutes Section 15A of the Securities Exchange Act of 1934, was an amendment which gave rise to the NASD. It provides that any association of **brokers or dealers** may be registered with the Commission as a national securities association. No provision is made therein for any association of salesmen.

It is claimed that the NASD is a voluntary association. If this were correct then it would follow logically that the only ones who could be disciplined by the Association were its own members. We could therefore never understand by what right or under what mandate of the individuals involved the NASD undertook to register, regulate and discipline the salesmen employed by broker-dealers.

Nevertheless the District Business Conduct Committees of the NASD, in disciplinary proceedings, have habitually been trying members of their Association together with employee salesmen.

Now along comes the United States Court of Appeals and says that this may not be done by the Securities and Exchange Commission. Query: If the SEC may not do it, then may the NASD do it; and if so, by what authority?

The only place to look for the answer to that question is the Maloney Act which gave birth to the National Association of Securities Dealers. If there is any authority it must be found within the concepts of that Act; and as we examine that law from end to end we find in it no authorization on the instant point which gives to the NASD any greater right than is enjoyed by the SEC. Hence we come to the inexorable conclusion that the NASD has no right to discipline salesmen employees.

If our reasoning is correct we are met with the irony that NASD members were induced to support a registration of salesmen procedure based upon the effect of disciplining salesmen, which the NASD now has no right to do.

Aspirants in regulatory governmental agencies reaching for power, frequently work themselves into just such anomalous results.

We have urged editorially that the public interest and the interest of investors requires the abolition of the SEC and the NASD. This was a prayer for Congressional relief.

In the meantime, it is comforting to get judicial relief and Wallach vs. the SEC has helped.

Cinerama Convertible Debentures Offered

Offering of $2,000,000 Cinerama, Inc. 4% convertible debentures, due March 1, 1958 is being made today by Gearhart & Otis, Inc. and White & Co. at par. The debentures are being offered in denominations of $100, $500 and $1,000.

Proceeds will be added to the general funds and used to carry out the company's present program which calls for the furnishing and installation of exhibition equipment in three additional theatres. The corporation also intends to engage in a program of research and development to effect improvements in the Cinerama process and the equipment therefor.

Each debenture is convertible at the holder's option at the rate of one share of common stock for each $3.75 principal amount of debenture, which is 266⅔ shares per $1,000 bond. Redemption of the debentures may be made at any time at 104% and accrued interest.

Cinerama, Inc. holds the rights to use and exploit the Vitarama Process, an application of the theory that three-dimensional perception and perspective are obtained principally by peripheral vision, i.e., what the eye sees outside of and surrounding the central area of sharp focus.

Business Man's Bookshelf

East Africa — Year Book and Guide, with Atlas and Folding Map — Edited by A. Gordon-Brown—The H. W. Wilson Company, 950 University Avenue, New York 22, N. Y.—cloth—$3.00.

Exhibition of Benjamin Franklin—Brochure—The Franklin National Bank, Franklin Square, Long Island, N. Y. (paper), 50¢ (proceeds to be donated to Nassau County Charities).

Lord Mayor of London, The—T. Haward Girtin—Oxford University Press, London, England and New York City—4 shillings.

Security Dealers of North America—1953 Edition—comprehensive directory of all stock and bond houses in United States and Canada, including character of business, names of partners or officers, stock exchange and association memberships, etc.—Herbert D. Seibert & Co., Inc., 25 Park Place, New York 7, N. Y. (fabrikoid), $12.

South Africa—Year Book and Guide, with Atlas and Folding Map — Edited by A. Gordon-Brown—The H. W. Wilson Company, 950 University Avenue, New York 22, N. Y.—cloth $3.00.

Stand-by Controls — F. A. Harper—Foundation for Economic Education, Inc., Irvington-on-Hudson, N. Y.—paper—no charge for single copies; quantity prices on request.

Stocks for Income and Capital Gains—Featured in monthly review included in weekly "Business and Investment Timing Service" (current appraisal of 80 issues with eight-page report on "Business and Stock Market Outlook for 1953" and next four weekly bulletins to new subscribers), $2—Anthony Gaubis & Co., 37 Wall Street, New York 5, N. Y.

What's Ahead?—Ten reports a year by Edward R. Dewey, coauthor of "Cycles, The Science of Prediction," sent to those contributing $10 a year to Foundation for the Study of Cycles, 9 East 77th Street, New York 21, N. Y.—also included is a chart of stock market cycles projected to 1990—ask for chart C. 312.

W. R. Bell Co. Formed

MILLBURN, N. J.—William R. Bell, Jr. has formed W. R. Bell & Co. with offices at 329 Millburn Avenue to conduct a securities business. Mr. Bell was previously with First Investors Corporation.

With Merrill, Turben Co.

(Special to THE FINANCIAL CHRONICLE)

COLUMBUS, Ohio — Jack D. Griffith has become associated with Merrill, Turben & Co. of Cleveland, members of the Midwest Stock Exchange. Mr. Griffith was previously connected with Vercoe & Co.

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.

With Daugherty, Butchart

(Special to THE FINANCIAL CHRONICLE)

PORTLAND, Ore.—R. W. Prentis has become affiliated with Daugherty, Butchart & Cole, Inc., 729 Southwest Alder Street. He was previously with J. R. Williston, Bruce & Co.

Joins Blair, Rollins Co.

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — Overton A. Myers has become associated with Blair, Rollins & Co., Incorporated, 135 South La Salle Street. He was formerly with Barcus, Kindred & Co., and American Bank & Trust Co.

David A. Noyes Opens New Branch Office

ELGIN, Ill.—David A. Noyes & Co. have announced the opening of an office in the Tower Building under the management of David L. Heath. Mr. Heath was previously Elgin manager for Reynolds & Co.

DIVIDEND NOTICES

AMERICAN MANUFACTURING COMPANY
Noble and West Streets
Brooklyn, 22, New York

The Board of Directors of the American Manufacturing Company has declared the regular quarterly dividend of 25c per share on the Common Stock, payable April 1, 1953 to to Stockholders of Record at the close of business March 13, 1953. Transfer books will remain open.

COLUMBUS MOISE, Treasurer.

AMERICAN ENKA CORPORATION

DIVIDEND

The Board of Directors has declared the following dividend on the common stock:

A REGULAR QUARTERLY dividend of 40c per share, payable March 27, 1953 to stockholders of record at the close of business March 14, 1953.

GAYLORD DAVIS,
Vice President and Treasurer
March 6, 1953

ENKA RAYON
TEXTILE and TIRE YARNS
1928 *25th Year* 1953

GT GENERAL TIME

GENERAL TIME CORPORATION

Dividends

The Board of Directors has declared the following dividends:

PREFERRED STOCK

Regular quarterly dividend of $1.06¼ per share, on the 4¼ per cent Cumulative Preferred Stock, payable April 1, 1953 to shareholders of record March 14, 1953.

COMMON STOCK

A dividend of 50 cents per share on the Common Stock, payable April 1, 1953 to shareholders of record March 14, 1953.

JOHN H. SCHMIDT
Secretary-Treasurer

March 4, 1953.

WESTCLOX • BIG BEN
SETH THOMAS
STROMBERG RECORDERS
HAYDON MOTORS

With Keenan & Clarey

(Special to THE FINANCIAL CHRONICLE)

MINNEAPOLIS, Minn. — Victor J. Sondag has become connected with Keenan & Clarey, Inc., National Building.

Parker, Robinson To Admit

MAPLEWOOD, N.J.—Jerome A. Q. Franks and Edward B. Ekdahl will be admitted to partnership in Parker, Robinson & Kristeller, 7 Highland Place, members of the New York and American Stock Exchanges.

DIVIDEND NOTICES

BRILLO MANUFACTURING COMPANY, INC.

Dividend No. 92

A Dividend No. 92 of Forty Cents ($.40) on the Common Stock has been declared, payable April 1, 1953 to stockholders of record March 16, 1953.

M. B. LOEB, President

Brooklyn, N. Y.

Burroughs

213TH CONSECUTIVE CASH DIVIDEND

A dividend of twenty cents ($.20) a share has been declared upon the stock of BURROUGHS ADDING MACHINE COMPANY, payable June 10, 1953, to shareholders of record at the close of business May 15, 1953.

Detroit, Mich.
March 9, 1953

SHELDON F. HALL,
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.

International MINERALS CHEMICALS

Mining and Manufacturing
Phosphate • Potash • Plant Foods • Chemicals
Industrial Minerals • Amino Products

Dividends were declared by the Board of Directors on Feb. 26, 1953, as follows:

4% Cumulative Preferred Stock
44th Consecutive Regular Quarterly Dividend of One Dollar ($1.00) per Share.

$5.00 Par Value Common Stock
Regular Quarterly Dividend of Forty Cents (40¢) per Share.

Both dividends are payable March 30, 1953, to stockholders of record at the close of business March 20, 1953.

Checks will be mailed.

Robert P. Resch
Vice President and Treasurer

INTERNATIONAL MINERALS & CHEMICAL CORPORATION

General Offices: 20 North Wacker Drive, Chicago 6

Joins Cruttenden Staff

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Robert W. Erlandson has joined the staff of Cruttenden & Co., 209 South La Salle Street, members of the New York and Midwest Stock Exchanges.

DIVIDEND NOTICES

COMBUSTION ENGINEERING-SUPERHEATER, INC.

Dividend No. 197

A quarterly dividend of seventy-five cents (75c) per share on all the outstanding stock of the Company has been declared payable April 28, 1953 to stockholders of record at the close of business April 14, 1953.

OTTO W. STRAUSS
Vice President and Treasurer

New York & Honduras Rosario Mining Company

120 Broadway, New York 5, N. Y.

March 11, 1953.

DIVIDEND No. 402

The Board of Directors of this Company, at a Meeting held this day, declared an interim dividend for the first quarter of 1953, of Seventy-five Cents ($.75) a share on the outstanding capital stock of this Company, payable on March 28, 1953, to stockholders of record at the close of business on March 19, 1953.

W. C. LANGLEY, Treasurer.

RADIO CORPORATION OF AMERICA

RCA

Dividend on First Preferred Stock

At the meeting of the Board of Directors held today, a dividend of 87½ cents per share, for the period January 1, 1953 to March 31, 1953, was declared on the $3.50 Cumulative First Preferred Stock, payable April 1, 1953, to holders of record at the close of business March 16, 1953.

ERNEST B. GORIN,
Vice President and Treasurer

New York, N. Y., March 5, 1953

ROME CABLE Corporation
ROME • NEW YORK
ROME CABLE ROME, N.Y.

56th Consecutive Dividend

The Board of Directors of Rome Cable Corporation has declared consecutive Dividend No. 56 for 45 cents, of which 35 cents is regular and 10 cents extra, per share on the Common Capital Stock of the Corporation, payable March 27, 1953, to holders of record at the close of business on March 11, 1953.

JOHN H. DYETT, Secretary
Rome, N. Y., March 4, 1953

ROYAL TYPEWRITER COMPANY, INC.

The regular quarterly dividend of $1.12½ per share for the current quarterly dividend period ending April 30, 1953, has been declared payable April 15, 1953 on the outstanding 4½% cumulative preferred stock, series A, of the Company to holders of preferred stock of record at the close of business on March 26, 1953.

A dividend of 37½¢ per share has been declared payable April 15, 1953, on the outstanding common stock of the Company, of the par value of $1.00 per share, to holders of common stock of record at the close of business on March 26, 1953.

ROBERT S. MILLER
Secretary

March 11, 1953

ROYAL

Renyx Field Adds

(Special to THE FINANCIAL CHRONICLE)

NEW ORLEANS, La.—Claudius G. Archer has become affiliated with Renyx, Field & Co., Inc.

DIVIDEND NOTICES

Old Town CORPORATION
Manufacturers of DUPLICATING MACHINES
CARBON PAPERS • RIBBONS

DIVIDEND No. 43

The Board of Directors has declared a dividend of 20 cents per share on the Common Stock (Par Value, $1 Per Share) of the Company, payable on March 31, 1953 to stockholders of record at the close of business on March 24, 1953.

BORDEN R. PUTNAM,
Vice-President & Treasurer.

March 10, 1953.

St. Louis, Rocky Mountain & Pacific Co.
Raton, New Mexico, February 13, 1953.

PREFERRED STOCK DIVIDEND NO. 109

The above Company has declared a dividend of $5.00 per share on the Preferred Stock of the Company to stockholders of record at the close of business March 14, 1953, payable March 31, 1953. Transfer books will not be closed.

COMMON STOCK DIVIDEND NO. 113

The above Company has declared a dividend of Fifty Cents per share on the Common Stock of the Company to stockholders of record at the close of business March 14, 1953, payable March 31, 1953. Transfer books will not be closed.

P. L. BONNYMAN, Treasurer.

United States Plywood Corporation

Weldwood®

For the quarter ended January 31, 1953, a cash dividend of 35c per share on the outstanding common stock of this corporation has been declared payable April 10, 1953, to stockholders of record at the close of business April 1, 1953.

SIMON OTTINGER, Secretary.

New York, N. Y., March 4, 1953.

MRS WAGNER'S PIES

WAGNER BAKING CORPORATION

The Board of Directors has declared the regular quarterly dividend of $1.75 per share on the 7% Preferred Stock, also a dividend of 15 cents per share on the Common Stock of this Corporation. Both dividends payable April 1, 1953, to stockholders of record March 20, 1953.

J. V. STEVENS, Secretary.

SAFEWAY STORES INCORPORATED

Common and Preferred Stock Dividends

The Board of Directors of Safeway Stores, Incorporated, on March 2, 1953, declared the following quarterly dividends:

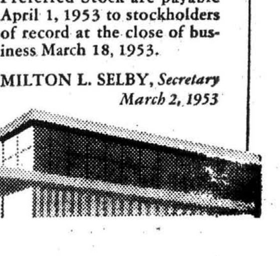
60¢ per share on the $5.00 par value Common Stock.

$1.00 per share on the 4% Preferred Stock.

$1.12½ per share on the 4½% Convertible Preferred Stock.

Common Stock dividends and dividends on the 4% Preferred Stock and 4½% Convertible Preferred Stock are payable April 1, 1953 to stockholders of record at the close of business March 18, 1953.

MILTON L. SELBY, *Secretary*
March 2, 1953



Washington... And You

Behind-the-Scene Interpretations from the Nation's Capital

WASHINGTON, D. C.—This is a further report on the sadly deteriorating relationships between the hierarchy of the Eisenhower Administration and Congress and between this hierarchy and business.

This report comes from two places. First, it comes from private interviews with scores of members of Congress. Second, it comes from industry men.

Reports do not come from talking with the high officials of the new Administration. They have insulated themselves from Congressmen who could give them a friendly hand, from seasoned and knowing industry and trade representatives, and even from the press, no matter how friendly it may be.

Mr. Eisenhower enjoys personally a great measure of personal popularity. His invitations to the boys and girls to come over and have chow at the White House and get acquainted, have made a good impression.

Not so, the impression of the super duper businessmen, who appear to be acting as though the public business should be handled with the same independence with which they were used to handling the private affairs of the companies they left.

Cold-Shoulder Industry

Business is still regulated in a thousand and one ways by the Federal government. The revolution has not yet come. The Bureau of this and the Administration of that tells what kind of labels you can put on your bottles, what you have to go through to get a TV station, what you can advertise and can't, what is going to happen to the price of dry beans or storage regulations on government corn, and on to literally thousands of other things.

Throughout the Truman Administration, the door was usually open to the representatives of trade, commerce, and industry. Officials explained to business what they were doing and why, what they were thinking, giving business a chance to harmonize itself as smoothly as possible with government regulation, present its case and its problems to the bureaucrats.

Now, for the most part, the doors are closed. It is an almost universal complaint. One man seasoned by a score of years of handling his industry's relations with government made a typical complaint.

"Under the Truman Administration I never had any trouble getting the answers. To be sure the answers were often what I didn't want to hear, but at least I got the answers to my questions. Now I can't get to the officials themselves."

Officials Are Scared

Of course it is recognized that the new officials are unsure of themselves. They have not learned that 90% of the time their say goes. They are afraid of crossing themselves up with the great big boss in the White House. And they don't know what is which or who is who within their bureaucratic bailiwicks.

Keep Trumanites On

As reported last week, however, the groundswell of opposition centers around the fact that the Eisenhower team hasn't fired the Truman team. This criticism is growing, and it is by no means only a cry for patronage from Congressmen anxious to pass out jobs.

So far very few of the high bracket Truman boys have been fired. It is incredible how many times members privately rage about this. With only such rare and notable exceptions as the able Edward F. Bartelt, Fiscal Assistant Secretary of the Treasury, most of these high bracket boys were placed in high responsibilities by the New or Fair Deals. Then their jobs were "rated" and classified as "civil service."

One particularly Congressional group with a spectacular record for achieving economy, is receiving the cold shoulder from government agencies in its attempts to collaborate on economy. The cold shoulder comes from these high-priced Trumanite appendages, who are now just outside the inner sancta of the Eisenhower appointees, figuratively guarding the latter from the uproarious and unpleasant representatives of Congress.

Tax Cut Illustrates

There is nothing which more accurately illustrates the split developing between Congress and the White House than the current furious fight over the Reed bill.

It seems fairly definite now that the Administration is not merely trying to stall the Reed bill until it can make sure it can balance the Federal Budget. The Administration is believed to be fighting the bill—and, odd as it may seem, is operating on the premise that the Reed bill will fail of enactment.

Mr. Eisenhower, in his campaign and in his first Message to Congress, pretty well dispelled in the Congressional mind the charge made against him in the pre-convention campaign—that he was the hireling of Truman and couldn't be expected to break with Truman policies.

Now, however, each day the impression keeps sinking in to the Congressional mind that Mr. Eisenhower will take no decisive risk in Korea, or perhaps couldn't, that he means to balance the Budget slowly and if possibly painlessly, that he has already passed the word that there will be no substantial cut in foreign spending, which may even be increased.

From the viewpoint of the House, what Mr. Eisenhower seems to be shooting at is a four-year political strategy, to show by the end of four years that he has made some achievement in reversing the trend toward statism and bankruptcy.

Congress Must Pitch For Shorter Term

Congress, however, and especially the House, cannot play on a 4-year time schedule. The slender hold the GOP has on the House comes up for renewal or repudiation in November, 1954.

As many members privately state it, if the war in Korea is not going to be settled, if foreign spending is to be as large or larger than under Truman, if organized Labor is going to go unchecked (as now seems pretty sure), and if Mr. Benson, even though his intentions are deeply admired, is also going to indicate something is going to be taken away from farmers eventually—

Then the members of the House have got very little to be elected upon in 1954. The loss of the House to the GOP is not something which should be regarded lightly in relation to the Administration fortunes.

And if they can't offer more and better benefits to the voters, since the pattern of the Democratic deals is out, the logical thing is the tax cut.

Won't Continue EPT

It is the expectation of all informed observers that the House Ways and Means Committee absolutely will refuse to extend the Excess Profits Tax, even though a Republican Administration is appearing to be asking that this tax be continued. John Snyder found that administration of this tax got hopelessly bogged down before he left the Treasury, and the estimates of its yield have declined from $3 to $2 billion on an annual basis. Most likely the Committee also will persist in refusing any substitutes for EPT.

This leaves the GOP—with no Reed bill to make individual income tax relief available simultaneously with the expiration of EPT—in the most vulnerable political position of seeing business tax relief accomplished without tax relief for voting millions.

Members of the House do not intend to let this happen, so they will vote for the Reed bill. Very few people will bet that after the bill has passed by a whooping majority in the House, it will stay bottled up long in the Senate.

Officially the GOP Congressional leadership is trying to stall the Reed bill until April or May. Unofficial emissaries have tried to pass the word that the Reed bill will in their opinion pass. The Administration's bigwigs, haughtily sure that the House will settle for a vote "for the record" for tax cuts, misinterpret this intelligence as salesmanship for the Reed bill.

Of course Mr. Eisenhower may veto the bill if it passes both Houses. The damage resulting to the GOP as a whole as well as to the Administration, from the deep animosity this would arouse toward Mr. Eisenhower, would be incalculable.

Congress Fuzzes, Also

Obviously not all the effort to balance the Budget is on the side of Congress, of course. One of the first Congressional acts was to restore $20 million for subsidizing local schooling in "defense impacted areas." The House put this sum back when Virginia and Maryland, among the beneficiaries, were reducing state income taxes. "Defense impacted areas" will probably remain as permanents a part of the Federal spending allotment as the clients for foreign air.

May Be Exception on Housing

One exception to this dismal pattern of an absence of a liasion for purposes other than eating, between the Administration and Congress, is what is in store for housing.

Albert M. Cole, the newly nominated Housing and Home Finance Agency Administrator, has been directed to study and recommend an Administration housing and housing finance program. Mr. Cole expects to frame this program in close consultation with members of the Banking Committees, which have jurisdiction over housing legislation.

But then, Mr. Cole is a politician, not a businessman who designed to go into politics—but without intending to get his feet wet.

(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

"For the last time, Miss Lovelace—cut out the 'cooing' and stick to the 'billing'!"

Louis Guenther

Louis Guenther, for more than 50 years publisher of "Financial World," died on March 11, 1953, at St. Clare's Hospital. The veteran journalist never fully recovered from an illness suffered not long after he, with members of the staff, on Oct. 2, last commemorated the Fiftieth Anniversary of the founding of "Financial World."

Born in London on Aug. 4, 1874, Mr. Guenther came to this country as an infant. His father, Otto Guenther, had been a newspaperman trained in the financial capitals of Europe and Louis Guenther followed in his footsteps. The two together founded "Financial World" in Chicago in 1902.

A former Governor of the New York Athletic Club, Mr. Guenther also was a member of the Downtown Athletic Club, Masonic Club, Lawyers Club and the Bankers Club, all of New York.

Mr. Guenther is survived by his widow, Hedda Dawn Engel Guenther, and two brothers, Rudolph Guenther who founded the national advertising agency, Albert Frank-Guenther Law, Inc., and Otto Guenther who heads the Guenther-Bradford & Company, advertising agency in Chicago.

Claude E. Meech

Claude E. Meech of Cleveland passed away March 5 at the age of 66. Mr. Meech, who had been in the investment business for over 30 years, for the past nine years was with Fahey, Clark & Co. Prior thereto he was with Otis & Co. for over 20 years.