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EDITORIAL

As We See It

As was to be expected certain intensely partisan Democrats are day by day devoting themselves to a study of everything that the Eisenhower Administration is doing or leaving undone in the hope of finding materials for election campaigns to come. Some of these critics are beginning to find, or to pretend to find in comparing campaign promises with post-election actions some useful raw materials.

There are others, for the most part in the President's own party, who are finding fault with their own leader because he is not being altogether consistent in condemning out of hand any and everything which preceding Administrations had any part in. Certain of these latter suffered a severe defeat last week in the Bohlen confirmation, but they are far from eliminated and can be counted upon to remain active and troublesome to the President and his supporters.

President Eisenhower has been in office less than two and a half months, and that is scarcely long enough for him to show his real merit or even the degree in which he intends and is able to carry out his campaign promises to the letter. It is a fact, however, as doubtless no one understands better than the Administration itself, that campaign assertions, campaign positions and campaign promises have an uncomfortable way of coming home to roost. Many a politician, notably President Roosevelt, has found effective means of dumping all or virtually all that was said during a campaign without loss of political prestige or position, but it would probably be particularly difficult for the present Administration to do any such thing — even if it wished to take such a

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Foreign Exchange Problems

By T. GRAYDON UPTON*

Vice-President, The Philadelphia National Bank

Among the problems and trends of foreign exchange discussed by Mr. Upton are: (1) factors influencing the Canadian dollar ratio; (2) the price of gold; (3) sterling and other currency convertibility possibilities; and (4) problems involved in "cheap currency" transactions. Stresses "caveat emptor" factor in clearing currencies of soft money countries.

CAUSES AND TRENDS

Foreign exchange matters are one of the most difficult problems which exporters and importers must deal with in their daily operations. This morning I will touch briefly on certain causes of such foreign exchange problems and on the direction of current exchange trends. I will then try and review several exchange matters of current interest, including factors influencing the Canadian dollar rate, the price of gold and Sterling convertibility possibilities. I will also attempt to describe transactions in Cheap Sterling (more vividly described in England as "commodity shunting"), as well as transactions in clearing currencies, which is another form of switching transactions through third countries.

T. Graydon Upton

As foreign traders and bankers, it is hardly profitable to spend much time analyzing how trade barriers and foreign exchange complexities arrived at their present chaotic state. Our task is to conduct trade under conditions as they exist, and it is a tribute to the ingenuity of Export Managers that these conditions have been met so successfully. Should one be of a mind to trace underlying causes, I suggest that, in addition to the general field of war and iron curtain dislocation of trade channels, it would be interesting to inquire into the role played by the various types of

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*An address by Mr. Upton before the 33rd Annual Convention of the Export Managers Club of New York, New York City, March 18, 1953.

Electronics in the Future

By DAVID SARNOFF*

Chairman of the Board, Radio Corporation of America

Asserting between now and 1960, great changes in industry will take place as result of developments in solid-state electronics, Gen. Sarnoff predicts electronic household products, business machines, inspection devices, aviation instruments, and industrial television. Says competition in electronics field spurs progress, and decries theory that science has given us machines beyond our moral ability to control. Foresees new advances in television, one comprising reproductions for relaying purposes. Extols freedom as factor in scientific advance.

Between now and 1960—and that is only seven years away—great changes in industry will take place as a result of developments in solid-state electronics. Indeed, the vacuum tube is approaching its 50th anniversary confronted by a mighty competitor—the transitor.

David Sarnoff

Present day electronic devices, instruments and systems will be transistorized. This new tool of science will widen the usefulness of electronics. It will spread its applications into many fields which the electron tube has not been able to serve.

Household Products: Within these next few years we should not be surprised to see electronic appliances find their way into the home. Airconditioners, using electronics, eliminating motors, blowers and compressors, and therefore noiseless in operation, may lead a mighty procession of household products to new markets.

Business Machines: Industrial electronics offer many opportunities for substantial development and expansion. It will revolutionize many phases of business, especially within large organizations. For example, electronic

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*An address by Gen. Sarnoff at the Annual Banquet of the Institute of Radio Engineers, New York City, March 25, 1953.

NEW STOCK MARKET COLUMN—Don't miss "THE MARKET . . . AND YOU," our new stock market column, which appears on page 28.

The Security I Like Best

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

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

This Week's Forum Participants and Their Selections

Meredith Publishing Co.—Ted C. Henderson, President, T. C. Henderson & Co., Des Moines, Iowa. (Page 2)

New York Central's "Guaranteed Stocks"—Hazel Zimmerman, Los Angeles, Calif. (Page 2)

TED C. HENDERSON

T. C. Henderson & Co., Des Moines, Iowa
Members Midwest Stock Exchange

Meredith Publishing Co.

The security I feel that has exceptional possibilities for future growth happens to be the common stock of a company located in Des Moines, Iowa. Its activities are by no means confined to the State of Iowa, as many of you who read this article are readers of their very popular magazine, "Better Homes & Gardens." Many of you have eaten delicious food prepared from the recipes contained in their famous "Better Homes & Garden Cook Book."

Ted C. Henderson

The common stock of this company did not become available to the public until 1945, and consequently, the company and its activities are known to a limited number of investors. Acting on this premise, I sincerely feel the company's excellent progress and its bright future prospects warrant a much wider acquaintance with the investing public.

E. T. Meredith started in the publishing business in 1902, and on Aug. 9, 1905, Successful Farming Publishing Co. was incorporated under the laws of Iowa. The present name of Meredith Publishing Co. was not adopted until October, 1925.

The company publishes two large circulation monthly magazines, "Better Homes & Gardens" (circulation 3,560,000), and "Successful Farming" (circulation 1,228,000), as well as various books, booklets and leaflets which project the editorial content of these magazines.

The most profitable of the two magazines is the "Better Homes & Gardens" and is the nation's leading home magazine. It contains numerous articles on building, remodeling, gardening, household equipment, home furnishing and decoration. It also has an extensive department devoted to foods and meal planning. It is my opinion the magazine's reader appeal is wider than most of its competitors, as its "Home Instruction" articles on woodworking, gardening, home repairs are quite popular with the men. Its articles on foods and decoration appeal to women, and the special emphasis on foods greatly enhances the magazine's attractiveness as an advertising medium for the food companies, which are heavy spenders on advertising.

"Successful Farming" is a service magazine for farms and homes, its editorial content being directed largely to farmers in the midwest. With its circulation well over 1,200,000 it is helping its family subscribers achieve better farm living.

The "Better Homes & Garden Cook Book" (4,300,000 copies sold since 1931) now out-ranks all other cook books in popularity, and is in fifth place among all-time American best sellers, fiction and non-fiction. Another popular seller is their "Better Homes & Gardens Baby Book," which has a record of 1,200,000 copies sold since publication date in 1943.

The most interesting feature from the standpoint of future growth is the company's entrance into television broadcasting, which in my opinion attaches a strong new growth potential to its common stock.

The company's first entry into television was the construction of station WHEN at Syracuse, New York. In August, 1951, they purchased the radio station WOW-TV in Omaha for $2,525,000, and in May, 1952, acquired the radio and television facilities of station KPHO, Phoenix, Arizona, for $1,500,000. The company has applications pending with FCC for construction of additional TV stations in Minneapolis, Rochester, New York, and St. Louis. Under FCC rules, the company will be limited to a total of five TV stations.

Revenue from television has been rapidly improving as shown by the fact that for the year ending June 30, 1951, it amounted to $523,922 and a year later it amounted to $2,057,460.

Meredith has a good earnings record, which has averaged around $4.46 a common share for each fiscal year in the period between 1948-1952, and for the year ending June 30, 1952, it amounted to $4.55 a share. During this same period dividend payments have averaged around $2.00 a share per annum. For the year ending June 30, 1952, radio and television broadcasting represented 6.4% of company's total revenues, and by Dec. 31, 1952, reporting for its first-half fiscal year operations, it had grown to 10.0% of its total revenues. This trend would continue should FCC approve the company's request for additional television broadcasting grants.

As of June 30, 1952, capitalization consisted of 645,000 shares of $10 par common stock preceded by long-term debt of $3,000,000. Working capital, including cash of $6,796,219, amounted to $9,219,188 on that date. On April 2, 1953, stockholders will vote to reclassify and split each share of $10 par value common stock, into two shares of $5 par value common stock.

The present common stock is presently offered at $35.00 in the over-the-counter market. At the present time it is difficult for an individual to buy into television broadcasting without acquiring at the same time interests in other less attractive industries, such as radio broadcasting, network operation or motion pictures.

In my opinion Meredith Publishing Co. common stock provides an excellent way to participate in the growing television broadcasting industry, as well as in one of the nation's most successful publishing enterprises.

HAZEL ZIMMERMAN

Los Angeles, Calif.

New York Central's "Guaranteeds"

One of the women investors who has attended many of my lectures said to me a few days ago, "I was tempted to lose patience with you a few years ago when you spoke over and over about the possibilities in the Rails . . . and more particularly in the Guaranteed Rails . . . but the Railroads have now come into their own and once again your recommendations in this field have been right."

Hazel Zimmerman

Anyone in the investment field knows that sometimes it takes a long time to justify one's selections and opinions by results. As my former two columns for this paper have stated, I am a firm believer in Guaranteed Rail Stocks for women investors, and more particularly widows, since to them the assurance of regular and unchanging income of a generous nature is of great importance.

Today, more than ever before, experienced investors are moving out of Bonds into quality stocks not only as an inflation protection but as an insurance against the decline of the dollar. Perhaps never before in history has the need been so pressing for escape from a declining dollar by those who have mistakenly held on to cash. A brief study of the large Insurance Company portfolios reveals some pertinent facts. Five years ago John Hancock Insurance had 79½% of its Portfolio in Bonds and 1% in Preferred and Common Stocks; today the position is almost reversed with over 77% in quality stocks including Guaranteed Rails. The managers of this $3½ billion portfolio must wisely invest $1½ million in new money **each month.** In the past 5 years $9½ million in profits have been taken. The move into Commons has kept income return from stocks above the 6% level . . . no small achievement!

New York Central's "guaranteeds" still remain at the top of my list of favorites due to two facts: their long seasoning in the market, and the outstanding earnings of the guarantor, New York Central. "Time" magazine of February 23, 1953, in its Business and Finance section, carried this notation about one of New York Central's oldest guaranteeds, Boston & Albany RR., "Last week Stevens signed a contract to buy a 28-acre site in the heart of Back Bay, only a block from Copley Square, for $4,500,000. On the property, now covered by Boston & Albany Railroad yards. . . ."

Since I began to put my clients in Boston & Albany as far back as 1939 when the stock was in the low 80's and it has since that time climbed to 134, its present asked price, I have had ample reason to feel the merits of this New York Central guaranteed have been

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Portfolio Planning . . .

—THIS WEEK—

A Portfolio Plan for the Young

By MAURICE S. BENJAMIN

Senior Partner, Benjamin, Hill & Co.
Members, New York Stock Exchange

In facing the problem of investment for the savings of young people—including members of the armed forces abroad—it seems that they can do no better than adhere to precedent. Let us see what policies produced the best results in the past.

Maurice S. Benjamin

First, it is pretty well agreed that no one can figure out or guess stock market swings.

Second, bonds have proved to be disappointing over 24 years. Coupon rates were steadily reduced, and the purchasing power of the reduced coupons continued to decline.

Third, gambling in the market has ruined almost everybody and enriched but a very few individuals. In recent years the government has stopped the manipulation of insiders and the world's dictators have been in position to spring disastrous surprises.

Fourth, most average well-known good investments of their particular era either became stabilized in maturity or declined in old age.

Fifth, on the other hand the companies with recognized "growth" prospects have shown phenomenally rewarding results.

Sixth, money should be invested when available. For illustration, let us take the worst conceivable time to have invested some money —the Fall of 1929 when the Dow-Jones average was nearly 400 (it has never been as high as 300 since). Suppose at that time a young man wanted to invest his few years' savings of $5,000. Then, his broker couldn't guess the market—unfortunately, but true. He was cognizant of the long history of bond investment; he did not want to gamble; and he decided not to buy the conservative, approved, well-known investments of the time; tempting though they were because of current earnings, dividends and popularity. But, he did select first rate companies that leading investment circles placed in the category of "growth" situations. For example, suppose we had placed $1,000 each in 5 stocks in 1929 when the Dow-Jones was nearly 400, and figure their worth today with the Dow-Jones average at 290.

Growth Stocks—	Amount 1929	Worth 1953
Abbott Laboratories	$1,000	$13,500
Amerada Petroleum	1,000	36,000
Dow Chemical	1,000	8,000
Minn. Mining & Chem.	1,000	27,000
Monsanto Chemical	1,000	6,750
	$5,000	$91,250

This capital appreciation does not include any dividends or value of rights distributed over 24 years.

Stable Companies' Performance

On the other hand, the relatively stable companies have shown a disappointing market performance, as follows:

Investment Stocks—	Amount 1929	Worth 1953
American Tel. & Tel.	$1,000	$480
Canadian Pacific	1,000	120
Consolidated Edison	1,000	95
N. Y. Central	1,000	200
U. S. Steel	1,000	410
	$5,000	$1,365

Today's Growth Situations

Today, I believe the young investor should follow "research" to discover the growth industries. What companies are spending the money to develop the new products of the future—the products that mean the pyramiding of sales and profits? These are some of the leading fields of research: Aerodynamics, Electronics, Glass, Metallurgy, Nuclear Physics, Pharmaceuticals, Synthetic fibres and plastics.

Therefore, it should not be difficult to pick out the leading companies in these fields for investment purposes. And just to pick at random 10 companies with no reflection on any that are omitted, I'll name for a $5,000 portfolio the following:

Growth Stocks—	Price 1953	Dividend
Abbott Laboratories	44	$1.95
American Airlines	14	.50
American Cyanamid	50	2.00
Dow Chemical	39	*1.00
Fansteel	28	*.50
Food Mach'y & Chemical	39	2.00
Minn. Min'g & Chemical	44	1.00
Monsanto Chemical	90	2.50
Union Carbide	68	2.50
Westinghouse Electric	48	2.00

*Plus stock.

It will be interesting to see what an investment of $500 in each of these 10 companies will be worth in another 24 years. With the progress being made in bio-chemistry with radio-active isotopes, we, as well as our young investors, should be around to check the results.

The Component Issues

Brief comments on each of our choices follow:

Abbott Laboratories—Is a leading company in the pharmaceutical field and is doing research with radio-active isotopes. The company has always operated

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Vanadium Corporation And Its Allied Alloys

By IRA U. COBLEIGH

Author of "Expanding Your Income"

A quick tour from ore to earnings statement; and a glance at the many metallurgical mixtures being produced and researched by this progressive company.

There is an expression which you're doubtless familar with — "pure and unalloyed." However well that may denote high praise in respect to morality, or gold, it may be a serious detraction when applied to steel. For many of the steels we've come to know, use, and rely on, in this chromium age, are alloyed in some way or another. And alloys are right up the alley of Vanadium Corporation!

Ira U. Cobleigh

This company, for a number of years, has supplied vanadium and its products for use in the iron and steel industry, and, today, its Mina Ragra mine (located in Peru) is the biggest known deposit of vanadium. Though this mine has been worked for over 45 years, it still has enough ore to supply Vanadium Corp. for 15 more years (at the 1952 consumption rate).

Earnings Base Broadened

But, in common with many progressive companies these days, VA has been expanding its fields to broaden the base of earning power, and stabilize same by less vital dependence on a single trade or product. Hence, we note now that vanadium, the mineral, which used to be the main deal, is down to between 15% and 20% of gross sales, and many attractive new lines have been researched and developed.

One of these is ferro chromium. You see this gleaming on your sedan and you see it in stainless steel in your kitchen. Its most important use, however, is in structural steel for greater strength; and the tough armor plate of our tanks on land, and battleships at sea, is ferro-chromium alloyed. This chrome ore is not easy to come by; in fact Vanadium Corp. last year went all the way to Rhodesia, in South Africa, to assure its supply. In a section called the Great Dyke there, VA has vast reserves of chrome ore on its own land, and is now able to supply over 70% of its needs. It will supply still more when the Rhodesian railway expands its facilities.

Another important mineral is ferro-silicon, now second only to ferro-manganese as an alloy in iron and steel manufacture. To trim this out, together with silicon metal, VA has a new $8 million plant in Graham, West Virginia. Here, close to basic raw materials and big consumers, VA has five electric arc furnaces, of the latest design and efficiency, turning out silicon for use not only in steel, but as a mixer for magnesium and aluminum as well. Before you start in the silicon business, however, you need the base material, quartzite. This, VA secures presently by purchase in the market; but for the future it has some valuable deposits of its own in Lewiston, N. Y.

Supplier of Uranium

One of the biggest names, and certainly the most awesome name in minerals today is uranium. Within the past two weeks, our news headlines have spotlighted, on the one hand, interesting new finds of uranium ore in Ontario, and on the other, death and destruction dealing detonations at Yucca Flats. And only this week President Eisenhower hinted at the possible use of atom bombs and atomic artillery to conclude the Korean War if current peace negotiations fail. And, of course, there are a myriad of potential uses of the atom for peaceful pursuits. All this is by way of leading up to the strategic position of Vanadium Corp. in the mining and milling of uranium.

In a high and sparsely settled section of the Rockies is some 68,000 square miles of mesa-dotted mineral-prone geography called the Colorado Plateau. Actually the area is in four states but the mining is principally in southwestern Colorado and southeastern Utah. This is the locale of the Atomic Energy Commission's uranium production program, and, by good fortune, Vanadium Corp. is right in the middle of it. Not only that, but it is equipped to be a most important factor, for two reasons. First of all, it has held, for years, important vanadium-uranium mines, both owned and leased, in this area. In 1951, additional leases, covering an extensive mining zone in Montrose County, Colorado, were made, and more recent development work around Marysville, Utah, has disclosed excellent quality uranium ore bodies, and pitchblende showings.

The possession and production of this ore is maximized by Vanadium Corp. through its own mills at Naturita and Durango, Colorado, and at White Canyon, Utah. The Durango plant was enlarged last year and further increase in capacity will doubtless be developed in the near future. Uranium never wants for a buyer, as the AEC takes all that is produced. The horizon for VA in this section of its operation is indeed a broad one. VA, it might be added, has some excellent company here, as United States Vanadium Company, a division of Union Carbide, also has a very large operation underway, involving extensive mine ownership, and two ore refining plants.

Impressive Growth

Since this piece is not intended as a geology lab report, however, let's switch now to the more usual approach, and talk about Vanadium as a private enterprise working for a profit. How's it been making out? Well, it's not big, particularly as companies in the iron and steel trade go. Its assets are around $40 million and annual net sales are presently at around that level. But growth has been impressive. In 1946, sales were below $12 million, and a deficit of $1.41 a share was shown. Current earnings are believed to be running around $4 a share, and cash dividends of $2.40 a share were tendered to shareholders in 1952.

Present capitalization is quite clean cut with $6 million of 4⅛% debentures (due 1967), a $4 million bank credit and 554.679 common shares listed on NYSE, and now quoted around 41 yielding currently 5.80%. This financial set up is interesting on two counts. First, some leverage is offered the equity buyer, and secondly, it's nice to see a company without an adding-machine load of outstanding shares. No Radio Corp. or Socony Vacuum this, with millions of shares to be pushed if forward motion in the stock is to be perceived. No, a nice compact supply of stock which, conceivably, could be quite sensitive (market-wise) to good news.

Alert Management

The management of VA, under the leadership of William C. Keeley, President, has all the earmarks of being alert, forward looking and efficient; and such measures of expansion as have been outlined above seem to be in fields of indicated profitability. While Vanadium did have difficult postwar adjustment problems, it has surmounted them, and now established itself as a leader in its specialized field. Perhaps VA may presently be in a position to translate some of its metallurgical romance into more dramatic market action in its common stock which has ranged, since 1937, between 9¼ and 45½.

The ferro alloy industry in which VA is forging ahead, really has a vital place today in our industrial scheme of things. Whether we want steel, shiny and sleek, for boiling pans or bumpers, or whether we seek tough wear resistant steel for forgings, springs, or castings; rustless steel, or corrosion or heat resistant steel for jets, turbines, or rockets, we're bound to use one of the products of VA. And finally if the atom bomb is the number one persuader we have when dealing with Muscovite malice, it's nice to know that among those on the production line in the field is so perceptive and progressive an organization as Vanadium Corp. Its alloys are allied with our way of life; and its common shares do not appear to be unworthy as a speculative medium in a scientific field.

SEC Blocks Capital Flow With Red Tape

By JACK DUDLEY

Financial Editor, Cincinnati "Enquirer"

(Reprinted with permission from Mr. Dudley's column "Along the Business Front" in the March 22 issue of the Cincinnati "Enquirer")

The time has come to write a new set of rules for the securities business—rules that will encourage the free flow of capital into trade and industry rather than choke it off.

I don't know of any business that is more regulated or more cowed by fear of reprisals than the investment banking and brokerage field.

What's wrong with providing capital for business through the sale of securities? What's wrong with providing more jobs? And, finally, what's the matter with making a reasonable profit in the sale of securities? Our whole free enterprise system is geared to the profit incentive.

The Securities and Exchange Commission sells itself to Congress and the public as the protector of the financial fortunes of the small investors. The truth of the matter is that many brokers, small investors in themselves, have gone out of business because they could not make a profit under SEC regulations. Before SEC came into being, there were 9,057 brokerage firms and offices in this country. The total last December was 7,085.

No wonder only six million Americans own stock. We cannot have greater distribution when we close the outlets.

Edward T. McCormick, President of the American Stock Exchange, could have been a little more definite when he said here last Thursday that the securities business was "lousy." Where you have SEC regulation, you have "lousy" business.

In the less regulated fields represented by mutual funds and tax exempt securities, business is going well. A few years ago, a 5% mark-up rule was applied to the securities industry. Since then, there has been an enormous increase in the sales of mutual funds as dealers found a medium in which they could obtain a satisfactory profit of 6% without criticism. The SEC is concerned about this mutual fund growth, apparently seeking to extend its dominance in this field.

Let's examine what the elaborate and expensive ordeal of SEC registration has done to corporate financing. A broker has pointed out that in the 12 months ended June 30, 1949, bond and debenture issues totaling $2,749,820,215 were registered with the SEC and cleared for cash sale to investors. The Bell Telephone System, 14 electric and gas companies, and eight other large corporations accounted for $2,025,821,178 of this debt financing. (Utility companies are compelled to register their securities with the SEC, otherwise much of the above financing would have been done by private placement.)

Out of this total, only five bond issues of less than $1 million were cleared for cash sales, showing that companies of relatively modest financial means are unwilling to endure the expense of SEC registration. This is a pretty rough situation in a nation of 425,000 corporations.

By contrast, here is the picture in the field of municipal finance, from which the SEC is barred by statute from interfering. During the same 12 months, says the same broker, 5,455 municipal issues aggregating more than $4 billion 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 would have been unable to raise the funds they needed.

The Commercial and Financial Chronicle has advocated repeal of the Securities Acts and abolition of the SEC and the National Association of Securities Dealers.

These steps may be too drastic, but it is obvious that some broad sweeping changes must be made to lift the investment banking business out of the hole.

The New York Stock Exchange pointed out the problem very well last January when it announced that 337,805,179 shares were sold out of 1,522 listed issues in 1952, compared with 425,234,294 shares and 1,237 issues in 1932

Maj. E. H. L. Thompson Joins Capper & Co.

Major E. H. L. Thompson has become associated with Capper & Co., 25 Broad Street, New York City, as manager of their sales department. Major Thompson was for many years a public relations consultant in the United States, Canada and Europe.

John F. Burke With Mitchell & Company

Mitchell & Company, 120 Broadway, New York City, members of the Philadelphia-Baltimore Stock Exchange, announce that John F. Burke is now associated with them in the trading department.

New Buffalo Branch for Amott, Baker & Co.

Amott, Baker & Company, Inc. announces the opening of a new office at 17 Court Street, Buffalo, under the management of Milton C. Unholz. Associated with Mr. Unholz will be Ralph A. Pilkington and Roger R. Hayes, all of whom have been identified with the investment business in Buffalo for over 25 years, and have recently been with Grimm & Co.

The State of Trade and Industry

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

Little change was noted last week in total industrial production for the nation-at-large compared with the prior week. It continued to hold near record levels and closed the week about 3% below the all-time high attained in the final quarter of 1943.

It is reported that employment held moderately above the level of a year ago with the most marked advances in consumer goods industries. Claims for unemployment insurance benefits remained close to the lowest level since the close of World War II and were down about 10% from a year ago.

In February industrial production climbed to a new post-World War II high for the sixth straight month and probably will rise even further in March, states the Federal Reserve Board. Its February index of the output of the nation's mines and factories stood at 239% of the 1935-39 average. The March index is expected to move up to 241%, the board said.

The February level marked the highest point in United States industrial production since November, 1943, when the index reached a record 247% under the impetus of full-scale war. In February, 1952, output averaged 222%.

Farm products exported from the United States in January declined in dollar value for the seventh consecutive month, the United States Department of Agriculture reported. Shipments totaled $268,800,000, 29% below the like 1952 month and 17% less than in December. Exports of wheat, wheat flour and cotton dipped sharply during January, with the latter down 63% from the 1952 month. Imports of agricultural products were valued at $382,-400,000, off 13% from a year ago and 7% under the December figure.

This week the steel market is hotter than a firecracker, states "The Iron Age," national metalworking weekly. Although producing at a faster rate than ever before in history the industry is unable to satisfy all demands for tonnage.

Short-term pressure for delivery is as intense as it has been for many months with the long-term outlook one of guarded optimism. Operations are expected to continue at reasonably high levels throughout the year. But there are some areas of doubt in the second half. Some large appliance makers, who had recently stormed back into the conversion market full force, are shying away from second half commitments. They still expect business to be good, but they are not convinced that it will be necessary to continue paying double or more mill price to keep production going, continues this trade authority.

Great production efforts have not sapped the strength of the industry. Maintenance has in most cases been well scheduled and carried out with a minimum of down time. Raw materials, including scrap and ore, are in adequate supply. There is little fear that solution of the seventh-wage-round question will interfere with production, this trade weekly states.

The steel price front is quiet. Though some producers are obviously champing at the bit, major mills are still in no great hurry to make adjustments. Major price changes may be four weeks or more away. It seems clear that some producers want to first get a line on expected wage demands which will be known by May, concludes "The Iron Age."

An 8% rise in car production last week from the preceding one has prompted "Ward's Automotive Reports" to forecast the industry will wind up with the second-highest first quarter output in its history.

Production in the first three months this year should amount to 1,520,000 cars, "Ward's" said. The record for a first quarter is 1,610,000 in the 1951 period, against 994,000 cars in the first quarter of last year.

U. S. auto makers the past week put together 138,723 units, compared with 128,638 in the prior week and 45% greater than the 95,967 in the similar 1952 week.

For the second quarter of this year, the industry is gunning for an output of 1,800,000 cars. Steel and labor, however, still pose problems, "Ward's" said

Pacing last week's high volume was General Motors Corp., aided mainly by increased output at Chevrolet and Buick divi-

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The Security I Like Best

proving themselves rather consistently. An uninterrupted dividend record of 52 years of $8.75 a share has enabled many widows to better meet the rising cost of living and greatly increased taxes.

New laws in New York State recently enacted allow the purchase of quality stocks in place of bonds, which has resulted in a consistently increasing demand, particularly by Trust Companies, Fire and Life Insurance portfolios, for quality stocks. For example, the 90-year old John Hancock Life Insurance Company has divided $73 million in their portfolio between Guaranteed Rails and Preferreds while the Metropolitan Life Insurance Company portfolio shows $177,509,022.72 in stocks with **all but** $18,064,177 in Guaranteed Rails or Preferreds.

Survival for many portfolios, including that of many Universities, has been based on moving into more and more common stocks that pay generous income, and they have found their answer frequently in the Guaranteed Rail Stocks since the income in many of the Guaranteed Stocks is far more generous and, shall we say, usually far more reliable and dependable than it is in the average Industrial or Public Utility stock.

When you consider that one of New York Central's "guaranteeds" has paid dividends since the time the Indians burned Buffalo, you really have an historical background of reliability in income payments!

Other New York Central "Guaranteeds" in favor with institutional investors at present are Michigan Central at $905 paying $50 a share (incorporated in 1846 in Michigan); Canada Southern at $49, paying $3; Mahoning Coal Railroad at $52, paying $2.50; New York and Harlem Common around $475; paying $5; Pittsburgh, Youngstown and Ashtabula at $148, paying $7; and Ware River at $108, paying $7. The latter has an uninterrupted dividend record for more than 80 years!

Eppler, Guerin Adds Two in Houston

HOUSTON, Tex. — Eppler, Guerin & Turner has announced the appointment of James J. Snoddy and E. O. Garrett as associates of the firm's Houston office, Niels-Esperson Building.

Mr. Snoddy, well known in Houston, comes to Eppler, Guerin & Turner from his position as Assistant Editor of the "Houston Chamber of Commerce Magazine."

Mr. Garrett comes to Houston from Dallas where, prior to his association with Eppler, Guerin & Turner, he represented Prentice Hall Publications.

C. E. Thenebe Opens

HARTFORD, Conn.—Charles E. Thenebe has formed Charles E. Thenebe & Associates with offices at 36 Pearl Street to engage in the securities business. Mr. Thenebe was formerly with Putnam & Company.

Cantella Now in Boston

BOSTON, Mass. — Vincent M. Cantella has opened offices at 77 Franklin Street to continue his investment business, Vincent M. Cantella & Co. He will continue to operate his office at 53 Swan Road, Winchester as a branch of Boston.

Observations . . .

By A. WILFRED MAY

War and Peace and the Market

Of course a nation's armament effort-with-spending provides no basis for real prosperity—nor does peace sabotage the economy. And of course it is anomalous that our stock market greeted *both* Korea's outbreak of war in 1950 and a prospect of peace now in 1953 with equally drastic declines.

But business activity and inflation do have an important "quantitative" stake in the Cold War; and hence the present jitteriness of the speculator, and even of the longer-term investor, is altogether understandable. For they realize to how great an extent the rate of industrial activity and earnings, numerically expressed, no matter how unsoundly financed, has been geared—directly and indirectly—to defense spending.


A. Wilfred May

It is only natural that a look at the past post-World War II record will make the holder of "armament stock" nervous. For he finds that from 1945 to 1946 sales of Bendix Aviation collapsed from $649 million to $106 million; Thompson Products from $94 million to $62 million, and United Aircraft from $484 million to $120 million, with the accompanying contraction of plant further cutting into earnings (in one company from $15 million all the way down to $785,000).

How shall the practical investor now orient or reorient himself to the daily gusts of peace atmosphere emanating all the way from Peiping to Berlin to New York's sumptuous United Nations headquarters.

The Real Thing, or Just Another Phony?

First he must make up his own mind as to the long-term implications of the Korea and Berlin peace moves? Do they manifest a complete and real reversal in Kremlin policy, or merely a broadening and accentuation of the diabolically clever dissension-splitting *peace offensive* technique long practiced in the trade and political spheres?

Has the post-Stalin new Palace Guard been forced into making a genuine move for peace, perhaps through threat of Mao Tse-tung defection, or because of dissension among the Master's successors within the Kremlin walls?

Or on the other hand, are we just to be subjected to an insincere maneuver to split the Western Allies, to accelerate their armament feet-dragging, to sabotage West Germany's appetite for the Eastern Defense Community, to undermine the Atlantic Council's meeting in Paris April 23, and give succor to those Frenchmen opposed to their country's ratification of the EDC Pact coming up for Parliamentary action in June or July, and/or to forestall pos-

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Your Dollars—Tomorrow

By DONALD I. ROGERS*
Financial Editor, New York "Herald Tribune"

Mr. Rogers expects high level of prosperity to continue for at least another 18 months; more rather than less defense spending; increased consumption; higher rate of individuals' savings, and accelerated instalment purchases. Maintains dollar will stabilize, with cost of living inching downward. Asserts government possesses numerous devices to revive economy in event of depression, as spending $5 billion annually for 10 years to meet pent-up demand for highway construction. Concludes under Republican Administration business will no longer be on defensive, and will assume new stature.

The more I think about it, the more I'm intrigued with the topic of this discussion—"Your Dollars—Tomorrow." It presumes that there'll *be* dollars around in that ephemeral time we always look forward to, and, after serious contemplation, I'm ready to agree that it's not such a radical presumption.

Donald I. Rogers

Whether tomorrow's dollars will buy anything or not, is something else again. My most intimate knowledge of the dollar is that it's misnamed. I've always heard it referred to as the "almighty dollar." I always thought it should be referred to as "almighty elusive." It's the will-o'-the-wisp of every budget in the world, from family size to the gargantuan one they tussle around in Washington.

I should warn you at the outset that Im hardly an authority on money. I've never been able to corner enough of it to interest even the most picayune tax collector. In fact, I've never been able to hold onto a dollar long enough to feel that I had a right to call it by it's first name, Bill.

Come to think of it, though, familiarity of the subject isn't necessary for the purposes of making a speech. There was plenty of evidence of that during the campaigns last November. And it's something like a friend of mine, one of the most brilliant economic writers of our time, who recently had an interesting article in—shall we say—a competing New York newspaper. I had just finished reading this great studious article of his and was taking seriously to heart the major points he brought out on how the Administration, by exercising a little caution, could clip $4,500,000,000 from the Federal budget, when my telephone rang.

It was the author of this wonderfully enlightening article, fresh from his economic foray into the Federal budget.

"Don," he said, "I know it's only a ccuple of days to your payday, but I'm broke; could I borrow ten bucks until Wednesday?"

Here was a man who could tell President Eisenhower how to save four and one-half billion dollars, but he couldn't make his own comfortable budget stretch from payday to payday. And when I charged him with this remarkable inconsistency, he showed why he is truly a great economist. He said, "Well, after all, President Eisenhower has a lot more money to play with than I have. . . ."

*A talk by Mr. Rogers before the Women's Association of Allied Beverage Industries, N. Y. City, March 24, 1953.

The Dollar's Prospects

So, if you'll bear these things in mind, I'll be happy to tell you some of my thoughts on the prospects for the dollar. You might bear in mind, though, that my thoughts about dollars don't always coincide with the thoughts about dollars entertained by many of my creditors.

Not everyone regards a dollar in the same light, you know. Some people measure dollars by the stock market; others by retail sales; still others by production; some by all three. We all measure dollars in common in but one respect—and that's in what they'll buy. Even the dollar is a regressive critter. Believe me when I say that the price of a pair of shoes concerns me a lot more than it does Winthrop Aldrich.

The measure, then, isn't always proved out. Suppose you work for a corporation whose history shows it always loses money in what we carelessly refer to as "normal times," but that it always makes money in boom times. Since modern-day boom times always bring inflation in their wake, it's safe to assume, you'd be willing to pay a lot more for articles like shoes, and would count inflation a warm friend.

So when we talk about "Your Dollars—Tomorrow," we have to approach the theme in its broadest sense.

That Market Tail

If we start from the tail of the dog and move toward the head, we'll start with the stock market. The stock market is the tail of the dog; to be sure, it's a barometric tail that moves up and down with the advent or absence of prosperity, but the tail, nevertheless.

Moving up the dog, we find business—all business—is the body of the dog—retail sales, industrial production, and the service industries.

The part of this dog that gives us the most trouble is its head which is ambiguously called "the economy." The economy is something to be struggled with by the world's giant brains. President Eisenhower has moved to Washington some of the greatest thinkers of the nation, just to figure out how to create a continuously favorable economic climate on the theory that when the economy is good, business will be good and that dog's tail, the securities market, will wag in friendly response to the approach of investors.

That's the order of things; if the economy can be maintained in orderly fashion, business will respond favorably, and so will the stock market. All this is elemental, of course, but it will determine the value of your dollar tomorrow—and the next day, and all the days of your life.

Take it another way. The value of stock is usually determined by the amount of money the corporation that has issued that stock will earn. Corporations make money because they produce something for sale or sell something someone else has produced.

Sales, then, hold part of the answer. Will the corporation be able to sell its products?

The Economy

One must look to the economy, that all-embrasive "condition" of the nation and the world, to find the answer to that question.

It's hard to identify what one means by that word, "economy." A reader once wrote to the paper asking me to explain just what I meant by the word. As so many readers do so frequently, he nearly threw me for a loss. After thinking it over, I wrote a reply in which I said: "The economy is the condition. When you go to the doctor's and he gives you a thorough exam, checking eyes, nose, ears, teeth, throat, lungs, liver, kidneys, the state of ingrown toenails and the progress of incipient baldness, and then tells you everything is all right, he's checking on your economy. Let one thing get out of kilter and your economy isn't what it should be—or could be."

The head of a dog isn't very important unless it's attached to a body, even when you're talking about an economic dog, so let's start with the body. With general business conditions.

These are things I believe as the result of observation. The fact that I say these things will be so, won't make them so. Also, I'm not prepared or willing to defend my observations in this respect. When one sits in the press box of the grandstand and watches the economy at work, it's very much like watching the Yale-Harvard game at the Yale Bowl. You know Yale has a faster and stronger team, that she's on Harvard's one-yard line and has a first down coming up. You have a nice vantage point to watch the play, but all you can do is guess. That's what I'll do now.

I believe the high level of prosperity will continue for at least another 18 months—until at least the last quarter of 1954.

Despite pressure to reduce the Federal budget, I think defense spending will increase, rather than decrease.

In the next year, I think that:

People will eat more.

They'll buy more clothes and furniture and automobiles and appliances and TV sets.

I think they'll save more, and buy more insurance, and venture cautiously back into the stock market for sound, long-range investments.

I think they'll travel more and play more and—yes, drink more.

Along with all this, I think they'll go into debt more than ever before. I think installment sales will increase, and perhaps installment collections will be harder to make.

You know, it's rather thrilling to predict what lies ahead, economically. In this particular year it's like standing on the top of a mountain and looking into the far distance. If one looks backward from the dizzy heights, he sees a rather abrupt ascent up to the summit. We have just been boosted by the most powerful jet-thrust in economic history. Everywhere in America last year people bought more, spent more, produced more and consumed more than ever before. Yet, at the end of the year, Americans had managed to put aside in savings a record number of dollars in their savings banks.

There are many economists who contend that sometime in the next 12 months we will have a recession of sorts — not a sustained depression, but a backing down from the peak levels. I don't agree with them.

Yet I believe that the purchasing power of the dollar should improve; prices should stabilize; the cost of living will not go much higher and may, before the year is out, inch downward. There's still a whale of a lot of unspent money in the banks, but there's still a whale of a big production potential in this country, and production is keeping up with demand. Soon as there is more production than there is consumption, prices will go down; the dollar will stabilize. Already some prices have softened; already there's evidence of some inventories piling up in warehouses.

Yet if one looks at the whole picture, things look good. There's still a monstrous demand for new housing, with its siamese twin demand for household appliances and furniture.

All this should mean that your dollar during the next few months will come to you accompanied by as many of its companions as it has in the past year, and that it will buy as much, generally, and more of some things.

Fluctuations in Dollar's Value

There are some economists who claim that the dollar's value has been declining steadily since tne 1790's, relieved only intermittently in time of depression. This would indicate that a constant erosion of the monetary unit is inevitable and unavoidable.

To the gal on Queens Boulevard, Grand Concourse or Elm Street who has to stretch her own budget, the economic theories are of small value. The fact is, the dollar today is worth less. Its value suffered a precipitous plunge during the postwar years. Declining more abruptly and for a longer period than ever before. Estimates place the value of today's dollar at 52½ cents in relation to the dollar worth 100 cents in the average of the years 1935-1939.

Based on that same average it means that:

It takes $1.86 today for each dollar in the family budget in 1935-39.

It takes $2.06 to buy a dollar's worth of apparel.

It takes $2.27 to buy a dollar's worth of food.

It takes $1.29 to buy a dollar's worth of rent.

It takes $1.46 to buy a dollar's worth of fuel, electricity or ice.

It takes $2.13 to buy a dollar's worth of household furnishings.

In spite of all this, it's possible to look back over the prices of past years and find that while the dollar's value can be charted in a long, slow downward curve, there have been years of recovery and that they have not always been depression years.

During those good years of 1927-29, the dollar climbed in value, and it also climbed in the boom year 1939.

No matter how one looks at it, inflation of the mild kind we've had in the United States is a good deal better than depression; it hurts fewer people. It's like German measles—it's an easy dose of a serious disease, and a lot easier to live with than most diseases. It should always be remembered, though, that even German measles, if allowed to continue untreated, can weaken a patient to a point where he'll contact other, less curable diseases.

It's a fact, however, that we have as a nation built up a form of immunity to the German measles of inflation. We rather enjoy the stimulation of a mild fever and seem to work better with it.

Resuscitating Devices

The Republicans have at hand numerous devices to help the economy regain its mild fever, if it shows signs of cooling off.

If money gets scarce around the nation, the government can indulge a palatable form of pump priming to restore pay envelopes to consumers. For instance, the nation's highways are in horrible shape, major construction having been deferred for a dozen years. It is said that the government should spend $5,000,000,000 a year for 10 years to meet pent-up demand for highway construction.

Sooner or late, however, all of us must face the fact that pump priming, a device supposedly invented by the late Lord Keynes, frontiersman in the forests of British Socialism, is a hideous device which ultimately spells the doom of the capitalistic system.

It has been assumed, quite erroneously, that the key to all problems is purchasing power. Those men who tried to figure out why we had a depression in the 1930's, concluded that the whole fault lay with overproduction. It seemed logical, then, to suggest raising pay scales, creating jobs, encouraging featherbedding practices, to effect some pump priming. It's because our nation's economic thinking was still trying to master the advent of the gas light, but was confronted with the problem of Henry Ford's assembly line.

The answer is **not** in pump priming. Neither is the answer in curbing production.

The British, still under the spell of Keynes, have subscribed to both practices.

They have developed a remarkable theory. They need dollars, so they have decided that they must export everything they can spare, and hence have reduced their domestic consumption of many of the products they are able to produce. They figure that this gives them more stuff to export and hence will earn them more dollars.

I ask you, wouldn't it be more sensible to disregard all their controls, and to let Englishmen be consumers of English goods? This would broaden the base of production, which would mean that the British could produce more stuff at a cheaper price. It would mean that they wouldn't have to come over to us to plead for more favorable trade arrangements so they can sell their products. If the British could produce products in sufficient quantity of sufficient quality and undersell American manufacturers in the American markets, there'd be no worry about austerity in Britain.

I thought it amusing when Henry Ford 3rd was hailed as a courageous man for advocating complete freedom in world trade and for stating that he didn't want to have Ford cars protected by a high tariff, that he'd be willing to meet competition anywhere.

Fact is, with the Keynes attitude prevailing in so many parts of the world, Henry Ford would murder his competitors wherever they existed. I'd be willing to bet that, if there were complete freedom of trade around the world, it wouldn't take 15 years to reduce the worldwide automobile industry to four leaders—General Motors, Chrysler, Ford and Studebaker.

The answer is not in pump priming, nor is the answer in production controls.

The answer is **sales**.

Selling the Solution

I'd be willing to bet that if you could build up a sufficient market for Ford cars in Chile—if you could produce enough **sales** of Ford cars — Henry Ford could build a production plant on the snowiest and most inaccessible peak of the Andes, and still manufacture his cars profitably.

There's a magic key, somewhere, that will open the door to sales. Naturally, I think one may find it is through advertising—be that as it may, the key exists, and sales—selling—is the solution to most problems.

I think the question most frequently asked, however, is not, "how will we prosper in the months ahead," but "how will we make out under the Republicans."

There have been stories circulating that the Republicans are going to restore a 50-hour week, cut pay checks in half and do their utmost to create a depression. Why some people think the Republicans would want to do this is something I haven't been able to figure out.

For 20 years businessmen have been looked upon with suspicion. They were blamed for the depression of the 30's. For the recession of 1938. They were blamed for unemployment and for poverty, for building plants at government expense and for conspiring with other businessmen and conspiring with the government. They have been blamed for over-production and for under-production. They have been blamed for bringing about technological improvements which put people out of work; and blamed for not advancing technical science so their products wouldn't be outdated. They have been charged with monopoly and setting up cartels at the same time that they have been accused of failing to work together for the common good.

They have been accused of sinister planning. And they have been accused of lack of foresight.

Employees have been told that employers are enemies, and in some cases the employees believed it.

Of the Republicans, one can say this: business no longer will be on the defensive. I truly believe that America's businessmen, coming out from behind their defense positions, will assume new stature and new statesmanship.

As a paid observer of the economic scene, I am convinced that we face a good period in our history if only the enemies of our system will let us operate it in a free and peaceful world.

From Washington Ahead of the News

By CARLISLE BARGERON

There may be a feeling out in the country that the Eisenhower Administration is not yet accomplishing anything. It hasn't ended the Korean war and it hasn't reduced taxes. I insist that it should be given a little more time on both and I am still optimistic that there will be an accomplishment in both fields.

Carlisle Bargeron

But aside from any feeling out in the country, the change of Administrations is being unmistakably felt here in Washington. It is being felt in many ways and not all of them to the liking of us oldest inhabitants. For one thing our retail sales are down, particularly furniture. This is because there is uncertainty in the ranks of the bureaucrats; they don't know whether they are here today or gone tomorrow. We old-time inhabitants expect this and are prepared to accept it as our contribution to the country.

However, the new Administration is digging deeper into our lives. It is attempting to change, and is changing our social habits. It has apparently put a quietus on the business of Washington hostessing. When you put a quietus on such a business as this in the Nation's Capital you have hit at its vitals. A lady, wanting to throw a party, can't call up a Cabinet member and ask him to be the guest of honor. If you can't have a guest of honor of this or similar importance, you aren't going to get a play in the newspaper society columns and there is really not much need of a socially ambitious lady throwing a party. You must appreciate that Washington is peopled, to a considerable extent, by wealthy and, in many instances, widowed dowagers. They have come here from all parts of the country. In the case of the wealthy widows, their husbands made money out in the mines, in industry, even as soldiers of fortune. Life is drab in the parts in which the money was made. Washington has been up until now socially glittering. Even in the cases of wealthy men still living, Washington has been a good place to bring up their daughters; they could attend the fashionable schools, meet foreign diplomats and members of the Cabinet, to say nothing of Senators and members of the House. I don't have the statistics at hand but I would venture to say that Washington has proportionately more wealthy retired people than any other city in the country.

Well, there is a lot of moaning among our caterers, one of the most profitable industries in our midst. With the cut-down on elaborate parties they are simply not in demand. Moaning also is among the profession, quite substantial, which works at the business of giving parties and introducing "prominent" people to newcomers for a fee.

The reason for all this is President Eisenhower's complex on social Washington as he has known it in the past and as he has good reason to know it. Apparently the carryings-on around here under Truman left a deep impression on the General. And one thing he was deep set against when he entered upon the Presidency was the way in which so many of Truman's subordinates got into trouble through their sociability and conviviality. The result is that he has practically made hermits out of his appointees.

Every appointee, so far as I have been able to ascertain, regardless of the importance of his position, after having been screened, has been called to the White House to meet the President before his name is sent to the Senate. This is unusual in itself. In the past, hundreds of men who were appointed to this or that office by the President, never even met him. Eisenhower's appointees, so far, do meet him.

The President learns their "philosophy" as he expresses it, makes it known that he is a "middle of the roader," and then he solemnly warns, if the appointee is to be stationed in Washington, against the Washington cocktail circuit. Honestly, he has almost put the United States Government on the wagon.

Furthermore, his warning has gone further in its effect. Not only do his appointees refuse to accept invitations to cocktail parties, they won't accept them to very dry dinners or even to luncheons. They have largely gone unsocial. If you want to see them, you can do so at their offices although I am told that they are most cautious about even these meetings.

Frankly, you get the impression that the General's appointees, regardless of how big they may have been before they came to Washington, are under some sort of intimidation. They are fearful in some way or other of displeasing the Chief. I have never known exactly such a situation to obtain in Washington. The President is looked upon as a kindly man and the photographs in the press of him are always one of a grinning man. But one thing seems certain: those serving under him have a wholesome respect for him; if not a certain fear.

Dealer-Broker Investment Recommendations & Literature

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

Business Forecast—Review—Stern, Frank, Meyer & Fox, Union Bank Building, Los Angeles 14, Calif.

Chemical Company Earnings—Review for 1952—Eastman, Dillon & Co., 15 Broad Street, New York 5, N. Y.

Commercial Bank Stocks—Fourth annual edition of brochure—First Boston Corporation, 100 Broadway, New York 5, N. Y.

Fire and Casualty Companies — Operating results for period ending Dec. 31, 1952—Blyth & Co., Inc., 14 Wall Street, New York 5, N. Y.

Inflation and the Investor—Booklet—Kidder, Peabody & Co., Dept. CF-9, 10 East 45th Street, New York 17, N. Y. Also available is a booklet on **Employees Profit-Sharing & Retirement Trusts.**

Insurance Stocks — Analysis — A. M. Kidder & Co., 1 Wall Street, New York 5, N. Y.

Japanese Dividends—Tabulation of probable payments during fiscal period ending March 31, 1953—The Nikko Securities Co., Ltd., 4, 1-chome, Marunouchi, Chiyoda-ku, Tokyo, Japan. In the same bulletin are various stock quotations and a weekly survey of 225 selected stocks on the Tokyo Securities Exchange.

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

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

Railroad Earnings—Review—H. Hentz & Co., 60 Beaver Street, New York 4, N. Y. Also available is an analysis of **Plomb Tool Company.**

Taxes—Equity Capital and Our Economic Challenges—A study of selected aspects of Federal tax policy—New York Stock Exchange, New York 5, N. Y.

Yields on Marketable Treasury Securities — Bulletin — Aubrey G. Lanston & Co. Inc., 15 Broad Street, New York 5, N. Y.

* * *

Air Products, Inc.—Analysis—L. H. Rothchild & Co., 52 Wall Street, New York 5, N. Y.

American-Marietta Company — 1952 Annual Report — Dept. 52-R, American Marietta Company, 101 East Ontario Street, Chicago 11, Ill.

American Potash & Chemical Corporation—Analysis—Glore, Forgan & Co., 40 Wall Street, New York 5, N. Y.

Armco Steel Corporation—1952 annual report—Armco Steel Corporation, Middletown, Ohio.

Bank of America—Comprehensive booklet reviewing the history and growth of the bank—First California Company Incorporated, 300 Montgomery Street, San Francisco 20, Calif.

Bath Iron Works—Data in current issue of "Gleanings"—Francis I. du Pont & Co., 1 Wall Street, New York 5, N. Y. In the issue is a brief survey of **Aircraft Manufacturers** and three selected **Portfolios.**

Canada Southern Oils—Report—Leason & Co., Inc., 39 South La Salle Street, Chicago 3, Ill.

Chase National Bank — Analysis — Paine, Webber, Jackson & Curtis, 25 Broad Street, New York 4, N. Y. Also available are analyses of **Corn Exchange Bank Trust Company** and **First National Bank of New York.**

Continental Oil Company — Annual report for 1952 — Continental Oil Company, 30 Rockefeller Plaza, New York 20, N. Y.

Globe & Republic Insurance Company—Bulletin—J. R. Williston, Bruce & Co., 530 Sixth Street, Los Angeles 14, Calif.

Graham-Paige—Menorandum—James J. Leff & Co., Inc., 50 Broad Street, New York 4, N. Y.

Miller Manufacturing Company—Analysis—Baker, Simonds & Co., Buhl Building, Detroit 26, Mich.

Mount Vernon-Woodberry Mills, Inc. — Bulletin — Gartley & Associates, Inc., 68 William Street, New York 5, N. Y. Also available is a bulletin on **Affiliated Gas Equipment, Inc.**

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

Wisconsin Hydro Electric Company—Special report—Loewi & Co., 225 East Mason Street, Milwaukee 2, Wis.

NSTA Notes

SECURITY TRADERS ASSOCIATION OF NEW YORK

Security Traders Association of New York (STANY) Bowling League standing as of March 26, 1953 is as follows:

Team—	Points
Meyer (Capt.), Kaiser, Swenson, Frankel, Wechsler, Barker	30½
Burian (Capt.), G. Montanye, Voccoli, Siegel, Reid	28
Krisam (Capt.), Ghegan, Jacobs, Gannon, Cohen	28
Goodman (Capt.), Smith, Valentine, Meyer, Farrell, Brown	24
Bean (Capt.), Frankel, Strauss, Nieman, Bass, Krassowich	24
Hunter (Capt.), Klein, Weissman, Murphy, Searight	23
Serlen (Capt.), Gersten, Krumholz, Rogers, Gold	22
Growney (Capt.), Craig, Fredericks, Bies, McGovern	21½
Donadio (Capt.), Demaye, Whiting, O'Connor, Rappa, Seijas	19
Leone (Capt.), Greenberg, Tisch, Werkmeister, Leinhard Corby	18
Murphy (Capt.), Manson, D. Montanye, O'Mara, Pollack, Gavin	18
Mewing (Capt.), Bradley, Weseman, Hunt, Gronick, Huff	13½

200 Point Club	5 Point Club
Walt Bradley	Artie Burian
Herb Seijas	Cy Murphy

INVESTMENT TRADERS ASSOCIATION OF PHILADELPHIA

The Investment Traders Association of Philadelphia will hold its annual summer outing on Friday, June 12, at the Whitemarsh Valley Country Club.

TWIN CITY BOND CLUB

The Twin City Bond Club will hold its annual picnic on June 3-4 at the White Bear Yacht Club. Mr. Fred Goth of Irving J. Rice and Company of St. Paul is General Chairman of the Picnic Committee.

Our Reporter's Report

The investment world is breathing a lot easier now that the behemoth Allied Chemical & Dye Corp. underwriting is out of the way. Whereas this issue acted as something of a millstone on the seasoned market over recent weeks, its ultimate effect is expected to prove a tonic.

Many people had been standing aside waiting the chance to subscribe for the big Allied offering. This reacted unfavorably on current new offerings. It now develops that few of these buyers will wind up with all they had counted upon.

On the contrary some are going to be forced to look elsewhere for employment for funds which had been put aside in the hope of getting Allied's debentures.

Several insurance companies took down sizable blocks of the new issue, but the bulk of the buying came from other sources such as pension funds and trusts.

A new name in the money market the issue, handled by one of the largest underwriting syndicates ever brought together, encountered a tremendous demand which resulted in necessity for allotment against orders. The debentures moved to a premium.

Since it is generally conceded that anticipation of this big financing exerted almost as much influence on the seasoned market as the disposition to await news of the Treasury's plans, it is felt that at least half the overhanging burden has finally been removed.

Lift for Market

The broad scope of demand for the Allied debentures was looked upon as certain to prove a "sweetener" for the investment business by and large. In fact some participants in this operation were convinced that it could have been done successfully at a yield slightly below 3.50% as against the 3.56% return actually set.

Success here indicated clearly that funds for investment are ample and well-distributed. The reactionary mood of the stock market, it was observed, might tend temporarily to dampen the revivifying influence.

But the quick absorption of Public Service Co. of Oklahoma's $6,000,000 issue of new 3⅜% bonds could, it was argued, be taken as a straw in the wind.

Lorillard Issues Ahead

The next important corporate undertaking is a fortnight ahead when P. Lorillard Co. will be in the market with an issue of 25-year debentures and an offering of additional common to shareholders.

The company will offer $22,500,000 of debentures, via the negotiated route, about April 15 and on the same day will open subscriptions for 356,573 shares of common stock.

Present shareholders will get rights to subscribe at the rate of one new share for each seven held, with bankers standing by to take up any balance remaining after April 28.

Several Large Standbys

Meanwhile several large "standby" operations loom ahead. Southern Company will open bids on April 15 for the privilege of underwriting any unsubscribed portion of its projected 1,004,869 shares of common to be offered holders on a 1-for-17 share basis.

Meantime on Wednesday this week, bankers bid Central & South West Corp. a compensation of $115,000 or under 19 cents a share, for the right to "standby" on its offering of 606,084 shares of common.

Backing up these deals is the issue of $40,000,000 bonds of Detroit Edison Co., which will be up for competitive bids on April 28 next.

Roy W. Michel Joins Northwestern Mutual

MILWAUKEE, Wis. — Appointment of Roy W. Michel as Assistant Superintendent of Bonds for the Northwestern Mutual Life Insurance Co., effective immediately, has been announced by D. C. Slichter, Vice-President.

Roy W. Michel

Mr. Michel's duties include the execution of security purchases and sales authorized by the company's Finance Committee. He will report to Chandler Osborn, Superintendent of Bonds.

Born and raised in St. Louis, Mr. Michel attended St. Louis University for two years before joining the Navy in 1940. He served five years and was released with the rank of Lieutenant-Commander. Locating in Chicago, he joined Blyth and Company. In 1947 he was made Manager of the Blyth Trading Office in Houston, Texas. In 1949 he returned to Chicago and in September of that year joined the Northwestern Mutual Life as Assistant to the Superintendent of Bonds.

Mr. Michel has taken evening courses at Northwestern and Houston Universities. He is now completing work at Marquette University for his B.S. Degree in Business Administration, with a major in banking and finance. He is married and has four children.

75th Anniversary For Asiel & Co.

Asiel & Co., 11 Wall Street, New York City, members of the New York Stock Exchange, are celebrating their 75th anniversary. The firm has been a member of the New York Stock Exchange continuously since its establishment in 1878.

Tellier Adds Three to Staff

Tellier & Co., 42 Broadway, New York City, announces that R. R. Hathaway, Aaron V. Hoffman, and Edward T. Nolan are now associated with their retail sales department.

An Appraisal of Consumer Market

By EARL L. BUTZ*
Head, Department of Agricultural Economics, Purdue University

Dr. Butz predicts rate of consumer spending will rise moderately during remainder of year, and the decline in farm prices will be halted. Says long-term outlook for consumer spending and consumer credit is good, though there may be modest reaction in 1954. Looks for phenomenal progress in new generation if we can keep our economy free.

The slow decline in the general price structure which has been occurring the past couple of years has been stopped. Indications are that the general price level will hold about steady to strong during the remainder of 1953. It might even increase slightly. The rather drastic decline in farm product prices which has occurred the last year has reached its bottom and farm commodity price fluctuations during the remainder of this year will mostly follow seasonal patterns, depending of course upon crop growing conditions during the summer.


Earl L. Butz

The general price level has declined some 8% in the last two years, only 2% of which has been in the last year.

The anticipated firming of the general price structure will result from a modest rising tempo of our defense expenditures (money actually paid out), a continued rise in our gross national production and our total personal income, and an increased rate of consumer spending in the months ahead. These factors will cause a high level of business activity, approximately full employment, a continued high demand for food products generally, and an increased demand for many kinds of consumer goods.

The rate of consumer expenditures will rise moderately during the remainder of this year. Consumers' disposable income has continued its steady increase during the last year, and now stands at an all-time high of about $246 billion annually. This is up about 7% in the last year, and up about 11% in the last two years, while general prices were coming down 8%. Likewise, this figure very likely will continue to increase modestly during the remainder of this year. Coupled with it is a probable relative decrease in the rate of personal savings, which will add still further to the rate of spending.

The rate of personal savings has been abnormally high during the last one and one-half years, for two primary reasons: (1) Some market saturation occurred in the year following Korea, as a result of scare buying, and (2) the modest price decline in some lines during the last couple of years has encouraged some people to "let's don't be in a hurry to buy, it might be cheaper." It is expected that the rate of personal savings may decline modestly in the months ahead because (1) many consumers' goods, on which we were overstocked a couple of years ago are wearing out, and must be replaced some of these days, and (2) if prices firm-up a bit in the months ahead, and consumers become convinced there will be no price advantage in waiting to buy they will return to the market with a more normal pattern of spending. Moreover, it should be pointed out that even if personal net savings should continue at the present annual rate of about $20 billion, they would constitute a constantly shrinking percentage of total disposable income.

High Demand for Consumer Credit

The demand for consumer credit will continue high through 1953. It will not be unduly high relative to the total size of our national product, however. On the other hand, lenders should exercise caution on intermediate to longer-term commitments in view of a probable short-lived softening of business and employment in 1954.

Total consumer credit outstanding in the United States was $23.7 billion in January. This was up from $19.7 billion a year ago, and $19.5 billion two years ago. The figure compares with $17.7 billion in June 1950 just before Korea.

The outstanding volume of consumer credit does not seem so large when measured against the size of the gross national product. At the present time consumer credit outstanding represents about 6.6% of a gross national production of $360 billion. A year ago the figure was 5.8%, two years ago 6.1%, and in June, 1950, 6.4%. Therefore, when viewed against the rising size of our economy and volume of commercial transactions, the volume of consumer credit and installment credit outstanding at the present time does not appear to be unduly large.

The longer time outlook for consumer spending, and for consumer credit, is good. There may be a modest reaction in 1954, which will be mild and short-lived. But the longer time outlook for consumer spending is bright. An exciting experience is ahead of us in America. The future is filled with interesting challenges. Science will dominate the next century. Brains will replace brawn in American agriculture, industry, and commerce. Production per man will continue to increase. This means higher standards of living for all our workers. It means heavier purchase of the things that make living in America so pleasant.

Scientific Frontier Is Unlimited

The geographic frontier in America is gone. No longer can a young farmer "go west" and stake out his claim. But the scientific frontier of America is barely scratched. And the scientific frontier has no effective limit. It is limited only by the mind and the imagination of man.

It follows logically, therefore, that if we can keep our economy free and preserve an environment in which individual farmers, businessmen, and scientists are free to experiment with new techniques and new ideas, and to enjoy the fruits of their labors, we shall experience phenomenal progress in the new generation.

Our growing population means good markets. Our amazing upsurge in population will provide a continuing consumers' market of considerable magnitude for nearly everything we can produce. In the last 10 years in America we have increased our population by nearly 20 million people. That is one and one-half times the population of Canada. And if the signs I see around the Purdue University campus are an indication, we are going to increase our population 20 million more in the next 10 years. We are a vigorous, growing nation. Every year we add to our population a brand new city the size of Detroit, Michigan—2½ million new people every year. We are going to have to feed these people, clothe them, educate them, travel them, recreate them, and meet their demands we have not yet dreamed of.

What I am saying is that in America there is a tremendous potential market right at our back door for practically everything we can produce, if somehow we can convince our people of the need to produce it at low unit cost and then price it into consumption. Never again must we price the products of our fields into destruction or purposeless storage, the way we have done in recent years under some of the silly agriculture programs we have pursued.

For the longer period, I am unalterably optimistic. If we can keep our levels of production up, nothing, in my judgment, can stop this great political and business system of ours nor our progress toward greater real income for all of us. I am convinced that the amazing strides toward domestic prosperity which we have made during the last two decades will continue for at least another decade or two, if we can preserve our system of free prices and free enterprise.

*An address by Dr. Butz before the National Instalment Credit Conference of the American Bankers Association, Chicago, Ill., March 25, 1953.

J. R. Boland Announces Opening of Office

John R. Boland has announced the formation of his own firm, with offices at 30 Broad Street, New York City, to engage in the investment banking and underwriting business. Mr. Boland was previously associated with Gearhart & Otis from March, 1951 to March, 1952, and in 1950 he was with Hill Thompson & Co. Previously thereto he was associated with Bond & Goodwin, George H. Burr & Co., and Standard Statistics.


John R. Boland

F. W. Strong With Harris, Upham & Co.

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif. — Ferdinand W. Strong has become associated with Harris, Upham & Co., 232 Montgomery Street. Mr. Strong was formerly a partner in Davies & Co.

Miller Partner in Peter W. Spiess Co.

Morris Miller has been admitted to partnership in Peter W. Spiess Co., 39 Broadway, New York City

Joins Thomson, McKinnon

(Special to THE FINANCIAL CHRONICLE)

DAYTONA BEACH, Fla.—Arthur F. Jones, 2nd has been added to the staff of Thomson & McKinnon, 105 Broadway.

Mrs. Bowen with Goodbody

(Special to THE FINANCIAL CHRONICLE)

MIAMI, Fla.—Mrs. L. Blanche Bowen has become associated with Goodbody & Co. Mrs. Bowen was formerly Coral Gables Manager for Francis I. du Pont & Co., and Daniel F. Rice & Co.

High Interest Rates And Stock Prices

By EDWARD W. STERN
Herzfeld & Stern, Members New York Stock Exchange

N. Y. Stock Exchange broker points out, as income yield spread between stocks and bonds narrows, an increasing amount of investment funds will go outside the stock market.

Yields on common stocks, as published by various statistical agencies, are arrived at by periodically dividing the sum of all dividends on stocks traded on the New York Stock Exchange by the sum of the prices of those stocks. To give a clearer picture, a few high-priced issues that are rarely traded (Coca-Cola International, Mahoning Coal RR., and a few others) are deliberately excluded. The resulting calculation gives a pretty clear picture of how the investor fares, incomewise.


Edward W. Stern

If the rise in stock prices outdistances the increases in dividends, the ratio declines. If, on the other hand, stock prices fall and dividends fall less or hold unchanged, the percentage return increases.

At the end of February, 1953, dividend paying stocks on the "Big Board" yielded 5.54%, against an average of 6.45% for the previous 42 months. The previous 50-year average was 5.93%.

Another comparison is necessary. The period 1933-1952 was a period of cheap money; interest rates were generally low, and returns on bonds, mortgages and preferred stocks was comparatively small. The investor was constrained to look for common stocks in order to get a decent return on his capital. Nevertheless, during that two-decade period of cheap money, the average yield for common stocks was 5.66%, against today's 5.54%.

Now, interest rates are hardening; money yields are greater, and the prices of bonds, preferred stocks and the mortgage market are such that the investor can get a bigger return outside of common stocks than formerly. This process threatens to continue; there is no sign yet that as time goes on, other forms of investment will not be increasingly attractive. As the spread between the yield of other forms of investment and stock yields narrows, an increasing amount of investment funds will go outside the stock market.

Yields are not yet dangerously low, but they have fallen, largely by increased stock prices which outstripped increased dividend rates, to a point well below average.

Stock prices have increasingly reflected a change of conditions which would reflect a reversal of the overall declining trend of corporate profits. If this declining trend in overall corporate profits is not soon reversed, and if the flow of dividends is not soon increased, the market will be in a very vulnerable position. Currently, hopes are being pinned on recission of the excess profits tax, which would be of slight benefit to some big sections of the market, such as Railroads and Utilities.

Investments should therefore be concentrated into the few remaining fields of expanding profits, plus some companies that would benefit exceedingly from changes in the excess profits tax.

Bacon, Whipple Adds

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — Homer L. Mason is now connected with Bacon, Whipple & Co., 135 South La Salle Street, members of the New York and Midwest Stock Exchanges.

Big Business and the Consumer

By JOHN S. COLEMAN*
President, Burroughs Adding Machine Company

Stressing new Administration will be a business government with executive ability, prominent industrialist, though stating big business is still object of suspicion, pleads for justice to big business. Sees "Big Business" essential to wide distribution of consumer goods, and points out typical business leader today is not owner of the enterprise, but merely the professional manager administering a cooperative effort. Advocates business operate in the public interest, and calls for wider appreciation in business world of broad national thinking. Finds both strength and weakness in current outlook.

Last November 5 a sigh of relief went up from businessmen all over the country. The long drought was over. After 20 years of exclusion business was, with the approval of the voters, to provide the leadership of the nation. There is no doubt that the electorate welcomed President Eisenhower's promise to get the best talent to conduct the affairs of government.

John S. Coleman

Moreover, they have welcomed his choice for the Cabinet of some of the best business brains in the country. The question now is what is the job they have to do.

Certainly, it is not to run the government for our exclusive benefit or that of any single interest. This is, indeed, a new Administration, but let us hope it will not be labeled, in any narrow sense, a "business" Administration. A balanced, stable democracy cannot permit the growth of economic factions. To the solution of the world's problems must be brought many types of experience; and each must be balanced against each in the light of the common interest. We must think, then, not in terms of the labor Administration, or a business Administration; our objective is emphatically a *national* Administration.

A Business Government

There is a sense, however, in which we hope this will be a business government. The bundle of qualifications required for success in politics are in some respects different from those necessary in business, but one quality common to both spheres, is certainly executive ability. Unfortunately, in government, management skill has not always been valued as highly as it ought to be. Behind the vast operations of industrial enterprise are skills and techniques which are indispensable to the direction of public affairs. Private business and indeed big business will have served the country well if it can bring to government that science and art of administration on which its own success has been built.

Big business is still, unfortunately, the object of widespread suspicion. And, to some extent, we ourselves are to blame. At every business luncheon speakers appeal with an almost religious fervor to the virtues of free enterprise. But as examples of its working they usually refer to the corner drugstore or the small machine shop. Far be it for me to underestimate the importance of these small businesses in the American economy. But let us not fail, at the same time, to do justice to the achievements of big business. In praising the one, possibly we have neglected the virtues of the other; in fact, in praising the small, we may possibly by implication have condemned the large enterprise.

Let me assure you right now that I do not speak as a representative of big business. I happen to be the Chief Executive of a medium-sized organization that is far from eligible for the "Billion-dollar club." But, as a result, I can perhaps better argue for the virtues of size. The truth is, as David Lilienthal has recently pointed out, the growth of big business has been a creative process. In order to reach their present size great enterprises have had to solve immense organizational problems. In doing so, they have developed principles and techniques fortunately applicable outside their own operations. They have by experience found methods of management which with appropriate changes, are vital to small and medium business, as well as to big government.

Dispel Odium of Big Business!

It is time that we dispelled the odium that clings to the word "big." Big business is a part of our way of life. For modern America is big, and we have no cause to be ashamed of it. The wide distribution of consumer goods, which has made America the envy of the world, is unthinkable without big business. Moreover, insofar as we look to industrial research for new horizons, we look to large organizations, for they alone can bear the costly burden. It is true that the public interest must be safeguarded against abuse of power, but it is unreasonable and indeed impossible to battle those powerful economic forces which have created mass production. To an important degree, our rising level of productivity is a function of the growing scale of operation of American industry. We can reduce that scale, but only at the expense of the consumer.

I think that it is urgent that we understand the important economic changes that have occurred in America in the last 50 years. For if we are going to be persuasive we had better start with the facts. This was once a land of handicrafts and small towns; it is now a nation of great cities and large corporations. Though, as I have suggested, there are still many small towns and small businesses, unquestionably, larger enterprises occupy the predominant place. Look at the common things of daily use—canned goods, soap, washing machines, gasoline, automobiles, cigarettes, radios — the familiar names are corporate names. These organizations have become the chief means of production and distribution. Though there is a wide area of economic life outside the large corporations, their operations are of central importance to the whole economy. They occupy the strategic points; they lead in policy and practice. These small societies are, in fact, the significant economic units of our time.

Corporate Executives Are Professional Managers

In earlier days, many companies were built by aggressive, unique individuals who set their personal mark on the organization. Some of their names are well known to history. Carnegie, Rockefeller, McCormick, Hill, and so on. But today, the organizations they built and controlled are more usually owned by thousands of stockholders. The one-man enterprise, the steel, oil or railroad empire, has matured into an economic community of stockholders, employees, and managers. The typical business leader is no longer owner of the enterprise. Rather, he is a professional manager, administering a cooperative effort, probably owning very little stock in the company, and, despite an exalted title, an employee like everyone else.

Far from being a tycoon handing down orders to subordinates, he is a Chairman working with colleagues, joining with them in a common purpose. His authority is not irresponsible, but limited by exacting checks and balances. He must respect the rights and feelings of associates, very likely he is subject to a union contract, he must have in mind the interests of customers, he must keep the confidence of stockholders and the board of directors and he must live always in the presence of public opinion.

In some quarters the return of businessmen to Washington has aroused anxiety. For the stereotype still persists of masterful personalities manipulating men and materials to get a fast buck. But whatever the evidence of the past and whatever the horrible examples to be found in the present, it is difficult to deny that generally what has been called the "big change" is a reality. As "Fortune" magazine has put it "the tycoon is dead . . . . He was the product of his times—and he served them well. . . . Today, his place has been taken, not by one but by many kinds of businessmen. . . ." Schooled in labor, in politics, in social welfare "today's businessman brings a new professional responsibility to his day to day problems."

Public Interest Is Concern of Business

Though there are differences between the fields of government and business, it is certainly not in the fact that business has no concern with the public interest. It is true that politicians, and I use the term in no derogatary sense, must be sensitive to many points of view. It is true that politics is above all the art of the possible and the practical. In that field, untidy compromises must often be the price of getting things done. But who can say that cooperation through compromise is not also a daily factor in any large business organization.

Cases can be cited of businessmen in politics acting without a proper concern for public opinion. They are of course not the only guilty parties. But so far as businessmen are concerned, I have no hesitation in saying that if they fall short in human or public relations they are denying principles which they must and do apply within their own plants and offices, where indeed in recent years some of the most important contributions in the field of human relations and group action have been made.

Nevertheless, there is no question that business is confronted today with a new challenge in public life. I am not referring here only to the men actively administering affairs in Washington. Even more, I have in mind the kind of thinking now required from business leaders at large. If this is to be a successful Administration we cannot expect our colleagues to carry the ball alone and master-mind a new era from Washington. In short, just as they are now concerned not with running a business but with running a nation, so we must raise our sights to comprehend that broader objective.

In the past, we have for the most part, been concerned with the problems of running our own organizations. More than likely, we have given thought to public affairs only when they impinge on our job. As a result, in the last 20 years we have developed, with some justification, I may say, a growing impatience with the operations of government. Our philosophy of public affairs has been formed in relation to taxes and controls and generally it can be summed up in the words "less government." It is true that a number of business organizations have for some time been contributing notably in the field of public policy. The Committee for Economic Development, The Twentieth Century Fund, The National Planning Association and others have won a position of great influence by reason of their balanced and objective approach to controversial issues. Their approach is, however, by no means general. But the pioneering work has thus been done. These and other organizations have pointed the way. What is needed now is a wider appreciation in the business world of the importance of this broad national thinking.

We must face the fact that we live on the lid of a political volcano. We must face the fact that the dominating issues of our day lie outside the field of business. However important that business job is, there are factors beyond the plant and office which are in the long run more decisive for our times. If business is to exercise the influence its important function demands, then that influence must be brought to bear in the area of national policy.

We must make up our minds that the cold war is not a temporary phenomenon. For a long time ahead we will need a substantial military establishment. And a large part of our scientific and technical resources must be diverted to military and defense work. Perhaps we must accustom ourselves, like the Romans, to the garrisoning of our borders against a continuing threat — to which there is no foreseeable end.

But even were these military factors not so pressing, the argument for broader thinking would remain. For we are dealing here with the right to govern. Peace or war, prosperity or depression, leadership is won by those who accept responsibility. They accept a trust, above and beyond their own interests, for the advancement of the national welfare. We may have our views about the effect of certain taxes on our business; but have we some constructive ideas on an appropriate tax policy for the nation. We may be well briefed on our own labor problems, but have we given thought to mutually acceptable goals for both labor and management across the country. Our market research departments may be providing analyses of future trends as a basis for management decisions. But outside our businesses are we promoting the study of the facts and formulating the policies necessary to meet any future recession.

Fate of Business Leadership Hinges on Two Issues

There are two issues upon which it seems to me the fate of business leadership will hinge. The first is that of economic policy—both foreign and domestic. There are many areas of policy in which businessmen cannot speak as experts. This is not so, however, in the case of economic matters. Questions of taxes, of costs, of investment, of production and the like are our daily concern. Our job is above all to promote growing productivity and a rising standard of living. By right then of direct experience we have claimed some priority for our views on the conditions of a prosperous economy. This claim is now to be put to the test. For the recent election has now given to the business community the responsibility of power. We are now charged with the direction of those matters in which we have claimed a special competence.

There is both strength and weakness in the current outlook. But though we cannot expect the present level of business activity to continue indefinitely, there is no ground for panic. Indeed economists agree that in recent years strong stabilizers have been built into our economy, making any recurrence of the collapse of 1929 very unlikely. At the same time, it is clear that in a dynamic economy adjustments are and will be needed to maintain stability and high employment. I am not an expert on fiscal and monetary policy, but no complicated reasoning is required to prove that our record in correcting such weaknesses will be crucial in determining the duration of this Administration. There is no point upon which the Communist theorists place more emphasis than the inevitability of an American economic collapse. By the same token, there is no point upon which it is more imperative to prove their error.

Central Objective of Our Foreign Policy

I have spoken of domestic economic policy. But in these days the stability of the American economy is a matter of concern not only to ourselves but to the whole free world. A slight dip in our national income has, as experience

*An address by Mr. Coleman before the Management Conference of the University of Chicago, March 28, 1953.

has proved, a proportionately greater effect on imports. The fact is that the dominating position of the American economy creates a basic tendency to world imbalance and the smallest fluctuation here can cause economic crisis abroad. The central objective of our foreign policy is the building of a community of free nations strong enough to deter Soviet aggression. Though we have taken important steps to bring this community into being we have as yet failed to provide it with a solid economic foundation.

Surely here is a challenge to which business must respond. The first step is obviously to free the channels of trade. If we believe in free competition and free enterprise we must permit overseas producers to compete freely in our markets. To this end tariffs must be reduced, customs procedures must be simplified, the Buy-American Act must be repealed so that the free world may earn the dollars by trade, which in the past we have supplied by aid. Traditionally, business has argued that to the great benefit of the American consumer, competition brings about shifts from less to more productive lines of business. It is time for us to see that the same argument applies equally to the world economy. I do not advocate giving a violent shock to protected industries. Our objective, however, should be to allow competition gradually to redirect resources from business operations protected from competitive stimulus to other activities. There is nothing new or unusual in this. The adjustability of the American economy to a change in conditions has always been the key to its progress. If we wish to be consistent, if business really believes what it has so often preached, we will now give the spectacular leadership in foreign economic policy required by the economic facts of the time.

Finally, gentlemen, there is the broad issue of our capacity for leadership. In recent months the compulsion of national responsibility has been laid upon us. But neither a great nation nor a great alliance will be led by those who offer only greater production or more efficient administration. Sometimes we seem to argue as if the number of our automobiles or of our television sets were enough to rally the free world around us. We believe in spiritual things, but we point to our material achievements. On the other hand, the Communists believe in material things but they offer something to fight for. What then is our cause? Certainly it is not baseball or hotdogs or television. It is not even our cities and towns, our homes and schools. We are defending more than the hills and valleys and rivers of America. For who can deny that *ultimately* our cause and the cause of the free world is the sanctity and dignity of the human spirit.

America is promises, not just material promises of a more abundant life, but spiritual promises, of tolerance, self-restraint and liberty, the qualities, in short, of a community of free men. These may be just words; but as someone has said, it took a long time to buy them and much pain. Abroad some are saying that even now we are infringing within our borders the democratic liberties we have so often preached. God knows we cannot expect the free world to follow a timid nation, afraid of ideas and suspicious of her own people. Truly we will lead in nothing if not in freedom. Business leadership and American leadership, therefore, will be great or they will be meager as they bear unflinching witness to those human values, which alone can embrace in our common struggle all men everywhere.

With Inv. Service

(Special to The Financial Chronicle)

SCOTTSBLUFF, Neb.—Ray W. Clark has become associated with Investment Service Corporation of Denver. He was formerly with E. E. Henkle Investment Company.

Waddell & Reed Adds

(Special to The Financial Chronicle)

KANSAS CITY, Mo. — Howard R. Brandt is now connected with Waddell & Reed, Inc., 1012 Baltimore Avenue.

Barham Adds to Staff

(Special to The Financial Chronicle)

CORAL GABLES, Fla.—Forrest L. Cummings is now with Barham and Co., 2207 Ponce de Leon Boulevard.

Atwill Adds to Staff

(Special to The Financial Chronicle)

MIAMI BEACH, Fla. — Simon Deutsch has become affiliated with Atwill and Company, 605 Lincoln Road.

Joins Bache Co. Staff

(Special to The Financial Chronicle)

PALM BEACH, Fla.—Henry L. Slauson, Jr. has become associated with Bache & Co., 271 South County Road.

Goodbody Adds to Staff

(Special to The Financial Chronicle)

SARASOTA, Fla.—Kenneth H. Koach, Jr. has joined the staff of Goodbody & Co., 203 South Palm Avenue.

Joins John S. Green Co.

(Special to The Financial Chronicle)

CLEVELAND Ohio—George S. Kaler has become affiliated with John S. Green & Co., Fidelity Building.

With Wm. J. Mericka

(Special to The Financial Chronicle)

CLEVELAND, Ohio—James E. Jones has become associated with Wm. J. Mericka & Co., Inc., Union Commerce Building, members of the Midwest Stock Exchange.

Competition, Plus Cooperation, In Petroleum Industry

By JOHN G. PEW*
Vice-President, Sun Oil Company
Vice-President, American Petroleum Institute

Stressing value and need of both competition and cooperation in petroleum industry, Mr. Pew reveals current conditions relating to petroleum production in U. S. Discusses impact of increasing crude oil imports, and contends imports must be restrained, and concerns who are now doing most importing, by exercising prudence, can serve their own best interests.

As individuals and as companies, we compete at every stage of our operations. A landman yawns, says good night to his friends in a hotel lobby, and goes up to his room. A few minutes later he slips down a fire escape and races out to secure a lease he knows other landmen will be after in the morning. That's competition.

John G. Pew

And at the other end of the business, a service station dealer erects a huge sign announcing a special price on a lube job, and across the street another dealer puts up an even larger sign offering a better bargain. And that's competition.

Competition is a healthy thing. It benefits our customers and our individual businesses. I have a friend who has a plaque on the wall over his desk. It reads:

"My competitors do more for me than my friends do; my friends are too polite to point out my weaknesses, but my competitors go to great expense to advertise them.

"My competitors are efficient, diligent and attentive; they make me search for ways to improve my products and services.

"My competitors would take my business away from me, if they could; this keeps me alert to hold what I have.

"If I had no competitors I would be lazy, incompetent, inattentive; I need the discipline they enforce upon me.

"I salute my competitors; they have been good to me. God Bless them all!"

Competition, the Driving Force

Probably not many businessmen think so highly of their competitors as to hang a plaque in their honor, but all of us recognize the essential truth of what that plaque says. Competition has been the relentless, driving force that has made this industry as progressive as it is.

And yet, our presence here today is evidence of our willingness and ability to cooperate to our mutual benefit and that of our country.

The American Petroleum Institute is one of the greatest agencies for voluntary cooperation ever supported by private enterprise. The scope of the work done under API auspices is tremendous; the results are of worldwide significance.

The API sponsors, for example, one of the world's most comprehensive fundamental research programs and distributes resulting data to all parts of the free world. Standards for testing refinery products and materials, established under API auspices, have been adopted in many parts of the world. Standardization of oil country goods, sponsored and continued by API, has brought about a high degree of uniformity among the products of the 487 manufacturers in the United States and the 133 manufacturers outside this country, who have been licensed to stamp the API monogram on their drilling equipment.

The API sponsors the most comprehensive joint industry-school vocational training program in the country. Its Oil Industry Information Committee, in which 20,000 oil men participate, last year sponsored some 8,000 speeches and 16,600 showings of industry films before millions of outsiders. The API has organized some 3,000 committees of oil men to keep an eye on the legislation affecting petroleum proposed by state and local governments. All in all, total attendance at API-sponsored meetings each year amounts to tens of thousands of oil men and women.

I could not begin to enumerate all the accomplishments of API-sponsored committees. In practically every phase of the industry—in safety, transportation, conservation, product specification, waste disposal, storage, accounting practices, compilation of supply-demand statistics and several hundred other fields — API committees have made worth-while contributions. In some instances the dollar and cents value of this work has been estimated. Thus, it has been said that the standardization of oil field materials and equipment alone yields an annual savings of $50,000,000 to the industry. This is of some moment to the public through lower prices of products, as well as to the industry.

The knowledge gained from API Fundamental Research Project 37 in the handling of gas-condensate fields alone has meant savings to the industry valued at many times the cost of that Project. The value of the lives and limbs which have been spared as a result of safety practices promoted by the API's Department of Safety can never be computed; however, I know of no oil man who regrets the money spent in that direction.

Cooperation in Oil Industry

All these facts and figures are an indication of the high degree of cooperation, vision and enterprise that exists within our industry. They show, also, what the API is and what it is not. It is not a governing agency or an educational institution. It is a mechanism for group cooperation on those matters which only group endeavor can properly handle.

The latter point is important. In matters of a controversial nature about which no general unanimity of opinion exists within the industry, the API cannot act. The API, as Bill Boyd said a few years ago, does not represent the industry; it is representative of the industry. To continue to play its proper role it must not do cooperatively what ought to be done competitively.

Need Both Competition and Cooperation

Our objective is not competition instead of cooperation, nor is it cooperation instead of competition. We want the benefits of both — competition plus cooperation — and we are enjoying the benefits of both because we do not use the one when the other is called for.

That cooperation is not the answer to all problems was made clear to me one time when I stopped at a village in Western Pennsylvania to purchase gasoline. There were only a few houses in the village, three or four service stations, a general store, no school, but two very nice churches. I said to the old man who was filling my tank, "Seems like a pretty small place to have two such large churches. Couldn't all the people go to one church so the other could be used as a school?"

The old man took his time looking me over, then he said, "Don't guess they'd mix. The preacher at one of the churches says there ain't no Hell, and the preacher at the other says, 'The hell there ain't!'"

So when differences are fundamental, cooperation is impossible. And when cooperation would result in damage to the public interest — as in the case of price collusion, for example — it is undesirable, as well as illegal. However, it is true in oil production that many of the problems must be tackled cooperatively. If you and I are both operating in the same pool, I can't afford to restrict my production unless you abide by the same rules as I operate under. It does me no good to conserve reservoir pressure unless you conserve it, too. And if you don't know the best way to do that, it is to my advantage to show you.

I am extremely proud of the work that has been done by committees of the Division of Production. I believe it was because of the leadership and foresight of men like Carl Young, John Suman, Bill Skelly, my father, and the many others whose contributions and names are equally well-known to you that oil production has remained, by and large, outside the direct control of government. By their success in helping to bring about sound conservation practices, unitization, standardization, safety practices, and good human relations policies they helped keep this branch of the industry independent, progressive and prosperous.

The Question of Oil Imports

All of our problems have not been solved, of course. The work you and your committees are doing today is fully as important as the work done in the past. The future holds grave tests of our courage and sagacity. Troublesome new problems have arisen, as, for example, the matter of excessive imports.

This subject has been causing domestic producers a great deal of uneasiness. With allowables cut back, imports rising, and inventories high, our domestic industry has reason to be concerned. We are like the man whose clothing business began to drop off and who, as a consequence, became so worried he couldn't sleep. He sought his doctor's advice and was told to count sheep as he lay in bed. The next day his doctor called and asked how he'd slept.

"Terrible," the man said. "I counted sheep until I reached 20,000. Then I got to thinking. 20,000 sheep would produce 80,000 pounds of wool. That would make about 30,000 yards of cloth — enough for 12,000 overcoats. Good golly, doc! With all those coats flooding the market, who can sleep?"

None of us is asleep as far as imports are concerned. But we all realize that we face an extremely difficult problem. The best minds in the industry are struggling with it. I'm confident we will reach a satisfactory solution in time, but let's remember that time is of the essence.

We do have general agreement in most parts of the industry regarding an acceptable import policy. The API, the National Petroleum Council, the Independent Petroleum Association of America, Mid Continent Oil & Gas, Tipro, as well as other organized groups and individual companies and operators have gone on record as favoring imports of petroleum into the United States to the extent that those imports supplement but do not supplant domestic production.

The $64 question is, at what point does the supplementing cease and the supplanting begin? Anyone can find the meaning of those words — supplement and supplant — in the dictionary, but the answer to our problem is not in the dictionary. We would like to know what those words mean in terms of barrels of crude oil and products per day.

It would be handy if we could compute a statistical "break-off" or "peril" point which could be used as a rule-of-thumb by the industry. So far none has been offered which has attained broad acceptance. Apparently a lack of historical consistency in the import picture, the involvement of political considerations, and the multitude of variables such as weather, tanker rates, strikes, technology, and such make it improbable that the statisticians alone will find a workable rule-of-thumb for us.

As a practical matter, it appears that the most workable basis on which to determine whether imports are excessive is to examine the general health of domestic production. When allowables are being cut back substantially at the same time that imports are increasing; when hundreds of drilling rigs are remaining idle while the military is asking for more drilling; when domestic producers, hard pressed by increased costs, find themselves hard put for relief in higher prices because stocks are excessive, then we have evidence of an unhealthy situation.

When allowables last year were at record highs, there was no evidence of physical waste through too rapid recovery. Actually, domestic producers in all probability could have responded to considerably higher allowables last year, as they could this year, without such waste. Yet we see that allowables have been cut back from the high of last December, imports have increased, and stocks have become excessive. This is prima facie evidence that imports have been supplanting domestic production.

Imports and Domestic Production

Reductions in imports will cause domestic production to perk up like desert flowers in a rain. The domestic producer needs relief in either or both of two directions. Either he needs a higher price for his output, or he needs the opportunity of increasing the volume of his output and thus lowering his unit costs. Those are the only ways I know to improve his condition, and both of those avenues of relief are blocked by excessive imports. He can't be optimistic about the chance of getting higher prices when he sees that inventories are high and product prices are not advancing. After all, refineries can't pay higher prices for crude oil when their product prices are depressed. On the other hand, with inventories high and imports rising, the domestic producer can hardly expect his allowables to be increased. So he is stymied in both directions.

More is involved in this than just the prosperity of producers. More is involved even than the economies of those States in which oil production is of major importance. What is most importantly involved is our national defense — the security of our lives, liberties, and property. The military, recognizing the essentiality of adequate domestic production as the only assured source of petroleum in the event of a third world war, have urged producers in the U. S. to increase their potential production as rapidly as possible. They have asked them to increase vastly the amount of our shut-in production.

The producer's ability to comply with these appeals to his patriotism is directly dependent upon two things: the amount of funds available to him and the economic incentive he has to invest them. Shut-in production is expensive to carry and tends to reduce his profits. The specter of excessive imports increases the element of risk as he considers new investments; he is not justified in risking funds belonging to his stockholders and backers unless he feels that a reasonable chance of profit exists. The overall effect of rising imports, therefore, is to deter new investment in domestic production.

On the other hand, the companies which are doing the bulk of the importing — those with production outside of the United States and Canada — have their side of the story to tell, also. They have invested great sums of money at enormous risk to develop foreign fields. By their enterprise in securing rights to fields which might otherwise fall to the Communists, and by the high sense of responsibility they are showing in helping the nationals of certain countries to elevate themselves, they are performing an undeniable service to the United States and to the free world. They are giving the world a lesson in the effectiveness of free enterprise that is beyond value, and they are winning valuable friends for America.

The task they have set for themselves is not easy; they have many hard problems we domestic producers do not encounter. They have tremendous costs for schools, hospitals, fabulous gifts, and so on that we do not have. Such things are necessary business costs. Those companies are not just being philanthropic; they are in business to make money, and their stockholders in America are just as interested in profits as yours and mine.

If it were not for the overwhelming importance of having vigorous petroleum production on this continent as a national safeguard, it would be difficult for a believer in free competition — as you and I are — to deny full and free access to the American market to oil from abroad, providing, of course, there be cost advantages in bringing it to this country. But in the light of the overriding consideration of national defense, and in view of the fact that world tensions and conflicts such as we are now experiencing appear likely to remain for a good number of years, we cannot wisely take an unqualified stand with the free traders, despite our strong inclination to do so.

A Restraint Needed on Imports

Imports must be restrained, and I think it is fair to say that the ones who are in the most advantageous position to do the job are those few who are doing the lion's share of the importing. By the exercise of prudence and restraint, they can, in their own best interests as well as the best interests of the Nation, bring an end to this particular problem.

There are, of course, other ways in which the matter could be handled. Tariffs, embargoes, quotas, and international compacts have been suggested at one time or another, but surely we want none of those. We have just about rid ourselves of the yoke of government controls; we do not want another yoke about our necks. No, by far the best solution — and in fact the only solution

*An address by Mr. Pew before the American Petroleum Institute Production Division, Tulsa, Okla., March 19, 1953.

consistent with the principles you and I stand for — is in the hands of those who are in a position to alleviate this problem through individual and voluntary action.

I believe we can confidently expect the cooperation of those who are importing large quantities of petroleum. They are American companies, members of our Association, and they have a common interest with the rest of us in domestic production. Their openhanded willingness to publish in advance the size of their imports indicates their cooperative attitude. Also, as a matter of political practicalities, having vast proved reserves abroad to produce and market in future years, they would not willingly precipitate a crisis which might easily result in legislation designed to close off the American market to their foreign production.

This problem will be worked out, as we have worked out equally difficult ones in the past, on the basis of mutual understanding and fair play. The matter is complex and time is required to bring about comprehension of it. But, if we keep even tempers and good will toward one another and do not let our determination lag, we are certain to arrive at a solution.

In the meantime, American production must move ahead under the stimulus of competition and the free market to build up the great crude oil potential which is essential for the safety and the wants of our people.

The people of America look to the oil industry with respect, trust, and pride. We have earned their high regard by years of service and by unqualified devotion to the national interest in peace and war. Let us bolster their confidence in us further by again demonstrating our dedication to their interests, which, in this case, clearly lie in vigorous and enterprising drilling by operators on this continent.

Dependent Age Groups Gaining on Workers

Institute of Life Insurance points out number of persons of dependent ages is rising faster than increase in working population. Sees in this further need for higher labor efficiency and increased productivity to maintain current living standards.

Contrary to the long-term trend, the number of persons in the dependent ages—the very young and the elderly—is now rising faster than the increase in the working population, the Institute of Life Insurance reports.

Estimates compiled by the U. S. Bureau of the Census, the Institute stated, forecast a rise of 7.8 million in the labor force between 1950 and 1960. As against this, the Institute continued, the medium population projections of the Census Bureau anticipate an increase of 7½ million in the number of children under 15 in the period and 3.4 million in the 65-and-over group.

"The combined rise of these two groups in the so-called dependency ages, therefore," the Institute said, "would be 10.9 million in the current decade if the forecasts materialize, or about 3 million more than the increase in the working population. If to this figure is added the estimated increase of 3.2 million between 1950 and 1960 in the teen-age group between 15 and 20, where labor force participation is usually relatively low and these days is far under that of the past, then the increase in the dependency ages will be nearly twice the rise in the working population.

"A survey of the records of the past 70 years," the Institute states, "shows only two decades when the increase in the working population failed to top that of the dependency ages. In the 1940-50 period the net gains in the two groups were roughly on a par. Back in the 1910 decade, the dependency group showed a rise about a third greater than the increase in the labor force.

"The current trend has a number of significant implications for the economy and for the nation as a whole: For one, it clearly suggests a larger burden on the working population in the years immediately ahead and the need for more effort, higher efficiency and increased productivity if the rise in the American living standards is to be maintained. It likewise indicates a necessity for a continued high rate of capital investment to keep costs down and to increase output.

"There is an added factor today that did not exist prior to the last decade as far as the demands on production are concerned. That is the need to maintain a large military establishment because of world conditions and the tremendous rise in the cost of all government in general. For example, combined Federal, State and local expenditures in 1952 added up to the equivalent of about $1,500 for every person in the working population. The comparable figure in 1940 was only about $325.

"The most marked change in the dependency groups, as far as relationship to the working population is concerned, has occurred among the elderly. A half century ago there were nine workers for every person 65 and over. The ratio had fallen to six by 1940. By 1960, according to the estimates, there will be only about 4½ workers for every 65 and older. Labor force participation by those 65 and over has been in a long-term downtrend.

The following table gives the net changes in the working population and in the combined dependency groups, those under 20 and persons 65 and over, between 1900 and 1960 (in millions of persons):

Decade	Increase in Labor Force	Increase in Dependency Groups
1900-10	9.0	5.8
1910-20	4.0	5.5
1920-30	7.3	6.3
1930-40	6.1	0.1
1940-50	8.8	9.1
1950-60 (e)	7.8	14.4

(e) Estimated.

Source: U. S. Bureau of the Census.

Jackson Cherry With Shearson, Hammill

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—Jackson Cherry has become associated with Shearson, Hammill & Co., 520 South Grand Avenue. Mr. Cherry was formerly manager of the municipal department for Dempsey-Tegeler & Co.

Four With Davies & Co.

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif.—Donald E. Ebert, Frederick W. Griffith, Edward O. Guidotti and Ralph H. Hautau have become affiliated with Davies & Co., 425 Montgomery Street.

The Downtown Department Store Is Not Doomed!

By WADE G. McCARGO*
President, National Retail Dry Goods Association
President, H. V. Baldwin Co., Richmond, Va.

Prominent department store executive asserts consumers *will* continue to shop in stores located in central shopping districts where they have the largest and widest selection of merchandise and where the glamor of shopping on "main streets" persists. Likens downtown department store to parents, and perimeter stores to children, and points out branch stores need guidance of parent store. Admits traffic problems in central shopping areas is serious, but can be solved.

As a retailer, I have witnessed and taken part in over-all trade discussions on many specific points, all of which deserved and won the interest and action of leaders in our field. Not until the past few months, however, have I noted any single instance in which the entire field of distribution was aroused to an issue on which so many different points of view have been expressed. I am talking about the downtown retailing business and its future.

Wade G. McCargo

I am afraid that in many of our discussions we have had more heat than light, and I am disturbed over some comments I hear in talking to retailers from all parts of the country. Too many people believe that our downtown business areas are blighted, that business is going to taper off in our downtown stores because of the acute parking and traffic problems. This type of thinking seems to me to represent a negative approach and fails to recognize many interesting facts.

If you ask me, "Is the downtown department store doomed?," my answer to you is emphatically "No." I am convinced that the department store as we have known it, and as we know it today, will continue to be the backbone of American merchandising. I believe its success of the past will be matched by even greater success in the future. As far as "Mr. and Mrs. American Customers" go, I believe they would be literally aghast at the mere thought that some people are attempting to pronounce the death knell on the very institutions upon which they have come to rely for the necessities and comforts of the American way of life.

Sure, we have problems, but I am convinced that the businessmen and women in retailing who have survived two major wars, plus the so-called Korean police action, plus the greatest depression America has ever known, and in addition, have fought through the grossly mismanaged government price regulation bureaucracy, can now lick this newest problem confronting our downtown business areas.

I have not reached my conclusion without due and careful consideration of all of the contributing factors. As a nation, we are experiencing vast population shifts from urban centers to the suburban areas of our cities. I recognize the desirable features of modern branch store units and shopping centers which by their very nature have been able to incorporate design and availability which vastly facilitate consumer shopping habits. Yet, I remain unshaken in my belief that for the foreseeable future the downtown department store will remain the most important agent for distribution of consumer goods to the customers of our country.

*An address by Mr. McCargo before the Downtown Businessmen's Association of San Diego, San Diego, Calif., March 17, 1953.

Basic Reasons for City Department Stores

Let us examine the basic reasons for this thinking. First, the American department store reached its position of leadership because it has successfully answered the shopping requirements of the public over the years. By choice, the consumers in San Diego, California, and in Richmond, Virginia, still turn their steps to the store or stores that afford them the widest selection of merchandise in style, color, size and assortment. The consumer will shop by preference in the store or stores located in the heart of his shopping district which, traditionally, have given him not only the choice of merchandise in a single institution but a multiple choice from any one of many stores lining its streets and highways. He will also shop in the environment of his choice. With environment I associate the adventure—the glamour—that our customers have come to associate with shopping. Nowhere is that glamour better demonstrated from the shoppers' point of view than on the main streets of America, and in the stores responsible for making the main streets across the country. Yes, only the downtown department store and its neighbors offer all the advantages of depth in merchandise—complete assortments—central location—and all the glamour with a capital "G." If no other reasons existed for its survival, these alone would suffice to maintain its dominant position of leadership.

Other reasons do exist to make the downtown department store a continuing factor of prime importance on the retail scene and in the life of every community. Perhaps an illustration might help, even though it might be exaggerated.

We might liken the downtown department store to the parents, and the branches or perimeter stores to children. In its role as the parent, the downtown department store emulates an imagined family, not only by making its experience available to its branches directly and their neighbors by indirection, but also by protecting its smaller counterparts from the errors and pitfalls it has itself experienced in the past. Like our real life parents, the downtown department store passes on to its branches all it has learned through its life span, as well as the procedures it is in a position to learn from day to day through the unparalleled multitude of its own contacts with all segments of public life.

Where our real life parents teach their children how to walk and talk, the downtown store passes on its operational know-how. Where the parents teach their children their knowledge of numbers and the alphabet, the downtown store passes on the latest developments and technicalities in accounting and promotion.

Where the real life parents teach their children all the new things they experience so that they may be well equipped for life, our downtown stores test the latest techniques and keep their branches up to date on the most modern retail procedures.

The Branch Needs the Parent Store

Without the continuing practical guidance of the well equipped and diversified department store, the branch and perimeter store could not exist as we know it today. Without the techniques and methods developed by the downtown department store, the branch or perimeter unit could hardly be in a position to operate efficiently. Whether it be interior layout, merchandise assortments, buying power, public relations, or credit, the branch store in the outlying district depends upon the experience and knowledge of the capable staff which the downtown store provides. Perhaps most important is the fact that the branch or perimeter store finds ready-made customer acceptance and respect by reason of the reputable name it inherits from its downtown parent institution.

Although you can see that I sincerely believe in the future of the downtown business areas, I do not want to create the impression that they will maintain their leading roles without direct action on their part to counter certain forces now mounting against their interests. Among these forces as we well know is the deplorable parking situation common to cities from coast to coast.

Now what is this parking and traffic problem? First of all, we need to recognize that more miles of automobiles are being manufactured than roads are being built.

Traffic has increased over 100% since 1941 and 53% since 1945. To further complicate this, half of all the miles rolled up by all the cars in the United States were driven on approximately 330,000 miles of urban streets.

Everybody recognizes that the problem of parking is of primary concern to those who want to park and for the most part these are our valued customers. The inability to park conveniently has far-reaching economic repercussions which are of direct concern to all of us—retailers, businessmen, property owners, industrialists, and public officials alike. Of all of these people, there can be little doubt that the retailer has most at stake. He relies from day to day upon customer contacts which are impossible unless his store is available to those who want to shop in it.

In this modern age, the availability of a retail institution is in great degree its accessibility to the automobile which has become the prime mover of the customer to the store. Automobiles have changed the living habits of most of our nation. They have opened new horizons, and made neighbors out of people who were once strangers by distance. To the retailer they have generated demand for new types of merchandise because they have brought the playgrounds of the country closer to the home. Indirectly, they have been responsible for many other advances in modern living.

The Traffic Problem

With these benefits we have seen many problems, but not until the traffic situation was desperate did we hear the first voices of business and government protest against a condition which certainly cast its shadow before. This is a national problem but we in America admit no problem to be insurmountable.

You in San Diego are to be congratulated on your bold and progressive move toward solving this problem. I understand that no city in America has done more toward meeting this situation than your own.

A recent study prepared by the National Retail Dry Goods Association and published by the Automotive Safety Foundation includes examples of localities where such cooperation has gone a long way toward relieving congestion.

No one plan provides the complete answer. This requires the wholehearted cooperation of municipal governments, real estate owners and the stores themselves. In my own city of Richmond, two of the largest department stores purchased land and built a parking garage cooperatively. A charge is made for this parking but it is open to all automobile owners. While they have made a good return on their investment, it has helped the whole downtown shopping area. Other cities have other plans such as the Los Angeles municipal sub-surface parking garages.

Parking alone does not solve all of the problems of the downtown business section. Many of our streets were built for traffic many years before this heavily congested era, and there exists a need for arterial traffic lanes which will permit our customers to reach our main shopping centers more speedily.

Public transportation requires bold and progressive thinking in order to meet the need of our present day. We need better public transportation accommodations for those who want to shop and travel to work without using their own automobiles. In many cities this has cost the downtown business section much business.

In "downtown America" there is an enormous investment at stake. This does not belong to any one segment but to all interests. Private enterprise, local government, financial institutions and property owners alike are affected. These values were begotten of "blood, sweat and tears" and must be protected by the cooperative effort of all.

I am sure that a sizable portion of San Diego's income is derived from taxation of successful enterprises in its downtown districts. Without the enormous income from real estate taxes on your downtown property, many of your services would be seriously hampered or actually crippled. Employment would be seriously affected followed by a migration of desirable inhabitants to other communities.

Physically and morally, downtown means to "Mr. and Mrs. Citizen" the cultural center of their own activities. It is an important part of living for every citizen of every town and becomes identified with the people who live there. What would New York be without Broadway or Fifth Avenue? Can you imagine a New Orleans without Canal Street; can you picture San Francisco without Market Street, or your own City of San Diego without its Broadway?

What I have stressed to you is that every segment of local economy has a direct and vital interest in the welfare of our traditional business districts. No matter what the geographical location is, their preservation is of vital importance.

The individual store can do much in its own behalf which will reflect in the interest of its immediate shopping neighborhood. As an example, there is no more vital action that can be taken than in the field of personnel. In this competitive era, merchandise and price lines in one store differ little from those of other stores, but customers are turning their steps to the particular retail establishment that has won their good will through service and courtesy. Good personnel training has a very vital part in preserving our downtown shopping centers. This includes everybody from the boss to the delivery boy. It is still true that business goes where it is invited and stays where it is well treated.

This means a personnel program devoted to one end—prompt and efficient service to every customer from every retail employee. If we can reach that objective in all of our stores, then we have taken the first big step toward making downtown shopping something to anticipate rather than something to fear.

Yes, efficient and well-trained personnel is a *must* for retailing today. But hardly less important is the physical appearance of our establishments.

We cannot expect our stores to have a direct appeal to our customers if they are physically unattractive and offend the very public tastes we continually strive to build up by our merchandising policies. Nor can we expect the interiors and exteriors of our stores to generate public confidence if their appearance fails to parallel the modern standards shoppers are accustomed to in their own homes which, peculiarly enough, we have furnished.

We have a responsibility to ourselves, to our community and our customers in this respect. It is found in the need for us to devote immediate attention to the physical rehabilitation of "main" stores wherever they exist.

Only by making certain that downtown stores incorporate all the features of beauty, harmony and efficiency we have so carefully provided in building branches and perimeter stores, can we be sure that downtown itself can continue its dominant role in the nation's life.

One of the major means of continuing a healthy central business section is a mutual effort in promotions through the instrument of our local retail merchants' associations. No other type of endeavor offers stores a chance for more successful promotion than the community promotional plan. Such action does not destroy the competitive factor for there is basis in the claim that the drum that beats the loudest still draws the biggest response.

City after city is discovering that group promotions of so-called "days" and "weeks" are reawakening the consuming public to the advantages of downtown shopping. These have lasting effects in drawing customers to the downtown shopping centers. Case histories are replete with stories of merchant cooperation in all fields which lend themselves to ventures of this nature. They highlight the value of cooperative newspaper, radio and television advertising. They emphasize the participation of these media as a public service contribution. In our own city our newspapers and radio stations have fully cooperated in advertising, at their own expense, Richmond as the shopping center of our area.

Our transit company cooperated with Richmond merchants for one of our promotions by selling round trip tickets to the central business section at special prices during certain hours.

In all of these programs, the basis of success is a willingness to cooperate and work hard. Actually, all that is needed to focus the attention of customers on your store and district is an alert committee of retailers and other interested groups, all willing to work together to attain a common goal. With reference to the support and preservation of our downtown shopping areas the value of that goal cannot be denied.

I wish to leave you with one vital question. Are the "downtowns" of America worth saving? I hold that the answer is obviously "Yes." The "downtowns" of our cities and towns are the heart of our existence, as the cities and towns are the heart of our economic system. No matter where they may be located, our urban centers are the focal points for production and distribution. They are the ports and transportation centers which expedite the passage of all goods to the ultimate consumer. They are the mainspring of our educational and cultural existence. They are the financial centers, and in the center of each of our cities and towns is its downtown district, a living, vital area, the guiding force in the day to day life of our cities. Downtown in San Diego, Portland, Miami, or Boston, is the heart in the life of these cities. Nationally, downtown is the heart of America and it will be preserved by the American businessman.

Funston Recommends Tax Reforms

President of the New York Stock Exchange offers tax revision program directed toward encouraging new investment and spreading ownership of American business.

G. Keith Funston, President of the New York Stock Exchange, released on April 2 a four point program for reforms in Federal tax policy affecting capital assets. The recommendations, embodied in a 49-page study entitled "Taxes—Equity Capital—and Our Economic Challenges," are directed toward encouraging new investment, spreading the ownership of American business, and promoting business expansion—all of which would mean an increase in the government's tax revenue.

G. Keith Funston

Mr. Funston's study is being sent to members of Congress, to Presidents of listed companies, to members of the Exchange, and to heads of other securities exchanges in the United States.

The four principal recommendations of the N. Y. S. E. executive are:

A reduction to three from six months in the holding period necessary to determine whether a capital transaction is a capital gain or loss.

Halving of the effective rate of the Capital Gains Tax in all brackets.

Better treatment for capital losses, so that—after such losses have been used to offset any capital gains—the taxpayer will be permitted to credit against ordinary income $5,000 of capital losses in a current year and up to $5,000 in each of the five following years.

Easing of the present double taxation of corporate dividends by permitting a stockhoder a credit on his Federal tax bill of 10% of dividends received.

Three additional Federal tax revisions recommended are: (1) elimination of the Excess Profits Tax; (2) Lowering personal income taxes, and (3) reduction in the high rate of tax progression on individual incomes.

All seven recommendations, Mr. Funston asserted, are "basic to achieving real success in broadening the base of equity ownership."

Comprehensive revision of Federal tax laws is "urgently needed," he added, because: "Many provisions have been adopted under the pressure of increasing revenues without opportunity for adequate study of their long-range effects on the economy. Stimulation of the flow of capital funds into equity investments, and an increased use of equity funds in the financial structure of American business, are among the important matters requiring prompt attention."

A reduction in the holding period for capital gains to three months, Mr. Funston insisted, not only "would provide more government revenue, but it would materially stimulate marketability and liquidity on the public securities markets." The resulting market activity would "facilitate the distribution of new issues, lead to more equity financing, help popularize equity ownership, and generally stimulate the flow of equity capital."

Halving of the effective tax rate on capital gains, he said, would permit greater freedom in the movement of capital from one investment to another; thaw out "billions of dollars of tax-frozen assets," and provide needed incentive to the future growth of equity capital.

Calling the present loss provisions of the capital gains tax law "admittedly inedequate to protect properly the investor of medium means to whom we must look for enlarged interest in equity opportunities," the Stock Exchange President said that better treatment for capital losses is justified both by fairness and economic motivation. Any direct effect on tax revenues by fairer treatment of capital losses, he added, "would eventually be offset by the overall economic gain to the country."

Mr. Funston makes clear in his pamphlet that the latest statistics available show that almost 47% of the 1,100,000 individuals reporting capital gains and filing taxable returns had adjusted gross incomes of under $5,000. Another 31% had gross incomes of more than $5,000 but less than $10,000.

Easing of the present double taxation of corporate dividends, Mr. Funston stated, would help many millions of people, "including many older persons who rely heavily on dividend income. It would motivate millions of non-share - owning Americans, both young and old, to participate in our future economic growth by buying equities."

The International Metal Scene

By ANDREW FLETCHER*
President, St. Joseph Lead Company
President, American Institute of Mining & Metallurgical Engineers

Speaking to Australians, Mr. Fletcher praises the free market economy and condemns government control or interference in business. Objects to international commodity agreements and cartels, along with import allocations, and advocates sliding scale system of tariffs for zinc and lead and some other metals. Home domestic production of strategic metals should be protected, and cites heavy increase in lead and zinc imports into U. S. in recent years.

A guest in a foreign country usually has a preconceived notion of what he expects to find. More often than not, the reality forces him to revise his prior conception. And so it is with me. Whatever favorable opinion I have had about your great country through the Australian friends whom it has been my good fortune to know, has been immeasurably enhanced by my first-hand observations, and the vivid impressions I have already received. I have been particularly fortunate, of course, in knowing many of your distinguished citizens over a long period of years. They have been such splendid ambassadors of goodwill that Australia and the United States have benefited immensely by their visits in cementing closer relations between us.

Andrew Fletcher

I did not come here to comment on your wonderful land and its people. It would be presumptuous for me to do so after so short a stay, but I thought I could best serve your interests if I spoke to you quite candidly about some of the thinking going on in the United States, which may be at variance with the views you read in the newspapers. So often I find the correspondents of foreign countries resident with us give a picture of conditions which do not fairly reflect the prevailing sentiment. A good illustration is the impression conveyed some months ago abroad, prior to our recent elections, that Stevenson would be elected. You know how inaccurate that was! But lest you form an incorrect view of the significance of my own comments, let me hasten to assure you I speak only for myself and the company I represent. There are probably many who disagree with me!

I am told that the Australians and the Americans are more nearly alike in their thinking than any other two groups, outside of possibly the Canadians. We both have had continents to develop and the pioneer aspect of our respective lives has been predominant. If I were to search, however, for the one single characteristic which typifies the American way of life as distinct from other political and economic systems, I would say it is our emphasis, in fact, legal insistence, on open competition.

We have a law on our statutes about 60 years old, known as the Sherman Anti-Trust Law, that expresses American abhorrence of monopolistic business practices, such as cartels, a law that some of my foreign friends have said must be terrifying to the American business man. It is true that the application of the law, by reason of its vagueness, causes industry considerable trepidation at times, but it is inconceivable to me that the fundamental premise on which it rests will ever be changed, even though in late years there has been a tendency to suggest measures such as international commodity agreements, that would mark a distinct departure from past practice.

*An address by Mr. Fletcher before the Australasian Institute, Melbourne, Australia, March 31, 1953.

There are, of course, many of our business men who would love to sit around the table fixing prices and apportioning markets, all in the name of stabilization. They look with envy upon the ability of business men in other countries to do so. In fact, during the early days of the Roosevelt Administration in the throes of the great business depression, we devised the NRA, or National Recovery Administration, which gave business men exemption from the operation of the Sherman Law. This episode was a dark page in our business history. It was "fortunately," a failure.

Freedom of the Market Place

As I see it, the issue for all of us, whether we are Americans or Australians, is the freedom of the market place, which carries with it freedom for the individual. At times this market philosophy causes much hardship and unpleasantness, and the fact that it does so causes many good souls to seek alleviation for their troubles through the coercive power of government. That, to my mind, is the great delusion of our age. We are told that life is too complicated in the 20th Century for free markets to operate, and that government must intervene. Yet, what is more complicated than the hustle and bustle of a great city, as the citizens go about their daily tasks of making a living? Imagine what would happen if government efforts were made to direct it along preconceived channels!

The world is full of countries typifying all degrees of government intervention, but the cycle may have reached its crest a few years or so ago. We were certainly drifting towards a State-controlled economy in the United States. The trend is now in the other direction. The shift from Truman to Eisenhower is a very significant straw. Probably the world is gradually discovering that direct or even indirect government intervention in the market place for both buying and selling, distribution and price fixing, simply won't work, and for a simple reason apparently overlooked by many ardent professional advocates of government planning. And yet, the defect is so obvious it is a wonder it hasn't been exposed vigorously in the classroom. The planners have no yardstick to measure the value of any material. No matter what price or value they may place upon an article, human beings may have different ideas and upset their plans. If governments do not have some market outside of their own locality to assist them in their price fixing, they are helpless.

I know that many of my friends agree with my point of view in preaching the virtues of a market free from government intervention, but they say we must be realistic. Government controls are here to stay and we cannot change the world or the wave of the future. I disagree. I think we who are charged with the responsibility of creating new wealth from the ground, must keep up a relentless effort to defend our liberties and minimize government controls.

I cannot take time to recite to you the many interesting struggles we have had in my own industry with those who believed in having the government assist them through outright mining subsidies. During World War II, an expensive mine subsidy measure, known as the Premium Price Plan, was passed by Congress and, oddly enough, it was the veto of President Truman that spared the country a costly extension of this Plan when the fighting was over.

U. S. Lead Consumption

Present lead consumption in the United States, exclusive of any governmental stockpiling, is approximately 100,000 short tons per month, or on the basis of 1,200,000 tons per year. I believe that we should cover our requirements by mining 350,000 tons, recovering 500,000 from scrap and importing 350,000. I think it would be poor policy for the United States to shut down its mines and import 700,000 tons per year. In 1952, lead imports totaled around 637,000 tons, but fortunately about 200,000 were stockpiled. Our present zinc consumption is about 80,000 short tons of metal per month, or 960,000 tons a year, plus another 130,000 tons of zinc in ore for oxide manufacture—a total of 1,090,000 tons. We should obtain about 720,000 tons from domestic mines and another 60,000 from secondary. The balance of around 300,000 tons can be supplied from imports of metal and concentrates—in 1952, imports totaled over 450,000. This leads me to an explanation of the current predicament of the United States miner and what he is planning to do about it. Our miners, like the Australian, must exist in an international competitive market, with the recognizably sharp distinction that we are on an import basis, whereas you are on an export basis for lead and zinc. This may give us different points of view but, in the last analysis, self interest dictates a desire to procure as much for our product as we can, particularly as mining is a one-crop business.

We miners know from experience that markets change with bewildering rapidity. Who would think from the downward trend of the metals in recent months that, only a year ago, the entire world was imbued with the idea of serious and permanent metal shortages? Our government was using extraordinary efforts to stimulate production all over the world and buying with frenzy. I never subscribed to the doctrine of metal shortages, even at the height of the hysteria, and I so advised my friends in Washington. I believed that the shortages were artificially created, largely by the intervention of governments in metal markets. There can be no shortage of any commodity in a market where supply and demand function, for the price of the article will provide automatically a mechanism by which any maladjustment is corrected. Our government in fact went so far, only a short time ago, as to establish a civilian or buffer stockpile of lead, in addition to an already huge accumulation of lead for military stockpile. Controls become very complicated once government has its foot in the door, and especially when the government tries to stabilize the price of an international commodity by buying, or by refraining from doing so, as we did in the case of tin.

State trading is only one of the 20th Century model international trade weapons that were unknown some years ago but which can be devastating in their impact on market prices. Many others will occur to you, such as devaluation of currencies, the establishment of multiple exchange rates, the imposition of quotas, strict licensing of exports and imports, dual price systems in which one price is for internal consumption and one for export, and the drafting of international commodity agreements. Any country resorting to these trade restrictions does so, of course, on the grounds of self interest, and I have no quarrel with its right to do so, but I feel that the principle of self interest must also actuate Americans. We must maintain a mining industry for the defense of our nation, even though at times our consumers might be able to purchase their metals abroad at less. We must realize that labor costs are lower outside the United States, and foreign mines, in the main, have higher grade ore.

Opposition to Commodity Agreements, Cartels and Quotas

In addition to those external influences with which the United States miners must contend, we are compelled to operate in a domestic economy that heavily subsidizes its agriculture and which subsidizes its shipping, housing and air travel. The mining industry is not subsidized. Moreover, we cannot expect our men to work for less underground than they can earn on the surface. I hope you will understand from all this why, if our mining industry is to be maintained, and why, if we desire to develop our still great latent mineral resources, some program must be developed which would not destroy or impair our domestic market, nor prevent the importing of admittedly necessary lead and zinc ores, concentrates and metal. We in the St. Joseph Lead Company know that subsidies lead to government control—as our farmers are beginning to realize. We do not like international commodity agreements, import quotas or cartels. We are therefore advocating, as the best way of maintaining at least a semblance of a free domestic market, a version of an historic device known as the tariff, about which I shall speak to you in a moment.

I am realistic enough, I think, to appreciate the new and prominent position of the United States in world affairs. I am in full accord with the desirability of expanding world trade and developing the mineral resources of the world particularly those of backward countries, but I am not in accord with seeing our mining industries become the victims of international trade slogans, such as "Trade, Not Aid," the result of which might well force all but our most advantageously situated mines to close.

Comparison of Lead and Zinc Imports and U. S. Mine Production

	U. S. Mine Production (Tons) Lead	Zinc	Total Imports All Forms (Tons) Lead	Zinc	Imports in % of Production Lead	Zinc
Prewar:						
1935	331,100	517,900	24,000	14,900	7.2	2.9
1936	372,900	575,600	23,600	11,800	6.3	2.1
1937	464,900	626,400	40,800	46,000	8.8	7.3
1938	369,700	516,700	63,900	25,800	17.3	5.0
1939	414,000	583,800	86,900	67,100	21.0	11.5
*1940	457,400	665,100	282,500	190,500	61.8	28.6
Postwar:						
1946	335,500	574,800	162,500	376,000	48.4	65.4
1947	384,200	637,600	227,900	370,000	59.3	58.0
1948	390,500	630,000	347,100	356,500	88.9	56.6
1949	409,900	593,200	399,500	366,500	97.5	61.8
1950	430,800	623,400	541,900	427,800	125.8	68.6
1951	390,400	671,500	257,900	390,400	66.1	58.1
1952 (Est.)	375,000	662,000	637,000	450,000	170.0	68.0

*World War II.

The Sliding Scale Equalization Tariff

The lead and zinc miners in the United States have therefore developed a program popularly known as a "sliding scale equalization tax," or "tariff," if you prefer the term. Under this proposal, a base price of, say, 15½ cents for lead and 14½ cents for zinc would be established and, for each 1-cent decline in the U. S. market price, operating under the law of supply and demand, a tax of one cent per pound would be imposed on imports. The import tax for lead and zinc ore and concentrates would be 0.7c per pound for lead content, and 0.6c for zinc content. We have already had some experience of suspension and reimposition of lead and zinc tariffs in recent years, tariffs being restored when the price of lead and zinc declined below 18 cents. There is, therefore, some precedent in establishing this principle. It has the virtue of an automatic and complete removal of the tax when the U. S. price of metal is reasonable and, unlike an ad valorem rate of tax, it does not become progressively greater as the price of metal increases, nor, as in the case of a fixed tariff, would it apply when the metal is needed by our consumers. Numerous practical details are now being worked out, so as not to inhibit the flow of the normal amount of metal needed by American industry, such as a change in the base price every six months if there is a change in the U. S. commodity index, and in the development of a method wherein the importer would know the amount of tax payable before shipping—for example, the tax payable on U. S. arrivals in June would be figured on the average "Engineering and Mining Journal's" prices for April. The net effect will be to give our domestic miners a higher price, and one that will not affect the net price which Australians, Mexicans, Canadians and others will receive for their production consumed in the United States. I frankly admit that it will increase shipping problems from Australia, but I repeat that we must maintain a lead and zinc mining industry in the United States.

Tariffs are only effective if a country is on an import basis. In passing, I might note the tariff protection for our miners is at present negligible, as, for lead, it amounts to only about 8% of the value of the metal, in comparison with approximately 43% in the 1935-1940 period, and, for zinc, around 8% against 36%. The net effect of the proposed equalization tax would probably be to restore the pre-World War II protection if it is needed. However, if the U. S. market requires the metal, as would be indicated by a market price approaching the base price of the equalization tax program, then there would be no real barrier, because only the low present tariff would apply.

As I have already said, it is of interest to realize that in 1952 the United States imported about 637,000 tons of lead. Before World War II, our imports were about 75,000 tons per year. Our domestic mine production declined to 375,000 tons last year. I think that even those who emphasize the necessity of our importing more materials, must agree that the lead industry has done more than its share along the lines of "Trade and Aid"—which, to my mind, is a better slogan than "Trade, Not Aid." Comparative figures are given in the accompanying table.

I thought I should tell you quite

Continued on page 38

Shift to High Level Economy 'Sans' Inflation

By WM. McC. MARTIN, JR.*
Chairman, Board of Governors, Federal Reserve System

Chairman Martin points out national security expenditures during last year have remained on a plateau, and therefore major force now expanding economic activity stems from private consumer demands. Calls attention to growing flexibility in the economy, and urges "freedom of action in the market place." Reveals Federal Reserve goals.

A striking change distinguishes the last two years from earlier postwar periods. We have been achieving a number of new records—notably in total national output, in personal income, in employment of manpower and physical resources — and the remarkable economic fact is that these peaks have been reached without further inflation.

W. McC. Martin, Jr.

Another distinction marks the past 12 months. Since last Spring, expenditures for national security have been virtually on a plateau. The major force expanding economic activity over the last year has been private demands, particularly of consumers. Today the general economic situation continues to be strong, with production and incomes increasing moderately and prices, taken on the average, remaining relatively stable. But, of course, we can never afford to be complacent about the future because of a generally favorable economic development in the past.

In recent times, the American economy, moving more and more toward freedom of choice and action by all participants, has shown a great deal of flexibility —more than has been commonly recognized.

A good example of this flexibility is the textile industry, an important segment of the American economy with more than a thousand units spreading over 27 states, normally employing more than a half-million people and turning out billions of dollars worth of goods each year.

After an early post-Korea upsurge, the industry went through a fairly pronounced recession and then, following a period of adjustments in production, prices, and inventories, business has rebounded to score a rather substantial recovery since last Spring.

In many respects, the beginning of the general shift from a predominantly defense - stimulated economy to one based more largely on civilian demands has been reassuring. Besides the points already mentioned, productive capacity is in almost full use, unemployment is low, and the per capita level of consumption, that is, the standard of living, is rising.

In other respects, this shift has been less satisfactory. Business inventory accumulation rose from almost zero in the first half of 1952 to a seasonally adjusted annual rate of $8 billion in the fourth quarter, before declining somewhat in January. Also, an increased proportion of consumer purchases of durable goods is being financed on credit. The rate at and the terms on which many people have been going into debt for houses, automobiles, appliances and other goods deserves and is getting more vigilant attention in the financial community.

The task of the Federal Reserve over the last couple of years has been to restrain excessive monetary expansion while at the same time making possible the extensions of credit needed for defense, for civilian business operations, and for normal growth of the economy.

It is difficult to determine the monetary needs of an economy that is growing and yet facing, from time to time, risks of inflation and deflation. In trying to foster economic stability, we must seek to encourage a dynamic economy, one that stimulates enterprise and invention, that fosters technological advancement and, with it, greater productivity and a better standard of living.

One of the ways in which we can all contribute to that goal is to seek solutions to current problems that will preserve freedom of choice and action in the market place. Such freedom of choice is basic to the concept of democratic institutions. And we need it, too, because none of us is wise enough to do without it. The market's objective measures of the forces of supply and demand give business and government alike a more reliable guide to policy and action than the subjective judgment of any man in government, or in business either.

For the past two years discount and open market policy has been directed toward restricting bank credit and monetary expansion to the normal growth needs of the economy. The period has witnessed a remarkably smooth transition to reliance upon these basic instruments of monetary policy and upon the judgments of the market place in government debt management.

*Summary of remarks by Mr. Martin before the American Cotton Manufacturers Institute Convention, Palm Beach, Fla., March 27, 1953.

Archie L. Cohn

Archie L. Cohn, partner in Shufro, Rose & Co., New York City, passed away March 24.

Wm. Farrar, Jr. With A. M. Kidder & Co.

William M. Farrar, Jr. has become associated with A. M. Kidder & Co., 1 Wall Street, New York City, members New York Stock Exchange, in their Syndicate Department.

Mr. Farrar was formerly with Schwabacher & Company and prior thereto with L. F. Rothschild & Co.

Joins Stix Staff

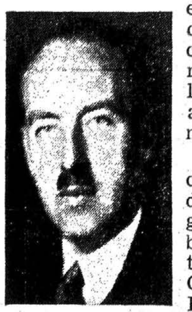
(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo. — Marie M. Reese has joined the staff of Stix & Co., 509 Olive Street, members of the Midwest Stock Exchange.

The Problem of European Unity

By HON. PAUL VAN ZEELAND*
Minister of Foreign Affairs, Belgium

Asserting there is a unified Europe in the making, and European Union is an absolute necessity, prominent Belgium statesman points out problem of Europe is a problem for the whole world, and because of strength and influence of U. S., no real solution is possible without American help. Urges a conference of creditor and debtor nations to bring about balanced economic and financial relations, with following objectives: (1) reductions of obstacles to world trade; (2) a common effort to bring about stable conditions in basic material prices; and (3) a return to sound monetary conditions.



Paul van Zeeland

Of all European problems, one is urgent above any other: that of Unity. What kind of European union there will be; how many difficulties will have to be overcome before it is achieved, I do not know; but I am certain of one point, and it is the only important one: *Europe is in the making.*

I

European Union: An Absolute Necessity

On what reasons am I basing this definite conviction?

My first reason is a powerful one: it is based upon absolute necessity. European nations cannot go on without forming some kind of union, some kind of European community. This is not new. It has been explained and proved many times, on many levels.

(1) Military Angle: Let us first take the military aspect. No European could dream, even for a minute, of the possibility for any European nation to defend itself alone against the threat from the East. Going from one conference to another, Ministers realize ever more clearly the incredible weight of the military power accumulated by the Soviet Group—the number of divisions, satellite armies, planes of the most modern types, the artillery, reserves of all kind constantly increasing. Whatever their efforts, European nations realize more than ever today the disparity between their possibilities, and those of the impending forces behind the Iron Curtain. If, united, they can hope to contain that menace in a couple of years by straining their efforts to the limit, needless to say all of them understand, and realize in their hearts, how useless would be any attempt not based on common effort. This truth: European Unity at all costs, is sinking deeper day by day in the minds of the leaders and in the implicit understanding of the people in Europe.

(2) Economic Angle: Let us take another angle of approach: the economic one. Any comparative study of the factors which explain the extraordinary expansion of economic forces in this country, and of the many obstacles which have in one generation brought European economy to its present backward position, always lead to one major conclusion. There are other considerations, but one factor predominates and that is: in this country, you enjoy an enormous internal market, practically free from obstacles to the movement of goods and capital, while in Europe, those movements are constantly curbed by all sorts of obstacles, frontiers, quotas, payment restrictions and exchange regulations. In a nutshell, every European of whatever school of thought has had to come to one and the same conclusion: no real expansion of European economy is possible unless Europe, by one method or another, is integrated into one market.

That was recognized theoretically before the war. In London during the war, the thought was generally accepted as self-evident by the governments in exile. After the war, the creation of the OEEC, along with the Marshall Plan, succeeded in bringing 18 European nations behind a persistent effort toward the creation of an integrated market.

The truth of such a policy, its urgency and its necessity, are at the present time being bitterly confirmed by a temporary relapse in the realizations of the OEEC. Indeed, the OEEC has been successful in reducing some of the obstacles to trade, namely by bringing about an all-round ban of the quotas, up to 75% roughly speaking, and uniting all members by a new code of commerce based upon the idea of an integrated market. Unfortunately, some escape-clauses existed in this Code. As soon as the Korean boom ended, difficulties of readaption presented themselves. Those escape-clauses were used by England and France; they established export restrictions in the old spirit of self-centered protection!

The difficulties brought about by those restrictions extended from country to country; France today feels very bitterly the weight and inconvenience of a sharp restriction of her exports towards England; at the same time, Italy begins to feel harshly the result of restrictions by both France and England; practically all other European nations, among them my country and the Benelux Union, have seen their own difficulties suddenly multiplied. In the meantime, the expansion of production, the increase in productivity, which had been assigned last year by the OEEC to its members as a goal, have not been carried over. Once more, the facts are illuminating an evident and foregone conclusion: unless European nations get together, they will sink together.

II

First European Realizations

But please, don't misunderstand me. The true picture of present day Europe is certainly not simple, but it leads to no pessimism. On the contrary, if anyone should think that nothing has been done in Europe in recent years, he would be grievously wrong. My initial assertion that "Europe is in the making" is supported already by undisputable facts.

(1) Steel and Coal Community: First of all—and most spectacular if not most important—is the actual realization and present functioning of the Schuman Plan—in other words, the European community for steel and coal. This is a major step forward. Its establishment is a proof that at least six European nations have heard and understood the call of the times, and have had the courage to take upon themselves the risks and hardships of a new venture.

(2) European Defense Community: In addition, do not forget that six European governments have signed the Treaty for European defense. I know very well that clouds still overshadow the final ratification of this treaty. But those six governments have taken their responsibility; they have staked their existence as governments on the ratification of the treaty.

Such a position has again been clearly and definitely stated at the meeting of the six Ministers in Rome a few weeks ago. This undoubtedly proves that those European leaders believe in radical methods, in order to bring about the construction of a United Europe.

(3) European Political Community: There is a third factor. The full realization of a European army calls for another major step, i.e., the creation of a new political community between the European nations. In a recent ceremony in Strasbourg, the six Ministers received from a special Assembly formed *ad hoc* a study concerning the status of a political community. Their work is ready to be used as the basis for an intergovernmental conference, the purpose of which would be to elaborate a treaty to that effect.

Such are facts, and facts that speak for themselves.

III

Psychology of European Masses

But in my opinion, there is another fact, even more important than the preceding one, because it relates to the future. There is, among the masses in Europe, in every country, a sort of growing conviction, not always very clear, not always very vocal, but deeper and deeper every day, that unless something is done to unite Europe, the fate, the prestige, the prosperity of individual European nations are doomed. I won't tell you that such a conviction is accompanied by a large current of enthusiasm, of joyous hope. No. It is a matter of cold reasoning. The kind of moderate enthusiasm which existed here and there, some time ago, has dwindled and faded. The prospect of European Unity is not even always accepted with pleasure: but it is recognized as one of those inescapable requirements that history, from time to time, places before peoples who want to survive in the midst of adverse circumstances. Yet, it is there. No impartial student of Europe will, I am sure, contradict me on that point.

Of course, anyone of you might retort: "That is very well, but it goes so slowly, it takes so long a time. Time presses. The situation calls for urgent measures. What if you come too late?"

I understand such impatience, and I am ready to share it. But let me call your attention to one point: placed against the background of history, the growth of the Union movement in Europe has, in fact, been surprisingly swift.

Think that only a few years have elapsed since the end of the last war. What we are trying to do is in direct contradiction to the main currents of thought and feeling which have dominated Europe for the three or four last generations. A war like the one we fought and won calls necessarily for an increased devotion to the notion of patriotism. In such circumstances, one may feel grateful for what has been achieved in those few years. Do not minimize the importance of the Council of Europe. It is true that it could have been better and more fully used by the 15 nations assembled then. Yet, it is there, and alive; the Schuman Plan functions; the idea of Europe is taking root. No forces can, in my opinion, prevail and prevent the making of Europe.

IV

Urgency of Action

Nevertheless, time is short; the matter is urgent. The common policy of the Atlantic nations is to prevent war and keep peace by being strong, strong enough to discourage any possible aggression. Our purpose will be met only if our strength is brought in time to the degree of balance necessary to deprive a possible aggressor of all chances to succeed. In other words, even if we would be right in all directions, we might still be proved wrong if we came too late to accomplish our purpose. We must be strong today or tomorrow at the latest. The day after tomorrow might be too late. So, I feel strongly that everything should be done to shorten the delay, at any price. That is why it is high time that European nations take the final decision as far as the European defense community is concerned. We have already lost a couple of years. Could we have done better? Very likely. And yet, let us be realistic. Let us not minimize the tremendous obstacles which European leaders have to overcome to keep contact with public opinion. It is true that the masses in Europe understand implicitly the necessity of creating a United Europe; but no agreement exists concerning the ways and means to bring about this unity. To accept the conclusions of hard and cool reasoning, the European masses have to overcome their feelings, to forget, to forgive, to get out of the usual path they have been constantly told to follow in order to serve their own country. From a psychological point of view, this is a tremendous task, it requires careful handling. But we have to do it, to do it quickly, and so we shall. The stakes are tremendous. Should we fail in our policy of defending peace, a new war would be a catastrophe for all; but in Europe, it might mean the disappearance forever of what has been, for two thousand years, the glory of occidental civilization.

If so, our first duty is to avoid unnecessary complications. Our plan for a United Europe should be comprehensive and adapted to our aims, but at the same time, so simple and moderate as to make it more readily acceptable, more palatable to the greatest possible sections of public opinion throughout Europe. And this is why I try to warn day-dreamers and perfectionists. I call upon them, reminding them of the wisdom of the old proverb: "A bird in hand is worth two in the bush."

I hope that practical and simple solutions will be found to bring about, in time, the degree of unity, thanks to which European nations will again be able to meet their task, both in Europe and in the world.

Europe and the World

(1) The European problem is not only a problem between European nations; it is also and at the same time, a problem between Europe and the rest of the world, between Europe and the United States. Whether united or not, European nations are members of greater and larger communities. They are members of the community of the Atlantic, they are members of the community of free nations. Even the free nations cannot ignore the other powerful nations who are following other ways than theirs. Your great country, the United States, is taking such a prominent place in the world that nothing of importance can be built, neither the defense of peace nor the creation of a United Europe, without the cooperation of the United States.

(2) By saying so, am I trying to lure you into new efforts toward helping Europe by any grants of aid? Certainly not! I have more than once expressed my views on this point. I am convinced that Europe should provide for herself the means of her own salvation. Certainly the Marshall Plan was at the time both necessary and useful; the European nations who accepted this aid have the right to hold their head high because the ordeal they suffered was a direct consequence of a common war, in which their share had been particularly heavy. But the times of the Marshall Plan are passed. Now conditions, and new tasks are ahead. Since the war, European nations have made a tremendous effort. They have shown an extraordinary vitality. They have achieved results which, a few years ago, would have seemed not only improbable but almost impossible. If European nations had not been forced by a new threat into a policy of urgent rearmament, it appears to me certain that economic recovery would today be an accomplished fact.

The job they had before them was a tremendous one; at the same time, rehabilitating the material ruins of the war, mending the moral dislocations, raising anew the standard of living of their people so as to reduce the serious temptations towards a communist venture; and finally, taking their share in the formidable task of swift rearmament along modern lines.

(3) The greatest part of the task has been accomplished. It is my definite opinion that it will be completely done. But, of course, certain general conditions must be [illegible] throughout the world, if the free nations are to become strong enough to take away any incentive to aggressive policies.

Along with the creation of a united Europe—along with the efforts of rearmament—the main duty is to recreate economic conditions in which Europe can increase its productivity, pay for its imports, export its production, keep up the social standing of her populations, and so, meet both the material and spiritual threat of communism. To me, there is no solution to the problem except by a return to economic and commercial practices which are in conformity with our ideas of freedom. Is that possible?

I am convinced that the present degree of economic rehabilitation in Europe is such that a conference between creditor and debtor nations could devise ways and means to bring about balanced economic and financial relations in the world. Several points should be covered.

First, reductions all over the world of the obstacles to trade; this means an adjustment of tariff policies, but—more important—it requires the suppression of many quantitative limitations to trade and a serious improvement in administrative methods used at present to slow and reduce actual movements of goods.

Second, a common effort to bring about more stable conditions in the prices of basic materials.

Third, a new method to get rid of most restrictions concerning the payment of goods actually exchanged—which means a return to monetary conditions in keeping with the progress we have made in all directions, and especially in transport.

Is such a plan too ambitious? No. From a purely technical point of view, I would say most elements to succeed have been maturing rapidly in the last period.

The opportunity should be seized, and seized as soon as possible.

(4) In the meantime, I hope that both Americans and Europeans will go on, doing everything that can be done to avoid waste of time. In Europe, it means the ratification, as soon as possible, by the various parliaments of the EDC. It means devising a practical, simple and moderate method to organize the European political

*An address by Mr. van Zeeland at the National Press Club, Washington, D. C., March 18, 1953.

community. It means a closer working between continental Europe and England. It means continuous progress towards an integrated economic community in Europe, in other words towards an integrated market. It means a decisive effort inside the Atlantic community to make use of all the possibilities contained in the Atlantic Pact—not only the military articles, but also those which foresee closer economic, social and moral contacts between the Atlantic partners. It means all over the free world an increased realization both of the predicament we are in, and of the possibilities of the exceptional times we live in today.

If we do what we have to quickly enough, if the free people are strong enough to remove from anybody's mind the idea that aggression could pay, then it will remain for us to organize our relations between the free peoples so as to show to all men of good will that our ideals and our methods are the best and surest way to assure to mankind all the benefits of peace, of material prosperity, and of spiritual enlightenment.

Kirchofer Arnold Now Carolina Securities

RALEIGH, N. C.—Announcement of a change in the corporate name of Kirchofer & Arnold Associates, Inc. to Carolina Securities Corporation was made yesterday by Glenn E. Anderson, Executive Vice-President of the firm. No change in company policies, service or personnel is contemplated. The officers and employees of the company were first associated in the firm of Kirchofer & Arnold, Incorporated, a firm which retired from the retail securities business in 1947. Since that time, Kirchofer & Arnold Associates, Inc. has been engaged in the business of underwriting and distributing securities. Carolina Securities Corporation has its headquarters office in the Insurance Building, Raleigh, and branch offices in Charlotte and New York City. "It was felt," Mr. Anderson said, "that the new firm name will better identify our business of distributing investment securities and financing private industry mainly in the Carolinas and the Southeastern States. The name is the only change being made in the business." Officers and Directors of Carolina Securities Corporation, many of whom have been with the company almost since it began, are Fred W. Reebals, Raleigh, President; Glenn E. Anderson, Raleigh, Executive Vice-President; Thomas W. Gleason, New York, Vice-President; C. Stradley Kipp, Charlotte, Vice-President; G. Hearst Rosser, Durham, Vice-President; G. Calhoun Pruitt, Rockingham, Assistant Vice-President; Sam J. Steele, Raleigh, Assistant Vice-President, and J. P. Abernethy, Raleigh, Secretary-Treasurer.

G. E. Anderson Thomas W. Gleason

Mr. Gleason, an officer in the firm, also manages the New York office, which continues in the same location at 40 Wall Street. Except for two years of service in the U. S. Navy during World War II, he has been associated with the company since 1941.

Canada's Mineral Resources —An American View

By RICHARD B. McENTIRE*

Commissioner, Securities and Exchange Commission

Commissioner McEntire, referring to the new accord of U. S. and Canada covering securities frauds, points out, under SEC regulations, Canadian securities issues are now made available to U. S. investors. Stresses confidence of U. S. investors in Canadian resources, and the importance of Canada's mineral resources not only to U. S., but to free world. Warns, however, "Canadians must see to it that their financing be in honest hands, and that everything be done to insure investors will be dealt with fairly."

On my last visit we discussed the importance of Canada's vast mineral resources to the free world. You may recall that I spoke of these things as a "key to freedom." On that occasion I also tried to describe the basic philosophy of the securities laws of the United States and to make it abundantly clear to you that we in the United States want to participate through capital investment in the development of the tremendous potentials which are yours. All that our investors ask in return, I noted, was an opportunity to do so on the basis of accurate and adequate information so they would have a chance to appraise the risks which might be involved.

Richard B. McEntire

Now, 12 months later, certain things have happened from which, I am sure, we all can derive a great deal of satisfaction. In the first place, on July 11 of last year, our two countries exchanged formal notes of ratification for a Supplementary Extradition Convention covering securities frauds; thereby removing a long existing source of misunderstanding. In the United States that ratification received wide acclaim. It has been viewed as the symbol of a new era. Indeed, I think few things have been as gratifying to American investors or have been as instrumental in building economic goodwill as this single step.

Canadian Securities Made Available in U. S.

Following the treaty amendment, we at the Securities and Exchange Commission undertook to draft a regulation which would make available to Canadian enterprises, who wished to come to our markets for relatively small amounts of capital, a simple and inexpensive means of complying with our Federal securities laws. I speak of our Regulation D which has frequently been referred to as "short form registration." We found this to be quite an undertaking, but I am happy to say that the Regulation was formally adopted just a few days ago. While, of course, we have had no concrete experience under it, we certainly have high hopes that it will expedite the quest of legitimate Canadian enterprises for new capital.

A very important feature of this new and simplified method of compliance is that it should serve to protect honest exploratory ventures from the unfair and uneconomic competition of the dishonest promoter, whose enterprise cannot stand the light of day, and should build further the confidence of American investors in Canadian mineral ventures.

*An address by Mr. McEntire before the Prospectors and Developers Association of Canada, Toronto, Ont., March 11, 1953.

The child has been born under good auspices. I sincerely hope that all of us will cooperate to get it off to a good start so that it may have a healthy life, fruitful from the point of view of the entrepreneur, the investor and the securities regulator.

Further, during this past year, securities administrators of Canada and the United States have worked together more closely than ever before in our history. We have frequently conferred with each other and, what is more important, we have worked together toward our common goal. As you know, things were not always this way. There was a time when it seemed that the more we discussed our problems the more we disagreed. But fortunately, today we have a real and workable understanding which I hope will facilitate the flow of capital between our two countries.

I am sure that on an occasion of this kind you are not interested in the technical aspects of the problems that we as government officials have discussed. However, let me just sum it up by saying that here once again I am sure that we have demonstrated the simple fact that the better we understand the other fellow and his problems, the easier it is to overcome seeming difficulties.

But much more significant than any of these specific occurrences is an overall aspect of the situation which I am happy to report to you at this time. It has frequently been said that the most important asset on the balance sheet of any business enterprise is the public confidence which it enjoys. With public confidence a business can succeed; without public confidence it can seldom even exist. Indeed, it has been said that public confidence is one of the mightiest practical forces in the universe.

Obviously, the degree of public confidence that an individual enterprise or an industry group enjoys at a given time is not the sort of thing that is susceptible of scientific analysis or statistical findings. It is something that one senses or "feels" more than anything else. However, it has been my lot to travel around a good bit in the United States, and through some form of accident my interest in the relations between our two countries in the financial field is known to a good many of my friends. Therefore, I feel, with what I hope is an appropriate degree of modesty, that I am in a pretty good position to judge the current trend of feeling in my country on this subject.

Confidence of U. S. Investors in Canadian Resources

So, it is most pleasant for me to be able to report to you that today the people of the United States look upon the possibilities for profitable investment in Canadian natural resources with much more interest and favor than they did 12 months ago. I have frequently seen manifestations of this increased interest and confidence. I have heard expressions of it from many different parts of the country. I have been drawn into conversations about the potentials of Canada by persons who in years past simply would not have been interested.

As I said a moment ago, this sort of asset is an important one. I recognize that none of your chartered accountants would certify that item on your balance sheet merely on my suggestion, but I am sure no one can gainsay the fact that it is important to you and that it speaks well for the advance we have made in our effort for mutual understanding.

I don't want to be guilty of oversimplification. This increased confidence—these open expressions of interest—are not solely the products of the new Treaty arrangements and the other specific items that I have mentioned. The fact is that the people of the United States have been doing a great deal more thinking about natural resources and their importance than ever before. And the obvious result of such thinking is to turn their attention toward Canada and its mineral kingdom.

I think it would be profitable to examine for a few moments the cold, hard facts of life that underlie this attitude. You are all familiar, I am sure, with the voluminous and detailed report which recently was rendered by the President's Materials Policy Commission in the United States. That report, which was made public in June of last year, has had wide distribution and has received serious attention in the United States. It has aroused our people to an acute awareness of some of the simple economic realities which face us.

Many people in the United States have found it difficult to understand that raw materials can be a problem. We have lived in a tradition of abundance. Not more than a century ago our resources seemed limitless. Our struggle to rise upward from meagre living conditions centered about the creation of the machinery with which to transform raw materials into useful products; the raw materials were taken for granted. We succeeded so well in this struggle that today we are apt to think only of expansion programs, new plants, and radical new designs. And by and large we have forgotten to look back to the mines, the forest and the land, which are the sources upon which all of us must depend.

It was important therefore—indeed necessary—that someone should—as the Materials Report did—put an end to such unrealistic and illusory thinking; that someone should place in bold relief the suggestion that perhaps we in the United States have built our factories so efficiently and have created such a proficient system of distribution that our own sources of raw materials have been weakened to a dangerous ebb by the constant demands

Continued on page 23

CANADIAN PACIFIC RAILWAY COMPANY

Seventy-second Annual Report of the Directors to the Shareholders (Abridged)

HIGHLIGHTS

YEAR'S RESULTS:	1952	1951	Increase or *Decrease*
Gross Earnings	$ 457,808,969	$ 428,911,639	$28,897,330
Working Expenses	428,878,189	402,098,807	26,779,382
Net Earnings	28,930,780	26,812,832	2,117,948
Ratio Working Expenses to Gross Earnings	93.7%	93.7%	
Other Income	$ 22,651,775	$ 29,343,635	*$ 6,691,860*
Interest and Rental Charges	12,504,010	12,848,997	*344,987*
Dividends—Preference Stock	3,102,382	3,328,010	*225,628*
—Ordinary Stock	20,664,464	20,100,000	564,464
Balance for Modernization and Other Corporate Purposes	15,311,699	19,879,460	*4,567,761*
YEAR-END POSITION:			
Property Investment	$1,532,182,785	$1,487,838,973	$44,343,812
Other Investments	175,579,208	181,326,551	*5,747,343*
Funded Debt	112,516,000	99,045,000	13,471,000
Reserves	552,004,485	538,407,062	13,597,423
Working Capital	116,925,631	103,859,161	13,066,470
TRAFFIC:			
Tons of Revenue Freight Carried	61,504,788	60,650,472	854,316
Revenue Passengers Carried	9,868,075	10,460,532	*592,457*
Revenue per Ton Mile of Freight	1.30c	1.31c	*0.01c*
Revenue per Passenger Mile	2.83c	2.82c	0.01c
EMPLOYEES:			
Employees, All Services	95,695	92,012	3,683
Total Payrolls	$ 297,894,376	$ 273,963,465	$23,930,911
Average Annual Wage	$ 3,113	$ 2,977	$ 136

The volume of transportation service provided by your Company in 1952 was in excess of that of any previous year. The record grain harvest in Western Canada, together with a continued high level of activity in industry and in the development of natural resources, resulted in heavy demands upon your railway facilities.

Notwithstanding a new peak in freight traffic and gross earnings, railway net earnings were equivalent to only 6.3 cents per dollar of gross, the same as in 1951. The average revenue received by your railway for its principal service, the carriage of freight, was 1.30 cents per ton mile and was less than in 1950 and 1951. On the other hand, both labour and material costs were substantially higher.

As a result of the large grain crop and a large carry-over from the previous year, the movement of grain and grain products constituted more than 40% of total freight traffic. Since rates on the greater part of the grain moving within Western Canada are still at a level established in 1899, the brunt of increases in freight rates towards meeting higher railway costs has had to be borne by the remainder of the traffic. Railway wage rates and material prices have doubled since 1939, while the average increase in freight rates in terms of all traffic has been a half only. This disparity, although mitigated to some extent by increased efficiency in transportation, has markedly affected the net earnings of your railway.

During the year, $60 million was spent on improvements and additions to your railway properties, bringing the total expended during the past three years up to $180 million. It is estimated that capital outlays of $475 million will be required during the next five years to replace worn-out facilities and to continue the programme of improvements and additions that are necessary to keep pace with the expanding economy. It is essential that investors should have confidence in the future of your railway. The return of 2½% earned on railway investment in 1952, and the low returns in each of the postwar years, do little to create such confidence.

In order to ensure a sound basis for financing new capital requirements and a reasonable return to shareholders on their investment, the Board of Transport Commissioners has been requested to establish the net investment in your railway enterprise as a rate base and to fix as fair a rate of return of not less than 6½% on such base.

Lower dividends declared by The Consolidated Mining and Smelting Company of Canada, Limited, and a decrease in net earnings from ocean steamship operations, resulted in a decline in Other Income of $6.7 million from the peak of 1951.

The Income and Profit and Loss Accounts of your Company show the following results for the year ended December 31, 1952:

Income Account

Gross Earnings			$457,808,969
Working Expenses			428,878,189
Net Earnings			$ 28,930,780
Other Income			22,651,775
			$ 51,582,555
Fixed Charges			12,504,010
Net Income			$ 39,078,545
Dividends—			
Preference Stock:			
2% paid August 1, 1952	$ 1,556,832		
2% payable February 2, 1953	1,545,550		
		$ 3,102,382	
Dividends—			
Ordinary Stock:			
3% paid August 1, 1952	$ 10,313,703		
3% payable February 27, 1953	10,350,761		
		20,664,464	
			23,766,846
Balance transferred to Profit and Loss Account			$ 15,311,699

Profit and Loss Account

Profit and Loss Balance December 31, 1951		$252,947,332
Balance of Income Account for the year ended December 31, 1952	$ 15,311,699	
Portion of steamship insurance recoveries representing excess over net book value, SS. Princess Kathleen, and compensation for increased cost of tonnage replacement	2,225,088	
Excess of considerations received for sales of properties over book values	305,415	
Miscellaneous—Net Debit	*333,088*	
		17,509,114
Profit and Loss Balance December 31, 1952, as per Balance Sheet		$270,456,446

Railway Operations

Increasing for the sixth successive year, railway gross earnings amounted to $457.8 million and exceeded the previous high of 1951 by $28.9 million. Freight earnings, which provided more than four-fifths of gross earnings, were up $25.7 million.

The volume of freight traffic rose by 8% in terms of ton miles, and was greater than in any previous year. There were decreases in the tonnage of many manufactured commodities, and total tonnage would have been below the 1951 level but for the substantial increase in grain handlings.

Passenger earnings increased $1.2 million. While there was a decrease in the number of passengers carried, a higher proportion of long haul traffic resulted in an increase in total revenue passenger miles.

Gross express earnings were up $4.4 million. About $2 million of this increase was due to higher rates. Net revenues, which are carried to railway earnings as compensation for the haulage of express traffic, increased $1.5 million.

Working expenses, at $428.9 million, were up $26.8 million. The cost of changes in working conditions and wage rates for the year amounted to $19 million. This cost included the impact for a full year of the forty-hour week granted to non-operating employees effective June 1951 and provision for the retroactive application to various dates of increases granted to certain operating employees early in 1953.

Maintenance expenses increased $10 million. Expenditures were credited with the balance of $5 million remaining in the Maintenance Fund. Prices of ties, rails and certain other materials increased substantially over 1951.

The track maintenance programme included the laying of 567 miles of new rail, all of which was 100 lbs. or over, and 531 miles of relay rail of various weights; the installation of 2.8 million ties, of which 96% were treated; and the application of ballast to 581 miles of line, includ-

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ing 180 miles of rock ballast. Automatic block signal systems were installed on 135 miles of track.

The equipment repair programme covered complete overhauls of 708 steam locomotives, periodic repair of 107 diesel-electric units, and the general repair of 37,948 freight and 1,088 passenger cars. The utilization of equipment continued at a high level throughout the year.

Transportation expenses were up $11.6 million. Operating efficiency showed a marked improvement. The average freight train load was up from 1,700 to 1,748 tons, with an increase in freight train speed from 16.6 to 17.4 miles per hour, resulting in an increase of 8% in gross ton miles per freight train hour. The improvement, while in part attributable to the greater proportion of long haul and heavier commodities handled, reflects the increasing benefits resulting from the greater use of diesel power, automatic block signalling systems and other technological advances.

Railway tax accruals, at $20.4 million, were up $1 million. There was an increase in income taxes arising mainly from the introduction of the 2% Old Age Security Tax and the new Tax Rental Agreement between the Canadian Government and the Province of Ontario. Taxes on railway income totalled $13 million.

Net earnings from railway operations were $28.9 million compared with $26.8 million for 1951, and $38.0 million for 1950. The ratio of net to gross earnings, at 6.3%, was less than one-half of the average for the previous twenty-five years.

Other Income

Other Income, after income taxes of $5.3 million, amounted to $22.7 million, and was down $6.7 million from 1951.

Net earnings from ocean and coastal steamships decreased $3.9 million, due chiefly to a decrease in the volume of freight carried by your ocean steamships and lower cargo rates on the North Atlantic.

Net earnings of hotels were up $534,000. Room rates were increased and occupancy was higher.

Net earnings from communication services were little changed. Gross earnings benefited from increases in telegraph rates and leased private wire business, but expenses were adversely affected by higher wage rates.

Dividend income fell $4.6 million as a result of a decrease in dividends declared by The Consolidated Mining and Smelting Company of Canada, Limited. Dividends declared on the stock of that Company were at the rate of $1.65 per share out of earnings of $2.00 per share as compared with dividends of $2.20 per share out of earnings of $3.10 per share in 1951.

Net income from interest, separately operated properties and miscellaneous sources increased $690,000. A credit of $900,000 compared with $163,000 last year, was included with respect to Canadian Australasian Line Limited. These credits have offset in part provisions made in prior years in respect of deficits of that Company. The credit in 1952 covers the period July 1, 1951, to December 31, 1952, and includes an item of $546,000 resulting from closing out the replacement reserve set aside at the time of the loss of the "Niagara" in 1940.

Fixed Charges

Fixed charges amounted to $12.5 million, a reduction of $345,000.

The cost of interest and rental charges payable in sterling and United States currency was lower as a result of appreciation in the value of the Canadian dollar. Conversion of Convertible Collateral Trust Bonds into Ordinary Capital Stock accounted for a further decrease. Increases arose from the inclusion of interest for a full year on the Convertible Fifteen Year 3½% Collateral Trust Bonds dated October 1, 1951, and from the issue of Convertible Seventeen Year 4% Collateral Trust Bonds dated December 1, 1952.

Net Income and Dividends

Net income after fixed charges was $39.1 million, a decrease of $4.2 million from 1951 and $8.8 million from 1950. After provision for dividends of 4% on Preference Stock, earnings available for dividends on Ordinary Stock and for reinvestment amounted to $36.0 million. This was equal to $2.61 per share on 13,801,015 shares of Ordinary Stock outstanding at the year-end, compared with $2.98 on 13,400,000 shares last year. Dividends of $1.50 per share were declared on Ordinary Stock.

Land Accounts

Cash received on land account totalled $8.4 million, while disbursements, including income taxes, were $2.6 million.

Sales of land amounted to $2.9 million, which included 23,945 acres of farm land sold at an average price of $7.40 per acre. Deferred payments on lands and townsites were reduced by $860,000 to $5.8 million.

Receipts from petroleum rents, royalties and reservation fees amounted to $3.6 million, an increase of $1.4 million. More than one-third of the increase resulted from an agreement reached with a major oil company, whereby it agreed to take under lease, at an annnual rental of $1.00 per acre, effective January 2, all of the acreage it formerly held in Alberta under reservation at a nominal fee. Oil production, subject to royalties, amounted to 6.3 million barrels, as compared with 3.7 million barrels in 1951. The location of wells at the end of 1952 and 1951 was as follows:

Field—	1952	1951
Leduc	122	67
Lloydminster	91	62
Redwater	36	36
Armena—Camrose	30	4
Wizard Lake—Bonnie Glen—Pigeon Lake	20	2
Various other areas	151	108
Total	450	279

In an action brought in Alberta against your Company and Imperial Oil Limited as lessee involving some 160 acres in respect of which petroleum rights are held under a reservation of "all coal, petroleum and valuable stone", the plaintiff Michael Borys claimed ownership of the "natural gas" as not being included under the reservation of "petroleum". Appeals were taken by all parties to the Judicial Committee of the Privy Council which affirmed the judgment of the Supreme Court of Alberta (Appellate Division) and dismissed the appeals. That Court held that while petroleum and natural gas are different substances, gas in solution in the liquid in the ground but not the so-called free gas in the gas cap, is the property of your Company and its lessee. The Court also held that although the natural gas in the gas cap belonged to the plaintiff, your Company and Imperial Oil Limited are entitled to extract the petroleum, provided they do so in a reasonable manner, even if there is interference with or wastage of gas belonging to the plaintiff. This decision will affect about one-eighth of your petroleum rights.

Another action affecting the title to some of your petroleum rights is one brought by Anton Turta, in 1950, against your Company and Imperial Oil Limited as lessee, claiming title to the petroleum underlying 160 acres of land in Alberta. The land in question was transferred in 1908 to a predecessor of the plaintiff, reserving "all coal and petroleum". By an error of the Registrar of Titles, a certificate of title was issued omitting this reservation. The error was discovered and corrected in 1943. The plaintiff succeeded at the trial by a judgment dated May 20, 1952. An appeal was taken to the Appellate Division, was argued in January, 1953, and judgment was reserved.

Balance Sheet

Total assets at the end of the year amounted to $1,918 million, an increase of $57 million.

Property investment increased $44.3 million. The capital expenditure for rolling stock was $48.2 million, of which $29.9 million was for freight train cars, $4.9 million for passenger train cars and $12.1 million for diesel-electric locomotives. Investment in steamships was down $4.1 million following the retirement of the "Empress of Australia" and the "Princess Kathleen".

The Canadian Australasian Line Limited reduced its capitalization and paid your Company $730,000 on surrender of 7,300 shares. Your holdings, which are carried in Miscellaneous Investments, were accordingly reduced to 17,033 shares.

Working capital was $116.9 million, an increase of $13.1 million. Current assets were equal to $2.37 per dollar of current liabilities as compared with $2.28 in 1951.

Finance

Serial equipment obligations amounting to $11.4 million matured and were discharged.

Convertible Seventeen Year 4% Collateral Trust Bonds dated December 1, were issued and sold in the principal amount of $35 million, secured by pledge of $42 million principal amount of Consolidated Debenture Stock. These bonds are callable on or after December 1, 1953, at 103.50% up to and including December 1, 1955; thereafter up to and including December 1, 1967, at percentages reducing by one-half of one per cent each two years; and thereafter at 100%; plus accrued interest in each case. The holders have the right at any time commencing June 1, 1953, and up to and including June 1, 1960, to convert their bonds into Ordinary Capital Stock in the ratio of thirty (30) shares of the par value of $25 each to each $1,000 principal amount of the bonds.

During the year $9.8 million Convertible Twenty Year 3⅛% Collateral Trust Bonds and $275,000 Convertible Fifteen Year 3½% Collateral Trust Bonds were converted into 401,015 shares of Ordinary Capital Stock.

These transactions resulted in a net increase of $13.5 million in funded debt, an increase of $29.7 million in the amount of Consolidated Debenture Stock pledged as collateral, and an increase of slightly more than $10 million in the amount of Ordinary Capital Stock outstanding in the hands of the public.

Air Lines

Your Air Lines had a net profit of $364,000, as compared with $1,084,000 in 1951 and $203,000 in 1950.

Revenues were higher, although revenue derived from Korean airlift charter flights was less. Expenses increased as a result of higher wage rates and material prices, and included costs incurred for development work and the familiarization of crews with the new types of air craft which are to go into service in 1953.

The expansion of operations in Canada resulted in an increase of 8% in aircraft miles. To meet demands arising out of the quickening development of natural resources in British Columbia and the Yukon, additional direct services were operated out of Vancouver to Port Hardy, to Whitehorse and to Prince Rupert. The latter route was extended to Terrace, B. C., in order to serve the aluminum development at Kitimat. The Montreal-Val d'Or-Rouyn route was extended to Toronto via Earlton.

Application has been made to the Air Transport Board for a licence to operate a scheduled commercial air cargo service from Montreal to Vancouver, via Toronto, The Pas and Edmonton. Plans are being made for an extension of the trans-Pacific services to provide a through route between the Orient, Mexico and South America.

Rates

On January 25, the Board of Transport Commissioners authorized Canadian railways to make a general increase of 17% in freight rates, with certain exceptions, in lieu of a 12% interim increase authorized July 4, 1951. This increase became effective February 11.

An application was made on July 14, and amended September 13, for an immediate general increase of 8% in freight rates pending hearings on the balance of the application which asked the Board to establish as fair for your Company a return of 6½% on the net investment in its railway property, and for a further general increase of 9% in freight rates calculated to provide a return, as nearly as may be, of 5% on such net investment. The immediate increase of 8% was rejected by the Board. Hearings on the other phases of the application began on November 10 and concluded on February 5, 1953. These hearings included a renewal of the request for an immediate increase reduced from 8% to 7% based on actual results for 1952. Judgment was reserved.

To meet the cost of increases in salaries and wages for non-operating employees, the Board, acting on a separate application dated November 28, authorized a general increase of 9% in freight rates, effective January 1, 1953. By the order authorizing this increase, the Board cancelled the expiration date to which the prior increase of 17% was subject.

An increase of approximately 28% in rates on grain and grain products moving within Western Canada for domestic consumption, but not including grain and grain products moving at the so-called Crowsnest Pass rates, or rates related thereto, was granted by the Board effective November 10.

Rates on international, overhead and certain import and export traffic, which are related to and depend upon the level of rates in the United States, were increased on May 2 as a result of an increase granted United States railroads, and made applicable in Canada by authority of the Board of Transport Commissioners. This increase averaged approximately 6.8%.

As a result of amendments to the Railway Act, which arose from the Report of the Royal Commission on Transportation, the Board of Transport Commissioners ordered that trans-continental rates plus one-third be established as maxima in territory defined as "intermediate territory". Reductions in rates to implement the order were made on January 15. The railways were also ordered to reduce, effective May 1, freight rates on certain traffic moving over the "rail links" between Eastern and Western Canada so as to subsidize shippers to the extent of $7 million per year, the full subsidy allowed under the statute passed in 1951. The difference between normal and reduced rates on this traffic is being paid to the railways by the Government of Canada.

Railway mail rates were increased 17% effective March 1, in lieu of an increase of 12% effective August 1, 1951. Percentage-wise, these increases were equal to the general increases authorized for freight rates.

Rates on international telegraph traffic, between Canada and the United States, were increased by approximately 18% on November 1.

Increases were made in certain passenger train fares, trans-continental competitive commodity rates, Ontario-Quebec "pick-up and delivery" competitive rates, and in certain express rates. Three important agreed charge contracts became effective covering petroleum products, lubricating oils and greases.

In December, as part of its programme for the equalization of freight rates, the Board of Transport Commissioners ordered the railways to publish and file tariffs to give effect, as from January 1, 1954, to an equalized uniform scale of mileage class rates. The Board at the same time announced its intention of holding regional hearings at which certain legal questions could be argued, and at which those interested might show cause why the proposed class rate scale should not be allowed to come into effect on the date mentioned.

Services

New motive power delivered during the year consisted of 60 diesel-electric units, bringing the number of such units in service at the end of the year to a total of 292.

The change-over to diesel power for freight and passenger services on the mountain territory between Calgary and Revelstoke was completed.

Diesel locomotives are being employed in territories selected with a view to obtaining the greatest advantage from the capital expended. The policy has been to provide sufficient units to handle the peak volume of traffic in each of the selected territories. Servicing and repair facilities are being planned so that, whenever traffic is below peak volume, diesel power can be operated in substitution for steam locomotives on adjacent territories. In this way, the high level of utilizaion necessary for maximum economies can be maintained.

Ordinary Capital Stock

By Order-in-Council P.C. 252 approved by His Excellency the Governor-General on February 4, 1930, the issue of additional Ordinary Capital Stock to the extent of $165 million was approved thereby increasing to $500 million the amount of Ordinary Capital Stock which your Company is authorized to issue. The shareholders have heretofore authorized the issue of $115 million of the additional amount of Ordinary Capital Stock, leaving a balance still to be authorized of $50 million.

Under the terms of the Trust Agreements securing the issues of Convertible Collateral Trust Bonds, your Company has issued or is holding reserved against the conversion rights conferred on the holders of the bonds, an amount of $68 million of Ordinary Capital Stock, leaving only $47 million which your Directors are authorized to issue for further financing when required.

Your Directors are, therefore, of the opinion that it is advisable that in addition, authority be given them to issue the said balance of Ordinary Capital Stock amounting to $50 million. You will accordingly be asked at the forthcoming meeting, to authorize the issue thereof in such amounts, on such terms and at such times as the Directors shall from time to time decide.

Patrons, Officers and Employees

Appreciation is recorded of the support of the many shippers and the travelling public who use your services.

Their continued patronage is a tribute to the 95,000 men and women who make up the Canadian Pacific organization. For the loyal co-operation of officers and employees in your service, your Directors desire to express sincere thanks.

For the Directors,

W. A. MATHER,
President.

Montreal, March 9, 1953.

CANADIAN PACIFIC RAILWAY COMPANY

General Balance Sheet, December 31, 1952

ASSETS

PROPERTY INVESTMENT:		
Railway, Rolling Stock and Inland Steamships	$1,100,587,702	
Improvements on Leased Property	126,867,977	
Stocks and Bonds—Leased Railway Companies	135,092,295	
Ocean and Coastal Steamships	62,922,995	
Hotel, Communication and Miscellaneous Properties	106,711,816	
		$1,532,182,785
OTHER INVESTMENTS:		
Stocks and Bonds — Controlled Companies	$ 72,631,987	
Miscellaneous Investments	45,202,285	
Advances to Controlled and Other Companies	7,862,061	
Mortgages Collectible and Advances to Settlers	1,077,404	
Deferred Payments on Lands and Townsites	5,823,589	
Unsold Lands and Other Properties	8,266,002	
Insurance Fund	13,188,540	
Steamship Replacement Fund	21,527,340	
		175,579,208
CURRENT ASSETS:		
Material and Supplies	$ 57,256,249	
Agents' and Conductors' Balances	19,013,712	
Miscellaneous Accounts Receivable	21,307,874	
Government of Canada Securities	54,960,200	
Cash	49,826,104	
		202,364,139
UNADJUSTED DEBITS:		
Insurance Prepaid	$ 542,448	
Unamortized Discount on Bonds	3,574,700	
Other Unadjusted Debits	3,262,380	
		7,379,528
		$1,917,505,660

LIABILITIES

CAPITAL STOCK:		
Ordinary Stock	$ 345,025,375	
Preference Stock—4% non-cumulative	137,256,921	
		$ 482,282,296
PERPETUAL 4% CONSOLIDATED DEBENTURE STOCK	$ 390,273,997	
Less: Pledged as collateral to bonds	97,716,300	
		292,557,697
FUNDED DEBT		112,516,000
CURRENT LIABILITIES:		
Pay Rolls	$ 19,883,903	
Audited Vouchers	11,683,082	
Net Traffic Balances	2,349,603	
Miscellaneous Accounts Payable	10,387,364	
Accrued Fixed Charges	845,355	
Unmatured Dividends Declared	11,896,312	
Other Current Liabilities	28,392,883	
		85,438,508
DEFERRED LIABILITIES		3,922,694
RESERVES AND UNADJUSTED CREDITS:		
Depreciation Reserves	$ 533,051,345	
Investment Reserves	1,645,781	
Insurance Reserve	13,188,540	
Contingent Reserves	4,118,819	
Unadjusted Credits	3,838,682	
		555,843,167
PREMIUM ON CAPITAL AND DEBENTURE STOCK		37,263,157
LAND SURPLUS		77,225,695
PROFIT AND LOSS BALANCE		270,456,446
		$1,917,505,660

ERIC A. LESLIE, *Vice-President and Comptroller*

TO THE SHAREHOLDERS,
CANADIAN PACIFIC RAILWAY COMPANY:

We have examined the above General Balance Sheet of the Canadian Pacific Railway Company as at December 31, 1952, the Income and Profit and Loss Accounts for the year ending on that date and other related schedules, and have compared them with the books and records of the Company.

The records of the securities owned by the Company at December 31, 1952, were verified by an examination of those securities which were in the custody of its Treasurer and by certificates received from such depositaries as were holding securities in safe custody for the Company.

In our opinion the General Balance Sheet, Income and Profit and Loss Accounts and the other related schedules are properly drawn up so as to present fairly the financial position of the Company at December 31, 1952, and the results of its operations for the year then ended, according to the best of our information and the explanations given to us and as shown by the books of the Company.

Montreal, March 6, 1953.

PRICE WATERHOUSE & Co.,
Chartered Accountants

Continued from page 19

Canada's Mineral Resources —An American View

made by our increasingly voracious industrial machine.

Importance of Mineral Resources

I am sure that the Materials Policy Commission put it much better than I could when it said, "As a Nation we have always been more interested in saw mills than in seedlings. We have put much more engineering thought into the lay-out of factories to cut up materials than to the mining processes to produce them. We think about mineral sources last, not first."

The fallacy of such approach is evident when one considers that as a result of our economic way of life we in the United States, with 10% of the World's population and 8% of its land area, now consume *almost half* of the free world's volume of materials. And it has been pointed out, for example, that if all the copper that has ever been discovered in the United States were still in its raw state, at the rate of consumption projected for us in 1975, that copper would only last 25 years. On the same basis, by 1975, all of the lead we ever had would last only 18 years; all the zinc would be exhausted in 30 years. In short, it has been suggested that if we were to leave to our children mineral deposits equivalent to those existing in the United States in Columbus' day, they would scarcely meet the mineral problems of the year 1975—and that is only 22 years ahead of us.

Let me make myself very clear. It would, of course, be foolish for anyone to attempt to cast the United States in the role of being a "have not" nation. Many minerals are still abundant in our country. What is more, I am sure —and geologists agree— we still possess vast hidden mineral resources. How great they are, no one knows. It is in the relative sense that our problem presents itself. Extensive as our resources are, when measured along side the tremendous consumption that we have developed, and give every indication of continuing to develop, our resources appear to shrink noticeably.

At the same time, we must recognize that in the United States extensive new discoveries of traditional materials are going to require new methods. The old basis of following surface ore exposures is just about a thing of the past as almost every square mile of the continental United States, and large areas of Alaska, have been pretty thoroughly combed. And notwithstanding the new discoveries that I know we will make, and the new techniques that will be developed, we must give serious attention to our tremendous needs for the future —and for the immediate future at that.

I recognize that you as experts are familiar with these facts. And I do not wish to bore you with endless statistics. Yet there is so much meaning to another point made in the Materials Policy Commission's report that I cannot avoid mentioning it. In speaking of the indicated rise in United States consumption for various minerals in the period from 1950 to 1975, the Commission predicted as follows: in 1975 the consumption of zinc would be 40% greater than it was in 1950; copper, 43%; lead, 53%; sulphur and pyrites, 110%; phosphate rock and potash, 150%; bauxite, 290%; titanium and cadmium, 325%; cobalt, 345% and magnesium, 1,845%.

These are some of the facts that are being brought home even to laymen in my country. And the requirements of our industrial complex have been underscored and dramatized for them because of world conditions. Nothing is more important to any of us than a victory for the democratic peoples of the earth over tyranny and oppression. Yet the cost of such a victory must be great. The demands made upon our productive capacity—and I speak now of the productive capacity of all of the free nations—those demands stagger the imagination. In the less than eight years since World War II, we have found that the soldier fighting in Korea requires 35% more cargo landed than did a fighting man in the last war. Weapons of all kinds have increased in size. Today we have heavier tanks, bigger aircraft carriers and larger planes. The B-29 giants of the last war are now classed as medium bombers. The jet plane of 1953, compared to its 1944 counterpart, is said to require *twice as much* copper and steel, and two and one-half times as much aluminum. And finally, the products of the inventive genius that only free peoples have —this complicated and highly engineered equipment—calls for a host of special materials heretofore virtually unused.

Yes, the people of the United States have come to have some understanding that these inexorable demands cannot be met without an accessible, a steady, and a plentiful supply of raw materials.

Most people also understand that, even if by some fortunate combination of circumstances the carnage of the battlefield and the pressures of the cold war should cease tomorrow the need for these sources of raw materials would remain a vital and pressing one if the United States is to keep pace in the race of modern industry and to maintain for its citizens their present high standard of living — at a level incidentally which I do not believe can be found anywhere but in Canada and my own country.

No intelligent appraisal can envisage Canada as simply a source of raw materials for the United States' industrial machines. The products which come from the mines, the land and the forests of Canada will have a ready market among all the free peoples. Furthermore — and of primary importance to Canada — is the rapidly expanding industrial development of your own country. Such development is the natural and inevitable consequence of your fortunate combination of available materials, intelligent labor and productive "know how."

Canada As Raw Materials Source

Well, these are the things upon which the interest of our citizens has been focused in recent months. And because we are a people who have grown and prospered under the profit system, our venture capital is increasingly ready to turn toward the sources from which raw materials can be had. It is not only because of our geography, our kinship and our heritage of common traditions; not only because you probably exert more influence in the world than any other nation of your size in modern history, that we look to Canada in this connection. It is not only because the primary responsibility for furnishing the weapons for the arsenal of freedom falls upon Canada and the United States. All of these are vital considerations, but there is still another reason why our people have centered their interest upon your nation's mineral kingdom. And that is because it is economically sound for them to do so. This does not mean that anyone in the United States conceives that investment in your natural resources is a sure thing —but treated fairly our people want to share in finding and developing those resources because the record shows they can and have been found in great abundance within your borders.

Thus, my fellow-Americans have been impressed by the published figures relating to your measured and indicated reserves of 4 million tons of nickel, 6 million tons of copper, 9 million tons of zinc metal, 4½ million tons of lead metal, the 4 billion tons of iron ore of 50% or over iron content, as well as the additional hundreds of millions with lesser content. Their interest has been challenged by the data regarding your 135 thousand tons of cobalt, the 1 billion 200 million barrels of proven petroleum reserves, and your 35 million tons of sulphur.

I do not underwrite these figures or suggest how accurate they may be. It is possible that since they were complied there have been new discoveries and new techniques which have increased these statistics. However, as they stand, they have vast significance which has captured the attention of thinking Americans.

It is against this background that I report to you that today there is more interest in my country in the things that occupy the members of this Association than has ever before existed. And because of the strides that have been made on the regulatory side, they are more confident than ever before that they will not fall prey to fringe operators, to the parasites who always feed on the flanks of honest and successful enterprise. That I think represents real progress of which we can all feel proud. It is an encouraging economic sign for both Canada and the United States.

A Note of Caution

But—and this undeniably is the bureaucratic side of my nature— before I leave you with this encouraging report I will add the inevitable note of caution. We cannot depend on these gains alone to take care of the future.

As the interest in your enterprises increases, so do your responsibilities increase correspondingly. Here I shall repeat what I said last year and perhaps some of you will be kind enough to suggest that "good sense travels on well-worn paths." Again I say that you as members of a vital industry must see to it that your financing is placed in honest hands. You, I believe, should be as interested in the way in which securities are sold as if you were of the brokerage fraternity. You, I maintain, must do everything within your power to ensure that persons who would put their capital to work in this field will be secure in the knowledge that they will be dealt with fairly and that their risks will be informed risks. It is to your interest to do so. I think the things I have told you about increased investor confidence in the United States demonstrates the soundness of these propositions beyond any argument.

By the same token, our responsibilities as securities administrators—my burden and that of my brothers in Canada — have been heightened by these developments. We—and I believe I can speak for my friends such as Mr. Lennox who has done so wonderful a job for you—shall remain vigilant in our efforts to rout out and break those who would impose on the public. But you, once again, may have our assurance that our aims are cognate to yours and that it is our sincere desire to preserve a climate for investment between our nations which is favorable to the growth and development of sound private enterprises.

In closing, I would like to share with you a thought that was brought out at a luncheon that I attended a few years ago. As always, a speech was delivered. I have since forgotten who the speaker was or what theme he developed. However, I do remember one thing he said and I think I shall remember it for a long, long time. I would like to share it with you now.

He said, in substance, that he frequently had thought about what made nations great. And he had reached the conclusion that insofar as Canada and the United States were concerned, our greatness was founded upon three things. First, our Anglo-Saxon system of jurisprudence—including the right of every man to have his cause tried impartially and his fate left to a jury of his peers. Secondly, our Judaic-Christian concept of morals—the high ethical standards which generally prevail among our people. Third, our ability to produce. And then as a sort of oral footnote, he said "It is our genius for production that is the thing the Kremlin fears the most—not our atom bombs."

These three ingredients you in Canada and we in the United States share together. I am inclined to agree that they are the elements that make us great. And if that be true, upon you who are responsible for the discovery and development of the materials which make that production possible rests a great measure of the responsibility for keeping us great.

The Professional Picket Should Be Outlawed

By CLARENCE E. BONNETT
New Orleans, La.

Labor relations expert, in calling attention to evils arising from use of "professional pickets" by labor unions, advocates Congressional legislation to outlaw them, as has been done in case of professional strikebreakers.

After an extensive propaganda campaign by unionists, Congress outlawed the professional strikebreaker. But nothing has been done to restrict the activities of the professional picket. The professional strikebreaker was often a gunman and goon; likewise, the professional picket is frequently a gunman, goon and expert dynamiter. Sometimes these pickets go in gangs ("flying squadrons"), to make effective a "polecat" strike (one called by an "organizer" against the wishes of the workers in the "struck" establishment). These flying squadrons have been used extensively against non-union coal operators, and have dynamited not only the houses of non-union miners, but even of union members so as to make the countercharge that the dynamiting was done by the goons of the non-union coal operator. A very recent court proceeding brought out the fact that such tactics are now being used in the non-union coal field of eastern Kentucky.

Dr. C. E. Bonnett

The right of strikers to conduct peaceful picketing in lawful strikes has been upheld by the Supreme Court of the United States as an exercise of the freedom of speech. The professional picket may function in a peaceful manner in one instance and with violence in another. In my researches, I have met a professional picket who was peacefully picketing a small shoe shop in New York City, but who had been (by his own admission) one of the gunmen who used high-powered rifles to drive non-union workers off the docks at Lake Charles, Louisiana. He had an amazing knowledge of such cases throughout the United States. On occasions, my knowledge of the persons and events in the history of unionism in the United States has been a challenge to union organizers to give me additional information on their activities, especially their enormous expense accounts in "organizing" a non-union shop or locality. However, I have been denied the organizer's manual of the machinists' union, although I have seen such manuals. Congress might well request such manuals in its many investigations, which would not infringe too seriously upon the freedom of speech.

Union officials contend that the professional picket is used under dangerous conditions where the amateur picket (genuine striker) would be inadequate. Professional strikebreakers have been known to have slugged troublesome professional pickets, as well as the reverse. The presence of these professionals is usually the cause of our most bitter "labor wars" becoming such. Murder of such professionals in the garment industry in New York City, "labor wars" in San Francisco and Copper County, Michigan, and dynamiting and shotgun blasts in a current strike of papermakers at Elizabeth, Louisiana, show how widespread such matters are. Whether any law can be completely effective in preventing these professionals, it can reduce their operations by outlawing such goons as an "unfair practice." A specific provision in the National Labor Management Relation Act would give the NLRB cause to act to reduce the activities of such professionals, and so eliminate some of our most bitter "labor wars."

Oscar S. Schafer With G. H. Walker & Co.

The first of the stock brokers to leave Wall Street and follow important corporations to the Westchester area is Oscar Straus Schafer who, on March 31, retired as a partner in Schafer, Long & Meaney and on April 1 become co-manager of the G. H. Walker & Co. office at 76 Mamaroneck Ave., White Plains.

Mr. Schafer is the third generation in the family in the securities business on the traditional Manhattan financial scene since formation in 1860 of Schafer Bros. by his grandfather.

The present manager of the White Plains office, Ernest Kirk will continue as co-manager for the investment banking firm which is more than half a century old. The White Plains office was added last year to the firm's branches which are located in Providence, St. Louis, Bridgeport and Hartford.

Economics of Savings, Capital Flow, and Mortgages

By MARCUS NADLER*
Professor of Finance, New York University

Dr. Nadler defines "savings" and discusses individual savings under three categories: (1) positive versus negative; (2) voluntary versus contractual, and (3) liquid versus non-liquid. Points out individual savings have undergone considerable changes in past two decades, marked by sharp rise in contractual savings represented by social security benefits and pensions. Finds this development assures greater capital flow into industry and housing, while negative savings (repayment of outstanding debts) and represented largely by mortgages is becoming increasingly important. Sees institutional investors facing serious investment problem once capital expenditures by corporations and home building dcrease.

The term "savings" has been defined in various ways. My own definition of savings, from the national point of view, is the excess of production over consumption. It goes without saying that consumption will have to be clearly defined because expenditures for certain durable goods must be considered as a type of savings. From the individual point of view savings may be simply defined as the excess of disposable personal income over consumption expenditures. Thus the Department of Commerce calculates personal savings by deducting consumption expenditures from disposable personal income. This discussion will consider individual savings only.

Marcus Nadler

Individual savings may be divided into three main groups: (1) positive versus negative; (2) voluntary versus contractual; and (3) liquid versus nonliquid. The positive savings are those which increase primarily the liquid assets of an individual. Negative savings constitute reduction of indebtedness. Voluntary savings may be defined as those which the individual accumulates as and when he desires to do so in amounts that he determines from time to time and which may vary considerably. Contractual savings are those which the individual has obligated himself to pay in regular instalments snch as life insurance or the contribution to a pension, or amortization of a home mortgage. Liquid savings are those which can be converted into cash at fairly short notice and without any significant sacrifice in their calculated values. Nonliquid savings constitute real estate, durable consumers' goods, and other tangible assets for which there is a market. With these definitions, sketchy though they are, it is now possible to analyze the importance of the types of savings in which savings bankers and others receiving the liquid savings of the people are interested and to consider the use of savings, which is often overlooked. Finally, the role played by mortgages in the employment of savings will be discussed.

The Growth of Savings

Positive savings have increased rapidly during the past few years. Between the end of 1945 and the end of September, 1952, savings deposits alone in the mutual savings banks and in commercial banks have increased by $16.608 billion. During the same period, the share liabilities of the savings and loan associations have risen from $7.365 billion to $18.305 billion. This type of savings is of the utmost importance because it indicates whether there exists a propensity to save or to spend. Total liquid savings of individuals and noncorporate business for the period 1946 through September, 1952, rose by $48.4 billion. In recent years, there has been keen competition for savings deposits as evidenced by the fact that interest rates paid on such deposits have increased practically all over the country. Negative savings are playing today a much more significant role than in previous years. This is due primarily to the fact that practically all mortgages written during the past decade or so carry an amortization provision, and all bonds sold during the same period stipulate a sinking fund. How large the repayment of debt may be, can be seen from the fact that at the end of 1951 the total volume of individual and noncorporate home mortgages outstanding amounted to $69.5 billion. It has been estimated that the actual life of a home mortgage is about 8½ years, which means that the repayment of mortgages alone may amount to $8.17 billion per annum. Net long term indebtedness of private corporations at the end of 1951 was estimated at $64.8 billion; and assuming contractual amortization of only 3% per annum; the yearly repayment amounts to $1.94 billion. Loans placed directly with certain financial institutions provide for a higher than 3% repayment, and hence the total annual amortization of private corporate debt is probably considerably larger than the above figures indicate.

Savings institutions which hold a large percentage of the total indebtedness of individuals and of corporations therefore are confronted with the task of not only investing the current excess of deposits over withdrawals and income but also of reinvesting repayments of principal in the form of amortization and sinking fund. In periods of great business activity when capital expenditures by corporations are large, when the construction industry and notably home building is at a record level as was the case since the end of the war, finding proper investment outlets does not constitute a serious problem. It may become a difficult problem for institutional investors in the future when the demands for capital may be smaller than at present. Even if under such circumstances positive savings should tend to decline, the negative savings are bound to remain at a high level.

It is argued that when the demand for capital will be smaller than the supply, the time will be ripe for the Federal Government to carry out its plans for converting maturing and callable obligations into long term bonds which would be attractive to institutional investors other than commercial banks. In theory this seems logical; in practice, however, it will encounter some important difficulties. A decline in the demand for capital because of a reduction in capital expenditures by corporations and a decrease in home building will result in a decline in business activity. Under such conditions, it is questionable whether the Treasury will be willing to aggravate the business situation by shifting government obligations from the banks to nonbank investors, thereby further contracting the total volume of bank deposits and adversely influencing business activity.

Contractual Savings

The growth of voluntary savings was accompanied by a corresponding increase in contractual savings evidenced by the sharp rise in the total volume of life insurance written and the widespread adoption of pension funds. Contractual savings, particularly pension funds, are relatively new; but experience of the past has shown that they tend to remain more constant than voluntary savings. Even when business activity tends to decline accompanied by a reduction in disposable income, individuals are more apt to maintain their life insurance policies and to continue to contribute to their pension funds than to increase their voluntary savings.

The rapid growth of contractual savings has raised a number of questions, principal of which briefly are:

(1) How will the growth of economic security as evidenced by increased volume of life insurance, pensions, the broadening of social security, old-age pensions as well as unemployment insurance, affect the voluntary savings? Will individuals, once they know that they are protected through their contractual savings against a rainy day, continue to save in the future as they did in the past? This is a question, the answer to which is obviously not readily available but which merits the attention of all those interested in savings.

(2) Will the growth of contractual savings lead to a further increase in private long term as well as short term indebtedness? In other words, will the fact that most individuals will be protected against economic emergencies induce them to buy homes with large mortgages or durable consumers' goods on the instalment plan, thus preferring to save negatively instead of positively? Should this develop, it is obviously bound to have an impact on the savings institutions as well as on business activity.

The fact that a growing portion of the savings of individuals are contractual in character assures a steady flow of capital to industry and to housing. Individuals may or may not invest depending on their mood or outlook for business. Institutions, on the other hand, which themselves have contractual obligations to meet, are forced to invest at the going rate of return. They may at times, because of an expected increase in money rates, prefer short term to long term obligations; but this can be only temporary.

(3) Open-end mutual trust shares which at times are sold on the instalment plan and thus constitute contractual savings have become quite popular in recent years. As the standard of living rises, people become more and more interested in the acquisition of equities. The question that this new type of savings raises is: Will its phenomenal growth of the past few years continue, and what effect will this have on the general savings habits of the people? If the savings through the acquisition of mutual open-end trust shares should continue to grow in the future at the pace they did in the past, it may induce old existing savings institutions to develop also a new contractual type of savings. It is therefore evident that the great economic and social changes that have taken place in the country during the past two decades have had an important effect on the saving habits of the population. For the time being, the old established savings institutions have shared in the general increase in the savings of the people.

Utilization of Savings

The use to which the savings of the nation are put is as important, if perhaps not more important, than the actual savings themselves. The individual, of course, has the choice either to save or to spend. His freedom of choice applies particularly to voluntary savings. If the individual prefers to spend, a demand is created for all kinds of commodities and services and thus has an impact, particularly on the output of consumers' goods. The portion which the individual saves either on a voluntary or contractual basis and irrespective of whether the savings are positive or negative is at the disposal of the savings institutions, and the impact on the economy depends on how these institutions employ the savings. If the institutions prefer liquidity—i.e., they prefer to hold short term government obligations or to increase their balances with the commercial banks—and if the latter in turn also prefer to hold either short term Treasury obligations or to increase their balances with the Reserve Banks, the effect on business obviously is adverse. The savings remain largely idle, and the only result is a decline in short term interest rates. If this process continues for any length of time, it leads to underinvestments, a decline in business activity, and an increase in unemployment.

On the other hand, where the institutional savings of the people are channeled to industry or construction, the result is not only an increase in the productive capacity of the country but also a greater volume of business activity and hence a higher standard of living.

In emergency periods, such as war, when a considerable portion of the productive capacity of the country is devoted to national defense, the savings of the people of necessity find an outlet primarily in government obligations. While such employment of the people's savings does not cause an increase in the supply of capital goods, the impact on the economy is favorable because it makes it unnecessary for the government to borrow from the commercial banks or reduces the amount of securities the Treasury would have been compelled to sell to commercial banks, and is thus anti-inflationary in character.

In more normal periods, particularly when the demand for long-term funds on the part of the government is not great or is non-existent, the use of the people's savings by the institutions is determined primarily by the following factors:

(1) The rate of interest. It goes without saying that quality being the same, institutional investors will seek investments which yield the most attractive return.

(2) Marketability is important to some and less so to others. Life insurance companies, mutual savings banks, savings and loan associations, where liquidity is not an important factor, would prefer to buy mortgages than bonds if the rate of return on the former is satisfactory and compares favorably with those prevailing on bonds. Commercial banks, on the other hand, and particularly those operating primarily with demand deposits, will be more interested in marketability than the other institutions.

(3) The degree of risk plays an important role. As a general rule government securities, FHA-insured mortgages as well as those guaranteed by the Veterans' Administration, are considered as riskless. All other bonds are considered as risk assets irrespective of their quality. Since every institution wishes to operate within a certain ratio of its capital funds to risk assets, this policy more or less sets a limit to the acquisition of securities that are considered as risk assets.

(4) Traditional ratios in the composition of assets also affect the investment policies of institutions. At times these proportions may be prescribed by law as, for example, the percentage of mortgages to total assets that an individual savings bank may hold in certain States. In addition, various types of institutions have developed their own rule of thumb as to the percentage of the individual type of security that the institution will buy.

The Supply of Savings

The total amount of funds available for investments except those created by commercial banks and the amounts held in cash or its equivalent is equal to the aggregate total of savings in all forms. Where the demand for capital is greater than the total volume of savings and the excess is met by the sale of securities or mortgages to commercial banks it leads to an increase in the volume of bank deposits and may be termed inflationary in character. In periods of great business activity, when capital expenditures by corporations and the construction of homes are high, the supply of funds may not be adequate to meet the demand; and this in turn leads to an increase in money rates. In recent years, particularly during 1950, 1951, and to a lesser extent in 1952, the supply of capital made available to industry, to home construction, and to all kinds of other projects was in part financed through the sale of government obligations by institutional investors. Thus during 1950, life insurance companies, mutual savings banks, savings and loan associations, fire, casualty, and marine insurance companies reduced their holdings of government securities by $2.1 billion and in 1951 by $3.3 billion. In periods of low business activity, particularly when construction of homes is at a rather low level and capital expenditures by corporations are small, the savings of the people may exceed the demand, and the resulting competition for securities and mortgages leads to a decline in long-term rates of interest. This was particularly noticeable in 1949 when a decline in business activity during a period when the savings of the people remained large resulted not only in a rise in prices of corporate securities and keener competition for mortgages but also in an increase in prices of long-term government securities not eligible for purchase by the commercial banks.

Mortgages

Mortgages are the most favored medium of investments of the savings of the people, and all institutional investors except commercial banks operating primarily with demand deposits have a large volume of mortgages in their portfolios. Historically, the mortgage is one of the oldest investment outlets and, on the whole has proven satisfactory. In fact, without borrowed money, few individuals would be able to own their homes since the price in relation to the individual's income is so high that only few can acquire a home out of their own savings without mortgage loans. Through the mortgage instrument, the mobilized savings of a nation can be directed to the erection of homes and thus provide the people with better places to live in than would otherwise be the case. Savings and home building therefore go hand in hand; and where the sav-

*An address by Dr. Nadler before the Annual Savings and Mortgage Conference sponsored by Savings and Mortgage Division of the American Bankers Association, New York City, March 4, 1953.

ings of the people are small, their housing standards are bound to suffer.

Most Western European countries, long before the depression of the 30's, had developed a sound mortgage banking system through which not only the savings of the peopel were mobilized for investment in mortgages, but the latter were also made marketable and thereby enhanced the liquidity of the mortgagees. The Western European countries realized that real estate depreciates or becomes obsolete and therefore mortgages must be repaid during a specified period of time, usually not exceeding 40 years.

In the United States, on the other hand, because of the constant rise in land values, amortization of mortgages was not considered desirable or necessary until great losses during the depression were suffered both by mortgagors and mortgagees. Since that time, the practice of amortization has become firmly established; and this has made mortgage borrowing as well as lending safer. In the long run, it will prevent wholesale foreclosures and substantial losses.

In most countries of Western Europe, it has long been recognized that financing of housing is a function in which the government must take an interest. To facilitate mortgage financing, special institutions were established in many countries long before World War I; and these institutions made mortgages safe and liquid. In fact, prior to the great inflation wave which set in after World War I, mortgages sold by government-organized or supervised institutions were considered as the prime investments in the respective countries. In the United States, on the other hand, the financing of homes was left almost entirely to individual initiative. So long as economic conditions were fairly stable and land values rose, the system worked although in many parts of the country the housing standards of the people were below what the nation could afford. Home financing standards broke down in the early 30's with the result that the government intervened and established institutions which made mortgages much safer. The FHA is an outstanding example of cooperation between government and private enterprise. So far it has worked satisfactorily and not only has enabled individuals of small means to acquire homes with a relatively small down-payment but has also provided a safe investment instrument. To facilitate the purchase of homes by veterans, the Veterans Administration has adoped a system which also has worked satisfactorily. In addition, special financial institutions were established by the government to strengthen certain types of savings institutions in order to stimulate savings in general.

Mortgage conditions in the United States in the past two decades differed materially from those which existed prior to the depression and are now much healthier. It would be highly desirable, however, to organize an institution through which FHA and VA mortgages could be made readily marketable. Such an institution could be established either by private enterprise itself or by the various institutions that have sprung up in the past two decades to strengthen savings institutions alone or in cooperation with some government agency. It would be more desirable if the institutions created for the purpose of making mortgages marketable were operated by private enterprise. There is no need of discussing here the role of government—Federal, State, and local—in connection with public housing developments because the securities that are issued for the purpose of financing these developments are tax-exempt, and hence their appeal is to an entirely different group of savers.

Mortgage Lending and Business Activity

The supply of funds seeking an outlet in mortgages as well as the rate of interest on them and the terms under which institutions are willing to lend money have a direct bearing on construction of homes and thereby on business activity since home building is a basic industry. Savings institutions, therefore, which to a large extent control the flow of funds into various segments of the economy, play a significant role in influencing business activity. They can contribute to keeping the economy, more stable and preventing booms and serious recessions. In periods when the demand for capital expenditures by corporations is large—as, for example, at present when the economy of the country is greatly stimulated by the defense program—it is advisable that savings institutions channel more of their investible funds into corporate bonds in order to foster an increase in the productive capacity of the country. Under such conditions, it is advisable to adopt a more conservative policy toward mortgages in order to create a backlog of demand for housing and all kinds of construction work. Once the demand for capital begins to decline, the funds accumulating in the hands of institutional investors both from positive and negative savings could be directed more readily into home construction and thus keep business activity at a high level. Similarly, in periods of high business activity when prices are rising and costs of construction are high, it is advisable not only to increase the rate of interest but particularly the rate of amortization on mortgages.

After the postwar prolonged boom in housing construction, a decline in real estate values sometime in the future is likely to take place. This has always occurred in the past and is likely to take place again, although no sharp drop can be envisaged. Since 1934, building activity in the United States on the whole has been at a high level. Since the end of the war, the number of new homes erected has exceeded the number of new families formed. In the immediate future, family formation is bound to be smaller because fewer children were born during the depression years. It is therefore obvious that a more conservative attitude must be adopted toward conventional mortgages. F. H. A. and V. A.-guaranteed mortgages do not fall into this category primarily because they rest indirectly on the credit of the government. When the present boom comes to an end, the demand for capital by corporations decreases, and prices of building materials as well as construction costs decrease, then will be the time to adopt a more liberal policy toward mortgage lending both as regards rates of interest as well as amortization.

Summary and Conclusions

Individual savings have undergone considerable changes during the past two decades. Contractual savings are increasing in importance, and this coupled with the sharp rise in economic security brought about by the spreading of pensions and social security in general raises a number of questions. How will this affect voluntary savings and the spending habits of the people? Will it lead to greater private indebtedness and to an increase in negative savings?

As the volume of the contractual savings increases, the flow of capital into industry and housing becomes more assured. Two decades ago, about 70 to 75% of all the bonds offered in the market were distributed among individuals and the rest among institutional investors. Today the percentage is reversed. Institutions such as insurance companies, pension funds, savings banks, in order to meet their own contractual obligations, are forced to invest irrespective of the outlook for business or money rates.

The volume of negative savings (repayment of outstanding debts) is rapidly increasing. The sharp rise in private indebtedness, notably in home mortgages, since the end of the war indicates that this type of negative savings is bound to grow. So long as the demand for capital by industry and the supply of mortgages are large, there is no investment problem for the institutional investors. Once, however, capital expenditures by corporations and home building decrease, a serious investment problem for institutional investors will arise.

The argument that once the supply of capital is larger than the demand, the time will be opportune for the Federal Government to convert a large portion of the short term bank-held government obligations into long term bonds suitable for nonbank investments is not valid. In such a period, one may expect a decline in business activity; and under such conditions, it is not advisable to reduce the volume of bank deposits through refunding operations. Debt management must be closely coordinated with existing economic conditions and must be handled in a way as not to intensify a boom or a downward readjustment.

The use to which the savings of the nation are put exercises a great influence on business activity. At present, when the demand for capital by corporations is large, it would seem advisable to adopt a more conservative attitude toward mortgages particularly as regards amortization. Such a policy not only would tend to prolong the high level of building activity but prevent some losses later on. While the general outlook for business and real estate is good, the fact cannot be overlooked that real estate prices have been rising for a number of years, that the pent-up demand for homes has largely been met, and that family formation in the next few years will be smaller than during the preceding years.

Burnham Vice-Ch. of Doremus & Co.

Walter H. Burnham has been elected vice chairman of the board of directors of Doremus & Co., advertising and public relations firm, according to announcement made today (April 2) by William H. Long, Jr., president and chairman.

Walter H. Burnham

For the past 33 years, Mr. Burnham has been with Doremus & Co. in the New York office, 120 Broadway. He was elected a director in 1933 and was made executive vice-president in 1942 in which office he will continue. He is also a director of Doremus-Eshleman Company, Philadelphia, Pa.

Mr. Burnham was formerly in the securities business and was associated with Carlisle Mellich & Co. and Potter, Choate & Prentice, both of New York. Later, he joined Crompton-Richmond Co., Inc., textiles.

Labor Relations in Canada

By PATRICK CONROY*

Labor Attache, Canadian Embassy, Washington, D. C.

Admitting Canadian labor legislation and labor relations are still imperfect, Mr. Conroy reviews progress along these lines since World War II. Notes limited jurisdiction of the Canadian Federal Government in field of labor relations, which is largely under provincial authority, but asserts most of provinces follow pattern of the national labor laws. Stresses inclusion in Canadian legislation of specific provisions for conciliation and settlement of disputes.

I would say that Canada's Labor Relations are, on the whole, reasonably good. They are almost parallel to the country's contemporary industrial development. They really started in 1939, when Canada entered World War II.

Pat Conroy

Our earlier history had a sequence of historical highlights. Following Confederation in 1867 unions were relieved of the burden of being regarded as a conspiracy against and in restraint of trade.

In the first decade of the century we laid the foundations of our existing machinery for conciliation of disputes. The late W. L. Mackenzie King was the chief advocate of such machinery.

In the middle twenties and thirties several of our provinces passed permissive legislation that claimed to give unions the right to organize. It was not, however, until Canada went to World War II that we really, on a national basis, began to do something that would translate industrial relationships into something approaching a civilized process. We found out that we could not successfully engage in a modern war while at the same time enjoying the doubtful luxury of having the country torn apart in industrial warfare.

Something, therefore, had to be done about it. In the year 1940 the Federal Government passed what might be again called "permissive legislation" that said that unions had the right to organize and bargain collectively with employers.

Some accepted the legislation . . . others did not and in the middle of the war Canada had to recast its labor legislation. The new legislation was of an emergency nature designed for the war period only, to cover all industries relating to war production and it made collective bargaining mandatory. The provinces adjusted their legislation as well to cover purely provincial jurisdiction.

After the war new thinking had to be resorted to.

Normally, with the exception of purely Federal industries and undertakings, the bulk of our labor jurisdiction is in the hands of the provinces . . . they are extremely insistent on holding on to their constitutional rights in this field. Immediately after the war the Federal Government drafted a peacetime labor code, consulting all parties concerned . . . and based on previous experience.

The new legislation covered only Federal jurisdiction, which, in Canada, is limited to railways, telephone and telegraphs, dockyards and Federally owned projects. At least 75% of Canadian Labor jurisdiction lies with Provincial authority. The new Federal Act, therefore, became the basis upon which all of the Provincial legislation was built.

Our legislation provides for:

(1) The right to organize and bargain collectively.

(2) Unfair labor practices.

(3) A clause in each collective agreement to arbitrate settlement of disputes within the life of an agreement.

(4) A minimum period for a collective agreement.

(5) Decertification of unions no longer representing the majority of workers in a plant or establishment.

All of the legislation, both on the Federal and Provincial levels, makes specific provision for conciliation and settlement of disputes.

A summary (1952) shows that out of 7,000 agreements in force some 6,775 were settled peacefully either by voluntary negotiations or through a process of governmental conciliation. Out of 7,000 agreements, there was a total of 222 strikes: 69 strikes ensued because of the inability of conciliation people to bring enough reason to bear on a settlement; while 153 strikes took place for a variety of causes and where no conciliation efforts had been applied or asked for. Our performance in 1952, therefore, indicates that 97% of our collective agreements were negotiated peacefully and without strikes while only 3% involved the strike process.

Since 1940 the numbers in the trade union movement have more than trebled. No major business has suffered. If any small business had suffered the casualties have not been brought to light.

Supplementing our collective bargaining and conciliation machinery, the Federal Government sponsors a Labor-Management Cooperative Production Service with the stated purpose of using every legitimate method to increase production . . . this has resulted in approximately 900 such Committees throughout Canada . . . the idea behind these Committees is to establish a permanent day-to-day means of communication between workers and employers.

Our belief is that the greatest possible emphasis must be laid on voluntary settlement . . . it therefore rules out Arbitration as a permanent substitute for voluntary collective bargaining. . . . As we see it, the implied regimentation in Arbitration does not lead to a growth in responsible citizenship.

. . . Canadian Labor legislation and Labor relations are still some distance away from perfection. . . . Anyone, whether on the Labor or employer side, who wants to play the game in the light of the general good, will find a greater area of response today in Canada than at any time in our history.

*From an address by Mr. Conroy in the series, "Canada—Nation on the March," Town Hall, New York City, March 10, 1953.

Victor Lawson Opens

PHILADELPHIA, Pa.—Victor J. Lawson is now engaging in the securities business under the firm name of Victor J. Lawson & Co. Offices are located in the Lincoln Liberty Building, Philadelphia, and the First National Bank Building, Coral Gables, Fla.

Andrew V. Stout

Andrew Varick Stout, limited partner in Dominick & Dominick, New York City, passed away at the age of 81.

NEWS ABOUT BANKS AND BANKERS

CONSOLIDATIONS
NEW BRANCHES
NEW OFFICERS, ETC.
REVISED
CAPITALIZATIONS

Guaranty Trust Company of New York has promoted Louis B. Palmer to be a Vice-President and Leighton F. Johnson, Jr., to be an Assistant Treasurer. Their activities are devoted to the Banking Department, Mr. Palmer with the Midwest territory and Mr. Johnson with New England. Mr. Palmer has been with the Guaranty Trust Company since 1946. He served as a Lieutenant Commander in the Navy during World War II, and previously was for 14 years with the **Rhode Island Hospital Trust Company of Providence.**

* * *

Arthur C. Krymer, formerly Assistant Manager of the International Division, has been elected Assistant Vice-President of **Chemical Bank & Trust Company, of New York,** it was announced on March 31 by N. Baxter Jackson, Chairman. Walter C. Sundberg, formerly Assistant Manager of the bank's Rockefeller Center Office, has been named Assistant Treasurer with headquarters at Chemical's 165 Broadway Office. Arthur P. Taylor and Chester J. Bogen have been made Assistant Managers of Chemical's Rockefeller Center Office, and Charles B. Love becomes Assistant Manager of the bank's International Division, Far Eastern Section.

* * *

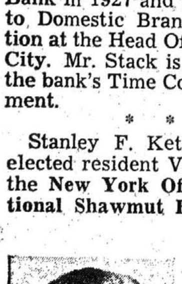
James B. Murray, President of Murray Manufacturing Corp. of Brooklyn, has been elected to the Advisory Board of the Brooklyn Office of **Chemical Bank & Trust Company** at 50 Court Street, it was announced on March 30 by N. Baxter Jackson, Chairman. Mr. Murray is also a director of Brooklyn Institute of Arts and Science.

* * *

At the regular meeting of the Board of Directors of **The National City Bank of New York,** held on March 24 John C. Bertels was appointed an Assistant Vice-President and Maurice J. Stack was appointed an Assistant Cashier. Also at the same meeting, Robert W. Hertzel, formerly an Assistant Manager, was appointed a Manager, and Eugene J. Callan was appointed an Assistant Manager. Mr. Bertels, who was formerly a Manager, has served in official capacities in various domestic branches. He joined the Bank in 1927 and is now assigned to Domestic Branch Administration at the Head Office of National City. Mr. Stack is associated with the bank's Time Contracts Department.

* * *

Stanley F. Ketcham has been elected resident Vice-President of the **New York Office** of the **National Shawmut Bank of Boston,** according to an announcement by Walter E. Borden, President. Mr. Ketcham was born in Brooklyn where he still makes his home. He is an alumnus of Hoboken High School and Hoboken Academy, N. J. He has had an extensive career in New York banking. He joined the Chase National Bank as Second Vice-President in 1929 and was elected Vice-President in 1941. For many years he was associated with the National Park Bank until its merger with the Chase National in 1929. He is a director of the New England Society of Brooklyn.



Stanley F. Ketcham

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The National City Bank of New York announced on March 31 an added service under which borrowers in the Commercial Department of the bank may become insured for the amounts of their loans, up to a maximum of $10,000 per life. Believed to be the first time that life insurance on commercial loans has been made available by a bank, the plan became effective on April 1 at the bank's Head Office and 67 branches in Greater New York City. The plan provides that the borrower may obtain insurance covering the amount of his loan (subject to the $10,000 limitation) and extending for the period of the loan. In the event of the death of the borrower, payment will be made by the insurance company to the bank to be applied exclusively toward the discharge of the loan. The bank pointed out that the insurance is entirely optional on the part of a borrower and does not affect the granting of the loan. The cost of the insurance to the borrower is 83⅓ cents per month per $1,000. Heretofore, only borrowers in the Personal Credit Department have been able to benefit through the protection of low cost life insurance.

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Directors of **The National City Bank of New York** on March 31, appointed Ralph H. Thomson Comptroller to succeed Burness Kydd, who has been Comptroller of the bank since December, 1951 and is retiring under its retirement plan. At the same meeting Carl Kriech, formerly an Assistant Cashier, was appointed an Assistant Vice-President and Waldron J. Hennessy was appointed an Assistant Cashier. Mr. Thomson, formerly Deputy Comptroller, joined National City in 1919 as a member of the College Training Class. From 1919 to 1940 he served in the Bank's South American branches in Argentina, Uruguay and Chile. He likewise served as Manager of the Buenos Aires branch, returning to the South American District of the Bank's Overseas Division at Head Office in September, 1940, where he served as Assistant Cashier and Assistant Vice-President until his appointment as Deputy Comptroller in January, 1952.

Ralph H. Thomson Burness Kydd

Mr. Kydd's banking experience began in Montrose, Scotland in 1903. He later went to London, following which he was associated, in Canada and Mexico City, with the Canadian Bank of Commerce until he joined National City in 1920. Following an assignment in Cuba from 1921 to 1928 as Chief Accountant of Cuban branches, Mr. Kydd returned to the Caribbean District at Head Office in 1929 where he served until joining the Comptrollers Department. Since his appointment as Comptroller in 1951, Mr. Kydd has been a member of the bank's senior policy and management group.

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Election of John L. Burns as a Director of the **Industrial Bank of Commerce of New York,** was announced on March 23, by Walter E. Kolb, President. Mr. Burns is Co-ordinating Partner of the Eastern Region of Booz, Allen & Hamilton, Management Consultants, and he is a Director of The Univis Lens Co., Dayton, Ohio.

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The 50th Anniversary of the founding of **Bankers Trust Company of New York** on March 30, 1903 was marked on Monday of this week (March 30) with the publication of a history of the institution, which traces the progress of the bank through a half century. The bank, which has total resources in excess of $2 billion, and operates 17 offices throughout Greater New York and one in London, is headed by S. Sloan Colt, who has been President since 1931. Still active in its management, as a member of the Board of Directors, is Daniel E. Pomeroy, who has served continuously as officer or director since five days before the bank opened for business 50 years ago. Bankers Trust Company had its origin in the period when the law had not yet given commercial banks the power to perform trust functions. Shortly after the turn of the century the demand for trust services boomed. New York's commercial banks were not only excluded from this business but found the trust companies actively competing for loans and deposits. The answer was a trust company owned and controlled by commercial bankers, to which they could turn the trust business that came their way. Late in 1902, Henry P. Davison, who had recently been made a Vice-President of the First National Bank of New York, began describing such a plan to his friends in other New York banks and in January of 1903, Mr. Davison was made Chairman of a Committee which was given authority to form such a company. The next month, stock in the new enterprise was offered and vastly oversubscribed, and on March 30, 1903, Bankers Trust opened for business.

Other bankers associated with Bankers Trust Company during its early history were Edmund C. Converse, its first President; Thomas Lamont, its first Secretary; and Benjamin Strong, who became its second President and later head of the Federal Reserve Bank of New York. Within a decade of its founding, it had acquired two older trust companies, the Mercantile Trust and the Manhattan Trust. The Federal Reserve Act, passed just before the outbreak of World War I, authorized the Reserve Board to grant trust powers to national banks, and it was evident that state banks, too, would soon be given similar powers. When these banks began to obtain trust privileges themselves, the company joined the Federal Reserve System and entered commercial banking on its own account. By this time it had made a third acquisition the Astor Trust Company merger. At the head of Bankers Trust Company when it entered the field of commercial banking was Seward Prosser, who had assumed the Presidency in 1914. As President, then as Chairman of the Board of Directors, and last as Chairman of the Managing Committee, Mr. Prosser was part of the bank's management for 30 of its 50 years. He was succeeded as President in 1923 by A. A. Tilney. In the spring of 1929, Henry J. Cochran, then head of the Banking Department, became the fifth President, and he continued in the bank's active management until his death last year. Mr. Colt became President at the outset of the depression Thirties. Within a five-month period of 1950, Bankers Trust acquired the businesses of three other companies: the Banking Department of Title Guarantee & Trust Company, Lawyers Trust Company, and Flushing National Bank. The Commercial National Bank and Trust Company of New York was merged in 1951; and in January of this year (1953) the bank acquired by merger The Bayside National Bank of New York.

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The following official promotions at **The Bank for Savings in the City of New York,** effective April 1 are announced by DeCoursey Fales, President of the bank: Harold D. Rutan, Senior Executive Vice-President; Alfred S. Mills, Executive Vice-President; Dolson W. Rauscher and Felix S. Wassmann Vice-Presidents, and Albert A. H. Bliss and Charles F. Chamberlain, Assistant Vice-Presidents. New officers appointed from members of the staff include: Emil H. Karcher, W. Douglas Knapp, Victor J. Masseboeuf and Samuel D. Ramsey, Assistant Comptrollers; Edwin G. Picken, Assistant Secretary; Valentine W. Furst, Assistant Auditor.

* * *

Early in 1954, **Union Dime Savings Bank of New York** will open a branch office in the Murray Hill district at Madison Avenue and 39th Street. "This is Union Dime's first branch," said J. Wilbur Lewis, President of the bank, in announcing it. The bank will occupy the first floor and basement on the 39th Street side of the building being erected at 261 Madison Avenue by Moses Ginsberg & Sons, builders of the companion structure on the opposite side of the street at 260 Madison Avenue.

* * *

The first joint regional check clearing on wheels in the United States will get under way in the near future in Nassau County, Long Island, N. Y. The operation it is said will speed up some 18,750,000 checks a year totaling $1,400,000,000 Working with the Federal Reserve Bank of New York, Nassau's 40 commercial banks will use a carrier service on "wheels" and collect checks for its customers overnight. The new system which will eliminate a check procedure in use since horse and buggy days, will be a boon to the public and the small businessman and merchant operating on limited capital, according to Oscar Gast, President of the Nassau County Clearing House Association which will manage the operation for the banks. "By enabling them to collect more quickly on checks they get for goods or services, they'll have wider use of their own funds and the basis for more flexible operation," he added. At the same time, Mr. Gast, who is also President of the Bank of Rockville Centre Trust Co., said it will "put an effective end to check kiting."

* * *

As of March 18 the **Canaan National Bank of Canaan, Conn.,** increased its capital from $100,000 to $125,000 as the result of a stock dividend of $25,000.

* * *

F. Raymond Peterson, Chairman of the Board of **First National Bank and Trust Company** which operates offices in Paterson, Clifton and Pompton Lakes, N. J., has announced the promotion of five officers. F. Norman Lillig and Mr. Edward F. Sheridan have been promoted from Assistant Vice-Presidents to Vice - Presidents. Chris J. Fox, John W. Pross and Robert W. Siebert, Jr. have been promoted from Assistant Cashiers to Assistant Vice-Presidents. Mr. Lillig entered the employ of the bank following his release from the Navy where he served three years during World War II as a Lieutenant Senior Grade. Prior to entering the Navy, Mr. Lillig had been associated with Keane, Rawls & Company of New York City, and Halsey, Stuart & Company, Chicago, both of which are engaged in the securities business. He became an Assistant Vice-President of First National Bank on Dec. 1, 1950. Mr. Sheridan in 1946 became a member of the staff of the bank after having served for over 20 years in New York banks. He was promoted from Assistant Cashier to Assistant Vice-President in December, 1951.

* * *

The North Arlington National Bank of North Arlington, N. J., (capital $100,000) was placed in voluntary liquidation Feb. 27, having been absorbed by the **Rutherford National Bank of Rutherford, N. J.**

* * *

The directors of the **Second National Bank of Philadelphia** are calling a special meeting of shareholders for April 14, to vote on a proposed plan to increase the capital stock of the bank by the issuance of 25,000 additional shares, par value $10. Under the plan rights would be issued to all shareholders of record April 14, to purchase the additional shares on the basis of one additional share for each four shares held, at $20 a share. The rights would expire April 24. The new funds will be divided equally between surplus and capital accounts in the amount of $250,000 each. This would increase capital account to $1,250,000 and surplus account to $1,250,000. W. G. Semisch, President, indicated that the bank expects to open its new office, now under construction at Cottman Avenue below Castor Avenue, early in May.

Joseph F. Hirshmiller has been appointed Assistant Cashier of the Second National Bank, according to the Philadelphia "Inquirer" of March 24.

* * *

Plans for a merger of the **Swarthmore National Bank & Trust Co. of Swarthmore, Pa.** and the **First National Bank of Media, Pa.,** have been approved by the directors of both banks, subject to approval by the stockholders and the Comptroller of the Currency, according to the Philadelphia "Inquirer" of March 26, from which we also quote as follows.

"The consolidation will bring together two of the oldest banks in Delaware County, the Swarthmore bank having been established in 1904 and the Media bank in 1864. The merged bank will operate under the charter of the Media Bank, becoming the oldest national bank in Delaware County. The consolidated bank will have total deposits of over $24,000,000 and capital funds of $1,800,000, making it the fourth largest bank in Delaware County.

"Richard G. Burn, President of Media, will be President of the merged banks. Harold Ogram, President of Swarthmore, will be Vice-President in change of the Swarthmore office. Edward H. Rigby, Cashier of Media, will be Vice-President and Cashier. All other officers and personnel, it was said, will continue with the merged institution.

* * *

At the **Harris Trust and Savings Bank of Chicago,** on March 26, March A. Brown, President, celebrated his 25th anniversary with the bank. Normally on such occasions Mr. Brown congratulates the employee and presents him with a watch or similar gift from the bank. Mr. Brown, however, found himself being congratulated by the 950 employees. He was feted by the officers and directors of the Harris Trust at an evening reception in the Chicago Club, where has was presented with a crystal paper weight. Mr. Brown came to the Harris Trust as a Vice-President in 1928, afer extensive business experience in Indiana. He was made a director in 1942, Executive Vice-President in 1946, and President in 1950. In addition to heading the Harris Trust, Mr. Brown is a Vice-President and director of Shell American Petroleum Co. of Kokomo, Ind., Chairman of the Board of Globe American Corp., Vice-President and director of Medallic Art Co., New York, director of Kelvie Press, Kokomo, Bell & Howell Company, Chicago, Rock Island & Pacific RR. Co., and American Radiator and Standard Sanitary Corp. He is a past President of the Association of Reserve City Bankers and the Indiana Society of Chicago and a trustee of Wabash College.

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The capital of the **United States Bank of Denver, Colo.**, has been increased from $1,100,000 to $2,200,000 as of March 20, by a stock dividend of $1,100,000.

* * *

As of March 16, the **First National Bank of Bellevue, Wash.**, was absorbed by the **Pacific National Bank of Seattle, Wash.** The liquidated bank had a capital stock of $140,000.

Home Mortgage Debt Put at $58 Billion

Home Loan Bank Board estimates this peak was reached by increase in home mortgages by $6.2 billion, which cover only non-farm houses of from one to four families.

The outstanding home mortgage debt in the United States rose by $6,200,000,000 in 1952, to the record figure of $58,000,000,000 at the year end, according to estimates released by the Home Loan Bank Board. The report covers mortgages on one- to four-family nonfarm houses.

The year's growth of indebtedness is somewhat smaller than in 1951 or 1950, but greater than for any other previous year. Each of the major types of lenders participated in the increase of mortgage portfolios in 1952.

The figures presented begin with the year 1939. Since then the balance of mortgage debt has grown by over 250%, which is about equal to the rise in personal incomes in the nation during that period. The debt has tripled in size since the end of World War II.

In 1952 itself, continued building activity and a strong market for existing homes combined to produce an all-time peak year for home financing volume. About $18,000,000,000 of mortgages of $20,000 or less were recorded with local authorities during the period, a rise of 10% from 1951. All classes of mortgagees topped their previous year's lending figures with the exception of insurance companies.

Savings and loan associations and similar institutions are currently making some 36% of all home loans transacted in the country, their highest percentage since 1945. For the third successive year commercial banks financed one-fifth of the total in 1952, after a drop from their one-fourth level in 1946 and 1947.

Blyth & Co. Adds W. F. Morgan to Staff

Blyth & Co., Inc. announce that William F. Morgan has become associated with them in the municipal department of the New York office, 14 Wall Street. Mr. Morgan was formerly with the Northwestern Mutual Life Insurance Company as manager of municipal investments. He is a graduate of the University of Michigan.

LETTER TO THE EDITOR:

The Gold Price Question

Frederick G. Shull, Connecticut Chairman of the Gold Standard League, presents views on price of gold differing from those stated by Harry Sears, published in The "Chronicle" issue of February 12.

Editor, Commercial and Financial Chronicle:

The "Honest Dollars and the Price of Gold" address by Mr. Harry Sears, President of a California gold mining company, at the National Western Mining Conference, in Denver, on Feb. 12—as reported in your issue of March 12—develops in considerable detail the gold producers' claim that the official price of gold should be raised appreciably above its present level of $35 a fine ounce. On the generally accepted theory that "there are two sides to every question," let's try to discover which side has the stronger arguments in its favor.

Frederick G. Shull

All are likely to agree with Mr. Sears' statement that while gold is a "commodity metal" as are the more common metals, "The best known use for gold is as a monetary base and for balancing trade between nations." In these latter functions, therefore, Mr. Sears properly recognizes gold as being: a standard-of-value; a medium-of-exchange; and a store-of-wealth. In order to serve as a "monetary base" for "honest dollars," what are the requirements as to the "price of gold"? Perhaps as good an answer as we can get was given us by the founders of this nation—as the following will convey:

In the early 1790s, just after the United States embarked as a nation, our political leaders—with Alexander Hamilton in the forefront — set the "value" of the American dollar at 24.75 grains of fine gold, or $19.39 per ounce; that official "price of gold" held, without change, until the 1834-37 era when the "value" of the Dollar was set at 23.22 grains of fine gold—bringing the "price of gold" to $20.67 an ounce; and that official "price of gold" was firmly held for the next 96 years, or until the New Deal took over in 1933. The change in the 1830's amounted to about a 6% "devaluation" of the Dollar—the only change it underwent throughout the entire period 1789 to 1933. It can therefore be truly said that those were really the days of "honest dollars."

But, in 1933, we were given a "new deal" in monetary policy—we were subjected to a change to "dishonest dollars"; for the raising of the "price of gold" to $35 an ounce amounted to a 41% "devaluation" of the Dollar; and if the Gold Producers' Cult (using Mr. Sears' form of expression in his alluding to a "$35 Gold Cult"), were to have their way—and get the official "price of gold" raised to $52.50, or more; per ounce—it would mean at least a 33⅓% "devaluation" of our present debased dollar, and would give us "dishonest dollars" to a far greater degree than we have been coping with for the past 20 years.

Viewing the two sides of this important question, therefore, it appears to shape up, both to Mr. Sears and to the present writer, about as follows:

(1) The "Gold Producers' Cult," seemingly oblivious to the fact that the official "price of gold" cannot be tampered with if gold is to serve as a "monetary base," still insist that there should be a substantial increase above the present $35 price.

(2) The "$35 Gold Cult"—in which group Mr. Sears seems to clearly include the Treasury Dept.; the Federal Reserve System; Dr. Walter E. Spahr and the 70, or more, economists who constitute the Economists' National Committee on Monetary Policy, and the Gold Standard League—support the theory that once the "value" of the Dollar has been set in terms of a definite weight of gold per dollar, it can no more be changed than one could change the length of the 36-inch yardstick. And we should add that every U. S. Administration from George Washington's to Herbert Hoover's, inclusive, has given evidence of supporting the theory that our national currency unit —the Dollar—should properly remain "fixed" in terms of a definite weight of gold; for, as pointed out earlier herein, only one small change (about 6%) was ever made in the "value" of the Dollar from 1789 to 1933.

In the light of the above facts we leave it to our readers to draw their own conclusions as to which "side of this question" has the stronger support. But it should be borne in mind that those favoring a higher price for gold have gold to sell; while those opposing such an increase view the problem from the standpoint of what constitutes an "honest" currency.

Notwithstanding Mr. Sears' generous quotations of my previous statements on the subject of sound-money, I see nothing in his Denver address that disproves any views I have expressed. He correctly says, "Honest dollars must be grounded on truth and accuracy"; but, unfortunately, he promptly cancels out that statement by saying, "There cannot be honest dollars related to gold until the price of gold is increased." For, you cannot raise the price of gold without its automatically raising the denomination of the coin—such, for example, as raising a twenty-dollar gold piece to a denomination of thirty dollars. And here is what the world's greatest economist, Adam Smith, had to say about that form of trickery nearly two-hundred years ago ("Wealth of Nations," page 589):

"The raising of the denomination of the coin has been the most usual expedient by which a real public bankruptcy has been disguised under the appearance of a pretended payment."

Very truly yours,
FREDERICK G. SHULL
Connecticut State Chairman
Gold Standard League

March 25, 1953.

Joins Waddell & Reed

(Special to THE FINANCIAL CHRONICLE)

MOULTRIE, Ga. — Eugene M. Vereen, Jr. is with Waddell & Reed, Inc.

With Bache & Co.

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Gale H. Hedrick II has become associated with Bache & Co., 135 South La Salle Street. He was previously with Mason, Moran & Co.

With McDougal Condon

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—James H. Stone has become associated with McDougal & Condon, Inc., 208 South La Salle Street.

Bank and Insurance Stocks

By H. E. JOHNSON

This Week — Bank Stocks

In view of the favorable outlook for bank operations and the sharp decline in industrial equities over the past several days, it seems opportune to review the past and prospective market action of bank stocks.

According to the index of New York City bank stocks compiled by the "American Banker," the fluctuations in bank shares so far in 1953 have been very narrow. After a strong advance in quotations in the final months of 1952, which carried the stocks to the highest levels since 1937, the index on Jan. 2, 1953 equalled 57.1. As compared with a range of 57.1—48.8 for 1952.

Annual reports of the New York banks published during the first part of the year were generally very favorable, although no better than had previously been expected. Thus, in spite of the improved rate of earnings, bank shares showed little response during January, rising to a high of 58.0 in terms of the index. For the next two months they were generally stable at this level.

In recent sessions, because of the general market weakness, they have been subject to some pressure. However, at the end of March, the "American Banker" index was 56.5 or only 1.50 points below the high of the year and .60 points below that at the beginning of the period.

As against this narrow fluctuation, the Dow-Jones Industrial Average of thirty stocks started the year at 291.90. After reaching a high of 293.79 on Jan. 5, the Average declined to a low for the period of 279.87, where it stood on March 31st. The decline from Jan. 2nd has been 12.03 points and from the high, 13.92 points.

From this action it can be seen that bank stocks, in accordance with their reputed characteristics, have shown much greater stability than the general equity market.

Part of the reason for this stability in bank shares at the present time is the favorable outlook for operating earnings. For the first quarter of the current year, the reports of which are now being published, earnings of the New York banks are expected to show an increase of between 5% and 10% over those of the comparable period of 1952.

Bank earnings have been trending upward for over two years. The basic factors of increasing loans and firming interest rates have enabled the banks to greatly increase their gross income, so that even though expenses have gained and taxes are considerably higher, operating earnings have increased.

These same influences are present in the current operating picture. Loan volume for 1953 should average higher than last year and interest rates, of course, are considerably above any recent period. Thus, unless there is a marked downturn in business, operating earnings of the banks are expected to show an increase over the favorable period of 1952.

While the increase in the general pattern of interest rates has been a favorable factor with respect to bank operations, it could be an adverse factor so far as the demand and market action of the shares are concerned. In other words, the increase in yields to a point where long-term Governments are selling at a 3.00% rate could have an effect upon the market for bank stocks which generally sell on a yield basis. To put it another way, when most securities that provide a steady income are selling to yield more, why should bank stocks yield less?

On the favorable side, however, is the fact that operating earnings are improving so that larger dividend payments may be distributed by a number of banks this year. Of course such action will depend upon operating prospects at the time. It should also be remembered that in recent years there has been a tendency to let the stockholders share in the increased earnings rather than retain everything to build up the capital positions. While the increase in dividends is not expected to become general, a number of banks should pay larger dividends this year.

On the whole then, we would expect bank stocks to show considerable stability over the coming months. Increasing yields on income securities and the present high level of the market will likely prevent prices from rising very much from the present level. On the other hand, the prospect of higher earnings and some increase in dividends later in the year will tend to provide a measure of support.

Carl Monahan Opens

(Special to THE FINANCIAL CHRONICLE)

WHITTIER, Calif.—Carl E. Monahan is conducting a securities business from offices in the Bank of America Building.

Marlow Opens Office

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Fred W. Marlow is engaging in a securities business from offices at 8600 La Tijera Boulevard.

THE MARKET . . . AND YOU

By WALLACE STREETE

It is now two months since Candlemas Day and the omniscient ground hog who emerged at the corner of Broad and Wall Streets to view its shadow still has not reached a definite conclusion on a market weather forecast. The only shadow clearly visible this week has been that of the peace dove. If we are to have a Spring advance, the jolly little woodchuck has failed to announce its imminence; or if we must endure another six weeks of winter reaction, the outlook still is obscure in spite of the precipitate decline this week. International events, always difficult to anticipate, carry such great weight in determining the course of prices it is little wonder that violent swings in either direction can occur at a moment's notice.

Indecision stood out as the predominant characteristic of trading until the Chinese peace proposal, reviving the hope of an early Korean armistice, chilled enthusiasm for armament stocks and other groups depending largely on war-induced industrial activity. Penetration of the February support levels contributed to doubt over near-term prospects even though the weakness developed after a previous breakout on the upside had roused optimism. The manner in which the tape fell behind in recording transactions, first on a rush of buying a week ago and later on a selling wave the following day, illustrated the instability of sentiment in today's volatile markets. This is the sort of market where the seeds of true investment demand fall on barren soil.

Professional Following-the-Leader

This swift reversal in sentiment testified to the inability of day-to-day traders to reach definite conclusions. This sort of behavior occurs when professionals play "follow-the-leader" in our closely regulated markets. The lack of interest by the outside public is so small that price movements are exaggerated on a sudden burst of activity by floor traders. Net results of the week's dealings left the popular averages at new lows for the reaction and aroused uneasiness over the immediate future.

* * *

Looking at business prospects dispassionately and wondering what investors are worrying over—aside from a possible change in Premier Malenkov's attitude—we gain the impression that anxiety stems primarily from the fact that stock prices are "high." It is true that in relation to landmarks of the past, current quotations are anything but low. Yet in terms of things by which securities are evaluated, prices do not seem too far out of line. Take the well known Federal Reserve Board production index. At least reports, it was hovering around 239, the best peacetime figure ever recorded, assuming that the world IS at peace.

How does it happen that production is at such a high level? Certainly not all of this industrial activity can be attributed to military preparedness. Chief contributors to the flow of business in this country are construction, motor car manufacturing, steel output and railroad transportation. Consideration of a few records in these industries suggests what has been taking place and what the future may hold in store.

End of Construction Boom?

In building, it is interesting to observe that plant construction and modernization have accounted for huge expenditures since the Korean incident spurred armament output. Economists have been saying that this boom cannot continue and that a curtailment should be expected this year. Nevertheless, businessmen themselves say that spending on new construction will be greater in 1953 than the record volume of 1952. That is the substance of a survey conducted by the Department of Commerce and the Securities and Exchange Commission. The tabulation discloses that appropriations for expansion and improvements in 1953 may reach almost $27 billion, compared with $26.5 million last year.

Public utilities propose to enlarge expenditures to $4,368 million from $3,838 million in 1952; manufacturers contemplate an outlay of slightly more than $12 billion, compared with $11,994 million last year; the commercial and miscellaneous category anticipates a modest increase in spending; among non-durable industries, gains are foreseen for chemicals, petroleum and coal, paper and allied products together with beverages. Electrical machinery and other electrical groups are included among durable goods makers likely to increase spending.

* * *

Automobile production has climbed steadily week after week with gains over the corresponding period of 1952 ranging to 8 and 10%. Output for the three months just ended is estimated to have topped 1.5 million units for the second best quarter on record. At the rate manufacturers have scheduled production for the coming months, the country may witness a new high in new cars for a single quarter. But can they be sold? the skeptic may ask. Time alone has the answer, but on the record it may be pointed out that motor car manufacturers are cold blooded realists and they scarcely would be building inventories they doubted could be marketed. Dealers may be compelled to modify their recent ideas of profit margins on used cars and go back to the "good old days" when they knew that cars taken in trade could be disposed of only at concessions.

With construction holding at unusually high levels and with motor car output flirting with previous records, it is apparent that steel producers are keeping the open hearths warm. Steel poured in March probably set a new high and production for the quarter just ended must have approached any previous three-month record if it did not surpass the old total. Week after week the nation's mills reported operations at or slightly above capacity, which is greater than ever before in history.

Personal income still is climbing, since this factor reflects employment and other receipts—and it is no secret that wages have been rising. Savings also have been expanding. The public not only is maintaining income at unprecedented levels, but actually is putting away larger sums while paying installments on loans with which motor cars, refrigerators, washing machines, TV sets and other wanted appliances have been purchased.

* * *

Despite signs of increasing competition, which may mean narrower profit margins (such as business was accustomed to in years gone by), the economic background is not strewn with phenomena suggesting an approaching recession. Pessimists still may doubt that there is much left for the optimists to discount, but the environment scarcely is conducive to a collapse in values.

[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.]

Three With Edenfield

(Special to THE FINANCIAL CHRONICLE)

MIAMI, Fla. — Joseph Atkins, Arthur F. French and Morgan W. Roderick have become affiliated with Frank L. Edenfield & Co., 8340 Northeast Second Avenue.

Continued from page 3

Portfolio Planning . . .

profitably and has had average earnings of around $2.75 for the last five years. The stock has had a sharp decline from 65 to 44.

American Airlines — Carries more passengers than any other airline in the world and is second only to the Pennsylvania RR. in passenger revenues. The company is planning for a substantial increase in business. It will not be many years before gross business is doubled. The earnings are close to $2.00 a share yet the stock at 14 is down from 21 when the company operated at a small loss.

American Cyanamid — Is about the most diversified chemical and drug company. Besides these fields the company is active in soil conditioning, minerals separation, synthetic fibres, petrochemicals and atomic energy construction work. The stock is down from 66 to 50 and current earnings are reported to be at the rate of $4.00.

Dow Chemical Co.—Makes over 600 chemical products, with industrial chemicals comprising 52% of total sales, plastics 29%, magnesium 11%, agricultural chemicals 5%, fine chemicals and pharmaceuticals 3%. Company is the leading producer of bromine, styrene, and high-octane gasoline components. Sales and profits have grown tremendously over the last 10 years and the benefits of expansion over the last few years should reflect further progress. Conservative dividends have been paid every year since 1911. The earnings uptrend of this dynamic situation has been temporarily hampered by the burden of excess profits taxes.

Fansteel—Is the leader in new developments in the field of metallurgy. It works with rare metals such as tantalum, columbium, tungsten, molybdenum, etc. Its 45 years of research are now really starting to pay off with earnings of $2.10 for 1952.

Food Machinery & Chemical—Makes over 500 products concentrating its efforts on food chemicals and machinery; has been steadily extending both divisions by acquisitions, mergers, development of new products, and new uses for old products. Potential for continued growth is very favorable. Earnings should be over $5.00 per share in another year, enabling the company to pay substantially higher dividends. The stock sold as high as 56, and currently sells around 39 to yield over 5%.

Minnesota Mining & Chemical—Management is very imaginative and has achieved enormous success. Important product diversification and plant expansion have been accomplished since 1929. Largest growth dates from 1935 when the product list began to undergo broad expansion. The three major product classifications by sales are (1) pressure sensitive tapes about 42% (Scotch) (2) roofing granules, adhesives, reflective sheeting and recording tape 28% (3) coated abrasives 18% (4) balance includes resins, polymers, ribbons, kraft gummed paper, operation of a national system of highway billboards and a government owned synthetic rubber plant. Dividends have been paid regularly since 1928. Potential for growth is very large.

Monsanto Chemical — Products include heavy chemicals, intermediates, medicinal and fine chemicals, phosphorus and its various derivatives, plastics, plasticizers and solvents, rubber chemicals, insecticides, herbicides and fungicides, and a large number of miscellaneous items. Virtually every important industry takes some part of company's output. The company has an important role in the atomic energy program. Large expansion program over last 5 years should be reflected in large sales and profits in the years ahead. Dividends have been paid in every year since 1925.

Union Carbide — Activities fall into 5 main groups, all growing steadily every year (1) alloy and metals (2) chemicals (3) electrodes, carbons, and batteries (4) industrial gases and carbide (5) plastics. All branches of industry are customers. Synthetic fibres and coal chemicals are newer ventures. The company also has a very important stake in atomic energy; dividends have been paid in every year since 1917. In 1951 a $300,000,000 expansion program was started. This should bring excellent results.

Westinghouse Electric — Is one of the leading companies in the field of electronics and atomic energy. A huge expansion program forecasts the optimism of the company over the years ahead. Earnings were $4.23 for 1952. Dividends are expected to be increased.

Bond Club of Chicago 40th Annual Field Day

CHICAGO, Ill. — The Fortieth Annual Field Day of the Bond Club of Chicago this year will again be held at the Knollwood Club, Lake Forest, on Friday, June 5. The Board of Directors has appointed the following General Committee:

Chairman: Edward D. McGrew, The Northern Trust Company.

Vice-Chairmen: William J. Lawler, Jr., Hornblower & Weeks; Francis R. Schanck, Jr., Bacon, Whipple & Co.; and Edwin A. Stephenson, The Chase National Bank of the City of New York.

The General Chairman has appointed the following Committee Chairmen:

Arrangements—Richard L. Kennedy, Jr., Harris, Upham & Co.

Baseball—Andrew D. Buchan, Bacon, Whipple & Co.

Dinner—Leonard J. Paidar, Goodbody & Co.

Entertainment—Richard B. Walbert, Blyth & Co., Inc.

Golf—Reginald Dunhill, Lee Higginson Corporation.

Refreshments—Frank E. Voysey, Kidder, Peabody & Co.

Investment—F. Girard Schoettler, Wayne Hummer & Co.

Dividends—Donald B. Stephens, Cruttenden & Co.

Tennis—Bowen Blair, William Blair & Company.

Trophies—William J. Sennott, Jr., H. M. Byllesby and Company.

Further details on the Field Day will be announced later.

American S. E. Quarter Century Club Elects

At the annual meeting of the American Stock Exchange Employees Quarter Century Club, Joseph J. Kroll was elected President. Raymond C. Bailey was elected Vice-President, and Francis X. Gaudino and Bernard T. Supple were elected Treasurer and Secretary, respectively.

Mr. Kroll, Vice-President last year, is an examiner on the staff of the Securities Division of the Exchange. He succeeds Edward B. Kelly, who was President last year.

The American Stock Exchange Employees Quarter Century Club, organized in 1946, is composed of Exchange employees who have been on the staff for 25 years or longer.

Urges Higher Interest on FHA and GI Loans

Thomas E. Lovejoy says increase in rates would benefit all concerned, including builder, borrower and mortgage originator.

Thomas E. Lovejoy, Jr., President, The Manhattan Life Insurance Company, told the 13th Annual Appraisal Conference of the N. Y. State Society of Real Estate Appraisers on March 20 in New York that FHA and GI loans would fit todays market better if there were a change to higher interest rates. He added that an increase in rates would benefit all concerned, the builder, mortgage originator, investor and home buyer.

T. E. Lovejoy, Jr.

It would probably prove especially beneficial to the home buyer, Mr. Lovejoy maintained, for lower prices on houses were a distinct possibility if the authorities in Washington at least recognized the necessity for a change in the interest rates on FHA and GI loans.

Considering the discounts at which such loans are presently selling, they have a reasonably good competitive position with other forms of investment in the present market, Mr. Lovejoy admitted. However, he said that he disliked the practice of such loans selling at a discount.

He termed this an unfortunate situation which worked a hardship on the borrower, particularly the war veteran. When discounts run up to four or five points, and sometimes higher in the case of loans from the South and West, such amounts run to substantial figures, particularly from the standpoint of the borrower, Mr. Lovejoy pointed out.

"Many months ago, the authorities in Washington should have recognized the necessity for a change in the interest rate on FHA and GI loans. This would have brought them in line with current money market conditions."

Without attempting to say how much the increase should be, Mr. Lovejoy insisted that higher interest rates on FHA and GI loans would bring about a healthier condition in this part of the mortgage market. He said that all concerned would benefit—the builder, the mortgage originator, the investor and the home buyer.

"Of the four, I wonder if the home buyer would not be the one most benefited?" he asked. "I wonder if an increase in the interest rate on such loans would not result in lower prices for homes?"

Mr. Lovejoy predicted that so long as the practice of selling FHA and GI loans at a discount continues, more and more veterans will continue to find it difficult to buy a home, using their GI benefits.

He expressed the belief that if an increase in interest rates is made, "another inflationary factor inherited from the last national administration will be eliminated and a much healthier condition will rapidly come about."

Industrial Activity Climbing

Business Survey Committee of National Association of Purchasing Agents, whose Chairman is Robert C. Swanton of Winchester Repeating Arms Co., says production is growing, but at slower rate than in previous months.

The March report of the Business Survey Committee of the National Association of Purchasing Agents shows over-all industrial activity continuing at the high rate of previous months. Production is growing, but at a much slower rate than January and February. New orders are substantial in number and smaller in quantity. Backlogs are declining at a slightly accelerated pace. Prices, following complete decontrol, show statistical strength, as sellers test the markets for acceptance. The wavelet of price increases is subject to supply-demand action and the very keen current competition. "Standing room only" in most buying reception rooms is generally reported. Unworked material inventories are nearing the bottom of a long decline. Employment is up again, due partly to outdoor seasonal work. Productivity is improving. More interest is shown in continuity of employment, as overtime is being reduced.

Robert C. Swanton

The report indicates buying policy is very conservative, predominantly under 90 days, showing some lack of confidence in the current price structure.

The consensus of Purchasing Managers on the effect of price decontrol is that, while the action was long overdue, the result will be salutary, permitting the free use of negotiation. The full empact will not be felt until CMP controls are released June 30, giving full play to open competition.

Commodity Prices

The complete decontrol of prices in March has caused the appearance of more strength in the price structure than has been shown in many months. Higher quotations outbalance lower four to one. With few exceptions (notably copper), the increases are small, percentagewise. In the opinion of many buyers, the current upward spurt of prices does not assure a firm trend, as much of the new price posting may be market testing and will stand or fall by the pressures of supply and demand, keen competition, and the very cautious policy on future coverage in general use by the large majority of industrial purchasing agents.

Inventories

Industrial materials inventories may be arriving at a stable position. About as many report increases as decreases, with 60% recording no change. High production demands and easing supply of most raw materials have stepped up turnovers and brought about a better balance. Some lack of confidence in the current price structure is confirmed by the growing short ordering policy.

Employment

A slight increase in pay roll registrations over February is noted, some of it seasonal. More report cutbacks to 40 hours than are increasing by overtime. Productivity is improving. More interest is shown in staying on the job. Skilled, technical and office help are scarce in all areas. Very few work stoppages are reported.

Buying Policy

A further movement toward the short side of hand-to-mouth to 90-day predominant buying policy is noted this month. Purchasing often and in limited quantities is becoming more general, as buyers watch for competition to crystallize prices. Business still looks good to most purchasers for the next three months.

Kentucky Utilities Offer Underwritten

Holders of common stock of Kentucky Utilities Co. are being offered 208,057 additional shares of the utility's stock for purchase at $18.50 per share through subscription rights at the rate of one new share for each 10 shares held of record on March 20, 1953. At the termination of the subscription period on April 13, 1953, an underwriting group headed jointly by Blyth & Co., Inc., and J. J. B. Hilliard & Son will purchase from the company any unsubscribed shares.

Operating revenues for 1952 totaled $29,381,474 and net income was $4,476,582, equal after preferred dividends, to $1.71 per common share. Dividends on the common stock are at the current annual rate of $1 per share.

Proceeds from the sale of additional common and from sale of $10,000,000 of first mortgage bonds will be used to defray a portion of $29,368,000 in construction expenditures contemplated for the years 1953 and 1954. Principal items under the two-year program include the addition of 120,000 kilowatts to the utility's present 244,290 kw. generating capacity and construction of 100-mile transmission line from one of the company's generating stations to the Atomic Energy Commission's project near Paducah, Ky. The Kentucky Utilities Co. is one of five companies which are constructing through a subsidiary, a 625,000 kw. generating station near Joppa, Ill., to supply electric energy to the AEC project. Kentucky Utilities is also one of 10 utilities which will supply, through a subsidiary, the power requirements of the AEC's project near Portsmouth, Ohio.

Spink, Others to Join A. C. Allyn

CHICAGO, Ill.—The municipal department of Dempsey & Co. will become part of the A. C. Allyn and Company, Incorporated organization on May 4 when Allyn moves to its new offices at 122 South LaSalle St. Harold H. Spink, vice-president and manager of the Dempsey municipal department for the last six years, and earlier manager of the municipal department of E. H. Rollins & Sons, will become associated with A. C. Allyn, as will Linus F. Groene and Kenneth L. Eaton.

With Penington, Colket

ST. PETERSBURG, Fla.—Penington, Colket & Co., members of the New York and other leading stock exchanges, announces that Lynn S. Prutsman and George M. Lewis are now registered to represent the firm in St. Petersburg, Fla., with offices at 401 36th Avenue, N. E.

The firm of Penington, Colket & Co., established in 1896, maintains offices in Philadelphia, New York, Manhasset, Long Island, Altoona, Pa., and Reading, Pa.

Railroad Securities

Chesapeake & Ohio-N. Y. Central

The press last week carried reports that Mr. Robert R. Young, Chairman of the Board of Chesapeake & Ohio, had predicted that within a year his road would be in active control of New York Central. He was quoted further to the effect that within 10 years the two large systems would be consolidated, and went on to give his opinion that by the end of the period there would be only two roads in the whole northeastern section of the country, his system and an expanded Pennsylvania Railroad System. What was to become of the sizable Baltimore & Ohio and the many other smaller properties in the territory was not brought out. This idea of large-scale consolidations of railroads, particularly in the east, has been the dream of many railroad men for generations.

That some measure of consolidation of existing facilities would be healthy is generally conceded by students of the industry. Considering the diversity of interests of the security holders of the individual roads, the disinclination of most two-railroad towns or plants to revert to dependence on one rail carrier, and the legal difficulties, the prospects of any such development as that visualized by Mr. Young appear somewhat dim indeed. The failure that attended Mr. Young's efforts just a few years ago to merge three relatively small properties — Pere Marquette, Nickel Plate and Wheeling & Lake Erie—into his own system testifies to the difficulties to be encountered in such operations.

Leaving aside the possible ultimate outcome of these objectives, Chesapeake & Ohio stock, having retreated somewhat from its earlier high, has been attracting considerable investment buying interest in recent weeks. Presumably this reawakened interest is a tribute to the ability of the management so far this year to control costs in the face of the relatively unfavorable traffic and revenue trends. While Chesapeake & Ohio's interests have widened considerably in recent years, and general industrial traffic has become increasingly important in the overall picture, the road is still heavily dependent for its prosperity on the movement of bituminous coal.

As mentioned some weeks ago in this column, the major factor in the decline in car loadings of the railroads as a whole so far this year has been the falling off in coal shipments. For one thing, we have had a mild winter in 1953 and this always adversely affects the coal business. Secondly, coal inventories had been built up to exceptionally high levels last year and these naturally have to be worked off some time. Finally, export demand, which is a temporary phenomena in any event, has been tapering off. This is particularly painful to Chesapeake & Ohio which is the dominant factor in the export coal movement.

With the decline in coal movement, gross revenues of the road for the two months through February, 1953, declined to $52,691,000. This was more than $8 million below the figure for the like 1952 interval. In the opening month of the year the revenue decline was more than offset by the cut in operating costs and a modest reduction in Federal income taxes. This was not possible in February, however. As a result, net income for the two months declined $812,000, to $6,108,000. Considering the extent of the revenue drop this decline in net income was quite modest. It amounted to only a little over $0.10 a share on the common stock outstanding.

Coal tonnage has continued to decline and there is no indication at this time as to just when this trend may be expected to reverse itself. Apparently no significant change for the better is in near term prospect. Nevertheless, and barring serious work stoppages such as hit the steel industry last summer, the impact on Chesapeake & Ohio should be modified to some extent by the high volume of manufactured freight. Moreover, it is expected that the company should continue to exercise strict control over operating expenses. On this basis, earnings on the stock for the full year 1953, could well be maintained above the $5.00 level, giving adequate protection to the liberal yield afforded by the $3.00 dividend.

Hallgarten Opens Dept. for Reynolds

Reynolds & Co., 120 Broadway, New York City, members of the New York Stock Exchange, announce the opening of a foreign department under the management of Julius A. Hallgarten who will be assisted by Fred Meer. For the past eight years Mr. Hallgarten has been associated with Hayden, Stone & Co., initially as manager of the firm's foreign department and later as partner in charge of all foreign relations. Prior thereto he was connected with E. F. Hutton & Co.

Mr. Hallgarten is the grandson of Julius Hallgarten, one of the founders of Hallgarten & Co., 100 years ago.

Ezra Hartford, Others With Richard J. Buck

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Ezra C. H. Hartford, Henry H. Barnard, Edward M. Bates and Vincent D. Keavy have become associated with Richard J. Buck & Co., 3 Newbury Street. Mr. Hartford has been in the investment business for many years, and has recently been conducting his own firm in Buzzards Bay. Mr. Barnard was previously with Tucker, Anthony & Co.

Joins Union Security

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — Saul S. Dorfman is associated with Union Security Company, 29 South La Salle Street.

Robert H. Martin

Robert H. Martin, Manager of the Chicago office of Dillon, Read & Co., passed away March 21 at the age of 54 after a brief illness.

Public Utility Securities

By OWEN ELY

Cincinnati Gas & Electric Company

Cincinnati Gas & Electric Company is a real "old-timer" among the utilities—it started in business in 1837 and has a 100-year common stock dividend record, exceeded only by Pennsylvania Railroad. For many years a manufactured gas company, it finally went into the electric business in 1894, and later became a large distributor of natural gas as well as electricity. Since World War II the company has grown so rapidly that it spent as much on construction as in the previous 100 years.

A few years ago the company had some rate troubles with the City of Cincinnati, but this was gradually ironed out and the company obtained an agreement with the City which apparently satisfied both parties. The rate base was taken as gross original plant cost, including some $25 million plant under construction. The company has obtained valuable escalator clauses in its gas and electric rate structure which permits immediate adjustment of retail rates for changes in the wholesale price of gas, together with changes in taxes (except EPT) and labor costs. The electric escalator clause was obtained several years ago, and the gas clause on January 1, this year. Both clauses were approved by unanimous votes of the City Council, which indicates that the "political ax" has been buried.

One reason for this favorable treatment is the fact that the company's residential rates are almost the lowest in the country, for steam generation. Another reason may be the personal popularity of President Walter C. Beckjord. The Cincinnati "Enquirer" recently said of Mr. Beckjord, "He came to Cincinnati not too many years ago, took over a New York-controlled utility and transformed it into a locally-owned and controlled company. In the process, he became a valuable citizen who appreciated the genuine qualities of the community, unrestrained by traditional prejudices. He quickly sensed opportunities that had been neglected by the city. For his own business to prosper, the city must prosper. So he took his company into the national market. He sold Cincinnati to the nation. It is hardly a coincidence that in his incumbency as head of Cincinnati Gas & Electric Co. more new and useful industries have come to Cincinnati than at any time in modern history."

The State of Ohio has one of the most favorable rate laws of any state in the country, directing the state utility commission to use cost of reproduction (less depreciation) as the rate base. In actual practice cost of reproduction is seldom used, but the utilities do get somewhat better treatment at the hands of the commission than in states where original cost is taken as the rate base. However, the municipalities have the primary right to fix residential rates, and appeals to the commission and the state courts may take some two to four years to work out. As a practical matter, therefore, the municipalities have considerable weight in fixing rates.

Recently a bill was introduced in the Legislature designed to tailor the utility rate base to a "fair value" basis, which would mean a compromise between low historical or original cost, and high current reproduction cost. It is reported that the reason for this is the fact that many small independent telephone companies have received rate increases but have not improved their service, resulting in many complaints by the farmers. Even if the bill is enacted, however, the big electric and gas utilities probably have little to fear since as indicated above they have not received the full benefits of the old law. Gaining and holding the goodwill of the municipality is a major rate problem for the utilities, and the management of Cincinnati G. & E. has achieved this result.

Stockholders of Cincinnati G. & E. will vote April 22 on splitting the common stock 2-for-1. The split-up will presumably result in a stock selling around 20 and paying $1 to pay 5%. Last year the company paid a 5% stock dividend in addition to the cash payments, and President Beckjord has indicated that further stock dividends may be forthcoming from time to time, representing the money plowed back into the property out of earnings by common stockholders. In general, he plans to continue a cash dividend payout of 70-72% of earnings, as at present.

Share earnings for 1953 have been estimated by Mr. Beckjord at $2.90-$2.95 a share compared with $2.80 last year, despite a probable further wage increase this year. The company expects to spend some $90 million for construction over the next four or five years, since the management has confidence in the possibilities of the continued growth and development of the Cincinnati area as one of the world's greatest industrial workshops.

Allied Chemical & Dye Debentures Offered

Morgan Stanley & Co. headed a nationwide underwriting group comprising 235 investment firms which offered for public sale yesterday (April 1) $200,000,000 Allied Chemical & Dye Corp. 25-year 3½% debentures due April 1, 1978, at 99%, plus accrued interest, to yield approximately 3.56% to maturity.

The offering marked the first public financing by Allied, which is one of the largest chemical companies in the country, and represented the largest individual issue of industrial securities ever publicly offered.

Proceeds from the sale will be used by the company to finance new plants, research laboratories and other facilities and for additions and improvements to existing plants and facilities, thus continuing its broad program of expansion. Construction expenditures since the end of the war have aggregated $313,000,000. The company is stepping up its rate of expenditure and contemplates that its 1953 construction outlays will amount to approximately $150,000,000 and that the 1954 total will be around $100,000,000. The company estimates that the proceeds from the sale of the debentures, with funds available from operations, will enable it to complete the current expansion program and provide adequate funds for working capital.

The company is a major producer of basic heavy chemicals, including sulfuric acid, soda ash and ammonia. It is one of the largest distillers of coal tar, and produces napthalene, benzol, creosote oil and other chemicals which are products of coal tar distillation. The company sells these chemicals to others, but also uses many itself as raw materials in the production of numerous other chemicals, dyes and other products.

During recent years as a result of research and development Allied has added to its lines new chemicals and dyes. It is about to undertake the production of other new products, including a synthetic fiber of the polyamide (nylon) type, and polyethylene and other petro-chemical products.

The company, whose products are used by virtually all important industries, has more than 100 plants, laboratories, mines, quarries and other properties throughout the United States and Canada. Net sales for the year 1952 amounted to $490,182,000; income before charges for interest and income taxes, $84,719,000, and net income, $40,305,000.

A mandatory sinking fund for the debentures provides for their 100% retirement by maturity through annual payments of $7,000,000 in the years 1959 to 1963, inclusive; $9,000,000 in the years 1964 to 1968; $11,000,000 in the years 1969 to 1973, and $13,000,000 in the years 1974 to 1977. At its option the company may pay into the sinking fund on March 31 of each year, 1954 to 1977, inclusive, an additional sum in cash up to $5,000,000 for any one year.

Sinking fund redemption prices range from 101.25% to the principal amount after April 1, 1969. Optional redemption prices scale from 102.50% if redeemed to and including April 1, 1957, to the principal amount if redeemed after April 1, 1969.

J. S. French V.-P. Of A. C. Allyn Co.

John S. French

A. C. Allyn and Company, Incorporated, have announced the election of John S. French to the office of Vice-President. Mr. French has been with the firm's New York office at 44 Wall Street for many years.

Three With Renyx, Field

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Winthrop J. Barnes, John J. Vickers, and F. Thaxter Wendell have become affiliated with Renyx, Field & Company, Inc.

Blyth Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—William L. McLoughlin has been added to the staff of Blyth & Co., Inc., Russ Building.

With Hannaford & Talbot

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—S. H. Van Gelder has become connected with Hannaford & Talbot, 519 California Street.

With Man. Inv. Programs

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif. — W. C. Snyder, Jr. has become associated with Managed Investment Programs, 41 Sutter Street. He was previously with Hooker & Fay.

Continued from first page

Electronics in the Future

computers can translate, process, compute, store and print pertinent facts and information. They simplify the task, greatly increase the efficiency and perform the functions of an accounting system with utmost speed and accuracy.

Electronics will change clerical operations, relieve men of routine and drudgery and effect enormous savings in time, money and materials. The world of business machines is ripe for electronics.

Inspection Devices: Electronics can also serve in other directions. It promises new aids to health, safety and better living. There are countless applications for the development of inspection methods to insure the highest purity in liquids, vaccines, drugs and all bottled beverages, including milk. Electronics becomes the foe of impurity and contamination in all bottled, packaged or canned products.

Aviation: Another important area for further development and expansion of electronics is aviation, especially in communication and radar. Electronics is the pilot of the robot plane and the hand that guides the missile. Recently the Army exhibited a new rapid-fire radar controlled anti-aircraft gun, which is an electronically guided artillery weapon that searches out and hits with deadly accuracy a hostile aircraft in any weather and destroys it at altitudes up to four miles.

Industrial Television: In a few short years we have seen television develop into a major factor in American life. Its extraordinary potentialities for political education, cultural instruction and entertainment have been amply demonstrated. However, many other applications of television's basic function—extension of human sight—are ready for practical use.

Thus far, the phenomenal growth of broadcast television has overshadowed these other applications which operate over closed-circuit systems and constitute the growing field of industrial television. The opportunities for expansion of television in this field are wide.

Wherever danger, remoteness or discomfort preclude the presence of a human observer, the industrial television camera can take his place. Handling of explosives, pouring of castings, watching the operations of furnaces and remote power sub-stations are examples of television's usefulness to industry.

As yet only a negligible fraction of the potential of industrial television has been tapped. The major obstacle has been cost. That obstacle is being overcome by lightweight equipment using the vidicon camera tube. The dimensions of industrial television may surpass the growth in broadcast television we are now witnessing.

Tomorrow, at the Institute of Radio Engineers convention, we will demonstrate a much simplified closed-circuit television system, which provides a vidicon camera attachment for a standard home television receiver. The simple attachment is connected as easily to a television receiver as a record-player and does not affect the normal use of the receiver in any way. With the addition of this camera unit everyone of the 23,000,000 television receivers now in use becomes potentially a closed-circuit system for schools, the home and other places.

Benefits to Education

Schools, in which television sets are becoming more and more a standard classroom fixture, may employ their TV sets to bring talks and demonstrations to the entire school or to selected classes, without the loss of time or the confusion attendant upon a call to assembly. On college campuses the linking of the lecture halls by television will permit exchange of instruction between departments, adding to the variety and interest of the courses. In biological research and technical education, this form of television has proved a valuable tool.

The availability of a simple closed circuit system will put the television microscope as a new instrument for instruction within reach of every high school and college in the country.

Until now industrial television has been utilized mainly by larger business and industrial organizations, but the reduction in cost brings it within reach of thousands of small businesses.

Many uses are also foreseen for closed-circuit TV in hotels, department stores and other business establishments. A visual inter-communication system between offices for checking papers and documents, between office, factory and warehouse, can now be realized economically.

Large Home Market

One of the largest fields ahead for the use of closed-circuit television is the home itself. Closed-circuit sound systems are familiar to Americans. We think nothing of voice communication between rooms in the same house, between offices in the same building, be- upstairs and downstairs. We are destined, I believe, to become equally familiar with closed-circuit systems of sigh transmission.

When the cost of the camera attachments is sufficiently low to permit their use in the average home they may make the television receiver truly the control center of the home. The snap of a switch will turn the receiver from the broadcast program to view the children asleep in the nursery or at play in the yard, or the cooking on the kitchen range. The housewife will not only hear but see the caller at the door before she opens it.

All the new vistas opening up in the electronics cannot be covered in our discussion tonight. But this much seems certain—As the science of electronics continues to unfold, new discoveries will be made, new inventions will be created and new products and services will be developed. This will steadily increase the size of the electronics industry, its importance for national defense and its value to the public.

Competition Spurs Progress

The United States is fortunate in having a radio-electronic industry made up of so many competent organizations of which the membership of the Institute of Radio Engineers is representative. The keen competition in research and engineering as well as manufacturing spurs continued effort on the part of all and stimulates scientific and economic advances matched by no other country. Our industrial machine is unequalled anywhere.

Where the interests of the nation and the public are concerned, engineers from the various organizations cooperate effectively. We see an outstanding example of this in the work of the National Television System Committee, comprised of leading engineers of the industry. Through extensive field tests they are today formulating signal standards to be recommended to the Federal Communications Commission for commercial broadcasting of compatible color television with all its inherent advantages.

Through the individual efforts of competing organizations the United States has achieved preeminence in radio, television and electronics. For national defense, the industry of which you as engineers are such a vital part, provides superior equipment developed and produced by American ingenuity and craftsmanship. The finest radio-television instruments and services in the world, and at the lowest cost, are made available to the American home. In achieving this, the industry provides employment for hundreds of thousands of people and contributes vitally to the high standards of living enjoyed in America.

Science and Human Progress

We are reminded by a British philosopher that science as a dominant feature in determining the beliefs of educated men has existed for only about 300 years, and as a source of economic technique for about 150 years. As radio-electronic engineers you therefore belong to a relatively young profession, which the philosopher describes as "an incredibly powerful revolutionary force."

Indeed, as engineers, you have great responsibilities for through your work you can change living habits, expand knowledge, speed commerce, strengthen national security, disseminate education, spread religion, improve standards of living, and add to the health, comforts, and pleasures of your fellowmen.

These achievements, of course, presuppose that your accomplishments are applied for useful and not destructive purposes. For the ultimate test of the value of new knowledge that scientists discover, of new tools that engineers develop, is in the use which man makes of the new instrumentalities.

I do not subscribe to the theory, occasionally heard, that science has given us machines beyond our moral ability to control. The true spirit of science, it seems to me, is to create, not to destroy. We may use our technological knowledge to turn back the clock of civilization, or we can use the forces of science as master keys to wind that clock so that its hands will move continually toward a brighter future for all mankind.

But man must be the master, not the slave of the machine. For the machine has either mind, nor soul, nor sense of moral values. In the spiritual crusade for a free and peaceful world, science is our strongest ally. Science can help greatly to deter the aggressor from attacking the nations he seeks to conquer or destroy. It may even prevent another world war. Or, if the conflict cannot be averted, science can thwart the enemy's designs and help us immeasurably to win it. Today the research laboratory is a vital part of our national security and progress.

A Memorable Day

On numerous occasions I have been invited to our laboratories to see an invention or new scientific principle demonstrated.

Usually the laboratory is arrayed with all sorts of gadgets, meters, intricate apparatus and a maze of wires that all lead to some focal point of interest—the invention. Sometimes one wonders how in the world all that complex circuitry can be simplified and made to function in a small cabinet suitable for the home. That is where the engineer enters the scene. It is his job to make the invention practical, simple and salable at a reasonable price.

I shall always remember the day when our research men told me they had something new to show me in television. I went to our Princeton laboratories and the men made good. They turned on two television sets, side by side, and both produced pictures. Then they snapped a switch and one of the sets showed pictures in color!

"This is wonderful," I exclaimed, "when can we demonstrate it to the industry? What you have demonstrated to me proves that all-electronic color television can be made compatible with existing black-and-white sets so that the advent of color will not make them obsolete."

I could see that my enthusiasm and impatience were not exactly in tune with the patience of the research men, for they said it might be six months or a year before they would be ready to stage a general demonstration.

They threw up their hands when I asked, "How about next week?"

Well, to make a long story short, we compromised and within a month members of the industry witnessed all-electronic color television. And since that time, with impatience prodding patience, the engineers have made miraculous strides in adapting and perfecting compatible color TV for the home.

Today, a color television set in outward appearance is the same as a black-and-white set, but several years ago the equipment needed to receive color was a crate full of gadgets and controls. Thanks to the engineer, color TV now is not far from the home.

Faith and Facts

I have frequently remarked to our scientists and engineers that I have greater faith in them than they have in themselves. But I have been warned on occasion that my faith was stimulated by "an imagination unrestrained by sufficient knowledge of scientific facts." Well, there is ample warrant for the indictment and I plead guilty. But I appeal to this fair and competent jury of scientists and engineers and ask you—Are there not some extenuating circumstances that may lessen in your eyes the size of my sins?

Is it not also a scientific fact that what seemed to be true yesterday is sometimes proved by new knowledge to be false today? For example — Maxwell's theory of the ether as a medium for propagation of light, heat and electric waves, eventually was discarded by the scientific world as "a supreme paradox of Victorian science and yet a triumph of the scientific imagination." It did, however, help the world to understand wireless.

Originally—and this is a classic in the field of communications—Hertz, Marconi and other earlier experimenters used tiny waves. But as wireless developed it was found that long waves more easily covered greater distances. A theory developed that short waves were strictly limited in range. But during World War I commercial experimenters as well as American wireless amateurs were amazed to discover that short waves were more efficient for communication across the hemispheres. It was found that the short waves were reflected from the Kennelly-Heaviside layer, popularly referred to as the "radio mirror" high in the sky. So superior were the results that the early theory was proved fallacious. As a result, short waves became the backbone of worldwide radio.

On more than one occasion theories formulated to help explain a new discovery have proved to be convenient but no more real than the equator of the geographers.

The realm of science with its fact, and sometimes fiction, has always held great fascination for me. Therefore, you as engineers can understand how deeply I was touched in September, 1951, when the men of our laboratories commemorated my 45 years of service in radio by naming the RCA Laboratories "The David Sarnoff Research Center." After expressing my appreciation perhaps I should have sat down. But the faith I have in scientists, research men and engineers, inspired me to ask them to invent three presents for my 50th radio anniversary, in 1956.

I asked them for an inexpensive tape recorder of television pictures, an electronic air-conditioner, and a true amplifier of light.

Presents Are Under Way

Less than two years have passed, and now I will let you in on a secret. Recently I was given a preview at our laboratories of some preliminary steps toward my 1956 anniversary presents!

I was surprised at the demonstration I saw of a television program coming from New York and being simultaneously recorded on tape in the Princeton laboratories 45 miles away. The recording was played back instantly. The quality of the recorded picture still needs improvement—but even its present performance convinced me that I will have the television tape recorder before the time I specified.

Tape recordings will obsolete the use of film for television and reduce over-all costs. Small degradations which mark the various steps in the production of a film, creating a cumulative effect in the final print, will be eliminated. This new method will revolutionize the entire art. As a simpler and cheaper process, it will extend into color television. And it may extend into the motion picture industry as well.

As you all know, the recording of sound on magnetic tape already has reached a high degree of perfection. When recorded sound has served its purpose it can be wiped off and the tape used over again. I believe that we now stand on the threshold of the same service for sight.

The second present I asked for—an all-electronic air-conditioner — is still in the embryonic stage, but I saw signs of life!

The third present I asked for—a true amplifier of light—is the toughest problem to solve. As you know, the present method is first to convert the light into electricity, next to amplify it, and finally to convert the electricity back into light. Most of today's limitations of television are due to this complicated and inefficient method of handling light.

I still believe that one of these days we shall learn how to amplify light directly.

Science and Freedom

I hold to the conviction that if we intelligently accept the challenges that spring from our opportunities, the wonders we have witnessed in the past 50 years will be dwarfed. Indeed, the advances of the next half century will make those of our generation pale into insignificance. Our great hope for continued advance stems from the fact that the sum total of our knowledge of science and nature is but a drop in the ocean of knowledge that spreads to the far distant shores of the future.

All of you, as engineers, have a right to take special pride in the fact that America, supremely the land of Liberty, is also supremely the land of science. This is no accident, my friends, but a matter of cause and effect. Freedom is the oxygen without which science cannot breathe. At their best, at their most creative, science and engineering are attributes of liberty—noble expressions of man's God-given right to investigate and explore the universe without fear of social or political or religious reprisals.

Without freedom there can be no genuine research, which is the uninhibited pursuit of truth no matter where it may lead. In the final analysis science is a search for the truth about the natural laws governing the universe.

The task of engineering is to translate those findings into products and services to enrich man's life. The role of radio engineers in this dynamic enterprise has been great. It is destined to be even greater.

The Productivity-Wage Relationship

Current issue of "Guaranty Survey," published by Guaranty Trust Company of New York, points out no one can authoritatively say whether real wages are low or high in relation to productivity.

In an editorial article, in which relationship of worker's productivity to real wages is discussed, the April issue of the "Guaranty Survey," published monthly by the Guaranty Trust Company of New York, says considerable doubt is cast on the practical ability to fix wages on the basis of productivity. The matter appears to be confused by extreme perplexities, the article points out, and the conclusion is drawn that "no one can say with final authority whether real wages are now too low or too high in relation to productivity," and only "time will apply the practical test."

In referring to statements made by labor leaders, that there is at present a divergence between wages and productivity, the "Guaranty Survey" states:

"These statements raise a number of questions which are of prime importance if, as now appears, the productivity argument is to be made a principal basis for wage demands. What is meant by 'productivity,' and why does it tend to rise? What is its normal relation to money wages and real wages? Is there really a disparity at present between productivity and real wages? If so, which is too high in relation to the other?

"Some of these questions are easier to answer than others. To take the simplest first, 'productivity' is usually understood to mean capacity to produce—not in the aggregate, for in a growing country aggregate productive capacity naturally tends to increase irrespective of other changes; but productive capacity in the sense of a ratio between 'output' of product and 'input' of labor time, capital equipment, managerial effort, electric consumption, or some other type of unit representing a factor or factors of production.

"Productivity has been measured in various ways, but in dealing with broad averages it has been found most convenient and appropriate to express it as a ratio between physical units of output and man-hours of labor. This mode of expression is far from precise, but for most practical purposes it seems to be the best available. It is the measurement almost universally used today, and the one that will be used here.

"The use of labor time as a denominator in measuring productivity has led to some unfortunate misunderstanding. The phase 'productivity of labor' is often heard, as if broad variations in productivity were due primarily to changes in the character or quality of workers. This is not the case. Average output per man-hour of labor is calculated to have about tripled in the last half century, not because the typical worker of today is stronger, more skillful, or more diligent than the worker of 50 years ago, but becuase he uses better methods, more and better tools and machines, and vastly more mechanical power. These methods, tools, machines, and sources of power have been made available at great cost and risk by owners and investors, and by the initiative and competitive urge of management."

Concluding its analysis, it is pointed out:

"Perhaps the most significant indication of whether wages and productivity are in balance at any particular time is a comparison of existing conditions with those that have been maintained, on the average, over a long period in the past. By this test, the real hourly earnings of factory workers at present would appear to be high in relation to productivity. In 1952 they were 76% above the 1919-1941 average, whereas output per man-hour in manufacturing was 54% above. The wide spread between real earnings and productivity which appeared during the war years has been narrowed to some extent during the postwar period, but it has not yet been closed. (The 23-year period from 1919 through 1941 is used as a base for this comparison because it is the longest period covered by the figures during which no governmental controls were in effect.)

"Any such comparison must, of course, be made with due recognition of the limitations of both method and data. No one can say with final authority whether real wages now are too low or too high. Time will apply the practical test. Meanwhile, it is to be expected that workers will seek the highest wages they can get and that in their endeavor they will use any arguments that present themselves. Too strong insistence upon an unrealistic wage level, however, would seem more likely to bring on a business recession than to prevent one."

Financial Community Gives to Blood Ban

Members of the New Yo Stock Exchange community ha pledged donations of 1,100 pints o blood, the American Red Cros disclosed.

A Bloodmobile set up at the Ex change March 30 will opera through Thursday of this wee and again on Monday, April 6.

Contributors will include G. Ke Funston, President; Richard M Crooks, Chairman of the Board of Governors; Sherburn M. Becker Jr., John A. Coleman, H. Van Brunt McKeever and Harold W. Scott, Governors of the Exchange.

Among trading floor emplo ees donating blood will be Korean veterans Raymond Grabowski, tubeman, and William Gilligan, specialist's clerk. World War II veterans will include Phillip Jaworski, Francis C. Laughlin an Joseph List, reporters, and Rolan Behrens, tubeman.

This will be the fourth respon by the Financial Community the Red Cross appeal for bloo Previous donations totaled 2,0 pints. H. Van Brunt McKeev heads the Stock Exchange Committee.

Bookbinder to Manage Dept. for Jacques Co

Jacques Coe & Company, 3 Broadway, New York City, members of the New York Stock Exchange, announce that Albert I. A. Bookbinder is now associated with them as manager of their commodity research and investment advisory department.

Britain's Consumer Spending And the Trade Balance

By PAUL EINZIG

Dr. Einzig discusses present British Government's policy of reducing pressure of domestic demand for British goods and British capital in order to have export products available to improve Britain's balance of trade. Says actual extent of disinflation resulting from Conservative Government's monetary policy has been small, but has been sufficient to discourage indiscriminate capital investment.

LONDON, Eng.—Addressing the opening conference of the British Productivity Council, Mr. Butler, Britain's Chancellor of the Exchequer, laid stress on the fundamental change in Britain's situation. Until comparatively recently British export trade was gravely handicapped by excessive domestic demand for goods, which did not leave a sufficiently large surplus available for export. Mr. Butler now claims to have succeeded, by a combination of different policies, monetary or otherwise, in reducing the pressure of domestic demand. The problem is no longer how to find the goods which are wanted abroad but how to find buyers for goods which have become available for export as a result of the fall in domestic demand.

Dr. Paul Einzig

This remark of the Chancellor of the Exchequer draws attention to the close connection between domestic spending and the trade balance. The existence of such a connection has been ignored by the previous government, and little or nothing has hitherto been done to make British public opinion fully aware of its significance. The whole economic and social policy of the Socialist Government was based on the assumption that internal economy and balance of payments are two watertight compartments which have nothing to do with each other. Suggestions that the British Welfare State was built up with the aid of American money in the form of the big dollar loan of 1946 and later the Marshall Aid were rejected with scorn, on the basis that the proceeds of dollar aid merely helped to balance our dollar gap, it did not pay for the National Health Service and similar social expenditures. Many otherwise intelligent people seriously believe that we could spend at home to our heart's desire without thereby affecting the balance of payments so long as we spend on domestic products and not on imported goods.

Admittedly, the Socialist Government realized that certain goods—mainly luxuries—ought to be reserved for export trade. The British consumer was deprived, throughout the post-war period, of many of the best British manufactures, unless he was able to go abroad and buy and re-import those goods with the aid of his meager tourist allowance of foreign currencies. What was not realized was that inflated domestic consumption of home-produced goods necessarily meant an inflated demand for industrial equipment needed for producing the consumer goods, and that this demand for capital goods reduced the volume of capital goods available for export. There was an almost unlimited demand for capital goods abroad, but, owing to the ease with which they could be sold at home, many industrial firms did not unduly exert themselves to secure orders from abroad.

The non-stop inflation between 1939 and 1951 stimulated domestic industrial expansion. Owing to the uninterrupted rise in prices it was considered safe to invest capital in new factories or in the extension of existing factories. This trend undoubtedly assisted in the increase of the output. Since, however, most of it went for home consumption it certainly did not assist in the solution of the balance of payments problem.

The actual extent of disinflation resulting from the change in the monetary policy after the advent of the Conservative Government has been small. Nevertheless, it has been sufficient to discourage indiscriminate capital investment. Industrial firms now think twice before embarking on the extension of their plants, and the mushroom-growth of new firms has slowed down. As a result, there has been a noteworthy fall in the domestic demand for capital equipment, and many orders have been cancelled. While until recently many engineering firms were unable to quote early delivery dates, their waiting list has now become much shorter, and in many instances it has disappeared altogether. This is what Mr. Butler must have had in mind when pointing out that domestic demand is no longer handicapping export trade.

Although disinflation in Britain has been sufficient to shorten delivery dates, it has not been sufficient to lower prices. Yet with the development of a buyers' market this is now even more important than early delivery. Consumers' demand does not appear to have slackened and there has been little evidence of price cuts. What is worse, the wages spiral continues to rise. Although the cost of living index has been virtually unchanged for the last six months, a large number of substantial wages claims have been conceded. This tends to expand purchasing power, and keep domestic demand at a relatively high level. Manufacturers have little inducement to make a real effort to reduce their prices in order to be able to compete on foreign markets. This means that, even though the goods are now available in sufficient quantities for export requirements, high prices are preventing an adequate expansion of exports.

The object of the productivity drive inauguratd by Mr. Butler is to overcome this obstacle. Unfortunately, the Trades Unions view and productivity drive with distrust. They are afraid that if the laborers work harder or more efficiently they may work themselves out of their jobs. If as a result of further disinflationary measures there should be an increase of unemployment, these fears would become even more pronounced. On the other hand should a deterioration of the export possibilities cause unemployment the result would be exactly the same.

It seems, therefore, that Britain is caught on the horns of a dilemma. Should there be disinflation for the sake of being able to export, the reaction of the workers to the resulting unemployment would cause a decline in productivity. Should there be no disinflation, unemployment through the loss of export markets would produce a similar result. On the face of it there appears to be no way out. Fortunately similar deadlocks are a frequent occurrence in the life of every nation and somehow a way out is usually found even though it may appear to be a theoretical impossibility. So there is no need of giving up hope.

Announce Multiplex Radio Transmission

Columbia University electrical engineers develop process enabling FM broadcasting stations to transmit simultaneously two or more different programs.

Dr. Edwin H. Armstrong, Professor of Electrical Engineering, and his associate, John H. Bose of Columbia's Marcellus Hartley Research Laboratories, announced on March 16 the perfection of a system of multiplex radio transmission.

John H. Bose Dr. E. H. Armstrong

The system is the most recent development based on principles which were described by Dr. Armstrong in his original announcement of his FM system in 1935. The new development, however, employs a number of improvements created since World War II.

The result, according to Dr. Armstrong, will be to double, at least, the effective function of the FM transmitter, "with obvious far-reaching effects on the methods of broadcasting radio communications of all kinds."

Several new types of service are made possible by the system announced yesterday. An FM station, for example, can transmit a musical program on one channel, and simultaneously send out on a second channel a voice program such as a speech, news bulletins or an advertising program; or it can transmit a single program stereophonocally on the two channels. It can also act to transmit two independent musical programs so as to relay along a program to another station which it itself is not carrying on the main channel. All of these methods of operation have been successfully tested at Dr. Armstrong's Alpine FM transmitter, KE2XCC, at Alpine, N. J.

Dr. Armstrong added that, of course, the system would not be limited to two channels only.

It was from the Marcellus Hartley Research Laboratories on the Morningside Heights campus that Dr. Armstrong, a former pupil of the late Professor Michael I. Pupin of Columbia, announced on April 26, 1935, the invention of the FM system of radio transmission and reception which wipes out the effects of static, tube noises and fading.

Maps a Revised Home Loan Policy

Leonard L. Frank, member of the Executive Committee of the National Association of Home Builders, outlines a plan to maintain high volume of home building when defense spending tapers off.

Speaking at the monthly dinner meeting of the Long Island Home Builders Institute at the Hempstead (L. I.) Elks Club on March 11, Leonard L. Frank, former President of the Long Island group and a member of the executive committee of the National Association of Home Builders, reported on a term mortgage program now being prepared by the National Association aimed at maintaining a high volume of home building with resulting stability to the American economy as defense spending tapers off.

Leonard L. Frank

The policy seeks slightly higher interest rates, but with longer-term mortgages and lower down payments. The NAHB also believes costs could be lowered by removing from the Veterans Administration all processing of veterans' loan applications, appraisals and compliance inspections now handled by the VA and placing these functions in the hands of the Federal Housing Administration.

Describing how 4% mortgage money for veterans is virtually unobtainable in most sections of the country, Mr. Frank said the NAHB policy is that "a realistic interest rate is required to produce sufficient mortgage money" to maintain home building at high volume "so necessary to the economy." Such realistic approach means a slightly higher rate, he said.

"However, it is NAHB policy that any rise in interest rates be accompanied by longer term amortization, thus making it possible for a buyer who can purchase under the present interest rate to still qualify with a higher interest rate," he explained. The interest rate on veterans' loans has been frozen at 4% by the VA, although this bureau can permit a rise to 4½% at its discretion. "We are not currently suffering acutely from this excessively restricted interest rate on Long Island," Mr. Frank continued. "But from other sections of the country come countless reports of builders being forced to sell their VA mortgages at discounts of from 2% to 8% in order to build for veterans. Naturally, any builder provides for such percentage loss in his future cost calculations, and so the net result must be higher cost to the veteran home purchaser."

On the subject of lower down payments, Mr. Frank stated:

"As soon as housing policies of government under the new Administration are fully determined, it is the policy of the National Association of Home Builders to seek down payments on houses comparable to the prewar basis. The sliding scale we have suggested is 5% down on houses up to $8,000, 10% down on a $12,000 home, 12% on a $15,000 home, and so on.

"This would be comparable to prewar, when a $6,000 home could be bought under the FHA financing for 10% down, or $600. Today, a comparable house cannot be produced to sell for less than $12,000 to $15,000.

"This is due not to the fact that builders have failed to keep their costs low, but is due solely to the depreciated purchasing power of the dollar over which we have no control.

"On a $12,000 to $15,000 home today the FHA required down payment is $2,400 to $3,000—a considerable contrast to the lower down payments recommended by the NAHB.

"In line with the suggested rise which the lower down payments would cause in the face amount of the mortgage, it is NAHB policy that the 30-year mortgage term presently provided by statute on all VA loans and on FHA loans up to $7,000 in value should be made available for ALL loans not in excess of $10,800, or namely a $12,000 house."

Another sharp change in government housing policy will be sought by the NAHB in the interests of greater economy and efficiency, Mr. Frank said.

"Perhaps the most important policy decision made at the recent NAHB convention in Chicago, and re-affirmed last week, is that VA appraisals and compliance functions be transferred to the FHA. At present, there is too much extra time involved, duplicate processing and unnecessary fees. In many cases, the different requirements of the two agencies cause extremely painful and delaying conditions. This is necessarily reflected in the price of a new home. The NAHB considers that the FHA, a long-established, well-administered and self-supporting agency should handle processing for the VA. This would require only a small additional budget, which would be more than offset by savings in VA operating expense and speedier and more consistent processing which will assist in reducing the cost of a home."

Mr. Frank told members of the Long Island group that former Congressman Albert M. Cole of Kansas as administrator of the Housing and Home Finance Agency, who was confirmed by the Senate, met with the NAHB Executive Committee. "Especially high in his consideration," Mr. Frank said, "is the necessity of maintaining a high level of housing production because of its tremendous importance to the nation's economy as defense spending tapers off.

"Finally, I should report to you the fact that there is a basic and unmistakable air of optimism as to 1953 and the future of the home building business," Mr. Frank concluded. "If private home builders continue to provide well-designed, well-constructed homes that represent good competitive value and that are financed on a basis that makes their acquisition financially sound and safe, there is no need to worry about any saturation point."

New York Stock Exch. Weekly Firm Changes

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

Warburton, Kutner & Mann was dissolved March 31.

Nielsen, Gordon & Co. retired as an Exchange member firm on March 31.

Samuel E. Fleischmann retired from partnership in Friedman, Brokaw & Co. March 19.

Transfer of the Exchange membership of the late Jerome Melniker to William M. Hess will be considered by the Exchange on April 9.

Investments?

"Among the investments which the United States could make in Europe, and particularly in France, certain ones would have considerable scope. There are, for example, investments in connection with the financing of a great program for the construction of low-cost housing.

"The most effective way to fight against communism in France is to provide a roof for the homeless and derelict who are living cramped lives in broken down and unhealthy houses. I hope that this idea, which I leave for your consideration, might be given serious thought so that a plan might be put into execution which would be absolutely sound from a financial point of view, based as it would be on the free transfer of interest and capital amortization payments."—Premier Rene Mayer.

But let's not call them "investments."

1953 Capital Outlays Seen at New Peak

Survey of capital budgets of corporation, conducted by Securities and Exchange Commission and Commerce Department, indicates new plant and equipment investment of $27 billion in 1953, or $500 million above 1952.

According to a survey of capital budgets conducted during February and early March by the Securities and Exchange Commission and the Department of Commerce, business is planning capital outlays in 1953 at slightly above the record 1952 rates. This survey indicates that if present programs materialize, new plant and equipment expenditures in 1953 will total $27.0 billion, compared with outlays of $26.5 billion in 1952, and $25.5 billion in 1951.

Public utilities, the survey shows, have scheduled 1953 expenditures at a record $4.4 billion, 14% higher than in 1952. Mining companies expect an increase of 3%. Manufacturers are planning 1953 outlays of $12 billion, about equal to their expenditures of last year. Scheduled outlays by nonrail transport companies and the commercial group also show a little change from 1952. Anticipated additions of $1.3 billion by the railroads, on the other hand, are down 7% from last year.

The 1953 programmed expenditures for major groups compared with actual outlays in 1952 are given in the accompanying table.

Investments Programs Now Higher

The current survey corroborates the findings in a preliminary survey conducted last October that business was planning another high year of new plant and equipment expenditures. Present programs are 5% higher than those reported earlier — with almost every industry contributing to the increase.

Quarterly Trends

Actual expenditures of $7.3 billion in the fourth quarter of 1952 brought capital outlays for that year to $26.5 billion, or 4% above 1951 spending. This increase proved to be the same as that anticipated by business in the survey conducted early in 1952.

According to the most recent survey, plant and equipment expenditures are expected to reach a new record in the first half of this year. Businessmen have scheduled outlays at seasonally adjusted annual rates of $27.5 billion in the first quarter and $28.1 billion in the second quarter of 1953, as compared with actual outlays at the rate of $27.0 billion in the fourth quarter of last year. Some leveling off in the rate of expenditures is indicated for the last half of 1953. The mining, nonrail transportation and commercial and other groups are anticipating increases in capital investment in the last half of this year, with manufacturing companies showing some slackening later this year.

Manufacturers' 1953 Programs

The maintenance of 1952 rates of fixed investment expected by manufacturers in 1953 reflects the offsetting effects of a 5% increase in outlays planned by nondurable-goods producers, and a decline of the same magnitude in planned expenditures by the durable-goods industries.

Within the durable goods group, most of the decline is expected in primary iron and steel, nonferrous metals and nonautomotive transportation equipment. Machinery firms (both electrical and nonelectrical) are planning substantial increases in investment, while most other major durable-goods industries expect little change in outlays from 1952 rates.

Among nondurable-goods producers, larger-than-average increases in plant and equipment expenditures are scheduled by petroleum, chemicals, paper and beverage companies. Petroleum refiners are anticipating 1953 outlays of $2.9 billion, while the chemical industry is planning $1.6 billion of outlays. Food and rubber companies expect to maintain last year's rates of fixed investment.

The basic data for these estimates were derived from reports submitted by corporations registered with the Securities and Exchange Commission and by a large sample of nonregistered manufacturing companies, unincorporated as well as corporate, reporting to the Department of Commerce.

	1952 —(Millions	of dollars)— 1953	Percent Change
Manufacturing	$11,994	$12,038	----
Durable goods industries	5,784	5,523	— 5
Non-durable goods industries	6,210	6,516	+ 5
Mining	880	910	+ 3
Railroads	1,391	1,294	— 7
Transportation, other than rail	1,363	1,380	+ 1
Public utilities	3,838	4,368	+14
Commercial and other	6,989	7,000	----
Total	$26,455	$26,991	+ 2

Our Reporter on Governments

By JOHN T. CHIPPENDALE, JR.

The long-term Government market continues to be on the defensive even though it has shown signs of moving away from new lows which have been made from time to time. The talk of an impending announcement about the financing terms tended to have a depressing effect pricewise upon these securities. A high Treasury official laid this rumor to rest temporarily and a rally followed. Nonetheless, the most distant maturities of the Treasuries seem to have pretty well discounted the issuance of a 30-year 3¼% obligation which is one of the securities most likely to be used by the Treasury, according to the "open mouth" operators. However, it seems as though 2½s, 2¾s and 3s should not be discounted as possibilities in the announcement which should come in the next day or two. A short-term issue of 2¼s will most likely be used by the Treasury for certain refundings.

The strong and broad market in the short-terms is in sharp contrast with the narrow and nearly demoralized market in the longs.

It seems as though the market for Government securities is nearly non-existent as far as the longer term obligations are concerned. Likewise, there will be no important interest in these obligations until the Treasury has made public how it intends to handle the coming refundings. Rumors and "open mouth" operations are really being worked overtime because nearly everyone in the money markets has a different view of the maturity or coupon rate which will be used by the Treasury. It does, however, seem as though somewhere out of this group of coupon rates and maturities will come the obligations that the Treasury will use in taking care of the maturities of the F and G savings bonds and the June maturities of the marketable issues.

Market for Long Bonds Demoralized

The decline which has taken place in prices of the longer-term bonds has been so substantial on very light offerings that it has just about demoralized the market for these securities. In other words, the stability and marketability factors which have been so important in the Government market seem to have gone by the boards. The return to a free economy is a very desirable development and this has had beneficial effects already upon the system as a whole. With the help of real competitive conditions there is once again a more normal course of action being worked out in the business picture.

However, with a Government debt as large as the one which this country has, it seems as though there should be some kind of stability efforts put forth now and then by the powers that be in order to prevent the market for long-term Government bonds from being pasted from pillar to post as has been the case recently. Also the lack of breadth in the market for the most distant maturities of Governments has not been a desirable development, according to some followers of the money markets. When conditions are allowed to exist so that the market is not able to absorb even a mere handful of bonds and prices decline sharply by being quoted down, this results in the type of market action which generally is not associated with the Government bond market.

While there are no thoughts of a return to the era of price pegging, it is believed in some quarters that prime obligations, such as the United States Government long-terms were, should not be allowed to drift as aimlessly as they have been doing in the recent past. To be sure, by keeping prices of long-term Governments under pressure and on the defensive the money managers have prevented monetization of the debt. However, the question now is whether or not what has been accomplished by the powers that be through the sharp decline in prices of long Governments has not been done at too high a price.

Liquidity Desire Favors Short-Terms

The near-term obligations continue to be in demand and there are no indications that this condition is going to change. The liquidity preference is so strong that most buyers of Government issues are interested only in the shortest and most liquid securities. There is considerable competition for these issues, especially among the big buyers, banks and corporations, even though this has not resulted yet in the yield declining in any important way. If, on the other hand, the liquidity preference should get any stronger this could, however, have an influence upon the yields of the nearest-term issues.

The intermediate-term obligations have found only a very modest amount of buyers, although on the other hand there have not been reports of important selling. It seems to be a policy of let's sit and see what develops in these issues.

E. Addison Rennolds

E. Addison Rennolds, limited partner in Branch & Co., Richmond, Va., passed away March 22.

A. P. Vesce & Co.

Anthony P. Vesce and William L. Vesce, members of the New York Stock Exchange, will form Anthony P. Vesce & Co. with offices at 25 Broad Street, New York City, effective April 3. Anthony P. Vesce has been active as an individual floor broker for many years.

J. F. Johns Opens

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—John F. Johns has opened offices at 9155 Sunset Boulevard to engage in a securities business.

With Waddell & Reed

(Special to THE FINANCIAL CHRONICLE)

LINCOLN, Neb. — John A. Warning has become affiliated with Waddell & Reed, Inc., Barclay Building.

With L. F. Rothschild

L. F. Rothschild & Co., members of the New York Stock Exchange, announce that Alfred Benjamin has joined the firm as co-manager of its Savoy Plaza office, New York City. He was a partner of Spencer B. Koch & Co., which has been dissolved.

Joins Homer Hess

(Special to THE FINANCIAL CHRONICLE)

WOOSTER, Ohio. — Robert R. Woods is now affiliated with Homer I. Hess, 212 Kurtz Street.

Walter Mooney With Goodbody & Co.

CHICAGO, Ill.—Walter A. Mooney, formerly a partner in Faroll & Company, has joined Goodbody & Co. as Manager of the commodity department in the Chicago office, 1 North La Salle Street. Prior to his association with Faroll, Mr. Mooney was with Lamson Bros. & Co.

Mr. Mooney is Past Commander of the Board of Trade Post of the American Legion.

Lillis Director

Donald C. Lillis, a partner in the investment banking firm of Bear, Stearns & Co., has been elected Chairman of the Board of National Can Corp.

With First Boston Corp.

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—John W. Stewart has become associated with the First Boston Corporation, 231 South La Salle Street. Mr. Stewart was formerly with the Colonial Trust Company of New York and prior thereto with the Chicago office of C. J. Devine & Co. for many years.

With E. E. Mathews Co.

(Special to THE FINANCIAL CHRONICLE)

WELLESLEY, Mass.—Arthur K. Wells has been added to the staff of Edward E. Mathews Co., 45 Kingsbury Street.

Carr & Company Adds

(Special to THE FINANCIAL CHRONICLE)

DETROIT, Mich.—Robert R. Simmons, Jr. is now with Carr & Company, Penobscot Building, members of the Detroit Stock Exchange.

Joins Income Funds

(Special to THE FINANCIAL CHRONICLE)

NEW HAVEN, Conn. — David Sommer has become affiliated with Income Funds, 152 Temple Street.

With Granbery, Marache

(Special to THE FINANCIAL CHRONICLE)

MIAMI BEACH, Fla.—Robert B. Cumming has become affiliated with Granbery, Marache & Co.

Joins Slayton & Co.

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo.—Otto C. Reiter and John P. Waller have been added to the staff of Slayton & Company, Inc., 408 Olive Street.

Two With G. H. Walker

(Special to THE FINANCIAL CHRONICLE)

HARTFORD, Conn. — Herbert W. Huber and Russell H. Potter have become associated with G. H. Walker & Co., 111 Pearl Street.

Mutual Funds

By ROBERT R. RICH

DISTRIBUTORS Group, which has been emphasizing Group Securities' Tobacco Shares for the past nine months, gives its opinion that "expectations of dividend increases by leading cigarette makers in the near future are hardly warranted. Possibly current rates of 'extras' may be incorporated into 'regular' declarations but total distributions, we feel, are likely to remain at present levels for some time. The degree of assurance of their maintenance is, of course, very greatly increased and this alone should be sufficient to justify higher investment ratings and prices.

"It would seem probable that institutional buyers of common stocks, leaning as they do to conservative types with good defensive quality plus generous income, might well absorb a considerable volume of the tobacco stocks." Pointing out that while cigarette manufacture reached a new high in 1952 of 435.5 billions, up 4% over 1951 and 11% over 1950, exports of raw tobacco were quite seriously reduced, especially of the types used in cigarette manufacture. This is a development, Distributors Group states, which appears to favor domestic users in that it may foreshadow lower raw material costs."

In the field of electronics, in which Group Securities Electrical Equipment shares has a strong representation, the common stocks currently held by the Fund are said to represent "about an even balance between the heavy equipment makers (themselves important in electronics) and 'pure' electronic companies. The companies identified almost exclusively with television and household appliances currently represent relatively small holdings."

Due to the overlapping of these companies' activities in this broad field, and the secrecy required by the Government, the publication reports that only the participation of each company in 11 "basic areas" of electronic operations can be given. It lists these as: (1) broadcasting equipment; (2) TV and radio sets; (3) three-dimensional pictures; (4) radar; (5) guided missiles; (6) major research; (7) communications; (8) micro-wave; (9) vacuum tubes; (10) computors and robots; and (11) atomic research.

General Electric's operations are reported as embracing eight of these basic areas, RCA seven, Westinghouse six, Bendix five, DuMont four, and CBS, Philco and Sylvania each three. The type of activity in which each of the others is engaged is also shown. "It appears that very little could develop in this industry," the publication states, "without the companies held in this Fund inventing it or participating fully in it."

ELECTION of Robert W. Purcell of New York and Cleveland as President of Investors Diversified Services, Inc., parent company of America's largest investment company group, was announced today by Earl E. Crabb, Chairman. Mr. Crabb, who is more than four years over the company's retirement age, is relinquishing the presidency but will continue as Chairman. Mr. Purcell, who is currently Vice-Chairman and General Counsel of both Alleghany Corp. and Chesapeake and Ohio Ry. Co., will assume the presidency of the nationwide investment company immediately and make his headquarters in the company's home office in Minneapolis. He is resigning his present offices and will devote his undivided attention to his new position.

Robert W. Purcell

Mr. Crabb has been an officer of Investors Diversified Services Inc. and its subsidiary and affiliated investment companies for the past 27 years. Under his administration total assets under management of I. D. S., which was organized in 1894, have grown from $12,500,000 to more than $1,200,000,000.

Under his management, the company, in 1940, sponsored the organization of Investors Mutual, Inc., and later Investors Stock Fund, Inc. and Investors Selective Fund, Inc. For these funds, I. D. S. by contract, acts as the distributor and investment manager. Through a wholly-owned subsidiary it also acts in similar capacity for Investors Mutual Ltd. of Canada. The total net assets of these four mutual fund affiliates are currently in excess of $550 million. Investors Diversified Services and its subsidiaries, Investors Syndicate Title and Guaranty Co., of New York, with their affiliates are now the largest single integrated group under one management in the investment company field and the sixth largest American company in the mortgage lending field.

Alleghany Corporation purchased control of I. D. S. in 1949 and Purcell joined the latter board of directors at that time. He is a director and Chairman of the I. D. S.-affiliated mutual fund companies and also a director of the wholly-owned subsidaries.

Purcell is a native of Watertown, N. Y., and a graduate of Cornell University where he serves on the Advisory Board. Before joining the Legal Department of C&O Ry. Co. in Cleveland, Ohio in 1943, he was associated with the New York law firm of White and Case.

KEYSTONE Custodian Fund "K1" — a portfolio of 73 preferred stocks selected primarily for income—showed a 4% gain in asset value per share, to $17.88 from $17.18, in the 12 months ended Feb. 28, 1953. From the June 1949 low of $14.25, adjusted for a seven cent per share payment from realized security profits in August 1951, the longer term gain for the Fund has been 26%. During the same longer period, income preferreds as a class have shown a gain of 22%; and a well-known index of high-grade preferred stocks, although not directly comparable, showed a 5.7% decline.

Total assets in the K1 Fund of $37,534,668 (compared with $33,885,993 a year earlier) were owned by more than 20,000 shareholders through their holdings of some 2,100,000 shares. A regular distribution of 44 cents per share from net investment income was paid in the first six months of fiscal 1953. The four preceding semi-annual payments from this source were at the rate of 43 cents per share.

Portfolio changes in the six months' period covered by the current report to shareholders were designed to increase the dependability of income from the K1 Fund, with the accent on companies with long records of continuous dividend payments. The convertible preferreds owned by the Fund accounted for 22% of the total assets compared with 28% a year earlier and with 26% six months earlier. Lists of the issues added to, and eliminated from, the primary list for investment since Aug. 31, 1952 follow.

These are some of the facts and figures included in Keystone Custodian Fund K1's Semi-Annual Report and dividend letter to K1 shareholders for the fiscal period ended Feb. 28, 1953. This large organization now acts as trustee and supervisor for more than $227,000,000 of assets owned by more than 47,000 investors in the 10 Keystone Funds.

Portfolio Changes

Aug. 31, 1952 to Feb. 28, 1953

ADDITIONS

American Investment Co. of Ill. 5¼% prior preferred.

Grand Union Co. 4½% cum. pfd.

Kaiser Steel Corp. $1.46 cum. pfd.

Liquid Carbonic Corp. 3½% cumulative convertible preferred.

Rheem Manufacturing Co. 4½% cumulative convertible preferred.

Spencer Chemical Co. 4.50% cumulative convertible 2nd preferred.

Texas Eastern Transmission Corp. $5.50 1st preferred.

ELIMINATIONS

Atch., Top. & Santa Fe Ry. Co. 5% non-cumulative preferred.

Gair (Robert) Co., Inc. 6% cumul. pfd.

Kelsey-Hayes Wheel Co. $1.50 cumulative participating convertible "A."

Omnibus Corp. 8% cum. conv. pfd.

Philadelphia Co. 6% cumulative pfd.

Seaboard Airline RR. Co. 5% non-cumulative convertible preferred "A."

HUGH H. FOSS will join the National Securities & Research Corp. as Assistant Vice-President on April 6, 1953, Henry J. Simonson, Jr., President, announced today.

Mr. Foss has been with Lennen and Mitchell, Inc., and Lennen and Newell, Inc., New York City, as Account Executive for The Dorothy Gray Ltd., Tide Water Associated Oil Co. and Swedish-American Line accounts. He will make his headquarters at the home office, 120 Broadway, New York City.

WILLIAM J. DACEY has joined the investment management staff of National Securities & Research Corporation, sponsors and managers of a group of mutual investment funds, according to an announcement made today by Henry J. Simonson, Jr., President. Mr. Dacey will be a Research Executive in the Industrial Division.

William J. Dacey

From 1929, except for three years (1942-1945) spent as a commissioned officer in the U. S. Navy, Mr. Dacey was continuously employed by Hornblower & Weeks (Boston and Detroit) until 1951 at which time he joined the investment management firm in Preston, Moss & Co., Boston.

Mr. Dacey was educated at Boston College where he received his B. A. and is a member of the Boston Society of Security Analysts and the American Economic Association.

AT THE ANNUAL Meeting of shareholders of the Loomis-Sayles Mutual Fund, 75.5% of the shares eligible to vote were represented in person or by proxy.

Directors of the Fund at a following meeting declared a quarterly dividend of 25 cents per share payable April 15 to stock of record April 1.

Fund assets amounted to $31,039,000 at the time of the dividend declaration. This compares with assets of $24,891,000 on May 1, 1952, the effective date of the merger of the two Loomis-Sayles Funds.

Outstanding shares increased from 668,759 shares on May 1, 1952, to 809,209 shares currently. There are now 5,500 shareholders in the Fund, an increase of 900 since the merger 11 months ago. Shareholders are located in all of the 48 states.

The Fund is now registered, and its Cumulative Purchase and Dividend Reinvestment Plan available, in the following states: California, Connecticut, Delaware, Dist. of Columbia, Florida, Maine, Maryland, Massachusetts, Michigan, Nevada, New Jersey, New York, Pennsylvania, Rhode Island, Vermont, Virginia.

THE LATEST of the crop of magazine articles on Canada is Darrell Berrigan's series of three articles in the "Saturday Evening Post," "What's Going On in Canada?". Calvin Bullock, which promptly alerted Canadian Fund dealers and salesmen to this most recent discussion of Canada's outlook, points out that since last summer 14 national publications have featured articles on the attractive Canadian outlook.

CLOSED-END REPORTS

IN A LETTER accompanying the current dividend, shareholders of Carriers & General Corp. were told that common stocks make up approximately 89% of net assets, compared with 87.3% at the year end. Holdings in public utility and chemical stocks have been increased as holdings of petroleum shares were reduced.

Directors have given management authorization for the purchase of shares of the corporation, though up to now no such purchases have been made. Net asset value per share on March 16, 1953 was $16.80, after deducting for current quarterly dividend.

Investments of this closed-end trust and four open-end trusts, all supervised by Calvin Bullock, now have a market value in excess of $235 million.

INCREASES IN NET INCOME, total net assets and net asset value per share, together with the payment by the company of an extra dividend, featured operations of The United Corporation during 1952, according to the annual report issued for publication by Wm. M. Hickey, President.

Net income for the year was $3,914,926 or 27.8c per share, of which $651,927 or 4.6c a share represented profit on the sale last July of all of the company's holdings of South Jersey Gas Company common stock. Mr. Hickey said that United realized a total net profit of $1,704,591, based on 1938 restated values, on the sale of the South Jersey Gas shares of which $1,052,664 was credited to capital surplus and $651,927 to net income. For 1951, when the compnay had no similar profit, net income was $3,142,448, equal to 22c per share.

Net assets on Dec. 31, 1952, based on indicated market values, were $72,811,001 or $5.17 a share compared with $67,102,611 or $4.77 a share a year earlier.

Dividends of 25c a share, comprising two regular payments of 10c each and an extra payment of 5c, were paid in 1952; in the preceding year 20c a share was paid. After payment of dividends aggregating $3,518,035, the balance of 1952 net income, $396,891, was added to earned surplus.

General expenses in 1952 were less than 10% above 1951 despite rising costs. However, Federal income, New York City and New York State taxes increased approximately 26% in the aggregate. Federal income taxes were $270,000 against $240,000 for 1951; taxes payable to New York City and New York State increased by about $44,000. The gross receipts tax levied by New York City was doubled in 1952 from 2/5ths of 1% to 4/5ths of 1%. This tax, Mr. Hickey said "has now become excessively burdensome to the company." Therefore, he stated, executive offices of United are being moved from New York City to New Rochelle, N. Y., effective May 1, next.

The South Jersey Gas shares were sold as a step to comply with the Public Utility Holding Company Act under the "Final Plan" for United approved by the Securities and Exchange Commission in 1951. The only remaining sales required under the Plan are those necessary to reduce the company's holdings of Niagara Mohawk Power Corporation common stock to 4.9% voting shares. United now holds only 8.7% of Niagara Mohawk voting stock compared with 14.1% three years ago. This material reduction, Mr. Hickey said, has resulted partly from gradual disposal by United of a portion of its Niagara Mohawk holdings and partly from an increase in outstanding Niagara Mohawk common shares by Niagara Mohawk itself.

Securities Salesman's Corner

By JOHN DUTTON

Confidence Is the Basis of All Successful Salesmanship

Sometimes we are liable to forget the importance of building a solid foundation of "confidence" when we go out to solicit another man's security business. We think about the fine points of selling, of the right approach, of knowing our merchandise, of closing the sale, and in reality none of these things amount to much unless we first gain the "confidence" of our prospective client.

I had this brought to my attention several weeks ago when I was forced to seek a new dentist after many years of going to the same man who was no longer available to me. I made inquiries from several friends and finally took the recommendation of one of them. I made my appointment over the telephone and called at the appointed time. There was a frayed sofa in the office—it was a little thing but that is when my **first** doubts crept in. I waited a while and there was an opportunity to read. I reached for a magazine and I could not find anything that was of a current issue—mostly back numbers and well-thumbed at that.

Finally I was ushered into the dentist's office. A receptionist met me and took down the usual information on a card. The desk she used was cluttered and she was not too neat in her appearance. By this time I was beginning to think "I wonder about this fellow." Then I met the dentist. He sat me in the chair and he started to probe around. As he probed he talked. I fact he began to tell me about some things that had happened to him regarding his health, and his affairs, that were of no earthly interest to me at all. Then he started on the X-rays. As he worked, his fingers felt like thumbs in my mouth. By this time I was becoming impatient. Compared with my former dentist, his work was haltingly and hesitatingly done. It took him almost an hour to do what should have consumed a half hour, sans talk, sans fumbling, etc. He made an appointment for me for several days later.

I kept the second appointment. I decided that possibly my friend was right. I called him and told him of my experience. He said he knew what I meant but this man was careful and that he was conscientious. So back I went the second time. When I sat down in the chair I knew I was in the wrong place. He started to dig on a front tooth and every blow he made with his pick and his drill felt like he was hitting me with a sledgehammer. Finally he said, "You'll have to come back again; I just won't have time to finish you up." When I left his office I knew he wouldn't see me again.

I went to another man. This experience was just the opposite of what happened with the first dentist. There was a modern office, a waiting room that was neat, two efficient nurses, several patients waiting and a man who knew his business. I realized this from the way he worked and the way his office operated. My confidence was re-established. He made a check-up of what I needed, he didn't try to talk my arm off while I sat in the chair, and I am sure that he put fingers and instruments in my mouth instead of his thumbs. As a result I have already sent him a patient and my entire family have gone to him.

Dentistry, medical attention and such important relationships between the doctor and the patient are very much like the investment business in this respect. Next to your health your money is your most important asset. Remembering this can be a great help to any security salesman when he goes out to create goodwill and confidence. Without these two essentials progress is limited. No man can build an investment clientele without them.

Robert J. Henderson

Robert J. Henderson passed away at the age of 69 after a long illness. A former newspaper man, Mr. Henderson was associated with Frederic H. Hatch & Co. of New York City until his retirement in 1937.

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As We See It

course which we have no reason to believe that it does. The time without any question will come, and come before this year is out, when the Eisenhower regime will be assessed against performance.

Complex Difficulties

It is encountering difficulties, difficulties even greater, it may well be, than it had expected. Some of these obstacles are of a sort that the overwhelmingly businessmen staff of the President are well suited to overcome. Others are the kind which takes a different sort of background and ability. Somehow the Administration must manage to develop and use a combination of abilities and capacities which certainly are not ordinarily found either in business or in government alone. We think the President seems to understand this fact and to be on the way toward doing what is necessary in dealing with it, although, of course, time and time only will tell a definitive tale.

Meanwhile, it hardly behooves those who are responsible for the acts and policies of the Democratic party in recent years to chortle at the Administration's difficulties and problems of this moment. These burdens are real enough, but for the most part they wear Democratic tags. If President Eisenhower is finding it difficult to accomplish what he had planned to do, the fault in very substantial part is that of those very elements in the Democratic party who now seem upon occasion to get a good deal of delight from the predicament (if that is what it is) in which the Administration now finds itself.

Illustrations of this fact abound. One of the key proposals of the Eisenhower campaign was that public expenditures should be reduced sharply at the very earliest moment, and that the burden of taxation should be lightened with dispatch. Now, as all those familiar with the situation well knew, the Roosevelt and Truman regimes had not only enormously enlarged Federal spending, but had managed in one way or another to commit the Federal Government to very large outlays for years to come. This latter they had done by outright commitment of the Treasury, and also by getting extended operations under way which have to be brought to completion if total losses or something closely approaching total loss of expenditures already made are to be avoided. Obviously, the Administration is finding it difficult to make quick and dramatic headway against such a situation as this. No reasonable man expects or demands any "sixty-day miracles."

The Debt Problem

Another kind of difficulty originating with bad management on the part of previous Administrations is being encountered by those who would get our national debt into more manageable and more sensible form. For years, even decades, it was the regular practice of Washington regimes to rig the governments market so that the obligations of the Treasury could be placed at prices which had almost no relation to investment funds naturally and normally arising out of the everyday operations of the economy.

Now not only does it require courage to take courses of action which would put this market on a solid footing, but a good deal of technical skill and management are called for. A long continued decline in the price of the obligations of the Federal Government could, of course, be used by unprincipled politicians to injure the Administration, and equally to the point, there are many institutions, including banks and insurance companies, which have large amounts of these securities in their portfolios upon which they might be called upon to take losses. We are confident that such obstacles will not halt the Administration permanently, but it hardly behooves the Democrats to criticize lack of speed in solving these problems.

The Administration has problems aplenty, some of its own making, but its worst troubles arise out of the shortcomings of previous regimes.

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Foreign Exchange Problems

"Welfare States" and their domestic economic policies which promoted full employment and high purchasing power through subsidies, free services, low interest rates, deficit financing, and other inflationary measures.

For example, the problem of cheap Sterling arose primarily because of the inflationary internal policies of the U. K. Labor Government and certain countries of the British Commonwealth. Domestic consumers' demands, increased by inflation, resulted in heavy import deficits of the Sterling Area with the Continent. The measure of this was the U. K.'s deficit in the European Payments Union, at one time over a billion dollars. Continental holders of Sterling credited them in payment of their exports and, unable to purchase what they wanted in the Commonwealth, were happy to sell their Sterling at a discount for use by importers of Sterling Area commodities who could pay in Dollars. Thus arose the complexity of third country commodity switching.

Likewise, the postwar shibboleth of fixed exchange rates, desirable as they may be in many cases, elsewhere certainly seems to have increased rather than simplified exchange problems of foreign traders. For example, as inflationary conditions in Brazil forced internal prices up, the official exchange rate became increasingly artificial. Since Cruzeiros obtained by conversion of dollars at the official rate did not meet export costs, some other way had to be found to obtain a realistic exchange rate. Thus Brazilian exporters on a wide scale resorted to under-invoicing, understating qualities or quantities, and similar practices in order to obtain dollars in the United States which could be sold in the black market at rates substantially higher than the official rate. The examples given are also pertinent to today's changing trends in economic policies and exchange practices.

Current Exchange Trends

There are, I believe, two conflicting economic pressures working on exchange rates today, the first constructive, the second disrupting. From the constructive side, which currently appears to be the stronger force, there are indications that sound internal economic policies, essential to healthy exchange conditions, are gradually spreading from one country to another. In England such policies are accompanying the return of the Conservative government. In key countries of the Sterling Area, a change of policies is being forced by the inflationary excesses of previous years. In Germany, sound domestic policies continue to "harden" the D-Mark. In Brazil, there seems to be a slow retreat from inflationary philosophies, and even in the Argentine we see Peron, after the economic fiascos of past years, once more recognizing the importance of a sound agricultural economy. These factors are all encouraging and if they continue will result in a considerable decrease in exchange problems.

Accompanying these constructive tendencies are also indications there may be less emphasis on fixed exchange rates and more of a tendency to let natural economic factors govern the exchanges. Outstanding in this respect has been the freeing of the Canadian Dollar, but one should also mention the recent free market in Cruzeiros. In addition, in conjunction with plans for the convertibility of Sterling, one of the objectives of the U. K. is apparently to allow greater freedom of movement in the Sterling exchange rate. In short, there are some significant indications that the free world is gradually leaving behind an era of domestic inflations and artificially fixed exchange rates in favor of the older economic regulators of supply and demand, fluctuating interest rates, and fluctuating exchanges.

Unfortunately, at the same time there may be some rather ominous deflationary clouds on the horizon. Some commodity prices have been dropping badly and there is apprehension that this is more than the normal reaction to the Korean price boom. In addition, many economists foresee an inevitable, even though temporary, contraction in U. S. industrial activity, which means a decrease in our purchases abroad. To a world where U. S. imports are 500% of prewar days, any indication of a faltering in our domestic economy can be serious, and would lead to greater rather than lesser exchange difficulties. These are the conflicting trends to watch. With this background in mind, let us turn to specific exchange questions.

Factors Influencing the Canadian Dollar Rate

There are many aspects of United States-Canadian relationships which one can take for granted, but this does not include Canadian Exchange. Since the outbreak of the last war there have been several changes in the official rate amounting in effect to 10% each time, and during the same period we have seen an extreme range between the bottom of the unofficial rate and the top of the free market of some 22% discount to over 4% premium. When we reflect that Canada is by a substantial margin our single largest export market, I believe it logical that the Canadian Exchange outlook come first in our thoughts.

In trying to assess the outlook for Canadian Dollars, it is helpful to review certain aspects of the Canadian economy. First is the fact that Canada is experiencing an unparalleled boom. In 1951, its rate of investment of some 22% of the national product was probably the highest of any Western country. Canadian booms often parallel ours, as they did in the twenties and as at the present time, and in the past they have frequently faded when ours have. It is a characteristic of booms that no matter how solidly based or how conservatively conducted (and the situation in Canada reflects both of these characteristics) they deflate in due course, if nothing worse.

A second fact to remember is that Canada is one of the largest trading nations in the world, ranking, I believe, fourth. Relative to its population, it is first. In 1951 exports and imports amounted to ca $571 per person, as compared, for example, with $369 per person in the United Kingdom and $168 in this country. Given such a dependence on foreign trade, anything that interferes with a high level of Canadian exports can immediately influence the Canadian Exchange.

Analysis of Canadian Exports

Canada is primarily an exporter of agricultural, and raw and semi-processed raw materials. For example, in 1951 almost 50% of her total exports were wood, wood products and paper, and something over an additional 10% each were agricultural products, animal products and non-ferrous metals and products. One can make two general statements about this type of export. First, in a world which over the long-term is growing short of raw materials and foods, and where the prices of these are tending gradually higher in terms of manufactured goods, such exports have very healthy long-term characteristics. Second, and of perhaps more interest from an exchange viewpoint, they are rather vulnerable in the short-term, both in price and demand, to any slump in the importing countries. This raises the question: where are Canada's markets, and how vulnerable are they to a business recession?

About three-quarters of all of Canada's exports go to the United States and the United Kingdom, with the importance of the U. S. steadily increasing and that of the U. K. steadily decreasing. For example, in 1951, some 60% of all Canada's receipts on current account were from the United States, and some 70% of payments were made to the United States. Canada has been called a "one-customer" exporter and this description is the more true, because any recession in the United States (as in 1949) is immediately reflected in a drop in imports from the Sterling Area and in the U. K. dollar reserves. As a result, the U. K. will cut down its purchases from Canada—the hardest "hard currency" country of all—almost before the slump has resulted in cutting down of American purchases from Canada.

Canadian Trade Characteristics

Canada is primarily an importer of manufactured goods (although she also brings in moderate amounts of foodstuffs, coal, cotton and oil, etc.). One of the interesting exchange characteristics of countries which are primarily exporters of raw materials and importers of manufactured goods seems to be that whereas in a slump their exports drop precipitously, it is much more difficult to cut down on imports, both administratively and politically. And a lag between these two will be reflected in pressure on the exchange rate.

There is another vital angle to Canada's dollar position and that is the question of capital inflow. At the end of 1951, approximately $7.2 billion of a total nonresident investment in Canada of $9.4 billion was held in the United States, or over 77%, and practically all of the inflow of the last few years comes from the United States (although some of this for foreign account). You will recollect that 1951 was a bad year for most of the raw material producing countries. As a result of the Korean War, they bought heavily for inventory in anticipation of a shortage of goods, then the prices of many raw materials reacted sharply and these countries were caught with falling exports and heavy import commitments. This caused the crisis in Sterling, which reached its peak just before the British elections in the autumn of 1951. At that time, Forward Sterling went to a heavy discount and there was fear of further devaluation. In South America, inventories backed up and collections were slow. It would have been logical for Canada to have the same difficulties, and in that year she actually had a deficit for goods and services of over half a billion dollars, the highest in her history.

Offsetting Capital Movements 1951-1952

Under the circumstances, one would have expected the Canadian dollar to have been under considerable pressure, but in December it was at a discount of only 2%, and early in 1952 it went to a premium. This was the result of an inflow in capital from the U.S. considerably in excess of the deficit in current account. On the other hand, in 1952, although final figures are not yet available, the process seems to have been reversed. Partly due to particularly favorable terms of trade, Canada had an actual surplus on current account, even after substantial interest payments to this country, but there was a moderate net capital outflow which eased the upward pressure on the Canadian dollar. This capital outflow was no doubt contributed to by the premium on Canadian dollars, inducing U. S. holders of Canadian securities bought when the Canadian dollar was at a discount to take profits. It is an interesting example of the self-regulatory effect of a fluctuating exchange rate on balance of payments.

In the last two years, therefore, we have had on the one hand a capital inflow pushing up the rate when the trade deficit would have depressed it, and on the other hand, holding or even depressing it at a time when the trade surplus might have pushed it up. However, in the event of anything more than a very minor business downturn in this country, one might well see so-called "commodity account" transactions and "capital account" transactions both unfavorable, at which time Canadian exchange would be once more under pressure. Whether we are heading into such a situation in this country, I will leave to the economic experts to decide. There are important other aspects of the balance of payments picture not discussed here, and I would suggest that some study of Canada's payments position would be rewarding for those interested in the future of the Canadian dollar.[1]

The Price of Gold

With growing intensity during the past several months, rumors have been circulating about the possibility of an increase in the U. S. price of gold. There have been flurries in gold stocks, and a good deal of gold has been transferred to foreign account. Although the latter losses are due largely to normal balance of payments causes, some transfers of dollars to gold may be the result of these rumors. Such reports, which recur from time to time with almost cyclical regularity, are tied in at present with the recent visit of Messrs. Butler and Eden and a realization that the British Commonwealth would welcome an increase in the price of gold as an aid to its convertibility objectives.

First, here are a few background statistics: Official world holdings of gold (excluding iron curtain countries) are about $36 billion, of which the U. S. holds roughly $23 billion. In other words, there are about $13 billion in the gold reserves of the free world (including some $2 billion in international institutions). In thinking of the possible impact on monetary reserves of a change in the price of gold, it is of significance to keep this $13 billion figure in mind. The U. K., as banker for the Sterling Area, has gold and dollar reserves of some $2 billion—which for simplicity's sake in computation, we might calculate as all in gold (as they probably would be if the price of gold were to move up). There may be an additional $11 billion of hoarded gold in the world of which perhaps a billion and a half is of French ownership. Russian gold reserves are unknown but probably substantial, as Russia is considered to rank only third to South Africa and Canada in gold production.

Gold production runs roughly at $800 million a year, of which approximately half comes from the Union of South Africa, another $150 million from Canada and about $66 million from the United States, the three countries together accounting for over three-quarters of world production outside Russia.

1 See "The Canadian Balance of International Payments and Foreign Capital Invested in Canada," published annually in the late spring by the Dominion Bureau of Statistics. Also, "Fortune," August, 1952 and "The Economist," February 7 and 21, 1953.

Estimated Benefit of Price Increase

The arguments for an increase in the price of gold include the fact that commodities have doubled in price while gold has stood still, and that gold production throughout the world is gradually becoming stifled. Actually, mine production is down about one-third since 1941. However, the argument of current significance lies in the contribution of an increase in the price of gold to Sterling convertibility and the general problem of the dollar gap. A price increase would make such a contribution, but it might not be as substantial as is frequently believed. For example, Mr. M. A. Kriz, a recognized authority on this subject, in a study published in July, 1952 (as reported in the New York "Times"), after a series of statistical adjustments and arbitrary suppositions on such matters as the effect of an increase in gold price on output, made the following estimates: If gold were raised from $35 to $44 an ounce, there would be added $625 million to annual output outside the United States and Russia, of which the Sterling Area would get about $375 million. Also, the increase in the value of monetary stocks of gold (outside the U.S. and Russia) would be about $3 billion.

A rough estimate on another basis, made in a recent edition of "The Banker" (London) was to the effect that if the price of gold were increased by 50% (as compared with Mr. Kriz's approximately 25%), and with current Sterling Area gold production running at about $500 million a year, at least $200 million additional would find its way to increase hard currency earnings. This allowed for the continuation of significant amounts of production going to premium gold sales. However, it is of interest to note that some 80% of this annual increase would accrue to the Union of South Africa, which is not a member of the central pool of Sterling reserves and which is a particularly independent-minded member of the Commonwealth at the present time. South African gold reaches U. K. reserves primarily through excess of Commonwealth exports to South Africa, thus the U. K. particularly would have to work hard for any benefit received. Even allowing for a substantial difference between the two estimates above, it is clear that the increased annual dollar income would be relatively moderate; on the other hand, there would be a substantial one-time windfall to certain countries of say (for a 50% price increase) $6½ billion, or roughly one year's appropriation for foreign aid. However, an important share would go to Belgium, Netherlands, Switzerland and other countries that either never have received U. S. aid or no longer require it.

Negative Arguments

Against this argument for an increase in the price of gold are arrayed in this country some serious arguments and some equally stubborn prejudices. Among the former are that it would encourage a form of production which the world does not need, and divert vital capital resources from the defense effort. Likewise, it would be of selective benefit to special countries, such as Russia, which we do not wish to benefit, and it would stimulate inflation in the United States and undermine confidence in the dollar. Without going into the merits of these arguments, it appears that many of them are economically and politically less effective in a deflationary period than at the present time, when the current U. S. Administration is making considerable efforts to restore the soundness of the U. S. dollar and induce less inflation in the country. While I do not mentally preclude a change in the U. S. price of gold at some future date under other circumstances, it seems questionable whether the Congress, where the ultimate authority lies, will vote it in the foreseeable future. Incidentally, the price of $20.67 per fine ounce for gold, which governed until 1934, was established in 1837—from which time some 97 years passed before a change was made!

Sterling Convertibility Possibilities

The background of the Sterling problem is well known. However, in a period of relative strength of the pound, it is well not to forget that the underlying weakness of Sterling is the result of fundamental trends, and that while these trends may be slowed down, or even give way to brief swings in the other direction, they are extremely difficult to reverse. In the last 20 years, we have seen Sterling at $4.86, at $4.02 and now at $2.80—and it is probable we will see it still lower in years to come. In fact, one of the more interesting aspects of the current discussion about convertibility seems to be the veiled admission that Sterling must in due course be further depreciated in order to maintain the competitive status of U. K. exports.

From the short-term viewpoint, it is apparent that the Commonwealth is making a good recovery from its third postwar currency crisis, and that Sterling is not only very much under control but even, at the time of writing, in short supply. The market is aware that the Bank of England in past weeks has supplied Sterling at the top of the 2.78-2.82 range. This situation is due to the firm steps taken by the Churchill Government to reduce internal inflation by monetary measures and to restrict imports severely. As a result, gold and dollar reserves have risen from the June, 1952 low of about $1.685 billion to over $2 billion, and the U. K. deficit in the European Payments Union has now been considerably reduced. In fact, so severe have been the U. K. import restrictions that British economists are now beginning to wonder whether it is not too high a price to pay for convertibility! There has also been pressure on the U. K. from Continental countries to reverse this restrictive policy and permit more goods to be imported. However, as long as the present policy lasts, the Sterling rate will remain under the control of the Bank of England, and any depreciation will come as a result of U. K. decisions and not from market pressures.

Past Misjudgment of Sterling

Incidentally, it is interesting to note how consistently the British situation has been misjudged at critical points since the war. The steps to permit convertibility in 1947 and to stop ECA aid to the U. K. in 1951 were certainly the result of an over-optimistic evaluation of the situation. On the other hand, the bearish attitude of the U. S. trading community during the early months of the Churchill regime, as evidenced by the forward discounts in effect at that time, were equally an underestimate of the determination and capacities of the Conservative Government. This should serve as a warning to forecasters!

The current convertibility campaign might be looked at from two viewpoints, that of the long-term measures agreed upon to be necessary to make a basic change in the Sterling position, and that of the actual steps currently in progress and the difficulty of further steps.

Sterling the Long Range Program

From a long-term viewpoint the Commonwealth Ministers apparently agreed on the necessity of such steps as those listed below. I say "apparently" because despite the widespread discussion of the program, there was never any official disclosure of the plan in toto. For convenience sake, I have listed the points under two groupings—those where the U. K. and Commonwealth action is to be paramount, and those where the primary action is to be taken by this country or international agencies:

U. K. and Commonwealth Action

(1) Continued holding down of internal inflation and, for as long as necessary, continued restriction of imports.

(2) A shift in U. K. industrial output from consumer goods to capital goods.

(3) A shift in Commonwealth industrial development from secondary (consumer) industries to development of raw material resources.

(4) Increased investment by the U. K. in Commonwealth projects of the raw material producing (or dollar saving) variety.

U. S. and/or International Agency Action

(1) Substantially stepped-up flow of investment in the Sterling countries of the Commonwealth.

(2) Increased purchases of raw materials by the U. S. (under which might also be included the desirability of a steady long-term purchasing program, as well as some program for stabilizing raw material prices).

(3) Decreased U. S. tariffs for U. K. goods. (And similar trade measures.)

(4) A stabilization fund to support convertibility.

(5) An increase in the U. S. price of gold (desired but apparently not pushed very strongly).

In connection with what I have called the "U. S. and/or International Agency" contribution to the long-term program, it is interesting to note that the Official Communique of the recent U. S.-British talks refers specifically to the four points on U. S. foreign help outlined by the President in his State of the Union message, namely:

(1) Revision of custom regulations and extension of Reciprocal Trade Agreements Act. (The latter not to ignore legitimate safeguards of domestic industries, agriculture and labor standards.)

(2) Encouragement of the flow of private investment abroad.

(3) Increase in Offshore Procurement.

(4) Receiving greater amounts of important raw materials "in equitable exchange for what we supply."

Probable U. S. Contribution

Thus it appears that the U. S. contribution will be pushed primarily in these spheres, less in decreased tariffs, and presumably not at all in an increase in the price of gold. We may expect therefore to see legislative proposals covering tax inducements to foreign investment, and one such bill, providing for accelerated amortization comparable to that given domestic defense projects, is already in the hopper. (Those interested in increased U. S. investments abroad should obtain a copy of Mr. Maffry's recent report to the State Department, which contains interesting and constructive recommendations.) On the offshore procurement side, two substantial contracts have recently been placed in the U. K., one for Centurion tanks and one for airplanes, and more such contracts will undoubtedly be placed in the near future.

With respect to the question of importing more raw materials, it is difficult to see what the U. S. Government can do directly unless the objectives of the current stockpiling program, which are reported to be almost 80% completed, are substantially revised. The question of stabilization of price and long-term purchasing commitments is a touchy one and has already run into a good deal of opposition in this country. As far as the Stabilization Fund is concerned, it would appear that this might be arranged with the International Monetary Fund at the proper time. Summing up the long-term program, while it is much too soon to judge its progress, there are certainly encouraging signs of action both here and in the U. K.

Current U. K. Steps to Convertibility

In the more immediate steps towards convertibility, the U. K. has been moving forward in a quiet but unadvertised way. Early in 1952, the spread in the sterling rate was widened and the London banks attained more freedom in exchange trading. There has been a substantial reopening of London commodity markets such as rubber, tea, coffee, lead, zinc and cocoa, with more to come. Recognized U. K. commodity dealers have, therefore, the necessary sterling convertibility to buy a commodity in one foreign market and sell it in another foreign market, though the liberalization of dollar commodities has lagged behind others. Recently it was announced that new investments of U. S. capital in the Commonwealth could be liquidated at any time and transferred into dollars together with profits on the investment. Finally, restrictive import policies have resulted in the drying up of the various types of Cheap Sterling and a firming of their rates. Less than a year ago such Sterlings were quoted around $2.45 as compared with approximately $2.70 at the present time. One of the earlier steps towards increased convertibility may well be action to further unify these nonresident types of Sterling and to increase the relative convertibility of the more restricted types.

While new developments in the U. K. program take place daily, there currently seems to be one difficult stumbling block—that of the relationship of Sterling convertibility to the European Payments Union and the Continental currencies. It originally appeared as though the U. K. intended to substitute its own convertibility plan for participation in the European Payments Union." This aroused such an outcry on the Continent that Mr. Dulles felt it desirable to indicate that the U. S. would not back any convertibility plans without prior consultation with European countries, which is the current step on the program. However, any scheme of convertibility which would include those Continental currencies still weak would obviously be more complex and go forward more slowly than Sterling convertibility alone. It seems, however, that one result of the British-U. S. talks has been for this country to impress on the U. K. Continental responsibilities in monetary matters as well as in the European Defense Community. Just how this problem will be resolved is not at all clear.

Sterling Rate Change?

As a practical matter, the immediate impact on U. S. exporters and importers of current account convertibility of the Pound is likely to be found in whatever steps may be taken with respect to the Sterling-Dollar rate, and it appears not improbable that the present limits of 2.78-2.82 will be widened in coming months. This would make it more desirable to hedge trading transactions with the Sterling Area by purchase or sale of Sterling futures. Aside from this, it is important to differentiate between convertibility and abolition of import licenses for dollar goods. While convertibility would undoubtedly bring with it some general freeing of export markets, any substantial reopening of markets not currently open to dollar imports would probaly be slow in coming.

"Cheap Currency" Transactions

Any discussion of Sterling leads to triangular transactions.[2] Such transactions concern imports (exports) through intermediary countries which for payment purposes appear as the countries of destination (origin). The transactions are simple in theory but complex in execution and with abnormal risk. U. S. banks play little or no role in them—but in a discussion on exchange problems one cannot ignore them. They are of two main types: Those in which the transaction involves payment in so-called "Cheap Sterling" (blocked, transferable, or bilateral Sterling), and those in which the foreign exchange is that of a clearing agreement. There are also many variations on these two types, although the fundamentals are similar. I will first describe one or two less complicated examples, postponing for the moment the question of prohibitive regulations.

Cheap Sterling Origin

Transactions in Cheap Sterling are the older variety of triangular transactions. After the war, exchange controls were continued by the U. K. to compensate for its loss of reserves, and the necessity of blocking Sterling balances owned abroad. The control system divides the world into five areas: "The Sterling Area," "American and Canadian Account Countries" (generally hard currency countries), "The Transferable Account Countries" (countries which historically showed no marked imbalance of trade with the U. K.) and "Bilateral Countries" (countries with which U. K. trade was generally not balanced). In addition, there is a small number of unclassified countries.[3] Restrictions limit use of Sterling acquired by traders in Transferable and Bilateral countries (which include most of Europe and most of South America) in their exports to the Sterling Area. As a result, there have developed offsetting import-export transactions which have the net effect of transferring Sterling at a discount to U. S. importers of Sterling commodities (or U. S. exporters), thus obtaining for these types of Sterling a form of convertibility. There are, incidentally, about 55 different kinds of Sterling traded in the New York market.

Import of Wool

As an example of an import transaction, let us assume the fictitious firm of "Joseph Noils," a U. S. wool importer with old line Indian suppliers, bought from a N. Y. brokerage house Italian Account transferable Sterling at $2.52 or 10% discount. (A rate not currently obtainable.) Simultaneously he gave his order to an Italian wool importer, who obtained an Italian Transit license and placed the order in India with Noils' regular supplier, bill of lading to show an Italian destination (to conform with Indian regulations). The Italian importer opened a letter of credit in Sterling in favor of the Indian exporter. The wool came forward to Italy and was then transshipped to the U. S. or perhaps even stayed aboard the original vessel, with a new bill of lading issued. Noils may have paid his Italian intermediary by letter of credit or clean payment, probably the latter. After transit costs, the wool was landed in the U. S. more cheaply than if purchased in dollars at the official rate, the actual degree of profit depending largely on the discount at which the Cheap Sterling was obtainable.

Imports of commodities from the Sterling Area were more feasible than exports to countries paying in Sterling, as the discount was in favor of the importer but against an exporter. However, where a country will not issue a license for dollar imports, but a license can be obtained for imports payable in Sterling, and where a higher selling price is no handicap, exports are also feasible, depending in each case on the requirements of the importing country.

Export of Tools

For an export example, let us assume the fictitious firm of "A. Sawyer & Co. (Hand Tools)" is informed by his Pakistan distributor that licenses can no longer be obtained for tool imports payable in dollars but can be obtained for tool imports paid for in Sterling to a Netherlands exporter. A. Sawyer & Co. then ships his tools to the Netherlands, where they are repacked by a Dutch intermediary, enabling a Dutch certificate of origin to be obtained, and are then re-exported to Pakistan. The Dutch intermediary sells the transferable Sterling to a dealer at a discount for dollars, with which he pays A. Sawyer & Co. (Actually, A. Sawyer might be paid by letter of credit issued by or for account of a Dutch Bank.)

Each intermediary country has its own regulations on transit transactions and covering the sale and acquisition of different types of Sterling; some transit country regulations are more lenient than others, and most change frequently. Sometimes the transit import from the U. S. must be matched immediately with a transit export to the U. S.; sometimes a transit country dealer takes the responsibility of finding an offsetting transaction, but pays the dollars immediately. The best known transit countries have probably been Italy and The Netherlands, although there are many others.

Clearing Currency Transactions

Triangular transactions in clearing currencies, as contrasted with those in Cheap Sterling, are of much more recent origin. They arise between the U. S. and those European and South American countries between which bi-lateral clearing arrangements exist. One country frequently over-imports from the other and an unpaid debit balance arises; the creditor country may then be willing to sell its clearing claim at a discount. Such a situation has existed recently between Brazil and Germany, and the Argentine and Sweden, Brazil and Argentina being currently debtor countries. The German claims on Brazil are expressed in "Brazilian Offset Dollars," from the fact that any Brazilian debit balance is payable in dollars, although Brazil has been in arrears to Germany as elsewhere. For example, a U. S. importer of Carnauba wax might arrange to buy Brazilian Offset Dollars at 10% discount. He would open a letter of credit in favor of a German importer who, with this in his possession, could obtain a transit license for the Carnauba wax and open his credit in Brazil. The Brazilian exporter would obtain a license to ship to Germany. The wax would be shipped to Antwerp, where some form of landing certificate would be made available to satisfy the requirements of the clearing, and then trans-shipped to the U. S. The German exporter might tie this transit export in with a dollar import transaction from the U. S. Other types of transactions, where no discount exists, are possible; such as exports through one European country to another. Each transaction is highly individualistic.

So much for the theory, without regard to prohibitive regulations. In practice, there are stumbling blocks, for in all Cheap Sterling transactions and in some clearing currency transactions, regulations

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[2] See article in the N. Y. Sunday "Times," Feb. 1, 1953, and the "Journal of Commerce," Feb. 2, 1953. Also, "The Economist" (London), March 29, 1952.

[3] The Midland Bank Limited (London) issues a descriptive chart showing the various country groupings and the direction of payments permitted without a license.

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Foreign Exchange Problems

directed against triangular traffic exist. I say "some clearing transactions" because in others both countries approve the transaction, the creditor country as a means of obtaining dollars and dollar imports, the debtor country as a means of clearing the debit and selling its products. However, the debtor country may limit strictly the kind of export permitted to be sold in this way. Regulations in countries of origin or destination vary in kind and in degree of enforcement; in addition, the regulations of transit countries vary considerably and are subject to frequent change.

Dangerous Aspects

For example, it was recently reported in the New York "Times" under a Netherlands date line that Argentina was prepared to repay her clearing obligations to Holland by shipments of grain, wool and hides, but "put pressure on the Dutch Government to abandon switch transactions against Argentine interests." Presumably there will now be a change in Dutch regulations concerning Argentine transit imports. More important, however, than the kind of restrictive regulation is the fact that since they usually exist, the rules of the game can be changed against the U. S. trader without warning, leaving him with an open exchange position or an incompleted shipment, and without recourse. He is thus forced to trade in an indefinable shadowland of regulations in which his transaction may vary from the completely legal to various shades of gray to black, with the status of any specific transaction frequently difficult to determine. The passing of goods through a third country with its own transit regulations in itself increases the complexity of the transaction, and the extra time in transit increases the market exposure.

For example, "Joseph Noils," our fictitious wool dealer, in importing Indian wool via Italy, finds shipment delayed in Genoa by a port strike and his goods arrive too late to be available for his sales contract. Also, he finds the wool to be of inferior quality, but the time limit for claims has expired. Perhaps, also, the Indian exporter refuses to recognize a U. S. test when his sale was to Italy! Or "A. Sawyer," our fictitious exporter, shipping hand tools to Pakistan via The Netherlands, finds he cannot comply with the requirements for a certificate of origin from Holland. So he sends the documents forward with a certified statement of origin and value by the Dutch intermediary. Let us assume such a statement has been acceptable in the past by the Pakistan authorities, but as a result of recent pressure from the U. K. they have tightened up their regulations and refuse it.

Continental Intermediary

The above examples are inexact, but they do convey, I hope, an idea of the hazards. The latter are increased by the fact that since two financing costs would normally be involved, the difference between profit and loss may rest in making clean payments somewhere along the line. Finally, while many intermediary firms on the Continent are responsible, there are also many with small financial backing and opportunistic in their operations. Generally, such intermediaries must be established importers or exporters of the goods or commodities at issue, otherwise transit licenses will not be granted. On the other hand, small Continental financing firms engage in these transactions primarily for the exchange profit involved (since exchange can only be dealt in through commodity transactions) but care little about the quality of the goods or commodities.

Despite abnormal commercial hazards and prohibitive regulations, substantial Sterling Area and less South American commodities have been imported into the U. S. in this way in past years, and a smaller amount of goods exported. At the present time, imports via the older form of triangular transaction in Cheap Sterling are hardly feasible as economic policies of the U. K. have succeeded in almost closing the discount of "Cheap Sterling" against the official rate. On the other hand, a smaller discount works in favor of the exporter, although in the Sterling transactions his task constantly becomes more difficult because of the closing up of regulatory loopholes.

As a practical matter, an exporter wishing to export to a soft currency country not currently accessible because of inability to obtain dollar payments, should contact his agent there and ascertain for what countries import licenses are obtainable for his category of products, and what documentary evidence is required. It is of particular interest to ascertain whether U. S. exports payable in a soft currency are acceptable, and/or whether a certificate of origin of the transit country is required. With this information, the exporter can inquire through a dealer in these exchanges whether transit transactions with the countries named are currently feasible, and obtain information about the transit cost. At the same time, he can ascertain whether the transaction is completely acceptable to the country of import or whether some form of restrictive regulations exist.

"Caveat Emptor"

At the moment, transactions in clearing currencies are reported to be more active than in Cheap Sterling, but I doubt very much whether current volume in both is anywhere near what the volume of Cheap Sterling transactions alone was a year ago. However, the firms interested in promoting these transactions seem to be particularly active at the present time. There are also professional consultants who advise on the intricacies and possibilities of transactions. As in the stock market, one hears more about the profits than the losses, and no one hoists the sign of "Caveat Emptor." There are, however, quite a number of importers and exporters who, if they wished, could report vividly on the negative side of these transactions!

With King Merritt Co.

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—Howard F. Millett has became affiliated with King Merritt & Co., Inc., 1151 South Broadway. He was formerly with Morgan & Co. and Waddell & Reed, Inc.

J. L. Ainsworth With First California Co.

(Special to The Financial Chronicle)

PASADENA, Calif. — John L. Ainsworth has become associated with First California Company, Incorporated, 112 South Los Robles Avenue. He was previously a partner in Investment Securities Company of California.

Sutro Adds to Staff

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif.—Gorham B. Knowles has become associated with Sutro & Co., 407 Montgomery Street, members of the New York and San Francisco Stock Exchanges.

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The International Metal Scene

frankly about our plans and the reasons for them, particularly as protection for miners is apparently foremost among the trade policies of many nations. I have noticed that the French Government has just re-established custom duties on nonferrous metals at rates of 15 to 25% ad valorem. There are, of course, other ideas than tariff adjustments prevalent in the United States, and probably also here in Australia, as to what the mining industry ought to do to minimize the violent fluctuations that are so damaging to consumer and producer alike, but many are impractical or illegal, or would result in governmental control of our industry.

Import Quotas

Import quotas, which are so popular in international trade, and, in fact, have been used by Australia, especially since the collapse of the wool market, could, of course, be easily applied as a solution for the U. S. miners. But I can see enormous complications for the importer. For example, if the U. S. import quotas should be based on the previous year's consumption (exclusive of stockpiling) minus mine production and scrap, then allowable imports for any year would be greatly reduced from the recent heavy imports. Using figures embracing the last five years, lead imports would have been over 1 million tons less, and zinc imports would have decreased by over 329,000 tons.

Another complication—how are the foreign producers or the U. S. authorities going to arrive at an equitable allocation of the imports. One can imagine the interminable political discussions that would ensue, especially if new orebodies were found or old ones were depleted. Upon careful consideration, I think you will agree that under the extremely difficult conditions, that the equalization tax program is about the best. If, however, anyone suggests a better way to keep the U. S. lead and zinc industry operating, it will certainly receive the careful consideration of the miners in the United States.

The Paley Commission Report

You have no doubt seen the report of the President's Materials Policy Commission, popularly known as the Paley Commission, a voluminous study of the mineral situation, containing a great deal of valuable information. A sharp difference of opinion exists, however, with respect to the Commission's endorsement of international commodity agreements as a suggested means of bringing about stabilization, or the use of buffer stocks on an international scale. To my mind, the thinking of the Paley report typifies the school which believes in government intervention. Not only does it suggest the adoption of international commodity agreements and buffer stocks, so dear to the hearts of those who like international planning, but it also recognizes the permanent establishment of various controlling agencies. Suffice it to say, that I am dubious about any international group arriving at a mutually acceptable international commodity agreement regarding production and price. No matter how carefully conceived, someone, some place, some time, will find it advantageous to pursue an independent course and either refuse to cooperate or will go his own way, with awkward results to the agreement—for example, the copper and tin industry have certainly had their troubles.

Some of you may chide me for being an ardent disciple of free domestic markets and yet able to tolerate a sliding scale equalization tax program, or tariff. I would welcome a "complete" free trade philosophy throughout the world, but that would be an unrealistic achievement. Self interest and the defense of our nation—perhaps once more an important unit in the defense of the free world—dictates the fact that we must accept the world as it is and, as long as there are international trade restrictions of various kinds and as long as we have internal U. S. subsidies, our industry must find some means—the least offensive—to survive.

One of the most shocking developments, to my mind, in the last year in the international scene, has been the action of foreign countries in confiscating—I almost said "nationalizing"—local mineral enterprises. This is a particularly tragic development, for there is so much that our respective countries can do to foster the development of mineral resources all over the world, if given the opportunity by friendly governments willing and anxious to invite foreign know-how and give capital at least the same protection it gives its own nationals. But the lead and zinc industries is quite aware of what has recently gone on in Iran, and what is currently taking place in Bolivia. What is even more alarming is the recent action of the United Nations in adopting a resolution affirming the right of nations to take over industries in which foreigners have invested capital without reference to compensation. There were 39 countries voting for the resolution, 19 abstained, and there was only one vote "no." I think this action of the U. N. has set back the orderly development of some nations immeasurably. What a pity!

American and Australian business possesses capital for risk in foreign countries, if given half a chance. Some day there must be a change from the present deplorable antipathy to capitalism. The world will again discover that progress is greatest where freedom prevails, and this applies not only to freedom from governmental interference in the market for commodities, but to freedom of foreign exchange and mobility of capital. A striking illustration is the remarkable transformation in the Peruvian economy, which converted a bust to a boom by ending its controls and freeing foreign exchange.

Before I close, I would like to comment on a problem that our respective miners face—the gradual intensification of competition between lead and zinc with many other alternate materials, metals and non-metals. We should not forget that it is our customers who keep us going. We must constantly be alert to the protection of our markets which are so sensitive to change. The necessity of doing work in the field of market and technical research, for the expanding of outlets, must be always before us. The Australian producers have already been very progressive in this respect, and membership in the Lead Industries Association is evidence of their kindred thinking. There is much we can do jointly in an effort to expand the use of lead and zinc, and I urge such a program.

I have given you some of the impressions prevailing among our mining men and the reasons for their views. Frankness in international relations is much to be desired. If I have disturbed you by our emphasis on the tariff and the development of our thinking along the lines of modification of this historic device, it is only because I believe that, unless some way is found to solve the serious predicament in which the American lead and zinc miner in the United States now finds himself, we will be unwillingly drawn into a sphere of more government control—only this time of international scope, embodying international commodity agreements, cartels or quotas, which I am convinced would ultimately undermine the fundamental liberties of all of us.

Slayton Co. Adds

(Special to The Financial Chronicle)

DAYTON, Ohio — Florence G. Payne is now with Slayton & Company, Inc., 1126 Oakwood Ave.

Joins Carl M. Grady

(Special to The Financial Chronicle)

WOOSTER, Ohio—Don I. Cole has joined the staff of Carl M. Grady, Peoples Federal Building.

With Waddell & Reed

(Special to The Financial Chronicle)

STERLING, Ill.—Wilfred E. Hendricks is with Waddell & Reed, Inc. of Kansas City.

Two With Standard Inv.

(Special to The Financial Chronicle)

PASADENA, Calif. — Glenn A. Betzer and Bernard G. Sarjeant are now connected with Standard Investment Co. of California, 87 South Lake Avenue.

Joins Hooker & Fay

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif.—Alis S. Kavanagh has joined the staff of Hooker & Fay, 340 Pine Street.

With Mitchum, Tully

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif.—Elmer B. Mayer is now with Mitchum, Tully & Co., 405 Montgomery Street, members of the Los Angeles Stock Exchange.

With Mutual Fund Assoc.

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif.—Joseph A. Barbieri is with Mutual Fund Associates, 127 Montgomery Street.

With Smith, Ramsay Co.

(Special to The Financial Chronicle)

BRIDGEPORT, Conn. — Russell Cameron has become affiliated with Smith, Ramsay & Co., Inc., 207 State Street.

A. F. Rothfeder Opens

NEWARK, N. J.—Abraham F. Rothfeder is engaging in a securities business from offices at 1060 Broad Street.

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)	Apr. 5	§100.8	*103.1	100.3	102.1
Equivalent to—					
Steel ingots and castings (net tons)	Apr. 5	§2,273,000	*2,324,000	2,262,000	2,120,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	Mar. 21	6,458,900	6,449,950	6,542,950	6,422,600
Crude runs to stills—daily average (bbls.)	Mar. 21	†7,099,000	7,060,000	7,079,000	6,542,000
Gasoline output (bbls.)	Mar. 21	23,256,000	23,147,000	24,123,000	21,818,000
Kerosene output (bbls.)	Mar. 21	2,856,000	2,425,000	3,065,000	2,623,000
Distillate fuel oil output (bbls.)	Mar. 21	10,338,000	10,544,000	10,871,000	9,544,000
Residual fuel oil output (bbls.)	Mar. 21	8,944,000	9,318,000	9,113,000	8,845,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished and unfinished gasoline (bbls.) at	Mar. 21	163,324,000	160,869,000	155,857,000	158,416,000
Kerosene (bbls.) at	Mar. 21	18,492,000	18,640,000	21,357,000	16,104,000
Distillate fuel oil (bbls.) at	Mar. 21	59,751,000	62,545,000	71,506,000	50,011,000
Residual fuel oil (bbls.) at	Mar. 21	41,844,000	42,284,000	44,364,000	36,575,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	Mar. 21	701,142	700,168	689,553	720,309
Revenue freight received from connections (no. of cars)	Mar. 21	671,689	668,949	663,354	678,176
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	Mar. 26	$344,055,600	$316,089,000	$322,676,000	$271,637,000
Private construction	Mar. 26	233,623,000	231,750,000	217,099,600	137,458,000
Public construction	Mar. 26	110,432,000	84,339,000	105,577,000	134,179,000
State and municipal	Mar. 26	80,644,000	74,586,000	87,240,000	108,865,000
Federal	Mar. 26	29,788,000	9,753,000	18,337,000	25,314,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	Mar. 21	8,120,000	*8,460,000	8,550,000	9,521,000
Pennsylvania anthracite (tons)	Mar. 21	524,000	662,000	632,000	711,000
Beehive coke (tons)	Mar. 21	115,000	*128,600	120,700	132,300
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	Mar. 21	109	100	85	94
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	Mar. 28	8,074,521	8,077,706	8,069,760	7,263,009
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	Mar. 26	188	160	178	164
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	Mar. 24	4.376c	4.376c	4.376c	4.131c
Pig iron (per gross ton)	Mar. 24	$55.26	$55.26	$55.26	$52.72
Scrap steel (per gross ton)	Mar. 24	$44.25	$44.08	$44.00	$42.00
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	Mar. 25	29.100c	29.150c	27.825c	24.200c
Export refinery at	Mar. 25	34.775c	34.275c	35.100c	27.425c
Straits tin (New York) at	Mar. 25	121.500c	121.500c	121.500c	121.500c
Lead (New York) at	Mar. 25	13.500c	13.500c	13.500c	19.000c
Lead (St. Louis) at	Mar. 25	13.300c	13.300c	13.300c	18.800c
Zinc (East St. Louis) at	Mar. 25	11.000c	11.000c	11.375c	19.500c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	Mar. 31	93.94	94.08	94.76	97.08
Average corporate	Mar. 31	106.74	107.27	107.80	109.97
Aaa	Mar. 31	109.97	110.70	111.07	114.08
Aa	Mar. 31	108.70	109.42	110.15	112.75
A	Mar. 31	106.04	106.39	107.09	109.06
Baa	Mar. 31	102.46	102.80	103.47	104.14
Railroad Group	Mar. 31	104.83	105.17	105.69	106.92
Public Utilities Group	Mar. 31	106.21	106.74	107.44	109.42
Industrials Group	Mar. 31	109.24	109.97	110.70	113.50
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	Mar. 31	2.94	2.92	2.87	2.70
Average corporate	Mar. 31	3.35	3.32	3.29	3.17
Aaa	Mar. 31	3.17	3.13	3.11	2.95
Aa	Mar. 31	3.24	3.20	3.16	3.02
A	Mar. 31	3.39	3.37	3.33	3.22
Baa	Mar. 31	3.60	3.58	3.54	3.50
Railroad Group	Mar. 31	3.46	3.44	3.41	3.34
Public Utilities Group	Mar. 31	3.38	3.35	3.31	3.20
Industrials Group	Mar. 31	3.21	3.17	3.13	2.98
MOODY'S COMMODITY INDEX	Mar. 31	414.4	418.6	415.6	435.6
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	Mar. 21	207,239	226,218	198,987	188,833
Production (tons)	Mar. 21	247,375	242,903	238,981	204,237
Percentage of activity	Mar. 21	95	94	94	85
Unfilled orders (tons) at end of period	Mar. 21	476,361	517,597	471,623	391,531
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE = 100	Mar. 27	107.33	107.49	107.88	109.82
STOCK TRANSACTIONS FOR ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON N. Y. STOCK EXCHANGE — SECURITIES EXCHANGE COMMISSION:					
Odd-lot sales by dealers (customers' purchases)—					
Number of orders	Mar. 14	29,215	29,803	24,871	30,995
Number of shares	Mar. 14	843,085	850,274	716,030	863,650
Dollar value	Mar. 14	$38,802,107	$37,963,466	$31,646,828	$41,129,188
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	Mar. 14	29,534	28,961	22,648	24,617
Customers' short sales	Mar. 14	130	201	88	185
Customers' other sales	Mar. 14	29,404	28,760	22,560	24,432
Number of shares—Total sales	Mar. 14	819,250	803,112	638,052	690,205
Customers' short sales	Mar. 14	4,866	7,131	3,178	6,279
Customers' other sales	Mar. 14	814,384	795,981	634,874	683,926
Dollar value	Mar. 14	$32,666,549	$32,203,188	$26,121,196	$29,198,097
Round-lot sales by dealers—					
Number of shares—Total sales	Mar. 14	267,480	258,950	166,580	179,850
Short sales	Mar. 14	------	------	------	------
Other sales	Mar. 14	267,480	258,950	166,580	179,850
Round-lot purchases by dealers—					
Number of shares	Mar. 14	302,770	318,550	256,400	401,230
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	Mar. 7	347,570	422,140	321,050	271,710
Other sales	Mar. 7	8,829,340	8,984,260	9,047,830	6,233,920
Total sales	Mar. 7	9,176,910	9,406,400	9,368,880	6,505,630
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS:					
Transactions of specialists in stocks in which registered—					
Total purchases	Mar. 7	999,650	929,330	865,440	651,690
Short sales	Mar. 7	167,060	213,700	191,280	137,560
Other sales	Mar. 7	759,240	800,720	756,390	520,140
Total sales	Mar. 7	926,300	1,014,420	947,670	657,700
Other transactions initiated on the floor—					
Total purchases	Mar. 7	272,820	267,390	173,430	125,400
Short sales	Mar. 7	13,200	34,600	16,300	14,400
Other sales	Mar. 7	247,780	245,480	217,840	131,360
Total sales	Mar. 7	260,980	280,080	234,140	145,760
Other transactions initiated off the floor—					
Total purchases	Mar. 7	286,200	295,586	305,023	301,945
Short sales	Mar. 7	72,340	65,740	55,850	35,750
Other sales	Mar. 7	384,435	461,564	374,647	327,611
Total sales	Mar. 7	456,775	527,304	430,497	363,361
Total round-lot transactions for account of members—					
Total purchases	Mar. 7	1,558,670	1,492,306	1,343,893	1,079,035
Short sales	Mar. 7	252,600	314,040	263,430	187,710
Other sales	Mar. 7	1,391,455	1,507,764	1,348,877	979,111
Total sales	Mar. 7	1,644,055	1,821,804	1,612,307	1,166,821
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100):					
Commodity Group—					
All commodities	Mar. 24	110.0	*110.3	109.7	111.4
Farm products	Mar. 24	98.9	*100.1	98.2	107.6
Processed foods	Mar. 24	105.1	104.9	105.4	108.3
Meats	Mar. 24	94.9	*94.4	97.3	111.5
All commodities other than farm and foods	Mar. 24	113.4	113.4	113.1	112.9

*Revised figure. †Includes 590,000 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
BUSINESS INVENTORIES — DEPT. OF COMMERCE NEW SERIES — Month of Jan.: (millions of dollars):			
Manufacturing	$43,682	*$43,824	*$43,178
Wholesale	10,082	10,187	10,238
Retail	20,910	*20,799	20,681
Total	$74,674	*$74,810	*$74,097
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD — Month of March (000's omitted):			
Total U. S. construction	$1,200,048	$1,023,021	$1,042,851
Private construction	695,732	651,145	549,395
Public construction	504,316	371,876	493,456
State and municipal	424,933	272,710	365,223
Federal	79,383	99,166	128,233
COTTON SPINNING (DEPT. OF COMMERCE):			
Spinning spindles in place on Feb. 28	23,075,000	23,082,000	23,110,000
Spinning spindles active on Feb. 28	20,277,000	20,314,000	19,854,000
Active spindle hours (000's omitted) Feb. 28	9,561,000	11,521,000	8,696,000
Active spindle hours per spindle in place Feb.	517.5	501.3	471.0
INDUSTRIAL PRODUCTION—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM—1935-39 = 100—Month of Feb.:			
Seasonally adjusted	239	236	222
Unadjusted	235	232	218
LIFE INSURANCE—BENEFIT PAYMENTS TO POLICYHOLDERS—INSTITUTE OF LIFE-INSURANCE—Month of January:			
Death benefits	$169,068,000	$168,314,000	$167,995,000
Matured endowments	42,909,000	40,498,000	46,560,000
Disability payments	9,851,000	9,244,000	9,887,000
Annuity payments	42,973,000	28,870,000	38,294,000
Surrender values	53,217,000	53,198,000	52,774,000
Policy dividends	81,023,000	117,278,000	73,992,000
Total	$399,041,000	$417,402,000	$389,502,000
LIFE INSURANCE PURCHASES — INSTITUTE OF LIFE INSURANCE—Month of January (000's omitted):			
Ordinary	$1,666,000	$1,948,000	$1,458,000
Industrial	432,000	421,000	382,000
Group	252,000	950,000	191,000
Total	$2,350,000	$3,319,000	$2,031,000
MANUFACTURERS' INVENTORIES & SALES (DEPT. OF COMMERCE) NEW SERIES—Month of January (millions of dollars):			
Inventories:			
Durables	$24,363	*$24,292	*$23,211
Nondurables	19,319	*19,532	19,967
Total	$43,682	*$43,824	*$43,178
Sales	24,338	*24,276	22,634
MONEY IN CIRCULATION—TREASURY DEPT. —As of January 31 (000's omitted)	$29,691,000	$30,433,000	$28,386,000
NEW YORK STOCK EXCHANGE—			
As of February 28 (000's omitted):			
Member firms carrying margin accounts—			
Total of customers' net debt balances	$1,349,944	$1,345,031	$1,280,294
Credit extended to customers	29,983	30,790	39,526
Cash on hand and in banks in U. S.	329,367	332,256	367,248
Total of customers' free credit balances	730,283	731,781	789,688
Market value of listed shares	119,748,972	120,482,594	108,470,574
Market value of listed bonds	100,116,892	100,116,011	96,157,797
Member borrowings on U. S. Govt. issues	43,932	61,981	41,511
Member borrowings on other collateral	934,666	952,029	672,929
PERSONAL INCOME IN THE UNITED STATES (DEPARTMENT OF COMMERCE)—Month of January (in billions):			
Total personal income	$280.5	*$280.0	$263.4
Wage and salary receipts, total	190.3	*189.9	176.7
Total employer disbursement	186.6	*186.4	173.1
Commodity producing industries	85.1	*85.4	77.3
Distributing industries	50.3	*50.0	47.1
Service industries	22.1	*21.9	20.8
Government	32.8	*32.8	31.5
Less employee contributions for social insurance	4.0	3.8	3.7
Other labor income	4.7	*4.7	4.3
Proprietors and rental income	54.7	*54.6	53.4
Personal interest income and dividends	21.2	21.2	21.3
Total transfer payments	13.6	*13.4	12.8
Total nonagricultural income	259.0	*258.6	241.7
PRICES RECEIVED BY FARMERS — INDEX NUMBER — U. S. DEPT. OF AGRICULTURE — August, 1909-July, 1941 = 100—As of Jan. 15:			
Unadjusted—			
All farm products	267	269	300
Crops	251	257	277
Food grain	245	247	251
Feed grain and hay	214	218	234
Tobacco	419	428	431
Cotton	252	268	325
Fruit	208	206	171
Truck crops	237	256	337
Oil-bearing crops	291	300	303
Livestock and products	281	280	320
Meat animals	303	291	[illegible]
Dairy products	296	309	[illegible]
Poultry and eggs	218	221	200
REAL ESTATE FINANCING IN NONFARM AREAS OF U. S. — FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION —Month of January (000's omitted):			
Savings and loan associations	$476,706	$539,936	$404,496
Insurance companies	111,469	125,707	124,084
Bank and trust companies	278,003	305,498	267,049
Mutual savings banks	92,827	111,963	79,173
Individuals	220,072	225,400	221,107
Miscellaneous lending institutions	221,538	244,953	202,345
Total	$1,400,615	$1,553,457	$1,298,254
SELECTED INCOME ITEMS OF U. S. CLASS I RYS. (Interstate Commerce Commission)—Month of December:			
Net railway operating income	$109,602,100	$110,687,003	$108,692,304
Other income	93,168,623	17,038,673	71,391,471
Total income	202,770,723	127,725,676	180,083,775
Miscellaneous deductions from income	6,445,768	4,136,656	6,334,222
Income available for fixed charges	196,324,955	123,589,020	173,749,553
Income after fixed charges	158,688,564	87,139,287	135,241,370
Other deductions	16,836,637	2,981,320	12,158,450
Net income	141,851,927	84,157,967	123,082,920
Depreciation (way & structure & equipment)	41,977,231	41,542,013	27,657,205
Federal income taxes	44,794,055	64,351,961	51,740,761
Dividend appropriations:			
On common stock	26,762,841	47,577,619	22,343,617
On preferred stock	6,171,794	10,059,211	6,077,899
Ratio of income to fixed charges	5.22	3.39	4.51
UNITED STATES EXPORTS AND IMPORTS BUREAU OF CENSUS—Month of January (000's omitted):			
Exports	$1,275,000	*$1,390,000	*$1,254,000
Imports	927,200	1,051,064	922,416

Continued from page 5

The State of Trade and Industry

sions, "Ward's" said. Ford divisions production topped the prior week, and Dodge boosted output after labor trouble the previous week.

Consumer indebtedness on instalment purchases of automobiles, appliances and other products increased during February for the 11th straight month. A rise of $151,000,000 carried total instalment credit outstanding to a new record of $16,700,000,000—$3,500,000,000 higher than a year ago. The February showing compared with a decrease of $129,000,000 in February, 1952. On Monday of this week Reserve Board Chairman Martin and Treasury officials endorsed a proposal to give the President power to restore restrictions on consumer credit in case of an emergency.

Farm product prices rose 0.3% to 264% of the 1910-14 average in the month ended March 15, the United States Department of Agriculture reported. The upturn followed a decline which had persisted every month since last Summer. The index a year ago was 288%. Its record high was 313% in February, 1951.

Steel Output Scheduled to Decline

The stroke of midnight tomorrow will signal the attainment of another new record in steelmaking: The first 10-million-ton month in history, says "Steel," the weekly magazine of metalworking, the current week.

All of March, production of steel for ingots and castings exceeded 100% of capacity, and with the month being 31 days in length the industry will be able for the first time to reach a monthly total of 10,000,000 net tons, this trade magazine notes.

The high rate of operations cannot be given all the credit for the new record. The expansion of the industry's capacity is playing a big part.

How long can production continue at this torrid pace? That question is in many minds, states this trade weekly. Continuing, it adds, indications are that a busy third quarter is shaping up. Taking a long-range look ahead, Detroit Steel Corp. hazards a prediction that the steel industry can expect an over-all operating rate of at least 85% during the next five years. If the industry can maintain that rate it probably will be fortunate.

Regardless of how strong the third-quarter demand is for steel, operations will be lent some support from orders the mills will be unable to fill in the second quarter and will have to carry over into the third, this trade journal states.

The biggest consumer of steel—the automobile industry—is still pushing hard to get steel. In addition to this tremendous pressure is a strengthening demand from household appliance makers and farm implement manufacturers. Mills expect to have to use customer quotas in the third quarter for carbon sheets, "Steel" points out.

The high production rate in the auto industry and the strengthening in the appliance field are imparting some life to the lagging business pace of the foundry industry. Foundries serving the automotive industry are extremely busy and those supplying the household appliance makers are benefiting from increases in orders, declares this trade weekly.

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 100.8% of capacity for the week beginning March 30, 1953, equivalent to 2,273,000 tons of ingots and steel for castings. In the week starting March 23, all previous weekly records were exceeded by the making of 2,324,000 tons with the operating rate at an average of 103.1% of capacity. For the like week a month ago the rate was 100.3% and production 2,262,000 tons. A year ago when the capacity was smaller actual output was 2,120,000 tons, or 102.1%.

Electric Output Recedes Further

The amount of electric energy distributed by the electric light and power industry for the week ended March 28, 1953, was estimated at 8,074,521,000 kwh., according to the Edison Electric Institute.

The current total was 3,185,000 kwh. below that of the preceding week when output totaled 8,077,706,000 kwh. It was 811,512,000 kwh., or 11.2% above the total output for the week ended March 29, 1952, and 1,307,177,000 kwh. in excess of the output reported for the corresponding period two years ago.

Car Loadings Continue to Rise

Loadings of revenue freight for the week ended March 21, 1953, totaled 701,142 cars, according to the Association of American Railroads, representing an increase of 1,034 cars, or 0.1% above the preceding week.

The week's total represented a decrease of 18,867 cars, or 2.6% below the corresponding week a year ago, and a decrease of 47,736 cars, or 6.4% below the corresponding week in 1951.

U. S. Auto Output Set to Establish Second Highest First Quarter in Its History

Passenger car production in the United States last week rose 8%, according to "Ward's Automotive Reports."

The agency forecast the industry will wind up with the second-highest first quarter output in its history.

It aggregated 138,723 cars compared with 128,638 cars (revised) in the previous week. This was 45% more than the 95,967 cars turned out in the year ago week.

Total output for the past week was made up of 138,723 cars and 30,906 trucks built in the United States, against 128,638 cars and 30,691 trucks the previous week and 95,967 cars and 28,068 trucks in the comparable 1952 week.

Canadian factories turned out 7,680 cars and 2,850 trucks last week, against 7,662 cars and 2,932 trucks in the preceding week and 5,809 cars and 3,006 trucks in the comparable 1952 week.

Business Failures Turn Moderately Higher

Commercial and industrial failures rose to 188 in the week ended March 26 from 160 in the preceding week, Dun & Bradstreet, Inc., reports. This rise brought casualties above the 164 which occurred a year ago and the 1951 total of 136. However, failures remained considerably below the prewar level of 310 in the similar week of 1939.

Liabilities of $5,000 or more were involved in 158 of the week's casualties; this size group showed an increase from 130 last week and 132 in the comparable week of 1952. Small failures, those with liabilities under $5,000, held steady at 30 and were off slightly from 32 of a year ago.

Most of the week's increase centered in retailing where casualties climbed to 101 from 75 in the previous week. Small increases appeared in wholesaling and commercial service. Meanwhile, failures in manufacturing and construction dipped mildly. More businesses failed than last year in all industry and trade groups except construction.

Six of the nine geographic regions reported heavier casualties in the week just ended. There were notable increases in the Middle Atlantic States, up to 73 from 59, in the Pacific States, up to 46 from 38, and in the East and West South Central States where failures rose to 10 and 12, respectively. Declines prevailed in only three areas: the East North Central, West North Central, and South Atlantic States. Six regions had more concerns failing than a year ago. The sharpest rise occurred in the South Central States, while the only dips below the 1952 level were recorded in the South Atlantic and West North Central States.

Wholesale Food Price Index Registers First Decline In Seven Weeks

The wholesale food price index, compiled by Dun & Bradstreet, Inc., turned slightly downward last week to record the first decline in seven weeks. The index fell to $6.41 as of March 24, from the 1953 high of $6.42 a week ago, and compared with $6.48 at this time last year. The drop from the year-ago level has been narrowed to 1.1%.

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

Wholesale Commodity Price Index Declined Steadily in Past Week

Declining steadily during the past week, the daily wholesale commodity price index, compiled by Dun & Bradstreet, Inc., finished at 282.06 on March 24. This compared with 283.37 a week earlier, and contrasted with 301.61 on the corresponding date last year.

Cash grain markets were quite firm most of the week but developed considerable weakness toward the close of the period. Late easiness in wheat reflected poor export business, heavy receipts in the cash market and continued improvement in Winter wheat prospects.

Talk of a peace drive also had a depressing influence on most grains. Corn showed strength at times, aided by smaller offerings and continued active export demand.

Corn exports so far this crop year were reported at about 70,000,000 bushels, or more than double a year ago. Trading in grain and soybean futures on the Chicago Board of Trade last week fell to a daily average of 34,400,000 bushels, from 41,000,000 the previous week, and 42,500,000 a year ago.

Domestic bookings of hard wheat bakery flours continued in the familiar pattern of recent weeks with the takings small and mostly for nearby needs. Spring wheat flours perked up somewhat around mid-week as mills covered against advances. Export flour business slackened following last week's fair volume. Liquidation in late dealings wiped out earlier gains in cocoa and prices showed a mild recession for the week. Warehouse stocks showed little change, totaling 72,281 bags, against 72,192 a week earlier, and compared with 95,490 bags a year ago.

Coffee prices moved moderately lower last week following the sharp upturn which took place after decontrol.

Most big chains advanced their roasted coffee prices from 2 to 4 cents a pound during the week.

The lard market was easier, influenced by large stocks and weakness in vegetable oils. After touching a seven-month peak early in the week, live hog values at Chicago trended downward and showed a loss of over $1 per cwt. for the week. Steers also finished lower, while sheep and lambs advanced for the week.

There was a gradual decline in spot cotton prices the past week following the mildly upward trend of the past month.

Depressing influences included slowness in export trade and in cotton goods business and renewed fears that 1953 plantings might show an increase over last year. Trading in the ten spot markets slackened and totaled 94,500 bales for the week, against 100,600 the previous week, and 115,500 bales in the corresponding week a year ago. CCC loan entries continued to drop, totaling 25,400 bales in the week ended March 13, compared with 36,600 and 60,600 in the preceding two weeks. For the season through Mar. 13, loans were reported at 2,031,500 bales, against 944,000 a year ago. Activity in most cotton gray goods was limited in volume with some print cloth constructions showing slight declines during the week.

Trade Volume Lifted to Higher Levels by Pre-Easter Sales

The coming of Spring weather and the approach of Easter helped to lift retail trade in most parts of the nation in the period ended on Wednesday of last week. Most retail merchants, chalking up larger sales figures than in the comparable week a year before, were confident that the Spring selling season would be one of unprecedented volume.

Many retailers relied on easy credit terms to attract shoppers.

The total dollar volume of retail trade in the week was estimated by Dun & Bradstreet, Inc., to be from 4 to 8% higher than the level of a year ago. Regional estimates varied from the comparable levels of a year ago by the following percentages: New England and East +2 to +6; Midwest and Northwest +3 to 7+; South +5 to +9; Southwest +6 to +10, and Pacific Coast 4+ to +8.

Shopping for Spring clothing was close to its seasonal peak as the demand for most items, particularly women's lightweight coats and suits continued to climb. Interest was generally more avid in the better-grade merchandise than in budget goods. While the buying of men's clothing was not quite as active, there were substantial rises in the demand for haberdashery, hats and shoes.

Most apparel merchants encountered little difficulty in topping the sales figures of a year ago, since Easter is a week earlier in 1953.

Food consumption held close to the increased level of recent weeks as housewives continued to be attracted by the price cuts in some items. Supermarkets continued to boost their share of total food volume. Most retail stores, particularly supermarkets, did not as yet reflect the recent price hikes in coffee. The buying of creamery butter continued to lag behind that of margarine as it has in recent months; per capita butter consumption was estimated at about half that in the prewar period.

Shoppers continued to spend more for durable goods than in the comparable week last year. The most pronounced rises over the year-ago levels were in the demand for new cars, refrigerators, freezers and decorating materials.

The total dollar volume of wholesale trade held close to the prior week's level as declines in some lines were offset by rises in others. As during recent months, most wholesalers had larger sales than in the comparable week a year before.

Department store sales on a country-wide basis, as taken from the Federal Reserve Board's index, for the week ended March 21, 1953, increased 16% from the level of the preceding week. In the previous week an increase of 11% was reported from that of the similar week of 1952. For the four weeks ended March 21, 1953, an increase of 11% was reported. For the period Jan. 1 to March 21, 1953, department store sales registered an increase of 5% above 1952.

Retail trade in New York last week failed to come up to the expected pre-Easter volume, due to heavy rains which retarded expansion. Gains over the 1952 week approximated 5 to 6%, although Easter this year is one week ahead of that of 1952.

According to the Federal Reserve Board's index department store sales in New York City for the weekly period ended March 21, 1953, increased 9% from the like period of last year. In the preceding week an increase of 6% (revised) was reported from that of the similar week of 1952, while for the four weeks ended March 21, 1953, an increase of 3% was recorded. For the period Jan. 1 to March 21, 1953, volume declined 1% under that of 1952.

Securities Now in Registration

★ INDICATES ADDITIONS SINCE PREVIOUS ISSUE
● ITEMS REVISED

● Agricultural Insurance Co. (4/14)
March 25 filed 100,000 shares of capital stock (par $10) to be offered for subscription by stockholders of record about April 14 at the rate of one new share for each three shares held; rights to expire on April 28. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Office**—Watertown, N. Y. **Underwriter**—Blyth & Co., Inc., New York.

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.

★ Aldens, Inc., Chicago, Ill.
March 27 (letter of notification) $268,000 of contributions by employees to company's employees' profit-sharing fund. **Underwriter**—None.

★ Allied Casting Corp., Scranton, Pa.
March 27 (letter of notification) 150,000 shares of common stock (par 15 cents). **Price**—$1 per share. **Proceeds**—For working capital. **Office**—600 Capouse Ave., Scranton 9, Pa. **Underwriter**—None.

★ Aluminium Ltd. (4/24)
March 30 filed 818,657 shares of capital stock (no par) to be offered for subscription by stockholders of record on or about April 24 at rate of one new share for each 10 shares held; rights to expire on or about May 15. **Price**—Not to exceed $37.50 per share (Canadian) or alternately, at the option of each subscriber, the equivalent in U. S. dollars on the date on which the price is determined. **Proceeds**—For expansion program. **Dealer Managers**—The First Boston Corp. and White, Weld & Co. to head group in United States; and A. E. Ames & Co., Ltd. to head group in Canada.

★ Amco Fiber-Glass Products Co.
March 2 (letter of notification) 500,000 shares of common stock. **Price**—25 cents per share. **Proceeds**—For equipment and working capital. **Office**—6051 South State St., Murray, Utah. **Underwriter**—None.

★ American Heating Equipment Co., Seattle, Wash.
March 20 (letter of notification) 3,000 shares of common stock (par $10 per share) and 6,000 shares of preferred stock (par $10). **Price**—At par. **Proceeds**—For working capital. **Office** — 14001 Third Ave., N. W., Seattle 77, Wash. **Underwriter**—None.

American Pipeline Producers, Inc.
Jan. 5 (letter of notification) 599,000 shares of common stock (par one cent). **Price**—50 cents per share. **Proceeds**—To drill wells. **Office**—Room 308, Texas Eastern Bldg., Shreveport, La. **Underwriter**—W. C. Doehler Co., Jersey City, N. J. **Offering**—Date indefinite.

American Reenforced Paper Co., Attleboro, Mass.
March 18 (letter of notification) 1,960 shares of common stock (par $5). **Price**—$15.25 per share. **Proceeds**—To P. T. Jackson, the selling stockholder. **Underwriter**—Paine, Webber, Jackson & Curtis, Boston, Mass.

★ Arcturus Electronics, Inc., Newark, N. J.
March 27 (letter of notification) 40,000 shares of class A common stock (par one cent). **Price** — 50 cents per share. **Proceeds**—To Delbert E. Replogle, President. **Underwriter**—Gearhart & Otis, Inc., New York.

★ Armstrong Rubber Co., West Haven, Conn. (4/27)
March 31 filed $4,000,000 of 5% convertible subordinated debentures due May 1, 1973. **Price**—To be supplied by amendment. **Proceeds**—For working capital. **Business**—Manufacturer of tires and tubes. **Underwriter**—Reynolds & Co., New York.

Ashland Oil & Refining Co.
Feb. 27 filed 100,000 shares of cumulative second preferred stock, $1.50 series of 1952 (no par) (convertible prior to June 15, 1962) to be offered for subscription by officers and employees of company and its American and Canadian subsidiaries under a "Restricted Stock Option Plan for Employees." **Price**—Alternate provisions fix the purchase price at 85% and 100%, respectively, of the market value of the stock at the time the options are granted. **Proceeds**—For working capital and used in part for property additions and improvements. **Underwriter**—None.

★ Atomic Uranium Corp., Denver, Colo.
March 23 (letter of notification) 232,000 shares of common stock (par 10 cents). **Price**—$1.25 per share. **Proceeds**—For exploration. **Office**—Interstate Trust Bldg., Denver, Colo. **Underwriter**—Luckhurst & Co., Inc., New York.

★ Avco Manufacturing Corp.
March 20 (letter of notification) 11,500 shares of common stock (par $3). **Price** — At market (approximately $8.50 per share). **Proceeds**—To Judson Sayre, who is the selling stockholder. **Underwriter**—None, but E. Lowitz & Co., New York, will act as broker.

★ Bard Creek Mining Co., Denver, Colo.
March 27 (letter of notification) 120,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—To purchase mill. **Office**—325 Cooper Bldg., Denver, Colo. **Underwriter**—None.

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.

Blackstone Valley Gas & Electric Co. (4/21)
March 19 filed $5,800,000 first mortgage and collateral trust bonds, due March 1, 1983. **Proceeds**—To repay bank loans and for improvements. **Underwriters**—To 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. **Bids**—To be received up to 11 a.m. (EST) at 49 Federal St., Boston, Mass.

Blair Holdings Corp., San Francisco, Calif.
March 13 (letter of notification) 11,846 shares of common stock (par $1). **Price**—$8 per share. **Proceeds**—To Elbert J. Evans, the selling stockholder. **Underwriter**—Harris, Upham & Co., New York.

★ Blue Star Petroleum Corp.
March 25 (letter of notification) 200,000 shares of common stock. **Price**—At par (25 cents per share). **Proceeds**—To purchase oil leases. **Office**—430 Judge Bldg., Salt Lake City, Utah. **Underwriter**—None.

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NEW ISSUE CALENDAR

April 3, 1953
Family Digest, Inc. ---- Class A
(Bonner & Bonner, Inc.)
Justheim Petroleum Co. ---- Common
(Hunter Securities Corp.)

April 6, 1953
California Electric Power Co. ---- Bonds
(Bids 11:30 a.m. EST)
Independent Plow, Inc. ---- Class A
(Offer to stockholders—Barrett Herrick & Co., Inc.)

April 7, 1953
Brockton Edison Co. ---- Bonds
(Bids 11 a.m. EST)
Emerson Electric Manufacturing Co. ---- Common
(Offering to stockholders—no underwriting)
Florida Power & Light Co. ---- Bonds
(Bids noon EST)
General Telephone Co. of the Southwest ---- Pfd.
(Mitchum, Tully & Co.)
Kentucky Utilities Co. ---- Bonds
(Bids 11:30 a.m. CST)
Packard-Bell Co. ---- Common
(Paine, Webber, Jackson & Curtis and Shearson, Hammill & Co.)
Southwestern States Telephone Co. ---- Preferred
(Central Republic Co., Inc.)

April 8, 1953
East Tennessee Natural Gas Co. ---- Debentures
(Offering to stockholders—underwritten by White, Weld & Co. and associates)
Fedders-Quigan Corp. ---- Preferred
(Offering to stockholders—underwritten by Allen & Co.)
Jewel Tea Co., Inc. ---- Common
(Offering to stockholders—underwritten by Lehman Brothers and Goldman, Sachs & Co.)
Middle South Utilities Inc. ---- Common
(Offering to stockholders—no underwriting)

April 9, 1953
Detroit Stamping Co. ---- Common
(White, Nobel & Co.)
Inter-Mountain Telephone Co. ---- Common
(Offering to stockholders—underwritten in part by Courts & Co.)
Paley Manufacturing Corp. ---- Common
(G. K. Shields & Co.)

April 13, 1953
Texas Electric Service Co. ---- Bonds & Preferred
(Bids 11:30 a.m. EST)

April 14, 1953
Agricultural Insurance Co. ---- Common
(Offering to stockholders—underwritten by Blyth & Co., Inc.)
Clevite Corp. ---- Common
(F. Eberstadt & Co. Inc. and Prescott, Shepard & Co., Inc.)
Jersey Central Power & Light Co. ---- Bonds
(Bids to be invited)
New Orleans Public Service Inc. ---- Bonds
(Bids noon EST)
Second National Bank of Philadelphia ---- Common
(Offering to stockholders)

April 15, 1953
Ekco Products Co. ---- Debentures
(Union Securities Corp.)
Flock Gas & Oil Corp., Ltd. ---- Common
(Peter Morgan & Co.)
Grand Bahama Co., Ltd. ---- Debentures
(Gearhart & Otis, Inc.)
Lorillard (P.) Co. ---- Debentures
(Lehman Brothers and Smith, Barney & Co.)
Lorillard (P.) Co. ---- Common
(Offering to stockholders—underwritten by Lehman Brothers and Smith, Barney & Co.)
Southern Co. ---- Common
(Bids 11:30 a.m. EST)
Texas-New Mexico Ry. ---- Equip. Trust Ctfs.
(Bids noon EST)

April 16, 1953
Consolidated Gas Co. ---- Common
(Courts & Co.)
Oklahoma Gas & Electric Co. ---- Common
(Offering to stockholders—underwritten by Merrill Lynch, Pierce, Fenner & Beane)

April 20, 1953
Maremont Automotive Products, Inc. ---- Common
(Hallgarten & Co.; Straus, Blosser & McDowell; and McCormick & Co.)
Merrill Petroleums Ltd. ---- Common
(White, Weld & Co.; and Wood, Gundy & Co., Ltd)
Union Wire & Rope Corp. ---- Common
(Offering to stockholders—underwritten by P. W. Brooks & Co., Inc.)

April 21, 1953
Blackstone Valley Gas & Electric Co. ---- Bonds
(Bids 11 a.m. EST)
Louisiana Power & Light Co. ---- Preferred
(Bids noon EST)
Mechanical Handling Systems, Inc. ---- Common
(Kidder, Peabody & Co.)
Savannah Electric & Power Co. ---- Preferred
(The First Boston Corp.)

April 23, 1953
Schlafly Nolan Oil Co., Inc. ---- Common
(L. H. Rothchild & Co.)
Shield Chemical Corp. ---- Common
(Peter W. Spiess & Co.)

April 24, 1953
Aluminium Ltd. ---- Common
(Probably First Boston Corp. and A. E. Ames & Co., Ltd.)

April 27, 1953
Armstrong Rubber Co. ---- Debentures
(Reynolds & Co.)
Copeland Refrigeration Corp. ---- Common
(Baker, Simonds & Co.)
Radio Condenser Co. ---- Common
(Hemphill, Noyes & Co.)

April 28, 1953
Detroit Edison Co. ---- Bonds
(Bids to be invited)

April 30, 1953
Central Foundry Co. ---- Common
(Offering to stockholders—underwriter to be named)
St. Anne's Oil Co. ---- Common
(Sills, Fairman & Co. and H. M. Byllesby & Co., Inc.)

May 4, 1953
Montana Power Co. ---- Debentures
(Bids 11:30 a.m. EDT)

May 5, 1953
Southern Bell Telephone & Telegraph Co. ---- Debs.
(Bids to be invited)

May 8, 1953
Gulf States Utilities Co. ---- Common
(Offering to stockholders—bids to be invited)

May 12, 1953
Alabama Power Co. ---- Bonds
(Bids 11 a.m. EDT)
Lone Star Gas Co. ---- Preferred
(Offering to stockholders)
Philadelphia Electric Co. ---- Preferred
(Bids to be invited)

May 15, 1953
Central Power & Light Co. ---- Bonds
(Bids to be invited)

May 19, 1953
Pacific Gas & Electric Co. ---- Bonds
(Bids 11 a.m. EDT)
Texas Power & Light Co. ---- Bonds & Preferred
(Bids 11:30 a.m. EDT)

May 25, 1953
Philadelphia Electric Co. ---- Bonds
(Bids to be invited)

May 26, 1953
Consolidated Natural Gas Co. ---- Debentures
(Bids 11:30 a.m. EDT)
Government Employees Corp. ---- Common
(Offering to stockholders—no underwriting)

June 2, 1953
Texas Utilities Co. ---- Common
(Bids to be invited)

June 9, 1953
Gulf Power Co. ---- Bonds
(Bids 11 a.m. EDT)

June 23, 1953
New York Telephone Co. ---- Bonds
(Bids to be invited)

Continued from page 41

★ **Bolack Oil & Gas Co., Farmington, N. M.**
March 24 (letter of notification) 200,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—To drill wells. **Underwriter**—William R. Mee, Santa Fe, N. M.

★ **Bowen Corp., Cambridge, Mass.**
March 27 (letter of notification) 4,840 shares of common stock (no par). **Price**—$10 per share. **Proceeds**—For working capital. **Office**—11 University Road, Cambridge 38, Mass. **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. (4/7)**
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 7 at 49 Federal St., Boston, Mass.

★ **Business Discount Bureau, Inc.**
March 26 (letter of notification) $250,000 of series 1A, 1B and 1C guaranteed bonds. **Price**—At par. **Proceeds**—For working capital. **Business**—To lend money to busicorporations. **Office**—525 Broadway, New York, N. Y.

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. (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** — Bids scheduled to be received up to 11.30 a.m. (EST) on April 6.

★ **Carolina Scenic Stages, Spartanburg, S. C.**
March 24 (letter of notification) $299,000 of 6% first mortgage bonds, series of 1953. **Price**—At par (in denominations of $100 each). **Proceeds**—For general corporate purposes. **Office**—217 North Converse St., Spartanburg, S. C. **Underwriter**—None.

★ **Carver Oil & Gas Co., Inc.**
March 23 (letter of notification) 2,042,051 shares of common stock (par one cent). **Price**—12½ cents per share. **Proceeds**—For development of properties, etc. **Office**—c/o Ralph T. Masters, 163 Remsen St., Brooklyn, N. Y. **Underwriter**—Securities National Corp., Newark, N. J.

★ **Castle (A. M.) & Co., Chicago, Ill.**
March 26 (letter of notification) 5,700 shares of capital stock (par $10). **Price**—At market. **Proceeds**—To First National Bank of Chicago, trustee under the will of William B. Simpson. **Underwriters**—Lee Higginson Corp. and Blunt Ellis & Simmons, both of Chicago, Ill.

Celon Co., Madison, Wis.
March 6 (letter of notification) $157,100 of convertible subordinated debentures due 1965. **Price**—At par (in denominations of $100, $500 and $1,000 each). **Proceeds**—For working capital. **Office**—2034 Pennsylvania Ave., Madison 4, Wis. **Underwriter**—None.

Central City 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 Fibre Products Co., Inc., Quincy, Ill.**
March 23 (letter of notification) 2,400 shares of common stock (par $5). **Price**—At market (approximately $39.50 per share). **Proceeds** — To E. Carey, Jr., and W. D. P. Carey, the two selling stockholders. **Underwriters**—Bosworth, Sullivan & Co., Denver, Colo.

● **Central and South West Corp.**
March 6 filed 606,084 shares of common stock (par $5) being offered for subscription by common stockholders of record April 1 in ratio of one share for each 14 shares held; rights will expire on April 20. **Price**—$20.50 per share. **Proceeds**—To purchase additional shares of common stock of its four principal subsidiaries, who in turn will use the funds to pay for property additions and improvements. **Underwriters** — Blyth & Co., Inc. and Smith, Barney & Co., both of New York.

★ **Chemical Fund, Inc., New York**
March 30 filed 600,000 shares of capital stock. **Price**—At market. **Proceeds**—For investment. **Underwriter**—None. F. Eberstadt & Co., Inc., New York, acts as distributor.

Clevite Corp., Cleveland, Ohio (4/14)
March 20 filed 200,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For working capital. **Business**—Manufacturers of bearings, bushings, electric components and devices. **Underwriters**—F. Eberstadt & Co., Inc., New York, and Prescott, Shepard & Co., Inc., Cleveland, O.

Colorado Central Power Co., Englewood, Colo.
March 9 (letter of notification) 14,834 shares of common stock (par $5) being offered for subscription by common stockholders of record March 6 at rate of one share for each 14 shares held; rights will expire April 6. **Price**—$17.50 per share. **Proceeds**—For new construction. **Office**—3470 South Broadway, Englewood, Colo. **Underwriter**—None.

★ **Commerce Acceptance Co., Inc., Atchison, Kan.**
March 20 (letter of notification) $300,000 of 5% sinking fund debentures, series A, due March 1, 1963. **Price**—At par (in denominations of $1,000 each). **Proceeds**—To finance loan business. **Underwriter**—The First Trust Co. of Lincoln, Lincoln, Neb.

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.

★ **Consolidated Gas Co., Atlanta, Ga. (4/16)**
March 27 filed 50,000 shares of common stock (par $5). **Price**—$8.50 per share. **Proceeds**—To repay bank loans, to retire $34,700 of debentures of Consolidated Gas Co. of Albany, and for working capital. **Underwriter**—Courts & Co., Atlanta, Ga., and New York, N. Y.

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.

★ **Detroit Edison Co. (4/28)**
March 26 filed $40,000,000 of general and refunding mortgage bonds, series M, due May 1, 1988 (to carry interest at not to exceed 4%). **Proceeds**—For construction program. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co.; The First Boston Corp.; Coffin & Burr, Inc. and Spencer Trask & Co. (jointly). **Bids**—Tentatively expected to be received on April 28.

Detroit Stamping Co., Highland Park, Mich. (4/9)
March 20 filed 120,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To certain selling stockholders. **Underwriter**—White, Noble & Co., Grand Rapids, Mich.

● **East Tennessee Natural Gas Co. (4/8-9)**
March 20 filed $2,144,520 of 5% convertible debentures due May 1, 1968 (convertible into common stock at rate of one share for each $10 of debentures), to be offered for subscription by common stockholders at rate of $10 of debentures for each five shares of common stock held. **Price**—To be supplied by amendment. **Proceeds**—For property additions. **Underwriters**—White, Weld & Co., New York; F. S. Moseley & Co., Boston, Mass.; Equitable Securities Corp., Nashville, Tenn., and Elder & Co., Chattanooga, Tenn.

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.

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.

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.

Ekco Products Co., Chicago, Ill. (4/15)
March 23 filed $5,000,000 of subordinated debentures due April 1, 1973, and 50,000 shares of common stock (par $2.50), the stock to be sold for the account of selling stockholders. **Price**—To be supplied by amendment. **Proceeds**—From sale of debentures, for general corporate purposes. **Underwriter** — Union Securities Corp., New York.

El Paso Natural Gas Co.
March 6 filed 963,882 shares of common stock (par $3), of which 883,882 shares are being offered for subscription by holders of common stock and $4.25 convertible second preferred stock of record 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 April 8. The remaining 80,000 shares are to be reserved for offering to employees. **Price**—$32.50 per share. **Proceeds**—To repay bank loans and for new construction. **Underwriter**—White, Weld & Co., New York.

★ **Elgin National Watch Co.**
March 24 (letter of notification) 6,517 shares of common stock (par $15) to be offered to employees under 1953 Stock Purchase Plan. **Price**—$12.75 per share. **Proceeds**—To reimburse treasury for cost of securities offered. **Underwriter**—None.

Emerson Electric Manufacturing Co. (4/7)
March 18 filed 37,230 shares of common stock (par $4) to be offered for subscription by stockholders of record April 7 at rate of one new share for each 12½ shares held. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes, including acquisition of certain assets of United States Electric Tool Co. **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., San Juan.

★ **Family Digest, Inc., N. Y. (4/3)**
March 27 (letter of notification) 300,000 shares of class A stock. **Price**—At par ($1 per share). **Proceeds**—For working capital. **Office**—421 Hudson St., New York 14, N. Y. **Underwriter**—Bonner & Bonner, Inc., New York.

● **Fedders-Quigan Corp. (4/8)**
March 20 filed 41,250 shares of 5½% cumulative preferred stock, 1953 series, par $50 (convertible into common stock on or prior to May 1, 1953), to be offered for subscription by common stockholders of record April 8, at rate of one preferred share for each 35 shares of common stock held (with an oversubscription privilege); rights to expire on April 22. **Price**—At par. **Proceeds**—For general corporate purposes. **Underwriters**—Allen & Co., New York.

★ **Federal Electric Products Co., Newark, N. J.**
March 31 filed 220,000 shares of common stock (par $1) and $2,000,000 of 6% subordinated income debentures due 1968 (with warrants attached to purchase an additional 120,000 shares at prices ranging from $7.50 to $17.50 per share. **Price**—For common stock, $7 per share; and for debentures, at 100% of principal amount. **Proceeds**—To repay loans. **Business**—Manufacture of devices for control of low voltage electrical energy. **Underwriter**—H. M. Byllesby & Co., Inc., Chicago, Ill.

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.

Fitchburg Gas & Electric Light Co.
March 6 filed 23,698 shares of capital stock (par $25) being offered to stockholders of record March 26 at rate of one new share for each five shares held (with an oversubscription privilege); rights to expire April 13. **Price**—$46 per share. **Proceeds** — For construction program. **Underwriter**—None.

Flock Gas & Oil Corp., Ltd., Calgary, Can. (4/15)
March 19 filed 800,000 shares of common stock (par 20 cents). **Price**—$2 per share. **Proceeds**—For development of properties now held by it, for acquiring and holding reservations and leases or participating therein, for exploration and drilling expenses, etc. **Underwriter**—Peter Morgan & Co., New York.

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 at Two Rector St., New York, N. Y.

★ **General Credit, Inc., Washington, D. C.**
March 19 (letter of notification) 79,800 shares of participating preference stock (par $1). **Price** — $3.75 per share, and one cent per warrant. **Proceeds**—For working capital. **Office**—839—17th St., N. W., Washington 6, D. C. **Underwriter**—John R. Boland, New York. **Offering**—Now being made.

● **General Telephone Co. of the Southwest (4/7)**
March 12 filed 50,000 shares of 5½% cumulative preferred stock. **Price**—At par ($20 per share). **Proceeds**—For property additions. **Underwriter** — None, but Mitchum, Tully & Co., Los Angeles, Calif., will act as dealer-manager.

Grand Bahama Co., Ltd., Nassau (4/15)
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.

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.

★ **H & B American Machine Co., Chicago, Ill.**
March 27 (letter of notification) 30,000 shares of common stock (par 25 cents). **Price**—At market (estimated at

$2.50 per share). **Proceeds**—To five selling stockholders. **Office**—122 South Michigan Ave., Chicago, Ill. **Underwriter**—None.

★ **Herman Hanson Oil Syndicate, Turtle Lake, N. D.**
March 25 (letter of notification) 300,000 shares of capital stock. **Price**—$1 per share. **Proceeds**—To drill wells. **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.

★ **Idaho Gas Development, Inc., Preston, Idaho**
March 20 (letter of notification) 125,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—To drill oil. **Office**—33 North State St., Preston Idaho. **Underwriter**—None.

★ **Idaho Titanium & Mining Co., Weiser, Idaho**
March 23 (letter of notification) 100,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—To develop mine. **Underwriter**—None.

Independent Plow, Inc., Noedesha, Kan. (4/6-7)
Feb. 26 filed 100,000 shares of participating convertible class A stock (par $5), to be offered for subscription by common and preferred stockholders at rate of one share of class A stock for each 3¼ shares of preferred and/or common stock held. **Price** — $6.50 per share. **Proceeds**—To repay balance of RFC loan ($192,311); to redeem outstanding preferred stock ($86,341); and for working capital. **Underwriter**—Barrett Herrick & Co., Inc., New York.

Inspiration Lead Co., Inc., Wallace, Ida.
Jan. 26 (letter of notification) 2,000,000 shares of common stock. **Price**—15 cents per share. **Proceeds**—For mining expenses. **Office**—507 Bank St., Wallace, Ida. **Underwriter**—Mine Financing, Inc., Wallace, Ida.

Inter-Mountain Telephone Co. (4/9)
March 20 filed 142,500 shares of common stock-voting (par $10) to be offered for subscription by common stockholders of record March 30 at rate of one new share for each three shares held. (Southern Bell Telephone & Telegraph Co. and Chesapeake & Potomac Telephone Co. of Virginia, own, respectively, 32.8% and 12.2% of the presently outstanding common stock of Inter-Mountain); rights expire about April 28. **Price**—To be supplied by amendment. **Proceeds**—To reduce short-term notes. **Underwriter**—For 78,336 shares—Courts & Co., Atlanta, Ga., and New York, N. Y.

★ **Interstate Fire & Casualty Co., Bloomington, Ill.**
March 26 filed 28,000 shares of capital stock (par $10) to be offered for subscription by stockholders of record April 1 at the rate of 1 3/11 shares for each share held. **Price**—$16.50 per share. **Proceeds**—To increase capital and surplus. **Underwriter**—None.

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.

Jersey Central Power & Light Co. (4/14)
March 16 filed $8,500,000 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 Shields & Co. (jointly); Equitable Securities Corp.; The First Boston Corp.; Salomon Bros. & Hutzler; Glore, Forgan & Co.; Kidder, Peabody & Co.; Harriman Ripley & Co. Inc. **Bids**—Expected to be received April 14.

Jewel Tea Co., Inc. (4/8)
March 17 filed 141,757 shares of common stock (par $1) to be offered for subscription by common stockholders of record April 8 at rate of one new share for each eight shares held; rights to expire April 23. **Price**—To be supplied by amendment. **Proceeds**—For working capital, etc. **Underwriters**—Lehman Brothers and Goldman, Sachs & Co., both of New York.

★ **Jewel Tea Co., Inc.**
March 25 (letter of notification) 9,000 shares of common stock (par $1). **Price**—Estimated at $32 per share. **Proceeds** — For general corporate purposes. **Office** — Jewel Park, Barrington, Ill. **Underwriter**—None.

Junction City (Kan.) Telephone Co.
March 3 (letter of notification) $206,000 of 4½% first mortgage bonds, series A, due Feb. 1, 1977. **Price**—100% and accrued interest. **Proceeds**—For general corporate purposes. **Underwriter**—Wachob-Bender Corp., Omaha, Nebraska.

★ **Justheim Petroleum Co., Salt Lake City, Utah (4/3)**
March 25 (letter of notification) 1,063,480 shares of common stock (par five cents). **Price**—20 cents per share. **Proceeds**—For working capital. **Underwriter**—Hunter Securities Corp., New York.

● **Kentucky Utilities Co.**
March 9 filed 208,057 shares of common stock (par $10) being offered for subscription by common stockholders 10 shares held; rights to expire on April 13. **Price**—$18.50 per share. **Proceeds**—For new construction. **Underwriters**—Blyth & Co., Inc., New York; J. J. B. Hilliard & Son, Louisville, Ky.

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**—To be received up to 11:30 a.m. (CST) on April 7 at 20 No. Wacker Drive, Chicago 6, Ill.

★ **Liberty Fabrics of New York, Inc.**
March 24 (letter of notification) 1,356 shares of 5% cumulative preferred stock (par ($10). **Price** — At market (about $6.60 per share). **Proceeds**—To Maurice Goodman, Vice-President. **Underwriter**—None, but Dreyfus & Co., New York, will act as broker.

★ **Little Queen Mines, Inc., Atlanta, Idaho**
March 18 (letter of notification) 96,160 shares of participating common stock and 3,016,000 shares of common stock. **Price**—One cent per share. **Proceeds**—To develop mine. **Underwriter**—None.

● **Lorillard (P.) Co. (4/15)**
March 25 filed $22,500,000 of 25-year debentures due April 1, 1978. **Price** — To be supplied by amendment. **Proceeds**—To reduce bank loans. **Underwriters**—Lehman Brothers and Smith, Barney & Co., both of New York.

● **Lorillard (P.) Co. (4/15)**
March 25 filed 356,573 shares of common stock (par $10) to be offered for subscription by stockholders of record about April 14 on basis of one new share for each seven shares held; rights to expire about April 28. Warrants are expected to be mailed about the middle of April. **Price**—To be supplied by amendment. **Proceeds**—To reduce bank loans. **Underwriters**—Lehman Brothers and Smith, Barney & Co., both of New York.

Louisiana Power & Light Co. (4/21)
March 19 filed 60,000 shares of cumulative preferred stock (par $100). **Proceeds**—To retire 59,422 shares of $6 preferred stock presently outstanding. **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**—To be received up to noon (EST) on April 21 at Two Rector Street, New York, N. Y.

★ **Macmillan Petroleum Corp., Los Angeles, Calif.**
March 24 (letter of notification) 400 shares of capital stock (par $5). **Price**—$160 per share. **Proceeds**—To Raymond S. Macmillan and Sheldon M. Batterson, two selling stockholders. **Underwriter**—Lester, Ryons & Co., Los Angeles, Calif.

Marathon Corp., Menasha, Wis.
March 20 filed 614,872 shares of common stock (par $6.25) to be offered in exchange for stock of Northern Paper Mills on the basis of six shares for each share of Northern common stock and five shares for each share of Northern preferred stock. **Underwriter**—None.

★ **Maremont Automotive Products, Inc., Chicago, Ill. (4/20)**
March 30 filed 230,000 shares of common stock (par $1), of which 20,000 shares are to be issued by the company and balance by certain selling stockholders. **Price**—To be supplied by amendment. **Proceeds**—For working capital. **Underwriters**—Hallgarten & Co., New York; and Straus, Blosser & McDowell and McCormick & Co., both of Chicago, Ill.

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.

★ **McQuay, Inc., Minneapolis, Minn.**
March 25 (letter of notification) $200,000 of 5½% debentures due April 1, 1978, and 10,000 shares of common stock (par $1) to be offered in units of one $500 debenture and 25 shares of stock. **Price**—$600 per unit. **Proceeds**—To enlarge plant. **Office**—1600 Broadway, N. E., Minneapolis, Minn. **Underwriter**—None.

★ **Mechanical Handling Systems, Inc., Detroit, Mich. (4/21)**
March 31 filed 120,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To purchase common stock of The Louden Machinery Co. **Business**—Manufacture and sale of conveyors in industrial and commercial applications. **Underwriter**—Kidder, Peabody & Co., New York.

★ **Mercantile Acceptance Corp. of California**
March 25 (letter of notification) $118,549.50 of 5% junior subordinated debentures (in various denominations). **Price**—At par. **Proceeds**—For working capital. **Office**—333 Montgomery St., San Francisco, Calif. **Underwriter**—Guardian Securities Corp., San Francisco, Calif.

★ **Merrill Petroleums Ltd., Alberta, Canada (4/20)**
March 31 filed 1,000,000 shares of common stock (par $1), of which 400,000 shares are to be offered in the United States and 600,000 shares in Canada. **Price**—To be supplied by amendment. **Proceeds**—For drilling and exploration activities. **Underwriters**—White, Weld & Co., New York; and Wood, Gundy & Co., Ltd., Toronto, Ont., Canada.

● **Merritt-Chapman & Scott Corp.**
March 3 filed 121,322 shares of common stock (par $12.50) being 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**—$21 per share. **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.

Middle South Utilities, Inc. (4/8)
March 20 filed 475,000 shares of common stock (no par) to be offered for subscription by common stockholders of record April 8 at rate of one new share for each 14 shares held (with an oversubscription privilege); rights to expire April 28. **Price**—To be supplied by amendment (to be fixed April 7). **Proceeds**—For investment in the common stocks of its System operating companies and to repay all or a portion of sums which have been borrowed for such investments. **Underwriter**—None.

★ **Monolithic Formed Plastics, Inc. (N. J.)**
March 27 (letter of notification) 3,375 shares of common stock (no par). **Price**—38 cents per share. **Proceeds**—For general corporate purposes. **Office** — 203 Park Ave., Plainfield, N. J. **Underwriter**—None.

★ **Morgan (J. H.) Gas & Oil Co., Salt Lake City, Utah**
March 26 (letter of notification) 1,600,000 shares of common stock (par five cents). **Price**—Six cents per share. **Proceeds**—To drill wells. **Office**—209 Phillips Petroleum Bldg., Salt Lake City 1, Utah. **Underwriters**—A. P. Kibbe & Co. and Harrison S. Brothers & Co., both of Salt Lake City, Utah.

● **Mountain States Tel. & Tel. Co.**
March 6 filed 390,931 shares of common stock being offered for subscription by common stockholders of record March 27 at rate of one new share for each four shares held; rights to expire April 29. 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 Marine Terminal, Inc., San Diego, Calif.
March 10 (letter of notification) 30,000 shares of 6% preferred stock. **Price**—At par ($10 per share). **Proceeds**—For general corporate purposes. **Office**—U. S. National Bank Bldg., San Diego 1, Calif. **Underwriter**—Wahler, White & Co., Kansas City, Mo., and associates.

New Orleans Public Service Inc. (4/14)
March 12 filed $6,000,000 of first mortgage bonds due 1983. **Proceeds**—For construction program. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers; Kidder, Peabody & Co. and Stone & Webster Securities Corp. (jointly); Equitable Securities Corp.; Union Securities Corp. **Bids**—To be received up to noon (EST) on April 14.

★ **Nordcap, Inc., Lakewood, Colo.**
March 27 (letter of notification) 39,977 shares of class A preferred dividend common stock. **Price**—At par ($1 per share). **Proceeds**—To expand plant. **Office**—c/o Lakewood O. K. Rubber Welders, Lakewood, Colo. **Underwriter**—None.

Northlands Oils Ltd., Canada
Nov. 21 filed 1,000,000 shares of capital stock (par 20¢ — 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.

Oklahoma Gas & Electric Co. (4/16)
March 19 filed 241,195 shares of common stock (par $10) to be offered for subscription by common stockholders of record April 16 at rate of one new share for each 10 shares held (with an oversubscription privilege); rights to expire on May 5. **Price** — To be supplied by amendment. **Proceeds** — For construction program. **Underwriter**—Merrill Lynch, Pierce, Fenner & Beane, New York.

● **Overland Oil, Inc., Denver, Colo.**
Dec. 23 filed 300,000 shares of common stock (par 10 cents). **Price**—20 cents per share. **Proceeds**—To make geological survey of land. **Business**—Oil and gas exploration. **Underwriter**—None. Statement effective Mar. 24.

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Packard-Bell Co., Los Angeles, Calif. (4/7)
March 18 filed 100,000 shares of capital stock (par 50 cents). Price—To be supplied by amendment. Proceeds—For expansion and working capital. Underwriters—Paine, Webber, Jackson & Curtis, Boston and New York; and Shearson, Hammill & Co., New York.

Palestine Economic Corp., New York
March 6 filed 100,000 shares of common stock (par $25). Price—$28 per share. Proceeds—For development of Israel industry, etc., and for working capital. Underwriter—None.

• Paley Manufacturing Corp. (4/9)
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.

★ Pennant Drilling Co., Inc., Denver, Colo.
March 23 (letter of notification) 42,507 shares of common stock (par $1). Price—$1.30 per share. Proceeds—To Morris Replin, the selling stockholder. Underwriter—Peters, Writer & Christensen, Inc., Denver, Colo.

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.

★ Pulp Machine Associates, Inc., Bound Brook, N. J.
March 27 (letter of notification) 3,375 shares of common stock (no par). Price—35 cents per share. Proceeds—For general corporate purposes. Office — 18 Hamilton St., Bound Brook, N. J. Underwriter—None.

★ Radio Condenser Co., Camden, N. J. (4/27)
March 31 (letter of notification) 27,000 shares of common stock (par $1). Price—$11 per share. Proceeds—From sale of stock (together with $1,500,000 from sale of 4½% serial notes due to May 1, 1968 to Provident Mutual Life Insurance Co. of Philadelphia), for expansion, retirement of $80,000 debt and for working capital. Underwriter—Hemphill, Noyes & Co., New York.

Resort Airlines, Inc., Miami, Fla.
March 6 (letter of notification) 724,687 shares of common stock (par 10 cents) to be offered for subscription by stockholders on a pro rata basis. Price—20 cents per share. Proceeds—For working capital. Address—Box 242, International Airport, Miami 48, Fla. Underwriter—None.

★ Rex Industries, Inc., Washington, D. C.
March 23 (letter of notification) 13,895 shares of common stock (no par). Price—$5 per share. Proceeds—To build, repair and sell battery operated loud speaker units. Office—2014 Connecticut Ave., N. W., Washington, 8, D. C. Underwriter—None.

★ Robot Corp., Los Angeles, Calif.
March 24 (letter of notification) 40,000 shares of capital stock. Price—At par ($1 per share). Proceeds—To purchase equipment. Office—924 Van Nuys Bldg., Los Angeles, 14, Calif. Underwriter—Edgerton, Wykoff & Co., Los Angeles, Calif.

★ Savannah Electric & Power Co. (4/21)
April 1 filed 23,000 shares of cumulative preferred stock (par $100). Price—To be supplied by amendment. Proceeds—To retire $700,000 of 5% cumulative preferred stock, $300,000 of bank loans and for new construction. Underwriter—The First Boston Corp., New York.

★ Schlafly Nolan Oil Co., Inc., Mt. Vernon, Ill. (4/23)
March 25 filed 150,000 shares of common stock (par 25 cents). Price—$4 per share. Proceeds—To purchase and sell leaseholds, royalties and producing properties, to prospect for oil and gas and to develop and operate producing properties. Underwriter—L. H. Rothchild & Co., New York.

★ Smith (Fletcher) Studios, Inc., N. Y.
March 24 (letter of notification) 299,000 shares of common stock (par 10 cents). Price—$1 per share. Proceeds—For expansion and working capital. Underwriter—E. M. North Co., Inc., New York.

★ Soil-Tone Corp., Plymouth, N. C.
March 27 (letter of notification) $150,000 of 6% contingent interest debentures due 1968 (convertible at any time at rate of 500 shares of common stock for each $1,000 debenture). Price—At principal amount. Proceeds—To enlarge plant. Underwriters—McGinnis & Co., New York, and Stein Bros. & Boyce, Baltimore, Md.

Southern Co. (4/15)
March 13 filed 1,004,869 shares of common stock (par $5) to be offered to common stockholders of record April 16 on the 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 the 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); The 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 at 20 Pine St., New York 5, N. Y.

• Southern Indiana Gas & Electric Co.
March 3 filed 114,167 shares of common stock (no par) being 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—$24.50 per share. Proceeds—To repay bank loans and for new construction. Underwriter — Smith, Barney & Co., New York.

Southwestern States Telephone Co. (4/7)
March 16 filed 60,000 shares of cumulative preferred stock (par $25). Price—To be supplied by amendment (expected to be at par with a yield of somewhat better than 5¼%). Proceeds—For construction program. Underwriter—Central Republic Co. (Inc.), Chicago, Ill.

★ Sun Electric Corp., Chicago, Ill.
March 27 filed 3,000 shares of 6% cumulative preferred stock. Price—At par ($100 per share). Proceeds—For working capital. Office—6323 Avondale Ave., Chicago 31, Ill. Underwriter—None.

Sunbeam Oil Co., Brush, Colo.
March 19 (letter of notification) 100,000 shares of capital stock (par $1). Price—$3 per share. Proceeds—For oil and gas lease interests and working capital. Underwriter—J. W. Hicks & Co., Inc., Denver, Colo.

★ Telecomputing Corp., Burbank, Calif.
March 24 (letter of notification) 5,639 shares of capital stock (par $1), of which 4,639 shares are for account of the company and 1,000 shares for account of Ward W. Beman. Price—$15 per share. Proceeds—For working capital. Underwriter—Hill Richards & Co., Los Angeles, Calif.

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., Inc., Houston, Tex.
March 24 (letter of notification) 250,000 shares of capital stock (par 10 cents). Price—$1 per share. Proceeds—To drill wells. Office — 116A City National Bank Bldg., Houston, Texas. Underwriter—Walter Aronheim.

★ Union Wire Rope Corp., Kansas City, Mo. (4/20-23)
March 30 filed 100,000 shares of capital stock (par $5), of which 50,000 shares are to be offered for subscription by stockholders at rate of one new share for each 10 shares held; 33,000 shares will be sold to one subscriber; and the remaining 17,000 shares to be offered publicly together with any unsubscribed shares. Price—To be supplied by amendment. Proceeds—For expansion program and working capital. Underwriter—P. W. Brooks & Co., Inc., New York.

• United Minerals Corp., Salt Lake City, Utah
March 13 (letter of notification) 250,000 shares of 5% cumulative convertible preferred stock (par $1) being first offered to present stockholders during the period from March 28 to April 18 in 5,000 units, each unit to consist of 50 shares of this stock and 50 shares of common stock (par 10 cents) of United Sulphur & Chemical Co., Inc. Price — $50 per unit. Proceeds — For erection of sulphur plant. Office—518 Felt Bldg., Salt Lake City 1, Utah. Underwriter—Greenfield & Co., Inc., New York.

• United Utilities, Inc., Abilene, Kan.
March 10 filed 319,122 shares of common stock (par $10) being offered for subscription by common stockholders of record March 31 at the rate of one new share for each 2½ shares held; rights to expire on April 14. Price—$16 per share. Proceeds—To acquire a two-thirds stock interest in Investors Telephone Co. Underwriter—Kidder, Peabody & Co., New York.

★ Unitelko, Inc., N. Y.
March 27 (letter of notification) 40,000 shares of non-convertible preferred stock (par $1) and 80,000 shares of common stock (par 10 cents) to be offered in units of one share of preferred and two shares of common stock. Price—$5 per unit. Proceeds—For working capital, etc. Office—c/o Harold E. Hangauer, Executive Vice-President, 452 Fifth Ave., New York, N. Y. Underwriter—None.

★ U. S. Airlines, Inc., New York
March 25 (letter of notification) 85,772 shares of common stock (par five cents), of which 34,472 shares are to be issued to settle $22,375.75 of claims, 25,700 shares to settle $25,700 of claims and 25,600 shares offered in exchange for $32,000 of 3-year 5% debentures bonds due Aug. 31, 1954. Underwriter—None.

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.

★ Warren (J. C.) Corp., Freeport, N. Y.
March 25 (letter of notification) 5,065 shares of capital stock (par $1) to be offered for subscription by stockholders at rate of one new share for each four shares held; unsubscribed shares to be offered to noteholders. Price — $9 per share. Proceeds — For working capital. Office—21 Hanse Ave., Freeport, N. Y. 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 Sales Inc., Portland, Ore.
March 19 (letter of notification) 4,000,000 shares of common stock. Price—At par (five cents per share). Proceeds—To acquire merchandise. Office—805 Weatherly Bldg., Portland 14, Ore. 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. Statement effective March 18.

★ Wisconsin Public Service Corp.
March 30 filed $8,000,000 of first mortgage bonds due May 1, 1983 and 30,000 shares of cumulative preferred stock (par $100). Proceeds—To repay $6,300,000 bank loans and for new construction. Underwriters—To be determined by competitive bidding. Probable bidders: (1) For preferred — The First Boston Corp.; Merrill Lynch, Pierce, Fenner & Beane; Kuhn, Loeb & Co. and A. C. Allyn & Co., Inc. (jointly). (2) For bonds—Halsey, Stuart & Co. Inc.; The First Boston Corp.; Union Securities Corp.; Kidder, Peabody & Co.; Shields & Co.; Merrill Lynch, Pierce, Fenner & Beane; Harris, Hall & Co. (Inc.); Carl M. Loeb, Rhoades & Co.; Salomon Bros. & Hutzler. Bids—For bonds expected early in May and for preferred stock late in April.

Young (Thomas) Orchids, Inc.
March 10 (letter of notification) 3,300 shares of common stock (par $1). Price—At market (about $33 per share). Proceeds—To John W. Hanes, and Hope Y. Hanes. Underwriter—None, but Smith, Barney & Co., New York, and Newhard, Cook & Co., St. Louis, Mo., will act as brokers.

Prospective Offerings

• Alabama Power Co. (5/12)
March 30 company filed an application with SEC, for the 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. (EDT) on May 12 at office of Southern Services, Inc., 20 Pine St., New York, N. Y.

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).

Arkansas Power & Light Co.
March 20 it was announced that company may consider refunding the outstanding 47,609 shares of $7 preferred stock (no par) and 45,891 shares of $6 preferred stock (no par), both called at $110 per share. 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.

Atlantic Refining Co.
March 16 it was stated that the company may be in the market later this year with a sizable debt issue. The exact nature and timing of the financing are still to be determined. Stockholders will vote May 5 on increasing authorized debt to $150,000,000. **Proceeds**—To be used to help pay for a $100,000,000 construction program for 1953. **Underwriters** — Smith, Barney & Co. may head group.

Central Foundry Co. (4/30)
March 16 directors voted to offer rights to present preferred and common stockholders to subscribe for additional common stock in the ratio of one share of common stock for each four shares of either common or preferred stock held. **Underwriter**—To be named later. Fred J. Young of F. J. Young & Co., New York is a director.

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 at the annual meeting March 24 voted to authorize 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 Illinois Public Service Co.
March 26 it was reported that the company may about mid-July sell about $6,000,000 additional common stock (first to common stockholders). **Underwriter**—The First Boston Corp., New York.

★ Central Power & Light Co. (5/15)
March 23 company filed an application with SEC for authority to issue $8,000,000 first mortgage bonds, series E, due May 1, 1983. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc., Harriman Ripley & Co. Inc., and Stone & Webster Securities Corp. (jointly); Union Securities Corp.; Kuhn, Loeb & Co.; Kidder, Peabody & Co.; Lehman Brothers and Glore, Forgan & Co. (jointly); Merrill Lynch, Pierce, Fenner & Beane and Salomon Bros. & Hutzler (jointly); The First Boston Corp. **Bids**—Tentatively expected to be received on or about May 15.

● Chicago Great Western Ry.
March 17 company asked ICC permission to issue and sell $6,000,000 collateral trust bonds due 1978, to be secured by $9,000,000 4% first mortgage bonds due in 1988. **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. and White, Weld & Co. (jointly); The First Boston Corp.; Merrill Lynch, Pierce, Fenner & Beane. **Offering**—Expected in April.

● Columbia Gas System, Inc., N. Y.
March 26 it was announced company plans to issue and sell common stock in May (sufficient to raise between $20,000,000 and $25,000,000) and $40,000,000 additional debentures in late summer or early fall. **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.; The First Boston Corp. (Glore, Forgan & Co. and The First Boston Corp. underwrote an offering of convertible preferred stock to common stockholders last November.)

Consolidated Natural Gas Co. (5/26)
March 13 it was announced company is planning to issue and sell $40,000,000 of debentures due 1978. **Underwriters** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co. and The First Boston Corp. (jointly); White, Weld & Co. and Paine, Webber, Jackson & Curtis (jointly). **Bids**—Expected to be received at 11:30 a.m. (EDT) on May 26. **Registration**—Tentatively planned for about April 17.

● Copeland Refrigeration Corp. (4/27)
March 31 stockholders were to vote on approving the issuance and sale by the company of 75,000 additional shares of common stock. **Underwriter** — Baker Simonds & Co., Detroit, Mich.

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.
March 24 it was announced company plans to issue an unspecified amount of convertible debenures due 1963 (about $55,000,000 to carry an interest rate not exceeding 4%) which may first be offered for subscription by stockholders. **Proceeds**—To retire bank loans and to meet construction costs. **Meeting**—Stockholders on April 14 will vote on authorizing the new debentures. **Underwriter**—None.

Eastern Utilities Associates
Feb. 20 it was announced company plans sale of $7,000,000 collateral trust mortgage bonds due 1973. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Estabrook & Co. and Stone & Webster Securities Corp. (jointly); The First Boston Corp.; White, Weld & Co. and Kidder, Peabody & Co. (jointly); Glore, Forgan & Co. and Harriman Ripley & Co. Inc. (jointly). **Bids**—Tentatively expected in April.

El Paso Natural Gas Co.
March 25 it was announced company plans to place privately $120,000,000 of first mortgage bonds and sell publicly some preferred stock and debentures (in addition to the offer of 883,882 shares of common stock to common and second preferred stockholders—see a preceding column). **Underwriter**—White, Weld & Co., N. Y.

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.

Government Employees Corp., Washington, D. C.
March 18 stockholders authorized an issue of 3,000 shares of preferred stock (par $100) to carry a cumulative dividend rate not to exceed 6% annually. The management states that, under present plans, these shares will be issued as the growth of the corporation warrants.

★ Government Employees Corp. (5/26)
March 18 directors authorized an offering of 12,000 shares of common stock (par $5) to stockholders of record April 28 at rate of one new share for each five shares held (not taking into account 3,000 shares to be issued as a stock dividend on May 26); rights are to expire on June 24. Subscription warrants are to be issued on the latter date. **Price**—$15 per share.

● Gulf Life Insurance Co., Jacksonville, Fla.
March 21 E. L. Phillips, Jr., President, and others sold about 150,000 shares of capital stock for a reported price of $17,400,000 to an investment banking group headed by Equitable Securities Corp. and R. S. Dickson & Co., who plan to offer a part thereof in two or three months.

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. (EDT) on June 9.

★ Gulf States Utilities Co. (5/8)
March 26 it was announced company has filed an application with the FPC proposing the issuance of 781,042 shares of common stock (no par) to be offered for subscription by common stockholders on the basis of one new share for each four shares held on or about May 8. **Proceeds**—For new construction. **Underwriters**—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.

★ Lone Star Gas Co. (5/12)
March 25 it was announced company plans to offer 183,300 shares of cumulative convertible preferred stock (par $100) for subscription by its common stockholders at rate of one share of preferred stock for each 30 shares of common stock held. **Proceeds**—To finance construction program. **Registration**—Expected to be filed about April 22 to become effective May 12.

● Long Island Lighting Co.
March 24 it was announced that company later this Spring plan to issue and sell 100,000 shares of preferred stock (par $100) to be followed by the sale this summer of new common stock and in November by an issue of first mortgage bonds. **Proceeds**—To repay bank loans and for new construction. **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.
March 20 it was announced company may issue and sell in June $12,000,000 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.

Mansfield Tire & Rubber Co.
March 17 it was reported early registration is expected of 200,000 shares of common stock. **Proceeds**—To selling stockholders. **Underwriter**—A. G. Becker & Co., Inc., Chicago, Ill.

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.

● Michigan-Wisconsin Pipe Line Co.
March 24 it was reported this company is considering permanent financing of its $20,000,000 bank loans which mature July 1, 1953. If competitive, bidders for bonds may include: Halsey, Stuart & Co. Inc.; Glore, Forgan & Co.; The First Boston Corp.; Harriman Ripley & Co., Inc.

Minneapolis-Honeywell Regulator Co.
March 11 it was announced stockholders will on April 28 vote on increasing authorized common stock from 3,440,000 to 3,950,000 shares and the preference stock from 160,000 to 210,000 shares. **Underwriter**—Probably Union Securities Corp., New York.

Mississippi Power & Light Co.
March 20, E. H. Dixon, President of Middle South Utilities, Inc., announced that refunding of Mississippi Power & Light Co.'s $6 preferred stock (no par), of which 44,476 shares are now outstanding, may be considered. This issue is callable at $110 per share. **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.

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 one-for-five basis. **Proceeds** — For construction program. **Underwriters** — To be named later.

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.

★ Montana-Dakota Utilities Co.
March 25 it was announced company has applied to Federal Power Commission for authority to issue 293,103 shares of common stock (par $5) to be offered for subscription by common stockholders at rate of one new share for each five shares held. **Price**—To be in relation to market price shortly before the offering. **Proceeds**—To repay $5,250,000 short-term loans and for new construction. **Underwriter** — Blyth & Co., Inc. and Merrill Lynch, Pierce, Fenner & Beane, both of New York.

● Montana Power Co. (5/4)
March 26 it was announced company has applied to FPC for permission to issue and sell $18,000,000 of sinking fund debentures due 1978. **Proceeds**—To repay $12,000,000 bank loans and for new construction. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Smith, Barney & Co., Blyth & Co., Inc., and Lee Higginson Corp. (jointly); Union Securities Corp. **Bids**—Expected to be received up to 11:30 a.m. (EDT) on May 5. **Registration**—Tentatively planned for about April 2.

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 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.

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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 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).

Northwest Natural Gas Co.
March 23 it was reported that this company plans to finance its proposed 1,300-mile pipeline from Canada to the Pacific Northwest by the issuance and sale of $66,000,000 of 4½% first mortgage pipeline bonds to insurance companies and other institutional investors and $9,000,000 of 5% debentures and 1,400,000 shares of common stock at $10 per share publicly in the United States and Canada. **Underwriter**—Morgan Stanley & Co., New York.

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.

Ormond Corp., Albuquerque, N. M.
March 10 it was announced company plans to register with the SEC an issue of stock, which will be offered nationally. **Office**—5003 Central Avenue, N. E., Albuquerque, N. M.

★ Pacific Gas & Electric Co. (5/19)
March 25 it was reported company plans to issue and sell $65,000,000 of 35-year bonds. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.; The First Boston Corp. **Bids**—Tentatively scheduled to be received up to 11 a.m. (EDT) on May 19.

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.

● Philadelphia Electric Co. (5/12)
March 24, it was announced company plans to issue and sell $15,000,000 of preferred stock. **Proceeds**—For new construction and to repay bank loans. **Underwriter**—May be determined by competitive bidding. Probable bidders: Morgan, Stanley & Co.; W. C. Langley & Co. and Glore, Forgan & Co. (jointly); The First Boston Corp.; Union Securities Corp. **Bids**—Tentatively scheduled to be received on May 12.

● Philadelphia Electric Co. (5/25)
March 24, H. P. Liversidge, Chairman, announced that company plans to issue and sell $30,000,000 of bonds (in addition to $15,000,000 of preferred stock announced above). **Proceeds**—To repay bank loans and for new construction. **Underwriters**—May be determined by competitive bidding. Probable bidders; Halsey, Stuart & Co. Inc.; Drexel & Co. and Morgan Stanley & Co. (jointly); Kuhn, Loeb & Co. and Union Securities Corp. (jointly); White, Weld & Co.; The First Boston Corp. **Bids**—Tentatively scheduled to be received on May 25.

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.

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.

★ St. Anne's Oil Co., Midland, Tex. (4/30)
March 28 it was reported that registration is expected about April 10 of 250,000 shares of common stock. **Price**—$5 per share. **Underwriters**—Sills, Fairman & Harris and H. M. Byllesby & Co., Inc., both of Chicago.

● San Diego Gas & Electric Co.
March 23 it was announced company plans to issue and sell additional securities to help take care of its $17,550,000 expansion program for 1953. **Underwriters**—For any preferred or common stock: Blyth & Co., Inc. Probable bidders for bonds: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.; Kuhn, Loeb & Co.; The First Boston Corp.; White, Weld & Co. and Shields & Co. (jointly); Union Securities Corp. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Salomon Bros. & Hutzler.

Second National Bank of Philadelphia (4/14)
March 25 it was announced company plans to offer to its stockholders of record April 14 the right to subscribe on or before April 24 for 25,000 additional shares (par $10) on the basis of one new share for each four shares held. **Price**—$20 per share. **Proceeds**—To increase capital and surplus.

★ Shield Chemical Corp. (4/23)
March 26 it was reported company plans to issue and sell about $300,000 of common stock. **Proceeds**—For working capital. **Underwriter**—Peter W. Spiess & Co., New York.

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 Bell Telephone & Telegraph Co. (5/5)
March 23, F. J. Turner, President, revealed that the company plans to issue and sell $30,000,000 of 24-year debentures to mature May 1, 1977. **Proceeds**—For additions and improvements to property. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co. **Bids**—Tentatively scheduled to be received on May 5.

Southern California Edison Co.
March 11, William C. Mullendore, President, stated that company is considering selling $25,000,000 of first mortgage bonds and $15,000,000 of preferred stock. **Proceeds**—For 1953 construction program. **Underwriters**—May be determined by competitive bidding. Probable bidders for bonds: Halsey, Stuart & Co. Inc.; The First Boston Corp. and Harris, Hall & Co. (Inc.) (jointly); Blyth & Co., Inc.; Kuhn, Loeb & Co. Probable bidders for preferred: The First Boston Corp. and Harris, Hall & Co. (Inc.) (jointly).

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 that 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).

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-New Mexico Ry. (4/15)
Bids will be received by the company up to noon (EST) on April 15 for the purchase from it of $960,000 equipment trust certificates. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

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. (EDT) 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. (EDT) on May 19.

Texas Utilities Co. (6/2)
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 on June 2.

Toledo Edison Co.
March 20 it was announced stockholders will vote April 21 on increasing the authorized common stock from 5,000,000 to 7,500,000 shares and amend the articles of incorporation so as to provide that the limit on the amount of unsecured indebtedness that the company may create, without consent of majority of the preferred stockholders shall be 20% (instead of 10%) of the aggregate of company's secured indebtedness and capital and surplus. Charles E. Ide, President, stated that the management has no present plans to issue new common shares. The First Boston Corp. and Collin, Norton & Co. handled latest common stock financing. Probable bidders on any bonds: Halsey, Stuart & Co. Inc.; The First Boston Corp. and Glore, Forgan & Co. (jointly); Equitable Securities Corp.; Kidder, Peabody & Co., White, Weld & Co. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Union Securities Corp.; Smith, Barney & Co.

United Gas Corp.
Feb. 11 it was reported company may issue and sell in June approximately $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).

★ Utah Power & Light Co.
March 16 it was announced stockholders will vote May 18 on increasing the authorized common stock from 2,000,000 shares (1,842,500 shares outstanding) to 2,500,000 shares in order to provide additional stock for future needs. Company's construction program for the three years (1953-1955) is estimated at $42,000,000.

● Walworth Co.
March 25 stockholders voted to increase authorized common stock from 1,900,000 shares to 2,500,000 shares and to grant directors right to issue all or part of increased stock without prior offering to stockholders; also to reserve 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.

Western Light & Telephone Co., Inc.
March 18 it was announced that company proposes to increase the authorized preferred stock (par $25) from 250,000 shares to 400,000 shares and the common stock to 700,000 from 500,000 shares. The additional shares will be issued only as funds are needed. **Underwriter**—Harris, Hall & Co., Inc., Chicago, Ill.

★ Wisconsin Public Service Corp.
March 17 it was reported that the company may, late this year or early in 1954 issue and sell some common stock to round out its financing program. **Underwriter**—May be The First Boston Corp. and Robert W. Baird & Co. (jointly).

COMING EVENTS

In Investment Field

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 6-9, 1953 (San Antonio, Tex.)
Texas Group Investment Bankers Association of America Spring Meeting at the Fort Clark Ranch, Brackettville, Texas.

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 2, 1953 (Detroit, Mich.)
Bond Club of Detroit annual summer golf party at the Meadowbrook Country Club.

June 3-4, 1953 (Minneapolis-St. Paul, Minn.)
Twin City Bond Club annual picnic at the White Bear Yacht Club.

June 5, 1953 (Chicago, Ill.)
Bond Club of Chicago 40th annual field day at the Knollwood Club, Lake Forest.

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

June 12, 1953 (Philadelphia, Pa.)
Investment Traders Association of Philadelphia annual summer outing at the Whitemarsh Valley Country Club.

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

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Observations . . .

sible plans by our new Administration for moving from mere *containment* to real offensive.

Whether such diversion is or is not the designed purpose of the Kremlin's new professions, they bid fair to entail such unfortunate results. As France's Premier Rene Mayer remarked during his current visit: we should not forget that coalitions are difficult enough to conduct in wartime; but the strain is greatly increased in peacetime when there is so much less duress.

Even with our own citizens, in the country leading the defense of the West, persistent peace propaganda might well create a popular drag on the new Congress' foreign aid approriations—as for implementing the crucial French effort in Indo-China, 35% of whose cost is already being borne by us with an additional $50 million asked for.

Unilateral Disarmament Unthinkable

In any event, is it not a safe assumption that our policy on armament cannot and will not be reversed on the chance that the Russian bear has all of a sudden turned into a lamb? Even if it is so that Uncle Joe's sub-committee has sincerely suddenly reversed its long record, how would we know that this is for keeps, and that a re-reversal is not around the corner—perhaps through hauling out the device of foreign adventure anywhere from Indo-China to Iran to Berlin for repairing home front trouble, or even from some such unexpected occurrence as Malenkov's death or other liquidation?

Will not a convincing airtight agreement for wholesale disarmament by the Russians be the sole prerequisite for considering the Cold War definitively terminated, and for our own exit from the armament economy status? And in the absence thereof, who knows but what we might even get on an affirmative military offensive, tired of forever suiting ourselves to the dictators' caprices via their gratuitous radio broadcasts, hints, and rumors?

Cushions Around

It must be realized that even in the case of a disarmament economy with its uncertain transition, numerous cushions exist. As a brake on deflation and depression, the Administration will have available a number of potent pump-priming devices, as Congressman Javits' new bill proposing grand-scale housing subsidies, or multiple Point Four-ism abroad. Then, too, present very high tax rates denote a corresponding cushion against declines in the amount of gross corporate income carried to net—further accentuated by the prospective repeal of excess profits taxation.

Then too, businessmen may not all abandon their present plans for record new plant and equipment expenditure, as evidenced in the current surveys by the SEC, Department of Commerce and McGraw-Hill Publishing Company. Dexter Keezer, head of the latter study, only today gave it as his considered opinion that depreciation spending alone can be relied on to sustain the economy.

And many are the imponderables, including the bullish. After VJ-Day the actual course of the economy completely scuttled the dire predictions of unemployment and contraction which had been so logically projected. And now, in our non-Utopian world, those above-mentioned aircraft supply companies have far surpassed their former wartime peaks of production and earnings!

* * *

Perhaps the 1950-1953 state of steadily continuing armament-and-business-stimulating tension, stopping just short of our atomic extinction, constitutes the ideal bull market framework. At the same time stock liquidation following a happy transition to peace might soon come to rest on the floor of investment value constructed by long-term earning power and balance-sheet strength—if on a selective basis. (P. S. This would give sorely-needed help to Wall Street's public relations against the worldwide castigation of its recurrent fits of peace scare-iness.)

DIVIDEND NOTICE DIVIDEND NOTICE

At a meeting of the Directors held today, it was decided to recommend to the stockholders at the Annual General Meeting, which was fixed to be held on the 8th May next, the payment on the 30th June next of a final dividend for the year ended 30th September 1952 of Fifteen Pence for each One Pound of Ordinary Stock (free of British income tax) (1951—1/—) on the issued Ordinary Stock.

The results of the Group's operations for the year are as follows:—

	Years to 30th September 1952	1951
The total consolidated net profits, after deducting all charges and after providing for foreign taxation, and after		
(a) providing for United Kingdom Taxation...	£ 8,025,646	£ 9,064,192
(b) providing for excess of actual over 30/9/52 replacement cost of Wrapping Materials (Holding Company £740,000)	976,481	Nil
(c) transferring to Fixed Asset and Stock Replacement Reserve the devaluation surplus on pre-devaluation stocks of dollar leaf used during the year	1,047,243	1,702,865
were	£21,401,931	£23,323,104
less Outside Shareholders' interest therein	2,795,408	3,336,139
Balance of Group net profit	£18,606,523	£19,986,965

	British-American Tobacco Co. Ltd. 1952	1951	Subsidiaries 1952	1951
Apportioned, after taking into account dividends from Subsidiaries to the Holding Company	£5,269,511	£5,802,027	£13,337,012	£14,184,938
less Transfer to Fixed Asset and Stock Replacement Reserves (see Note below)	800,000	1,750,000	4,500,000	6,000,000
Available Net Profit	£4,469,511	£4,052,027	£ 8,837,012	£ 8,184,938

Appropriations by the Holding Company are as follows:—

	1952	1951
Preference Dividends (net)	£ 307,125	£ 310,687
Interim Ordinary Dividends paid 2/— per £1 Stock (free of tax) (1951—2/—)	2,375,776	2,375,776
Final Dividend proposed	1,484,860	1,187,888
Increase in balance carried forward	£ 301,750	£ 177,676
making with the balance brought forward	4,375,665	4,073,915

NOTE: The devaluation surplus is apportioned:—

	1952	1951
British-American Tobacco Co. Ltd.	£ 210,991	£ 719,292
Subsidiaries—Group proportion	641,359	768,960
Outside shareholders	194,893	214,613
	£1,047,243	£1,702,865

The transfers to Fixed Asset and Stock Replacement Reserves, including the Leaf Devaluation Surplus, represent an estimate of the amounts which, having regard to the inflationary conditions prevailing must, in the opinion of the Directors, be retained out of profits towards maintaining over the year that part of the real capital of the Group represented by fixed assets and stocks.

The total of transfers made by Subsidiaries has been adjusted for purposes of consolidation.

In addition to the above, as a result of the final settlement of United Kingdom Excess Profits Tax Liabilities, the Company has transferred £1,000,000 (1951—£2,000,000) to General Reserve.

Transfers received in order at the registered office up to 29th May next will be in time to be passed for payment of the dividend to the transferee.

In the case of bearer warrants, the dividend will be paid against the deposit of Coupon No. 216.

Stockholders who may be entitled by virtue of Article XIII(1) of the Double Taxation Treaty between the United States and the United Kingdom to a tax credit under Section 131 of the United States Internal Revenue Code can by application to Guaranty Trust Company of New York obtain certificates giving particulars of rates of United Kingdom Income Tax appropriate to the above mentioned dividend.

At the above mentioned Board Meeting the Directors also authorized the issue and publication of the following special announcement. It is proposed to convene an Extraordinary General Meeting of the Company to be held immediately following the conclusion of the above mentioned Annual General Meeting on the 8th May next for the purpose of increasing the authorized capital of the Company to £50,000,000 by the creation of 28,000,000 new Ordinary Shares of Ten Shillings each. It is further proposed to capitalize the sum of £11,878,880/10/0 (part of the reserves and undivided profits) and to apply the same in paying up in full 23,757,761 of the said new Ordinary Shares of Ten Shillings each for distribution to the existing Ordinary Stockholders in the proportion of one new Ten Shilling Ordinary Share for every £1 of Ordinary Stock held by them respectively.

The above mentioned shares will immediately on issue be converted into stock and it is the Board's intention to apply to the Stock Exchange for the whole of the Ordinary Stock of the Company to be quoted in units of Ten Shillings.

The consent of the Capital Issue Committee to the above proposals has been obtained.

If the necessary resolutions are passed authorizing these proposals the new shares will be allotted early July next and they will not rank for any dividend declared prior to the date of allotment.

The Board desires to emphasize that this proposed capitalization of reserves and undivided profits which are already fully employed in the business does not carry out any implication whatsoever that the total amount to be distributed by way of dividends will be any greater than if the capital has not been increased.

Further details of the proposals will be set out in the letter and notice convening the Extraordinary General Meeting which will be circulated to stockholders about the middle of April with the annual report and accounts for the year ended 30th September 1952.

BRITISH-AMERICAN TOBACCO COMPANY LIMITED

March 24, 1953.

DIVIDEND NOTICES

THE ATCHISON, TOPEKA AND SANTA FE RAILWAY COMPANY
New York, N. Y., March 24, 1953.

The Board of Directors has this day declared a dividend of One Dollar and Twenty-five Cents ($1.25) per share, being Dividend No. 161, on the Common Capital Stock of this Company, payable June 1, 1953, to holders of said Common Capital Stock registered on the books of the Company at the close of business April 24, 1953.

Dividend checks will be mailed to holders of Common Capital Stock who have filed suitable orders therefor at this office.

D. C. WILSON, Assistant Treasurer,
120 Broadway, New York 5, N. Y.

DAYSTROM
Incorporated
Elizabeth, N.J.

DIVIDEND NOTICE

The Directors of Daystrom, Incorporated on March 24, 1953, declared a regular quarterly dividend of 25 cents per share, payable May 15, 1953, to holders of record April 27, 1953.

★ *Operating Units* ★
AMERICAN TYPE FOUNDERS
DAYSTROM ELECTRIC CORP.
DAYSTROM FURNITURE DIVISION
DAYSTROM INSTRUMENT DIVISION

GOODYEAR

DIVIDEND NOTICE

The Board of Directors has declared today the following dividends:

$1.25 per share for the second quarter of 1953 upon the $5 Preferred Stock, payable June 15, 1953, to stockholders of record at the close of business May 15, 1953.

75 cents per share upon the Common Stock, payable June 15, 1953, to stockholders of record at the close of business May 15, 1953.

The Goodyear Tire & Rubber Co.
By W. D. Shilts, *Secretary*
Akron, Ohio, March 30, 1953

The Greatest Name in Rubber

JOHN MORRELL & CO.

Morrell PRIDE MEATS

DIVIDEND NO. 95

A dividend of Twelve and One-Half Cents ($0.125) per share on the capital stock of John Morrell & Co. will be paid April 30, 1953, to stockholders of record April 10, 1953, as shown on the books of the Company.

Ottumwa, Iowa George A. Morrell, V. P. & Treas.

OTIS ELEVATOR COMPANY

COMMON DIVIDEND No. 183

A dividend of $.50 per share on the no par value Common Stock has been declared, payable April 25, 1953, to stockholders of record at the close of business on April 3, 1953.

Checks will be mailed.

H. R. FARDWELL, *Treasurer*
New York, March 25, 1953.

VANADIUM CORPORATION OF AMERICA

VANCORAM

420 Lexington Avenue, New York 17

Dividend Notice

At a meeting of the Board of Directors held today, a dividend of sixty cents per share was declared on the common stock of the Corporation payable May 19, 1953, to stockholders of record at 3:30 o'clock p. m., May 8, 1953. Checks will be mailed.

B. O. BRAND, Secretary.

Dated March 24, 1953.

Washington . . . And You

Behind-the-Scene Interpretations from the Nation's Capital

WASHINGTON, D. C.—One of the genuine surprises of the month appears to be the Treasury Department, which has revealed itself as the agency which is worried about the expansion of consumer credit.

After maintaining its anonymity passionately for two months, the Treasury has come forth with a statement which indicates it is worrying, without saying so, and suggests that Congress ought to restore to the Federal Reserve Board the power to curb such loan expansion—but again without saying so.

The nub of the obscure Treasury statement is that if repossessions or foreclosures do not discourage the growth of consumer credit the Treasury hopes that Congress "may feel that some indirect controls by way of checking consumer credit should be available to the President."

Elbert P. Tuttle, Treasury General Counsel, released this statement before the Senate Banking Committee, which has been taking the past month to try to prod witnesses into agreeing with Chairman Homer E. Capehart's program for standby controls. Mr. Tuttle said that he was issuing the statement on behalf of Treasury Secretary Humphrey, who could not make his scheduled appearance before the committee earlier this week because of illness.

(The Eisenhower Administration calls specific controls over consumer and real estate credit "indirect controls," whereas almost all others in this capital city lump these specific controls with the other "direct controls.")

As to just why the Treasury is worried about the growth of consumer credit, the Department shed no light whatever, confining itself to the brief official statement.

Goes Beyond Jurisdiction

What is genuinely novel about the Treasury statement is that it violates one of the oldest accepted operating principles of government (and of most businesses, also, of course) in that the head of one department seldom tackles something which is under the jurisdiction of another department.

Thus, a Chairman of the Federal Reserve Board might at any given time be concerned with the sums appropriated by Congress for X object of expenditure, or of the program of the Pentagon, but he rarely publicly so expresses his views.

Consumer credit volume is a subject for the Federal Reserve Board. However, with influential elements within both Congress and the Administration softening against President Eisenhower's stand on behalf of the uncontrolled, free operation of the price system, it is not surprising that Chairman Martin appeared to soften, in the Senate hearings, the present Board's known stand against direct credit controls.

Congress Will Oppose

Congress is unlikely to reenact any specific power for the President or the Federal Reserve Board to control the volume of credit in peacetime. At the moment the control advocates are using all their powers to try to sell "standby" control powers, to come into use if there is another great national emergency. A majority of Congress is opposed to Federal regulation of the terms of loans, short of war.

So besides stepping outside his bailiwick, Treasury Secretary Humphrey appears to be doing so futilely.

Fight Oil Imports

Representatives of independent oil producers are showing signs of building up a pressure to curb imports of foreign oil, as stocks of gasoline and heating oil begin to accumulate.

What makes this drive particularly interesting is that large blocs will be aligned with high tariff groups when the proposals to extend the Reciprocal Trade Agreements Act and to pass the Customs Simplification bills are brought up. There will be many Democratic votes backing the high tariff Republicans.

Defense Housing Moves Forward

Already the number of "programmed" defense housing units is approaching 100,000, it was revealed by the Housing and Home Finance Agency.

When housing is "programmed" it receives all the benefits of long-term government mortgage guarantees, and also is further aided by Federal financial assistance for "community facilities," such as waterworks, sewers, firehouses, etc.

Of nearly 100,000 units "programmed," nearly 50% are under construction, and almost a third have been completed.

It thus appears that the present defense housing program will be completed sometime in the next year or so, but the government's contingent liability will run on for a generation or more.

Study Benefit Cuts

Pentagon officials are trying to devise a new system which will lower the annual cost to the Treasury of pensions for the widows and children of deceased veterans.

Under present law a widow draws a VA pension, social security survivor benefits, soldier indemnity pay of $92.90 per month, and payments under Federal Employees Compensation Act of 1916. The "soldier indemnity" is the successor to the old National Service Life Insurance, which every veteran now automatically gets to the principal amount of $10,000, without any premium cost to the man in uniform.

In some cases it works out that the pension is greater than the pay and allowances received while the man is alive. Thus, a man getting $355.68 per month in pay and allowances, if killed, would under present law have his wife provided with $384.52 if she had one child, and he were a reservist.

The new scheme aims to provide the wife and child of a man in this pay grade with a maximum pension of $256.42 per month.

Service Reorganization Fight Coming

If Rep. Paul W. Shafer (R., Mich.) is correct, a special committee to study reorganization of the Armed Forces will recommend a "Prussian type General Staff" for the entire Armed Forces of the U. S. And if this develops, there will be one first class row in Congress.

Shafer's thesis—and it is supported both in public and private by other members of the Armed Services committee of the House—is that a special committee to study military reorganization is "stacked" in favor of the Prussian General Staff idea.

A Prussian type staff, explained Mr. Shafer, is one in which there is a supreme general staff to plan warfare, a staff responsible only to the President.

This differs from the present military staff set-up, the Joint Chiefs of Staff, in this respect: The members of the JCS are members because they are chiefs of staff of their respective services, Army, Navy and Air, AND they are responsible individually for the execution as well as for the the planning of high military strategy.

The reorganization study is one of many being undertaken behind closed doors, by and for the Eisenhower Administration, and plans which will take the shape of reorganization proposals which will go into operation automatically unless upset by an absolute majority of either the House or Senate.

Three men who Shafer said will dominate this study or reorganization of the Services, are Dr. Vannevar Bush, General Omar Bradley, and former Defense Secretary Robert A. Lovett. The Michigan Congressman quotes at length from the speeches and writings of these three to bear out the Representative's claim that all three support the supreme general staff concept.

The row, if Shafer's prediction is borne out, will break at the end of this month, for the committee to recommend changes in the military organization is directed to report on April 30.

See Way to Balanced Budget

In the opinion of the Chamber of Commerce, the way is fairly clear to see at least a CASH balance of the budget in fiscal 1954. Mr. Truman estimated the conventional deficit at $9.9 billion, the cash deficit at $6.6 billion.

However, revenues, say the Chamber, probably will amount to $1.5 billion more than the former President estimated. Foreign aid can be reduced by $2.1 billion, defense spending by $5 billion. This would total $8.6 billion, $3.5 billion more than the estimated cash deficit.

Other observers expect some, if not spectacular cuts in civilian expenditures, and note that Mr. Truman's first spending estimates for a fiscal year have usually been way high.

(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

"—So forget what it reminds you of—where else can you get a horizontal stripe for fifty percent off?"

Business Man's Bookshelf

ABC of Investing—Revised Edition — R. C. Effinger — Harper & Bros., 49 East 33rd St., New York 16, N. Y.—cloth, $2.

American-Marietta Company — 1952 Annual Report—Dept. 52-R, American-Marietta Company, 101 East Ontario Street, Chicago 11, Ill.

Armco Steel Corporation—1952 Annual Report—Armco Steel Corporation, Middletown, Ohio.

Continental Oil Company—Annual report for 1952—Continental Oil Company, 30 Rockefeller Plaza, New York 20, N. Y.

Decisions and Prospects for 1953 —Record of actions taken by the General Assembly of the United Nations during the First Part of its Seventh Session — Columbia University Press, 2960 Broadway, New York 27, N. Y.—paper, 15¢.

Price Control in the Machine Tool Industry — Frederick S. Blackall, Jr. — American Enterprise Association, Inc., 4 East 41st Street, New York 17, N. Y. —paper, 50¢.

Taxes — Equity Capital — And Our Economic Challenges — A Study of Selected Aspects of Federal Tax Policy—New York Stock Exchange, New York 5, N. Y.—paper.

Teach Your Wife to Be a Widow —Donald I. Rogers—Henry Holt & Co., 383 Madison Avenue, New York 17, N. Y.—cloth, $2.

Yakima Valley: Facts for Business and Industry Seeking New Opportunities — illustrated brochure—on request—Chamber of Commerce, Yakima, Wash.