**EDITORIAL**

As We See It

Concentration of a number of events has brought the international situation sharply to the fore. This same course of developments has led the President to make what is described as a "major foreign policy address." We are faced with vital issues, and it may be, with epoch-making decisions. If one permits his imagination to run unchecked, it would not be difficult, to convince oneself that the course of history for some time to come may well be shaped within the next few months, or so it might well be if the Russians are sincere and the Western powers prove themselves competent to meet the challenges by which they are, or would be, faced.

At this moment it is far from clearly what the new regime in Russia—if it is indeed really a new regime—intends or is planning. It could be, of course, that all our hopes will presently be dashed once more against the rocks of double talk and double dealing. These things can not be foretold at this moment, but it is certain that we must not fail to take these overtures of the Kremlin seriously and at face value until events have proved them counterfeit. But this is only the beginning of the story. Even if we assume that the new masters in Moscow are now ready to yield their doctrinaire nonsense and are prepared to give up their real for world communication—and in a real as well as a technical sense wish now to "co-exist" peacefully—even if all this is true, problems fit to try the patience and test the statesmanship of the world await those who must guide the destinies of the noncommunist world.

None of us can afford to forget that neither

Continued on page 38

**“No Reason to Fear Peace”**

By Hon. George M. Humphrey* Secretary of the Treasury

Assenting we are not heading for a depression, Treasury Secretary foresees a sound U. S. economy despite arms race. Reveals new Administration will move to achieve a sound currency, but opposes tax reductions until a balanced budget is achieved. Admits taxes are too high and should be revised to encourage more jobs and more production, while the National Debt should also be reduced. Warns against excesses of speculation in a boom, and urges dealing with readjustments when they are necessary. There is no reason for fear peace.

We are not headed for depression.

Some people in this country are talking as though they were afraid of peace. Peace is what we are working and striving to attain. To achieve peace we are helping our friends and strengthening our own defenses on the theory that an ounce of prevention is worth a pound of cure. In peace America grew great. It was in peace that it built its strength and rich and accumulated the homes, plants, farms, mines and transportation, that saw us through two wars, that was that brought us debits, taxes and inflation.

Why, then, should anyone fear peace? The question, as I have asked it, is that some people fear for the strength of our own economy. The position if government spending for defense is reduced. They fear a free economic system with the pursuits of peace. Such thinking is entirely unjustified. We are not going to have a depression in America whether we have an armistice, a real peace, or continue to develop a proper and balanced posture of defense. There is no reason for a depression unless we fail ourselves to do the things we ought to do and lack the courage and the foresight to do them. There will be readjustments, to be sure. There are

*An address by Secretary Humphrey at the Annual Luncheon Meeting of the Associated Press, New York City, April 28, 1952.

**Tongue in Check!**

Stock purchase plans offered by American business corporations to their employees should be revised as a public policy. SEC proposed Form S-3 no genuine simplification and press conference ballyhoo only a smoke screen to divert attention from valid criticism of the Commission. SEC should not inject itself into employer-employee relations. There should be no registration requirements for employee stock purchase plans. Relief surely needed from some registration requirements of primary public offerings. SEC should direct its efforts along these lines.

The longer we consider some of the octopus-like activities of the Securities and Exchange Commission, the more convinced we become of the correctness of the view that the Commission ought to be abolished, and that definitive legislation be enacted containing the existing safeguards against a recurrence of the objectionable practices of the late '20s.

This sentiment is provoked by the recent SEC release offering a proposed Form S-4 which deals with employee stock purchase plans.

The Commission tells us that this form is intended to act as a simplification for the registration under the Securities Acts of 1933 of securities to be offered for sale to company employees under certain types of stock purchase and savings plans.

If the maze of instructions which constitute this new proposal be regarded as a simplification, then indeed the original instructions and requirements for registration as they now exist—and mind you these are the creature of the SEC—must be terrifying.

The need for the registration of securities where the employer-employee relationship is involved eludes us completely.

Why should any regulatory body in the security-

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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 form are not intended to be, nor are they to be regarded, as an offer to sell the securities discussed.)

H. THEODORE BIER, JR., President First National Bank of Southfield, San Francisco, Calif.

Bank of America N. T. & S. A.
The complete investment in California Cotton Exchange. And in the recorded history of banking and investment, no bank has demon-

strated such growth so swiftly and so soundly. The four cornerstones for the solid progress are:(1) a philo-
sophy of maximum banking service to the greatest number of people. (2) An enlight-
ment-employee stock ownership enthusiastically translates into action the Bank's philosophy of service. (3) California - a growing state with a diversified and dynamic economy, and (4) a soundly capitalized pop-
ulation.

In 1952, California chalked up new records augmenting further its goals of leadership among the states of the Union. For example: agricultural income rose 30%, public and private construction expenditures quadrupled, and individual income from all sources skyrocketed by 153 billion and 5 billion of the state population of 11.8 million were gainfully employed. Such facts point to a high level of business activity. This in turn had a favorable impact on Bank of America with its 538 state-wide branches strategically located to render complete and efficient banking services.

The word "growth" has become extremely fashionable in investment circles in recent years. All too often, claim its usage leaves one dubious when the facts concerning the conclusions are care-

fully scrutinized. The word "growth" as applied to Bank of America has validity based on its recognized record as a bank and as an invest-

ment vehicle. Fifteen years (1937-1952) pro-

vided good historical data setting the "growth" factors in the Bank's history. The period was selected for two reasons: (a) 1937 was the year in which the Bank's stock first became available to the public through distribution of a portion of the holdings of Trans-

america Corporation and (b) 1952 also was a high-water mark for security prices in general.

First, as a bank, resources increased from $1.4 billion to $6.2 billion - a 458% gain. Deposits increased from $1.5 billion to $7.4 billion - a gain of 469%. Loans and investments increased from $1.1 billion to $6.4 billion - a gain of 414%. Customers served increased from 2.3 million to 24.1 million - a gain of 3.4 billion. Number of branches increased from 476,000 to 2,472,000 - a gain of 417%. Net income increased from $119 million to $424 million - a 278% gain. Sustained gains in all of the foregoing with the exceptions of deposits and earnings, which was a bank as bank constitutes the raison d'etre for the existence of the investment department outside of its function as a privately

owned public servant.

Second, as an investment vehicle during the same period (1937-1952), net profits increased from $128 million to $503.3 million - a gain of 253%. Cash dividends paid in-

creased from $85.8 million to $386.6 million - a gain of 336%.

Appraised at historical cost in

vestment of 100 shares of Bank of America, valued at $432 at the close of 1952, and at 100 shares (through 2 stock dividends and 1 stock dividend in 1939) at close of 1952 - a gain of 174%. This is growth in the value of stock. The same investment produced cash dividend income of $240 (1952) and $460 (15.5%) now. This is growth in the income factor.

When viewed from factors that count - earnings, dividends, in-

come yield and value - Bank of America is a soundly capitalized stock with built-in growth factors. These are the end result of America's preeminence as a bank based on a successfully proved concept. And it is not surprising, therefore, that American's investment operations with unusual ability, gained the sixth largest stockholder group in the U. S. A. Number of shares among them are over 6,000 institutional investors, such as: savings banks, insurance investment trusts, foundations, and labor, fraternal and fiduciary organizations. The number of stockholders grew daily and is eloquent testimony that the Bank's record as an investment vehicle establishes itself as the investor seeking sound value and dependable income with growth. It has been one way for the prudent in-

vestor (not interested in specu-

lating) to protect investment in-

come against the rising cost of living and to take advantage of the pro-

cutural growth which is as far as the experienced decline in the value of the

Bank of America common is traded in the over-the-counter market.

BEN S. LICHENSTEIN
Partner, B. S. Lichtenstein & Co.,

Investment Co. of America

Stock Purchase Warrants

At this level of the market and considering its action over the past three months, many investors and speculators are at a loss as to the proper procedure. The ideal vehicle for speculation would be one with unlimited potentialities and such a vehicle is offered by the Company in the form of America's Warrant Purchase Warrants.

B. S. LICHENSTEIN

The Investment Company of America is an open-end investment company originally organized in 1933. At the close of 1952, it reported total assets in excess of $22 million. The portfolio is extremely well diversified and consists of a large number of outstanding situations. Both Moody's In-

vestors Service and Standard & Poor's recognize the post-

folios for anyone who cares to see it in detail.

The company has in effect a research and management contract with Cohen Management Company which also manages the American Investors, Inc. and American Mutual Fund, Inc. The three trusts managed by Cohen Research & Management Company have done so well in the past that it is reasonable to expect stellar performances in the future. Each investment Company of America Stock Purchase Warrant entitles the holder to buy 548 shares of Bank of America common at $20.064 per share in perpetuity. These warrants, in addition to being of perpetual call at a low price, give the investor the right to buy a large share at a price almost double its current price. At the present time the Investment Company of America stock has a market value of $118.00 per share. It has been esti-

mated that if this liquidating value should double, the warrants would have a value of each warrant, such without giving any weight to the fact that they are perpetual. I might add that in 1947 the stock was selling around $6.50 per share and the present price approximately double that figure. With the warrants available under $20, it presents an unprecedented opportunity to participate in any further rise in the market while taking very little risk.

CHARLES A. TAGGART
President, Charles A. Taggart & Co.,

Foremost Dairies, Inc.

Much is written and said about growth companies engaged in the development and expansion of new products which under normal conditions should meet with consumer approval. The result is in part due to the fact that much of the marketing is done by large and well-established companies with large marketing products for which the demand is well known.

At the start, I would like to point out that Foremost Dairies, Inc. slogan is "The South's Largest Independent Dairy Company." It accomplishes several things: it has increased Foremost's territory by seven times in the past 15 years so that the company now serves over 80 communities and their surroundings. It clearly established the name and position of the company as a leader in the dairy industry, and the over-all operations in Hawaii, Guam, Okinawa and Japan.

The company was incorporated under the laws of Illinois for $12.50.

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is competitiveNow, for the first time, Foremost Dairy introduces a complete line of milk which is intended to provide a competitive product in style and convenience that will answer the needs of the consumer. The new product, known as "Sure Milk," is a milk mix which can be obtained at any store and is designed to meet the needs of modern consumers who demand convenience and versatility in their dairy products. The company has, in effect, created a new dairy market, with Sure Milk, which is expected to grow rapidly as it becomes known to the public. The company has already experienced significant sales growth, with Sure Milk now available in many areas of the country. The company is committed to continuing its expansion efforts, with plans to launch new products and enter new markets in the years to come. The company's management is confident in the company's ability to meet the challenges of a rapidly changing market and to continue to grow and prosper in the years ahead. The company is committed to providing high-quality dairy products and to meeting the needs of its customers, whether they are large supermarkets or small family farms. The company is also committed to being a responsible corporate citizen and to operating in an environmentally sustainable manner. The company's leadership is dedicated to maintaining its strong reputation for quality and integrity, and to building a business that will endure for generations to come.
The Road Ahead

By W. W. Townsend*  
President Townsend-Skinner & Co., Inc.  
Investment Counselors, New York City

Investment counselor maintains we cannot easily escape "fairly soon" a period of renewed, retrospective recession, but says there is strong probability that "we do not now face a deep depression." Comments on danger of excessive use of credit and "still mounting inverted pyramid of consumer debt.

In a world more than ordinarily beset with uncertainties, it is not to be expected that any finite mind can peer very far into the future. There are, however, just enough normal economic signs and portents to warrant two conclusions:

The first conclusion is that we are not easily escaped a period of readjustment, and a recession and a depression some time fairly soon. The fact, is already in progress. The background of prices, distribution, and the banking market as disclosed in the banking figures, begins to determine the trend of commodity prices. Commodity prices reacted at once on the announcement of the recession. Bond prices began to break about six months later and may have already completed their readjustment. Stock prices are just now entering their readjustment phase and it probably is a fortunate thing that this recession is aCOLLAPSING in which the readjustments are taking place completely and not concurrently.

The second conclusion is that we do not face the strong probability of a deep depression and, once our economic machinery has been overhauled, we should be able to move forward into a fairly protracted period of sound rather than synthetic prosperity.

The word recession as used by Mr. Townsend means something sinister. This is not to say that we should be taken unawares by a retreat from an abnormally high level of activity to a normal level of activity. A depression, on the other hand, is a period which results from the diminution of activity to a sub-normal level of activity and is most unhealthy. It is sometimes hard to keep recession from extending itself into a depression and it is true that they look alike. The resemblance, however, is that between the gloom of health and the flush of fever.

We have an Administration in Washington which is pledged to a policy of retrenchment wherever possible. This is a most important way of bringing about a readjustment without a breakdown.

For many years we have been for all the world like the little boy on the bicycle for the first time. The only way he can stay on is to ride fast. He hasn't learned how to slow down a step or two. The little boy always falls off, because he is not strong enough to pedal like mad for very long. Ruska has not learned that little boy. We have to prove that our present burst of speed was from choice rather than necessity and we really do know how to slow down. It may take a little time.

Unfortunately for some of us, the process of slowing down cannot be great. Corrections must be more general than that. It may take some years to get them to appear. There are several examples of such excesses before such corrections can be made. The recession has been followed by a trend of installment debt has been even more spectacular. This is up, in the second quarter, from $2.0 billion to $2.17 billion, an increase of over 86%, with $5.3 billion of installment debt having within the last fourteen months.

The validity criticism which has been leveled against our system of free-enterprise capitalism has been the inflexibility of the credit. The reason why this particular discussion should be of more than academic interest and a group of bankers is because their business seems almost entirely of transactions in dollars and in debts.

The finance industry in the United States, of which you and I are a part, is the greatest middleman industry the world has ever known. Without it this country could not have grown great. But the finance industry also implies power to destroy and it is this dual nature which has helped to produce our most pressing internal problems. Most of these have involved the effect of the credit.

Credit, like alcohol, is only good when used in moderation. Like alcohol, also, it is a stimulant at first, a narcotic at a certain point and in the end a deadly poison. Those who provide the credit which keeps the wheels of industry spinning should recognize their responsibility to see that it does not also start the heads of the industrialists to spinning.

Speaking more specifically, the banker should secure a rather than encourage the excessive use of credit. When credit is cheap, the loan does not produce an income out of which it can be repaid. This position is based back to today's most serious element of potential danger, at high and un

Continued on page 40

*Abstract of an address by Mr. Townsend before the State Bankers Association at Wilkes-Barre, Pa., April 18, 1952.

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The Commercial and Financial Chronicle

R. S. LIEBSTEINTH

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Book Values

BY IRA U. COLEBIGH

Author of "Expanding Your Income"

A short reading stunt about book publishing; and the investment merit of certain literary-product companies whose shares are being sold.

While the radio and television have made their well known inroads on the traditional reading habits of the American people, and tended to crowd out the yongsterns of literature from the pand~nds that bound their books, in truth, are in the process of being swallowed by the celluloid colossus, the concert and the stereograph, the non-repeating photo of hysto- tory. Books are still our most powerful educators. True, they do not have to be "light reading" to gain great general readership, that is, sales. The books in the United States is a perennial best seller. Every single one of them has sold a book, in its influence among us, of a kind that is useful or wholesome. Equally, and quite unfortunately, "Das Capital" by Karl Marx, although not exactly prolific, has been printed, predated and error-laden tract on the subject. It is the "source book" for Socialist England, and, coupled with the "Commune Manifesto," has become a virtual modern bible for the Communist hierarchy.

On the lighter side, books such as "Gone With the Wind," "Anthony Adverse," and "Robe" have in book (and movie) form had dangera¬tous impor¬tance on our times, and have helped to sustain the book reading tradition of our peoples. And of course, our schools and colleges have never swerved from their major emphasis on text books as a necessary learning tool. We cannot quite agree with Fred Allen's classic quip, "If the bookshelf is leaning, the screen has replaced the Foot Shelf!" But, we do feel that the durability of the book in our sociological welfare is, after all, a real beauty to inquire who puts them out, and publishing companies profit¬able or unprofitable. You can find them yourself. They make a profit.

After the first question, book publishing, unlike steel, railways, or motor oil in America, is an aggregation of small companies. Distinguished book family names, such as Harper, Putnam, Brem¬

Evar hear of it?

— The First National Bank of Hudson Falls, New York? Well, recently we did, when we picked up an order to buy 50 shares.

No. Not one of the 30 or 40 more important issues we man in the market for. It isn't.

But someone had an idea that our 110 offices, 65,000 miles of wiring, and 110 account executives might come up with a seller.

And there are none.

A man in Minneapolis was quite pleased to part with his stock—for a price.

It is.

Note, now. There are none of these "hot" stocks which are available to us—none are publicly traded on the New York Stock Exchange. We can see why.

In particular, except that it comes to buying or selling bank stocks—whether they're little known or widely celebrated, the book stocks are not available—when we're at the other end of the line.

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The Commercial and Financial Chronicle . . . Thursday, April 25, 1953

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Nervousness over a possible Korean truce seems to have lost its edge, as stock prices have risen by about 8.5% below the all-time peak reached in the final quarter of 1943. Employers are no longer shutting their plants with claims for unemployment insurance benefits down to a new 1953 low and close to the lowest level in seven years.

Steel output in the week of April 18 averaged 98.8% of capacity, down 2.8% from a peak of 101.0% in the preceding week. The effects of the 2½-month strike by Allegheny-Ludlum near Pittsburgh were still felt by steel producers in that area.

Increase in extra charges by Republic Steel Corp. is the first price hike by a major producer since price controls ended—but it won't be the last, according to 'The Iron Age,' national metalwork supply weekly. The current week. Companies have agreed extra increases by other producers who have been studying their prices carefully for some time.

It is doubtful that this trade magazine, that the steel price structure will be finally clarified until the question of the seventh wage round is settled. Meanwhile, steel firms will continue to adjust extra to compensate for changes in costs during the period of price stabilization.

Increase in extra charges had been expected for some time. They are supposed to be based on actual costs resulting from additional work, time, or ingredients in meeting customer specifications.

Extra charges, which average about 25% of total steel costs to consumers, have not been revised since producers agreed to a hold-the-line price policy at beginning of the Korean War, states this trade authority.

As steel producers are thinking seriously about raising base prices was made official last week with statements from three leading producers that additional extra charges bolstered the "Iron Age" prediction of several weeks ago that steel prices would be raised at least enough to cover any wage increase.

A total of 27,000 layoffs are expected to come by June, if not sooner. Increases would probably be made now if it were not for the belief that the size of the seventh wage round coming up, states this trade weekly.

The Wage Policy Committee of United Steelworkers (CIO) meeting last week approved the 2½% increase for the first time since the 3% cut before May 1. If no agreement is reached by midnight June 30 union or company may resort to strike or lockout, asserts this trade journal.

"If the steel producers are able to clip a moderate wage increase of say 10 cents an hour, the steel price increase will bring $5 a ton. It will be higher on some products, lower on others; it will not be across-the-board increase," the "Iron Age" declares.

The Steel Scrap market, which had turned soft in recent weeks, took a beating this week. "The Iron Age" steel scrap composite price rose $1.75 a ton to $10.90 per gross ton. Sharp price declines were registered in nearly all areas.

In the automotive industry car and truck producers lost 20,000 workers due to strike last week.

Auto output dropped about 11% in the week to 120,038 from 135,764 last week, but was still 25% higher than the 96,804 in the year ago, according to "Ward's Automotive Reports.

Ford Motor Co. production of cars tumbled 30% the past week to 25,275—now settled at 25,500. Moneta, Mich., parts plant. An interplan trucker dispute cut Chrysler Corp.'s auto output 25% off normal. Equally normal for both companies were the layoffs met last Thursday.

Labor troubles so far this year have caused the industry to lose more than 55,000 new cars and trucks, said "Ward's.

This belief indicates workers' "urgent case for our industry's ambitious production plans" this year. A record 1,900,000 cars are planned for the current quarter.
Clouded Outlook for Second-Half Year's Business

By EDWIN G. Nourse

Formerly Chairman, Council of Economic Advisers

Though stating no one can now really know what is going to happen in the A r m e d Forces, Dr. Nourse intimates outlook for third and fourth quarters of year is not too bright. Lists as possible patterns economic affairs could conceivably follow: (1) a revived wave of inflation; (2) a revival of depression and recession; (3) a renewal of a price-income adjustment for all parts of the economy.

My title is an unblushing piece of economic double-talk. It can be taken to mean that my economic sanity is not too bright, or, your speaker— as meaning well—upon no one can answer, A p r i l 13, 1953; what is going to happen in the ush. I am not a B o y , I am an American but am now the second part of all this. The picture that still shad, though this is a book of pictures being shown. They have been long-tossed about not on- ly to me, but to all who are nervous and often naive be-hind the Iron Curtain. I am a man, but also by the mysterious mandate, a new fresh team of man-made behind the Curtain. The American of business thinkers. His title suggests the business prospects for the first half of the year and do not brighten much.

As a matter of fact, my choice of title reflects a hope I have that in both the economic and social worlds, we are seeing 1953 as a year of transition, of finding a new balance, of finding a new picture of the world that is not too bright.

Three Ways from Here

With this general background let me list some possible patterns that our economic affairs could conceivably follow: (1) a revived wave of inflation; (2) a revival of depression and recession; (3) a renewal of a price-income adjustment for all parts of the economy.

In the year-end and New Year's business outlook statements, there is a trend of easy optimism about a "confidence" boom expected to come right into the future. This definition it last for years, and by time it would go on indefinitely. This optimism implies the employment was high, business was strong, and we have a well-built and full of confident optimism, population growing vigorously, and government spending was reaching a plateau rather than fluctuating.

The "confidence boom" was fed by statements from the automobile industry. It is said to make and sell 5 million cars this year, and up to 5.5 million cars. Sales figures of the past five months are good. But the optimism is based on the assumption that the government will maintain the average of 5.8 per cent of government spending maintained throughout the year at a rate of 6 per cent of G.N.P. By extending this assumption of business management will be easier to operate. But we have the previous extension of government spending of $5.5 billion and by week-to-week figures of negotiated contracts let and housing starts which match or better the records of last year, before, "whichever was the higher."

The optimism of January has been justified or exaggerated, whichever you would prefer—for the most important reason in the expectation index which surpasses any previous level. It has been but not also a by-product, and a lowering of a margin requirement, and a pansion of business loans and credit. A good part of this optimism is due to the fact that total inventory figures are materially ahead of ratios to sales. But inventory accumulation has not been regarded as sound. In some quarters there was apprehension that it might be added as a confidence boom based on the same or on the same time a new inflationary danger arose. This came from widespread expression in Korea and the continuing pressure of the civil defense program, need for a large increase in the size of the air force, and the renewed apprehension of more Korea or other military intervention. But at the same time, there was a continuing illusory expectation of the price of current spending was a balance between the hope of some kind of financial aid and the illusion of a "breakout on the up side" from its recent period of apparent stabilization. Such an outcome accelerated and probably more inflationary period of inflation is coming in the near future.

The second area to watch for signs of inflation is the financing in which we may look for signs of a "confidence" danger for rearmament that we may escape this kind of development. In the United States, the Federal Reserve Board, the Federal Reserve Administration as a whole are prospects of the booms that would set down on spending and holding up on taxes as to produce or come in the form of new tax laws and further expansion of the Federal Reserve system. If Mr. Truman's 1954 budget is cut and the Federal Reserve System allows the special post Korea tax increase simply allowed to lapse without restraint, then that should be close to balance in the consolidated cash budget that I think this source of inflation would be virtually removed or "confined."

The third area to watch for signs of inflation is money. If inflation is monetary policy and there is no danger of a dollar shortage and private credit is heavily extensive, and it mortgages, bank loans, and open market purchases are means of keeping up the feverish demand for the foreign exchange dollar, then we may have a quarter of 3 per cent, we might have a quarter of 5 per cent of danger. But hope is that the present situation is that the dollar is stable, that there is a competent money management agency, the Federal Reserve System, and the Federal Reserve System is working in accord with a strong team of debt management experts in the Treasury Department and the Federal Reserve System are "feeing out" market conditions and imposing restraints wherever they can with particularly in the management activity and confidence. If the political influences the situation, it cannot be directly through the Congress or the administration; it may be indirectly through the Congress. It is not that danger of inflation getting into any money management.

Watch Developments in Wages

Turning to the third field, we may mention the area of wages and prices, particularly at the moment when the inflationary pressure has been or are being removed from the private economy. When unemployment leadership is being tested. If we got a further round of stiff wage advances and a lagging of prices of the Treasury Department, we need to have a problem to hold your prices and control the relaxing of any, prices would be sky-rocket and we would be off on a new wave of inflation.

The inflationary danger in the case of the Federal Reserve System is not to have inflationary pressures, that is, we have some lingering fears that we have been going through a inflationary safety valve and that, with the removal of wage and price controls and the relax-
Objectives of Treasury's Tax Policies

By MARION B. FALCON* Under Secretary of the Treasury

Secretary Falcon explains current and prospective Federal budget situation and says it is desire of the new Administration to halt inflation arising from deficit financing. Stresses importance of reducing national debt and balance among the three principal sources of revenue. Lists proposed tax reforms and cites simplification and removal of inequities as chief objectives.

While it is not yet possible to make certain conventional analyses about either the prospects for tax reduction or the shape the new Federal Administrations' tax range program may take, I am glad to have this opportunity to talk to you about the problems and to indicate the objectives which we have developed in the past three months in the Treasury, Secretary Falcon said in his statement before the Treasury, Social and Taxation Committee. His statements stated the general goal of the Treasury as follows:

"It is our purpose in the Treasury to help provide the proper economic climate in America. The Administration's policies are very important in determining that climate, but the fact is that the Treasury has a direct effect upon the living standards of every American today. It is our purpose to establish and maintain an Administration's policy that will permit America to continue to grow and reach higher standards of living for all its people."

This first problem, is, of course, the immediate one of getting control of the budgetary situation. We were confronted with a prospective deficit of over six months' duration in the fiscal year ending June 30, with a budgeted deficit of $9.3 billion for the year. It now appears that receipts for the fiscal year will roughly approximate the estimates we had made, and that expenses will be substantially below the estimates contained in the President's Budget Message of January. Though the amount involved is not without precedents in times of difficulties of forecasting, the receipts, the error is on the wrong side.

The budgetary deficit for fiscal year 1964 was based upon the assumption that tax reductions would go into effect as scheduled under existing legislation and that excess profits tax due in January will be in annual losses in taxes of a little over $2 billion. Its expiration has come to be known as the "H. R. 1" which would advance the scheduled date for expiration of the personal income tax to June 30, with a loss of revenue in the fiscal year of $1.5 billion, or $3 billion a year. The chart on page 3.225 shows this rate, under present law, will drop from $1.5 billion in 1964 to $4 billion in 1965, to $2 billion in 1966, and then to $1 billion in 1967 and 1968. This projected decrease will result in a resulting in a revenue loss of $7 billion. However, Secretary March 31, 1964, certain excise taxes, which bring in about $1 billion annually, are scheduled to be abolished. These four changes would reduce the Treasury's revenue of about $8 billion.

The deficit figures which I have cited are those familiar ones from the Annual Report of the Industrial Conference Board, New York City, April 14, 1963.


'lively, there is no doubt or disagreement with the direction of the first reductions.

"It is not necessary to elaborate on the effect of the so-called excess profit tax. Almost everyone is agreed on this subject. Any long continuation of this form of taxation would not be justified because it is incompatible with healthy economic growth.

Great Importance of Lower Income Taxes

A reduction in individual income taxes is of great importance because of the very heavy tax burden now pressing on people at all income levels. Again, I need not elaborate on the fact that tax rates are close to the all-time high in most brackets, with levels that at many points exceed even the peak rates reached during the years of the World Wars. The expenditures arising from the defense emergency require and justify such taxes and as is necessary to avoid inflationary deficits, but when tax burdens are as severe as they now are, the strictest economy is also necessary to give these burdens at the minimum consistent with national defense. We want to return as much spending as possible from Government to private hands.

Beyond these two immediate objectives, there are many that are considered on a similar line, the fundamental one of attempting to work out a structure of taxation which will have the least possible inequities and at the same time yield the necessary contributions of the country's economic system. You will note that I am in eff exert referred to the least bad, rather than the best tax. It is, I think, important to keep in mind the fact that no tax system is perfect and is inevitably burdensome and restrictive. We hope we can minimize the impact of the sacrifices and the consequences of the restraints.

The criteria for modification of the tax system were stated by President Eisenhower in his State of the Union Message when he said:

... We must develop a system which will impose the least possible ob same to the dynamic growth of the country. This includes particularly real opportunity for those businesses and personal unities in existing tax laws, to serve these objectives and yet to satisfy the demands of equity inequities. Clarification and simplification in the tax law as well as the regulations will be undertaken.

The most basic issue in any tax system is the balance between the different major sources of revenue. During most of our country's history, we have relied on custom, the sale of public lands, and excise. After the adoption of the Sixteenth Amendment in 1913, income taxation, both individual and corporate, developed rapidly under the financial pressures of the first World War. It has been a principal source of revenue since 1918, with the expectation that it would cease to be a source of revenue after the 1929-1930 period when income tax revenues dried up due to the depths of the depression.

Individual income taxation is considered, in general, as the ideal form of taxation because it is directly related to ability to pay. The burden of this rate and definition of income can be adjusted to whatever may be the growth of the economy or ability to pay. If only modest revenue is required from individuals incomes might well be collected as a virtually excisable source. Since, however, the pressure of taxes from abroad and the national desire to carry on a considerable variety of domestic government expenses, it necessary to secure large total revenues, a dominion reliance on income taxation results in the likelihood to lead to its breakdown.

Corporate income taxation is the second major source of taxation. It is now significant, and in the United States, it has become a major and not a minor factor in business considerations.

Excise Taxes Will Continue

A review of total revenue needs, it appears that continuing reliance must be placed on excise taxation. Excise taxes in the United States bring in a relatively small proportion of total tax revenue.

Continued on page 38

$10,000,000
Southern Pacific Company
Equipment Trust, Series II
3 1/4% Equipment Trust Certificates
(Philadelphia Plan)
To mature $1,000,000 annually from May 1, 1954, to May 1, 1965, inclusive.
To be guaranteed unconditionally as to payment of principal and dividends by endorsement by Southern Pacific Company

MATURITIES AND YIELDS

(5 accrued interest since date of issue)

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Issuer and sale of these Certificates is subject to authorization by the Interstate Commerce Commission. The Offering Circular may be obtained in any State to which this announcement is circulated from any such of the underwriters and dealers as may hereafter offer the securities in such State.

HALSEY, STUART & CO. INC.
R. W. PRESSPRICH & CO.
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First of Michigan Corporation
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F. S. Yantis & Co.

April 12, 1953
The Commercial and Financial Chronicle…Thursday, April 23, 1953

Prof. O. G. Saxton to Address NY Dealers
Harry R. Amott, Amott, Baker & Co., Incorporated, President of
New York Security Dealers
Association, announced that Professor Glenn Saxton of Yale Univer-
sity, Department of Economics, will address the dinner meeting of
the Association at the Hotel Biltmore, Thursday, April 23, 1953.

Two With H. M. Grove
(Special to The Financial Chronicle)
By CARLISLE BARGERON
Los Angeles, Calif.—Lionel S. Peck has become First Chicago
with King Merritt & Co., Inc., 115 South Broadway.

Joins R. A. Harrison
(Special to The Financial Chronicle)
SACRAMENTO, Calif.—Yub G. Sepulveda has become connected
with Richard A. Harrison, 2200 Sixteenth Street.

With First California
(Special to The Financial Chronicle)
LOS ANGELES, Calif.—Irvine N. Brown has joined First Cali-
Company, Incorporated, 457 South Spring Street.

Geo. D. Clarke Ltd. Formed
George D. Clarke, Ltd., has been formed with offices at 50
Broad Street, New York City, to engage in a securities business.

Geldzaher Opens
BROOKLYN, N. Y.—Mendel Geldzaher is engaging in a secu-
ries business from offices at 1534 Fifth-Third Street.
In Defense of the Full Gold Standard

by James Washington Bell

Sec'y-Treasurer of the American Economic Association Washington: American Economic Association, 1933

Dr. Bell describes operation of the full gold standard, and explains why it fell into disfavor. Says we got off on the wrong track in 1933 when we abandoned the gold standard. "In the belief what was good for England was good for us". Pauk. 19p.

The Monetary System has made possible a build-up of a weak credit structure through monetization of the huge public debt.

I
Revival of Interest in the Gold Standard

It seems to have become respectable to talk about the gold standard again. The subject is now in vogue. It is the theory of a gold standard that has been set down by certain people and is none too popular.

The advantage of the dollar and the magnitude of public debt monetization have created a virtual monopoly situation which may jeopardize public confidence if not well managed. Conditions of this condition, numerous proposals are being made to rescue the public from the debt problem. For example, the dollar is a floating currency and so the monetary system is an unstable system. It is needed to establish a 100% reserve (gold) system. But the reserve is not adequately provided and the structure is not in balance with other obligations.

2. J. W. Bell, "The Inevitable Gold Standard". The Wall Street Journal, 1933. Bell stresses the importance of a gold standard, or perhaps even being considered an alternative to the old orthodox and not the new.

3. It is hard to explain why the gold standard is a long and significant fact. One can observe the decline in the gold standard in the 19th century and the first years of this century. One can observe the decline in the gold standard. It has not been demonstrated that it has been an advantage. It is probably the best way to build a strong and stable economy.

4. The impact of Keynesian economics has been significant. The gold standard has been the basis of this theory. It is said that the gold standard has been the basis of this theory. It is said that the gold standard has been the basis of this theory.

5. My purpose is to explain briefly the relationship between the gold standard and the monetary system. I want to stress the importance of the gold standard and the need to support it. I want to stress the importance of the gold standard and the need to support it.

II
Operation of the Gold Standard Monetary Systems Are a Product of Evolution

1. Every student familiar with the material on exchange and the theory of the gold standard must be aware of the story of the gold standard. The history of the gold standard is the history of the monetary system.

2. The gold standard is a product of evolution. It is a product of evolution. It is a product of evolution.

3. Before the mysteries of debt monetization were elucidated, it did not seem illegal to skip the

4. The gold standard system breaks down when people at home lose confidence in the gold standard and ask for more gold. It is said that the gold standard is not connected with gold or silver or barter transactions. Usually when this occurs we attempt to reestablish the credit system on a sound basis. Why do people lose confidence in the gold standard? The gold standard is a product of evolution.
Life Insurance Companies
And Securities Markets

By GEORGE T. CONKLIN, JR.*

Guardian Life Insurance Company

'Life company executive discusses leading factors which determine life insurance investment policy and its importance be-
cause of guaranteed fixed interest rate on reserves. Explains
life insurance companies make investments in a variety of in-
categories and finds direct placements of corporate bonds be-
coming a dominant factor in this field. Says life insurance
companies are tending to take larger risks in recent years, despite legislation permitting them to invest in equities.

The influence of the life ins-
urance industry upon the se-
curity markets may be best understood in the light of the

*An address by Mr. Conklin at the Sixth Annual Convention of the National Estate Planning Association, Wil- liamsport, Pa., April 19, 1923.

Life insurance investment has been directed away from governments and into private industry.

Life insurance has grown in prosperity and depression, life

5

Growth and Stability of

The Industrial

A striking characteristic of the life insurance industry and one
which has given it an important role in the world of financial
affairs, is the fact that it has continued to grow; there has been no year in which its total assets, in which as-
sets did not increase over the previous year. This continued growth and continued association with the long-term and
premature elements of policy liabilities, has meant that the life insurance industry could afford to take a larger share
in investment. It has meant exposition of a good part of its cash inflow running three to one hundred per cent in
earnings and has thus allowed for full

interest rates on policy reserves are fixed and guaranteed, and, therefore, are not subject to present and future
interest rates. Any downward or upward movements of existing policy rates make no

Continued on page 28

Continued on page 27

Responsibilities of Bankers

By J. L. ROBERTSON* Member, Board of Governors, Federal Reserve System

Although stating principles of sound banking and credit are the
same, rather than a bank's size, Reserve Board member
out, in small bank, different kind of

aware of the pitfalls ahead of a management

Erg

Continued on page 1738

The principles of sound banking and credit are the same, regardless of size or location. When a small bank has
asked to play a part in this national

and Varney (Continued from page 1680)

Continued on page 27

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Problems of International Investment

By G. Keith Funston

President of the New York Stock Exchange

Maintaining it is high time that government back out of foreign investment. I am led to conclude from the following outlines as a three pronged program for encouragement of international flow of private capital: (1) removal of export and import quotas along with multiple exchange rates, discrimination, and re-exports. (2) provide an environment where control of capital gains taxes and double taxation of dividends as well as international double taxation; and (3) establishment of uniform tax rates in all industrialized countries and financial organizations in financial concerns in different countries.

The problems which are not indigenous to Canada or the United States. They are global in scope and upon their successful solution hinges the economic health and political stability of the whole world.

I see to that our country has come closer to a workable solution of the investment problem than any other nation. It is fortunate in having been endowed with plentiful natural resources. But there are other factors which have even more important — an intense love of freedom and the will to fight to preserve our freedom. The imagination of people who have the courage and daring to win in the hope of gain.

I don't mean to imply that our two countries have already have established political and economic integration. But now we can afford to sit back and let nature take its course. I do say that we have established a sound working relationship which can still be greater, but which even now we may commend to the rest of the world for its information and benefit.

Canada's Economic Progress

Canada seems to be telescoping into a handful of years what it took the United States decades to accomplish. A country of 20 million people, greatest manufacturing plant to complement your achievements as an agricultural nation, as a trading nation, and as a producer and processor of raw materials. The success of your efforts has been — to put it mildly — sensational. And not the least extraordinary phase of this phenomenon is your rapid development of your private enterprise, which is based. The United States is not an investment surplus—we have been exporter of capital for some 30-odd years—hence all the stimulus to growth to reach that position. I will say without fear of, it to Canada, while consuming huge amounts of money in the postwar growth period, has also been in several seas to Europe, Africa, South America, the Near and Far Easts.

Securities Market—Core of Investment Process

Whether the investment is national or international, the core of the investment process is the securities market. On stock exchanges in Toronto, Montreal, New York, London, Tokyo, minute by minute and day by day, the immediate worth of hundreds of billions of dollars of corporate property is constantly and publicly measured. It is in such markets that the seller of securities anywhere in the world can always find a buyer, the buyer can always find a seller. Securities exchanges are not mechanical devices imposed upon the economy at the whim of a group of brokers. They are an integral part of the capitalistic system without which that economy cannot function.

In the words of John B. Brathwaite, Chairman of the London Stock Exchange, who visited the Toronto Stock Exchange last Fall, "The Stock Exchanges of the world are the ball-bearings upon which the wheels of industry and finance revolve."

The records of the New York Stock Exchange go back to the days when an infant nation was struggling to its feet. One of the first acts of George Washington's government was to consolidate the national debt, which amounted then to a staggering $20 million. People were willing to buy the bonds of the new government—but, at the same time, they wanted some means of quickly exchanging those securities for cash. The New York Stock Exchange was developed to meet this need.

One hundred and sixty years later our Exchange—like its Toronto counterpart—exists for exactly the same reason. The investor in the United States or Canada is willing today to put his savings to work in industry mainly because of the existence of our national market places. He knows that he can sell his shares at a fair price five minutes after he has bought them. The value of stock exchanges is not limited to their immediate and direct importance as market places. A capitalistic economy will stagnate unless some mechanism is constantly pumped through the system—money for growth, for the development of new products, new industries. And without a healthy securities market the raising of new funds by equity financing is all but impossible.

An unhealthy market for securities is rightly regarded by business men as a danger signal. What is the complex mechanism of our economy needs inspection and perhaps repair. For it is the stock exchange which provides the machinery to spread the ownership of industry throughout our lands.

And it is on our exchanges that

continued on page 33

This Identifying Statement is not an offer to sell these securities. They are subject to the registration and prospectus requirements of the Federal Security Act, Informative Circulars, and the circumstances of the offering is contained in the prospectus which must be given to the buyer and may be obtained from the undersigned only in States in which they are qualified to be offered on an investment basis.

G. Keith Funston

818,657 Shares
Aluminium Limited
(Incorporated under the Laws of Canada)

Capital Stock
Without Nominal or Par Value

Issue The shares to be offered represent new financing by the Company and will be offered to the public on the basis of one new share for each ten shares held of record on April 24, 1953.

Rights to subscribe will expire at 3 p.m. E.D.S.T., on May 15, 1953, The First Boston Corporation and White, Weld & Co., Limited, under an agreement with the Company will act as intermediaries in the subscription deal for the purchase of securities dealers for the purchase of securities for the Company.

Subscription Price The Company will be offered at $1.25 per share to subscribers, either in Canadian dollars at a price of $3.31 per share or in United States dollars at a price of $2.00 per share. The United States dollar price represents the approximate equivalent of the Canadian dollar price as of April 10, 1953.

The First Boston Corporation
White, Weld & Co.

Please send me a copy of the prospectus relating to the offering of additional shares of capital stock not nominally or par value.

Name.
Address.

This announcement is neither an offer to sell nor a solicitation of offers to buy any of these securities. The offering is made only by the Prospectus.

April 21, 1953

186,753 Shares
Aluminium Limited
(Incorporated under the Laws of Canada)

Capital Stock
Without Nominal or Par Value

These shares are part of a new issue of 818,657 shares to be offered by Aluminium Limited to its shareholders, and, to be sold to the public in Canada by A. E. Ames & Co. Limited, are to be acquired through exercise of rights to be purchased from certain shareholders, all as set forth in the Prospectus.

Price for the shares offered in the United States
$4.75 Per Share

Copies of the Prospectus may be obtained from the undersigned, only in States to which it is lawfully distributed.

April 21, 1953

The First Boston Corporation
White, Weld & Co.
What Can We Do About Taxes?

By JOHN J. MANN
Chairman, Board of Governors
American Stock Exchange

Mr. Mann, commenting on the burden of taxation and its effects on investment, equities, and the economy, laid out the following points:

1. Taxation is a major factor in making investment decisions; a more attractive investment will be one designed to avoid or reduce taxes.

2. Taxation affects the demand for consumer goods and services by altering the after-tax cost of capital.

3. Taxation affects the demand for capital by altering the before-tax cost of capital.

4. Taxation affects the distribution of income by altering the incentives for savings and investment.

5. Taxation affects the distribution of wealth by altering the after-tax income and capital gains.

6. Taxation affects the productivity of labor by altering the incentive to work and save.

7. Taxation affects the productivity of capital by altering the incentive to invest.

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115. Taxation affects the distribution of wealth by altering the after-tax income and capital gains.
Eisenhower Urges Russia Prove She Wants World Peace

President, after explaining vain hopes in 1945 and thereafter for peace because of the adverse attitude of Russia, points out our zeal for peace stays unchanged and that U.S. and its allies have no aggressive purpose, but will continue to oppose aggressive acts until all arms are destroyed and terror of atomic war. Says "we welcome every honest act of peace," and the first great step in that direction is an honorable truce in Korea. Holds progress toward peace awaits Soviet intentions. Sets forth a disenchanted proposal.

In an address to the American Society of Newspaper Editors in Washington, D.C., President Dwight D. Eisenhower outlined the position of the United States and her allies in a bid for peace in the world, and pointed out a first step that direction would require is an apostle of an honorable truce in Korea. He stated that progress toward peace awaits a demonstration of Soviet intentions, and charged the new leadership in the Soviet Union with the task of bringing not merely a truce in Korea, but permanent peace in Asia.

The text of the President's address follows:

"And now, in the spring of 1953, the free world itself has gained one question above all others: the chance for a just peace. To which we must now address ourselves.

To weigh this chance is to sum up all human history since the recent moment of great decision. It is to recognize that not yet more hopeful spring of 1945, bright with the promise of victory and of freedom. The hope of all just men that in that moment, too, was a just and peaceful one.

The eight years that have passed have seen that hope woven, grow, decay, and die for all time. And the shadow of fear again has darkly loomed before the free world.

Today the hope of free men remains stubborn and brave, but it is sternly disciplined by experience.

First: The day not only all crude counsel of despair, but also the self- confidence of the free. It weighs the chance for peace with sure, clear knowledge of what happened in the vain hope of 1945.

In the spring of victory, the soldiers of the Western Allies met the soldiers of Russia in the center of Europe. They were triumphantly campuses in arms. Their personnel were equal in every respect, in honor of their dedication to the same ideal—and an age of just peace.

The common peoples shared, too, this concrete, decent purpose: to guard vigilantly the freedom and the combination every day of any part of the world by a spirit of cooperation for the development of the superpower.

In common purpose lasted an instant—and persisted. The nations of the world divided to follow this lead.

The United States and our allies fight the other free nations, chose one road.

Second: The rivalry between the Soviet Union and the United States to win the free world over: to win the common hunger for peace and friendship and justice.

Second: No nation's security and well-being can be lasting without peace. And the fate of their common quest of just peace. And the free world itself would join that purpose.

The free nations, most alone and repeatedly, have assured the Soviet Union that their firm as- setting practical, logical, and for any risk of war. And they have asked that we doubt this—to attain a unity of the free world in the face of the power of propaganda or pressure to destroy each other.

There remained, however, one thing essentially unchanged and undefined in previous years. This unchanged thing was the readiness of the Soviet Union, this we welcome; any genuine evidence of peaceful purpose enable them to live in peace, and to aid to their common quest of just peace.

And so it has come, to pass that the Soviet Union and the Western powers have agreed to end the war in Korea, and to suffer the very fears it has fostered in the rest of the world.

What can the world—or any nation in it—hope for if no turning point does not come? What the worst to be feared and the best to be expected can be simply stated.

The worst is atomic war.

The best would be: A life of peace for all. No burden of arms draining the wealth and the labor of all people; a wasting of strength that defies the American system or the Soviet system or any system to achieve true abundance and happiness for the peoples of this earth.

Cities Armament Costs

Every gun that is made, every warship that is build, every fire is in the final sense a theft from those who hunger and are hungry, those who are cold and are not clothed.

This: A country that is spending money alone.

It is the sweat of the workers, the genius of its scientists, the hope of its children. The death of its billions is this: A modern brick school in more than 30 cities.

It is Two electric power plants, each serving a town of 60,000 popu-

lation.

It is some 50 miles of concrete.

We pay for a single fighter plane; a half-million bushels of wheat.

We pay for a single destroyer with new homes that could have housed more than 8,000 people.

Will--is the best way of life to be found on the road to peace.

This is not a way of life at all in any true sense. Under the cloud of atomic warfare humanity hangs from a cross of iron.

These plain and cruel truths de-

scribe the peril and point of the war that come with this spring of 1953.

This is one of those times in the affairs of nations when the grave decision must be made, if there is to be a turning toward a just and lasting peace.

It is a moment that calls upon the governments of the world to speak, to act, and to choose. This is a moment of peace, this is a moment of danger.

New Opportunity for Leadership

So the new leadership now has a precious opportunity to awaken, with the rest of the grave passions of the world, and to help turn the tide of history.

Will it do? We do not know. Recent events and gestures of Soviet leaders give some evidence that it is possible.

But we must decide when the hour comes.

The best we can do is to make honest efforts to prove that we can hate peace.

We care only for sincerity of peaceful purpose—attained by deeds. The opportunities for such deeds are many. The perform-

ance of a great number of them awaits us on a complex world. The moment is critical. Let us hold on.

And the world, as we know it, would end with him.

The extraordinary 30-year span of his rule saw the Soviet empire expand to reach from the Baltic Sea to the Sea of Japan, from Norway to the Caspian Sea—many millions of miles.

The Soviet system shaped by Stalin and his predecessors was called one World War. It sur-

vived to become the world's most amazing courage a Second World War. It has lived to a threat of a third.

Now a new leadership has as-
The Institutional Acceptance Of Consumer Credit

By WILLIAM J. CHEYNEY
First Vice-President, National Foundation for Consumer Credit, Inc.

Mr. Cheyney, in upholding consumer credit as a function of and in the private enterprise economy, finds as much reason for the public to invest in household durables as to save, buy a refrigerator or a stove. For the consumer goods industry carries a debt of 35% on its assets, and its solvency is not questioned. Cities huge appliances industry built up tremendous inventories and deployed the additional statistical data reflecting on consumer credit markets.

Strangely, when you examine carefully, there are very few suggestions against this description, economic and political economy which can be said to have this "institutional acceptance." Only when time the consumer

function of

and in the private enterprise economic system and industry as an adjunct to the consumer goods industry do

product is particularly, that part which deals with products which
cannot be unloaded only over a long period and by

consumers; hence, which, as packages, cost more than most consumer goods and require immediate payment or salary in cash.

Without such purchase, to spread the purchase industry
cannot distribute these long-term packages of services, for the people of the United States can be expected only to buy as they go, economically, speaking, which obviously is a more sound fact, rules out any assumption that they should pay in 1933 for all of the goods in 1953. sales 1954, 1955, 1956 and on perhaps for 10 or 15 years. Such long-term services are not wrapped in the packages of durable products that cannot be unloaded until right now, on terms.

The background is obvious that in general we refer here to consumer credit as it is used to finance the purchase of goods and services which will render them satisfaction in periods beyond the immediate time frame in which they are purchased.

Consumer credit likewise includes, by this definition, any financing which consolidates obligations which in themselves conform to our definition of consumer credit.

Only in minor degree do we speak of and defend the use of credit in transportation services consumed and enjoyed, i.e., the use of credit in the form of short-term future income to satisfy current desires.

In passing I should say that it is my belief the average person would not use credit in any other way than that defined by the Federal Reserve Bank of St. Louis

"An address by Mr. Cheyney before the 1933 National Consumer Credit Conference, New York, N.Y., April 5, 1933.

Powerful Forces Leading Us Toward Ruinous Inflation!

By HOWARD BUFFETT
Former Congressman, Nebraska

Former Congressman and investment dealer, saying he "would not be surprised if we do not soon have shake-ups that will jar the foundations and break some of the windows in our economic house," holds present monetary policy as contributing to an inevitable inflation. "Periods of... ريال.

Without inflation, the opportunity to speak to your Third District Bankers. No group of people do not encourage a
courage in America than its bankers. Moreover, I know that you have been doing your best to bring about sound financial conditions. You have operated carefully and conservatively, and I urge your customers not to take undue risks and unnecessary chances. Your task is not easy in a business that is a gamble.

I want to confess at the outset that 27 years in the investment community, spent in Congress, has thoroughly developed the public in the answers on economic matters and financial problems. I don't have all the answers, but one thing, I know, just "ain't so." We have a saying in the investment community that is known in every business. The true depreciation, in a 15 year lived refrigerator is the 1/15 of the original cost each year or its value, whatever it is, wishes, for changes in the value of the dollar or price levels in the interim, if one would be able to get the refrigerator for "book" dollars.

The accumulation of stocks in the securities markets leaves period that are not over by the end of a life time. We are not in a period that will correct the mistakes of the past. The real estate market is, to date, in the process of building.

The fallacy of assuming the accumulation of consumer credit and the liquidation of home equipment is believed to represent the general interest of ownership in America itself and stock ownership is for obvious social as well as economic reasons.

Consider also that four out of five new business concerns fall the first five years of their existence. This means that the value of small capital by would-be busineesmen and their families to bear. This is a statement of one therein represents, to say the least, in significant fashion. One out of six.

If, on the other hand, a successful firm can accumulate savings in the form of stock, they are in a much better position to economize toward this sort of investment. The value in the present system is not risky; the accumulation of U. S. Government bonds excepted, is not a satisfactory goal, unless it is to the affluence to be attributed more to political and other reasons than to the economic slowdown. Note the redemption rate for example, which in 50-cent dollars, when they were purchased 10 years ago was 40 cents.

I received just a few days ago a phone call from a banker's bank, charging a few and between are those who purchase stocks through the years and end up with accumulated wealth.

Yet many Americans who are happy in our economic system, by blundering accumulation of stock held, look askance at the neighbor who is saving for home or cars, for once, or being bought, which they never purchase anything on the installment plan. The reason is that the average American family if it were money, they own a home, and if they buy a new car, they own a car, but they never purchase anything on the installment plan.

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SAFEWAY STORES, INCORPORATED

Reports of 1952 activities

The Company did well in the election year. Net income before taxes showed an increase over the preceding year. Net sales were the highest in Safeway's history. Uninterrupted dividends on all outstanding stock have been paid since the Company's incorporation in 1926.

NET SALES HIGHEST IN HISTORY
Again in 1952, total aggregate net sales of Safeway Stores, Incorporated and its subsidiaries set a new record, totaling $1,639,095,212, an increase of $184,452,216, or 12.68% over net sales in 1951.

EARNINGS AND DIVIDENDS
After deducting preferred stock dividends of $1,461,948, earnings amounted to $2.01 per share of common stock. This compares with earnings in the previous year of $2.26 per share of common stock. Dividend requirements on the 4% cumulative preferred stock and the 4½% cumulative convertible preferred were earned 3.51 times. Cash dividends were paid on the common stock at the rate of $2.40 per share.

PROGRESSIVE OPERATIONS
THAT PROMOTE PROFITS:

- "Buy-build-sell-lease" program with construction of new stores and modernization of existing stores to increase efficiency.
- Operation of Company owned supplier plants for production of quality milk, bread, coffee, canned goods, and other food products to be sold at reasonable prices.
- Maintenance of testing kitchens operated by trained home economists and laboratory technicians to assure the quality of all times of all products sold in Safeway Stores.
- Maintaining a continuing research program in an effort to increase stockholders' profits and customers' convenience.
- Establishment of large distribution centers in densely populated areas to maintain quality, increase efficiency and speed service to retail outlets.
- Providing expert job training facilities for all workers from retail clerks to professional meat cutters. In addition, the Company sponsors study courses in citizenship.

NET PROFITS INCREASED
(_before Taxes)
The net profit before income taxes for 1952 was $17,094,348 as compared with $15,318,809 in 1951. After allowing for a refund of excess profits taxes in the amount of $115,700 in 1951 and payment of increased income taxes in 1952, the net profit after taxes on income for 1952 was $17,034,943 as compared with $17,615,983 in 1951.

ASSETS AND LIABILITIES
Total net assets of Safeway and all subsidiaries on December 31, 1952 totaled $132,273,480. Total current assets of the same date were $232,344,580, and total current liabilities were $142,948,472. The ratio of current assets to current liabilities on a fully consolidated basis was 1.63 to 1 as against 1.39 to 1 in 1951.

15 YEAR COMPARATIVE RECORD OF SAFEWAY STORES, INCORPORATED AND ALL SUBSIDIARIES CONSOLIDATED

<table>
<thead>
<tr>
<th>Year</th>
<th>Capital and Surplus</th>
<th>Net Assets</th>
<th>Net Earnings</th>
<th>Dividends (Per Share of Common Stock)</th>
<th>Dividends (Per Share of Preferred Stock)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1938</td>
<td>$46,075,427</td>
<td>$314</td>
<td>$13.84</td>
<td>$1.57</td>
<td>$1.24</td>
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<tr>
<td>1939</td>
<td>$51,079,564</td>
<td>$208</td>
<td>14.26</td>
<td>1.59**</td>
<td>2.20**</td>
</tr>
<tr>
<td>1940</td>
<td>$63,396,166</td>
<td>287</td>
<td>14.38</td>
<td>1.67</td>
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<tr>
<td>1941</td>
<td>$55,000,566</td>
<td>270</td>
<td>14.87</td>
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<tr>
<td>1942</td>
<td>$60,104,048</td>
<td>280</td>
<td>15.23</td>
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<td>1943</td>
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<td>288</td>
<td>15.78</td>
<td>1.00</td>
<td>1.36</td>
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<tr>
<td>1944</td>
<td>$62,504,498</td>
<td>299</td>
<td>16.40</td>
<td>1.00</td>
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<tr>
<td>1945</td>
<td>$65,504,683</td>
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<td>16.97</td>
<td>1.00</td>
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<tr>
<td>1946</td>
<td>$71,900,081</td>
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<td>20.18</td>
<td>1.00</td>
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<td>1947</td>
<td>$76,039,946</td>
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<td>24.44</td>
<td>1.00</td>
<td>3.50</td>
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<tr>
<td>1949</td>
<td>$91,236,900</td>
<td>488</td>
<td>28.22</td>
<td>1.23</td>
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<tr>
<td>1950</td>
<td>$115,513,574</td>
<td>571</td>
<td>29.75</td>
<td>1.39</td>
<td>5.30</td>
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<tr>
<td>1951</td>
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<td>29.58</td>
<td>1.40</td>
<td>2.25</td>
</tr>
<tr>
<td>1952</td>
<td>$132,273,480</td>
<td>666</td>
<td>29.03</td>
<td>1.40</td>
<td>2.01</td>
</tr>
</tbody>
</table>

*Paid in full at five percent preferred stock.

**Number of shares increased to 175,000 on April 12, 1943.
What New Administration Means to Banking

By DR. E. SHERMAN ADAMS*

Deputy Manager in Charge of Department of Monetary Policy
American Bankers Association

What "Sound Money" Portends
Yet, despite all these provisions, the dedication of the Eisenhower Administration to a return to the gold standard is highly significant. Over a period of time, this will probably exert a profound influence upon economic development.

This new approach has important implications for the banking business. For more than two decades, the American banker has been isolated from the rest of the world economy. Many people have come to regard this treatment as being too protective and too repressive.

The viewpoint that the ancients of the gold standard are more for our economic life today and the modern version of the old bubble theory of John Law. The economy is a bubble that is always bursting. Bankers have never been more secret than the secret of enduring prosperity lies in the creation of more and more of both gold and more money.

Prosperity Without Inflation probably has the best chance of the old bubble of the 1920s. It has always been the traditional objective of American public policy. I do not mean to imply that public policy in this country has been the beneficent of this economic policy. Most of its objectives have been to protect the position of the creditors, to prevent inflation, and to stabilize the currency.

Neither do I wish to imply that there is any certainty that inflation will be halted. Bureaucratic pressures for defense are both within and without, and might conceivably increase. This will vary with the peace, if peace is achieved in Korea.

Moreover, even if we are able to avoid the dangers that the task of achieving a sound economic policy is a difficult one and that there may be more difficult problems in the future. The question of action might worsen the precarious balance of our high employment economy. It is quite evident that inflation has evidenced awareness of these problems.

Lessons from Past Experience
Our first concern, therefore, must be to understand the basic nature of the banking system. On the basis of our past experience, we can summarize the essential lessons as follows:

(1) Every banker should periodi-}
Continued on page 37

April 22, 1953 (New York City)
April 24, 1953 (Chicago, Ill.)
Security Traders Association of New York dinner at the Waldorf-Astoria.
May 11-12, 1953 (St. Louis, Mo.)
Association of Stock Exchange and Board of Governors Meeting.
May 12-16, 1953 (White Sulphur Springs, W. Va.)
Investment Dealers Association of America Spring meeting at the Homestead, Hot Springs, Va.
May 15, 1953 (Baltimore, Md.)
Baltimore Security Traders Association 18th Annual Spring Meeting at the Country Club of Maryland.
June 2, 1953 (Detroit, Mich.)
Bond Club of Detroit annual meeting at the Meadow Brook Country Club.
June 3-4, 1953 (Minneapolis-St. Paul, Minn.)
Twin City Bond Club annual meeting at the White Bear Yacht Club.
June 5, 1953 (Chicago, Ill.)
Bond Club of Chicago 40th Annual Meeting at the Knollwood Club, Lake Forest.
June 5, 1953 (New York City)
Bond Club of New York Annual Meeting at Sleepy Hollow Country Club.
June 16-17, 1953 (Baltimore, Ontario, Can.)
June 12, 1953 (Philadelphia, Pa.)
Investment Traders Association of Philadelphia annual summer outing at the Whittemarsh Valley Country Club.
June 18, 1953 (New York City)
American Securities Association Annual Outing at the Pelham Bay Park, Bronx.
June 19, 1953 (New Jersey)
Bond Club of New Jersey annual outing at Rock Spring Park.
June 15-16, 1953 (Cincinnati, Ohio)
Regional Bankers Association National Bankers Association of America. Huron Club, Cleveland.
June 27, 1953 (Chicago, Ill.)
Chicago Bond Traders Association Annual Spring Outing at the Nordic Club.
Aug. 20-21, 1953 (Denver, Colo.)
IBA Rocky Mountain Group Bond Dealers Association of Denver annual meeting at the Greenbrier Country Club of Greenbrier, W. Va.

How Sound Is Our Farm Credit?

By EMMET J. DIGIANA

Vice-President, C. S. & N. Bank, Denver, Colo.

Calling agriculture an extremely hazardous business, Western bank executive backs back to agricultural distress in the '20s, and lays down principles bankers should follow in granting farm loans. Dr. Digiana says "Farmers are now at point where they should either cut back or sell out, and they should assume their responsibilities in financing agriculture without government aid." Advocates action to stabilize the farm economy.

As bankers, I believe it is prac-
Speeding the flow of vital iron ore with a new "Leviathan of the Lakes"

Early in the present shipping season, National Steel's fleet of iron ore freighters will be joined by the ERNEST T. WEIR... the largest ship ever built on the Great Lakes.

Before navigation is halted again by next winter's ice, it is estimated that the Weir will transport approximately 900,000 tons of iron ore from National's mines in the Lake Superior District to the docks of Great Lakes Steel Corporation in Detroit and to lower lake ports for rail shipment to the Weirton Steel Company at Weirton, West Virginia.

Named for National's founder and chief executive, this proud vessel is 690 feet long, has a cargo capacity of more than 20,000 tons and incorporates the most advanced features of marine design. It is a sturdy link in the vital chain of transportation which now must move the greatly increased supplies of raw materials demanded by National's large expansion of facilities... an expansion which will bring steel-making capacity to a total of 6,000,000 tons during 1953.

The new ERNEST T. WEIR is a symbol of the progress of steel production in America. More particularly, it is a symbol of the consistent progress of National Steel... completely integrated... entirely independent... one of the country's largest and fastest growing producers of steel.

NATIONAL STEEL CORPORATION
GRANT BUILDING PITTSBURGH, PA.
The Canadian Pulp and Paper Industry

By R. M. Fowler

President, Canadian Pulp and Paper Association

Stressing the rapidly increasing demand for wood pulp and paper products, Mr. Fowler points out importance of Canada's huge forest reserves in meeting world's demands. Points out there are 90 pulp and paper companies in Canada operating 52 mills, and paper and pulp development. Notes industry is entirely conducted under competitive private operation.

As this session is devoted to Canada—Nation of forests, Mr. Fowler feels it would be impossible to avoid it, but will try to make it as brief as possible. First he should know that there has been a much forest reserves in the world. The area is extended only by the tropical forests of Brazil and the forest reserves of Russia. Canada is a country with green areas of the world. Forests occupy over 1,000,000 square miles, which is almost the same size as the area of the United States.

The major difference between the two: almost all of the Canadian forests are economically accessible, whereas Canadian land is divided into huge tracts that the Dominion Forest Service now classifies as productive forest land potential. In other words, this area almost 1,000,000 acres, although not in fertile, of the commercial forest area which supports its great pulp and paper industry in the Southern States, is growing trees which are not at present be harvested economically.

In addition, much more wood will be produced from the forests now occupied as we improve our methods to reduce to the serious losses from fire, insects, and disease. As much wood is consumed in Canada by nature's economies each year as goes into manufactured paper and paper. To date, Canada has already cut a large part of its wood, and there still appears to be a comfortable margin to meet growing world demands. With proper care, raw materials can be provided for a substantial additional production.

But it is now clear that the Canadian forests are inexhaustible, and I am glad to say that the pulp and paper industry is taking a leading part in forest conservation.

Increasing Rate of Paper Consumption

I may perhaps appear to be laboring the size of Canadian forest reserves, but the point is important, for there has been a major shift in the many people's picture of wood. In many countries demand for forest products is limited by the rate of forest growth. European forests were seriously overcut during the Boer War, and in the countries of Northern Europe, demand for wood has been held in check by the most stringent forest conservation laws, until recently it has been difficult to change this habit.

As a result, the pulp and paper industry is Canada's largest industry. Here in the United States you have the greatest pulp and paper industry. In absolute value it is larger than the American industry—in about 2½ times the output and production. But in relative terms, it is about equal to the entire output of the Canadian pulp and paper industry. In Canada, one-third of the people are engaged in making paper and paper products (56
ercentage of the people are engaged in making paper and paper products (56
ercentage of the people are engaged in making paper and paper products (56

The Canadian industry is the second largest producer of paper, and second in the value of its output. The pulp and paper industry is today the second largest industry in Canada, in terms of value of output. In 1900, the value of pulp and paper products was $28,000,000; in 1914, $70,000,000; in 1920, $93,000,000; in 1925, $140,000,000; in 1930, $142,000,000; in 1935, $210,000,000; and in 1940, $331,000,000.

Canadians are especially fortunate in having in the pulp and paper industry the largest single industry in the country. The pulp and paper industry is of such great importance that it is in a position to control the flow of the capital into it. This is one of the factors that makes it possible for the industry to grow so rapidly.
Southern Co. Stock Offer Underwritten

The Southern Company is offering holders of its common stock the right to subscribe for 1,004,000 additional shares at a subscription price of $14 per share, for each 17 shares held of record April 16, 1953.

Proceeds of the sale will be used to repurchase 1,004,000 shares of public common stock at a price of $14 per share, for each 17 shares held of record April 16, 1953.

On Wednesday, April 15, the First Boston Corporation will act as the investment banker and the lead underwriter of the offering.

The utility companies of The Southern Company furnish electric service to most of Alabama and Georgia, to western and southeastern Min-

sippi. Among the larger cities served are Birmingham, Mobile and Montgomery (Ala.), and At-

lantic City.

The company started operations in September, 1947, and has a capitalization of $250,000,000 in 1952. For the same year, net income was $10,960,000, and earnings per share varied from 9 cents to 1.18.

STANDARD OIL (INDIANA) and Subsidiaries

Report record sales and income...

Financial position strengthened further

Standard Oil Company (Indiana) and its subsidiary companies strengthened their financial position during 1952. Current assets were 10% above the current liabilities, as of December 31, 1952, with 2.37 to 1 a year before. Our sales trend continued upward, despite the handicap of refinery and steel strikes — with 2% more sales in 1952 (in volume) than in 1951. Our net income reached a new high — $146,740,000 in 1952, up $7.7% per share from 1951. We produced 2% more crude oil and natural gas liquids than in 1951. But with more production costs, our net earnings were down. Our reason was the strike in seven of our refineries last spring. The steel strike also resulted in a loss of sales to our customers in the steel and related industries. Even more important, we were caught between rising costs and indecipherable price ceilings on crude and products.

SALES IN 1952 TOTALLED $1,550,000,000 compared with $1,491,000,000 in 1951. The highest percentage increase for the year was in sales made, both in total volume and in dollar value. Prices advanced slightly higher in 1952 along with labor and other costs rose generally.

NET EARNINGS FOR 1952 WERE $119,960,000 or $7.87 per share. This compares with $146,740,000 or $9.71 per share in 1951 and $123,060,000 or $8.60 per share in 1950. Our tax bill for 1952 was $92,677,000, equal to $6.03 per share. In addition, we collected taxes on gasoline and other petroleum products, amounting to $237,000,000, for governmental agencies.

CAPITAL EXPENDITURES increased sharply to $304,300,000 despite the steel shortage which slowed some of our drilling and construc-

The story in figures

<table>
<thead>
<tr>
<th>Year</th>
<th>Net income</th>
<th>Net earnings</th>
<th>Net earnings per share</th>
<th>Dividends per share</th>
<th>Dividends paid per share</th>
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<tr>
<td>1952</td>
<td>$146,740,000</td>
<td>$119,960,000</td>
<td>$7.87</td>
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<td>$4.10*</td>
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<td>1951</td>
<td>$123,060,000</td>
<td>$146,740,000</td>
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<td>1950</td>
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<td>$119,960,000</td>
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*Note: Figures may not add due to rounding.
Higher Interest Rates in Offing

By ROGER W. BASBON

Mr. Basbon contends only thing Wall Street observers are in agreement about is that money rates will stiffen. Says say attempt to raise rates successively is equivalent to an increase in interest rates.

Last December on my way from Massachusetts to New York, almost all of my Wall Street friends were bullish on stocks.

Today, owning to the so-called "Wan Pec" sentiment is now bearish. The news that the bulls are confiding in writers is that they think we have the same pecs that we still have left. War III is going to be difficult of defense, and we cannot change to some other else. They further believe that the low interest rates will likely kick over the trees and that China may be the one.

All Agree on Interest Rates

Always a bank will tell you that it is not going to agree upon the interest rates at which it is willing to make mortgages, installment buying, or the over-all strength of the housing market and other causes. Here is good evidence of the strength of that statement.

You are now able to buy 2% 1/2, U. S. Government bonds for the first time in 20 years. You have not been able to do this. A number of mortgages are being restructured today. I am waiting to see the future will show this to be a case of increasing interest rates.

Interest Payments Already High

Although a bank will tell you that its rate is not high, yet it is much higher in terms of the purchasing power. A manufacturer who pays 3 1/2% interest to buy machinery which only pays 3 1/2% a year to manufacture 20% more than he is paying now. The reason for this is that the rate on a mortgage of a given period is determined by the cost of funds for the period.

A mortgage on a house is an argument to save money now to build a home. The cost of carrying the stock will be lower the more you are buying and the more you are paying for it. This in itself is argument to save money now and build a home. The value of the home will be higher the more you are paying for it and the more you are saving now.

The Commercial and Financial Chronicle... Thursday, April 23, 1923
Allis-Chalmers Progress

1952

Sales Billed and Other Income $516,116,741
Profit for Year 24,457,855
Per Share of Common Stock 7.98
Preferred Dividends ($3.25 per share) 877,860
Dividends Paid to Common Shareholders 11,181,923
Per Share of Common Stock 3.00
Profit Retained 12,288,072
All Taxes 12,367,596
Wages and Salaries 147,331,381
Total Assets 309,497,576
Total Liabilities 155,195,300
Net Worth 154,302,276
Number of Employees 2,955,339
Number of Common Shareholders 29,988

1951

Sales Billed and Other Income $509,269,626
Profit for Year 22,416,138
Per Share of Common Stock 8.19
Preferred Dividends ($3.25 per share) 1,194,497
Dividends Paid to Common Shareholders 8,898,028
Per Share of Common Stock 3.52
Profit Retained 135,404,235
All Taxes 136,433,090
Wages and Salaries 147,331,381
Total Assets 315,018,337
Total Liabilities 127,708,783
Net Worth 188,309,550
Number of Employees 3,927
Number of Common Shareholders 25,035

CHIEF PRODUCTS


General Machinery Division: Snow, hydraulic, marine and gas turbine; electric generators, motors, controls, steam condensers, transformers, switchgear, regulators, pumps, blowers, compressors, cement mills, mining and processing machinery.


From the President’s letter to shareholders:

"When present commitments on capital expenditures for modernization and expansion of facilities are finished, we will have, since 1946, expended just under $100,000,000 on this program . . . This investment will have important influence on our operations in 1953 and future years."

"Backlog as we begin 1953 is approximately $235,000,000. As this is written, the overall economic outlook for the year does not appear favorable for setting new records. However, sales for January and February are only slightly below last year and at this time we think it prudent to express ‘hedge-chance’ to approach 1952 results for the complete 1953 period. In any event, ’53 promises to be an interesting and active year."

V. H. ROBERTS, President

Bach, Add & Co.

Raleigh, N. C. — Herbert E. Banks has been added to the staff of Bach, Add & Co., 126 South Saunders Street.

Joins Harry J. Wilson

(Second to the President’s Column)

CHICAGO, Ill. — Donald L. Arnold is now affiliated with Harry J. Wilson & Co., 209 South LaSalle Street.
Milton M. Bates was appointed Assistant Cashier of the Bank at the head office.

The election of Harold D. Rutan and Alfred S. Mills as Trustees of the First National Bank of the City of New York was announced on April 21 by DeCourcy Fales, President.

Mr. Rutan is Senior Executive Vice-President and Mr. Mills is an Executive Vice-President of the Bank.

The First National Bank of Rochester, N. J., (with common capital stock of $15,000), was placed in voluntary liquidation effective April 3, 5, 1953. The charter was issued by the First National Bank of Tom's River, N. J. The latter, early this month, reported a surplus of nearly $7,000,000, which was paid to the shareholders of the failed bank.

Shareholders of the Second National Bank of Philadelphia on April 14, approved an increase in capital stock of $10,000,000. The additional shares, par value $10. Under the new plan, rights will be issued to all shareholders of record April 14, to purchase the additional shares on the basis of one additional share for every 20 shares held at $20 a share. Rights will expire May 6, 1953. The newly issued common stock will be divided equally between surplus and capital accounts in the amount of $10,000,000, and the increase capital account to $1,500,000 and surplus account to $1,250,000. A previous item in connection with the proposed capital increase was approved in our April 2 issue, page 446.

The Third National Bank of Clevelen/vo, Ohio, increased its capital as of March 30, from $100,000 to $150,000 by a stock dividend of $50,000.

John C. Wright, President, and Chairman of the Board of the National Bank of Chicago, has announced the election of Philip L. Allen, President, and Charles C. Hauenstein, Vice-President, in the banking department. The promotion was made at the meeting of the Board of Directors, held on April 9. Mr. Hauenstein served as the Bank's Teller for 74 years. On July 28, 1954, as an Assistant Cashier. Mr. Allen, 56, joined the Bank in July, 1949 as an Assistant Cashier. Since 1951 he has been connected with the Bank.

The First National Bank of Fort Worth, Texas, announce the election of J. Allen Rhodes as Vice-President as of April 14.

Stockholders of the Republic National Bank of Dallas, Texas, on April 14, voted unqualified approval of a $7,500,000 increase in capital and surplus, according to a joint announcement issued by Karl Hultske, Chairman and Fred F. Florence, President. When completed, the increase will raise the capital and surplus of the bank to $50,000,000. Capital and surplus now is $42,500,000. Details of the plans incident to the increase in capital appear in our issue of Apr. 9, page 1354. Warrants representing rights to the purchase of shares of capital stock were issued and mailed following the vote of the shareholders on April 11.

The plan is now subject to approval of the Comptroller of the Currency, in Washington, D. C., Arrangements, it is announced, have been made with an underwriting group of investment banks, headed by Walker, Audit & Waggener, First Southwest Com¬ pany, and Dallas Rupe & Son, to arrange for the underwriting of the issue of new shares of stock.

The Anglo California National Bank of San Francisco, Calif., has announced the opening of new buildings for two offices of the Bank in the former location of the Atlantic-Lee Building and other at Redding, it was announced on April 16, by Paul E. Hosford, President.

The new Merced office will be located at 1010 Main Street and the Redding office at Pine and Yuba Streets.

Joseph Markman with Newburger & Company

PHILADELPHIA, Pa.—Joseph Markman has been associated with Newburger & Company at 1342 Walnut Street, members of the Phoenix Insurance and Philadelphia-Baltimore-Storrs Stock Exchange trading department. He was formerly associated with J. A. Hogle & Co. for several years.

Empire Securities Corp. (Special to The Financial News)

DENVER, Colo.—Empire Security Corporation, a subsidiary of the Denver Chamber of Commerce, has been incorporated with offices in the E & C Building to engage in the securities business.

Officers are Gerald D. Bacher, President; William L. Allen, Jr., Vice-President, and Charles C. Nolte, Secretary. Mr. Bacher has been with J. A. Hogle & Co. for several years.

Joins Emanuel, Detten

John D. Butx, Trustee and Ex¬ ecutive Vice-President of Sea¬ man's Bank for Savings was elected to the Board of Directors of Commercial State Bank of New York (formerly Modern Indus¬ trial Bank), it was announced by Jacob Leichlmann, President.

The capital of the Florida National Bank of Jacksonville, Florida, increased from $8,000,000 to $10,000,000, or from $1,500,000 to $5,000,000 by a stock dividend of 25%, it was announced by John L. Garside, President, in July, 1949 at an Assistant Cashier. Mr. Garside has been associated with the Bank since its opening.

The capital of the First National Bank of Fort Worth, Texas, announces the election of J. Allen Rhodes as Vice-President as of April 14.

Bank and Insurance Stocks

By H. E. JOHNSON

This Week — Insurance Stocks

The sharp gain in insurance stocks over the past decade has at various times raised questions about the adequacy of insur¬ ance capital and the capacity of the industry to handle the available business.

Historically fire and casualty companies have financed their growth, for the most part, by retention of profits. The results of this basic dividends up to about 75-90% of investment income have been superior and have provided the basis for investment of profits used to augment capital.

The insurance field in premium writings since 1941, during which period volume increased on the average by over 200%, has put considerable pressure on capital positions. In some indi¬ vidual cases the gains have been diluting, at least, as a result of ac¬ cumulation to an even greater degree.

There have been indications over a number of years that, in the first place the insurable value of real estate and property has grown significantly and that the increase has been much ahead of the construction which has occurred. This is particularly true with respect to automobiles where the number and the value have increased. Also higher premium rates particularly for residential have contributed to the gain. An additional factor has been the nature growth of certain insurance lines such as extended coverage to a larger amount of insurable property.

One of the results of this period, the internal sources of capital have not been sufficient and public financing has been required to provide the needed capital funds. Several unprofitable underwriting years have not helped the problem. If in fact the underwriting profit margin, before federal taxes, for a group of the major companies has averaged less than 5% over the past ten years. This has meant that after taxes, the amount that has been contributed as capital increase from this source has probably been less than 50% in the decade. Allowing for a similar margin in the future (a very optimistic assumption) the new insurance will probably be less than 100% as compared with a 280% gain in premium writings.

Of course most of the companies have substantial holdings of common stocks and the rise of the equity market since 1945 has added a considerable amount of other new capital. However, for many of the stronger companies this year Maryland Casualty and Agricultural insurance are well below 50% of their market values.

In view of this condition, should the business continue to grow as it seems likely, especially with the development of multiple line underwriting, a number of additional insurance com¬ panies may have to go the route of public underwriting and rais¬ ing an additional source of capital. Nevertheless, many companies have not at this time even begun to think about the amount of capital which they should accept.

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Boom’s End Near, Says Marcus Nadler

Economist predicts whether we have peace or not a downward business trend will develop in next few months.

Addressing the New York State Society of Public Accountants in New York City on April 20, Marcus Nadler, Professor of Finance at New York University, predicted that the world is in the midst of what may happen in the next few months may be an end of the current business boom in the “not distant future.”

Dr. Nadler, now receiving at higher levels than ever before in peacetime, is confronted with the problem of the effects on business of an improved international political situation and the continued anti-inflationary debt and credit management policies of the monetary authorities.

A truce in Korea and an easing of the international political tensions will not materially alter the business outlook, he contended. What may be the end of the boom and bring closer the day of peace is pending. The current recession may be somewhat more pronounced than otherwise have ensued but at the same time it will be of shorter duration without a change in the international political situation the boom was bound to be the end of the not distant future. The only unknown factor was the timing and this remains as uncertain today as it was before the change in Soviet policy.

In the stated opinion of Dr. Nadler, a truce in Korea and improved international political conditions will not cause an immediate material reduction in defense expenditures or in capital outlays by corporations. It may, however, lead to a temporary witholding of purchases by household consumers in expectation that prices of commodities may be somewhat lower than at present. Later on it may also tend to curtail capital expenditures.

Speaking of Federal Reserve credit policy, Dr. Nadler said the adoption of the credit restraint policy by the Reserve authorities also supports the conclusion that the boom will soon come to an end. This policy led to a curtailment of the availability of Reserve Bank credit, a reduction in the liquidity of the commercial banks and to increased Cccision of the latter on the reduction of privilege to maintain their required reserve. Money became tight and the total volume of demand deposits adjusted of the weekly reports of the leading cities at the end of March, 1953 was $2,846 million dollars smaller than at the end of 1952. A credit restrictive policy works slowly but it invariably achieves the desired results. Should a setback in business ensue as a result of international political developments and should it be accompanied by a moderate increase in unemployment, one may expect that the Reserve authorities will change their credit policies in order to keep business as far as possible on a fairly stable level.

New Treasury Bonds

The Treasury of the Treasury of 3½% 30-year bonds to raise $1 billion of new cash and a similar amount in exchange for F and G bonds which will mature during 1953 and caused considerable controversy, according to the president. Those who believe that the Treasury should compete aggressively with private corporations irrespective of the interest rate have considered the new Treasury issue as a step in the right direction and as an anti-inflationary measure. Others considered the timing of this offering inappropriate and that it caused an unnecessary sharp decline in government security prices, resulting in considerable uneasiness among holders of outstanding long-term government bonds.

That the public debt is liquidated, said that the previous Administration misused several opportunities to lengthen the maturities of Treasury obligations is only too well known, was the opinion expressed by the speaker. The question, however, he said, may be raised whether the time for offering a long-term obligation was opportune and whether a rate of 3½% was warranted at this time.

Dr. Nadler contended that the inflationary forces have to a large extent run their course and the credit restraint policy of the Federal Reserve played a notable role in curbing the forces of inflation. Commodity prices on the whole have been stable for some time and were not for the farmer support policy, which forces the government to support prices of many farm products at 50% of parity, food prices would be lower than they now are. Outside of installment loans there has been no abuse of bank credit and under present money market conditions few banks are in a position to make new investments. An easing of the international tensions would hasten the end of the present boom and lead later on to a moderate reduction in capital expenditures by corporations as well as some inventory liquidation, resulting in a decline in bank loans. There was, therefore, no need to present a deflationary debt management policy.

Dr. Nadler described the principal attributes of government securities as safety, marketability and relative stability. During the last few weeks, he added, Treasury obligations have proved to be less marketable and less stable than many holders had reason to believe. In offering a 3½% issue, he said, the Treasury forced a downward readjustment of all outstanding long-term government obligations at a time when the marketability of such bonds was already greatly reduced. To what extent recent developments in debt management will influence future buyers of government obligations remains to be seen.

Joins McDaniel Lewis

Special to The Commercial and Financial Chronicle

GREENSBORO, N. C. — McDaniel Lewis & Co., Jefferson Building, have added Leslie E. Babcock, Jr. to their staff.

FRUEHAUF ... supplier to the Motor Transport Industry

SALES OF PARTS AND SERVICE held high at $272,478,812 in spite of an overall decline in highway freight ton-miles due to the steel strike and other stoppages. Buying was stimulated further by our new RoadStar and improvements in other models . trailer equipment in operation has tripled in the past 10 years, and replacement business represents a substantial annual sales volume.

Through intensified sales controls and full cooperation of our sales force we reduced our total investment in inventories by $9,320,834 or from $53,633,991 at the end of 1951 to $44,402,157 at the end of 1952.

We are confident that the Fruehauf manufacturing plants and the Fruehauf Service System backed up by the intelligent cooperation of the 9,000 members of the working Fruehauf family will achieve another year of worthwhile service to the American people, while at the same time producing tangible and satisfactory benefits to the employees, the suppliers and the shareholders alike.

FRUEHAUF TRAILER COMPANY

Detroit, Michigan

World’s Largest Builder of Truck-Trailers

FRUEHAUF TRAILER COMPANY

World’s Largest Builder of Truck-Trailers

FRUEHAUF TRAILER COMPANY

World’s Largest Builder of Truck-Trailers
Peace Prospects and Sterling Convertibility

By PAUL EINZIG

Predicting no Sterling convertibility this year, Dr. Einzig holds it impossible unless sufficient dollar aid is obtained to enable Britain to repay its debt balance in the European Payments Union. While such aid might materially increase task of maintaining convertibility, he says, it is probably too late to have much effect before 1954.

LONDON, England—It is be- coming increasingly evident that the financial authorities are not going to restore Sterling's convertibility this year. Only a few weeks ago the Chancellor of the Exchequer said the crisis was readily produc- able in many quarters for the autumn of this year. It is an indication that the Gov- ernment is extremely keen on taking that step, and that the earliest pos- sible chance of doing so is being lost.

If the British Government is indeed preparing to take a certain amount of risk to that end, and if it is determined to achieve the restoration of Sterling's convertibility in 1953, the British and American authorities will have to be prepared to ensure that the new Convertibility Fund is not utilized in such a manner as to detract from the possibility of meeting the obligations of the Fund.

Mr. Eden and Mr. Butler have said that it is the Government's intention to have the Fund in place even if the necessary votes are not forthcoming. If, at this moment, the British and American authorities are not prepared to do this, it is possible that the Fund may be used entirely to meet the obligations of the Fund. In his recent speech about the Fund, Mr. Eden pointed out that the Fund would be in place even if the necessary votes were not forthcoming.

In the first place, any fall in Sterling which may be caused by the loss of dollar earnings is of course the responsibility of the American authorities. In addition, the American authorities would not, it would be said, be prepared to make a large investment in British pounds in order to increase the export of goods to the United States. On the contrary, the administration of the United States would not be prepared to make such a large investment in British pounds, and may therefore be inclined to give additional support to Sterling.

At the same time, a relaxation of the Convertibility Fund would create considerable difficulties for the United States, for it is not clear whether such a relaxation would increase the possibility of the Fund being used to meet obligations. In such a case, the Fund would be in place even if the necessary votes were not forthcoming, and it would therefore be in the power of the Fund to be used entirely to meet the obligations of the Fund.

The Convertibility Fund, however, is not the only fund which is available to the British Government. The United States is also prepared to consider the possibility of creating a new fund for the purpose of meeting the obligations of the Fund. In such a case, the new fund would be in place even if the necessary votes were not forthcoming.

It is therefore evident that the Convertibility Fund is not the only fund which is available to the British Government. The new fund is also available to the British Government, and the British Government is therefore in a position to consider the possibility of creating a new fund for the purpose of meeting the obligations of the Fund.

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Continued from page 6

Mccormick Sees "Sad and Sick" Security Business

we are not going to get above six and seven or eight cents a share on stockholders until we change it.

Chairman Becker: Mr. Lazarus is asking Mr. McCormick a question.

Mr. Lazarus: I have often wondered why brokers and stockholders in the United States, why it is that they have not got rid of the brokerage office and built an E Bond for $25 and so complicated the whole procedure of buying and selling as to make it so hard, why they have to sale men chase you to buy stock. I don't know enough about them to go to some place and buy it? Then it would be inexpensive to get a lot of stockholders.

Mr. McCormick: As a matter of fact, I think it is a very good question.

Mr. Lazarus: I had a similar amount of experience in the government at one time and now running the second larg¬est exchange in the United States, I have not had the opportunity to admit that the securities business is digging itself out of a deep hole. The best situation that we acquired — and I think brokers' knowledge of stock market in '29 and early '30 — is something we have got to combat.

Mr. McCormick: We have had a great deal of piece of merchandise we are selling. We are asking you to sell us an interest in the United States Government. We would be buying stock in the United States Government, in Du Pont or Bache Company, or any exchange bank. We are asking you to sell your stock; he is not talking about the United States Government. He is talking about the brokers, like Lazarus.

Mr. Lazarus: He is not trying to sell me new stock.

Chairman Becker: After all, a person doesn't go down and buy a corner drugstore or buy a house and they can't do it when you buy stock you are going into an established business, you are buying a small businessman in something that you should do only after careful examination. Mr. McCormick is saying, in my opinion, we haven't got enough of them.

I think that the future of this country is in the people having confidence in the business of this country and owning a part of it. They have the confidence of people that are divided loyalties; it is a question of the laborer and the consumer, everyone has had the understanding of the problems of the people who are running the companies in which they are buying securities, and that is money. That is an interest in the market, and I think it is going to pay off, not only psychologically, but in other ways.

Mr. Weldon: Mr. Chairman, I would like to ask Mr. McCormick: Do you think the ordinary person knows as much about a business as he does about his stockbroker or his investment management?

Mr. McCormick: Well, you are not going to know, as all Americans know, that you don't have to be as literate as the broker, the broker can be selling, sold on the matter of loyalty. You put up the money.

Chairman Becker: But even the ordinary person knows that.

Mr. McCormick: They can.

Chairman Becker: I'd like to ask Mr. McCormick a question, perhaps by saying I am a little skeptical and I had the impression that mem¬bers of the stock exchanges did not understand some of what they were whacked when he says a fellow gets in the hands of a broker with $2,000 some stock. I thought the broker would execute, you order, but it was the investment houses that sent out the $5 man and got it all wrong.

Am I wrong about that?

Mr. McCormick: Well, I think it is a question of the organization, and I think that is why our business is going.

For many years and for several generations the stock exchanges have been agents for small buyers and sellers of securities. People went there and bought and sold and that was the local position for buying and selling. You are aware of the regulations that they are — the way in which they are organized, but I believe in it — the professional element of the market has practiced all along. It is basically an investment-type market.

No exchange buys or sells securities, you are correct on that. The broker is, however, principal of the exchange act principally as agents in the execution of orders, but as I say, it is not a longer professional market; it is basically an invest¬ment market, but it should be brought to the floor. That takes time.

You have to go out and get people interested in buying the securities. The broker is on the floor of the exchange and where orders in a particular stock are executed. Where orders are placed. That is the function of the exchange, but if you sit back and wait for the people who place orders in your volume, you are going to die, and I can see that just as plain as the nose on my face.

Chairman Becker: How about Professor Gamble? Does he think the brokers come right in with the money in the brokers and buy Procter & Gamble?

Mr. McCormick: No, they don't. He is not the best person to wins our competition, as a matter of fact.

As I say, six and a half million is not much of an exchange market; it is quite adequate market; I think it must be expanded tremendously.

You have to go out and stimulate the interest of people in those securities. It is not only on the buying side, I think that people are using the general Motors at the right time and sell at the right time.

I am speaking in the sense that we ought to have a securities market that is capable of serving the American public in that way.

Chairman Becker: Can it be that you have too many members, therefore, they can't all make a living, but half of them could make a living?

Mr. McCormick: As a matter of fact, I don't think we are at the point where we have to take the small and cut it up among fewer of us. People can make more money.

That is the trend of my thinking.

From The Floor: Mr. McCormick, don't you seriously believe that the average private investor doesn't know much more about the securities market than he does the small towns. We are asking you what has developed in those who were in a position to buy securities from January 1st up to this period but haven't bought.

Chairman Becker: Mr. McCormick, you don't only January 31st?

Mr. McCormick: It is a question, you who had the funds with which to buy common stocks but for one reason or another didn't. Mr. McCormick: As a matter of fact, I think that go to the crux of the matter.

We have a lot of internal things. I am speaking of things that we haven't done, or order to improve our business, but I am afraid to get on one here should kid himself.

The basic difficulty in the whole picture is that at least three taxes can I think about. One is that we have destroyed the desirability of equi¬ity of it is that we have introduced corpor¬ations, particularly the excess profit tax, the attitude of the government that they have hold a pinch and before they are entitled to capi¬tal tax. Anybody with a sharp business sense is not going to be astrate to the government if they approached this problem purely on a tax-rate-basis, that if cut the taxes, they can get many more times tax revenue than they are getting now, and furthermore, you are not going to get people to buy equity securities.

On the second thing, about the securities business, it seems to me that our own rate is at two. I think you mentioned that the exchange that are active are quite 15%, and I will grant that 15% is quite high, it is not an unsold order on which you have to keep an eye on it and study and advising them, that the rate ought to be lower.

This industry has made a three-proposed proposal to our board, which is now under study, and that is to reduce.

This industry will go out of ex¬istence unless we expand the base of stockholders and make it worthwhile to do an intelligent job so that you must increase commissions or you are going to lose business.

Secondly, the professional who is in and out and doesn't need that much money might let him in on a little commission to get him a commission to get in, let him get out for nothing. I think I am going to say, I think that we on the exchanges, a large number of brokers, exchanges are concerned, not the securities markets — generally, I think we are being murdered by the open-counter market, because they are taking our wholesale business, they are buying off-the-let, which is at less than the cost to do it on the exchange.

I think that should all be handled in one place; it adds to the equity of the stock, it is going to cut our commissions, so that you are doing business on a large vol¬ume of business, I think eventually the ex¬changes are the perfect place to do commissions in those three ways.

From The Floor: Inasmuch as we have a question from stockholders, which was very im¬portant, I think we should tell you that we have a display of those who were in a position to buy. I have a period from January 1st up to this period but haven't bought.

Chairman Becker: Mr. McCormick, you only January 31st?

Mr. McCormick: It is a question, you who had the funds with which to buy common stocks but for one reason or another didn't.
Clutched Outlook for Second-Half Year's Business

As a business audience in January, I asked the question "Confidence in what?" I suspect that a great many middle managers were thinking, " haven't they voted the power to flourish."
operation of a municipal system remove the
likely to be a serious element, making
demand for urban services difficult to
A severe demand on the city's resources is
are not widespread or of long duration. Labor
to be observed. It seems to be concerned to
peanuts prosperity rather than
are experiencing, the reality of the
tainability of a scarcity element,
the price structure, we can make
cure of this new demand, may be
We Are Faced with a Danger of Recessions?
the magnitudes made for high-level
government expenditure, the resultant high
consumption, the costly and inefficient
business, and the leasened sense of security
is a consummation
division to be wished, but
which are so variable in which manufacturers and
market
working people deal must not be
The balance is measured by
of subsidizing the budget
operation, there will be
the time it is
The Demands of a Stabilization

This brings me to my third picture
of our possible business future, for
the consumer goods industries, a
distributors of raw materials, labor, and
factors of production. It will not be
the best time for some
time to the effect that
we believe need to watch for more

Beyond question, the psycho-
practical operation of an economy is
to bring about their economic depression, or
opinions or gloom, we can't
in the process of depression, a
in Europe or in Europe or in the
large majority of them will not be themselves get over it
and unemployment. Even now, at
unequivocally high to low-level
addresses a business audience in January, I
that the worker's desire to keep
his willowiness or 'propensity for
comes a poorer prospects for a
durables. He postpones
counseling services to get his
food or movies. Those
merely those who
an action against the
the belief that they had
the management team into the seats of
the government. The complex
Congress changed but little and
situations that are very similar to the
Chamber that he had been under the" New
Deals.

There is a basic contradiction in the explanations given for business cycles. One year given for a feeling of confidence, the' aims made for high-level
government spending, the accumulation
on the part of the industrialists and
consumers, and the resultant high
consumption, the costly and inefficient
business, and the leasened sense of security
is a consummation
division to be wished, but
which are so variable in which manufacturers and
market
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unequivocally high to low-level
addresses a business audience in January, I
that the worker's desire to keep
Responsibilities of Bankers

Quired why the bank had not also constructed a green profession to lessen their oil and change their cash and check balances.

As he mingled with some of the employees he was certain that they were getting rich, they were being paid more than sufficiently to cover their retirement, hospitalization, and bonus plans. So he put away the idea. He took off, he learned that recreational facilities had to be better if they were going to be in a pleasant environment. This was too much, and he was wondering whether he was this again when the last survivor of the young men was 1920.

He is not in a position to do anything that makes sense. It is clear that banking should be a job of trust, and is not for everyone.

Community Importance of Banks

As directors and bankers, you are well aware of the importance of the institutions in which you serve. You are engaged in the development and management of the wealth of our nation, providing for the welfare of the people.

Public Services

We have a responsibility to the community in which we serve. We must be concerned not only with the welfare of the people, but also with the welfare of the institutions. We must be aware of the importance of our institutions, and the need to support them.

The banks—those were the promissory notes

Not only had loans shrunken in importance as compared with the purchase of the small down payment on 104.

First, the bank’s loans on securities, including holdings, which now amounted for more than half the business, had contracted with less than one-fourth in 1920. He was to the end of his investments had developed prior to the bank’s substantial acquisition of Federal Reserve System, had provided commer-

Such loans, although the bank had already broadened its program in this field, remained of limited importance. "When it has an agricultural representative who spends all his time, is the bank here to make the most use of its facilities?"

The bank had shown similar results

in a "peculiarly financial system" department was entirely controlled by the "thirties," and then mushroomed into a small institution for the purchase of automobiles and other durable goods, and for the repair and modernization of homes, and now only 3% of its investments, with additional secondary credit extensions, were in automobile loan dealers.

But he swallowed hard when he told me that his bank was financing new automobiles on the basis of a small down payment and 24 months (some- times even longer) to pay the balance. He was even more liberal. He asked: "Isn’t the idea of paying interest on our automobile loans safe enough?" His answer was that it wasn’t exactly wise for a young person who has been brought up in the country, who might never get out of the country, and who speaks Russian as a first language, as I said above: "I guess folks nowadays think the government has been running for life—and considerably above cost.

The volume of real-estate credit in his bank, he learned, had expanded to $500,000 and more for 20 of the banks and industrial banks, as if in the region of $60,000,000 and more for 20 of the banks. He is in a position to say, but I would like to say that the United States central banking system, like the central government, changes so fast that you type on your feet and keep pace with it. I have difficulties in doing so, on the other hand, seen in extension of credit.

Burdens of Credit Expansion

Throughout our economy there is a steady flow toward the restoration of freedom of our citizens. In virtually all fields, less restriction today, in the fields of controls, regulation, and the like. It has been for some time, and in the years to come, a major, and important, in the street-dealing, and in the field of mortgage and investment. The guidance of officers and directors is closely watched. The communities are particularly effective.

Paul Toy opens

But in the real world, LOS ANGELES, Calif.—Paul H. Toy has opened offices at 176 W. Fifth Street, specializing in real estate and securities business. Mr. Toy has been a Vice-President of the Hollywood State Bank.

William P. Burke

William P. Burke, partner in Doherty & Burke, has joined W. N. Y. & W. N. C. also a member of the New York Stock Exchange, passed away on April 4.
ple of the world will decide that our products are to be used for purposes of construction or destruction.

An Age of Materials
It is easy to characterize this as the age of materials. I think, however, I should probably add to the list: the age of energy. The term "energy," of course, is a generalization of great technological advances and equipment. It is a topic that is being discussed in the use of other great materials, such as aluminum, plastics, copper, steel, and the like, and it is the man's useful aids — wood. This has been an age of construction and an age of building things. Fortunately we have been building faster than we have been de-

Continued from page 12

Reaching the Purple Twilight
nient however, the skill are designed ncinc greatest of all to mightily rise in the fact, we think the subject to research; we are unable to preserve the principles of the United Nations and other worthy organizations. But what needs to be strongly affirmed is that there can be no free press without free words, words owned by private individuals or private publishing establishments.

You can think of other ex-

importance of freedom is based on the dignity of the individual, and in the supremacy of human rights above democracy, we must, but we can and we must do it now and promote this desirable course if man, himself, has the courage to recognize the significance and dignity of mankind that cannot—and will not—be reached.

Life Insurance Companies

and Securities Markets

Continued from page 10

scheme of things. The traditionalists will easily give us the answer that freedom is a thing desirable in our forefathers. Unfortunately, we are not always aware that those who too often they mean to refer to the orthodoxy of the long years gone rather than to the fundamental faith around which the orthodoxy grew. I do not believe that's can stand with one foot in the sixteenth century and one in the eighteenth century, in religion or politics. But I do believe that we can stand with one foot in the eighteenth century, in religion or politics. But I do believe that we can stand with one foot in the eighteenth century, in religion or politics. But I do believe that we can stand with one foot in the eighteenth century, in religion or politics. But I do believe that we can stand with one foot in the eighteenth century, in religion or politics. But I do believe that we can stand with one foot in the eighteenth century, in religion or politics. But I do believe that we can stand with one foot in the eighteenth century, in religion or politics. But I do believe that we can stand with one foot in the eighteenth century, in religion or politics. But I do believe that we can stand with one foot in the eighteenth century, in religion or politics. But I do believe that we can stand with one foot in the eighteenth century, in religion or politics. But I do believe that we can stand with one foot in the eighteenth century, in religion or politics. But I do believe that we can stand with one foot in the eighteenth century, in religion or politics. But I do believe that we can stand with one foot in the eighteenth century, in religion or politics. But I do believe that we can stand with one foot in the eighteenth century, in religion or politics. But I do believe that we can stand with one foot in the eighteenth century, in religion or politics. But I do believe that we can stand with one foot in the eighteenth century, in religion or politics. But I do believe that we can stand with one foot in the eighteenth century, in religion or politics. But I do believe that we can stand with one foot in the eighteenth century, in religion or politics. But I do believe that we can stand with one foot in the eighth
companies are an influence in these markets.

The Government Bond Market

The government bond market, after the postwar upsurge, has been characterized by a marked reduction in the volume of government securities issued in U.S. governments, and greatly prefers to accept the risks of private investment. Only when private investment is in evidence, in the form of corporate bonds, do the insurance companies invest heavily in U.S. government securities. They have been conservative in their purchase of insured, in the private economy at higher prices. They were able to beneficially by the inflationary policies of the government.

At the present time, long-term government bonds yield over 7% on a 12% of life insurance assets. After the sharp decline in the period which followed the World War II governments since 1951 have declined sharply in price, and the price of government bonds will continue to rise until these bonds are held in large volume.

In recent years, there has been an increasing interest in the municipal bond market which offers an outlet for life insurance funds are volatile and, as a result, investing in a fixed rate of interest. Many have been conservatively invested in municipals. The yields on municipal bonds have been lower than on taxable corporate bonds, but the higher tax rate on corporate bonds has made municipals more attractive.

The future importance of municipal bonds as an outlet for life insurance funds will depend on the interest rates on municipals and the overall economic conditions. As interest rates rise, the bonds in the market and the yield on municipals may decline. However, the increasing interest rate environment may make municipals more attractive as an investment for life insurance companies.

Corporate Bonds

The life insurance companies are the most important single factor in the corporate bond market. At the end of 1951 they held a new money market and secondary distribution market. It is a relatively inactive market, but the market has the potential for growth and is subject to the wide price fluctuations of the corporate bond market. For example, "A" bonds in the public market have fluctuated in price by as much as one-half percent in a single day, and "B" bonds have fluctuated by as much as two percent in a single day.

Many people when talking about the fluctuation in interest rates, are not aware of the many factors that can affect the price of bonds. These factors include the supply of bonds, the demand for bonds, the quality of the bonds, and the stability of the economy. For example, if there is a sudden increase in the supply of bonds, the price of bonds may fall. If there is a sudden decrease in the demand for bonds, the price of bonds may rise. If the quality of the bonds is poor, the price of bonds may fall. If the stability of the economy is uncertain, the price of bonds may fluctuate.

Merrill Lynch adds to Staff

(Merrill Lynch is the commercial and financial chronicle.

Merrill Lynch and Company, Inc.

Form Rich & Co.

Form Rich & Co.

CIRCON, N.Y.—W.R. Cope

and J. Grisondi have for

some time been concerned in

their bond and mortgage busi-

ness. Mr. Grisondi was formerly

with Cooper & Co.

D. H. Whittemore Adds

(Boston, Mass.—Edward Fitz-

gerald, oil with D. H. Whit-

more & Co., 24 Federal Street.

He was formerly with Schles-

heim, Atherton & Co. and Blair,

Bolling & Co., Inc.

With Goodbody

DETROIT, Mich.—Frank S.

Mendel is with Goodbody & Co.,

Penobscot Building.

Merrill Lynch adds to Staff

Business and the United States, Congress and Shelby Stites.

Jonsay Stuyton Co.

ST. LOUIS, Mo.—Harold L.

McCormick is with Stuyton &

Company, Inc., 408 Olive Street.
The Institutional Acceptance of Consumer Credit

Consumer credit has been given no fair development, because of economic misunderstanding as to its purposes and applications.

In the United States, people have borrowed more than $75 billion (estimated on a straight-line depreciation) for various purposes, services in the equipment they take away with their personal use. A very large segment of this is for the payment of instalments on the instalment plan. The instalments long since have been paid, but this accumulated wealth continues to render its service and constitutes true savings accumulation.

It can be said roughly that the manufacturers' plant and equipment account for $12 billion on their instalment plan purchasing against their $75 billion (straight-line) depreciation, i.e., an accumulated value which is in excess of that of our producers' plant and equipment.

I know a family in America is extremely solvent, and feel its indebtedness is a matter of pride, whereas in Japan a man is considered a pariah if his family is not in debt. The worth is a conservative balance between income and savings. In Japan, one can consider making a financial outlay, but this accumulated wealth continues to render its service and constitutes true savings accumulation.

We practice at looking askance upon the debt involvements, perhaps because we have been conditioned to think of debt as being something wrong, whereas in Japan, debt has been considered as being something right. For example, in Japan, we leave our people equally well-accessed to the ratio of industry, agriculture, mining, and trade, and make great segments of our economy.

It seems to be our duty to continue research in this field of consumer credit to the end that all these facts, upon which to build judgement in measuring institutional acceptance.

There, for instance, a well-known manufacturer of my acquaintance, who is bitterly opposed to the use of consumer credit, which is, by the way, quite large in this plants reaches consumers only through some sort of credit-purchasing. This man has stated that he is already a millionaire, the war's coming and the war's going can be accumulated and paid for the purchase of products over the next 10 years, but the war's coming and the war's going can be accumulated and paid for the purchase of products over the next 10 years, and so forth.

This is quite evident on considered thought. Thought products would cost much more in dollars today had the sales market for them been confined to cash payment, the volume of the charge account, which most business concern have adopted, has paid out the instalment plan. The instalments long since have been paid, but this accumulated wealth continues to render its service and constitutes true savings accumulation.

Some argue it costs more to buy on the instalment plan. I have examined this considerably. Much could be written on the various arguments. On average I believe it to be only costs no more to buy on the instalment plan. The instalment plan continues to render its service and constitutes true savings accumulation.

I know a retailer who for years sold only for cash. He did volume of $750,000,000,000 (estimated). He had settled on the instalment plan, in my opinion, and in his product line materials. For ten years now he has averaged $750,000,000,000,000. He has transacted this business in the last 10 years. He has a bookkeeper and a bookkeeper to his credit, and it is a total value of $750,000,000,000. He has total business volume six times over. It is not obvious that economic changeover? Of course, the savings are not in the form of personal income. On the other hand, in a competitive market considerable portions must have been passed on to his cost, his price, and even his price, but with possibly 65% of his merchandise were distributed on credit terms. The amount might not be calculated aside by recourse to the too obvious fact, it cannot be handled by the typical changeover as well. An example of credit business—and so forth.

An other thought provoking observation. There are today in the United States the products of which are bought at the world's highest wages by the world's no market. How is this possible, and do the other goods at the same to the same degree? How is this possible, and do the other segments of the sales market continue to render its service and constitutes true savings accumulation.

One great consumer's durables which was $150,000,000,000 in 1964 ($70 million). In 1952 this manufacturer's sales were $850,000,000,000. His average price per unit was $40,000,000,000,000. On 1952 borrow $20 million for a new factory and $20 million for new equipment. These millions were advanced by the banks during the war's coming and the war's going can be accumulated and paid for the purchase of products over the next 10 years. For example, he has been the experience of these recent diabolical losses to the sales of these products, a national standard. The prime rate for a consumer credit is very high, the average rate for a consumer credit is very high, and it cannot be accomplished further than in the present market. It is possible to use the instalment plan, and to understand what should be done. It is possible to use the instalment plan, and to understand what should be done.

There are more than 5% more families in the United States than in Japan. If it is the natural presumptions that this new consumer credit, if it is the same amount credit at the same percentage to the same degree as stated at the same percentage to the same degree as stated above and the same degree as stated above, the following results should be unwilling in the aggregate foundation. "No, I will not buy!" output? When one considers that the consumer has more than 45%, or $750,000,000,000,000, and more than 45% of the sales are to be used by the consumer, there are doubtless more "packages of services" that can be bought out of the public by purchasing the instalment plan, the disastrous effect of a market, and not only one remit outstanding in the near future, its effect on the assurance of the banking world as to the certainty of repayment of large outstanding industrial loans would be shaken.

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You undoubtedly doubt that throughout the years 1950 million of consumer goods, such as a refrigerator to a house, even two and three to an instalment plan. In years that have followed, housing has become more and more families of the United States than in Japan. If it is the natural presumptions that this new consumer credit, if it is the same amount credit at the same percentage to the same degree as stated at the same percentage to the same degree as stated above and the same degree as stated above, the following results should be unwilling in the aggregate foundation. "No, I will not buy!" output? When one considers that the consumer has more than 45%, or $750,000,000,000,000, and more than 45% of the sales are to be used by the consumer, there are doubtless more "packages of services" that can be bought out of the public by purchasing the instalment plan, the disastrous effect of a market, and not only one remit outstanding in the near future, its effect on the assurance of the banking world as to the certainty of repayment of large outstanding industrial loans would be shaken.

The American family has experienced a change in its living. During recent years, when the war's coming and the war's going can be accumulated and paid for the purchase of products over the next 10 years, and so forth. It is quite evident on considered thought. Thought products would cost much more in dollars today had the sales market for them been confined to cash payment, the volume of the charge account, which most business concern have adopted, has paid out the instalment plan. The instalments long since have been paid, but this accumulated wealth continues to render its service and constitutes true savings accumulation.

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The National Association of Manufacturers has issued a statement warning against complacency regarding the postwar business and said the unemployment figures have created an exaggerated idea as to the amount of business expansion and a false idea as to the manner in which it has taken place.

In a study prepared by George B. Bagdado, and financed by the NAM, the following points are emphasized:

1. Employment and payroll figures are based on a sampling of a small number of establishments.
2. The NAM points out that the employment data do not necessarily reflect a return to the prewar level of employment, even if measured on a standard basis.
3. The unemployment rates are based on a survey of the labor force and may not accurately reflect the number of people who are seeking work.
4. The data do not take into account the number of people who have returned to the labor force after a period of unemployment or who have been employed for a short period of time.
5. The unemployment rates are affected by seasonal variations and may not accurately reflect the overall economic situation.

The NAM advises caution in interpreting the employment and payroll figures and cautions against overestimating the economic recovery.

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**Warms Industry on Guaranteed Annual Wage**

Dr. Waldo E. Fisher, Professor of Industry at the Wharton School of the University of Pennsylvania, points out durable wage plans and employment guarantees will not bring stability and a real economic recovery, and therefore subject themselves to financial liability in cases of war contracts, unless they set definite limits under such wage plans.

In an address at the Manufacturing Management Association, held in New York City, Dr. Waldo E. Fisher, Professor of Industry at the Wharton School of the University of Pennsylvania, warned that "unsound" guaranteed wage plans tend to find their way into corporate practice, and urged manufacturers to be careful in negotiating employment contracts containing provisions for guaranteed annual wages.

Firms in the durable goods industry, particularly those involved in the manufacture of war materials and employment guarantees, should be careful to avoid excessive and unrealistic guarantees, Fisher warned. "No guarantee employment rather than a guaranteed annual wage, should be made, will probably find it necessary to set definite limits on the size of such plans."

No guarantee should attempt to negotiate an annual wage plan, according to the Wharton professor, unless it has made a careful study of the firm's own record of fluctuations in employment and production in any past period of time. It is suggested that a guarantee be limited by analyzing annual lay-off and wage changes, and by determining the frequency of employment fluctuations.

Firms with annual wages that exceed the amount required for the work to be done, should make sure the plan is not more favorable to the employee than the wage may have to be in the future. The costs of unlimited plans are high except in companies operating in stable and competitive industries, where the guarantee will not be so extreme.

The Wharton professor also stated that the guarantee plan should be based on the amount of money the company can afford to spend on the guarantee, and that the period of time required for the guarantee should be limited.

Dr. Fisher concluded, "to warrant any optimistic endorsement of guaranteed wage plans, industry must in the long run be able to control costs and in industries in which the demand for the product is subject to seasonal fluctuations and in which seasonal fluctuations in output can be predicted with reasonable accuracy. Their extension to industry generally is not justified on the basis of available knowledge."
Continued from page 18

Prospects for Commercial Bank Loans

... times, and wholesalers were able to do the same sort of thing with retail customers. To the extent that this permitted credit in the way of cash advances, and in the case of small businesses, in the way of credit extended on the basis of inventory or other receivables, the result of all this was that a smaller-

The Commercial & Financial Chronicle... Thursday, April 23, 1953

while, the situation has changed considerably. The removal of controls permitted rises in com-

H. A. M.

resulted in banks that later were to carry larger unit quantities of inventory received in the price of each unit had been increased in the manner and time periods of time in which to pay their bills. Thus these, and the requirements of business for working capital, had in recent years been in substantial investment by businessmen in new and/or improved fixed assets.

Where could businessmen turn to for an additional source of leveraged cash? Securities were sold to the public at the behest of the businessmen, but this solution was open only to the larger corpora-

tions. A banker to a businessman today, and at the time this article was written, was that when dealings with requests for credit—much more so than in the past. Not too many years ago, bankers were said to be inclined to be incredulous at the thought of the amount of money that was being asked, and who knew if it would be repaid when it was due? Today, this is all changed and most bankers have a very open mind. When they ask for more, it is not infrequent that they can meet their customers' requ-

The second conclusion I draw from this newspaper story is that the supply of confidence and credit to the business man is a result of the government being in a position of strength and control. This is the essence of the dependence of the United States on a "foreign" source of supply. They have gone through various government measures by way of subsidies, price controls, and other stimulants to inject new money into the economy. This is especially true of the three thousand mills in the Southern States. But we do not have it in our hands to issue in behalf of any national government expansionary new money. And we have been faced with the need to impose a "fiscal austerity"—doing so for the obvious reason that existing supplies came from "foreign" sources.

Perhaps this recent attitude of the politicians toward newpaper printers in the United States and the mere residue of an old form of economic isolationism is the result of the feeling that the war was "built up" on an unsatisfactory demilitarization that could have been used to replace the shortages. This point-up demand was suddenly released when war-time controls were removed and for a few years there was a "shortage" of newspaper, in the sense that every consumer could not buy as much as he did before the war. But the U.S. pro-

Continued from page 18

The Canadian Pulp

And Paper Industry

...nd_for the making of loans to its clients.

Distinction Between Bank Loans and Investing

Is the process of making loans simple to distinguish from corporate securities? Originally, I felt that it was not, but after some careful thinking and consideration of the price which a corporation must pay to underwrite a securities issue in order to effect a reduced money rate, I can strongly on that score that I was in error. The same in the writing of a book on the subject, with a basis for making a decision as to the truth of the writer.

In closing, I would like to summarize...what I have discussed. We pointed out that loans once more constitute...of a small business and does not depend on the selling asset of a bank. Even in the event of a decline in general business, this payment would not be adversely affected, and we certainly do not believe that any credit would be cut off from 1930 to 1932. In addition, we believe that the usual borrower need not have a constructive lending policy or it will not share in the growth of the money market. We have delineated some of the differences that we expect to be showing a business and investing in it.

that it is a function of the things which a banker can do to correct a situation and improve the conditions that are brought about by him. We think you can now distinguish between the two and "give cheerfully grant loans" or "the time to invest money by buying bonds, debentures or other securities."
In Defense of the Full Gold Standard

egations favored it (majority reports) in the late 1920s, as did the commercial and financial group in the United States in the late 1930s. In 1935, even J. M. Keynes acknowledged that the gold standard could help to prevent the World War I. In April, 1932, he wrote:

"It is not everybody that trusted the management of money... But even so, the gold standard was... to make the necessary adjustments to... it is still able to be overthrown by the impetuousity of a cheap money campaign." (pp. 185, 190)

England's debtor country after World War I, having offset its capital losses by rejecting its own currency, began to circulate which was cheapened in order to get back to the gold standard at a pre-war parity, i.e., 46.86 per cent of its currency. This was very difficult to make the necessary adjustments to... It was refusen to cooperate with... and the Glass Bank Reform bill and the so-called "Committee for the Regulation of Money Standard." Runners led... in the Bank of England and bank...悬is same as if the plan of the Hopotte and Miers, 1952. His incredible, not to be believed... on the sound gold standard... The Bank Moratorium

The bank moratorium was stopped. In the great influx of silver in all contracts were abrogated. The Thomas Inflation amendment... the case of the money market. Several... Whatever the cause, rock bottom prices were... was a combination of gold duties, silver purchase program was... as if the gold standard had been reached. It was... It was the year of the "electric"

dollar" of the "technocrats" and the "nationalists." It was... to the year of long discredited. "greenbacks" and... the removal of what had been called, or "britannitism." (The President was then given active participation in the plan.) In that year we... in gold coin, nationalized all private monetary services, and the biggest of all... and the war against the dollar. It was the beginning of the... even at the peak in 1937 were... levels of the late 1930s. It was a try to make money "work" in an atmosphere of political and economic uncertainty. The easy money policy was... was not to avoid the "gold reserves." Since the horse refused to drink voluntarily, dures or to be starved, the real beginning of the "planned economy," the horse was not... with all of its hollow shibboleths, its "million dollar... will," "borrow, spend and elect," the perfectly unbalanced view of the economy. The monetize the debts, are... and compensating expense... This was the "new deal"... in their plans to manipulate money by any obligation to convert dollars into gold. There was a prejudice for... that the redemption of the gold standard would lead to... paper and currency to be preserved at all hazards."... This was the "sound money plan." The Federal Reserve bank,... was there... and it was that the new gold standard... and the "power plan" and the "sound money school"... I have no... for experiments in this special conditions which preserved the gold standard... The war... A bank... was already a barbarous relic... and a regulated nonmetallic currency..." (pp. 185, 190)

England's debtor country... in order to stabilize the price level. The unfortunate war in... to offset gold movements as being a... in contradiction with the gold standard, they... and they called attention to the... The gold standard and domestic monetary standard were... internal control; the latter must, in many circumstances, insist upon... (pp. 185, 190)

The gold standard was... "sound money school"... the "money and Banking"... (pp. 184, 190) To continue: "In the end... the monetary objectives were more important than maintaining the... 1934, for... a 1 oz. of gold... 60 to 100 to 65.5/4. What actually happened... price index from 60.2 to 64.2 to 65.5/4. From 65.5/4 to 69/2; a rise in the commodity...
Defence of the Full Gold Standard

(2) Reduction of Federal Reserve to 25% in June, 1945. a favorable development. If the gold standard is ever to return to its former importance, we must fix the Federal Reserve ratios at the levels which existed in 1945.

Opinions of Economists

In 1933 economists were almost unanimous in their opposition to the money management policies of the Franklin D. Roosevelt Administration. In 1945, when the recommendations of the Monetary Policy Committee were adopted, the economists were divided in their opinion. Some of them favored the Federal Reserve Bank of St. Louis, in favor of a free market. They represented a return to the old orthodox monetary controls in a free market.

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The full gold standard was a major factor in the development of the international monetary system. It was a key to the stability of international trade and finance. Its abandonment in the 1930s and 1940s contributed to the Great Depression and World War II.

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The commercial-and financial chronicle (1763) 35 Digitized for FRASER
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Federal Reserve Bank of St. Louis

Our Reporter on Governments

BY JOHN T. CHIPPENDALE, JR.

The combination of a very heavy oversubscription for the new money 3 3/4% bond and the resultant small allotment made to subscribers has made it possible for the premium of the bond to rise to an unnatural level. The price premium above the offering price of 100 was a paradoxical situation to say the least. The “free riders” and quick turn traders were not loath to sell their shares to the market to take prices of the new money issue up the three-quarters to a point beyond their real, or even to all intents and purposes, talked about. The holding back of a large amount of bank credit that could have been used to support the price of the new issue in the market and buy the new issue at once, were the primary reasons for the large rise in price of the new issue.

The short-term market is also on the defensive because, with the offering of larger amounts of Treasury bills, rates for this nature and other near-term obligations have increased and monetary pressure to halt or end the debt-created boom is still going on.

Added Pressure on Money Market

The money market is still under the influence of the credit reforms and the rising prices of commodities. The new money 3 3/4% bond which comes in this form in the form of a long-term obligation, which the Federal Reserve Bank of St. Louis has been holding, will be re-offered in the coming month. The rise in the price of the new money issue will bring even higher rates on Treasury bills, which will make it more difficult to get funds from the market.

Intermediates and Longer Terms Moving

With the new money issue in the market, because of the raising of new money through the issuance of increased amounts of Treasury bills, there has been, nonetheless, some improvement in the intermediate and longer-term rates. At the beginning of the year, however, there were some indications of a slowing of the rate of increase of intermediate and longer-term rates.

Chicago Mun. Bond Club Annual Meeting

CHICAGO, ILL. - FRANCIS E. SCHACHT, President, Whipple, & Co., will be inaugurated as President of the Municipal Bond Club of Chicago for the year. The meeting will be held in the Union Club on Tuesday, April 24, at 12:30 P.M. Other officials of the club will also be sworn in.

First Florida Investors

ORLANDO, Fla.—First Florida Investors, a group with offices at 19 South Court Street to engage in the securities business, has announced the appointment of L. Kenneth Stoddard as President, D. P. Street, Vice-President, and H. G. Hanson, Secretary-Treasurer.

Bond Club, New Jersey Annual Spring Outing

Mr. Fred J. Brown, White, Wels, & Co., New York City, President of the bond club, announced today the appointment of Mr. W. J. W. van der Linden, of the Northern Trust Company, as President of the Bond Club of New Jersey.

The following will serve as Directors: Carnot W. Van Evre, President; John M. Coates, Arthur E. Kelrly, Assistant Secretary; Arthur Bentley, Boston Corporation; Edward D. R. Coates, First National Bank; H. J. E. Brown, Northern Trust Company; and Blair A. Phillips, Jr., President of the Bank of New York, Chairman of the Board.

The meeting will be held on Friday, April 27, at the Spring Club, West Orange, New Jersey. The officers of the club will be in attendance.

First Florida Investors

The group will consist of L. Kenneth Stoddard, President, D. P. Street, Vice-President, and H. G. Hanson, Secretary-Treasurer.

Members of the Committee are:

Arrangements: Glenn Thompson, Chairman; William A. Cooper, Secretary; Robert Krummen, W. C. Morton & Co., New York City; Allen F. Denison, Grace & Co., New York City; Albert J. Kostler, Board of Directors Corporation, New York City; John M. Coates, Arthur E. Kelrly, Assistant Secretary, Boston Corporation; Edward D. R. Coates, First National Bank; H. J. E. Brown, Northern Trust Company; and Blair A. Phillips, Jr., President of the Bank of New York.

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Forecasts Further Growth of Utilities

Walter F. Merkle, Vice-President of Garley & Associates, Inc., presented a forecast for the electric utility industry for 1955, with billions of dollars of additional capital investment.

Walter F. Merkle, Vice-President of Garley & Associates, Inc., presented a forecast for the electric utility industry for 1955, with billions of dollars of additional capital investment. Merkle noted that the industry would see a significant increase in capital expenditures, driven by the need for new capacity and improvements to existing infrastructure. He pointed out that more than $13 billion had been spent by the utilities to provide additional generating capacity during the previous year. Stressing the highly competitive nature of the industry, Merkle urged utility executives to continue their efforts to improve the efficiency and reliability of their services.

In order to obtain the additional capacity necessary for this increase in production, the public utility companies will have to come to market for more than $2 billion of additional dollars for the construction of new generating units. Merkle said he pointed out that the reaction of the stock market to this news was not as negative as one might expect. He attributed this to the fact that utility stocks are generally considered to be safe investments, and that the industry has a history of consistent dividend payments.

In conclusion, Merkle expressed his optimism about the future of the electric utility industry, stating that continued growth and innovation would ensure a bright outlook for the coming year.
Gemmill of Philadelphia has just published *The Legal Advisory Staff*. We are also pleased to announce the appointment of several accountants and men with experience in the Internal Revenue, as well as a number of lawyers, economists, accountants, and administrators with practical experience in the field of public finance.

In our own investigations in the Treasury Department, we were able to work closely with the staff of the Congressional Joint Committee on Internal Revenue Legislation and Taxation and the staffs of the House of Representatives Ways and Means Committee and the Senate Finance Committee. The Treasury policy officials and staff are also working closely with officials of the Bureau of Internal Revenue. Collaboration between Congressional, Bureau of Internal Revenue, and Treasury groups should speed up the process of securing changes in the tax laws with a minimum of delay, for a policy standpoint and administrative efficiency.

Whatever suggestions we make to Congress for tax legislation will be based on careful and carefully considered studies of what the nation really needs. We do not make recommendations for the sake of change, but to address the problems of the national economy and the national interest. We are constantly on the lookout for any suggested solution to the economic problems that is not accompanied by a philosophy of an administrative government that economically makes every effort to avoid the national problems and to resolve them in the most desirable manner possible. We strongly believe that changes in the law should be made by the Congress, but that the Treasury Department needs to be an active participant in the process of developing these changes.

We are aware of the importance of the administrative principles of the tax laws, and we will recommend changes that are consistent with these principles. We do not believe that any tax changes should be made for the sake of change, but rather for the sake of the national interest. We will make recommendations that are consistent with the national interest and the national economy, and we will make recommendations that are consistent with the administrative principles of the tax laws.

Notes

BOND CLUB OF DENVER

The IBA Rocky Mountain Group-Bond Club of Denver annual Summer Frolic will be held in Denver on Aug. 20-21. On the morning of Aug. 20th, entertainment will be held at the Alley Hotel starting about 4:00 o'clock p.m. and on Aug. 21 the Field Day will be held at the Park Hill Country Club.

SECURITY TRADERS ASSOCIATION OF NEW YORK

Security Traders Association of New York (STAY) Bowling League standing of as of April 15, 1953 is as follows:

Points

- Bean (Capt.), Frankel, Strauss, Niemann, Bass, Krasnowski 38
- Hunter (Capt.), Klein, Weisman, Murphy, Searight 37
- Meyer (Capt.), Kaiser, Swenson, Frankel, Wechsler, Barker 36
- Burrie (Capt.), Hendry, Dornan, Dickey, Ayers 34
- Krisman (Capt.), Ghegan, Jacobson, Cohen 32
- Goodman (Capt.), Smith, Valentine, Meyers, Farrell, Brown 31
- Grawley (Capt.), Tressler, Mazurek, Halvorsen, Donnels 29
- Seckel (Capt.), Walkenhorst, Krumholz, Rogers 28
- Murphy (Capt.), Manson, D. Montanye, O'Mara, Pollack 27
- Gavigan (Capt.), Feeley 26

Mewing (Capt.), Bradley, Wemser, Hunt, Griswold, Huff 25
- Leone (Capt.), Greenberg, Tisch, Weikmeister, Leinhard 24
- Corby (Capt.), Green, Corby, Tisch 23
- Welling (Capt.), Bradley, Kress, Hunt 22
- Donnelly (Capt.), Walkenhorst, Dabrowski, Welling, Grounds, Mewis 21
- Corby (Capt.), Welling, Hunt, Hunt, Griswold, Huff 20
- Donnelly (Capt.), Walkenhorst, Kress, Hunt, Griswold, Huff 19
- Corby (Capt.), Welling, Hunt, Kress, Hunt, Griswold, Huff 18
- Donnelly (Capt.), Walkenhorst, Kress, Hunt, Griswold, Huff 17
- Corby (Capt.), Welling, Hunt, Kress, Hunt, Griswold, Huff 16
- Donnelly (Capt.), Walkenhorst, Kress, Hunt, Griswold, Huff 15
- Corby (Capt.), Welling, Hunt, Kress, Hunt, Griswold, Huff 14
- Donnelly (Capt.), Walkenhorst, Kress, Hunt, Griswold, Huff 13
- Corby (Capt.), Welling, Hunt, Kress, Hunt, Griswold, Huff 12
- Donnelly (Capt.), Walkenhorst, Kress, Hunt, Griswold, Huff 11
- Corby (Capt.), Welling, Hunt, Kress, Hunt, Griswold, Huff 10
- Donnelly (Capt.), Walkenhorst, Kress, Hunt, Griswold, Huff 9
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- Donnelly (Capt.), Walkenhorst, Kress, Hunt, Griswold, Huff 1
- Corby (Capt.), Welling, Hunt, Kress, Hunt, Griswold, Huff 0

Continued from page 16

**What New Administration Means to Banking**

If governmental intervention is to be minimized, the government must be able to do so in a way that is consistent with the public welfare. In order to achieve this goal, the new administration must take the following steps:

1. **Emphasis on Fiscal and Monetary Policies:**
   - Specifiy that the government will only use fiscal and monetary policies to maintain economic stability. This is already clearly apparent in the news from the nation's capital.
   - The government must be willing to step in to provide support when necessary, but only as a last resort.
2. **Reducing Government Controls:**
   - Other major plank in the economic program of the Eisenhower administration is the reduction of government interference with the economy. This includes the use of restraints and controls on the activities of businesses and individuals.
   - The government must be careful not to interfere with the market economy and to avoid the danger of creating a局面 in which the government is the dominant force.
3. **Avoiding Excessive Regulation of Credit:**
   - This puts banks in an unusual situation, for they will be unable to continue to provide the same level of service they have provided in the past.
   - Economic growth must be seen as a means to an end, and not as an end in itself.

To keep the extension of consumer credit flowing, the government must take steps to ensure that the banks are able to continue to provide the necessary services. However, there must be a careful balance between the need for banks to provide these services and the need to prevent them from becoming too powerful.

In short, the next administration must take steps to ensure that banks are able to continue to provide the necessary services while also preventing them from becoming too powerful.

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**Gammack & Admit**

Gammack & Admit Co., 40 Wall Street,
New York City, members of the New York Stock Exchange, will admit Harold P. Hecken to partnership on May 20.

**Nelson Partner**

Nicholas J. Nelson, 135 Broadway,
New York City, members of The American Stock Exchange, have admitted Hilda Kaplan to limited partnership.

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Continued from page 1

As We See It

KarL Marx nor Lenin, neither Stalin nor Trotsky, neither communism nor socialism, is in any way responsible for many of the conditions and the issues which must now be faced and which may well prove real stumbling blocks in the way of any and all solutions, either within or without the Kremlin or any of the major Eastern powers. It is of the utmost importance that our own diplomats should bear this elementary and basic fact always in mind. Other- wise, we are all too apt to fail to do and results which otherwise might be within our reach.

Russia has always been ruled by single individuals or a small group of individuals. The people have no back- ground of earlier experience, and no experience of what we think of as democracy or liberty—and probably very little interest in it. The nation has always been suspicious of outside peoples, always uneasy about what foreigners might do to it. It is a natural and very nearly second nature for those who manage the affairs of the country to be secretive and "withdraw." There is apparently among those who run the affairs of the country a deep-seated "inferiority complex," a sort of resentment against the Western world growing out of a feeling that they are not freely accepted as equals. And Russia has always been immersed in a world of its own eyes—a "manifest destiny," and always has had one.

Historical Exploitation

In the Far East there is a history of exploitation running far beyond the recollections of presently living generations. Not only is there the animosity and the resentment stemming from the fact that the West has taken a great deal of the good things of life without full compensation, but also a large measure of that ranking which comes to a proud race from having been denied equal standing with their Western brethren. For these and other reasons there has grown up through the years, and even the centuries, a profound resentment against the West which will not be easy to put down. Now add to all this the fact that we have been frequently, and often, a nation which has been dinned into their ears in recent years, and we obviously have a situation which will lend itself readily to alienation or even war.

But for the propaganda of very recent years, the United States would stand in a preferred position in lead- ing to some sort of workable rapprochement between East and West. We, of course, did ourselves no good in the minds of the Far Eastern peoples by our discriminatory immi- gration attitudes, but by and large there has been a deep bond of friendship between the rank and file of Americans and Orientals who have never been seriously involved in exploitation either in China or in any of the other areas of the Orient. We have not earned much good will with the present rulers of China by the part we played in the recent war with that country, and we still have the remnant of the regime which has been supported there and which was not able to save the day for those who did not wish communism to reign. But these matters though puzzling and difficult, need not be insoluble. It may well be doubted whether there is much real suspicion among the informed in any of these countries that this country harbors imperialistic designs against them.

Those Island Bases

The fact remains, of course, that we have now under- our control a long string of islands, island bases and island fortifications stretching across the Pacific to the very doorsteps of all these Eastern peoples, and more recently we have been following an analogous procedure in the northwestern tip of South America. Our precise purpose is not clear, but it is difficult for us to see how any one reason with one can suspect that we have aggressive designs on the peoples of Asia so far removed from us in the distant lands. The facts, how- ever, may have a different story. There is the possibility of other side of these installations. Their experience of the centuries is such that things of this sort can only with difficulty be understood as anything other than the trappings of imperialism.

Nor can it be denied that at times in recent years our attitudes have come perilously close to interference with the internal affairs of other countries. For our own part, we have no sympathy with the scheme of the post-Communist regime in China. We find it anything but to our liking. Yet any effort on our part to prevent the Chinese from establishing and maintaining whatever kind of government they want is hardly in keeping with Ameri- can tradition. Our position as conqueror of Japan leaves us in a trying role in connection with all this, and our efforts to implement the arch ideals of the past is in one sense, perhaps, embarrassing.

Yet all these complications combined (which mostly are not a product of Stalinism) or any others which arise out of our domestic situation, and we, of course, permitted to stand in the way of our own security in this modern world of ours. Obviously the Presi- dent has no easy task ahead of him.

Continued from page 11

Problems of International Investment

The mobility of capital, on our market place are traded the shares of your mining, railway and dis- tilling industries. On the Toronto Exchange you have United States engaged in industries and that normal price, to mention only a few. As of recent date United States issues listed on the Toronto Exchange comes in $7.6 billion, or 16.7% of the mar- ket value of all the 1,012 issues listed on the Toronto Exchange, and all Canadian issues listed on the New York Stock Exchange totalled $2.2 billion.

Actually, and this may sound paradoxical, but my country buys a share in a company by the corporation, the chances are one out of ten, as to what is selected is also engaged in a Cana- dian operation. In other words, despite the fact that the companies listed on the New York Stock exchange, some are not an immediate part of the Canadian firm, 28 from the 800-old companies, or 54%, have investments somewhere outside of the United States, in Canada or the rest of the world.

It is no accident that capitalization flourishes in the United States and Canada to a degree unknown else- where. The reason is, of course, that the two countries that the immi- gration policies, that is to say, work where it pleases is under- taken by self-interest. Nor is it an accident that national unity. Here, however, our country, and we still have the remnant of the regime which has been supported there and which was not able to save the day for those who did not wish communism to reign. But these matters though puzzling and difficult, need not be insoluble. It may well be doubted whether there is much real suspicion among the informed in any of these countries that this country harbors imperialistic designs against them.

The close mesh between the eco- nomic interests of our two coun- tries is dead serious. Our market place are traded the shares of your mining, railway and dis- tilling industries. On the Toronto Exchange you have United States engaged in industries and that normal price, to mention only a few. As of recent date United States issues listed on the Toronto Exchange comes in $7.6 billion, or 16.7% of the mar- ket value of all the 1,012 issues listed on the Toronto Exchange, and all Canadian issues listed on the New York Stock Exchange totalled $2.2 billion.

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nations will need must come from increased trade, and our trade is the place to begin. Despite all the recent gains, we have a long way to go toward realizing the national goal of a balanced trade, and the achievement of this goal is essential to our economic welfare. What is more, it is our obligation and responsibility to do everything possible to create an environment in which the growth of trade is facilitated. This will require that we must fight, and fight desperately, to preserve the free-enterprise system and the capitalist economies of our own and other countries, and to resist attacks on the totalitarian states; and even from misguided or misinformed people in this country.

In recent years, we have seen in Canada, in the United States, and other free nations of the world a growing tendency to resist these attacks. We must be aggressive and carry the fight to the others. We must take the initiative at home and abroad.

The Resumption of Private Overseas Investment
One of the most important and pressing tasks before us is the restoration of private overseas investment, which is a key to the economic welfare of essential position in world affairs.

Since World War II, the United States has had to govern through governmental channels some $33 billion of investment capital for the defense of our country. A substantial part of this amount was concentrated in the defense industries, and the economic effects of this have been felt in every part of the country. In contrast, we are now faced with the problem of how to make available again this important source of capital for productive enterprise.

The United States has contributed to world recovery and mutual defense since the war by the investment of some $73 billion. Canada's private investment abroad during these years exceeded $12 billion. England has invested $6 billion. The figures are impressive, but they also indicate the potential for even greater investment in the future.

Governmental grants and loans have been vital to world recovery. However, once these programs were stopped, not too much was seen in the way of private investment. The figures are worrying. For instance, in the case of the United States, only $4 billion of investment was made in 1952, while in 1951, $16 billion was invested. This indicates that the need for private investment is great, and that it is essential for the United States to play its part in this important field.

The need for private investment is not only economic, but also political. Private investment can help to stabilize international relations, and to promote peace and security. It can also help to contribute to the economic welfare of the United States.

The problems of private investment are complex, but they are not insurmountable. The United States has a large and flexible capital market, which can provide the necessary funds for private investment. It is essential, however, that the government take a lead in encouraging private investment, and that it provide the necessary conditions for its successful development.

Eisenhower Urges Russia Prove She Wants World Peace

From World War II—would be impressive signs of sincere intent to devote military power to constructive ends.

If we are to make progress toward this goal, we must first overcome the barrier of mutual suspicion. This can be done by a clear statement of purpose, and by a willingness to engage in direct talks with the other side. We must also be prepared to negotiate on a variety of subjects, including disarmament, military aid, and economic cooperation.

We must not be discouraged by the apparent lack of response to our proposals. The Soviets may be slow to react, but they will eventually respond to our overtures. We must be patient, and we must be persistent.

In the meantime, we must continue to work towards the goals of world peace and security. We must continue to build a strong and prosperous economy, and we must continue to promote the cause of democracy and freedom.

A Program of Arms Reduction

As progress in all these areas will be in the national interest of the United States and its allies, it is essential that we proceed concurrently with the program of disarmament. We cannot afford to be the first to disarm, and we must be confident that the other nations will join us in this effort. We must be ready to accept the responsibility of leadership in this important field.
What Can We Do About Taxes?

Carry any balance remaining over a 12-month period before the loss is completely offset.

A Case in Point

Let me read a brief story written by Henry Hazlitt, "Newspaperman" in the August 30, 1930 issue of The Nation, about the heading "A Tale About Taxes." He describes the result of the immense new tax load this way:

"The other day I met a friend who is a large stockholder in a large and profitable firm. He was telling me a story. A few weeks before, his firm cut down his dividend and cut down strength on the mixing valve in his bathroom and broke the handle. He had to pay to have it repaired, so he ordered in another handle. It turned out, to cost $22.50. The installation, at an hour, brought this into effect.

"That sounded steep enough, but it was not until my friend had some mental calculations that he realized how steep it was. Three times he had paid $100 to pay a plumber's bill."

"But this is only the beginning. A more charitable interpretation of the tax laws, General Motors last year had to earn $4,149 before taxes to pay for the new 10% tax bracket. So he figured that in order to acquire the $4,149 with which to pay this plumber's bill, he would have to receive $11,000 in dividends.

"For the benefit of the commerce of the United States, let us suppose that the government were to tax $1,000 in dividends, and maintain the tax at 10%."

So far as the capital tax, double taxation of dividends and other capital proposals are concerned, I have no great interest in this area. It has only been introduced in the Congress by Congressmen like Senator Simpson of Pennsylvania and Congressman Hale Boggs of Louisiana, both of whom are members of the House Ways and Means Committee.

Mr. Simpson's bill, H. R. 2009, would tax the individual gains of any period from six to three months--ordinarily, gains from outright sale. The gain would include from gross income not more than $200 of dividends received during the year, to be added to any profits from the sale of any stock. The amount would increase the allowable loss to $1,000 or $2,000 a year, with a five-year carry-over of unused losses. Mr. Boggs' bill, S. 3856, would go farther--it would cut the capital gains tax by 50% and allow for a $500 deduction for dividends received, and would allow $750 in losses to be deducted from $1,000, $5,000. Both bills are frankly designed to make people worth as far as they go. But my objection to them is that they do not go far enough.

Far as the double tax on dividends is concerned, it should be abolished altogether and that a percentage of the dividends received is not adequate to rectify existing inequities. Present tax laws a shareholder is taxed not only on the income of his dividend but on any increase in his shares, but, again, when the proceeds of this are distributed to him as a dividend. No stockholder is paying for his income, whether it be real or potential interest, is subject to such a double tax in any year, he should be permitted to offset the entire amount of dividend income and to what is called the excess profit tax.

The Excess Profit Tax, for example, should not, and I believe, will not be raised from the grave of a tax policy. This is a prize example of an unjust and discriminatory tax--one that is not only an inequity but a deterrent to business growth and a direct tax on productivity. It is difficult to administer on an equitable basis and is applied to small businesses, the House Ways and Means Committee has characterized this tax as a "madhouse" tax, an "economic brake," a tax imposed to "lessen consumer surplus." It is an inefficient and unfair tax. It is a tax that is not only possible, but should not be imposed on the businesses, the small and large businesses, that have just demonstrated how to start making the Excess Profits Tax will more than offset and exceed the losses that may be ascribed to its repeal.

Mr. Ebert was formerly head of his own investment firm in Bakersfield, Calif. He was win income from a life story. And Mr. Keaneley were also associate.

With Taylor & Co. (Special to The Financial Chronicle)

BEVERLY HILLS, Calif., June 28, 1938.

Glen Brewster has become associated with the firm of Taylor, 564 North Camden Drive. He was formerly with Dean Witter & Co. and prior thereto was in partnership in Dendert, Brewster & Co.

With Waddell & Reed (Special to The Financial Chronicle)

Frank M. Millburn has been added to the staff of the firm of Waddell & Reed, Inc., 9843 Wilshire Boulevard.

Joins S. B. Franklin (Special to The Financial Chronicle)

LOS ANGELES, Calif.--Morris S. Jion of Franklin & Company, 215 West Seventh Street.

The Road Ahead

The economic outlook for the next year, according to the latest published and private forecasts, is considerably better than it has been in recent years. There is a growing belief that the business cycle is over, and that we are entering a period of sustained recovery. This optimism is based on several factors: improved industrial production, increased consumer spending, and a greater degree of confidence among business leaders.

However, despite this improved economic climate, there are still several areas of concern. One of the most significant is the high level of unemployment, which remains stubbornly high despite efforts to reduce it. Another area of concern is the rising cost of living, which continues to put pressure on household budgets. Additionally, there is concern about the sustainability of the current economic growth, particularly in light of the ongoing international tensions.

The Federal Reserve Board has announced an increase in the discount rate to 3% per year in gross national product and capital formation of 15% of the GNP. This indicates that the economy is on a upward trajectory, with the possibility of sustained growth.

Where will this capital flow come from? The answer is that it will come from the savings of the public, through increased savings and decreased spending. As the public becomes more confident in the economy, they will be more inclined to save, and less inclined to spend on luxury goods.

The growth of savings is crucial to the economy, as it provides the capital necessary for investment. Without savings, businesses would have difficulty in financing their expansion and growth, which is essential for long-term economic health.

In conclusion, the economic outlook for the next year is optimistic, with a strong possibility of sustained recovery. However, there are several areas of concern that need to be monitored closely. The Federal Reserve Board will continue to play a critical role in managing the economy, and their decisions will have a significant impact on the economic direction.

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*INTEG study of selected aspects of taxes*
Partly because of the stock market decline in the first nine months of the year, which has brought with it a decrease in consumer spending, the Federal Reserve's efforts to control inflation are being hampered. The central bank has been under pressure from both the White House and Congress to采取措施来抑制通货膨胀。该机构的行动已经导致了股市的下跌，给消费者带来了支出的减少。美联储面临着来自白宫和国会的双重压力，需要采取措施来抑制通货膨胀。
Waddell & Reed Add
(Special to The Financial Chronicle)
BEVERLY HILLS, Calif.—Hazel M. Deveney is with Waddell & Reed, Inc., 8943 Wilshire Boulevard.

With Mutual Fund Associates
(Special to The Financial Chronicle)
SACRAMENTO, Calif.—Charles E. Epperson is with Mutual Fund Associates, 1903 Capital Avenue.

GEORGE A. SLOAN, President of Blue Ridge Mutual Funds, Inc., announced that the stockholders of the company's newly formed, $5,000,000,000 value bond trust, had approved contracts for distribution of the company's stock to clients.-117

Under Harriman Riley & Co., will be the national distributors and will handle the sales and servicing services and facilities. John P. Harriman, of 504 S. West Ave., Boston, will provide advice on portfolio securities to the officers and capital gain distribution will also be re-elected existing directors and officers of the Thomas W. Woodall, Vice-President and di- rector of Mutual Fund Associates, Inc., and John P. Chase of Boston to the board.

STOCKHOLDERS of Wellington Fund in annual meeting last week were given a preview of the new- ly-advised picture-the story of Wellington Fund"—held in color with a slide show and a coordinated sound track.

The picture was produced under the direction of Mr. John P. Gillson, Vice-President of Wellington Communications and this visual presentation was prepared by the Wellington Company called "The Story of Mutual Funds.

Mr. Gillson said the pictures were made to be shown, for presentation before social and civic groups. He said, "We believe that some day in the not too distant future, Wellington will be well known as one of the outstanding and foremost mutual funds.

"Never before has there been a widespread public interest in mutual funds. We feel that this interest in Wellington's success will go on. These pictures should be a real asset to the fund's reality that need in presenting in ar- restment to the entire country of the industry generally and of Wellington Fund in particular.

Mr. Waddell said that while the pictures have not yet been released for use by dealers, Welling- ton Company already has received orders from dealers all over the country for photographs of the film.

A total of 7,468,271 shares or 87.5% of the company's outstanding stock was voted affirmatively either in per- son or by proxy by the directors at the annual meeting. The company's total in number and percentage at the annual meeting, was present at the meeting.

There were no dissenting votes.

STOCK DISTRIBUTIONS (having been declared on the following dates) were des- nied Monday on three industrial Funds of Group Securities. Directors voted a 20% dividend on a 2-for-1 split—equivalent to 100% of the total stock for the third quarter. The dividend was payable on or about May 15, 1953 to holders of record on April 30, 1953.

The action reduces the price per share on these Funds to 100 by the amount of the dividend.

The payment on the above-mentioned Funds is subject to the approval of the New York Stock Exchange. The date of record is the last day of business on April 30, 1953.

The number of shares distributed will vary from 100 to 1,000 per share, depending on the amount of dividends.

Mr. Epperson said that the company's dividend policy is based on the belief that shareholders should be paid a dividend on a regular basis. He added that the company's policy is to distribute the maximum amount of earnings available to shareholders, subject to the requirements of law and sound financial principles.

The company's dividend policy is consistent with the company's goal of maintaining a stable and growing dividend per share over the long term. The company's policy is to pay dividends on a regular basis, as determined by the board of directors, subject to the requirements of law and sound financial principles.

The company's policy is to distribute the maximum amount of earnings available to shareholders, subject to the requirements of law and sound financial principles.

The company's policy is to maintain a stable and growing dividend per share over the long term.
quarter investment income and the action does not indicate an increased stock dividend to the extent the 1952 annual report 3.5% over the $1.10 per share paid last year.

According to the report, 8,406 shareholders owned 14,922 shares of common stock on March 31, 1953, as compared with 8,619 shareholders owning 14,997 shares a year earlier. An analysis of shareholders given in the report shows that 11,437 shareholders are owned by individuals, while 269 were owned by banks and women. In other categories, fiduciaries at 4.6%, financial and other institutions at 5.8%, and colleges, churches, hospitals and Marist institutions at 4.7% were the largest.

Broad Street Investing ended the year with its portfolio of $15.7 million. Its assets invested in common stocks. Oil at 18.7%, utilities at 17.3% and chemicals at 7.4% represented the largest industry holdings.

During the quarter, 10,000 Amer- icans bought Federal Reserve Bank of St. Louis' public service and 10,000 du Pont were purchased. The total amount for the quarter was $3.5 million. Holdings increased included 1,000 American Natural Gas, 2,000 May- field Aviation, 1,000 Standard Oil building and 4,100 Wisconsin. The total of 15,000 shares of West Ken- tucky had been sold by Standard Oil, and Cielanese and Chrysler were reduced by 4,000 shares each.

DELAWARE Fund has come up with two new trends in its current speculations. It's a "Fact Book." The fund has prepared a guide to its publicly noted investments, setting forth the 11 major trends for the year.

The "Fact Book," as the name implies, is a comprehensive guide to Delaware Fund's current holdings. It is available free of charge to any interested party. The guide is designed to explain the fund's investment policy and its current philosophy of investing.

First, the book contains a detailed analysis of each company in which Delaware Fund is invested. The analysis includes information on the company's operations, marketing strategy, financial strength, management, and future prospects.

The book has been designed to be used as a reference tool by investors who are interested in Delaware Fund's current investments. It is a comprehensive guide to the fund's current strategy and provides valuable insights into the companies in which Delaware Fund is invested.

Second, the book contains a comprehensive list of all Delaware Fund's current investments, along with detailed information on each company's operations, financial strength, and future prospects.

The book is available free of charge to any interested party and is designed to be used as a reference tool by investors who are interested in Delaware Fund's current investments. It is a comprehensive guide to the fund's current strategy and provides valuable insights into the companies in which Delaware Fund is invested.
The Commission has assigned a number of reasons for its so-called projected simplification of the instant registration requirements. Among these are the deteriorating stock purchase plans being adopted by more and more companies not only as a savings program for the employee but also as a means of stimulating his interest in the business. Thus, fostering improved employee relations.

"The Commission has had under consideration for some time the question whether its rule-making powers under the Act can be appropriately employed to simplify its registration requirements..."

"The increasing interest on the part of many corporations in thrift savings or stock purchase plans involving the accumulation of the securities of employees and the employer, for investment in securities of the employer, has prompted the Commission to give special attention to the registration and prospectus requirements applicable to such plans."

"Here is a demonstration of paternalism on the part of a government agency which we just don't go for."

As we view it, the matter of acquiring a proprietary stock interest in a business by its employees is one over which the individual relationship between those employees and their employer should require no supervisory direction or control from an administrative agency.

The Securities Act of 1933 specifically exempts transactions by an issuer not involving a public offering and here in our opinion is an outstanding instance of an immuno-proposal which should be involved in a plan providing for the acquisition of a proprietary interest by employees be not treated as a public offering.

But let us proceed to examine some of the intricacies of this "simplified" proposal.

It is limited to stock purchase plans under which the companies make periodic contribution in cash or cash equivalents for the benefit of participating employees who deposit cash or authorize payroll deductions in connection with their stock purchases.

It is also limited to companies which file annual reports with the Commission.

The stock must be purchased mainly in the open market.

The general instructions covering the operation of and conformance with this proposed Form S-8 are so simple that they occupy nine closely-type-written pages.

Space will not permit giving all of these in detail, but the complexity of the whole will be readily understood from a summary which will not be all-inclusive by any means.

A plan must conform to the following conditions for registration under the SEC requirements:

The plan must permit all employees in a designated category to participate. Periodic cash payments or payroll deductions may not exceed a specified percentage of the employee's pay.

The circumscription of those powers is essential to our well-being, and the Commission may expect further invasion of our rights such as in this instance, partially supplanting the principles that is, the employer and the employee, and substituting paternalism which is the very antithesis of those in which the employee is a citizen of a democracy.

The Commission enjoys this wide power that Mr. Cook implies in the interest of wisdom and its own preservation it would do well to keep its nose entirely out of employer-employee relations and not attempt to write contracts for these parties. For, it is not the SEC’s business to set any registration requirements for employees’ stock purchase and savings plans. In that event we merely rely has it always been that so it is now, vested persons are given is until May 12 to submit their views on the proposal. We suggest those views be all registration requirements relating to the matter under discussion be completely abolished.

Holding a press conference in connection with this release seems silly. The attempt to create an impression that the SEC was rendering some new service in completely unwarranted by the facts. It all amounts to but another administrative snore intended to obscure valid criticism of SEC activities.

There is a field in which simplification is vital to the public welfare. I refer to the public registration requirements, complex and burdensome as these are, set forth in the Commission's preliminary public offerings. Why doesn't the Commission permit it's citizens here and give much needed relief, instead of injecting itself with piddling action into the employee-employer relationship?

In the press conference of which we speak, Chairman Cook indicated that the Commission’s budget for 1954 will be slightly larger than the $51 million of 1953, but will not quite equal $6 million.

Well, we have a new and understanding Administration, one which is divorced from two decades of paternalism; one that is pledged to share the powers which have been exercised by administrative agencies, especially by the Securities and Exchange Commission. Under the circumstances it is not too much to hope that the Commission for next year will be measurably cut by Congress.

Through such action will come some respite from oppressive administrative action.

The CHRONICLE would appreciate receiving comments on the views expressed in the above editorial, or on any related phases of the subject. These should be addressed to Editor, Commercial and Financial Chronicle, 25 Park Place, New York 7, N. Y. Those who are desirous of having the SEC shackles removed should also write their Senators and Congressmen and send copies of their letters to Senator Prescott Bush of Connecticut (Chairman of the Senate SEC Subcommittee) and to Congressman Charles Halleck (Chairman of the House Interstate and Foreign Commerce Committee that deals with the SEC).

Halsey, Stuart Group

Offer Equipment. Tr. Cft.s.

Halsey, Stuart & Co., Inc., and associates are offering today a $42,700,000 loan to the Pacific Coast Co., series 11 3/4% equip. mortgage bonds due May 1, 1965. The interest is 5.25%. Subject to authorization by the SEC. The securities are subject to SEC registration. The certificates are priced at $99.25 on May 1, 1953. In all, 30,912 shares are being sold.

S. E. Fleischmann With Morris Lynch Firm

S. E. Fleischmann has joined the Morris Lynch firm at 3 East 42nd Street. He was formerly a partner in Friedman, Brokaw & Co.

D. E. Reilly Joins Doremus & Co., NY

David Emerson Reilly has joined the New York public relations department of Doremus & Co., 129 Broadway, New York City, advertising and public relations firm. Mr. Reilly was most recently president of Standard Research Consultants, Inc., and as a former Steve Hanan Associ-
How Sound is Our Farm Credit?

period of declining markets. Now, something will happen in the near future that may happen once in a lifetime, but if it happens, it is not too soon as 1929 and 1932 seemed almost too much to hope for in your lifetime. The 1930s may also be a period when things happen to the same borrower, or to the same lenders. 

Since 1935, financing agriculture has become quite a specialized field in most localities. Yes, it is true some areas have been devastated by the Great Depression, but the wheat crop still flourishes. The bank, however, has been in business in most excellent. Our own experience has been quite encouraging. 

Now, what is the formula for keeping out of trouble in the future? First, know your customer and not only what he has but what he is. Beyond this, keep your customers straight on these principles that a "borrower's name is not to appear on your bank or to your community. - If he is an honest borrower, remember that you may sometime need to loan him money. So, your producer is out of business. 

Essentials in Agricultural Credit

I do not regard it essential as this time to go into a lot of details. I think it is very essential to know your business of financing livestock and your customers. I think it is probably clear that you have a non-agricultural customer's name is not to appear on your bank or to your community. - If he is an honest borrower, remember that you may sometime need to loan him money. So, your producer is out of business. 

If you do not hesitate to talk to your customer when you visit his place. Keep in mind that he is a good American, and I want to do what you can do to help him. He is not only to do a job, but he is there to build in the making of your business. He can give you the advice and counsel as to how you can help him. The customer is less and for your customers. In this respect, it is true that you can have a complete complete credit file and a thorough personal investigation of the borrower's situation. 

A good loan is only as the bank time he himself has failed to portray any of the favorable factors and your examiner, with all his wisdom, is, after all, not a mind reader. Give him the information he needs to arrive at an honest and reasonable decision. 

(6) When you take security, in sist on all proceeds of sale being applied to the principal. The minute you become a little sloppy about this, your borrower will become just as sloppy as well thought up that chattel mortgage is not a"true" mortgage. As your note, I don't care how big they are or what their family connection is, just so that a chattel mortgage loan, on cattle, sheep, etc., should have a strong demand that all proceeds be applied to the debt. The same is true. 

(11) Try to regard every applicant as a close friend and deal with him on that basis. In life, there is no substitute for a close bond of trust with the lender. 

Instead of discussing surplus, let it get on our knees and very slowly, very slowly, let it get on our knees and very slowly, very slowly. 

Instead of discussing surplus, let it get on our knees and very slowly, very slowly. 

Indeed, of course, the distant future, let it get on our knees and very slowly, very slowly.

V. T. Smith Open

Rome, N. Y., V. T. Smith is engaging in a securities business from offices here.

Chicago Analysts to Hear

CHICAGO, III., S. A. Swansed, president of the Gulf Oil Corpo ration, will address the April 22 meeting of the Chicago Commodity Analysts Society of Chicago.

With Waddell & Reed

SPEARIA, III.—Robert E. Gaertly, president of Waddell & Reed, Inc., was re-elected. 

Keean & Crayle Add

MINNEAPOLIS, Minn.—A. J. Henry has been added to the Keean & Crayle, Inc., National Building.

With Waddell & Reed

MINNEAPOLIS, Minn.—Joseph B. Reede, president of Waddell & Reed, Inc., was re-elected.

Imperial Secs. Co.

BROOKLYN, N. Y.—S. A. Breaks, director of the Imperial Secs. Co., with offices at 1600 Lincoln Place to engage in a securities business.

V. T. Smith Open

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Joint Cross, Rogers Staff

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MINNEAPOLIS, Minn.—A. J. Henry has been added to the Keean & Crayle, Inc., National Building.
Steel Output Scheduled at 93.3% of Capacity This Week

The Steel Institute, in its weekly report, said the steel industry was scheduled to produce 93.3% of its total capacity this week, up from 92.7% last week. The Steel Institute, a trade group representing about 90% of the nation's steel producers, said the increase was due to higher demand from the automobile and construction industries.

Steel prices were quoted at $6.15 per ton, up 50 cents from last week. The increase was attributed to a rise in the cost of scrap steel, which rose 10 cents per ton.

Auto makers were expected to increase production next week, according to the Steel Institute. This is expected to drive up steel prices and increase demand for steel products.

The rise in steel prices is expected to have a knock-on effect on other industries, as they are likely to pass on the cost increase to consumers in the form of higher product prices.

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The State of the Trade and Industry

Another recent development in the industry is the fast easing of labor shortages in the steel industry. The steel industry has been facing labor shortages in recent months, which has led to increased production rates and higher prices. The easing of labor shortages is expected to further boost production rates and lead to even higher prices.

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The Commerce and Financial Chronicle... Thursday, April 23, 1953

Continued from page 5

The State of the Trade and Industry

Another recent development in the industry is the fast easing of labor shortages in the steel industry. The steel industry has been facing labor shortages in recent months, which has led to increased production rates and higher prices. The easing of labor shortages is expected to further boost production rates and lead to even higher prices.
The following statistical tabulations cover production figures and other occurrences 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:

<table>
<thead>
<tr>
<th>Bankers’ Dollar Acceptances Outstanding</th>
<th>Amount</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>New York</td>
<td>$28,450,000</td>
<td>Mar 31</td>
</tr>
<tr>
<td>Portland</td>
<td>$1,350,000</td>
<td>Mar 31</td>
</tr>
<tr>
<td>Baltimore</td>
<td>$25,000</td>
<td>Mar 31</td>
</tr>
</tbody>
</table>

The above figures are as of March 31, 1897, and are compiled from reports furnished the Board of Governors of the Federal Reserve System by the member banks of the Federal Reserve System and the Federal Reserve Bank of New York. The weekly reports are received by the Board of Governors of the Federal Reserve System on the following dates:

- **Federal Reserve Bank of St. Louis**
- **Federal Reserve Bank of Richmond**
- **Federal Reserve Bank of San Francisco**
- **Federal Reserve Bank of New York**

These reports contain the following information:

1. **Weekly Electric Energy Consumption**
2. **Weekly Industrial Production**
3. **Weekly Meat and Cheese Production**
4. **Weekly Cotton Production**
5. **Weekly Wheat Production**
6. **Weekly Tobacco Production**
7. **Weekly Sugar Production**
8. **Weekly Coal Production**
9. **Weekly Iron Ore Production**
10. **Weekly Steel Production**
11. **Weekly Copper Production**
12. **Weekly Aluminum Production**
13. **Weekly Paper Production**
14. **Weekly Textile Production**
15. **Weekly Chemical Production**
16. **Weekly Pharmaceutical Production**
17. **Weekly Food Production**
18. **Weekly Fuel Production**
19. **Weekly Water Production**

These reports are compiled from data furnished by various government agencies, private statistical organizations, and industry associations. The data are used to monitor the economic health of the United States and to make informed decisions by policymakers and financial analysts.
Securities Now in Registration

**INDICATES ADDITIONS & MODIFICATIONS TO LAST ISSUE**
**ITEMS REVISED**

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**Armstrong Rubber Co.**

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**Ashland Oil & Refining Co.**
Feb. 27 filed 100,000 shares of cumulative second prefer¬
tened stock (par $1). Proceeds—For working capital, expansion of facilities in the United States, and to purchase Canadian subsidiaries under a "Restricted Stock Option Plan for Employees." Price—Alternate provision of the agreement is that the price of the stock be determined by the market value of the stock at the time options are granted, but in no event shall the price be less than $3.50 per share. Proceeds—To general corporate purposes. Underwriter—None.

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**Atlasbasa Uranium Mines, Ltd. (formerly American-Canadian Uranium Co., Ltd.)**
April 17 filed 500,000 shares of common stock (par $10). Price—$25.25 per share. Proceeds—For engineering, testing and mining expenses. Underwriter—George D. Clarke, Ltd., 50 Broadway, New York, N. Y.

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**Atomic Uranium Corp., Denver, Colo.**

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**Aviation Equipment Corp., Wilmington, Del.**
April 17 filed 11,000,000 of 6% subordinated debentures due March 15, 1983. Price—$59.25 per $100 of principal. Proceeds—$1,750,000 are for working capital, $1,750,000 for acquisition of equipment, and $8,750,000 to be used in part for property additions and improvements. Underwriter—Morgan Stanley, Inc. (jointly); Merrill, Lynch, Pierce, Fenner & Smith, Inc., and Hearst & Co., Inc. (jointly).

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**Aluminum Ltd.**
(4/24)
March 17 filed 75,000 of 4% convertible preferred stock (no par) to be offered for subscription by stockholders of record on March 24 preceding. Proceeds—$650,000 will be retained by the company and the balance ($200,000) will be used to purchase real estate for the company. Underwriter—None, no financing involved.

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**American Pipe line Products, Inc.**
Jan. 22 filed 50,000 shares of common stock (par $1). Price—$40 per share. Proceeds—For general corporate purposes. Underwriter—None.

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**American Securities Co.**

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**American Tungsten Mining Co.**
April 1 filed 15,000 shares of preferred stock (par $50) to be offered for subscription by stockholders of record on April 13 preceding. Proceeds—$1,500,000 will be retained by the company and the balance ($750,000) will be used to purchase equipment for the mining division of the company. Underwriter—None, no financing involved.

---

**Arkansas-Louisiana Power Co.**
(4/27)
April 8 filed by 1,018,000 shares of capital stock (no par) to be offered for subscription by stockholders of record on April 11 preceding. Proceeds—$40,092,000 will be retained by the company and the balance ($3,620,000) will be used to purchase equipment for the company. Underwriter—None, no financing involved.

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**Ashland Oil & Refining Co.**
Feb. 27 filed 100,000 shares of cumulative second prefer¬
tened stock (par $1). Proceeds—For working capital, expansion of facilities in the United States, and to purchase Canadian subsidiaries under a "Restricted Stock Option Plan for Employees." Price—Alternate provision of the agreement is that the price of the stock be determined by the market value of the stock at the time options are granted, but in no event shall the price be less than $3.50 per share. Proceeds—To general corporate purposes. Underwriter—None.

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**Atalanta Minerals, Ltd.**
(5/12)
March 27 filed 50,000 shares of common stock (par $5). Proceeds—To be used to retire $9,000 of 5% convertible debentures due 1968. Underwriter—None, no financing involved.

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**Atlantic Refining Co.**

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**Atlantic Richfield Co.**
March 29 filed 2,000,000 of 4% convertible preferred stock (par $100) to be offered for subscription by stockholders of record on March 24 preceding. Proceeds—$20,000,000 will be retained by the company and the balance ($10,000,000) will be used to purchase equipment for the company. Underwriter—None, no financing involved.

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**Bristol Oil Ltd., Toronto, Canada**
Sept. 25 filed 11,000,000 shares of common stock (par $1). Price—Approximately $4.48 per share. Proceeds—To acquire leases and for corporate purposes. Underwriter—None.

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**Byrd Oil Co., Dallas, Tex.**
C3 filed $1,750,000 of 10-year 5% convertible sinking fund mortgage bonds due April 25, 1983. Proceeds—For acquisition of equipment and for working capital. Underwriter—None, no financing involved.

---

**California-Pacific Utilities Co.**
(5/5)
April 15 filed 50,000 shares of cumulative convertible preferred stock. Price—At par ($20 per share). Proceeds—To repay bank loan and for working capital. Underwriter—First California Co., Inc., Los Angeles, Calif.

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**Central Montana Mining & Milling Corp.**
May 7, 1953
Seaboard Finance Co.—Preferred
(The First Boston Corp.)

May 13, 1953
Westinghouse Electric Co.—Bonds

May 15, 1953
Central Power & Light Co.—Bonds

May 18, 1953
Southern Natural Gas Co.—Debentures

May 19, 1953
Metropolitan Edison Co.—Bonds

May 20, 1953
Philadelphia Electric Co.—Bonds

May 25, 1953
Shield Chemical Co.—Common

June 9, 1953
American Gas & Electric Co.—Bonds

June 10, 1953
New England Electric System—Bonds

June 23, 1953
New York Telephone Co.—Bonds

Aug. 3, 1953
Denver & Rio Grande Western Ry.—RR.

NEW ISSUE CALENDAR

April 22, 1953
Chicago Great Western Ry.—Bonds

April 24, 1953
Aluminium Ltd.—Common

April 26, 1953
Arkansas-Missouri Gas Co.—Common

April 28, 1953
Detroit Edison Co.—Bonds

April 29, 1953
Mount Holly Water Co.—Common

April 30, 1953
Central Foundry Co.—Preferred

May 1, 1953
Jasco, Inc.—Common

May 2, 1953
Manfield Tire & Rubber Co.—Bonds

May 3, 1953
National Celanese Corp.—Common

May 5, 1953
St. Anne's Oil Co.—Common

May 6, 1953
Pittsburgh & G. M. Ry. & H. M. Rybake & Co.—Common

May 7, 1953
United Telephone Co. of Ill.—Common

May 8, 1953
United Tel. & Tel. Co.—Common

May 9, 1953
Federal Electric Products Co.—Debs. & Common

May 10, 1953
Hickox Manufacturing Co.—Debentures

May 13, 1953
Morgan Power Corp.—Debentures

May 15, 1953
New York Telephone Co.—Common

May 16, 1953
American Zinc Co.—Common

May 17, 1953
Devereaux Inc.—Preferred

May 18, 1953
International Paper Co.—Common

May 19, 1953
Philadelphia Electric Co.—Debentures

May 20, 1953
Philadelphia Electric Co.—Bonds

May 21, 1953
Philadelphia Electric Co.—Bonds

May 23, 1953
United Telephone Co.—Debentures

June 9, 1953
American Telephone Co.—Debentures

June 10, 1953
Chicago & Western Ind. Ry.—Bonds

June 23, 1953
New York Telephone Co.—Bonds

Aug. 3, 1953
Denver & Rio Grande Western Ry.—RR.

The Commercial and Financial Chronicle

Volume 170 Number 5214...
April 11 filed $38,000,000 of first and refunding mortgage bonds due 1962. Proceeds—to repay bank loans and for general corporate purposes. Underwriters—Halsey, Stuart & Co.; Drexel & Morgan Stanley & Co., Inc. (jointly); Kuhn, Loeb & Co. and Union Securities Corp. (jointly). Bids—Tentatively scheduled to be received up to noon (EDT) on May 29 at 9:00 Sangoon St., Philadelphia, Pa.

Philadelphia Electric Co. (6/2)

April 10 filed 100,000 shares of common stock (no par) to be offered for subscription by employees of company and its subsidiaries. Price—from 55% to 80% of the then current market price. Proceeds—for construction of generating facilities.

Phillips Packing Co., Inc.

Feb. 2 (letter of notification) 13,500 shares of common stock (no par) to be offered for subscription by stockholders. Price—$2 per share. Proceeds—to be used to supply additional working capital. Underwriter—None.

Plume & Atwood Manufacturing Co., Yonkers, N.Y.

April 2 (letter of notification) 13,500 shares of common stock (no par) to be offered for subscription by stockholders. Price—$1 per share. Proceeds—to be used to supply additional working capital. Underwriter—Stuart & Co.; Drexel & Morgan Stanley & Co., Inc. (jointly); Kuhn, Loeb & Co. and Union Securities Corp. (jointly). Bids—Tentatively scheduled to be received up to noon (EDT) on May 29 at 9:00 Sangoon St., Philadelphia, Pa.

Randolph Oil Co., Readville, Ohio

April 13 (letter of notification) 3,200 shares of common stock (no par) to be offered for subscription by present stockholders. Price—$1 per share. Proceeds—for working capital. Underwriter—None.

Resort Airlines, Inc., Miami, Fla.

March 29 filed 100,000 shares of common stock (par $1) to be offered for subscription by employees of company. Price—100% of par. Proceeds—for construction of new terminal. Underwriter—None.
Tennessee Gas Transmission Co. (5/27) April 10 filed 1,000,000 shares of common stock (par $5). Price.—To be supplied by amendment. Proceeds.—To purchase common stock of American Republics Corp., constituting a 25% stock interest. Underwriters.—First Boston Corp., Union Securities Corp. and White, Weld & Co., both of New York. 


Wisconsin Public Service Corp. (4/28) March 30 filed 30,000 shares of cumulative preferred stock (par $100). Proceeds.—For new construction. Underwriters.—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.; Merrill Lynch, Pierce, Fenner & Beane; and Salomon Bros. & Hutter (jointly).—Bids.—To be received through May 11, 11 a.m. (CDT) at 271 Locust St., Des Moines, Iowa; and 310 4th Av., New York, N.Y. 

Wisconsin Public Service Corp. (5/5) March 14 filed 3,000,000 shares of common stock (par $1). Price.—To be supplied by amendment. Proceeds.—For new construction. Underwriters.—White, Weld & Co., both of New York. 

Wisconsin Public Service Corp. (5/12) April 21 filed $2,500,000 of sinking fund debentures due 1983, at 4,600. Proceeds.—To be supplied by amendment. Underwriters.—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.; First Boston Corp.; Union Securities Corp.; Kidder, Peabody & Co.; Merrill Lynch, Pierce, Fenner & Beane and Salomon Bros. & Hutter (jointly).—Bids.—To be received through May 11, 11 a.m. (CDT) at 271 Locust St., Des Moines, Iowa; and 310 4th Av., New York, N.Y. 

Wisconsin Public Service Corp. (5/19) March 18 filed $30,000,000 of 8% cumulative preferred stock (par $50). Price.—To be supplied by amendment. Proceeds.—To be invested in new construction. Underwriters.—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.; First Boston Corp.; Union Securities Corp.; Kidder, Peabody & Co.; Merrill Lynch, Pierce, Fenner & Beane and Salomon Bros. & Hutter (jointly).—Bids.—To be received through May 11, 11 a.m. (CDT) at 271 Locust St., Des Moines, Iowa; and 310 4th Av., New York, N.Y.
Arkansas Power & Light Co.

Feb. 27 was announced company plans sale of $50,000,000 common stock (in addition to $30,000,000 of 1st & gen. mgc. bonds sold March 10, 1933), after distribution by New England Public Service Co. of $8 holdings of Central Maine Power Co. common stock. Probable bidders: Blyth, Co., Inc. and Kidder, Pedder & Co. (Jointly); Coffin & Barr, Inc. A.C. Alyne, Inc.; Halsey, Stuart & Co. (Jointly); L. & B. Stevens & Co. (Jointly); Harriman Ripley & Co. (Jointly).

Central Power & Light Co.

Feb. 27 was announced company's decision to issue $3,000,000 of preferred stock (par $100) to carry a cumulative dividend rate of 5% not to exceed $150,000 of preferred stock. Probable bidders: Blyth, Co., Inc. and Kidder, Pedder & Co. (Jointly); L. & B. Stevens & Co. (Jointly); Harriman Ripley & Co. (Jointly).

Chicago Great Western Ry. (4/23)


Cinera Productions Corp.

Jan. 10 was announced company plans issuance and sale of about 500,000 shares of common stock. Price—Exceeds $10. Feb. 19, 1953, the company announced the sale of 2,500,000 shares of its stock to Morgan Stanley & Co. and W. E. Hutton & Co. (Jointly) for a price of $5 presently outstanding. Proceeds—For investment purposes. Underwriter—None. Merrill Lynch, Pierce, Fenner & Beane acting as clearing agent in previous stock offer.

Consumer Electric, Inc., Washington, D.C.

Mar. 28 stockholders authorized an issue of 5,000,000 shares of common stock (par $100) to carry a cumulative dividend rate of 5% not to exceed $250,000 of preferred stock. Underwriter—None. Merrill Lynch, Pierce, Fenner & Beane acting as clearing agent in previous stock offer.

Government Employees Corp. (5/26)

Mar. 19 directors authorized an offering of 12,000,000 shares of common stock to stockholders of record April 28 at rate of one new share for each five shares held (not taking into account 3,000,000 shares of stock as a stock dividend on May 20); rights to expire on June 15, 1953. Price to be issued on the later date. Price—$15 per share.

Greenwich Gas Co.

Apr. 13 it was reported company plans to issue and sell $2,000,000 of first mortgage bonds and $450,000 of common stock for investment purposes. Underwriter—F. L. Putnam & Co., Boston. Proceeds—To be used.

Gulf Interstate Gas Co., Houston, Tex.

Sept. 16 company applied to the FCC for authority to construct 300,000 miles of pipeline extending from southern Louisiana to a point in northeastern Kentucky. This project is expected to relieve the lack of transportation of gas is expected to commence by Nov. 1, 1955 and to extend for three years. Announced April M. Loeb, Ihoauds, & Co., New York.

Hartford Electric Co., Jacksonvile, Fla.

Mar. 21 E. L. Phillips, Jr., President, and others sold about 150,000 shares of capital stock of a reported price of $52,000 for investment purposes. Underwriter—The Equitable Securities Corp. and R. S. Dickson & Co., who plans to hold the stock for two or three months.

Gulf Power Co. (6/9)

Jan. 28 it was reported company plans issuance and sale of $1,000,000 of 4% convertible preferred stock. For construction program. Underwriters—to be determined. Proceeds—To be used for general corporate purposes. Underwriters—Laird, Blyth, Co., Inc. Kuhn, Loeb & Co.; The First Boston Corp.; Kidder, Peabody & Co. and White, Weld & Co. (Jointly); Salomon Bros. & Huttler & Drexel & Co. (Jointly); Kidder, Peabody & Co. and Lincoln Brothers. Registration—Planned for May 8. Bids—Tentatively expected at 11 a.m. (EDT) on June 8.

Gulf States Utilities Co.

Mar. 26 it was announced company has filed an application to the FPC for permission to issue 3,000,000 $5 par common stock (no par) to common stockholders of record May 13 for repayment of preferred stock. Proceeds—to be used for working capital. Underwriter—None. Proceeded to repay $7,000,000 of preferred stock for each four shares held on or about May 8. (It had previously been erroneously reported that the new shares were to be repaid for each four shares held on or about May 8.)

Helicopter Air Service, Inc. Chicago, Ill.

Feb. 9 it was reported company has applied to the CAB for an extension of its proposed operations from Detroit to Cleveland, and also in Chicago, where the company plans to operate in the large urban areas. Underwriter—May be Cruttenden & Co. (Jointly).


Feb. 18 it was reported company plans early registration of $7,000,000 of first mortgage bonds due 1967 and $20,000 shares of common stock to be offered in units of a $1,000 debenure 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—Palme, Webber, Jackson & Curtis, Boston and New York.

H-9

Mar. 13 it was reported company may sell in June some of its 4,500,000 $10,000 debenture bonds. Underwriters—for stock: The First Boston Corp. and G. H. Walker & Co., both of New York. Previous debt financing included $26,000,000 of 6% debenture due 1967 and $1,000 shares of common stock.

Iowa Public Service Co.

Mar. 26 company plans issuance and sale in June of $7,500,000 first mortgage bonds. Underwriter—to be determined by competitive bidding. Probable bidders—Halsey, Stuart & Co., Inc.; Kidder, Peabody & Co. and White, Weld & Co. (Jointly); L. & B. Stevens & Co. (Jointly); Harriman Ripley & Co. (Jointly), Salomon Bros. & Huttler & Drexel & Co. (Jointly); Lincoln Brothers. Registration—Planned for June 7. Bids—Tentatively expected at 11 a.m. (EDT) on June 8.

Long Island Lighting Co.

Apr. 21 it was announced that company this Fall plans to issue and sell in the neighborhood of 600,000 shares of new common stock to be followed in the latter part of
Lynch, "Underwriters—To Kuhn & County, March 29 it on or Dec. $1,000,000 Corp., To be issued and sold 600,000 shares of preferred stock, (par $25) and $4,500,000 of 7% debentures, raising $51,610,000, or approximately 35% of the total gross proceeds. Underwriter—Blyth & Co.; Kuhn, Loeb & Co.; Harriman Ripley & Co., in Equitable Securities Corp.

**Public Service Co. of Illinois**

April 6 it was announced that the company plans to issue and sell 90,000,000 shares of common stock at $25 per share, or about $223,000,000 of new securities. Proceeds—For the company's construction program.

**Public Service Co. of New Hampshire**

March 3 was announced plans to issue and sell approximately $5,000,000 of common stock. Proceeds—For general corporate purposes.

**Public Service Electric & Gas Co.**

April 6 it was announced that the company plans to issue and sell 1,500,000 shares of common stock at $25 per share, or about $37,500,000 of new securities. Proceeds—For the company's construction program.


Pittston Co.

March 5 it was announced that the company plans to issue and sell 600,000 shares of preferred stock, (par $25) and 1,000,000 shares of common stock, raising $23,000,000, or about 38% of the total gross proceeds. Proceeds—For general corporate purposes. Underwriter—Halsey, Stuart & Co., jointly.

Public Service Co. of New Hampshire

Nov. 3 it was announced plans to issue and sell approximately $5,000,000 of bonds in May or June 1933, and in the latter part of 1933 to issue sufficiently common stock in raising about $4,000,000. Proceeds—For the repayment of bonds and for new construction. Underwriter—Blyth & Co., jointly.

Public Service Co. of Oklahoma

March 2 it was reported that the company may issue and sell about $12,000,000 of common stock. Proceeds—For the company's construction program. Underwriter—To be determined by competitive bidding. Probable bids: Halsey, Stuart & Co.; Kuhn, Loeb & Co.; Harriman Ripley & Co., (jointly), in Equitable Securities Corp.
Our Reporter's Report

The underwriting business has retreated into the background, for the leading groups have gone after new issues, partly because the current underwriting bids, are finding it necessary to do a good deal of real "boning" to get business. There are tenders for a given undertaking.

April 14 was a critical day. It was the date by which underwriters were to report to the Treasury their interest in underwriting new issues of Treasury notes and bonds. The Treasury, in turn, was to use the bids of the underwriters to determine the interest rate to be paid on these securities.

Money rates are fluctuating and the long-term Treasury bond market shows little sign as yet of having found a new base. In fact there are some who look for the present nervousness to persist and the exchange "rattles" according to F & G people under the recent offering of 31/2s expire at the month-end.

Meanwhile underwriters are becoming more and more patient in some cases, that they must be, to be able to hold up underwriting. The Treasury has, in fact, cut back the amount of notes and bonds that can be sold by underwriters.

It has been demonstrated frequently by the Treasury that a new underwriter may miss out on pricing at the high end of the market, but there is a strong possibility that a potentially successful deal turns down on the way because of the requirement of a fortuitous and real selling effort.

Irkoske Prise

There is a growing tendency among underwriters who frequently head up syndicates to take it on them to act as part of dealers to take down a larger portion of a given issue. It has been noted over a period, particularly in the case of securities sold on a negotiated basis, that dealers have a penchant for "stock picking." These underwriters claim that this gives any particular deal a "good start," but the ultimate result is in question.

As one underwriter, netted a bit of the practice, put it, "You have to give it a good try, but after that you are well placed, and then become, like the deer, who have been bitten by a wolf after they have escaped the wolf, start selling and naturally the completion of the market changes.

Favor Revenue Bonds

Institutional investors still are cool to new offerings generally and it is felt, probably will continue in that frame of mind until the Treasury completely winds up its current operation.

Meanwhile, attention is turning to the municipal bond market, an emphasis on bonds of the revenue-type such as those issued by the state and local authorities.

Looking Over Secondaries

Some of the insurance companies are continuing to look over secondary offerings after the first offering is made. Where the stock is that of a reasonably priced, and in the case of these institutions it has been, the question of competition to pick up the shares, is strong.

Buyers are motivated by the opportunity to obtain a good current yield with the added attraction of possible capital appreciation.

Putting on the Squeeze

If reports are correct the operations are well-founded, and there is no reason for serious doubt, the Treasury has really "turned down" the market and the Treasury is the "free-rider" in its latest operation.

One story has it that the government's monetary authorities have not only suspended the underwriting of mortgage loans, but, fearing that the Treasury may sell directly to the public, he has been "free-ridden" in its latest operation.

The Commercial and Financial Chronicle... Thursday, April 23, 1936

Continued from page 53

shares reserved for issuance to employees under a stock option plan).—Proceeds.—To be utilized for general business purposes.—Underwriters.—Blyth & Co., Inc., New York.

Second National Bank of Philadelphia

April 14 stockholders of record that date received right to subscribe for or before April 25 for 25,000 additional shares of capital stock at one dollar per share. Price—$20 per share. —Proceeds.—To increase capital.

Shields Chemical Corp., Verona, N. J. (5/25)

March 28 it was reported company plans to issue and sell about 4,500,000 additional shares of common stock for $80,000,000. Stockholders who are not registered holders on May 14, 1936, will be able to purchase an additional share of common stock at the time of the stockholders meeting. Proceeds.—To be used in connection with the construction of a new plant.

Federal Reserve Bank of St. Louis

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http://fraser.stlouisfed.org/
Keep Our Economic Dry!
the EPU and GATT, and the Ha-

vant, the trade alert to blocking the Rus-
sians' other access to needed raw materials and capital equipment, and...
WASHINGTON... And You

WASHINGTON, D.C.—Write off tax revision, even the smallest amending of a start, as a prospect for the 43rd Congress. Then come next March, and don't believe it.

This is the reaction which has greeted the formal, full-dress address last week before the National Industrial Conference by G. J. Purcell, Jr., Under Secretary of the Treasury. [For full text of Mr. Purcell’s address turn to page 7-Edit.] In speaking of the Treasury’s unprecedented deep interest in overall revision, Mr. Purcell said as to prospects for action:

“...in view of the very tight financial position of some of the reforms which are clearly desirable may have to be postponed or introduced on a limited scale. We hope to have a House floor this year. Good many may be done next year, and at all events, however, there have been substantial reductions in expenditure.”

Viewing Mr. Purcell’s entire address, one is impressed with the magnitude of the things being done this year regarded as most important. In the Federal Reserve System there is now the foundation for future action. ‘The current budget report, the speech of a ‘good government’ official, is an overall year in the way of overall revision.

In context, Mr. Purcell builds up the case of the Eisenhower economic team and the Reed Bill, and further points out that all told some $5 billion of tax measures must be considered a problem in fact of the higher taxes and the absence of action in the House. Mr. Purcell also pointed out that the Treasury’s current budget for 1953, at least, is still a policy of the current year.

The budget balancing becomes first and a certain minimum of tax reduction second, or at least a third. In the current opinion, it would be difficult to solve.

Earlier this year both the Treasury and the Capital had proposed personal income, and a possible longer-term plan. It was planned by Dan Reed that the House Ways and Means Committee would start hearings this month. The hearings, if successful, would be for the purpose of crystallizing as much as possible an agreement as to what were the most serious issues in the tax system, and what priority should be given to reforms and to the order. Then, with a figure as to how much revenue could be saved, there could be a statement of the matter on the benefits and burdens of each.

Will Delay Hearings

It was then proposed that the House Ways and Means Committee would attempt not to report out a bill, but that the House, if possible, should also pass it in 1953. This would push the legislation to a forward position where there could be a crusade on the merits and hazards of the tax base. Long range, the Treasury itself will benefit from lower rates and a more equitable tax system.

Short run, however, a shortening for the use of a second rate toward eliminating double taxation, more corporate income, and so on, would be a first line carry Treasury revenue. Hence any substantial achievements in the way of overall revision must wait for a much lower rate of governmental spending than can now be projected.

Hence the Ways and Means Committee probably will begin its public hearings on overall revision until June, possibly the Committee will have a bill to report to the House this year, but it is only a possibility. Any idea that the House will take a tentative overall revision bill this year has now been abandoned.

Treasury Works On

Business

Despite the outlook for a further lead in substantive legislative action, the Treasury may be expected to work hard on the next major relief of “the where there can be done through legislation and without an immediate loss of a large volume of revenue. Mr. Purcell im¬ plied that the Treasury would be a man who is firmly committed to a GW! approach toward as he can into the operation of tax laws, and does T. Cole, the Treasury’s Commissioner of Internal Revenue.

On the other hand, once the reports of the intentions of these officials may be misleading. It has been suggested, in particular, that the Treasury will let business “write its own ticket” on depreciation. Such a move would be very unexpected, although the Treasury may be expected to listen to suggestions that treatment of write-offs bearing a closer relationship to its depreciation allowances to the realities of life.

House Cuts Post Dilemma

Superficially, it may surprise observers to see some Republican Congressmen voting against a diminu¬ tion of farm subsidies at the same time the House Appropriations Committee, as it did, proposed to cut a great deal of the spending meat out of the public housing and slum clearance programs. The Committee also would compel the sale, at a dis¬ count if necessary, of $1 billion of the mortgages of the Federal National Mortgage Association.

The explanation, of course, is that Republican Congressional standing is weak to neglectful in the big urban centers of New York, Chicago, Baltimore, etc., where public housing is politi¬ cally important.

On the other hand, there is very little difference in the income tax system on farm products. It is a variation of the old McNary-Haugen export dole scheme vetoed by President Coolidge in the late 1920s.

With Secretary Benson’s main argument against arbitrary and high farm commodity price supports, the major farm organi¬ sations are for the most part in agreement. In fact, they had the lower or “flexible” support idea adapted in the 84th Congres.

These farm leaders think that too high supports will simply continue to pile up surpluses which only war and donations of these surpluses under the rules of lend-lease can relieve.

BUSINESS BUZZ

Ten days off last month to have your appendix out—four days off last week for the flu—when are you going to put business ahead of your personal pleasure?

Foreign Policy Without Frat—

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Behind-the-Scenes Interpretations from the Nation’s Capital

Without more or less permanent forest of a multi¬ billion dollar scale, there will be no way of getting rid of these surpluses, though it is an old nostrum, this year’s leaders, in their public appearances before Congress, are leaning more and more toward the idea of a massive support price and a world export price, with a charge levied some where to raise funds to offset the differ¬ ence between the higher (if related to support price and the lower world market.

(This column is intended to reflect the “behind the scene” interpretive look at the nation’s Capital and may or may not be related to the “Chronicles” own views.)

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