Chemical Industry Featured In This Issue

The COMMERCIAL and FINANCIAL CHRONICLE

Reg. U. S Pat. Office

Volume 177 Number 5230 | New York 7, N. Y., Thursday, June 18, 1953 | Price 40 Cents a Copy

EDITORIAL

As We See It

One can hardly doubt that a comsummation of a truce in Korea would bring great joy in this country. The embittered opponents of any "peace without victory" program find themselves drowned out with the popular clamor of a populace sick unto death with prolonged fighting which seems to promise nothing but continued casualties. Syngman Rhee's cries of obvious and understandable anguish meet with about the same fate. The Eisenhower Korean program if it succeeds in this matter will at least for the time being place a hero on a still higher pedestal of popularity. Of all this there can even now scarcely be any question.

Yet the enthusiasm of thoughtful people must be greatly tempered by consideration of the situation which will remain, and by appreciation of the problems which at the very most will be but slightly altered by all the blood that has been shed in that fateful peninsula. If a conflict which

Continued on page 34

"Picketing" Comments Resumed

We present, in today's issue, starting on page 3, some more expressions of opinion received in connection with the "Chronicle's" symposium on the question of whether the Taft-Hartley Act should be amended with respect to picketing. As was true of commentaries previously published, those appearing in today's issue represent views of individuals prominent in industry, finance, governmental and labor circles. The symposium, the "Chronicle" believes, should be extremely helpful in clarifying thinking on one of the most important public issues of the day.

Which Industries and Common Stocks Today?

By WALTER MAYNARD*
Partner, Shearson, Hammill & Co.
Members New York Stock Exchange

Stressing the need to examine changes in economic conditions in order to capitalize on them by proper selection of securities, Mr. Maynard discusses what is now taking place in: (1) Interest Rates; (2) Politics; (3) Business Cycle; (4) Management and Reorganization; (5) Technology and other indices. Concludes despite likelihood of a period of recession, a constructive rather than a negative attitude should be taken toward many securities. Points out American common stocks are fairly free from value distorting effects of speculation, and nation is now extremely stable, in a political and social sense.

In talking to you today, I thought that instead of approaching our subject in the conventional manner, industry by industry, it would be interesting for us to look at our country as a whole, try and discern those areas in which changes are taking place, and then attempt to pick some of the particular securities with which to capitalize on these changes. After all, we as professional security analysts should be in the best possible position for this particular task.


Walter Maynard

Here are some areas in which change is conspicuous in the daily business news:

Interest Rates; Politics; War and Peace; Business Cycle; Population; Spending-Saving Habits; Fashion and Design; Management and Reorganization; and Technology, Invention and Obsolescence.

With respect to the first of these subjects, that of Interest Rates, the policies adopted by the money managers more than two years ago are now clearly asserting their full effects.

Continued on page 28

*Summary of an address by Mr. Maynard before the Boston Security Analysts Society, June 4, 1953.

Chemistry's Role in Better Living

By LELAND I. DOAN*
President, Dow Chemical Company

In stressing Chemistry's big strides in recent years and the concomitant growth of the American chemical industry, executive of prominent chemical concern predicts the industry, which is now sixth in size in the nation, will increase five-fold between 1950 and 1975. Points out since World War I tremendous growth of chemical industry has aided in creating new industries through development of new raw materials and new techniques for increasing production. Indicates chemical industry's role in working with other sciences toward better utilization of physical and human resources.

This subject of mine, The Development of the Chemical Industry and Its Contributions to Society, is one which, I should say, could occupy at least a full school year of study. Fortunately for all of us, however, I have not been asked to cover it. I have merely been asked to speak *about* it.


Leland I. Doan

First let me toss in a thought or two as a sort of backdrop to all that I may say about the chemical industry itself. In considering a single science, or a single industry, it is very easy to pedestalize — to isolate your science or your industry to the exclusion of all others, and say, "This is the key. This is the great force from which all blessings flow."

It is perhaps especially easy to do this in discussing the chemical industry because of its basic position in relation to other industries. So at the risk of appearing traitorous in the presence of my colleagues, I will submit that chemistry is not the key to any final achievement. It is simply *one* of civilized man's most potent tools.

Continued on page 22

*An address by Mr. Doan before the Industrial Council of the Rensselaer Polytechnic Institute, Troy, N. Y.

CANADIAN ISSUE NEXT WEEK — In addition to the regular paper, The "Chronicle" will issue next week a Special Supplement devoted to the proceedings of the 37th Annual Convention of the Investment Dealers' Association of Canada.

The Security I Like Best

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

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

This Week's Forum Participants and Their Selections

Dictaphone Corporation — W. H. Holly, Sage, Rutty & Co., Inc., Rochester, N. Y. (Page 2)
Daitch Crystal Dairies, Inc. — I. Henner, CPA, New York City. (Page 2)

W. H. HOLLY
Sage, Rutty & Co., Inc.,
Rochester, N. Y.

Dictaphone Corp.

The common stock of the Dictaphone Corporation is, in my opinion, worthy of the favorable consideration of prospective investors. It was incorporated in 1923 and has paid dividends without interruption for the past 27 years.


W. H. Holly

1948 was a most eventful year for Dictaphone Corporation. It brought to a climax the research and engineering activities of the prior ten years, and marked the successful introduction throughout the United States of the new Dictaphone electronic dictating, transcribing and recording machines. Of these the Time-Master model, which uses a plastic, mailable, fileable belt, has gained greater acceptance than any other product ever introduced by Dictaphone Corporation.

Today, Dictaphone sells 45% to 50% of all United States dictating machines, and 75% of all the American-made dictating equipment sold abroad. About 20% of Dictaphone products in 1952 was accounted for in defense work, and defense orders on hand are about equal to last year. War work consists of making computing sights for anti-aircraft guns, sub-assemblies for tank range-finders, components for aircraft control, and doing research and development work for the government.

Total sales last year exceeded $26,000,000, as compared with $21,000,000 in 1951.

On Dec. 31, 1952 Dictaphone had outstanding a sinking fund note in the amount of $1,600,000. This loan was originally $2,250,000 in 1948. Cash on hand at the end of 1952 amounted to $1,400,000; current assets were $11,204,000, and current liabilities were $4,743,000.

The company has outstanding 13,200 shares of 4% preferred stock and only 134,000 shares of common.

The net income and dividends per share for the past five years were as follows:

	Earnings per Share	Dividends per Share
1952	$8.91	$4.00
1951	9.25	4.00
1950	8.38	4.00
1949	4.28	1.00
1948	1.45	1.00

The company's British subsidiary reported a net income for the year 1951 of $357,000, and a net of $216,000 for 1952. Only the dividends paid to Dictaphone in the amount of $167,587.50 in 1951 and $69,069 in 1952 by this subsidiary were included in the consolidated statement of the parent company.

It is estimated that excess profits taxes in 1952 were about $3.50 per share.

Sales of Dictaphone reached a peak in March of this year. The first quarter's business in the United States and Canada was about 10% ahead of the first quarter last year.

The stock is selling over-the-counter around 52 at which price the yield is about 7.70%. The high for this year was 62, with a low of 50.

I. HENNER, CPA
New York City

Daitch Crystal Dairies, Inc.

I would like to recommend the common stock of Daitch Crystal Dairies, Inc. as the "Security I Like Best" for reasons which seem to me to be most compelling.


I. Henner

Daitch is a newcomer to the American Stock Exchange but the company has had 34 years of experience and is therefore not a new and untried venture. The company as of Jan. 1 owned and operated 52 retail outlets in the Greater New York area, a dairy and cold-storage warehouse, a grocery warehouse, and 3 creameries in upstate New York. Since the beginning of the year, 4 additional supermarkets have been opened and a program of further expansion is still in progress.

Last year the company expanded its operations by adding retail meat departments and in supermarkets have added house wares departments. The company in its 34 years has acquired a reputation for the finest in dairy products and also for its honest dealings. The good will, while not shown on the balance sheet, is incalculable.

The management of the company is experienced and progressive. Last year a far-sighted personnel training program was begun. Store managers and supervisors attend specialized marketing courses given in the City College Intensive Business Training Program. This is being extended to clerks below the management level. Labor relations are known to be excellent.

As to operations, the company reports an increase of net sales for the year 1952 of 16% over the previous year. Net income, after taxes, amounted to 53 cents per share, which was slightly less than 1951. The principal reason for this was the fact that costs for the year included the pre-opening expenses of new stores opened during the year. These units were begun towards the end of the year and did not contribute materially to the sales for the year. Dividends paid during the year amounted to 30 cents per share and are likely to be continued at that rate for the present. With the dropping of the OPS controls, with more stores being added, and with an aggressive and capable management, larger profits, in my opinion, seem to be inevitable.

While the immediate return to the investor is low at the current market price of $6.75 a share, I believe that the possibilities for capital gains greatly outweigh this factor.

W. C. Foster Full-Time President of Manufacturing Chemists' Assn.

WHITE SULPHUR SPRINGS, W. Va., June 11—William C. Foster, formerly the Deputy Secretary of Defense, the Administrator of the ECA, and President of the Pressed and Welded Steel Products Company, was today elected as the first full-time President of the Manufacturing Chemists' Association at its 81st annual meeting.


William C. Foster

The enlarged scope of chemical manufacturing and the consequent expanding activities of the Manufacturing Chemists' Association now require a full-time president. Mr. Foster will direct the Association's activities from its headquarters in Washington.

Charles S. Munson, Chairman of the Board of the Air Reduction Company, who previously served as President of the Association, was named Chairman of the Board.

F. J. Emmerich, President of Allied Chemical & Dye Corporation, was named Vice-Chairman.

Paul L. Davies and Kenneth C. Towe were elected Vice-Presidents. Mr. Davies is President of the Food Machinery and Chemical Corporation, San Jose, California. Mr. Towe is President of the American Cyanamid Company. M. F. Crass, Jr., was elected Secretary-Treasurer.

New directors elected for the term expiring May 31, 1956 are: Stanley Crossland, Ethyl Corporation; R. L. Hockley, Davison Chemical Corporation; Howard S. Bunn, Union Carbide and Carbon Corporation; John R. Hoover, The B. F. Goodrich Chemical Company; Walter Dannenbaum, E. I. duPont de Nemours & Company James J. Kerrigan, Merck & Co.; Thomas S. Nichols, Mathieson Chemical Company; E. W. Reid, Corn Products Refining Company; J. Albert Woods, Commercial Solvents Corporation.

Carl A. Gerstacker of The Dow Chemical Company was elected a director and the term of Rothe Weigel of Victor Chemical Works was extended a year to fill vacancies.

Joins Holt & Collins

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Martin J. Tierney has become affiliated with Holt & Collins, Russ Building, members of the San Francisco and Los Angeles Stock Exchanges.

With Waddell & Reed

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — Samuel F. Schmidt has become connected with Waddell & Reed, Inc., 209 South La Salle Street. He was formerly with Mason, Moran & Co.

Picketing Comments Resumed

Additional opinions given in connection with "Chronicle" symposium on question of whether or not the Taft-Hartley Act should be amended to curb picketing.

On the cover page of the "Chronicle" of May 21, under the caption, "What Do You Think?" attention was called to two schools of thought on the subject of picketing: (1) those who feel that it infringes on property rights and civil liberties and thus should be curbed, and (2) those who, holding the opposite view, argue that picketing is an essential component of the strike weapon to secure human rights. To help clarify thinking on the subject, the Editor of the "Chronicle" invited brief comments on the question. Some of the communications that have been received were given in the "Chronicle" of May 28, June 4 and June 11. We are able to accommodate in today's issue the following additional expressions of opinion. Others will be given in subsequent issues.

ANTHONY VALENTE
International President, United Textile Workers of America (AF of L) Washington, D. C.

It is no accident that anti-union forces, which now use the so-called "free speech" provisions of the Taft-Hartley Act to harangue and menace their employees, are now combining to destroy labor's right to picket, which America's workmen — and America's courts — have felt the Constitution guarantees. Not only management but labor as well may enjoy the rights of free speech, freedom of the press, and freedom of peaceful assembly.


Anthony Valente

All Americans have these rights as part of our common heritage, but labor, even more than management, needs freedom to exercise them because management has a virtual monopoly on most means of communication. The Supreme Court itself has noted that placards carried by pickets well may be a union's only means of telling the public that a labor dispute is in progress. (Schneider v. State, 308 U. S. 147.)

The words of Mr. Justice Murphy in Thornhil v. Alabama in 1940, seem to be addressed as a rebuke to the anti-union forces of today.

"The group in power at any moment," he wrote, "may not impose penal sanctions on peaceful and truthful discussion of matters of public interest merely on a showing that others may thereby be persuaded to take action inconsistent with its interests."

A. C. MATTEI
President, Honolulu Oil Corp., San Francisco 5, Calif.

Both the spirit of the Constitution of the United States and sound principles of political science enjoin that the Federal Government should concern itself only with matters that vitally affect the nation as a whole or, at least, more than one state, and leave to the states the regulation of such matters as are essentially and practically of only local concern. State legislative bodies are in every respect better equipped and more competent to enact labor legislation which will be more nearly representative of the needs of the community than is Federal legislation. The wide range of the type of endeavor, mode of life and work or industry involved in such divergent localities as the industrial North and agricultural South, or in the mines of Nevada or cotton mills of New Hampshire, are indicative of the fact that a Federal labor-management relations act cannot be successfully applied as an over-all panacea. The record of state legislative accomplishment in the fields of commerce, labor legislation and domestic relationships is a substantial and highly satisfactory one which clearly indicates the capacity of the states to adequately regulate and control the affairs and relationships of their citizens on a state-wide rather than nation-wide basis.


A. C. Mattei

I propose, therefore, that Congress should withdraw Federal control from all phases of labor-management relations except as to strikes in certain key industries where such strikes would have a potential ability to seriously curtail the commerce of the nation. We already have a prime example of such an act in the Railway Labor Act. The Taft-Hartley Act and the Wagner Act should be abolished in favor of a simple, sane and workable law limited to protection of the general public against strikes vitally affecting the nation as a whole.

It has been judicially determined that the right of labor to form labor organizations and to bargain collectively, although protected as an exercise of the constitutional guarantee of freedom of speech, freedom of the press and right of assembly, is entitled to protection and against governmental infringement; but that the right to such protection against employers is purely legislative, to be granted or withheld

Continued on page 24

INDEX

Articles and News Page

Which Industries and Common Stocks Today? —Walter Maynard ..... Cover
Hollywood Answers TV With 3-D—Everett J. Mann 4
June Jobs—Roger W. Babson 4
The London Stock Market Today vs. Wall Street —A. Wilfred May 5
Stacking Up Money for Pensions—Henry Rice 6
Korean Truce Still Leaves Free World in Danger —Sherman Adams 7
Roadblocks to Peacetime Atomic Energy Use —E. Blythe Stason 9
Government Bond Prospects—W. W. Townsend 10
World Economic Problems—Hon. Winthrop W. Aldrich 13
Peace and Stock Prices—Arnold Bernhard 16
Problems of Progress in Medicine—Hon. Oveta Culp Hobby 18

Articles on Chemical Industry

Chemistry's Role in Better Living—Leland I. Doan ..... Cover
Chemicals—General and Bucolic—Ira. U. Cobleigh 6
Administration's Economic Program and the Chemical Industry—Hon. Sinclair Weeks 11
Chemical Industry Ready for Challenge of Free Markets—William H. Ward 20

* * *

W. C. Foster Named Full-Time President of Manufacturing Chemists' Assn. 2
"Everlasting Concrete"—Reported by Georgia Tech Engineers 24
Report Issued on Behavior of Plastics 29

Picketing Comments Resumed (More letters in "Chronicle" Symposium on whether Taft-Hartley Act should be amended with respect to picketing) 3
George F. Shaskan, Jr., Expects Better Near-Term Market 10
Prices Should Not Be Forced Down to Prewar Level, Says W. Randolph Burgess 12
Municipal Bond Club of N. Y. Elects 1953 Officers 14
Tennessee Governor Honored at Luncheon 14
Delaware River Port Authority Financing Completed 16
Arthur Burns, Eisenhower's Economic Adviser, Wants Action Against Unsound Booms 24

Regular Features

As We See It (Editorial) ..... Cover
Bank and Insurance Stocks 31
Business Man's Bookshelf 44
Canadian Securities ..... *
Coming Events in Investment Field 43
Dealer-Broker Investment Recommendations 8
Einzig—"Inflation in Britain" 27
From Washington Ahead of the News—Carlisle Bargeron 16
Indications of Current Business Activity 36
Mutual Funds 30
News About Banks and Bankers 29
Observations—A. Wilfred May 5
Our Reporter's Report 42
Our Reporter on Governments 32
Prospective Security Offerings 40
Public Utility Securities 33
Railroad Securities 34
Securities Salesman's Corner 35
Securities Now in Registration 37
The Market . . . and You—By Wallace Streete 5
The Security I Like Best 2
The State of Trade and Industry 5
Washington and You 44

*Column not available this week.

Published Twice Weekly
The COMMERCIAL and FINANCIAL CHRONICLE
Reg. U. S. Patent Office
WILLIAM B. DANA COMPANY, Publishers
25 Park Place, New York 7, N. Y.
REctor 2-9570 to 9576
HERBERT D. SEIBERT, Editor & Publisher
WILLIAM DANA SEIBERT, President
Thursday, June 18, 1953

Every Thursday (general news and advertising issue) and every Monday (complete statistical issue — market quotation records, corporation news, bank clearings, state and city news, etc.).

Other Offices: 135 South La Salle St., Chicago 3, Ill. (Telephone STate 2-0613); 1 Drapers' Gardens, London, E. C., England, c/o Edwards & Smith.

Reentered as second-class matter February 25, 1942, at the post office at New York, N. Y., under the Act of March 8, 1879.

Subscription Rates

Subscriptions in United States, U. S. Possessions, Territories and Members of Pan-American Union, $48.00 per year; in Dominion of Canada, $51.00 per year. Other Countries, $55.00 per year.

Other Publications

Bank and Quotation Record — Monthly, $30.00 per year. (Foreign postage extra.)

Note—On account of the fluctuations in the rate of exchange, remittances for foreign subscriptions and advertisements must be made in New York funds.

Hollywood Answers TV with 3-D

By EVERETT J. MANN
Associate Professor of Economics, Duke University

Prof. Mann, asserting three dimensional pictures may be greatest boon to movies since the introduction of talking pictures, tells the 3-D story and describes various types used by different producers. Says good pictures will pay off, and notes reduction in output of major studios and trend toward disappearance of small theatres. Analyzes operations and earnings of individual motion picture and theatre companies. Holds industry's most serious handicap is failure of individual companies to agree on a standard filming process.

In the year that has passed since the motion picture business was appraised in these pages,[1] the industry has picked up its hopes and laid a sizable wager that there is nothing wrong with movies that 3-D cannot correct. The moviemakers have never been notable for the complete rationality of their actions, and the past year has provided a type of comedy from a financial angle that heretofore has been lacking even in the zaniest actions of the industry's leading figures.

Everett J. Mann

That 3-D may be the greatest boon to movies since the introduction of talking pictures has been demonstrated by the public's avidity to pay premium prices to see its early showings. The only question, and it is one which has movie executives riding off in all directions to seek the answer, is which type of 3-D? At a recent count, and this is subject to day-to-day revisions, there were no less than 32 different variations on the 3-D theme either in existence or gleaming in the eyes of producers.

The 3-D Story

To begin the 3-D story, it is necessary to go back to August, 1952, when "Cinerama" astounded Broadway by taking audiences on a vicarious three dimensional roller coaster ride and otherwise treating the patrons to what essentially were moving stereopticon views. At that time the skeptical shook their heads, vowing that "Cinerama" had little future, but when the opportunistic Arch Oboler, correctly appraising the new medium as at least having great novelty value, made the 3-D "Bwana Devil," an admittedly terrible picture, which proceeded to gross an astronomical $2.4 million in 10 weeks, all doubts evaporated. With a whoop 'n' holler, Hollywoodians trampled each other in a rush to climb aboard the 3-D bandwagon.

The Meaning of 3-D

In the Hollywood community of super-egoists, no single studio can afford to admit that any other has a superior type of 3-D process. Every studio thus has been forced to "discover" a different process that for years has been kicking around unnoticed and unwanted. Theatre men, today, confronted with the necessity of installing some new type of exhibiting equipment, similarly are tearing their hair wondering which process out of many should be adopted in order to achieve a maximum showing of the different types of productions they may receive from the studios.

The term "3-D" can be used rather loosely to describe a variety of processes of wide screen and photography in depth, but basically there are three different types.

The "Cinerama" version employs a three-lens camera for filming and requires three projectors for exhibiting purposes. Warner Brothers' "Natural Vision" is similar except that two cameras are used, with the photography being done from two different points. Neither of these requires the use of special glasses for viewing.

The second type of picture making requires that the viewer wear special polaroid glasses to provide an illusion of depth. It is not anticipated that this process, once the novelty value has disappeared, will endure, for, in time, the public is expected to rebel against the use of such special equipment. Meantime, it may help certain of the picture companies to weather a period of transition while they are building inventories of movies using wide screen techniques for showing next fall.

The third process is the wide-screen development, and this has been publicized mainly by **Twentieth Century-Fox** and that company's "CinemaScope." CinemaScope employs a regulation camera which scoops up a panoramic view and compresses it onto a single film strip. The image is later decompressed through a special projecting lens. The ratio of the width of the exhibiting screen to its height is 2.66 to 1 as compared with the ratio under the present-day flat, or, as it is now called, 2-D type, of four to three. "CinemaScope" creates a further semblance of depth through the use of a curved screen and stereophonic sound with several speakers placed behind the screen and about the theatre to strengthen the illusion.

The verdict of viewers of "Cinerama" and "CinemaScope" is that the former is "more overpowering" while the latter is more adaptable for exhibition purposes. Among the items of "adaptability" is that "CinemaScope" can be installed in a 2,000-seat theatre for less than $25,000.

Other movie companies have been quick to announce their own versions of the wide screen process—it is notable that none of them contemplates the use of the expensive "Cinerama"—and the new screen widths vary from a ratio of 1.66 to 1 adopted by **Paramount**, a 1.85 to 1 ratio by **Columbia**, while **Loew's** recently has announced it will use a 1.75 to 1 ratio of width to height.

All the companies, save only **Twentieth Century-Fox**, are hedging their 3-D bets to provide for the contingency that some process other than theirs will prove to be the one of lasting value. Some companies will film their future productions not only via the wide screen process, but in 3-D and 2-D as well. **Loew's** originally announced it would adopt the "CinemaScope" process but seemingly has changed its corporate mind and will liimt productions to two pictures in "CinemaScope", and just to be sure, will film these in 2-D as well. This company will use its own process for the bulk of its remaining productions.

"Good" Pictures Pay Off

It has taken Hollywood some time to learn the seemingly obvious lesson that only "good", i.e., spectacle, pictures will evoke the life-giving tingle of box office cash. Good pictures require big expenditures for production, but the returns amply repay the high production costs. As examples of this, "The Greatest Show on Earth" and "Quo Vadis," both 1952 releases, have totalled up respectively the second and third greatest grosses of all time while "The Snows of Kiliminjaro", a 1952 late comer, is expected to push up into the big 10 of all time grossers as it plays around the world. **Paramount** has made the happy discovery that an outstanding picture has an apparently limitless audience. In Utah, reruns of "Greatest Show" in the smaller towns, drew back audiences which had seen the picture before and were delighted to see it two or three times more.

It would appear that the major studios plan an annual future production of about half the number of pictures they have turned out in the past years. All cinemagoers will pray devoutly that the potboiling type of double feature production will die a speedy if unlamented death. In the word of Dore Schary, "television is inheriting most of Hollywood's mediocrities." The executive head of one of the smaller movie companies which once specialized in "quickies" of the double features type has gloomily admitted that the market for this type of film has almost entirely disappeared. The new wide screen devices, together with good production techniques and stories, with heavy emphasis on the latter, are counted upon to keep the public coming back to the movies despite the competition of free TV.

The Theatres

The trend toward the disappearance of small, marginal theatres, which continue to close their doors at the rate of about five a day, undoubtedly will be accentuated by the general adoption of wide screens. Not only will the small theatre operator be unable to afford the costly new wide screens, but his narrow house simply will not accommodate this equipment. The movie industry is earnestly plumping for the abolition of the 20% Federal admissions tax, but prospects for its repeal (and expected boon to theatre profits) do not appear too bright at this writing. From the

Continued on page 32

[1] See "Commercial and Financial Chronicle," July 3, 1952, p. 7.

June Jobs

By ROGER W. BABSON

Mr. Babson warns of the reckless overexpansion of engineering education, and says in few years many engineers will become mere technicians. Calls for realistic planning by colleges, and holds demand for engineers "is coming perilously near the saturation point."

It is time for both businessmen and educators to put an end to the reckless overexpansion in the field of engineering education. Many educators and their young student counselors are being misled by the current strong demand and high wages for "physicists, engineers and draftsmen." I predict a lot of disappointments. In just a few years many of these hopeful engineering students may well become mere technicians simply because the supply will far outrun the demand.

Roger W. Babson

Business Depends on What People Do

The economic welfare of any nation depends upon two general factors: (1) the development of its material, educational and spiritual resources; and (2) the efficiency and fairness of its distribution methods. In a free economy this is the way the real, lasting welfare of a people is improved—by producing more and distributing same at less cost with less waste. My years of studying business conditions have forced me to conclude that reckless overexpansion in any field can never become permanent.

Our economic history has usually consisted of distinct movements, and these movements have usually consisted of four periods: (1) a period of overexpansion; (2) a period of decline; (3) a period of depression; and (4) a period of improvement. Our history clearly outlines periods of intense activity, high prices, speculation, and borrowing, followed by periods of falling prices, periods of depression and failure. The movement which business follows depends on what people think and do. When people get careless and fail to heed the danger signs—when people become greedy and try to get more than they give—over-expansion usually follows. Following the crowd is usually followed by panic, contraction and readjustment. Remember 1929!

Realistic Planning Needed

The trouble with most of our high school and college youths is that they don't remember 1929. I'm glad they don't. But they should know the lesson that 1929 taught. And then teachers—and business—should try to help prevent another such period by avoiding the temptation to overexpand and get the last dollar in profits or wages.

Let me be more specific. I read dozens of newspapers and periodicals each week; and I have dozens more digested for me. I read everywhere about the demand for engineers. One recent study of 174 companies indicates companies are hiring about 25% more engineers this June than last year, and at salaries nearly 10% higher than last year — ranging up to $400 per month. Not once in my reading have I yet run across any warnings from company recruitment officers or top management that the demand for engineers is coming perilously near the saturation point. Is this not a responsibility of both business and the school?

Emphasis on Distribution

In the last half century we have succeeded in doubling our man-hour output and at the same time in improving our quality of manufacturing. We can now produce in most industries more than we can consume. During the last 10 years, however, we have improved our distribution very little indeed. As a matter of fact, some sales forces have lost ground. They have forgotten what efficiency and service require. I predict the second half of this century will see a belated revolution in our distribution efficiency. This is where the jobs really are! Why aren't our high school and preparatory school counselors calling attention to these opportunities? Why isn't business doing a better job of long-range planning and making those long-range distribution needs known?

Young people, in fairness to them, should be made aware of the fact that no company can guarantee to hold them at the drawing board or on the production line when business declines. As readjustment develops out of our postwar period of overexpansion, only the most fit engineers will survive. Demands for engineers are at a maximum now. Those who will graduate from engineering schools and colleges a few years hence will not have it so good. They should learn it now so that they can plan realistically for a productive job in our economy and avoid being disappointed by present rosy engineering promises.

Wm. L. Burton Admits Sammon and Madsen

William L. Burton & Co., 25 Broad Street, New York City, members of the New York Stock Exchange, announce that John F. Sammon and T. Thomas Madsen have been admitted to general partnership in the firm.

The State of Trade and Industry

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

Total industrial production for the nation as a whole was lifted slightly in the period ended on Wednesday of last week as several plants recovered from the holiday slowdown in the prior week. It remained moderately above the level of last year and approximated the near-record peak attained in recent weeks.

New claims for unemployment insurance benefits climbed slightly but were down 5% under that of a year ago. Continued claims dropped slightly to the lowest level so far the current year and were off 16% from a year ago.

Steel ingot production for the past week was adjusted to 97.9% from a preliminary estimate of 99.9% of capacity. It was sharply above a year ago when a labor-management dispute curtailed output.

The worst of the steel shortage is past, states "The Iron Age," national metalworking weekly this week. Although consumer demands are expected to remain high for at least several months, steadily improving supply should result from full employment of the industry's growing capacity. This may cause a moderate decline in steelmaking operations toward the end of the year.

Steel inventories look a lot bigger now that the industry has settled its wage question without a strike and consumers, adds "The Iron Age," are quickly checking their supply position to see if they need to change their buying policies.

Some of the reasons buying may become more cautious, this trade paper notes, are that peaceful wage agreement means there's no longer any motive to buy steel as a strike hedge. Such protective buying had been putting extra steam into the market prior to last weekend.

Since steel base prices will be raised quickly to cover the cost of higher wages, it is too late to buy as a hedge against higher prices.

Moderate improvement in international outlook makes it highly doubtful military requirements for steel will rise above the current 11 or 12% of production. Conversely, a truce in Korea will not mean a decline in steel for defense. Barring some startling new development, steel needs for defense are pretty well set, declares this trade authority.

Major steel consuming industries appear to be at or past their peak steel demand. When it becomes apparent that the expanded capacity of the steel industry can fill their peak production needs, plus a little extra for inventory growth, manufacturers may change their buying policies quickly. Inventories considered less than adequate in time of shortage may be a burden in time of abundant supply. That's the way steel users have reacted to market changes in the past, "The Iron Age" observes.

Several factors are tempering the appetite of steel's No. 1 customer—the auto industry, notes this trade weekly: (1) Truck demand will not support last year's level, when the industry was under production controls. Unused steel is being shifted from cutback truck divisions to passenger car divisions. (2) Conversion and foreign steel, now at their peak, will continue on this plateau through the rest of June, July and August. After that, consumers are playing it cagey, avoiding commitments. (3) Mill deliveries are improving as new capacity comes into production. This trend will continue. (4) Supplier strikes have severely cut back independent automakers. In most cases there will be little effort to regain lost production. Because of these factors a feeling of good supply is creeping into the Detroit market for the first time since the disasterous strike of last summer.

Steel producers will move quickly to raise base prices to cover the cost of the steel wage increase. The price increase will average close to $4.00 a ton, based on higher wage costs of about 10 cents an hour. Actually the across-the-board wage increase (effective June 12) is eight and one-half cents an hour. This will be reflected in higher cost of fringe benefits, including pensions, vacations, paid holidays, and unemployment. Also, the five cent remaining differential between wages in the North and South is scheduled to be wiped out; two and one-half cents to be eliminated Jan. 1, 1954, and the remaining July 1, 1954. Thus,

Continued on page 34

THE MARKET . . . AND YOU

By WALLACE STREETE

Adverse pressure continues on balance to dominate the fluctuations of the marketplace. Sellers, moreover, have not been content merely to permit their shares to be taken off their hands through an orderly and gradual operation; they have been pressing their stock for sale at decreasing quotations. They want out, and have been willing to accept less for the privilege of holding cash in lieu of taking further risk. Obviously they still think badly of the future. What they believe is controlling the current force and direction of the price structure. They must be given due credit for holding such positive opinions, and for expressing them so concretely and so dramatically.

* * *

Investors' Enigma

Trends such as this, once set in motion on so widespread a scale, are ponderous in their operation, and tend of their own weight and momentum to keep on going until some bullish force of equal power arises effectively to counter the bearish drive. The problem currently is to find such a constructive element in the overall equation, to weigh its effectiveness and to judge the timing of its injection into the situation. This enigma investors are not going to find easy to solve.

* * *

The trouble on the whole seems to be that it is the known which largely is good, while it is the unknown which is, or is believed to be, bad.

* * *

Bullish Factors Predominate

Currently the domestic scene appears to contain on balance a much greater aggregation of favorable points than the reverse. The latter seems to revolve around the failure to date of the Administration to take, and perhaps more importantly its failure to plot, the capitalistic path which had been so confidently expected of it, as against its mere continuation with little effective deviation of the socialistic trend of the prior Administrations. Undoubtedly what investors had been hoping for was a bold parting with the ways, means and trends formerly experienced. Dissatisfaction with the lack

Continued on page 8

The London Stock Market Today

With Its Wall Street Implications

By A. WILFRED MAY

IN NEW YORK

GENERAL DECLINE

Losses to $2 in Late Trading as Operators Awaited a Korean Armistice

Wall Street closed very easy today, with the main body of stocks showing losses ranging up to $2 or more. Some specialties were at declines of around three to seven points. . . . Nearly half of today's volume of 2,200,000 shares, against one million previously, was done in the last 90 minutes.

As traders awaited a Korean armistice, all sections, including previously resistant railroads, declined to new low levels for 1953 and to the poorest levels since late October, 1952, which wiped additional millions of dollars from the value of shares.

Industrials led the setback and the Dow Jones average fell 4.52 to 263.39. The rail average was down 3.48 to 99.58.

IN LONDON

TONE REMAINS GOOD AND PRICES SHOW NUMEROUS ADVANCES

With peace in Korea brought appreciably nearer by the prisoner of war agreement, and news of the Soviet's conciliatory move in Austria, stock markets showed renewed firmness yesterday.

Industrials generally continued to move ahead.

The foreign market was cheered by the imminence of a truce in Korea and the freeing of traffic restrictions in the Western Zones in Austria.

LONDON, Eng.—(June 15). The above two news items on the same page of the "Financial Times" of Tuesday last (June 9) well typify the contradictory reactions to "Peace" news on each side of the Atlantic. Also over the longer term since March 28 when the Chinese Communists and North Koreans suddenly made their decisive offer to reopen the Panmunjom armistice negotiations for exchanging sick and wounded prisoners, the American investor has been more "peace-scared" than has the Britisher. During this interval, the London market, as measured by the "Financial Times" Index of Ordinary Shares, has declined only from 124 to 118, or less than 5%; against a fall from 287 to 265, or 8%, in New York's Dow Jones average.

A. Wilfred May

Wall Street's greater peace jitteriness is wholly in line with that of the American general public's—lay as well as businessman. The British businessman is concentrating on the brighter accomplishments of an armament cut-back. Much is heard here of the sorely-needed tax relief, and the abolition of the numerous still-existing controls, that would ensue. In the case of War Baby industries, like aircraft, likewise, the reaction is predominant that there has never been confidence in "this on-again off-again gone-again" business anyway; and that, in any event, a stretch-out forestalling a sharp temporary peak is healthy.

Little Investor Peace Jitteriness

In the stock market, the investor here feels that British corporate profits rest on a smaller degree of leverage risk than in the United States; and that there is far less potential peacetime slack in the economy. It is assumed that the central government not only will be politically impelled to step in with pump-priming at the first sign of trouble, but that such efforts will be successful. And, along with the fatigue generally pervading this country, there is a general inclination to escape to "what's the use in worrying?".

Market Action Again Psychologically-Prompted

So, overall the contrasting trans-Atlantic reactions of respective confidence and fear, seem to be largely a matter of psychological reaction—particularly in the investment sphere. In fact, were Wall Street now rising instead of falling, we are convinced that its "explanation" would rest on selection of precisely those bullish arguments now rife in London, and vice versa. Once again, the short-term emotional reaction is unexplainable and unpredictable —on both sides of the Atlantic!

One might cite the greater prior advance that had occurred in

Continued on page 31

Stacking Up Money for Pensions

By HENRY RICE*

Mr. Rice, after pointing out large amount of money involved in employee pensions, reviews first pension plans of the guaranteed fixed benefit type, and secondly, those of the profit-sharing type. Discusses effects of changing interest rates on pension fund accumulation and holds to obtain benefit of higher rates, and as a safeguard against inflation, pension funds should be invested in common stocks, which have shown substantially greater investment performance than fixed interest bonds and securities. Cites other reasons for including common stocks in pension fund investments. Holds there are still stronger arguments for purchase of an employer's common stock in case of a profit-sharing plan.

One of the most surprising facts about pension plans, either of the fixed dollar benefit or the profit sharing type, is the amount of money involved. A pension of $100 per month for life for a man who is now 65 years old would cost approximately $14,000 to $16,000, if purchased by a single payment. This is a striking and dramatic figure, yet it is seldom referred to in communications to employees concerning their pension benefits. Perhaps more emphasis should be given to this figure rather than the pension of $100 a month, which by itself doesn't sound like such a great deal of money. The $100 a month, incidentally, is approximately what would be received by the employee of 30 years tenure whose salary has averaged $350 monthly under a plan providing benefits of 1% of average salary. It might also be communicated to the employees that to provide a pension of $100 a month for life starting at age of 65, the company will be setting aside each month a not inconsiderable sum —perhaps in the neighborhood of $20 to $25 monthly for the average employee.

Henry Rice

The investment program by which funds are to be acumulated to discharge the pension obligation is determined by the nature of the obligation. The investment problem involved in planning for sufficient funds to be available to meet a definite dollar commitment is different from that relating to the accumulation of a capital pool in which the employee's interests are stated in proportions rather than in dollars. In this discussion we will first review pension plans of the guaranteed fixed benefit type concerning which it is possible to speak in somewhat more specific terms than with respect to the more individualized profit sharing plans.

*An address by Mr. Rice before the Merchants and Manufacturers Association of Los Angeles. Mr. Rice is a representative in the Los Angeles office of Blyth & Co.

Fixed Benefit Plans

Frequently it is only the fixed benefit plans which are referred to as pension plans. The obligation is to provide a certain number of dollars at a determinable time. The dollars may be either a flat amount per employee, such as $100 per month, or related to salaries earned. Since the obligations are stated in dollars, they are subject to actuarial computations and the plan may be funded through an insurance company.

An insured plan involves the least effort and responsiblity for the employer and its use is advisable in certain circumstances aside from several cost considerations. However, the costs which initially may be in the range of 5% to 10% of payrolls are subject to increases in dollar amount and insurance will not provide the increased income to meet these costs. It is the practice of insurance companies to guarantee their rates only for five-year periods. Their charges could increase if interest rates should decline below the assumed rate on which the charges are based, which does not appear to be the present trend, or if their costs should increase. More significantly, if pension are related to salaries, continued inflation may cause these salaries to increase, requiring larger pension provisions. This might be particularly burdensome when the pension payments are based on terminal salaries which would not have the leveling effect of the earlier years when wage levels were lower. There is as yet no reason for confidence that the rising trend of wage and salary rates has leveled off. Furthermore, inflation may require that the benefits themselves be increased. The Bankers Trust Company, in a study of 138 employee retirement programs established prior to 1950, observed that from 1950 through 1952 there were a total of 120 changes in benefit provisions with practically all of the changes in the direction of liberalizing benefits.

In some cases the intangible benefits the employer desires from a pension plan may be increased if the promised pensions bear the guaranty of a leading insurance company. This is one factor to be weighed in considering the relative costs of an insured plan in comparison with what is variously known as a trusteed, self-administered or invested plan. In addition to affording protection against inflationary increases in expenses, there are two avenues through which trusteed plans seek to produce lower costs. One is through less expensive administration. The other is through improvement of investment results currently predicated on a 2¼% investment return, which through participating features has been increased to 2¾% to 3% in recent years.

The "Loading" Charges

Insurance company charges must cover their administrative costs, selling expenses, taxes, and contingency reserves. This loading is generally considered to be in the range of 8% before giving consideration to possible conservatism in the mortality tables. Under a trusteed plan the administrative costs including trustee's fees, actuary's charges and employer's general overhead, may be somewhat lower, but it is principally by means of a substantially larger investment return that a trusteed plan can show a favorable cost comparison with an insured plan. Present insurance company rates employ a 2¼% interest factor. One rule of thumb is that a 1% increase in the rate of return reduces the cost of a plan by 25%. Actuarial studies show than an increase in the average investment yield from 2¼% to 4% will reduce by 48% the cost of a single premium deferred annuity effective at age 65 for a beneficiary age 35, and by 38% for a beneficiary age 45. The actual result for a particular company or a particular plan will, of course, depend upon the average age of the employees.

Protection Afforded by Common Stocks

The question then is whether an improvement over this 2¼% to 3% rate is currently in the cards. The answer is that this can be done whether or not common stocks are used, but that to obtain the best investment accomplishment, as well as inflation protection, common stocks should be employed.

Currently Moody's index of their four highest rated corporate bond averages reflects a yield of somewhat over 3½%, although new bond issues have to provide higher yields than this to find buyers. Moody's 125 industrial common stocks are yielding approximately 5½% on the average, and their 24 utilities about ¼ of 1% less.

Over the 33 years from 1920 to 1952, inclusive, Moody's Aaa corporate bonds have shown an average yield of 3.80%. What about common stocks over this longer period? Sedgwick, in the January-February issue of the "Harvard Business Review," arguing for a money purchase pension plan invested 100% in common stocks, quotes the Cowles Commission report "Common Stock Indexes, 1871-1937" as showing that the average annual investment accomplishment over this 67-year period of all industrial common stocks listed on the New York Stock Exchange was 8.8%. This 8.8% annual increment was derived 6% from income and 2.8% from appreciation in market value. Sedgwick expressed the opinion that investment results of common stocks after 1937 have exceeded this 8.8% average.

A more recent study is that of Morgan Stanley & Co. who computed the results of investing $100,000 each year in the Dow-Jones industrial common stock averages at average annual prices over the 24 years starting in 1929 and concluding with 1952. No provision was made for the reinvestment of dividends. This method involves dollar averaging, a procedure characteristic of the operations of a pension plan which has periodic contributions

Continued on page 43

Chemicals—General and Bucolic

By IRA U. COBLEIGH

Author of "Winning in Wall Street"

A look at the progress of chemistry, especially as it relates to land and livestock and induces investor interest.

Chemistry is so diverse and fabulous an industry that any short article on it is like the blind men describing the elephant—it depends entirely on your position and approach. While tens of thousands of students at this commencement season are breathing a vast sigh of relief that they've passed their "chem" exams, and turned in those tough "lab" reports, the industry is complaining that there are not half enough university grads with a chemical sheepskin. For this is the fastest growing of our major industries, gaining roughly 10% a year, while the manufacturing industry average increase is only a paltry 3% per annum. For 1952, chemical plant addition, $1.6 billion, was exceeded by only one other industry — petroleum, with $2.8 billion.

Ira U. Cobleigh

For the figure minded, gross chemical sales now exceed $10 billion a year and in the now famous Paley Report, from which everyone quotes, the chemical industry is slated to grow 400% in the 1950-1975 quarter century. From the investor viewpoint, 83 chemical shares are listed on the New York Stock Exchange, and securities in this field rank second, I believe, in the portfolio popularity in the major investment trusts; and the largest specialized mutual fund is devoted to this industry, Chemical Fund, Inc.

But frankly, I have but touched on the romance of chemicals and their vital impact on our way of life. If you really want to get inspired, or even jolted, virtually into the synthetic future that lies in store for us, read the startling new book, "The Road to Abundance." It projects, to the nth power, the trend most of us have noticed from natural or animal, to synthetic products. In our time, we've already seen natural rubber replaced, or duplicated chemically; dyes, not from madder roots or indigo, but from coal tar; Vicara imitating sheep wool, nylon brushes replacing animal bristle, nylon giving unemployment to silk worms, plastic replacing leather and wood, rayon improving on cotton, and fiber glass invading dozens of fields. The book I mentioned, however, carries chemicals almost to a point where the farm and the mine become virtually obsolete. In metallurgy, fibers, plastics, munitions, motors, pharmaceuticals, paper making, agriculture and atoms, the march of chemistry is thrilling and loaded with significance for everyone from infant to investor.

Nitrogen Production Climbs

The foregoing will serve as panoramic background for our narrower topic for today, agricultural chemicals. You must admit we've gone a long way here, too. When the Pilgrims landed, they learned from the Indians to drop a fish head in each hill of corn they planted. This was the pioneer American fertilizer, and a very far cry from our current age where our farmers spend about $2 billion on the various chemical helps to efficient production. The earliest, and largest item, is still fertilizer. Nitrogen, phosphate and potash are the big basics here, in that order. Of these, the biggest current expansion is in nitrogen, now produced from the atmosphere, aided by hydrogen developed from natural gas. Allied Chemical and duPont for years led in nitrogen production, but now have plenty of company with Commercial Solvents just opening a $20,000,000 new plant, and big output by Mathieson, Spencer; plus oil companies loaded with natural gas such as Atlantic Refining, Cities Service and Phillips Petroleum.

Florida and Tennessee are headquarters for phosphate deposits, and the leading extractors for fertilizer purposes are American Agricultural Chemical, American Cyanamid, Virginia-Carolina Chemical, Davison Chemical, and International Minerals (more of these last two, a little later).

Potash used to be heavily imported but today we produce 90% of our needs principally from deposits in New Mexico, and Southern California. International Minerals again, U. S. Potash Co., and Potash Company are big potash factors.

Profits from Fertilizer

The need for fertilizer is compelling in two ways. First, profits. Farmers find that a dollar spent on fertilizer can reap a four-fold dividend in crop production; and farmers today spend roughly 5% of their cash income on fertilizer. The second reason transcends the profit motive. We have only so much land to start with, and we lose a few million each year due to suburban growth, and soil erosion. And all the while our population grows apace. So we've got to add a whale of a lot of fertilizer to fields, to offset the depletion of decades, and to increase yields per acre, or we won't eat any better than the Chinaman! Thus sustained investment in fertilizer companies might seem logical, on the demand side at any rate.

But we don't stop with soil foods — there are bugs such as worms, weevils, borers and beetles; and our bucolic boys spend a quarter billion a year to fight them. Until 1941, either arsenic, or plant-produced items like nicotine, were the bug battlers. Now we have DDT, parathion, toxophene and new ones on the way. American Cynamid, Dow, and Pennsylvania Salt Co., Hooker Electrochemical, duPont come to mind for producing these pesticides.

Selective Weed Killers

After enriching the soil, and laying low the crop attackers, the farmer has another problem—weeds. They had weeds and tares in Biblical times and they have 'em today. But the lab boys are going to work on this too. Years ago they invented weed killers, but these had the disadvantage of killing everything in sight. Now we're getting stuff that's more selective; either that, or it can knock out all the weeds in a field before the seeds are in. Thus the plants can grow without the customary, and often backbreaking, competition. Monsanto, Dow, and the ubiquitous American Cyanamid are among the front names when herbicides are mentioned.

Finally, there are chemical accelerators, such as the Pfizer product, Terralac, which "revs up" the growth of piglets.

This is but a slight run-down on farm chemicals and some of their producers, and before we

wind up it might be well to look at a few specific companies.

Touched upon in an earlier article here were American Agricultural Chemical and Virginia-Carolina Chemical. Today, let's talk about three more. The first is Davison.

Some Industry Leaders

Davison Chemical Corp. is a leading agricultural chemical producer, specializing in superphosphates and mixed fertilizers. It is also increasing in industrial sales in sulphuric acids, silico-fluorides and catalysts. A $25 million expansion program, well underway with completion by July, 1954, suggests growth in earning power; and the acquisition of 21% of common, and about 19% of preferred by W. R. Grace Co. is regarded as a factor for aggressive management. The investor in Davison Chemical has two vehicles at his disposal—the common with 803,333 shares outstanding which earned $3.24 and paid $1.50 in 1952, and the $2.30 preferred convertible into 1⅓ shares of common till June 30, 1962. DAS common sells on NYSE at 32 and the preferred at 50.

Spencer Chemical is a progressive and rapidly growing outfit specializing in anhydrous ammonia, methanol and a lot of products derived by applying pressure to natural gas. Net sales have grown from $11.8 million in 1948 to $28.8 for 1952 and a new $14 million nitrogen plant in Vicksburg, Miss., to be completed later this year, should carry sales to new heights for 1953. Supplying around 10% of the national nitrogen agricultural production, Spencer leans heavily on the farmers, and vice versa.

One million shares of SCH common are selling at 52 on NYSE. They paid $2.20 last year against earnings of $3.61. There's also a preferred ($4.60) and a $2.25 second preferred convertible share for share into common through 9/15/61; these items being preceded on the balance sheet by $15 million of long-term debt. Spencer Chemical is a lively company, and if it can sustain its five-year growth curve at the same rate, then shareholders should face a cheery future.

International Mineral & Chemical Corp. assets grew from $27 million in 1940 to over $86 million in 1952, a pretty impressive bit of corporate forward motion. It's a powerful factor in two basic fertilizer ingredients—phosphate and potash. Its Amino Products Division developed "Accent," a chemical bringing out the flavor of foods, now widely sold and used. Because of a highly competent management, increased diversity of products, sound financial position and a price of 32 (only 11¼ times earnings), IGL common is favorably regarded in its field, and has frequently been found on lists of "growth stocks." For the more conservative, there's a $4 preferred selling around 84 and a 3.65% debenture convertible into common at $50, and now quoted at 96. Nobody knows whether or not now is an ideal time for share purchase, but IGL probably deserves a place somewhere on your list of equities worth considering.

So now we're ready to wind up with a salute to chemicals in general, and rural chemicals in particular. They help us to eat well, and they belong in our scheme of life if not in our diverse share holdings. And nearly every chemical share is in a position to benefit of the demise of EPT.

Korean Truce Still Leaves Free World in Danger

By SHERMAN ADAMS*
Assistant to the President

Former New Hampshire Governor and Congressman, holding "we are not satisfied with a state of belligerency," warns dangers to peace will remain even with a Korean truce. Stresses "there is nothing in the terms of such a truce which will give any permanent relief in the ominous threat which confronts the free world."

The worlds we seek to conquer already belong to us. We are done with militant diplomacy. We cling to the belief that a great attribute of force is patience and understanding. We do not try to intimidate and we will not be intimidated. Our reliance is upon persuasion, example, friendliness, and the firmness in belief in our own institutions. We throw out no warnings nor ultimatums, yet it must be clear to all Americans that we will not be permanently satisfied with a state of belligerency which has become little short of a state of national frustration. We will, as we always have, be as liberal in the terms of any peaceful contract as our conscience and honor dictate. It is time that peaceful terms find their way into peaceful hearts.


Sherman Adams

Truce in Korea—and What Happened in 1946

On the eve of what appears to be the promise of an early truce in Korea it is well for us not to forget certain things that happened in the year 1946. As a Congressman at that time, I remember the terrific pressure brought upon every member to see that the boys got home at the earliest possible moment. There was first a great feeling of relief that spread over the country, followed by a pleasant complacency about the future. Yet the *fact was that we were at that moment* in great danger. *At the moment of a Korean truce we shall be in danger.* There will be nothing in the terms of such truce which will give any permanent relief in the ominous threat which confronts the free world. Any retard in carrying out vigorously the policies already initiated to promote the security—externally and internally—of this nation will aggravate immeasurably the threat which confronts us. Any such collapse as occurred in 1946 could actually beckon the Soviet to come and attack with the forces — atomic and otherwise — they have already mobilized.

We are now confronted with this simple question: Can free men actually govern themselves? In the course of the experience of you young men and women this question will have to find a better answer. In the activities of the present day there is no clear indication that with all of the institutions so carefully conceived by the proprietors of the Republic, that we yet can use those instruments of free government with sufficient wisdom and self-discipline to meet today's demands. That hope lies with you.

While your hope is in your country, your country's hope lies with you. The interests of both dictate that you should guard your health, that you be of courage and good cheer, and that you devote your full talents to whatever may be your lot. I cannot better express my wish for you than to repeat the sentiments expressed in the song of Harrow in which Winston Churchill used to like to join with the boys:

Forty years on, growing older and older,
Shorter of wind as in memory long,
Feeble of foot and rheumatic of shoulder,
What will it help you that once you were strong.
God give you bases to guard and beleaguer,
Games to play out, whether earnest or fun,
Fights for the fearless and goals for the eager,
Twenty and thirty and forty years on.

*From an address by Gov. Adams at the Commencement Exercises of St. Lawrence University, Canton, N. Y., June 7, 1953.

Shreve Gov. of Ass'n Of Stk. Exch. Firms

Wickliffe Shreve, partner of Hayden, Stone & Co. has been appointed a Governor of the Association of Stock Exchange Firms to serve until the annual meeting of members in November. He fills the vacancy caused by the death of the late Frederick C. Rogers of Thomson & McKinnon.


Wickliffe Shreve

In addition to his other activities on behalf of the securities industry, Mr. Shreve is Chairman of the important Joint Committee on Education—a project supported by the American Stock Exchange, Association of Stock Exchange Firms, Investment Bankers Association, National Association of Securities Dealers, and the New York Stock Exchange.

With Harris, Upham Co.

(Special to THE FINANCIAL CHRONICLE)

OMAHA, Neb.—Fred J. Borghoff is now with Harris, Upham & Co., 1620 Farnum Street.

Dealer-Broker Investment Recommendations & Literature

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

Beneficiaries from the Lapse of EPT—Data on **American Phenolic Corp., Collyer Insulated Wire, Gisholt Machine, New Britain Machine, Plastic Wire & Cable Corp.,** and **Welex Jet Services, Inc.**—Amott, Baker & Co., Inc., 150 Broadway, New York 38, N. Y.

Canada Under Two Queens—Comparison of development of Canada in the reign of Queen Victoria and present day—Nesbitt, Thomson and Company, Limited, 355 St. James Street, West, Montreal, Que., Canada.

Eligible Book—Preferred and common shares listed on the Toronto and Montreal Stock Exchanges considered eligible for investment by Canadian Life Insurance Companies—Cochran, Murray & Hay, Dominion Bank Building, Toronto, Ont., Canada.

Guide for the Buyer of Securities—Selected lists offering interesting potentialities in varying quality categories—Francis I. du Pont & Co., 1 Wall Street, New York 5, N. Y.

Industry and the Atom—Highlights No. 23—Troster, Singer & Co., 74 Trinity Place, New York 6, N. Y.

Motion Picture Industry — Analysis — Goodbody & Co., 115 Broadway, New York 6, N. Y.

Oil in Florida—Comprehensive study—First Research Corporation, First National Bank Building, Miami 30, Florida—$5.00 per copy.

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

Prime Commercial Paper Rates & the Stock Market—Bulletin—John H. Lewis & Co., 63 Wall Street, New York 5, N. Y.

Public Utilities—Analysis with particular reference to **Madison Gas & Electric Company** and **Cincinnati Gas & Electric Company**—Paul H. Davis & Co., 10 South La Salle Street, Chicago 3, Ill. Also in the same bulletin are data on **Variety Chain Stores** with particular reference to **Butler Bros.** and **F. W. Woolworth** and a discussion of **City of Chicago Waterworks System, Corn Products Refining Company** and **Mackinac Bridge Authority.**

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

Secrets of Professional Stock Selection — Technical treatise on stock selection—$10.00—Dept. C-144, W. D. Gann Research Inc., Box 656, Scarsdale, N. Y.

Tokyo Stock Bulletin—Nikko Securities Co., Ltd., 4, 1-chome, Marunouchi, Chiyoda-ku, Tokyo, Japan. Also available is a list of expected **New Share Offering and Yields** and a booklet of **Commission Rates** on the Tokyo Stock Exchange.

* * *

Allied Paper Mills—Late data—Moreland & Co., Penobscot Building, Detroit 26, Mich.

American-Marietta Co.—Analysis—Walston & Co., 35 Wall Street, New York 5, N. Y.

American Optical Co.—Analysis—Lober Brothers & Co., 30 Broad Street, New York 4, N. Y.

Anheuser-Busch, Inc.—Analysis—First California Company, Inc., 300 Montgomery Street, San Francisco 20, Calif. Also available are reports on **American Telephone & Telegraph Company, Arizona Public Service Company, Pacific Gas & Electric Company,** and **Tennessee Gas Transmission Company.**

Beaver Lodge Oil—Progress report—Garrett and Company, Fidelity Union Life Building, Dallas 1, Texas.

Boston & Maine 5% Convertible Preferreds—Analysis—Oscar Gruss & Son, 150 Broadway, New York 38, N. Y.

Capital Airlines—Bulletin—Stanley Heller & Co., 30 Pine Street, New York 5, N. Y.

Chesapeake Industries, Inc.—Analysis—Troster, Singer & Co., Co., 74 Trinity Place, New York 6, N. Y.

Crompton & Knowles—Bulletin—May & Gannon, Inc., 161 Devonshire Street, Boston 10, Mass. Also available is data on **Saco Lowell Shops.**

Falconbridge Nickel Mines, Limited — Analysis — Gairdner & Company, Inc., 40 Wall Street, New York 5, N. Y.

First Bank Stock Corportaion (Minneapolis)—Analysis—The First Boston Corporation, 100 Broadway, New York 5, N. Y.

Ford Motor Company of Canada Ltd.—Analysis—James Richardson & Sons, 173 Portage Avenue, East, Winnipeg, Canada and Royal Bank Building, Toronto, Canada.

Fownes Brothers & Co., Inc.—Analysis—Englander & Co., 115 Broadway, New York 6, N. Y.

General Credit, Inc.—Memorandum—John R. Boland, 30 Broad Street, New York 4, N. Y.

Hamilton Manufacturing Company—Analysis—The Milwaukee Company, 207 East Michigan Street, Milwaukee 2, Wis.

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

Marine Midland Corporation—Analysis—Kidder, Peabody & Co., 17 Wall Street, New York 5, N. Y.

Marshall Field & Co.—Analysis—Hayden, Stone & Co., 25 Broad Street, New York 4, N. Y. Also available is an analysis of **Struthers Wells.**

McQuay, Inc.—Report—Loewi & Co., 225 East Mason Street, Milwaukee 2, Wis. Also available is a report on **S. D. Warren Company.**

Plymouth Oil Company—Analysis—Van Alstyne, Noel & Co., 52 Wall Street, New York 5, N. Y.

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

Richardson Company—Analysis—H. Hentz & Co., 60 Beaver Street, New York 5, N. Y.

Riverside Cement Company—New analysis (Report C-20)—Lerner & Co., 10 Post Office Square, Boston 9, Mass.

Russell Reinforced Plastics Corp.—Memorandum—Aetna Securities Corp., 111 Broadway, New York 6, N. Y.

Scott Radio Laboratories—Memorandum—Republic Investment Co., 231 South La Salle Street, Chicago 4, Ill.

Scranton Spring Brook Water Co.—Analysis—Ira Haupt & Co., 111 Broadway, New York 6, N. Y.

Southwestern Development Co.—Bulletin—Wells & Stanton, 1517 Texas Avenue, Lubbock, Tex.

Spencer Chemical Company—Analysis—Cruttenden & Co., 209 South La Salle Street, Chicago 4, Ill.

Utana Basins Oil—Information—**W. D. Nebeker & Co., Pacific** National Life Building, Salt Lake City 10, Utah. **Also available** is information on **Ute Royalty and English Oil.**

Willys-Overland Motors, Inc.—Review—Hirsch & Co., 25 Broad Street, New York 4, N. Y.

Wisconsin Central Railway—Analysis—Thomson & McKinnon, 11 Wall Street, New York 5, N. Y.

Continued from page 5

The Market . . . And You

of such a positive approach evidently has been mounting.

* * *

Bad News Discounted

Yet all of this now is known, and its discounting over the last six months must have been very complete. It does not seem possible that the market can much longer prove vulnerable to such items as the continuation of high taxes, not so long as the unknown as it unfolds day-by-day and week-by-week continues to be a record-breaking level of domestic business. The barometric paperboard industry reports the highest level of unfilled orders in its history. Outside bank debits are holding up; department store sales practically every week so far this year have been above like periods of last year; construction contracts, the measurement of future activity in this great industry, are 18.5% ahead of the corresponding 1952 period; lumber new orders for April were the highest since August, 1950; electric power output has declined only slightly from the winter into the summer, a contra-seasonal strength reflecting the immense drive for output.

* * *

Yet all of these elements, and more like them, are well known in the current market equation, and they have not proved sufficient to hinder the flight out of equities into cash. What is known is discounted, so the theory runs, and probably is true enough most of the time. It is the unknown which traditionally is discounted with great conservatism, especially when it is feared that it may be bad, as is now the undoubted case. The unknown is the coming condition of business next winter.

* * *

Industrial Prices Stable

At least two of the main elements in the fears for profit margins over the next six to 12 months must be taxes, and the crash in the commodity markets. The latter will mean some inventory losses for the companies directly concerned, but on the whole the movement of the averages never in the past has shown any particular correlation with the fluctuations of the commodity markets. In this connection, it should be noted that it is almost entirely the farm commodities which have suffered this year, coming down from their politically-inspired peaks. The average price of industrial products is now well up from what it was at this time a year ago, at 113.4 against 112.4. Steel prices now are being raised, an attempt is being made to advance crude oil, and the seventh round of wage inflation is rolling outward. The coming winter, from the viewpoint of commodity prices, ought not to look so bad for most companies when they start to get up against it.

EPT Demise Inevitable

As for taxes, it is even now not too certain that EPT will be maintained beyond the end of the month. It might go out, with dramatic implications for quite a list of companies whose shares are under pressure. Even if only continued for three months, or perhaps for six months coupled with a firm announcement that this will end this absurd tax, the coming winter would loom up as perhaps not so bad after all.

It seems dangerous to us to keep on pressing stocks for sale at prevailing levels. A great deal must already have been discounted by the big break of recent weeks. If Korea can be gotten out of the news, some buying courage might well tend to return.

The stocks making big EPT payments seem worth accumulating from here on down, for their future profits will have the stimulation connected with the wiping out of this impost, whenever it may be. They are at least a good speculation on the chance that this might be sooner rather than later.

* * *

High EPT Payers

Companies which have made exceptionally high EPT payments are Revere Copper & Brass, paying $3.76 per share and leaving $5.28 per share for the stockholders; Bendix Aviation, tax $4.16 net $7.22 per share; Cincinnati Milling, tax $7.31 net $11.14 per share; Timken Roller Bearing, tax $2.55 net $4.38 per share; General Railway Signal, tax $2.63 net $3.99 per share; General Electric, tax $2.02 net $5.26 per share; Boeing, tax $5.60 net $8.67 per share. The potential list is very long, well above a hundred, and the influence upon the market could be considerable depending upon what is done concerning this burden. These per-share tax figures are only the EPT payments, not total taxes.

* * *

Recommended Rails

The rail figures for May will be coming along shortly, and should prove excellent. If the tonnage movement holds up over the balance of the year as expected, these equities should prove cheap at prevailing figures. In the recommended category are Atchison, Chicago Rock Island & Pacific, Denver & Rio Grande Western, Kansas City Southern, Southern Rwy., Seaboard, Illinois Central, and Western Pacific. Particularly recommended are Rock Island and Southern.

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

Roadblocks to Peacetime Atomic Energy Use

By E. BLYTHE STASON*
Dean, University of Michigan Law School

After calling attention to vast potential utilization of atomic energy in generation of power and in expansion of chemical industry as well as other fields, Dean Stason explains legal rights, privileges, powers, and duties that should bring order to atomic technological developments as now being studied by the Institute on Industrial and Legal Problems of Atomic Energy at Ann Arbor, Mich. Points out, under Atomic Energy Act, private capital is actually precluded from embarking upon many phases of large scale atomic enterprise and calls for immediate revision of Act to lay foundation for entrance of industry into atomic field.

We in the Phoenix program seek by our studies to promote peacetime utilization of atomic energy. You, in industry seek by your plant operations the same worthy end. Technological difficulties must be overcome and the security of the nation must be preserved, but subject to such limitations, we want no unnecessary delay in making the benefits of atomic energy available to the nation.


E. Blythe Stason

One of the principal benefits will be a vast and flexible new source of energy for the generation of electric power. Another will be a challenging expansion in the chemical industry with wide-open possibilities for new chemical products to serve mankind. One pound of uranium fully utilized will produce the heat energy of 1,250 tons of coal. The known supply of fissionable fuels, so we are told, exceeds by some 23 times the available supply of conventional fossil fuels. In reactors, the huge basic units for large scale utilization of atomic fuels, we will produce not only heat to be converted into power but also hundreds of new style atoms, furnishing new building blocks for imaginative chemists and chemical engineers to fashion into designs for the future. The potentialities for the good of mankind are very great indeed.

Phoenix Project No. 30

In Phoenix Project No. 30—Legal Problems of Atomic Energy, we have been exploring the unique legal rights, privileges, powers, and duties that will, we hope, bring order to these future technological developments. We are studying so-called public law aspects; powers of the Atomic Energy Commission—Administrative, quasi-legislative and quasi-judicial powers; powers of the Joint Committee of Congress; questions of security and control of information; international arrangements; contracts for the development of the vast AEC program; etc. Then we are also studying the more strictly private law problems—civil liability for injuries to persons and property—to employees and to outsiders; the insurance aspects of the business; and very particularly, the limitations imposed by state and Federal laws upon the investment of private capital in this new and dynamic field.

In June of 1952 we held in Ann Arbor an Institute on Industrial and Legal Problems of Atomic Energy, the proceedings of which have now been published as the first volume in our Legal Series on Atomic Energy. Our second volume, dealing with the Legislative History of the Atomic Energy Act, is now ready for the printer. The third volume, covering the Atomic Energy Act and AEC powers, together with principles of Contract and Tort law applicable to atomic energy, is well along and will be published early in 1954. A fourth volume, dealing with Security Patent Rights, and certain other matters is still to come. We are definitely on our way.

The Powers of AEC

In discussing the subject assigned to me for today, namely, "Legal Roadblocks to Peacetime Utilization of Atomic Energy," I am really taking a section out of the third volume, i.e. the portion dealing with the Atomic Energy Act of 1946 and AEC powers under it. I am going to discuss with you certain limitations found in the Act—limitations which seriously impede, if they do not completely preclude, the flow of private capital on a really large scale into this new field of applied science.

I carry coals to Newcastle when I say in this audience that American industry stands ready to absorb reasonable risks in new and promising fields. But it must at the same time be recognized that private capital will not be invested in an enterprise, or in any event, not at favorable rates, unless certain conditions exist, among which are (1) reasonable security for the investment, (2) reasonable certainty with respect to the conditions and restrictions under which the industry is to operate, and (3) normal incentives approximating those found in other areas of the American economy. With these as essential conditions for the growth of new enterprise, let us examine the Atomic Energy Act to determine how well they can be satisfied in peacetime atomic energy utilization under the present provisions of the Act.

Private Industry Repelled

At the outset let me suggest the conclusion that we on the staff of Phoenix Project No. 30 now regard as inescapable: we shall find that under the present statute private capital is certainly not attracted, but on the contrary is repelled if not actually precluded from embarking upon many phases of large scale atomic enterprise. The normal climate found in the American industrial scene simply is not there. It will be made clear, of that I am sure, that statutory changes are essential as the next step in the American atomic energy program if major participation of private capital is desired. I want to take you on a quick trip through the Atomic Energy Act, looking at seven specific provisions, asking you to appraise them in their relation to the future of the enterprise.

(1) First, if we look at Section 4 of the Act, the Section that deals with Production of Fissionable Material, we find that the language specifically makes unlawful the private ownership of facilities for the production of such material. It also makes unlawful the production of such material excepting under contract in Atomic Energy Commission facilities. A complete and exclusive government monopoly is established—a monopoly deemed essential to national security in 1946 when the Act was passed. What effect will these prohibitions have upon private utilization? I have already mentioned the fact that large scale operations require reactors. In the present state of the technology an atomic energy electric power plant can be built and operated in economic competition with existing facilities only in case it is a so-called "breeder" installation. That is a plant which in addition to consuming fissionable material as a fuel, also produces new fissionable material as a result of the impact of neutron flux upon a blanket of purified source materials (i.e. natural uranium or thorium). By this breeder process the reactor produces its own fuel for future consumption, thus assuring economical operation. But the fuel which is so produced is "fissionable material" as defined by the Atomic Energy Act, and, as I have said, Section 4 of the Act makes it unlawful for private enterprise either to own facilities for the production of, or to produce such material. How can a power plant be financed and built unless this obstacle is overcome—unless the statute is amended to legalize ownership of production facilities and production of essential fuels, all subject, of course, to essential governmental regulation to protect the nation's security and welfare. This roadblock must be removed if private capital is to be used to produce electric power by use of atomic fuels.

(2) Second, we look at Section 5 of the Atomic Energy Act, which Section covers Control of Materials. It is there specifically provided that title to all fissionable material shall be vested in the Atomic Energy Commission. Therefore, even if the ownership of production facilities were permitted and the production of fissionable material were authorized, the producer could not own his product. The Commission might, it is true, under another Section of the Act which authorizes the Commission to distribute fissionable material for industrial use, take action from time to time to declare that the materials produced in a privately owned reactor (if one could be privately owned and operated) should be deemed distributed to the producer. But remembering that fissionable material is an essential fuel, the legal entanglements in which the fuel supply would thus be involved would be embarrassing so say the least, and if the Commission should at some time decline to distribute the needed quantities, the plant would find itself shut down for lack of the essential fuel. Amendments to assure firm fuel supply, either by ownership or contractual right are clearly needed to eliminate this roadblock to private reactor development.

(3) Third, this same Section 5 deals not only with fissionable but also with all other kinds of atomic material, and it contains certain other troublesome provisions with respect to the source materials, i.e. the uranium and thorium ores and refined products thereof, which, though not in and of themselves fissionable, are the raw materials from which fissionable materials are made. According to Section 5, no source material can be obtained except under a license issued by the Commission. Such licenses, so it is stated, are to be issued, or refused, and after being issued they may be revoked in the discretion of the Commission under such standards as the Commission may deem necessary "to assure adequate source materials for production research, or development activities pursuant to the Act." In other words, there is the tightest kind of Commission control over source materials as well as fissionable materials, and even though industry has confidence in the present Commission and its staff, the question may well be asked: Can private enterprise afford to embark upon extensive long range development in which the essential fuel supply rests upon a shifting foundation of administrative discretion reposed in an ever-changing agency? Of course, again, these Section 5 limitations imposed by the present statute were adopted in 1946 to protect national security imperilled by a new and terrible weapon, but in seven years much water has gone over the dam, and in view of the circumstances of 1953 there are good reasons for believing that security can now be adequately achieved in less restrictive ways.

(4) Fourth, we come to Section 7 of the Atomic Energy Act, the Section devoted supposedly to Utilization of Atomic Energy in peacetime endeavor. At the outset we are confronted by the fact that

Continued on page 20

*An address by Dean Stason delivered on "Atom Day," University of Michigan, Ann Arbor, Mich., May 19, 1953.

Government Bond Prospects

By W. W. TOWNSEND*

Townsend-Skinner and Company, Inc., New York City

Holding Government Bond market hit bottom recently and for considerable time to come is likely to stabilize at current level, Mr. Townsend points out heavy over-subscription of the new 3¼% issue and the subsequent break in the market were due to speculators. Sees arbitrage opportunities now available in Government Bond market.

The only categorial assertion which can be made about the future prospects for government bonds is that they will be paid. Their market prospects, like the prospects for any market, are always matters of opinion. Honest differences of opinion, in fact, have made horse racing, politics, monogamy and markets possible longer than any of us have lived. However, and on the basis of visible indications, the government bond market hit bottom last week and is likely to stabilize, at or close to the levels now current, for some considerable period of time ahead. And the reason why that statement can be made with confidence is because the situation which prevails today is quite different from that which prevailed six months ago when the National Association of Mutual Savings Banks met in New York and the same subject was under discussion.

W. W. Townsend

At that time the government bond market appeared to have stabilized at a level two or three points above the level of today but the corporate bond market was definitely out of line on the high side, and the statement was made that if later on it seemed advisable to the government to issue a 30-year bond to yield 3% it would probably increase corporate yields from 3.15% to 3.40% almost at once. What happened in the interim history well known to almost everyone, but for purposes of clarification it should be recounted.

*Abstract of a talk by Mr. Townsend before the Savings Banks Association of New Hampshire, Portsmouth, N. H., June 13, 1953.

For some time during the first few months of 1953 it was a moot point whether the government would issue a long-term bond, intermediate bond, or would continue to finance in the shorter brackets. On the basis of the quotations which were prevalent, it would have been quite feasible for the government to have offered institutional investors the choice of a 25-year 3% issue or a 35-year 3¼% issue, as these yields were slightly higher than the interest "pattern" which had been established.

Whatever may have been the reason for the decision on the part of the Treasury is now beside the point. That decision was to offer something which would be obviously underpriced and would insure a heavy oversubscription. In taking this step it was necessary for the Treasury to assume that the rest of the market had been established firmly enough at levels then current so that the new issue would sell at once at a premium and would hold that premium. It was this assumption which proved to have been in error and which brought about the undoing of the entire market not only for the new issue but for the outstanding bonds as well. Also, it will be recalled that in discussion of the entire matter subsequently, several of those high up in the Treasury Department stated that they had learned a great deal about the market.

Speculative Buying of the New 3¼% Bond

The plain fact is that the 30-year 3¼% issue which would have been worth about 101 on a 3.20% basis and about 102 on a 3.15% basis were so definitely underpriced that they attracted the attention of the speculators, and although a strenuous effort was made to cut down on subscriptions which were obviously of a speculative nature, the fact remained that of the $5 billion bonds which were subscribed, a very substantial majority were for speculative accounts.

If the balance of the market had been as firmly established as was believed to be the case, the worst that could have happened would be to repeat the experience of June, 1952, when the six-year 2⅜s were offered, sold at once to a premium, sold off to a small discount and sold back almost at once to par or a slight premium. About the only other issues which were disturbed in the market at that time were the two 2¼% coupons due 1962, callable in 1959.

In the case of the 3¼% offering, the outstanding bonds did not push the new issue up but the new issue pulled the outstanding bonds down. In the process, the speculators were dislodged as had been the case with the earlier issue of 2⅜%, but the bona fide investors who actually wanted long bonds and were getting a 20% allotment did not step forward this time and support the market.

The statement has been made that the government obviously could not have sold any issue yielding less than 3¼% and running for 30 years, and in proof of that statement the evidence is offered that this particular issue did not hold its market and sold at once to a substantial discount from which it has not recovered.

Markets, however, are made in the first instance by men and by emotions, and are only balanced in the last analysis by mathematics. It was the heavy oversubscription by the speculators and their reluctance or refusal to hold their position regardless of price which depressed the market below par and created the appearance of a demand which would not be satisfied by any issue yielding less than the coupon carried by the bonds which were being offered.

Federal Reserve Enters Picture

The resulting disturbance in the general market proved to be one of those things which grows by feeding upon itself and when the 2½s of December, 1972, callable 1967, broke through 90, the Open Market Committee of the Fed decided that in the interests of maintaining an "orderly" market it would be necessary for them to enter the picture as they had not done before; and, as the evidence in the banking figures later disclosed, all it required to turn the market around and put it up a point or more was for the fact to become known that the Fed was in the market. Their actual purchases in the next few days were only a little over $100 million and were entirely in Bills.

The leadership thus provided, however, brought the insurance buyer into the market and today it presents the appearance at least of a market which went too far, righted itself, and is pretty firmly entrenched at the levels now prevailing.

The Corporate Bond Market

In the meantime of course all other markets allied to the government bond market were disturbed as had been anticipated as far back as last December, only more so. The yields on the very best corporate new issues went to 3.75%, the very good new issues or AA rated bonds were a little slow on a 3.90% basis, and the A rated bonds had to provide a yield of at least 4% in order to meet with a ready reception. The difference between today's situation and the situation which was called to the attention of the savings bankers six months ago is that today, with few exceptions, all the markets are in line with each other. There are bargains to be sure. It does not make too much sense, for example, to have the 2¼s of 1962, callable 1959, selling to yield more than the 2½s of 1972, callable 1967, but that happens to be the situation at the moment. There are many arbitrage opportunities which are available in the market and which probably will not last any longer than it takes for their existence to become well known. But, generally speaking, it can be said that the government bond market has "had it" and should be free from undue disturbance for the time being, barring of course some development now entirely unforeseen.

Suppose we adduce some supporting evidence for that last conclusion. Markets move down when there is more selling than buying pressure. The only reason in the world why managers of thrift institutions should entertain the though of liquidation at these levels is because of fear. That fear has been and is being rapidly dispelled. Their deposit picture is increasing at such a rate that, other things being equal, they should be buyers rather than sellers of bonds. During the month of April, 1953, deposits of savings banks in the United States increased $156 million in comparison with April, 1952, of $117 million and for the first four months of this year the increase has been $362 million as compared with $535 million for the first four months of 1952.

The insurance portfolio managers are also suffering from an embarrassment of riches in the shape of new premiums plus mortgage amortizations. The only substantial source of liquidating pressure which remains is the commercial banker. His situation is such today that he too should be holding, perhaps, but certainly not selling bonds on balance. His present source of embarrassment is the extent to which his loan position has increased and the danger that this might cause trouble, particularly in regard to loans directly or indirectly traceable to the tremendous increase in consumer debt. Because this is a situation which might cause the thrift institution executive some concern as well, it might not be inapropos to give it some consideration even in a discussion supposed to confine itself solely to the government bond market.

The country today has two distortions about balancing each other out from the national standpoint but not from the personal standpoint. A large segment of our population is saving money at a tremendous rate and under ordinary circumstances an excess of savings is likely to produce a slow-down in business.

Another large segment of our population is borrowing like mad. Consumer debt which stood at $5.6 billion at the end of World War II now stands at $26.7 billion. Instalment debt which was only $2 billion at the end of World War II now stands at $19.5 billion. Ordinarily an excess of borrowing produces an inverted pyramid of debt which topples over and brings disaster in its wake. In fact, it can be stated, and supported by historical evidence, that every single one of our depressions or recessions has been precipitated or accompanied by the collapse of one of those debt pyramids.

These two distortions, as stated before, just about balance each other out and produce an uneasy and unstable equilibrium but that cannot be done personally for the very simple reason that the savings of one man cannot be used to pay the debts of another.

The application of this to the problem of the thrift institution executive is very simply expressed—no one knows to what extent his savers may be borrowers, but to whatever extent that is the case the savings are likely to be requisitioned in order to pay the debts.

Therefore, and as an integral part of the program involving government bonds and their future prospects, it should not be amiss to call the attention of such executives to the fact that the policy of conservatism is always sound but under existing circumstances it is imperative.

Looks for Better Near-Term Market

George F. Shaskan, Jr., of Shaskan & Company, holds market recovery is likely and will improve over next 30 to 60 days.

What might be called a "dissenting opinion" has been put forward by George F. Shaskan, Jr., of Shaskan & Company, members of the New York Stock Exchange, on the near-term stock market outlook. This opinion is based upon the following beliefs:

Geo. F. Shaskan, Jr.

"(1) A Korean truce will result in no near-term reductions in defense expenditures.

"(2) The Federal budget will continue to remain out of balance.

"(3) The excess profits tax will be allowed to expire on June 30.

"(4) Interest rates will level off for the time being.

"(5) First half earnings reports will generally be good.

"(6) A technical reaction from the recent sharp drop is overdue.

"While almost all sections of the market should participate in this anticipated improvement," Shaskan & Company holds, "we should expect the chemical, electronic, and oil groups to do proportionately the best. Chemicals will be among the principal recipients of tax relief should the excess profits tax expire as we anticipate. Oils have suffered one of the severest set backs of any group and should reflect continued high earnings and the improved supply-demand picture."

With F. L. Putnam

PORTLAND, Maine—Felvus R. Ackrill has joined the staff of F. L. Putnam & Co., Inc., 97 Exchange Street.

The Administration's Economic Program and Chemical Industry

By HON. SINCLAIR WEEKS*
Secretary of Commerce

Speaking of the Administration's tariff policy as it affects the American Chemical Industry, Sec. Weeks tells of proposed commission to study whole subject of foreign trade, and warns of blinded self-interest of some American industries in their efforts to undermine President's foreign policy. However, he points out in our generosity to friends overseas, we may deny reasonable protection to American industries, and thus weaken an economic stronghold for entire world. Defends extension of Excess Profits Tax as due to government's financial plight, and says it would be tragic for businessmen to fail to face realities by looking at the economy as a whole, and not at their particular segment.

The chemical industry, though a giant, yet in terms of years is an infant industry. As such it is interested in tariffs. It, therefore, seems appropriate—amongst other subjects I intend to discuss — that I make some reference to this aspect of Administration policy.


Sinclair Weeks

President Eisenhower has urged the extension of the Reciprocal Trade Agreements Act. Congressional moves in that direction are taking place now.

The whole subject of foreign trade is extremely important and extremely complicated. In seeking a satisfactory solution, we must recognize the need for the security of the free world as well as for a sound domestic economy.

Past prejudices and will-o'-the wisp visions of miracles will not settle the perplexing matter.

The wisest immediate step is the thorough study of world trade in all its aspects by the commission recommended by the President. In this unbiased commission's deliberations the spokesmen of industries that fear foreign competition can be heard, as well as the advocates of "trade not aid."

So many other vital factors beyond tariffs are involved that unilateral approach could undermine the foundation of the President's foreign policy, on which the very survival of the free world—including American business—depends.

If, blinded by the gleam of self-interest, some American industries act on the theory: "Every man for himself and the devil take the hindmost," they may open their eyes—too late—to discover that in such tragic circumstances the devil usually takes all.

On the other hand, if in our intended generosity to friends overseas, we deny reasonable protection to American industries, which can prove a case for it, we could weaken the one economic stronghold which now protects the entire free world.

The challenge to economic statesmanship is to work out a trade policy which avoids extremes and finds how to do the most for the most people in the most practical way. The Eisenhower Administration is trying to do just that and at a later date will recommend a course of action which we believe will be profitable and equitable.

Another topic of interest to the chemical industry—not to say all industry—is that of depreciation schedules. I find that this is a top gripe of most businessmen who consult with Commerce Department officials. I am firmly convinced that there should be a change in depreciation allowances, so that the shorter years of obsolescence rather than the longer years of wear-out shall be the standard of depreciation.

The Administration is studying this problem to see what regulation changes and remedial legislation should be proposed. One drawback to immediate major action is that if the current set-up were substantially altered now, we would have to give a heavy allowance in the first year and thus lose revenues urgently needed in budget balancing.

The new Commissioner of Internal Revenue recently set the fair policy that once Federal agents come to agreement with a particular firm on a depreciation schedule that schedule will not be later over-turned. More importantly, it can be said that the Treasury also is studying proposals to liberalize depreciation on new equipment and hopes to produce some recommendations at the proper time.

The Excess Profits Tax

The chemical industry has seen a sizable proportion of its earnings drained off by the Excess Profits Tax.

I do not know of anyone in the Administration who does not dislike that tax — from concept to operation. Personally, I loathe the monstrosity. It destroys initiative. It hampers industry. It breeds bad practice in industrial operation.

One of the arguments raised is that it hurts smaller business. It certainly does. But the poison also spreads to all areas of business. The 1950 returns showed a total Excess Profits Tax of $1,385,000,000. Of this total approximately 89% was from corporations with taxable net income in excess of $250,000.

So the inequitable tax bears on both smaller and larger business, making it more difficult for either to expand, make jobs or lower prices.

Naturally, no one is going to drop out the Excess Profits Tax until personal income tax rates can be adjusted downward at the same time. Until we can provide a balanced budget, however, we simply cannot afford to eliminate revenue presently available unless there is other revenue to take its place.

As far as the Excess Profits Tax is concerned, it should be continued until Dec. 31 and then be allowed to expire at the same time as the personal income tax rates, according to statute, start downward.

The solvency of this country is one of the greatest problems of our generation. Without solvency we cannot have long-range prosperity and we certainly cannot support adequate national security. Yet an unreasonable desire for premature tax relief—marked in part by truce prospects—may injure our chances to nail down solvency.

As a businessman in government, I am shocked to find some businessmen ignoring the financial menace hanging over this government. If any one class should understand from experience and logic the perils of inflation and unchecked debt, it is the business community. Yet some of this group seem blind to realities.

Let us take a look at the nation's financial picture and we shall see the danger.

The actual budget deficit for fiscal year 1952 was $4 billion. The budget prepared by the previous Administration indicated deficits of $5.9 billion for 1953 and $9.9 billion for 1954—or $19.8 billion for three years.

We now discover that the preceding Administration had overestimated revenue for fiscal years 1953 and 1954. Making adjustments for estimated lower revenue we find that, without allowing for this Administration's expected economies, the 1953 deficit would approximate $7.4 billion and that for 1954 would approximate $11.1 billion.

These sums, added to the 1952 actual deficit of $4 billion would aggregate $22.5 billion in red ink for the three-year period and this in effect was the prospect we faced on Jan. 20 this year.

Must Stop Deficit Financing

If in an era of prosperity a pro-business Administration, staffed in high places by former businessmen, is not given the power to stop deficit financing, what hope can there ever be of getting this government on a solid financial foundation?

If businessmen don't back up wise financing and if, as a result of their walk-out, the sound money program fails, then, in the consequent inflation and mounting debts, businessmen themselves will suffer severely.

I solemnly warn any group of fellow businessmen that it will be tragic for them, if they fail to look at realities and at the economy as a whole instead of their particular segment. For:

(a) If our economy can be made stable as a normal condition, all business and all segments of society will benefit for years to come. But:

(b) If our economy is not made stable, no matter what specific immediate relief or help one segment of business or society may get, this narrow gain will be utterly nullified by universal instability.

One of the vital factors in budget calculations is, of course, the prospect for a truce in Korea with a cessation in fighting. Budget savings will naturally ensue, but will defense expenditures sharply drop off?

I say to you that defense production in the truce period will be kept up because we still live in an unsettled, dangerous world. Recollection of our stupid, swift, harmful demobilization after two previous wars will this time curb let-downs.

Any change in national or global affairs creates some uncertainty, which is reflected in the stock market and public psychology. But long-anticipated peace moves in Korea have been discounted by businessmen in their planning for 1953-54.

There are many indications of record prosperity. We have high personal income, high employment, high savings and high spending. Business is planning higher expenditures for new plant and equipment in the second and third quarters of this year than was anticipated.

I believe that all this evidence points to a continued high level of business activity—certainly for the immediate foreseeable future.

*An address by Secy. Weeks at the Annual Joint Meeting of the Manufacturing Chemists' Association and the Synthetic Organic Chemical Manufacturers Association, White Sulphur Springs, W. Va., June 12, 1953.

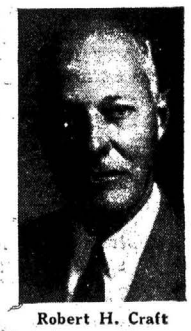
Midwest Exchange Elects

CHICAGO, Ill.—The Board of Governors of the Midwest Stock Exchange has elected to membership the following:

Charles L. Grandin, Jr., Piper, Jaffray & Hopwood, Minneapolis, Minn., and W. G. Houston, W. G. Houston & Co., Quincy, Ill.

Robt. Craft to Join American Secs. Corp.

William Rosenwald, chairman of the board, and E. F. Connely, President of American Securities Corporation, 25 Broad Street, New York, have announced the election, effective July 1, 1953, of Robert H. Craft as Executive Vice-President and as a director. Mr. Craft, who is resigning as Vice-President and Treasurer of the Guaranty Trust Co. of New York in order to assume his new position, is Chairman of the governmental securities committee, Investment Bankers Association of America; a trustee, The Bank for Savings, New York City, and Chairman of the finance committee and a director, New York Heart Association. During 1952 he served as technical consultant to the Board of Governors of the Federal Reserve System and the Federal Open Market Committee.


Robert H. Craft

Davenport Co. to Admit H. L. Ferguson

RICHMOND, Va. — Homer L. Ferguson, Jr., member of the Richmond Stock Exchange, on July 1, will become a partner in Davenport & Co., 1113 East Main Street, members of the New York and Richmond Stock Exchanges. Mr. Ferguson was formerly an officer of Mason-Hagan, Inc.

With Somerset Secs.

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Charles W. Partridge is with Somerset Securities Corporation, 235 Montgomery Street.

Missouri Brevities

May Department Stores Co. reports for the quarter ended April 30, 1953, net income of $2,173,000 after charges and provision of $2,450,000 for Federal taxes on income. Net is equal, after preferred dividend requirements, to 32 cents per share on 5,820,927 shares of common stock. This is the first time the company has issued a quarterly report, and no comparable earnings figures are available.

Net retail sales for the quarter ended April 30, last, amounted to $97,698,000, compared with $93,214,000 in like period of preceding year.

* * *

Western Auto Supply Co. reports sales of $13,725,000 for the month of May compared with $15,752,000 for the same month last year, a decrease of 12.9%. Sales for the first five months of 1953 were $67,608,000, an increase of 16.2% over the $58,188,000 reported for the first five months in 1952. Retail units in operation in May 1953, totaled 279 and wholesale accounts aggregated 2,783, against 271 and 2,664 respectively last year.

* * *

Newhard, Cook & Co., Reinholdt & Gardner and Stifel, Nicolaus & Co., Inc., together with **Dillon, Read & Co. Inc.,** on June 2 placed privately an issue of 43,000 shares of **Anheuser - Busch, Inc.,** common stock (par $4). Such offering did not represent financing by the brewery firm.

* * *

American Automobile Insurance Co. of St. Louis recently offered to its stockholders of record June 2 the right to subscribe on or before June 17 for 125,000 additional shares of capital stock (par $4) at $40 per share. Among the bankers underwriting the offering were **G. H. Walker & Co.; Newhard, Cook & Co.; Reinholdt & Gardner;** and **Smith, Moore & Co.** The proceeds of the issue will provide capital funds to permit the acceptance of an increased amount of insurance premiums by the company and its subsidiaries.

* * *

Included in the group of investment houses underwriting an offering to common stockholders of The Beryllium Corp. of record June 5 of 88,385 additional shares of common stock (no par value) at $25.50 per share was **Friedman, Brokaw & Co. of St. Louis.** The subscription offer will expire today (June 18).

* * *

Included in the group of underwriters who offered on June 11 an issue of $150,000,000 General Motors Acceptance Corp. five-year 4% debentures due July 1, 1958 at 100% and accrued interest were the following Missouri bankers: **Stern Brothers & Co.; Barret, Fitch, North & Co.; and Burke & MacDonald.** The offering was quickly oversubscribed.

The **Missouri Public Service Co.'s** net income for the four months ended April 30 was $448,955, equal, after preferred dividends, to 80 cents per share on the common stock. This compared with net of $473,689, or 84 cents per share, a year earlier.

Revenues were $3,240,493, against $3,045,539. Operating expenses, including $395,000 for income taxes, totaled $2,649,227, against $2,440,598 a year earlier. Interest charges were $142,514, against $135,126.

* * *

The loan limit of **Commerce Trust Co.** was increased June 2 as the result of a $2,000,000 increase in the surplus. The directors authorized a transfer of $2,000,000 from undivided profits to the surplus account, reducing undivided profits to about $5,000,000 and increasing surplus to $14,000,000. Capital remains at $9,000,000.

Directors voted the regular quarterly dividend of 50 cents a share, payable July 1 to holders of record June 19.

* * *

The voting trust agreement of **Pickering Lumber Corp.** under which the majority of the common stock is vested with a 3-man trustee may be terminated nearly two years before its expiration should the holders approve a proposed change in the amendment covering the trust, it was announced on June 2.

At the present time 785,880 shares of common stock (out of 956,118 shares outstanding) are subject to the voting trust.

Should 75% of the voting trust certificate holders assent to the proposal the trust agreement will terminate June 30, 1953, instead of March 31, 1955.

The voting trustees are James M. Kemper, F. H. Dierks and Henry N. Ess.

* * *

The net income of **Missouri Power & Light Co.** for the 12 months ended April 30 was $984,329, equal after preferred dividends to 49 cents per common share, compared with $1,120,133, or 59 cents per share, a year before. Revenues were $10,447,297, against $9,449,836. Operating expenses were $6,123,660, against $5,259,913. Income taxes were $820,500, against $789,000.

For the first four months ended April 30, net income was $398,981, compared with $448,393 a year earlier.

* * *

Of the 50,000 shares of common stock of **Union Wire Rope Corp.** offered through rights to stockholders, 19,616 shares were subscribed and the remaining 30,384 shares were taken by the underwriter for public offering.

Prices Should Not Be Forced Down to Prewar Level!

W. Randolph Burgess, former New York banker, now Deputy Secretary of the Treasury, says attempts in this direction would do more harm than good. Defends higher interest rates on Government Bonds.

There is no practicable way of forcing prices back down to a prewar level, W. Randolph Burgess, Deputy Secretary of the Treasury, told the annual Economics Seminar of The Graduate School of Banking of the American Bankers Association, at Rutgers University, New Brunswick, N. J. Mr. Burgess a former President of the American Bankers Association, was formerly Chairman of the Executive Committee of The National City Bank of New York.

W. R. Burgess

Forcing down prices, Mr. Burgess emphasized, "would do more harm than good." We have adjusted to the new level so much that turning back would upset the whole economy.

He added that the only hope for lower prices is the passing on to the consumer of part of the benefits of new technology and efficiency. "Our present task is to prevent further inflation, without putting on the brakes so hard as to 'throw us through the windshield,' to quote a friendly critic."

Discussing the Federal budget, Mr. Burgess said: "The budget is a tough nut to crack because of the Soviet threat and the huge mass of government commitments. We shall have an inherited deficit for this fiscal year ending June 30, of over $7 billion. By cuts already in process, we now estimate the 1953-54 deficit at $5.5 billion; and we hope to balance in 1954-55 by further cuts in spending."

Mr. Burgess said that the Federal Reserve System had been made partly a captive during the years of the New Deal, and its "facilities were used to foster inflation. Fortunately, the Reserve System against this abuse and in the spring of 1951 largely won its battle for freedom to exercise its powers to resist rather than encourage inflation. The result has been gradually tightening credit, which cannot be accomplished without rising interest rates."

Asserting that the Federal Reserve System was intended as a nonpartisan, nonpolitical agency, operating solely in the public interest, Mr. Burgess said that the New Deal had encouraged inflation through its policies of debt management by having the Treasury borrow heavily from the banks on short-term securities and having the Reserve System pump into the banks the money to buy them.

"Bank borrowing in terms of interest cost to the Treasury may be cheap," he said, "but it is exceedingly expensive for the country as a whole, as all Americans who have been hurt by inflationary prices should know. The sale of long-term bonds to investors carries a somewhat higher interest rate than the sale of short-term securities to banks. But this cost will be offset many times over if it lessens the risk of inflation, or of deflation. It should be noted that the larger interest payments will be going to insurance companies, savings banks, pension funds, and individuals, and will in this way benefit millions of families who have been damaged by inflation.

"These principles were followed in the sale in April of $1 billion of 3¼% bonds.

"We did not exhaust the funds in the market, for in the months of May and June it is estimated that other borrowers—corporate, state, and local government—are borrowing $3,300,000,000 in new long-term capital, compared with the Treasury's $1 billion of new money. This heavy borrowing is a major cause of rising interest rates and lower bond prices. There is no reason why the United States Treasury should step aside wholly for these other borrowers."

Mr. Burgess said that the Administration is committed to stopping further inflation. "A modest beginning has been made in lengthening out the debt. For the moment market conditions are unfavorable, but there will be many more opportunities."

Merrill Lynch Adds Six

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—James M. Carroll, Robert E. Cleary, Edgar R. D'Abre, Hugh J. Dinwoodie, Edward J. McAuliffe and John H. Valentine, Jr. are now with Merrill Lynch, Pierce, Fenner & Beane, 18 Milk Street.

Connecticut Brevities

United States Time Corporation has acquired two additional plants in the Waterbury area, bringing to three the number in that city. The company, which also has plants in Middlebury, Abilene, Texas and Dundee, Scotland, is increasing production of civilian watches and of defense articles, which includes artillery fuses. Present employment of over 6,000 is scheduled to be increased by about 1,000 when the new plants are in full operation.

* * *

Stockholders of **Derby Gas & Electric Corporation** have been offered rights to subscribe for one new share of common stock at 18¾ for each six shares owned of record June 1. Rights expire June 17 and any unsubscribed shares are to be offered to employees including officers. Proceeds to the company are to be used to repay bank loans of $800,000 incurred in connection with the 1952 and 1953 construction programs and are to be applied to current expenditures of the subsidiaries which serve Ansonia, Derby, Shelton and Danbury with gas and electricity and Wallingford with natural gas.

* * *

The interim four months' report of **New Haven Clock & Watch Company** for the period ended April 30 shows that earnings for the 1953 period were $0.81 compared to $0.28 a year earlier. Current volume of automobile clocks produced by the company is approximately double that of a year earlier and the management believes that several recently introduced products have promising commercial markets.

* * *

Stockholders of **Armstrong Rubber Company** have voted to reduce the authorized number of shares of 4¾% convertible preferred stock from 50,000 to 23,098; to increase authorized Class A common from 750,000 to 1,500,000 shares; to increase the number of authorized shares of Class B common from 80,000 to 160,000; to place a limitation on funded debt of $3,000,000; to empower directors to issue securities convertible into stock; and to issue authorized shares of any class.

* * *

Cheney Brothers has offered rights to its stockholders to subscribe for 23,872 shares of common stock at 11 on the basis of one new for each 10 held of record May 1, with rights expiring June 15.

* * *

The Navy Bureau of Aeronautics has announced that the Chance-Vought Aircraft Division of **United Aircraft Corporation** has won a design competition for a new Navy jet day-fighter. While details are not available, it has been stated that the new plane will have a higher performance rating than previous Navy day-fighters.

* * *

Colt's Manufacturing Company has recently been awarded a $3,794,572 contract to produce machine gun parts for the government. On Dec. 31, 1952, the backlog on defense contracts amounted to about $17,000,000.

Announcement has been made by **Emhart Manufacturing Company** of plans to construct a 33,000 square foot building to house the refractory department. The new plant will be located on the company's property in Bloomfield.

* * *

A letter of notification has been filed by **Hartford Special Machinery Company** with the SEC covering 7,500 shares of common stock to be offered at $20 par on a one for four basis. Proceeds, together with those from a $1,000,000 serial loan placed privately earlier this year, will be used for construction of a new plant in Simsbury, to purchase machinery and for working capital.

World Economic Problems

By HON. WINTHROP W. ALDRICH*
U. S. Ambassador to Great Britain

Asserting U. S. today stands at crossroads of the developing world economy, former prominent New York banker discusses our problems and policies to maintain and improve economic conditions both at home and abroad. Points out dollar shortage is still critical and upholds U. S.-British Conference proposals: (1) sound internal economic policies by both debtor and creditor nations; (2) freer trade and currencies; (3) creation of conditions of sound development of free world resources, and (4) constructive use of international institutions. Concludes, "to achieve a healthy world economy will require some adjustments at home as well as abroad."

We stand today at a crossroads in the development of the world economy. In the closing years of the last war, efforts were made to create the elements of a global economic system which would provide the much needed increased production and improved standards of living for peoples throughout the world. Attainment of these objectives was seen to be dependent on encouragement of the international flow of goods and services, capital, and money. There was to be a code of international rules and a new world-wide institution in each of three fields: The International Bank to foster investment and development; the International Monetary Fund to foster orderly foreign exchange patterns and to help finance short-term fluctuations; and the International Trade Organization to foster an expanding world trade without discrimination. The latter institution did not come into being, but substantial progress towards some of its objectives was made through the General Agreement on Tariffs and Trade.


Winthrop W. Aldrich

These concepts and institutions have been of some value. The World Bank in particular, under prudent and imaginative management has come to play an increasingly constructive role. But the dislocations in the world economy, some of long standing, all vastly intensified by the war itself, and further aggravated by the cleavage of East and West and the needs of Western rearmament, proved too severe to be dealt with by the concepts of Bretton Woods alone.

Over the last eight years, the foundations of the free world's economy have been maintained with the help of a series of temporary measures, including UNRRA, the Marshall Plan, the Mutual Security Program, the European Payments Union and others. There has been an amazing recovery in production in war-torn Europe and Japan. In most of Europe, internal finances have achieved at least a semblance of order. The free world has survived the shock of the post-Korean inflation and some subsequent downturn. The immense dollar chasm of the immediate postwar years has been greatly narrowed.

Dollar Shortage Remains Critical

Nonetheless, the problem of dollar shortages throughout the free world, and especially in Europe, remains a critical one. It is made manageable today only by crude and wasteful devices: severe restrictions abroad against dollar imports, complex and cumbersome exchange controls, and the abnormal contributions of American aid and foreign military expenditures. While such devices have kept crises within bounds and prevented utter collapse, they cannot be reconciled with the healthy and durable foundation for an expanding world economy which both we and our friends abroad require for our mutual security and prosperity.

This fact is recognized by thoughtful and far-seeing men of affairs in both public and private life the world over. It was this fact which led to the Commonwealth Conference in London of last December. Early last March, shortly after I took office as American Ambassador, I returned to Washington to attend the meetings at which British Foreign Secretary Eden and Chancellor of the Exchequer Butler presented to our new Administration the results of the Commonwealth Conference and besought our cooperation in working out jointly policies and measures which would provide a sounder foundation for international trade, finance, and economic development. The Washington talks would have been noteworthy alone for the personal contacts then established between the responsible leaders of our two governments, for the pound sterling and the American dollar are the two great trading currencies of the free world. But the talks produced more than these indispensable personal contacts; they elicited a free and genuine meeting of minds on (and I quote), "the essential elements of a workable and productive economic system within the free world." These elements were defined as (a) sound internal economic policies by debtor and creditor countries alike; (b) freer trade and currencies; (c) creation of conditions for the sound development of free world resources; (d) constructive use of international institutions.

Under the heading "freer trade and currencies" it was agreed that: "On the financial side the objective should be the eventual convertibility of sterling and other currencies and the gradual removal of restrictions on payments. On the trade side the objective should be to bring about the relaxation of trade restrictions and discriminations in a way which, in the words of President Eisenhower's State of the Union Message, 'will recognize the importance of profitable and equitable world trade.' It is in the interest of the United States to take such measures as are exemplified in the President's Message in order that the members of the free world may the better pay their way by their own efforts."

A Study of Our Foreign Trade Policy

Our government stated its intention to undertake over the ensuing months an intensive review of these subjects, to arrive at a sound judgment on specific courses of action. Since that time, President Eisenhower has initiated a series of steps to move forward on this front. He has assigned responsibility within the Administration to follow up the economic and financial talks held with the U. K., with the Organization for European Economic Cooperation in Paris, and with the representatives of other European governments. He has requested the extension without change for a year of the Reciprocal Trade Agreements Act, pending the thorough re-examination of our whole foreign economic policy. He has requested the passage during the current session of Congress of a measure to simplify Customs administration. He has supported a change in the drastic method of controlling imports of dairy products and other agricultural commodities now required by Section 104 of the Defense Production Act. Most important, he has recommended the establishment by the Congress of a Commission, to include members of both Houses of Congress and members appointed by the President, to make a review of our whole foreign economic policy as the basis for action during the 1954 Congressional session.

I want to call your attention especially to two key paragraphs in the President's letter of early May requesting the establishment of this Commission:

"An inquiry of this nature is imperative. The economic policy of this nation exercises such a profound influence on the entire free world that we must consider carefully each step we take. Changes in foreign economic policy—even those which at first have relatively slight consequences within this country—may either strengthen our allies or plunge them into a downward spiral of trade and payments restrictions, lower production, and declining living standards.

"Our foreign economic policy also has important implications here at home. Declining imports will necessarily mean falling exports, resulting in a serious loss of markets for our agriculture and other industries. Expanded imports may require some adjustments in our country. We must make sure that changes in foreign economic policy consonant with our position as the world's greatest creditor nation do not benefit particular groups at the expense of the national welfare, but we must also make sure that such changes do not place unequal burdens on particular groups."

This series of steps reflects the considered determination of the Administration to develop a foreign economic policy which is, in the President's words, "consonant with our position as the world's greatest creditor nation." This is a complex area which touches directly the interests of many and varied segments of our economic life. Awareness of this closeness of interest is reflected in discussion and debate in business, farm, and labor circles over the entire nation. I am greatly encouraged to see a growing number of key organizations in the country's economic life emerging from this process of debate with a recognition of the changed position of the U. S. in the world and strong endorsement of trade and investment policies appropriate to our creditor status. The views of these organizations will greatly assist the new Commission in its work.

In developing its recommendations on specific measures, the Commission will have to find ways and means of advancing the basic national interest by striving for a healthy world economy with due consideration for the needs of our domestic economy. I cannot anticipate what detailed proposals will be evolved, but I do know what their fundamental direction must be. That is an increased readiness to admit imports in open competition in our own markets so that our friends abroad can earn the means to buy what they want and desperately need from us and what it is in our our interest to sell them. To achieve this is essential to our own economic interest; it is also vital to our political and security interests in the free world.

Need of Policy of Increased Imports

It is essential that our policy of accepting increasing imports be a steady and a continuing policy, and that we make this clear to producers and suppliers in other countries. In his last broadcast to the nation, President Eisenhower stressed the need for a "healthy two-way trade." A healthy trade cannot be built in an atmosphere of uncertainty. One of the things which gives businessmen abroad the most concern is the fear that if they are successful in building up a good business in our country, it will be suddenly limited or cut off by governmental action. We must find ways of removing the grounds for this fear.

In my opinion there is one element in our policy that is clearly archaic. I am sure that it adds to the cost of our government. It certainly decreases the opportunities for other countries to earn their way. It obviously runs counter to the principle of fair business competition. It is regularly cited abroad as one more example that the U. S. is not prepared to act as a good creditor. I am convinced that it is totally unnecessary as a support to American industry.

This is the "Buy American" legislation, under which, as a government, we buy goods from abroad in only the most exceptional cases. Why should we not be sensible and abandon this obsolete policy? Unless there are bona fide security or other clearly demonstrable national interest considerations to the contrary, let us make our public purchases wherever goods of comparable quality can be found on competitive and advantageous terms. This would both save money for our taxpayers and promote world balance by removing one more obstacle to competitive business opportunities for our friends.

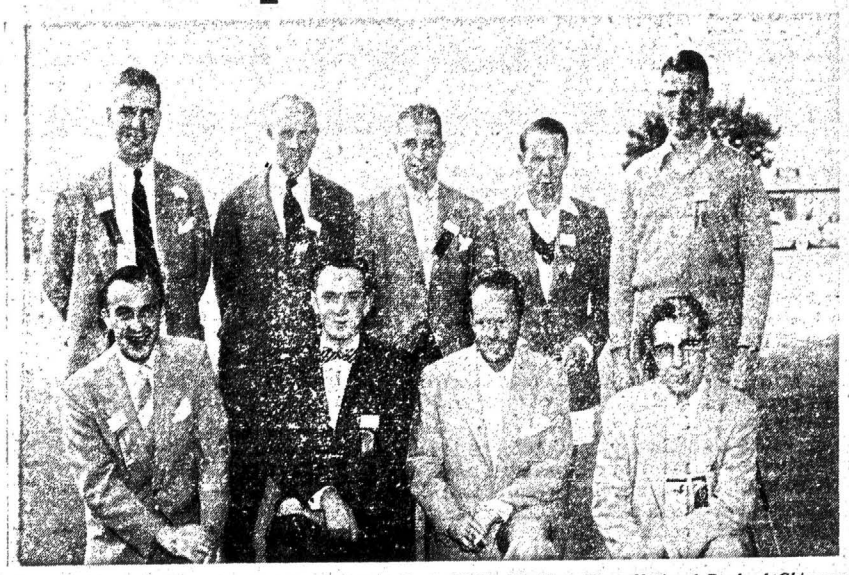
I stress American trade policy not as the sole, but as one indispensable element in a constructive total foreign economic policy. There are other essential elements: the promotion of private investment, expanded tourism, a sound strategic stockpiling policy, and the like. Nor can a healthy world economy be built by the U. S. alone. We can only remove obstacles to the efforts of others to earn their way in the world; they must produce the right goods and services at the right prices and at the right time, and they must find the energy and drive to sell them. International financial arrangements must be designed to facilitate the flow of goods and services, but no financial arrangements can substitute for a pattern of balanced physcial trade. It will take unremitting effort and close cooperation throughout the free world to create such a pattern.

I think it is right that time should be taken for the most thorough-going canvass of all aspects of these policies and their implications. But the world does not stand still. Failure to move resolutely forward can easily result in slipping backward. The President's target for decisive forward action is the Congressional

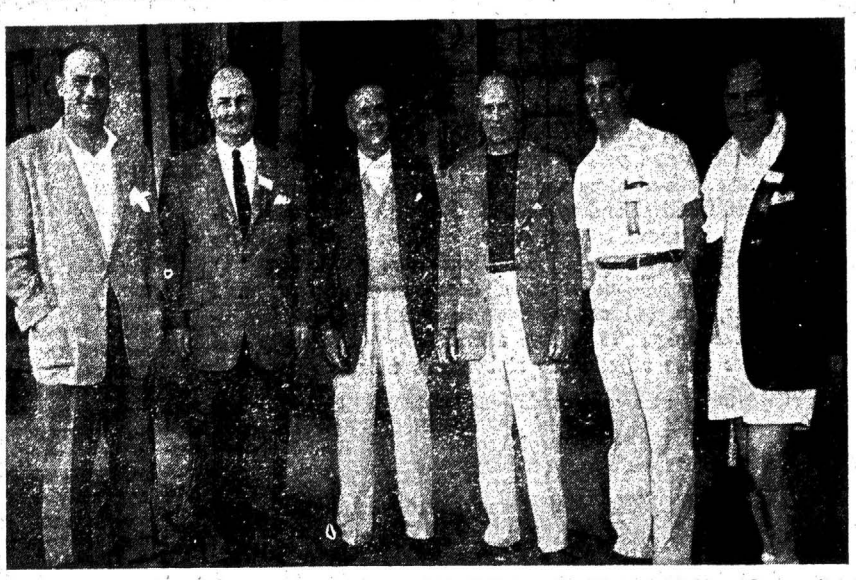
Continued on page 19

*From an address by Ambassador Aldrich at the Harvard University Graduate School of Business, Boston, Mass., June 12, 1953.

Municipal Bond Club of New York Elects 1953 Officers



Robert M. Goodwin, *National City Bank of New York;* Philip M. Hiss, *First National Bank of Chicago* (New York); William T. Burke, *Bacon, Stevenson & Co.;* Myles G. Walsh, *Blyth & Co., Inc.;* (in back) G. Seaver Jones, *Bankers Trust Company;* Douglas D. Ballin, *Hannahs, Ballin & Lee;* Paul W. Wolf, *Harris Trust & Savings Bank* (New York); Daniel O'Day, *The Northern Trust Company of Chicago* (New York); Robert R. Krumm, *W. H. Morton & Co., Inc.*



Roald A. Morton, *Blue List Publishing Co.;* David H. Callaway, Jr., *First of Michigan Corporation;* Thomas F. Adams, *Adams, McEntee & Co.;* E. Norman Peterson, *Equitable Securities Corporation;* J. F. Vandernoot, *R. W. Pressprich & Co.;* William J. Riley, *Drexel & Co.*

Winners in Contests at Outing

RYE, New York—Thomas F. Adams, of Adams, McEntee & Co., Inc., was elected President of The Municipal Bond Club of New York at the Annual Meeting of the Club held at Westchester Country Club, Rye, N. Y., Friday, June 12th. The meeting was held in conjunction with the Club's 20th Annual Field Day. Roald A. Morton, of The Blue List, was elected Vice-President; Floyd E. Stansberry, of Bankers Trust Co., Secretary, and George T. Ragsdale, of Lehman Bros., Treasurer. Elected to the Board of Governors were Monroe V. Poole, Harry W. Youngdahl and Frank P. Lynch.

The sports winners at the outing of The Municipal Bond Club were:

GOLF AWARDS

1st Low Net—Member—Thomas C. Cafone, of W. E. Hutton & Co. Net score 71.

2nd Low Net—Member—W. Neal Fulkerson, Jr., of The Bankers Trust Co. Net score 72.

3rd Low Net—Member—E. A. M. Cobden, of Kean, Taylor & Co. Net score 72.

1st Low Gross—Member—George L. Hamilton, of Dominick & Dominick. Score 78.

2nd Low Gross—Member—Roald A. Morton, of The Blue List Publishing Co. Score 79.

3rd Low Gross—Member—Eugene L. DeStaebler, of Sills, Fairman & Harris, Inc. Score 80.

1st Low Net—Guest—R. J. Cook, of Wm. J. Mericka & Co., Cleveland, Ohio.

2nd Low Net—Guest—George Kenny, of Willis, Kenny & Ayres, Inc., Richmond, Va.

1st Low Gross—Guest—J. Ward, Third National Bank, Nashville, Tenn. Score 75.

2nd Low Gross—Guest—William Harding, of Coffin & Burr, Inc., Boston, Mass. Score 79.

Nearest-the-Pin—John W. de Milhau, Chase National Bank, N. Y. C.

2nd Nearest-the-Pin—Edwin A. Stephenson, Chase National Bank, Chicago.

Longest Drive—Thomas C. Cafone, 252 yards.

2nd Longest Drive—John C. Fitterer, Jr., of Kuhn, Loeb & Co., with 250 yards.

1st Low Net—Twosome—William Harding, of Boston, and Thomas C. Cafone.

2nd Low Net—Twosome—R. J. Cook, Cleveland and Dana Baxter of Cleveland.

3rd Low Net—Twosome—Tack Owen, Equitable Securities, Nashville, Tenn., and E. L. DeStaebler, of Sills, Fairman & Harris, N. Y.

TENNIS CHAMPIONS

The tennis prizes, doubles won by Seth M. Glickenhaus, of Glickenhaus & Lembo, teamed with William J. Riley of Drexel & Company.

Runners-Up by Charles C. Horton of Wertheim & Co., teamed with Harold C. Taylor of Chase National Bank.

OTHER PRIZE WINNERS

The horseshoe prizes were won by: First, James F. Gilbert, of Hornblower & Weeks, teamed with H. G. Wells, Jr., of Andrews & Wells. Second, E. A. M. Cobden of Kean, Taylor & Co., teamed with Roald A. Morton, of The Blue List Publishing Company. Third, James E. Klingel, of Juran & Moody, St. Paul, teamed with Arthur F. Tubridy of Herbert J. Sims & Company.

The bridge tournament was won by Walton R. Dunn, of Mackey, Dunn & Co., Henry L. Harris of Goldman, Sachs; Harry J. Peiser of Ira Haupt & Company; and James M. Ransom of Harris Trust & Savings Bank.

Tennessee Governor Honored at Luncheon

Left to right: John Linen, Vice-President, The Chase National Bank; LeRoy H. Apgar, Harriman Ripley & Co.; John N. Mitchell, Caldwell, Marshall, Trimble & Mitchell; David M. Miralia, Halsey, Stuart & Co. Inc.; Mrs. Jeanne S. Bodfish, Comptroller, State of Tennessee; the Honorable G. Edward Friar, Secretary of State, the State of Tennessee; P. Hurley Bogardus, J. P. Morgan & Co.; Mrs. Ann Rutherford, Assistant Secretary of Funding Board, the State of Tennessee; the Honorable Frank G. Clement, Governor of the State of Tennessee; Frank K. Houston, Hon. Chairman, Chemical Bank and Trust Co.; N. Baxter Jackson, Chairman, Chemical Bank and Trust Company; William R. Snodgrass, Director of the Budget of the State of Tennessee; James B. Walker, Jr., Treasurer of the State of Tennessee; Donald C. Patterson, Asst. Vice-President, Chemical Bank and Trust Company; George E. Barnett, Jr., National City Bank of New York.

Frank G. Clement, Governor of the State of Tennessee, was guest of honor at a luncheon given June 16 at the Bankers Club by Wainwright, Ramsey & Lancaster, New York City, consultants on municipal finance. Members of the Governor's party included the Honorable G. Edward Friar, Secretary of State of Tennessee; James B. Walker, Jr., State Treasurer; Mrs. Jeanne Bodfish, State Comptroller; Mrs. Anne Rutherford, Assistant Secretary of the Funding Board, and William R. Snodgrass, Director of the Budget.

Other guests included:

Frank K. Houston, Hon. Chairman, Chemical Bank and Trust Company; N. Baxter Jackson, Chairman, Chemical Bank and Trust Company; John Linen, Vice-President, The Chase National Bank; D. K. Pfeffer, Vice-President, The National City Bank; Donald C. Patterson, Asst. V.-P., Chemical Bank and Trust Company.

T. Henry Boyd, Blyth & Co., Inc.; Walter Steel, Drexel & Co.; E. Norman Peterson, Equitable Securities Co.; B. H. Whitbeck, First Boston Corporation; James B. Ramsey, Jr., Granbery, Marache & Co.; David M. Miralia, Halsey, Stuart & Co., Inc.; LeRoy H. Apgar, Harriman Ripley & Co.; William R. McGill, Lehman Brothers; P. Hurley Bogardus, J. P. Morgan & Co. Inc.; A. W. Phelps, Phelps, Fenn & Co.; C. Cheever Hardwick, Smith, Barney & Co.

John N. Mitchell, Caldwell, Marshall, Trimble & Mitchell; John T. Haneman, Jr., Albert Frank-Guenther Law, Inc.

Carlton E. Heeseler, Moody's Investors Service; Walter H. Tyler, Standard & Poor's.

Alfred T. Harris, The Bond Buyer; Edwin L. Beck, Commercial & Financial Chronicle; Eugene Dickhuth, The Herald-Tribune; C. Dirck Keyser, Journal of Commerce; Patrick Carberry, Wall Street Journal; Lawrance Farrant, World Telegram & Sun.

George A. Phillips, Associated Press; Elmer C. Walzer, United Press.

Townsend Wainwright, J. Basil Ramsey, Robert E. Toolan, Wainwright, Ramsey & Lancaster.

F. C. Merk With Newburger, Loeb & Co.

Newburger, Loeb & Co., 15 Broad Street, New York City, members of the New York Stock Exchange and other Exchanges, announce that Frederick C. Merk has joined their Municipal Bond Department. Mr. Merk was formerly Trading Manager for Schwamm & Co.

Spingarn, Heine & Co. To Be New Firm Name

On July 1 the firm name of Leopold Spingarn & Co., 37 Wall Street, New York City, members of the New York Stock Exchange, will be changed to Spingarn, Heine & Co. William Boye, member of the Exchange, and Max L. Heine will become partners in the firm on the same date. Both are partners in Boye & Heine, which will be dissolved June 30.

Louis P. Rocker will withdraw from partnership in Leopold Spingarn & Co., June 30.

Neergaard, Miller to Admit T. W. Hill

Neergaard, Miller & Co., 44 Wall Street, New York City, members of the New York Stock Exchange, on July 1 will admit Thomas W. Hill to partnership. Mr. Hill has been associated with the firm for some time.

A. G. Becker Co. Inc. to Hold NYSE Members'p

CHICAGO, Ill.—A. G. Becker & Co. Incorporated, 120 South La Salle Street, effective July 1, will become a member corporation in the New York Stock Exchange.

A Business Cannot Stand Still

This, taken from the latest in a series of messages accompanying dividend checks to shareholders of Socony-Vacuum Oil Co., Inc., is reprinted here in the belief that it may interest a wider audience than the company's 174,000 stockholders.

SOONER OR LATER earnings determine dividends, and ultimately earning power determines earnings. Over the years Socony-Vacuum has been steadily increasing its earning power, primarily by plowing back earnings to improve the balance in its operations.

Compared with what we had when Socony became an independent company forty-two years ago, our progress is obvious. Socony in 1911 had no crude oil production and only about a third of the refining capacity it needed. It was very largely a world-wide marketing organization.

Seven Years of Progress

As recently as 1934, a few years after the merger with Vacuum Oil Company, Socony-Vacuum still produced barely half of its crude oil requirements, and still refined only about three-fourths of the products it sold. The progress towards self-sufficiency achieved by our company since 1946, measured in terms of physical units, has been the greatest of any seven-year period in our history.

Most of us dislike figures, or at least prefer them in small doses, so I have assembled these in one place where if you wish they can be easily skipped over. All are barrels a day.

*Our Operations World-wide**	*1946*	*1952*	*% Gain*
Domestic and foreign crude supply**	233,000	507,000	118
Refinery runs	414,000	612,000	48
Sales	508,000	692,000	36

*Excluding Standard-Vacuum.
**Including long-term contracts.

The gains may be clearer if our crude supply is expressed as a percentage of our refinery runs, and if our refinery runs are similarly related to our sales. In 1946 crude supply was 56% of runs. Last year it amounted to 83%. In 1946 our runs were 81% of our sales. In 1952 the figure was 88%.

The Price of Success

Naturally, all this has cost a lot of money. Our capital expenditures, investments and indirect obligations, and dry-hole expense for the seven years since the war total nearly a billion four hundred million dollars. More than half was spent to improve our crude oil supply position. The next largest outlay was $210,000,000 to expand and improve our refining facilities. Marketing required $153,000,000 and transportation $90,000,000.

We estimate another $317,000,000 will be spent this year in roughly the same proportions, $275,000,000 in the Western Hemisphere plus $42,000,000 elsewhere. The eight-year total thus will be more than a billion seven hundred million dollars, three-fourths of which will have been spent in the United States.

Only Road is Forward

In our competitive society a business simply cannot stand still. It must either go forward or dry up. Should we slacken our efforts, you can be sure our many aggressive competitors would soon leave us far behind. And some day we would end up with no business at all.

The only alternative is to try to go forward.

We have no ambition to dominate the market or even necessarily to maintain our present position in it. But we do want to keep faith with our shareholders and the public, depending on us for a supply of petroleum products.

Bigness is Essential

This may result in continued growth, which in turn may make a big business even bigger. And that may subject us to more of the evil things so frequently said about big business. We feel that big business is essential.

Working Together

More and more we see big business working in cooperation with small business. In our judgment the one is dependent equally on the other. In this important matter, neither the human relations considerations, nor the economic, are all on one side. In the future, as has been the case in the past, occasions may arise to make it seem desirable for us to comment on this subject in more detail.

Sincerely yours,

GEORGE V. HOLTON
Chairman of the Board

Socony-Vacuum Oil Company, Inc.

and Affiliates: Magnolia Petroleum Company, General Petroleum Corporation

Jerome Rosenthal Now With Weber-Millican

Collie M. Weber of Weber-Millican Co., 50 Broadway, New York City, announced the appointment of Jerome J. (Jerry) Rosenthal an General Sales Director of the firm. Mr. Rosenthal, well known in Wall Street circles for many years, is prominently identified with the retail distribution of securities.

Clarence S. Smith Joins Conway Bros.

DES MOINES, Iowa—Clarence S. Smith has joined Conway Brothers as a representative of the firm. Conway Brothers, with offices at 205 Equitable Building, are engaged in the investment securities business. Private wire connections link the firm with all major security markets. The company is engaged in the buying and distribution of stocks and bonds both local and national in interest.

Mr. Smith was formerly with Central Repubic Company as a representative of that firm. He has been continuously in the securities business since 1929.

Peace and Stock Prices

By ARNOLD BERNHARD*
President of the Value Line Funds

Holding prospective peace and lower stock prices are merely coincident developments, Mr. Bernhard contends readjustment in stock market has been long indicated. Points out "earnings and dividends are no longer on the rise."

Far and wide the impression has been created that, because peace and lower stock prices are developing at the same time, the one is the cause of the other. Actually, a readjustment in the stock market has been indicated for a long time past, even before the peace overtures that followed so soon after Stalin's death. The plain truth is that stock prices in general have been unable to advance for two years. That fact has been obscured by the popular preoccupation with leading stock market averages which, excellent samples though they are of certain categories of stocks, are not good samples of most stock prices. The persistent upward trend of the Standard & Poor's Average and the Dow Jones Industrial Average from 1949 right into the first quarter of 1953 told a true story of what was happening to a selected group of leading company stocks, but it was not a true indication of what was happening to the prices of most stock issues.

Arnold Bernhard

It was our view, when the stock prices as measured by the Dow Jones Industrials reached the level of 260 two years ago, that they were then within 10% of the highs they could reasonably be expected to attain. The Dow Jones Industrials did go about 10% higher (to 294) as did the Standard & Poor's Average. But they are back down again now, and in our view will probably readjust to a still lower level.

What will probably begin to happen soon is the anticipation by the market of a downward course of dividends in the next year or two. If dividends do trend downward as a result of a business recession, it will later be said that the mass mind, expressing itself in the market place, forecast the advent of the business recession.

We shall persist in the simpler notion that the mass mind is not prophetic and never has been, but that it quite normally and rationally adjusts to reality when confronted with tangible evidence. Having seen the evidence that earnings and dividends are no longer on the rise, the stock market has merely ceased to anticipate and is readjusting to a normal capitalization of the current level of earnings. Insofar as we can judge at this time, such a discount of declining earnings and dividends could reasonably carry the Dow Jones Industrial Average to the level of 230 without violating probability.

*A statement by Mr. Bernhard taken from the "Value Line Fortnightly Commentary."

Pay for Delaware Port Bonds

William L. Day, President of the Pennsylvania Company for Banking and Trusts, receives checks for $100,000,000 bond issue from Edward C. McAuliffe, Chairman of the Delaware River Port Authority. The purpose of the bond issue is to finance the construction of a new traffic bridge across the Delaware River from South Philadelphia to Gloucester, New Jersey. Left to right: C. Cheever Hardwick of Smith, Barney & Co., representing the syndicate of underwriters; Mr. Day; Mr. McAuliffe; Joseph K. Costello, Executive Director of the Delaware River Port Authority.

The Delaware River Port Authority June 11 received three checks totaling $100,244,923.61 from a nation-wide syndicate of underwriters upon delivery of the bonds of its $100,000,000 issue authorized last month, which the syndicate has sold to the public. The transaction took place at the Bank of the Manhattan Company, 40 Wall Street, New York, where the bonds were stored.

The proceeds from the sale of the bonds will be used by the Authority principally to finance the construction of a new traffic bridge across the Delaware River from South Philadelphia to Gloucester, N. J., which it is expected will be completed in 1957.

The syndicate bid a net interest cost of 3.435% for the issue, which consists of $60,000,000 in term bonds due Dec. 15, 1983, and $40,000,000 in serial bonds maturing annually in various amounts from Dec. 15, 1957, to Dec. 15, 1973.

From Washington Ahead of the News

By CARLISLE BARGERON

Additional evidence of the disservice that is being done to President Eisenhower by the so-called liberals who have his ear is apparent in his crack at Dartmouth about the "burning of books." It has been widely interpreted as a reference to Senator Joe McCarthy and indeed, if it was not so intended, you wonder just what did occasion it.

Carlisle Bargeron

No question has been raised by McCarthy or by his committee, so far as I know, of Communist books or books by Communist writers being in American libraries. What the Wisconsin Senator has revealed is that the State Department in its so-called cultural program for foreign countries has spent thousands of dollars on the purchase of these books and distributed them abroad. There is no question involved of shutting off freedom of thought, of reading or of writing. There is no question involved of these Communist authors having had the right to write the books and sell them to the extent of their ability. The question involved is one of whether the State Department, given millions of dollars of the taxpayers' money to influence people and make friends in foreign countries for this country, should spend this money on Communist books or books by Communist writers.

President Eisenhower would not defend this, or I don't believe he would. Secretary of State Dulles does not defend it. Even the mild-mannered, ultra liberal Dr. Conant, our present High Commissioner for Germany, does not defend it. But Dr. Conant complains that he wishes there hadn't been any publicity about it; he wishes Senator McCarthy had simply called the attention of the State Department to the matter.

Nonsense! As is often the case with McCarthy exposures, the same exposures have been made before. Repeatedly, Congressman John Taber, now chairman of the House Appropriations Committee, but at the time in a minority role, has made similar disclosures, not only about books but about so-called works of art. The State Department's so-called cultural program seemed to make a specialty of distributing these to foreign libraries as examples of life and art in the good old United States. In every instance he was jeered at by the so-called liberal cartoonists and columnists. The managers of the cultural program could hardly be guided by crochety old John Taber's ideas of art, they jibed.

This writer has repeatedly sought to make plain that he is no admirer of Joe McCarthy. The only regard I have for him is the enemies he makes. I should like to say that I get a kick out of their anguished screams but the fact is that if his name never appeared in the headlines again it would suit me to a tee.

It is an amazing commentary on our national state of mind that with all the problems this country is faced with the, matter uppermost in the minds of so many editors, commentators and as a result, millions of our people, is that of Joe McCarthy. And I am quite sure you will find most of his defenders in the same category as I—they are for him because of the people who are against him.

Not only has this hue and cry about McCarthyism been built up into a burning issue in this country, dividing people into bitter groups, but, if the reports of American observers of the European scene are true, it is uppermost in the European picture of us, uppermost among people on whom we have spent billions of dollars. An observer recently returned from France tells me he was astonished at the utter lack of any fear of or concern among the French about Russia, and their consuming interest in McCarthy.

One hates to think that President Eisenhower feels it occasionally necessary to throw out a little tid-bit to the promoters of the McCarthyism bunk. But this seems to be the case, nevertheless.

Frankly, in his Dartmouth speech he could have better found someone else than Theodore Roosevelt with whom to compare his quiet method of doing things. He quoted from Roosevelt biographers, it is true, but he got hold of different books from those most of us have studied. In fact, I am not so young as not to remember T. R. in person in his later years. I have a very vivid picture of him swashbuckling up and down the country in the early days of World War 1, making mockery of Woodrow Wilson and demanding that we enter the war. The favorite cartoonists' portrayal of him, admiringly, was of gnashing big teeth and carrying a big stick. And apparently he was motivated in no little degree, in his advocacy of our entering World War I, by a desire to lead a regiment up the Champs Elysees in this characteristic pose.

General Eisenhower would never remind me of him, which does not mean that if he will just go quietly about his business and not let his pseudo friends push him into applying pin pricks here and there, Americans may not in future years make more of a pilgrimage to his shrine than they have to Sagamore Hill.

Bankers Offer Nickel Plate 3¾% Equipmts.

Offering of $3,150,000 New York, Chicago & St. Louis RR. 3¾% serial equipment trust certificates (third equipment trust of 1953), maturing annually July 15, 1954 to 1968, inclusive, is being made today (June 18) by an account headed by Halsey, Stuart & Co. Inc. Subject to the authorization of the Interstate Commerce Commission, the certificates are priced to yield from 3.10% to 3.75%, according to maturity.

The issue is to be secured by the following new standard-guage railroad equipment estimated to cost $4,016,320: 25 1,500 h.p. Diesel electric road switching locomotives and 2 1,600 h.p. Diesel electric all-service locomotives.

Associated with Halsey, Stuart & Co. Inc. in the underwriting is Wm. E. Pollock & Co. Inc.

Problems of Progress in Medicine

By HON. OVETA CULP HOBBY*
Secretary of Health, Education and Welfare

In discussing American medicine in our changing society, new member of President's Cabinet lists as chief problems: (1) the adequacy of medical care available to all the people; and (2) use of medical resources under a policy which safeguards the traditional principles of our democratic American pattern. Opposes socialized medicine. Describes socialized medicine and compulsory health insurance as undemocratic and economically unsound, but favors health plans on voluntary basis. Calls on American Medical Association to meet challenge of economic and social problems involved in medical progress and outlines work of new Department of Health, Education and Welfare.

My grandmother would have viewed my presence at this assembly with some anxiety—if not with alarm. To her, a visit to the doctor—like the arrival of a telegram—meant a family emergency of the direst consequences. Had she learned that I was to consult some 200 physicians face to face, she would have concluded that my case was grave, if not critical. But I share the good health of millions of Americans whose well being is both the result of spendid medical care under a private voluntary medical system and the result of the increasing resources for prevention and treatment of disease in medical practice today—a development associated with this voluntary medical system.

Oveta Culp Hobby

This medical practice, founded on the doctor-patient relationship, has been advanced by tremendous medical discoveries, the introduction of new techniques and specialities and improved professional education during the past two generations.

Ironically, every advance of man seems to bring its own problems—the Greeks had a word for it—"cost of opportunity." A changing medical practice and a changing society have presented us with an embarrassing number of what are paradoxically problems of progress. It is the solution of these problems which now concerns us all.

I welcome this opportunity, especially, to consult with you, the nation's medical leaders, representing through the American Medical Association's 140,000 physicians and surgeons, on these common problems.

There is little controversy on our objective—the best medical care possible for the people. It is the means to this end which raise the problems we face in achieving this purpose. One is the problem of supply. If we are to achieve our objective, the supply of medical care must be adequate and available to all the people. The second is the problem of using these medical resources under a policy which safeguards the traditional principles of our democratic American pattern.

Problem of Medical Care Supply

In simple terms, the problems of supply we are facing include, first, problems relating to ways in which all the fruits of modern medicine can be brought within the reach of all the people. A vast array of new techniques of treatment involving costly equipment, costly medication, costly training, and the services of an army of ancillary personnel are now involved in the problems of modern medicine. Although the doctor-patient relationship remains dominant, it is no longer a simple relationship. It has been complicated by the introduction of new specialties and factors, as well as by new emphasis on prevention of disease and renewed responsibility for the total health problems of the patient against the background of his situation. Modern medicine is not only complex—it is expensive to supply.

The second of these problems relates to meeting the cost of research underlying these medical advances and continued progress.

The third broad problem relates to the supply of physicians in the face of mounting cost of education for the practice of this modern medicine.

These, briefly, are our problems of supply.

In the use of our medical resources, we must first be careful to work within the democratic principle. Democracy is a doctrine of free will, grounded on the demonstrated ability of man to judge his own individual and common interests on the basis of his common human experience.

The freedom of man, therefore, to make his own choices in his "life, liberty, and pursuit of happiness"—choices which no other man can make for him—is essential to human dignity, development, and progress.

Hence, although man is a social animal and must act with his fellows to achieve the common goals of humanity—freedom and well being—his right to self-direction must be safeguarded, in such social action, by the establishment of the social controls involved only with his active consent.

The touchstones of democracy are "freedom," "consent," and "individual responsibility"—not responsibility vested in an "elite" group with power to make choices and provide for the individual. One of the most significant phrases in our Constitution is the phrase "*promote*—not *provide*—the common welfare." In democracy, no one need walk alone, but he does his own walking.

These simple propositions may be said to be the dialectics of the democratic private enterprise system.

Since we are committed to this democratic system as the system which creates the greatest opportunity for man's achievement of dignity and freedom, any policy which impairs this principle is regressive. The impairment of the principle of free choice and consent in medical care which is inherent in a compulsory program of medical care, therefore, represents a break in the fabric of our democratic system. This break occurs, moreover, in an area in which the value of the elements of "choice" and "consent" is intensified because of the very nature of the service involved. Under such a policy a long turn toward an authoritarian system would be made. The course of this social pathology is dangerously progressive and difficult to reverse.

Democratic Principle Not Served By Socialized Medicine

It is clear that the democratic principle to which we are committed is not served by so-called socialized medicine. Such medical practice, moreover, not only violates the democratic principle of free choice and consent but it is unsound from an economic point of view—the second principle involved in the use of our medical resources.

Democracy not only protects man's rights to free choice, and is the only system which creates these conditions of human progress, it is the most economical form of social-political organization man has yet devised. For when the government provides a service the cost of a round-trip ticket for the dollar from the taxpayer to the government back to the taxpayer must be paid. Hence, the interposition of the government between the doctor and the patient is expensive and the total resources for medical care, research, and education are, at the last, reduced by the amount of this cost. This is the point which seems never to be fully recognized by those of socialist persuasion.

We now come to a third principle which must govern the use of our medical resources—equal opportunity for medical care—the heart of our overall objective. While in the short run, it might appear that socialized medicine may achieve this end, in the long run its involved and costly administration, its deadly effects on free inquiry and research, and its impairment of democratic rights to free choice ultimately defeat our long-view purposes of continuing medical progress and the maintenance of the high standards of medical care which the American medical profession has achieved for this country under a private voluntary system.

"Equality" of medical opportunity becomes a hollow victory under these conditions.

In brief, universal medical care provided by the government not only threatens the democratic principle, but is uneconomic and inherently self-defeating. It is not the way to the achievement of our objective—the best medical care and the highest level of national health possible.

Alternatives of Socialized Medicine

Socialized medicine is not a satisfactory solution of our problem: What are the alternatives? As a nation we cannot afford to fail to make available the best medical care possible to all our people. We must find ways to resolve the problems we set forth earlier.

This Administration is looking first, to the physicians of the country for leadership in meeting this challenge, and we look with confidence.

The history of medicine is a record of devoted service to humanity. The American medical profession has long proved its devotion to these ideals. Its accomplishments constitute a proud record in medical history. The demands of today are only the continuing challenge in this long history of constant adaptation to a changing society, but never have these problems been more onerous and critical than today. I can put these issues no more clearly or forcefully than they were expressed by your illustrious President, Dr. Louis H. Bauer, in his monthly message to you in your "Journal" in February of this year. Dr. Bauer stated:

". . . I am afraid that too many physicians are indulging in wishful thinking that the clock can be turned back and that we can again practice medicine as it was practiced 25 years ago, without involvment in all these socioeconomic problems. It is idleness to believe that. These problems are upon us; our whole way of life has been altered, and, whether we like it or not, we cannot close our eyes to it. If we fail to participate and lead in the solution of these problems, the solution will be taken out of our hands, and that solution will not be a happy one. No problem can be solved well if those most competent to advise hang back and ignore it.

"So it is up to those of us who are active in the affairs of medicine to educate our colleagues and to stimulate their interest in what may be termed the nonscientific aspects of medicine. Unless we handle these nonscientific matters properly, the scientific aspects will suffer, too."

Responsibilities of AMA and Individual Citizens

We think the American Medical Association will meet this challenge.

Second, this Administration looks to the individual citizen to meet his responsibilities: by making full use of resources made available to him through modern medicine for the preservation of his health; by prudent participation in prepaid plans for medical care; and by assumption of common responsibilities for the advancement of the health of our nation.

Again, we have faith that the individual citizen will meet this challenge. His understanding of the meaning of the questions involved, however, should be widened. Under any plan he pays. He should learn more about what his dollar buys under a compulsory program administered by the government and under a private, voluntary system and what his democratic rights mean to him.

Third, this Administration looks to the community, acting both through its private voluntary associations and its governmental bodies, for help in meeting this challenge.

We are all familiar with the tremendous role of private foundations in the advancement of medical science in this country. It has been estimated that in 1951, philanthropic foundations such as Rockefeller Foundation, Ford Foundation, Commonwealth Fund, New York Foundation, Russell Sage Foundation, Guggenheim Foundation, and many others, contributed $10 million toward the support of medical research; voluntary health associations had contributed another $10 million; and voluntary health agencies interested in specific diseases such as the American Cancer Society, Damon Runyon Medical Foundation, National Foundation for Infantile Paralysis, etc., had contributed another $10.6 million in 1951.[1] The American Medical Association itself is one of these donors to causes of medical advancement.

Governmental bodies also carry responsibilities in working out plans of medical care which meet our conditions and achieve our objectives. As this whole speech indicates, the role of the government, particularly the Federal Government, is a basic question in our problem. This Administration believes that under a democratic system, the government has an important role to play.

The broad framework of this government responsibility was defined by President Eisenhower in his State of the Union message last February when he said: "First, the individual citizen must have safeguards against personal disaster inflicted by forces beyond his control; second, the welfare of the people demands effective and economic performance by the government of certain indispensable social services."

Responsibilities of New Cabinet Department

The Department of Health, Education, and Welfare has been created to discharge these responsibilities of the Federal Government. As the representative of this Department, I will briefly outline some of these responsibilities, which may be broadly defined as those functions which serve the health of the nation without affecting the doctor-patient relationship in medical practice.

The first area of concern is public health—prevention of disease; improvement of standards of sanitation in all areas, including food and drugs; and assistance and consultations to local communities in establishing and maintaining health services, etc. The achievements of government at all levels cooperating with voluntary groups in advancing public health in these fields are too well known to recount—these are not areas of controversy.

Another appropriate area of government function is research. Although the achievements of private and voluntary organizations and groups in research have been phenomenal, the increasing scope of research, its cost, its basic and indispensable role in modern medicine make it a field in which government support is sought.

Other areas of governmental responsibility in medical fields not under the Department of Health, Education, and Welfare are responsibility for medical care and health of members of the armed forces and related responsibilities for such services to veterans.

Another area in which the Congress has assumed an obligation for medical care is in the rehabilitation program—the restoration of the disabled. This is one of the areas in which private and voluntary medical services have worked closely with government agencies with success, and without prejudicing the principle of voluntary and private medical practice in a service administered by a government agency.

This type of service is a development in democratic society for the community care of those who are unable to provide essential services for themselves—the medically indigent. This aspect of our problem is increasing and is becoming one of the underlying issues in this situation. Because of tremendous advances in medicine, people are living longer and the incidence of chronic disease is increasing. The implications of these facts, and the problems they pose, are well understood in this group.

There remains another area where the pressure of need is compelling a review of all possible methods of solution; and that is the area of medical education, where the financial crisis is growing. A recent estimate of need for additional support by medical schools, based on data accumulated by the Association of American Medical Colleges, shows that schools need approximately $20 million a year to meet current inadequacies. The medical profession has begun to contribute substantial sums (nearly $1,000,000 to date) to the National Fund for Medical Education, organized to meet this emergency. In May, the fund reported that in addition to this money, corporate gifts amounting to $570,882 had been received with an additional $300,000 in sight. At best, only 10% of the amount needed is now available.

There must be a renewed drive for voluntary support of medical education and increased support by local governments, for these problems of medical education cannot go unanswered.

The importance of government responsibilities in these areas is considered of such moment by this Administration that a position for a Special Assistant for Health and Medical Affairs has been set up in the Department of Health, Education, and Welfare. I know you are extremely interested in

*Address by Secy. Hobby to the House of Delegates, Annual Meeting of the American Medical Association, New York, N. Y., June 1, 1953.

1 "Who Pays for Medical Research," Medical Economics, 28:8, July 1951.

the appointment of this Special Assistant. I am sorry I am unable to announce that appointment today.

During the past month, I have personally interviewed several outstanding candidates. At present, the FBI is securing full field checks on four men. Until I have these reports, I cannot forward my recommendation to the President. But when these reports are received, my recommendation will be forwarded to the President at once and the nomination of a Special Assistant will be sent to the Senate for confirmation.

In closing, let me quote again from your President, Dr. Bauer.

"We can solve our difficulties if all contribute by sound thinking, by looking forward, not back, and by constant striving toward an ideal that we shall never reach, because we shall steadily increase that ideal. . . ."

We already have patterns of cooperation and joint action set by years of close partnership between the government, the people, and the medical profession. We can see the results of this partnership in every phase of our national health. We need only to push forward together to achieve a better health care for the people of the United States.

We have the resources. We have the will. We shall surely find the way.

Continued from page 13

World Economic Problems

session which begins next January. In my judgment, that is none too soon.

A Healthy World Economy Requires Adjustments

To achieve a healthy world economy will require some adjustments at home, as well as abroad. But the stakes are very high. Failure to find durable solutions would mean at the best continued patchwork of unpalatable stop-gap remedies, and at the worst, and far more likely, a shrinkage of world trade which would undermine our own prosperity and threaten disaster to our allies abroad. The U. S. has learned by painful experience that it cannot afford political or military isolation; we are also learning that we cannot afford economic isolation.

I think it is appropriate on this occasion that we recognize the part we play and the responsibilities we have in the world economic scene.

America's position of economic leadership is now recognized everywhere. Many nations are now looking to us in the hope that in our accomplishments, and in our manner of achieving them they can find the answers to some of their own problems.

The American "Productivity Revolution"

Recently, the President of the Chamber of Commerce of Birmingham, England, one of Britain's great manufacturing centers, remarked that just as the United States had, in the 19th Century, taken over the Industrial Revolution from Great Britain, so Britain had now in the 20th Century to take over the "Productivity Revolution" from America. In this wise remark, he identified the greatest single need today in Britain's economy—to obtain a rapid expansion of production at lower real costs as the foundation of both physical security and economic solvency.

This American Productivity Revolution has many roots: the size of our great market, our abundance of natural resources, our traditions of vigorous and constructive competition, and the initiative and resourcefulness of our people. And there are three important elements of this revolution which are exemplified by the two men whose achievements we honor today and by this school with which their names will now be identified for a long time to come.

One is the merchandising point of view which seeks to reach the greatest possible mass market with the best possible products at the lowest possible price. This philosophy of commerce, of which Mr. Kresge has been such a remarkable exponent, is a major factor in the American production scheme and is a vital element in our brand of economic democracy. It is an important component of the process whereby mass merchandising enables mass production to be absorbed by mass purchasing power. This is still a phenomenon which is unique in the world.

Flexible Banking Structure—A Key Element of Industrial Strength

Another key element of our industrial strength and power is the resilience and flexibility of our financial structure and banking system. Senator Aldrich represented a generation of bankers and public men concerned with financial affairs who had the imagination and boldness of spirit to use the wealth and savings of the American people to build a great industrial civilization. It was, and is, the climate of investment created by a sound financial system and by open-minded, forward-looking trustees of the people's capital that have made possible the daring leaps into the future which characterize the American productivity revolution and which bring an increasing measure of well-being to all our people.

And perhaps the most significant element of all is the one to which the Harvard Business School has made and is making a unique contribution. It is the leadership of enlightened management.

Carreau to Admit

Carreau & Co., 63 Wall Street, New York City, members of the New York Stock Exchange, on July 1 will admit Clark Benton to partnership.

Felix T. Rosen

Felix T. Rosen passed away at the age of 75 after a brief illness. Prior to his retirement several years ago he was a partner in Hayden, Stone & Co.

Chas. M. Ditch Opens

CHIPPEWA LAKE, Ohio — Charles M. Ditch is engaging in a securities business from offices here.

Chemical Industry Ready for Challenge of Free Markets

Report of Board of Directors of Manufacturing Chemists' Association, Inc., stresses industry's ability to meet challenge of free markets ushered in by new Administration. Points out industry's part in meeting defense demands of materials and in holding down prices. Notes rapid expansion of chemical manufacturing, which in period of 1951-55, will approach $6 billion in capital outlays. Points out, though there has been some revival of equity financing, financing problems for chemical industry loom large, due to downhill march of net profits after taxes, which discourages new investment.

The annual report for the fiscal year ended May 31, 1952, of the Board of Directors of the Manufacturing Chemists' Association, whose Chairman is William H. Ward of E. I. du Pont de Nemours & Co., calls attention to the progress and problems relating to the industry and stresses its ability and willingness to meet the challenge to free enterprise inherent in an economy based on the law of supply and demand and competition in the market place. The report, presented at the Association's 81st Annual Meeting at White Sulphur Springs, W. Va., on June 11, contains the following comment:

William H. Ward

"Events of the past year, the Association's 81st, are of special significance because of their possible impact upon the future of the chemical industry and our heritage of free enterprise. With the change of Administration and with the accomplishment of many of the major phases of the defense mobilization program, the period of government control has substantially come to an end. Wage and price controls have lapsed. The law of supply and demand in the face of spirited competition will once again govern the market place. Inflation, as a national factor appears to be dead.

"Your directors feel that, with the change of Administration, the chemical industry as well as all private industry, faces a challenge that cannot be ignored. Although constructive criticism should continue to be supplied, industry must support government in efforts to reduce expenditures, cut taxes and operate an efficient establishment in the interests of all concerned. We are confident that the chemical industry will meet this challenge, based upon its past record of public service and its progressive and constructive policies.

Chemical Prices Stable

"With respect to the expiration of wage and price controls during the months of February and March, 1953, it is of interest to note that in the face of substantially increased labor and materials costs, chemical prices rose only 3% from the outbreak of the Korean War to the end of the control period, as compared with an increase of 11% in the same period for commodities other than chemicals. As the mobilization program reached its peak during the early part of 1953, our industry may take pride in the fact that the overall program did not lag because of shortages or delays attributable to chemicals and allied products. On the other hand, needed materials were delivered on schedule, in quantity and quality hitherto unsurpassed.

"Our industry's efforts in meeting its production schedules; in replacing time-honored materials with new, better, and more economical products; in ever striving to improve the public health; and assisting in staffing the defense agencies in Washington with capable executives — to name only a few factors—have promoted a better understanding of the chemical industry among the public and within government. Our status as a basic industry — essential to other manufacturing and non-manufacturing industries — has been recognized and firmly grounded during the past two years.

$6 Billion Expansion Program

"The chemical industry is well over the halfway mark in its expansion under the national defense program. The industry's total outlay for the 5-year period 1951-55 will approach an estimated $6 billion. This follows a $5.5 billion plant expansion for chemicals during the years 1946-51 and is unprecented in the nation's history. Although there are some that have expressed apprehension that this huge defense and civilian program will result in productive capacity considerably in excess of ultimate civilian demand, there is confidence within the industry that long-term prospects are bright and that demand for basic materials and processed chemicals will continue to soar to new heights. This feeling is based on the following factors among others: (1) expenditures for research are at record levels; (2) much of the expansion is for basic chemicals; (3) supplies of many natural materials are dwindling, thus enhancing the prospects of replacement materials; and (4) the unprecedented population growth expected. Increased diversification of the chemical industry is also an important factor, tending to stabilize the industry and render it independent of fluctuating market conditions.

"In addition to providing an increasing percentage of our industry's current product sales, research has increased our technologic ability over the years with a corresponding reduction in manhours per unit of output, resulting in marked declines in the prices of most chemicals. During the past decade, chemical prices have declined substantially in relation to the general price level. The importance attributed to research by the chemical industry is highlighted by the report of one firm that new commodities brought to market in the past 25 years now account for more than half of its product sales. We believe that many other instances of this nature could be cited.

Tax Study Planned

"The past year witnessed a revival of equity financing, with more corporate funds being raised through the sale of common stock than in any year since the late 1920's. Gratifying as this was, it was not overly significant, since corporations secured five times as much money through bond financing as they did through the sale of common stock. Finance problems loom large in spite of the record expansion previously outlined. The downhill march of profits after taxes, recurring year after year, offers a discouraging prospect to outside sources of capital and makes capitalization of new products increasingly difficult. In view of the tax situation, your Board of Directors has authorized the appointment of a Tax Policy Committee to thoroughly evaluate the Federal tax structure in the light of the chemical industry's fiscal position. The study encompasses Excess Profits Tax and depreciation policies, as well as other tax factors of importance to our industry. Our tax views, when finalized, will be laid before Congressional and Executive groups of the government."

New Orleans Bond Club Elects New Officers

NEW ORLEANS, La.—Charles Manion, Merrill Lynch, Pierce, Fenner & Beane, was elected President of the Bond Club of New Orleans at the annual field day banquet at the Audubon Golf Club. He succeeds, John B. Sanford, Jr., White, Hattier & Sanford.

Other officers elected were Paul T. Westervelt, Howard, Labouisse, Friedrichs & Co., Vice-President; Robert D. Alexander, Howard, Weil, Labouisse, Friedrichs & Co., Secretary-Treasurer; John B. Shober, Jr., Woolfolk & Shober, Walter D. Kingston, Jr., W. D. Kingston & Co., Ladd Dinkins, Scharff & Jones, Inc., and C. Homer Kees, Ducournau & Kees, directors.

Doolittle to Admit Bradt as Partner

BUFFALO, N. Y.—On July 1, Doolittle & Co., Liberty Bank Building, members of the New York Stock Exchange, will admit John A. Bradt to general partnership and Richard H. Meagher to limited partnership. Mr. Bradt is Manager of the firm's Trading Department.

W. D. Bigelow With Shearson, Hammill & Co.

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Cal.—W. D. Bigelow has become associated with Shearson, Hammill & Co., 9608 Santa Monica Boulevard. Mr. Bigelow was formerly Manager of the brokerage department of the local office of Walston & Co.

Dempsey-Tegeler Adds

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—George W. Huddell has been added to the staff of Dempsey-Tegeler & Co., 210 West Seventh Street.

DeHaven Opens Branch

OCEAN CITY, N. J.—DeHaven & Townsend, Crouter & Bodine, have opened a branch office in the Flanders Hotel with William D. Townsend as partner in charge.

Joins Fusz-Schmelzle

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo. — Lewis A. Dixon is now connected with Fusz-Schmelzle & Co., Boatmen's Bank Building, members of the Midwest Stock Exchange.

With First California

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Adolph Reinbrecht has joined the staff of First California Company, 647 South Spring Street.

Archie H. Chevrier Opens

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Archie H. Chevrier has opened offices at 527 California Street to engage in the securities business.

Security Assoc. Adds

(Special to THE FINANCIAL CHRONICLE)

WINTER PARK, Fla.—James P. Lyons, Jr. is with Security Associates, Inc., 137 East New England Avenue.

Continued from page 9

Roadblocks to Peacetime Atomic Energy Use

private utilization is permissible only under and in accordance with a license issued by the Atomic Energy Commission. Genuinely troublesome is the provision that the license is not to be a firm right to do business, but is to be revocable at any time in the discretion of the Atomic Energy Commission, with no standards whatsoever provided in the Act to guide the Commission and limit its plenary authority to revoke. Again, without intending reflection upon the present Commission, can private enterprise finance itself, build plants and embark upon operations which rest upon what are in effect day-to-day licenses, revocable at will by an administrative agency? No matter how reliable the agency may at present be, and there is no question of its integrity, ability, and desire to promote private utilization, nevertheless, such a foundation simply cannot prove satisfactory to attract private investors. It is indeed a roadblock in the way of progress.

(5) **Fifth, this same Section 7 on Utilization of Atomic Energy contains still another provision that is also troublesome.** It is stated, among other things, that licenses shall be issued for utilization in peacetime operations only to those persons "who agree to make available to the Commission such technical information and data concerning their activities pursuant to such licenses as the Commission may determine necessary to encourage similar activities by as many licensees as possible." This puts private atomic energy operations in a goldfish bowl. It opens the door to knowledge of the other man's business far wider than is customary in American industry. It precludes the retention of normal "trade secret" information concerning techniques and processes developed at the expense of time, money, initiative, and ingenuity of plant personnel. Valuable new processes and techniques will, of course, be developed. Useful operational data will be assembled. The accumulation will include not only patentable inventions and discoveries, but also non-patentable techniques and processes created by the ingenuity and investment of the licensees. Much of it will be newly discovered fundamental scientific knowledge, and as to this, free and liberal dissemination is greatly to be desired, subject always to paramount considerations of national security. However, to require that all data without exception be delivered to the public domain for use by others puts the entrepreneur, as I say, in a goldfish bowl. Life is made easy for the "free rider." No considerations of national security are involved in this matter, and one wonders if the provisions which requires such release of data does not go too far in the direction of destroying normal American industrial incentives. Though hardly a roadblock, the provision is far from encouragement.

(6) **Sixth, I want you to look briefly at the very important provisions of Section 10 dealing with Control of Information.** This Section gives the Atomic Energy Commission authority to control the dissemination of all data concerning the manufacture and utilization of atomic weapons. As to the desirability of that, there can be no question. Secrecy regarding weapons is essential to national safety. But the Section also covers data concerning the production of fissionable material (essential, as I have said, in the breeder reactor), and still further it includes data concerning the use of fissionable material in the production of power. The Commission is given authority from time to time to release such data as it determines may be published without adversely affecting common defense and security, but the plain fact is that the Commission, in order to protect itself fully against criticism in Congress and elsewhere, has pursued an ultra-cautious policy — leaned over backward in delaying the release of such data. Indeed, in defense of the Commission it may be said that if the authority given the agency under Section 10 is to be interpreted at all literally, very little information can be properly released, for, even the most innocent looking information may under certain circumstances be used adversely to affect the common defense and security. The result of this blanket of classification and secrecy is to hamper the extension of knowledge and understanding of the technology in the field, and to put brakes upon technological progress. In the long run even national security which the secrecy is intended to serve, will surely suffer, for one of the best ways to assure security is to make technical progress at a greater rate than that of our enemies. If the control of information provisions could be amended to permit the release from the fold of secrecy all except data related to atomic weapons and their utilization, and in addition such other data as the Commission from time to time by affirmative action should decide to place in the restricted category to protect national interests, new information which should be classified could be put safely behind the curtain, but the remainder would be released to all concerned to assure greater progress in peacetime utilization. Secrecy is a touchy subject, but many of the best informed persons in the business are convinced that our present policies are more restrictive than national security demands, and are unduly retarding general dissemination of knowledge and progress of the technology.

(7) **Finally, reference must be made to Section 11 dealing with Patents and Inventions.** This Section is comprehensive and complicated, but its effect is definitely to cut across the standards of the American patent system and to impair the normal incentives derived therefrom. No patent may be granted from an invention useful solely for military weapons, and with that, I am sure, all would agree. But it is also provided that no patent shall be issued from inventions useful solely in the production of fissionable material. Since such production involves the breeder reactor, and since it also by statutory definition includes the separation processes by which fissionable material is extracted from waste products, it can fairly be said that the provision consitutes a substantial departure from standard patent procedures applicable in other fields of the American economy. Then the Section also provides that in the case of inventions useful for purposes other than weapons or the production of fissionable material, patents may be granted in normal course, but if such inventions are multi-purpose affairs, that is, if they are also used in the production of fissionable material or for weapons, no rights shall be conferred so far as the latter uses are concerned. Still again, it is provided that no patent shall confer rights to the extent that the invention is used

in the conduct of research or development activities, terms that are defined very broadly indeed. And finally, it is provided that any patent issued in the field may be declared by the Atomic Energy Commission to be "affected with the public interest" whereupon the licensing of the use of the invention by others becomes compulsory, subject, however, to the payment of royalty fees to be fixed either by agreement or by the Commission if no agreement can be reached. These modifications of the normal patterns of the American patent system materially reduce the encouragement which the patent system affords to inventive skill in other technical fields. And perhaps even more importantly such provisions tend to promote non-disclosure of new discoveries, with the consequent deterrent effect on scientific and technological development. While we may not, perhaps, call the patent provisions of Section 11 actual roadblocks in the way of extensive private utilization, nevertheless, by impairing the normal patent incentives, they constitute a substantial drag upon the free and willing entry of capital into the atomic energy field—a deterrent that seems to lack compensating advantage in terms of national security or welfare.

Sometimes we get light by examining other legal systems. In England, under its Atomic Energy Act also adopted in 1946, as well as under its Patents Act of 1949, we find there established a much narrower band of non-patentability (patents are refused only when "prejudicial to the defense of the Realm"). We also find a more generous policy of royalties and awards to stimulate inventive activity, and a less sweeping policy of requiring reporting of inventions. The British Act is of a more encouraging and less inquisitorial nature than its United States brother.

Conclusion

These, then, are some of the roadblocks and other obstacles at present standing in the way of the full flowering of a program of peacetime utilization of atomic energy for the benefit of the people of this nation. The difficulties are clearly recognized not only by industrial leaders but by government as well. David E. Lilienthal and Gordon Dean, past and present Chairmen of the AEC, have stated publicly their conviction that statutory changes must come. Has not the time now arrived to take the next great step, and, by appropriate revision of the Atomic Energy Act, to lay a solid foundation for the marshalling of the forces of American private industry to put it to work in this new field? In the very near future the issue of revision will be before Congress and you will be seeing it in the newspapers.

Statutory changes will not be achieved without opposition, for there are some who prefer that the power production aspects remain in the government—some who are opposed to large-scale private reactor development, and who urge that the government should build the reactors, keep the atomic secrets, and retain monopoly of the technology. They argue that developments to date have been created by use of taxpayers' money and that the asset should remain under full social control.

And yet, failing to encourage the entry of large-scale private capital and initiative will inevitably result in an ultra-cautious approach to peacetime utilization, which in the end could well bring about stagnation so typical of government ownership, instead of the dynamic progress so characteristic of private industry. To delay for long will impair peacetime utilization, and will permit other nations to forge ahead of us on all fronts, eventually leaving us in the rear not only for peacetime purposes, but also, tragically enough, so far as national security is concerned as well.

One final thought — with the necessary changes to permit the full flowering of private enterprise in the atomic energy field, paralleling for the general economy the vast governmental program in support of military needs, the country would possess two immensely powerful teams that would really assure world leadership—two teams—one serving the nation's needs, the other the needs of private application, each supporting, supplementing and strengthening the other. What teams they would be!

I have shown you one small corner of the work of Phoenix Project No. 30—Legal Problems of Atomic Energy. Are we shadow-boxing in the archives, or does our work seem to you to have practical value in the building of a better world?

George Herlitz Joins Beer & Company

(Special to THE FINANCIAL CHRONICLE)

BATON ROUGE, La. — George Herlitz has become associated with Beer & Company of New Orleans, members of the New York and New Orleans Stock Exchanges. Mr. Herlitz was formerly President of the Union Bond & Mortgage Co. Inc. of Baton Rouge.

Joins Thomson, McKinnon

(Special to THE FINANCIAL CHRONICLE)

WINSTON-SALEM, N. C. — Fred E. Foster, Jr. is with Thomson & McKinnon, Reynolds Bldg.

Westheimer Adds

CINCINNATI, Ohio—Edward N. Waldvogel has become associated with Westheimer & Co., 326 Walnut Street, members of the New York and Cincinnati Stock Exchanges.

With Fred Yager Inc.

(Special to THE FINANCIAL CHRONICLE)

DAYTON, Ohio — Bruce M. Brower is now affiliated with Fred C. Yager, Inc., Gas & Electric Building.

With Gottron, Russell

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio—Charles I. Poulsen, Jr. is with Gottron, Russell & Co., Union Commerce Bldg., members of the Midwest Stock Exchange.

Joins Westheimer Staff

(Special to THE FINANCIAL CHRONICLE)

COLUMBUS, Ohio — Fred C. Miller is now connected with Westheimer & Co., 40 East Broad Street.

Frederick C. Rogers

Frederick C. Rogers, a partner in Thomson & McKinnon, died suddenly from a fall May 24th.

Continued from first page

Chemistry's Role in Better Living

In the march of progress no single science moves alone. Each moves hand in hand with all the others, and only as they aid each other is progress possible. We have, for example, many chemical processes which, to obtain the desired result, require control of temperature, pressure and other factors within such precise limits as to be impossible by any manual means. Thus the chemist of 50 years ago, even if he had had today's chemical knowledge could not have accomplished today's result for the lack of today's tools of instrumentation.

This was a fact recognized by our founder, Dr. Herbert H. Dow, more than 50 years ago when he stretched an iron wire across the top of a certain chemical pot. On the outside a weight was suspended from the wire. When the process got too far out of balance the fumes ate through the wire, dropping the weight to the ground and if the operator was alert he was supposed to take corrective measures. This was instrumentation of the crudest sort. In fact it didn't take Herbert Dow long to figure out that rigging the wire up to ring a bell was better than a falling weight to encourage alertness on the part of his employees.

Today with most processes the fat would be strictly in the fire by the time things got that far out of balance, and we have, for example, a device called an infrared spectrometer which constantly analyzes liquid materials in process. The slightest deviation is instantly relayed electrically to automatic controls which make the appropriate adjustments.

Another type of spectrometer—one developed by our own people, by the way—will quantitatively analyze and record a dozen or more elements in a metal alloy sample in less time than it takes me to read this sentence.

So the science of chemistry, however great its theoretical knowledge, would be largely impotent of achievement without progress in electronics and instrumentation. And without progress likewise in metallurgy, physics, biology and all the other sciences. Conversely, chemistry has been one of the keys to progress in the other sciences. Electricity is the power through which most chemicals are produced . . . is the very means, in fact, by which we obtain certain elements from the electrolytic cell. Yet it is produced more efficiently because chemically produced hydrogen cools the generators, and chemically synthesized resins demineralize the water going into the boilers. And it would be a largely uncontrollable and useless force but for chemically produced insulating materials.

Progress is not a single filament. It is a strand of many fibers.

Now, if I have succeeded in getting myself off the potential hook of single-sightedness, I shall proceed to brag a little bit about this particular fiber we call chemistry and its practical manifestation, the chemical industry.

The American Chemical Industry

I am going to assume that we are primarily concerned with the American chemical industry, and that we, therefore, do not have to dwell upon the European era of chemical "witchcraft," the gunpowder developments of the ancient Chinese or the sodium chloride production of coastal cave men.

Our early chemical industry was, like most of our arts, a European import. On this side of the water we can trace it back to 1635 when a chap by the name of John Winthrop began making saltpeter and alum in Boston. But for the most part its development in this country lagged considerably behind other lines of manufacturing. I suppose in pushing back geographical frontiers the early Americans were much more concerned with wagons, plows, textiles and simple household equipment. For such chemicals as were needed in pickling, tanning, dyeing and other basic processes they could well lean on the established European industry.

Europe long excelled in the science itself, and there are many who will argue that it still does. Perhaps that is why the average American is likely to visualize a chemist as a chap with a Van-Dyke beard and a name full of consonants rather than a quite ordinary looking fellow who might be sitting on the next stool at the soda fountain.

Department of Commerce figures indicate that at the turn of the century there were 7,669 chemical establishments in this country against 10,339 in 1950. This increase, of less than 3,000 does not seem very exciting. The number of jobs, however, rose from 170,000 to 640,000, and the value of products from about one and one-third billion to almost 16 billion.

From these figures it would appear that while there have been relatively few newcomers in the field, those already in it have grown tremendously. To some degree this has been the case, for it has been a highly competitive field and one requiring high capital investment per dollar of product. The dollar figures meanwhile would indicate that the chemical industry has been an increasingly significant segment of our economy. But these figures, like most, tell only a portion of the story.

They do not show, for example, the shift of this country from a high degree of chemical dependence to a high degree of independence. They do not indicate the veritable mushrooming of chemical production that has taken place in just the past 25 or 30 years. And they do not even hint at the tremendous influence the chemical industry has had on our overall economy because of its peculiarly creative nature.

Up until the time of World War I the United States was largely dependent upon European sources of supply for the great bulk of its chemical needs. The U. S. chemical business was much more a matter of distribution than of production. Had it not been for tariff protection we might have gone into the war with virtually no domestic production except for a few hard-to-ship items. As it was, few people realized our dependence until the war broke out and our foreign sources were cut off.

Then, while the military faced prolems of chemical material, the American housewife wrung her hands over faded clothing and inky wash water. The good dyestuffs, it seemed, had come from Germany.

Effect of World War I

So War I marked the beginning of American chemical independence. And it likewise marked the beginning of the fabulous curve of growth. The industry changed from basically distributive to basically productive. It also approximately marked the beginning of something else which I shall just call *synthesis*—and then try to explain its significance.

Basically, chemistry is the art of changing substances from a given form into other forms which have different properties. Over the years the chemist has found that all substances can be traced back to one or a combination of something less than 100 elements. These you might say are the building blocks. We can take apart existing combinations and reassemble them in different combinations.

However, until recent years the chemical industry has been concerned chiefly with relatively simple combinations and with structures which could be found somewhere in nature. The significant departure was when the chemist found that he could build brand new materials, never before seen, never before in existence . . . and do it on a commercial scale. As might be expected, these new materials had different properties than naturally-occurring substances, and therefore different utility.

A most notable example, of course, is plastics. When Dr. Leo Baekeland discovered the means of producing Bakelite he synthesized a completely new sort of substance. It was not like wood. It was not like metal. It was not like any mineral or vegetable material.

Such new materials do not always find immediate utility. We have to get acquainted with them first. And, of course, we are inclined to judge them in comparison with materials with which we are more familiar. In fact, we even attach familiar names in most cases—artificial rubber, artificial leather and so on. And we employ them first as *substitutes*.

But then one day we face up to it and recognize that this isn't artificial *anything*. It has an identity of its own and a personality of its own. When we reach that stage, we're over the hump. Because then we take a fresh look at this thing and discover that its properties will permit us to do things that have never been done before. That is the flowering stage of a synthetic product . . . when it becomes a truly beneficial member of our society, and when it may stimulate a whole new industry.

We are finally over that hump in plastics. We no longer call them substitutes or artificial this's and that's. So last year we produced and consumed more than two and a half billion pounds of plastics and synthetic resins — more than six times the volume of a mere ten years before . . . and 440 times the volume of 30 years ago.

New Industries Created

So while the chemical industry has itself grown fantastically in the last quarter century, some of its products have created entire new industries, like the plastics industry which alone employs 80,000 persons in converting and fabricating the man-made materials of the chemist.

It seems to me, therefore, that the science of synthesis—the trend toward synthesis — has perhaps been the most outstanding feature of the recent history of the chemical industry. It has given us many new materials, some of which we have had to learn to use, but some of which also have been almost tailored to the need.

As one of our research men put it, the art of analysis and synthesis has given us a road map to help us find our way to predetermined goals. The chemical industry today is in the position of being able to say, "Tell us what it is that you need and we will design a material to fit your requirements."

This development of new materials has been a major factor in the overall growth of the industry. The largest member of our industry, du Pont, has estimated that 60% of its sales are in products not in existence 20 years ago. Another company says, "50% of our products are new since 1940," and another, "45% of our sales are from products not made 10 years ago."

I guess we've never made any such computations around Dow. But I do know that plastics and related products alone account for one-third of our sales—and we were just starting our research on them in the early 'thirties.

So research into new fields has been largely responsible for the industry's recent growth, and has influenced its contribution to society in like degree.

What is the nature of that contribution? It almost defies analysis. It is in the life-saving properties of a wonder drug and in the sheer pleasure of a pair of nylon stockings. And I suppose the real reason I am standing here is because it is most often obscure.

The average American will not admit to being a chemical buyer. "Who, me?" he'll say. "I don't use any — unless you want to count that two-bit package of bug dust I bought to put on my rose bushes. But I don't need any. Besides, they scare me."

I'll bet you folks don't even remember all that caustic soda you bought last year. You nice ladies and gentlemen here in this room bought 15 tons of caustic soda. Yes, the per capita consumption of caustic soda is about 40 pounds . . . along with 175 pounds of sulphuric acid and equally surprising amounts of other basic chemicals. You just didn't know you bought them because they reached you in the form of clothing and paints and rubber and automobiles.

It is easy to see what the automobile has contributed to society . . . but less easy to see what chemistry has contributed to the automobile.

Our average nonchemical buyer gets up in the morning from a chemically prepared mattress, shaves with a chemically hardened razor blade and chemically formulated shaving cream, puts on chemically treated or synthesized clothing. He eats a breakfast of chemically preserved food, lights a cigaret or cigar kept moist with glycerin or propylene glycol, after which he goes off to his place of business in an automobile which has chemically made seat covers, paint, electrical insulation, storage battery, windows, tires, steering wheel, and which burns chemically prepared gasoline and is lubricated with chemically treated oil and grease.

Already he is completely surrounded by the chemical industry and his day is only begun. In fact the only way he can get away from it is to go to another planet—and there I wouldn't be surprised if he found the natives subsisting on synthetic food. Here we have already succeeded in synthesizing all of the essential amino acids—which simply means that the capsule dinner, while perhaps less appealing than the T-bone steak, is distinctly within the realm of possibility.

You see, as soon as we take any average person who thinks chemistry doesn't touch him we find it touches him so thoroughly that we immediately become lost in the maze. So without going into a lot of detail let's take just a little peek at such basic essentials as food, clothing, shelter and health.

Once upon a time there was a character named Malthus who opined that the world would eventually eat itself to death. The population, he theorized, would one day outstrip the capacity for food production. We have not, thus far, disproved Malthus, but at least we have arrived at some accomplishments which Malthus could not, or at least did not, foresee . . . and which give us hope that mankind may not be lost after all.

A Look Ahead

Looking ahead we face the prospect that 25 or 30 years hence we must be producing about 20% more food than we are today in this country to keep even with our population. Looking backward, we are producing about 50% more than we were 30 years ago—and on just about the same number of acres. What's more, we are doing it with far fewer people. The question, I suppose, is whether we can pile our needed 20% on top of the accomplished 50%. I am inclined to think we can, and without the cumbersome process of trying to reclaim arid land.

It has been estimated that in achieving this 50% increase since 1920, one-third of the increase has been due to mechanization and the remaining two-thirds credited to biological and chemical research in the field of agriculture.

Fertilizer, which is chemical, has long been with us. But we have improved its effectiveness tremendously. There is still much room for progress in this direction as evidenced by the current trend, just now catching on, of direct application of ammonia to the soil.

Pesticides also have long been with us, yet the science of pest control has advanced tremendously in just a scant ten years, and we still suffer staggering losses of crops because our control is far from perfect. In other words, there is still much room for progress in pest control.

But whereas agricultural chemistry has traditioally been comprised of fertilization and pest control, it seems suddenly to have opened completely new horizons. We have seed protectants, soil conditioners and fumigants. Plant hormones to serve as weed killers and growth regulators. Use of chemicals has made possible mechanization in some farm practices that was previously impossible. On the harvest end of the deal chemicals aid in the harvest, preserve foods in storage and supply superior packaging materials for its distribution.

So chemistry today is contributing to food production from long before the seed is planted until the product reaches the table or the home freezer — and in ways undreamed of 50, or even 30, years ago. This considers only field crops. Chemistry has helped increase the production of livestock and poultry through prevention and cure of disease and by promoting more efficient assimilation of feeds.

In the field of clothing I suppose chemistry's contribution is most visible in the form of rayon and nylon, but many newer fibers are rapidly gaining ground. In the decade between 1940 and 1950 our per capita consumption of textile fibers increased 33%. But the increase in consumption of man-made fibers during this period almost tripled. In other words, out of a total increase of ten pounds per person, six pounds of it was in synthetic fibers.

But the man-made fibers are only part of the story. Agricultural chemistry has contributed to the production of wool and cotton, but chemistry is the very *basis* of the improved properties that have been added to the natural fiber textiles. If you want a textile to be water-repellant or fire-resistant or shrink-proof or wrinkle-resistant, chemistry can, and does, do it. If you want it to be all of them, then that is just a little more difficult.

Good American made dyes, bleaches and other basic chemicals have long been part and parcel of the textile industry, but the role of chemistry increases by the day—even to the lowly overall patch. Today's mother doesn't have to spend time with needle and thread, or even with her fine modern sewing machine—at least for patching the kids' blue jeans. For a few cents she buys a patch that she can simply cut to size and press on with a hot iron—thanks to a chemical adhesive.

The wardrobe of today's stenographer would astound the wealthiest dowager of two generations ago. The weaving and tailoring arts have advanced tremendously, but the contribution of chemistry to these arts has advanced even more. In fact, for five bucks you can buy a raincoat you can roll up and stick in your pocket—and the weaver never even gets a look at it.

In the field of shelter you could start at the foundation and go up to the ridge cap—and find chemistry at work in the background all the way up . . . and likewise with all the home's furnishings, from the chemical chrome plating on the faucets to the chemical refrigerant in the refrigerator to the plastic television lens.

The lumber for today's home, or at least the millwork, is treated with a clean, moisture-repellant preservative — a product of the chemist—that discourages rot and termites and prevents warping and swelling of the wood. Chemically prepared insulating materials minimize heating problems. Kitchen work surfaces have a chemically prepared covering that will resist almost anything except malicious and deliberate damage, and the floor may be covered with a synthetic tile that requires little upkeep, retains its beauty year after year even without waxing.

Paint, of course, is basically chemical in nature and always has been. But you just don't know how easy painting can be if you haven't used one of the new water paints based on synthetic latexes developed by the chemical industry in very recent years.

However much we may think we are overrun by illness and disease, we are actually the healthiest generation in our history. In 1900 our life expectancy was 47 years. Today it is 68. Furthermore, as a race of people we have actually grown a couple of inches—which speaks well for our nutrition. Just a couple of decades back, pneumonia was a dread disease, often as not fatal. Antibiotics have reduced its seriousness to little more than that of the common cold.

In fact, we jokingly tell our cold-suffering friends to go out and get their feet wet. "Try to get pneumonia," we tell them. "They can cure that."

The sulfa drugs, antibiotics, antihistamines, insulin, cortisone and so on are all contributions of the chemical industry reaching society through the medical professions. And chemistry is destined for a major role in solving the medical problems that still confound us.

I have brushed ever so lightly over these fields of chemical contribution. My purpose has been only to lift the curtain momentarily and perhaps project a thought starter or two. There is, however, a more fundamental approach to chemistry's social significance, which crosses industrial lines, and which I should like to consider for a moment in the hope that it may guide your thinking a little deeper under the veneer of end products.

We talk much about our standard of living. With all the bric-a-brac removed, standard of living is the relation between the sum total of the things which fulfill our needs and desires and the sum total of all the people. I have consciously avoided saying "goods and services versus population" because standard of living takes in leisure time, education, cultural and spiritual values as well as washing machines. In this case, however, I suppose we are primarily concerned with the more material factors.

Now . . . our presumed objective is to constantly elevate this standard of living. What does this mean from the problem standpoint? Well, it means first of all that we must have abundant materials with which to work. If our resources run out, we will simply have less with which to produce. Secondly, it means producing more and more per capita of population. If we produce less effectively we shall simply have less goods to divide among us.

In the channels of production and distribution this latter factor is reflected in cost versus wages. So if you hear me saying that we have produced, or can produce, something at lower cost you will understand that this is *relative* and I am not concerned with specific dollars-and-cents or just where we happen to stand on the curve of inflation or deflation.

Looking at these two problems — resources and productivity — just what is the significant role of chemistry?

Specialization

The chemical industry has excelled, has specialized, in fact, in taking relatively cheap and relatively abundant raw materials, or resources, and converting them to the benefit of society. As I am sure you are aware, many of our metallic resources are beginning to run low. We are not on the verge of catastrophe but we can begin to speculate that some future generation might be faced with living without steel, or lead, or copper. Meanwhile, as we are faced with utilizing ores less rich in the desired metals we have the potential of ever-increasing costs of extraction. The disappearance of our once great forests has caused us much concern, and lumbering, perforce, has become as much a matter of *re*forestation as of *de*forestation.

On the other hand, some things we have in abundance—salt, coal, limestone and other basic minerals. We have lots of petroleum too . . . since recent discoveries have given us a much more optimistic outlook than we had a few years ago.

It is highly significant, therefore, that it is these abundant materials that are the primary resources from which our chemical production flows. In the foreseeable future there appears no threat to the resources of the chemical industry.

Now, the contribution is twofold. Chemical methods have helped keep down the cost of metal extraction, for example . . . have made for more effective and complete usage of wood. On the second hand, chemistry has created, from its abundant resources, materials which can in thousands of places be used in place of lumber and metal. Happily, it has not been a matter of enforced substitution. Rather their creation has given us a broader range of manufacturing materials, permitting each to be used for the purpose for which it is best suited, and in the process relieving the strain on resources which are showing signs of depletion.

The second phase of chemistry's contribution has been in provid-

Continued on page 24

Continued from page 23

Chemistry's Role in Better Living

ing means by which we can produce more in proportion to our investment of materials and effort. A chemical solvent in a metal products plant saves hours of time and effort in mechanical cleaning. A pre-emergent weed killer in the cotton field paves the way for the mechanical cotton picker without costly hand hoeing. A chemical drench prevents sickness in livestock . . . holds down the cost of meat. A shot of a wonder drug, seemingly expensive, may save days of lost time and costly hospital care.

Let me take a simple example which is perhaps a little easier to visualize. Let us suppose that we want a radio. Its cost naturally must reflect the cost of all the materials and labor going into it. We're not satisfied with the mechanism of such. It must be in an attractive cabinet, and of course the cabinet is going to cost us something too. How much? Well, that depends.

Let's give the cabinet maker 50 cents worth of lumber. (This is a small radio, obviously.) He must saw out at least five separate pieces, drill them, perhaps shape the edges, sandpaper the parts, glue them together, apply two to six coats of stains and varnishes. How long will it take him? I don't know. Assuming the existence of machinery, jigs and an assembly line type of operation he still must have at least 15 to 30 minutes of time in the performing of these multiple operations.

Meanwhile this cabinet could not be built until a tree was cut down, and while we shall get many cabinets from the tree it is going to take a few generations to replace it.

Now let us take another sort of cabinet maker. He also has some machinery . . . or more properly, a machine. To him we will give 50 cents worth of plastic granules which were made chemically from coal or natural gas or some combination of cheap and abundant resources. He places the granules in a hopper on the machine, presses a button . . . and bang! In about 30 seconds out pops a radio cabinet—complete, finished, ready for the chassis. It will serve our purpose as well, perhaps better than, the wooden one—and the cost, other things being equal, has been fractional.

Chemistry's Social Contribution

This, then, has been the social contribution of chemistry — to work hand in hand with the other sciences toward ever better utilization of our physical and human resources that we might live better and at the same time pass on to each succeeding generation not an empty sack but still wider vistas of well being.

So long as we promote scientific curiosity and social consciousness in our youth . . . and so long as we bequeath them freedom of initiative and the right to profit somewhat in proportion to their contributions . . . so long as we recognize that the elevation of the individual is both the end and the means . . . I think I can assure you that the future is an exciting and inspiring one.

"Everlasting Concrete" Reported By Georgia Tech Engineers

New substance called "Tookite" and "Surco" may revolutionize construction industry. Can be used to coat steel and other deteriorating metals.

It has been announced by engineers working at the Georgia Institute of Technology at Atlanta, Ga. that they have developed a new substance, similar to concrete, but, unlike concrete, it will last almost indefinitely.

The new product, which was called "Tookite," named for Raymond Tooke, Jr., one of the experimenting engineers, has been introduced to industry under a trade name "Surco." The product is chiefly a mixture of liquid synthetic rubber pinned on to a dry cement base. The engineers tested the product for two years and proclaim it is the answer to a long quest for a new everlasting building material.

"Surco" was developed in Georgia Tech's engineering experiment station. Raymond Tooke, Jr., a young graduating engineer in 1949 was commissioned to develop a material for surfacing concrete that would stand up better than ordinary concrete and would at the same time cling to concrete or other materials to protect them from decay.

"Let's not take more credit than we should," Mr. Tooke said, in speaking of the new product. "The Dutch tried the idea of combining latex and a cement material in the East Indies 15 or 20 years ago, using natural rubber. Private companies here and in England have been working on it, too."

One of the first large-scale customers for "Surco" is the Georgia Technical Institute, which is putting a quarter-inch coating of the product on a section of its football stadium, covering cracks and erosion caused by years of exposure and shoe-shuffling.

Herschel Cubb, director of the engineering experimental station, said Mr. Tooke and his coworkers are the first to turn out a material that sticks to steel, glass, wood, stone or concrete as firmly as if they were made together, will stand up under heavy vibration or impact, take colors and polishing for ornamental floors or walls, and even preserve the structural steel that holds concrete up.

"Moisture is one of the worst enemies of concrete," Mr. Cubb said. "It causes cracks and then goes in them to rust the structural steel. With this coating the damage that's been done will remain, but no more will occur. If it had been used in the first place, I think I can say the stadium would have lasted indefinitely."

Horace O. Kilbourn

Horace O. Kilbourn, partner in McDonnell & Company, New York City, passed away June 13 at the age of 68.

Now Mutual Distributors

KANSAS CITY, Mo.—The name of Investors Fund, Incorporated, 1016 Baltimore Avenue, has been changed to Mutual Distributors, Inc.

Three With King Merritt

ST. LOUIS, Mo. — Edward P. Southman, Glen E. Burk and Paul R. Barger are now affiliated with King Merritt & Co., Inc., of New York.

Eisenhower Economic Adviser Wants Action Against Unsound Booms

In his farewell Annual Report to the Board of Directors of the National Bureau of Economic Research, of which he has been Research Director, Dr. Arthur F. Burns, now President Eisenhower's Economic Adviser, warned that any action against depressions should also include action against unsound booms. According to Dr. Burns:

Dr. Arthur F. Burns

"There is a need to clarify the work of policy-makers who, while earnestly resolved to do away with depressions, sometimes seem to neglect the need of controlling booms and trust too exclusively in our ability to check any contraction that may get underway."

While the causes of business recession are not yet fully understood, Dr. Burns believes that we are gradually learning how to detect the signals of serious economic trouble and how to use available new instruments in acting against it.

Although "the present boom will not last forever" and cyclical tendencies will recur, Dr. Burns states, "we can be reasonably certain . . . that the government will at some stage intervene to check their course." While Dr. Burns believes the outcome of these two opposing forces cannot yet be predicted with certainty, he expects that "contracyclical policy will moderate the amplitude and abbreviate the duration of business contractions in the future, so that our children will be spared the sort of economic collapse that blighted lives in the early '30's."

Strong defenses against depression already exist, Dr. Burns said, and he gave as examples: "The strengthening of the banking system, the development of unemployment compensation and general assistance programs, the large and automatic reduction of taxes that now takes place when the national income contracts, and above all the assurance that the government is not likely to permit deflation to proceed unchecked."

But Dr. Burns points out that "our limited experience with contracyclical policy does not provide strong support for the belief, so often expressed by theoretical writers, that the government is capable of adjusting its spending, taxing, and regulatory policies with the fine precision and promptness needed to assure virtually full employment and a virtually stable price level at all times."

To understand business cycles, Dr. Burns believes, economists must continue their systematic investigation of "the mutual adjustment of costs and prices; the influence of consumer spending, profits, construction costs, and terms of financing on business investment; the influence of accumulated assets, borrowing and changing expectations of consumers on their rate of spending; the influence of investment on industrial productivity, on business competition and commodity prices" and many other related responses.

Continued from page 3

More on Picketing

in the public interest as Congress may decide. Accordingly, it is clear that if Congress desires to withdraw its protection in such matters and relegate them in the future to the legislative control of the states, no constitutional rights of employees will be thereby violated.

My opinion that the regulation of labor-management relations should be left to the several states obviously extends to the matter of picketing.

Congress was particularly sensitive, at the time of adoption of the Taft-Hartley Act, to the complaints of Federal usurpation of and encroachments upon state jurisdiction and prerogatives. The legislative history of the Act shows clearly that Congress had no intention of interfering with the exercise by the several states of their right to regulate violence, mass picketing, and the like. Events since the Taft-Hartley Act was passed have demonstrated that fears that state authority would be impaired were not without foundation. The Supreme Court, applying the doctrine that when Congress has preempted a field the states are thereby precluded from legislating therein, has struck down a number of state laws, notably in Wisconsin, Michigan and Florida.

A number of state courts, also, following the doctrine applied by the Supreme Court, have held that the field of labor-management relations has been preempted by Congress; and that the protection of strikes and "other concerted activities" intended by Federal law precludes any state legislation, executive action or judicial order or decision conflicting therewith. These developments have brought alarm to those in Congress and out who know that Congress never intended any such result.

I believe that legislation should be enacted designed to protect state sovereignty by affirming the power of the states to make and enforce regulations pertaining to the field of labor relations where such regulations are not in conflict with specific provisions of Federal law.

In general, I am of the firm conviction that neither unions nor their representatives have an unqualified right to picket; that such rights as they do have are circumscribed by their duties to others in recognition and protection of the latter's rights; and that any picketing involving intimidation or violence, however mild, is inherently evil. I am satisfied, too, that picketing in its most peaceful form is nonetheless characterized by elements of coercion or constraint. Thus, any legislative grant, even by a state, of the privilege of picketing should be carefully designed to prevent unlawful infringement of property rights of others.

ALEXANDER WILSON
Writer on Political & International Problems

I thought Walter P. Reuther's line (in his Picketing article) both specious and presumptive reasoning. (See pages 3 & 16, June 11 "Chronicle.") He puts the emphasis on peaceful picketing but when is picketing ever peaceful?

Alexander Wilson

The non-union man has the right to work without molestation to himself or his family for any concern he chooses provided he has the competency and opportunity. And if there be such a thing as liberty left in this country under our State and Federal laws he (and the employing concern) should be protected in his inviolable rights.

If our legislators and unions must condone picketing then its conduct should be restricted to middle of the street parades and not on sidewalks so as to block the building entrances to menace union and non-union workmen who desire to work or to interfere with the public.

In fact, these picket lines and movements should not be permitted within less than five blocks north and south, east and west of the struck buildings.

It should be a misdemeanor for any striking or non-striking workman or the public to shout epithets at each other.

The whole idea of picketing is un-American, unsportsmanlike and a resort to brute force and the basest passions in men.

In the conduct of a business the owners of a concern and the management should be protected with all the Constitutional guarantees to which property is entitled in our democratic government.

Picketing, violent or otherwise, is at best a crude, obnoxious, antiquated strong arm method of informing the public at large of the reasons for strikes these days when sensational radio and television news commentators as well as the newspapers feature front page strike news daily and reach millions of listeners in doing it.

HON. ROBERT L. CONDON
U. S. Congressman from California

This is in reply to your letter of May 25, 1953. I am quite aware of the conflict that has been raging in various sections of the country over the subject of picketing. As you know, the Supreme Court itself has had no firm opinion, and earlier decisions that held picketing was involved in the Constitutional protection of freedom of speech have been sharply modified. In fact, the dictum of the Senn case, which led to the holding in the Swing case, seems now to be entirely disregarded by the Court.

Robert L. Condon

I have long felt that picketing is a means of communication to apprise the public and other members of organized labor that a trade dispute exists. Normally, for financial and other reasons, the usual media of communication are more accessible to employers than they are to the organizations of employees.

It seems to me that if picketing is peaceful, and not accompanied by violence or physical intimida-

tion, it should be a protective right of working people. Certainly a return to a more restrictive proposition will create resentment and cause numbers of working men and women to feel that the legislators and the courts are more amenable to the position of management than to the position of the employees.

It takes two to make a strike since normally management could avoid the strike by compromising its position. For the organs of the state to side with one of the contestants in the absence of a breach of the public peace does not seem to me to be wise.

HON. JAMES E. MURRAY
U. S. Senator from Montana Member, Senate Committee on Labor and Public Welfare

I am definitely opposed to any Federal restrictions upon the right of members of organized labor to engage in peaceful picketing. Peaceful picketing is simply the right of workers to exercise their Constitutional guarantee of free speech and to advertise their grievances in a legitimate way. To infringe upon this right is to deny to the workers a fundamental American privilege. At the same time, no one should condone violent and disorderly picketing which results in the barring of freedom of access to and egress from a struck plant. This is primarily a problem for the state and local law enforcement officers and not one for the Federal Government to attempt to solve.


Sen. Jas. E. Murray

A. J. HAYES
International President, International Association of Machinists, Washington 1, D. C.

You ask that I outline some of my thoughts with respect to property rights and civil liberties as they are affected or infringed upon by peaceful picketing.

Of course, this subject has been discussed many times, now and in the past, and probably in the future so long as the two views of labor and management remain so diametrically opposed. Peaceful picketing has been identified and equated to free speech, wherein the late Justice Brandeis in his manificent dissent set forth the rights of the respective parties in *Truax* vs. *Corrigan*, 257 U. S. 312 (1921). In that case the State of Arizona had adopted a statute which prohibited the issuance of injunctions in labor disputes except to the extent that they would prevent irreparable injury to property or to a property right of the party making the application. In the lower courts the complaint was dismissed and affirmed by the Supreme Court of the State of Arizona. On appeal to the Supreme Court involving the constitutionality of the Statute, the Court held that a law which operates to make lawful such a wrong as is described in the plaintiff's complaint, deprives the owner of the business and the premises of his property, without due process, and cannot be held valid under the Fourteenth Amendment.


A. J. Hayes

During the course of this decision, Justice Brandeis dissenting, stated with respect to the property rights and the right to picket as follows:

"The employer has, of course, a legal right to secure and retain customers, to fix such prices for his products as he deems proper, and to buy merchandise and labor at such prices as he chooses to pay. This right to carry on business—be it called liberty or property—has value; and, he who interferes with the right without *cause renders himself liable. But for cause the right may be interfered with and even destroyed. Such cause exists when, in the pursuit of an equal right to further their several interests, as competitors make inroads upon his trade, or when suppliers of merchandise or of labor make inroads upon his profit.*

". . . The rules for governing the contest necessarily change from time to time. For conditions change; and, furthermore, the rules evolved, being merely experiments in government must be discarded when they prove to be failures.

"Practically every change in the law governing the relation of employer and employee must abridge, in some respect, the liberty or property of one of the parties, if liberty or property be measured by the standard of the law theretofore prevailing." (Underscoring supplied.)

I agree wholeheartedly with the above decision of Justice Brandeis.

It should be noted that Justice Brandeis equated peaceful picketing with free speech and a right guaranteed by the First Amendment. I fail to see how either the Federal or State Governments can subvert this right, by legislation which in any way impedes or restricts the only available means of advertising labor's legitimate objectives.

For too great a period of time the Federal Government has recognized that employees *are* entitled to self-help, mutual aid and protection, including the right to strike as well as the right to picket and to advertise their dispute. To attempt now to impose any restriction or conditions upon this right on the grounds that picketing has infringement on property rights would be tantamount to asserting that employees that ban together for mutual aid and protection have no method or means at their disposal with which they may affect the employer's economic superior strength.

J. LESTER PARSONS
Chairman of the Board, The North River Insurance Co., New York 7, N. Y.

I think picketing should be definitely restricted. As far as I can see the public gets no consideration whatsoever from the Unions.

Continued on page 26

Continued from page 25

More on Picketing

JOHN HARPER
President, Harper Oil Co., Inc., New York

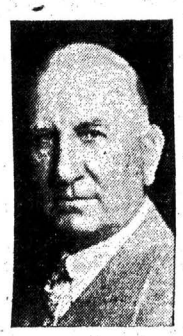
I certainly do not feel that picketing should be declared illegal. In order to reduce the likelihood of bloodshed and high pressure tactics, however, it should be incumbent on local, state, and Federal authorities to enforce the statutes and give protection against the illegal use of force by any party.


John Harper

Public officials are supposed to keep the peace, but the law should make this obligatory on those in authority, with due provision for the forces necessary to carry out the responsibility.

CRAWFORD H. ELLIS
President, Pan-American Life Insurance Co., New Orleans, La.

I would advise that I am unalterably opposed to picketing of any kind. This is a free country and if anyone is not pleased with the compensation he is getting for his work he has a perfect right to quit; but he has no right to interfere or intimidate another person who wishes to work.


Crawford H. Ellis

T. E. BRANIFF
President, Braniff International Airways, Dallas, Texas

Picketing substitutes coercion, intimidation and often violence for persuasion and reasoning. It is an unfortunate aspect of that phase of the development of our laws and customs in connection with industrial disputes which countenances the employment of violent, destructive methods by one party to the controversy.


T. E. Braniff

Picketing has no place in an orderly society and should be abolished by law.

LEWIS A. SHEA
President, The First National Bank and Trust Co. of Bridgeport, Conn.

It is pretty hard to take a stand on the subject of picketing in strikes. If the privilege is used as it should be, it would indicate to the public at large that the individuals are on strike, and as such is a constructive American idea. However, the abuse of this privilege by those who would threaten the people who wish to work in spite of the strike, offsets the good that could be done by picketing. I, therefore, would put my support behind non-picketing.

JACK I. STRAUS
President, R. H. Macy & Co., Inc., New York

I believe that American industry in general and the retail industry in particular have an important stake in amending the Taft-Hartley Act as it relates to picketing and secondary boycotts.


Jack I. Straus

Picketing, which is protected by Constitutional guarantees of freedom of speech, has in fact become a form of coercion in many instances. Mass picketing, picket line violence and threats of violence have coerced and intimidated workers and the general public. Secondary boycotts in the form of picketing have injured innocent third parties who had no direct concern in the underlying labor dispute.

I am in agreement with the position set forth by The American Retail Federation, The National Retail Dry Goods Association and a good many other witnesses representing trade associations and individual companies that we need legislation tightening the Federal labor law with respect to secondary boycotts, coercive picketing and all picketing whose purpose is to compel an employer to violate the law or to disregard the rights of his employees to chose freely what union representation, if any, they may want.

HON. ABRAHAM J. MULTER
U. S. Congressman from New York

The right of strikers to peacefully picket in order to obtain what they deem to be their proper demands has been repeatedly recognized by the courts. Without picketing very few strikes, if any, could ever have been successful.


Abraham J. Multer

In my opinion to deny them the right to peaceful picketing would be to deny them the right to strike.

GEORGE E. BOWDOIN
President, United States Hoffman Machinery Corp., New York 3, N. Y.

I am afraid the matter of picketing rights is almost too important a one for me or anyone else to cover in a short letter. However, I do believe that the right to picket is inherent in the right to strike. Then one immediately sees the necessity of qualifying and defining what one means by picketing. Obviously, mass picketing with the resulting intimidation should be unlawful. Any type of intimidation is un-American, although the presence of a picket line—no matter how peaceful—undoubtedly produces some intimidating effects.


George E. Bowdoin

I do not believe that people should be hired from outside the plant to picket. Any picketing should be done by the strikers themselves. Of course, all this brings up the subject—if one of the small unions such as the pattern makers should picket and shut down a business possibly employing thousands of people—none of whom have any grievance except the very small minority. All sorts of correlative matters come to my mind, and I am afraid generalities do not prove too helpful.

R. M. HANES
President, Wachovia Bank & Trust Co., Winston-Salem, N. C.

I feel that any individual or group of individuals has a perfect right to quit their job or jobs whenever they choose. On the other hand, I have a very strong feeling that anyone wishing to work must have the same right. Therefore, I feel that the number of pickets allowed at any entrance to a struck organization's property should be limited. As picketing is now carried on in many instances, a group large enough to completely cover the entrance to a property revolves in a circular line, with the individuals in it close enough to make it impossible for one to enter the property without forcing himself through the two lines of revolving pickets. This does violence to both property and human rights and, I think, definitely should be prohibited. It should not be necessary for one wishing to work to have to force himself through a picket line, which invariably ends up in altercations, abusive language, and, in many cases, physical damage. The right to quit one's job is an inalienable one, but the right to continue working is just as sacred.


Robert M. Hanes

HENRY HARNISCHFEGER
Executive Vice-President, Harnischfeger Corporation, Milwaukee 46, Wis.

Fundamentally, I believe picketing should not be regulated by a Federal law. I firmly believe that the act of picketing is one which comes within the control of the police powers of the various states. The states should pass legislation subjecting picketing to injunctive processes and civil liability growing out of illegal acts. The state laws should define peaceful picketing so as to prevent mobs and mob-psychology injecting violence in what normally would be considered an expression of free speech. Under state laws, picketing should be limited to conflict between an employer and the local union involved. It should be illegal as a means of enforcing secondary boycotts. Its use should be prohibited in industry-wide strikes.


Henry Harnischfeger

The above, in brief, are my thoughts with respect to picketing as a device employed by unions to enforce demands.

HUGH C. GRUWELL
President, First National Bank of Arizona, Phoenix, Ariz.

The question of picketing by labor organizations always arouses clashes of opinion. Personally, I do not like the practice, but it world seem to be the fundamental right of an organized union to maintain a peaceful picket line in strict conformance with Federal and local laws. However, I have the very definite feeling that picket lines should be composed solely of members of the particular labor group affected. I am unalterably opposed to "secondary boycotts," a closely related subject. In other words, it is my feeling that an attempt to legislate against all picketing would be a matter of questionable judgment, but to legislate against picketing abuses should receive the wholehearted cooperation of all groups, including organized labor itself.


Hugh C. Gruwell

HON. O. C. FISHER
U. S. Congressman from Texas

It is my understanding that peaceable picketing is a constitutional right. Like other constitutional rights, it is subject to regulation to prevent abuses. In my judgment the right to picket does not include the right to use any type of violence or mass picketing to prevent other workers from going to and from their place of employment. To do so is inconsistent with our basic American principles and smack of anarchy. It should be prohibited by the states and by the Federal Government.

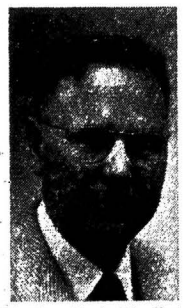

O. Clark Fisher

Moreover, picketing should not be permitted except as applied to a plant where a bona fide dispute is pending.

ARTHUR E. A. MUELLER
Wausau, Wisconsin

I am pleased to submit my views on the question as to whether picketing should be made illegal in proposed amendments to the Taft-Hartley Act.

My experience with picketing activities of unions has been gained in the foundry and metal working industries. At the present time I own and operate a group of four foundry and machine shop operations, all of which are organized.


Arthur E. A. Mueller

I have found that the mass psychology of picketing is of such a nature to readily lead to violence and unreasonable behavior on the part of individuals who under normal conditions accept the responsibilities of industrial relations very well. It seems that the idleness resulting from not working plus the pressure of union leaders combines to build up an excitement, and sometimes fanaticism, which is extremely unfortunate for both sides. I have had in my own operation and know of many other cases where considerable property damage and sometimes physical combat has resulted on the picket line.

I definitely feel that elimination of picketing would result in a cooler, saner, and more thoughtful consideration of problems involved in new contract negotiations. I doubt very much whether the tool of picketing helps labor to accomplish its objective, but rather that it antagonizes the public and certainly antagonizes the employer.

W. S. HACKWORTH
President, The Nashville, Chattanooga & St. Louis Ry., Nashville 3, Tenn.

I personally think that picketing infringes on the one thing that makes America great—freedom. In other words, I do not think that any man or group of men should forcibly keep another individual or group from working if they wish to do so. This strikes me as being an unholy weapon borrowed from France, where, in my opinion, liberty no longer exists.


W. S. Hackworth

L. D. FEDDERMAN
President, Interstate Engineering Corporation, El Segundo, Calif.

In 25 years of adulthood, I have watched with deep concern the growth of a monstrous form of the loss of human rights — the picket line. Just during the past two weeks, we have seen nearly 100,000 working people laid off in the automobile industry because of a handful of wild-cat strikers throwing up a picket line which labor was afraid to cross. A few short years ago, we saw the pitiful spectacle of the wife of the President of the United States refusing to cross a picket line when she didn't even know why it was there.


L. D. Fedderman

We have a company out here in California that has been picketed for seven years—and the employees still refuse to join that union. Why should these people be faced with threats and insults over something they don't need and don't want? **For the very essence of a picket line is the threat of force.** This is a simple statement of fact which cannot be honestly refuted. Every businessman and every working man knows that the threat of bodily injury is directly involved when a picket line is crossed. Always it is implied—often it is voiced. Any working man knows that the whispered threats of pickets are about as nasty and evil as can possibly be imagined.

Thanks to law and order in this country, the average picket line maintains some semblance of law and order—providing the working man is sufficiently intimidated not to dare to cross it. But when the police of a community fail to provide sufficient strength, we find innumerable cases of violence. Just a year or so ago, the Governor of West Virginia failed to call out the National Guard during a coal strike. "Goon Squads" traveled all the way from Pittsburgh to Clarksburg, overturning trucks of independent coal

companies, destroying mine equipment, and attacking miners.

As a young man in the '20s, working my way in the steel mills back East, I learned that one of my most precious possessions was the right to quit a job and go elsewhere if I don't like my employer. The words "picket line," "seniority," "closed shop," and "security" are direct products of Socialism and are certainly symbolic of 20 years of corruption and waste. The American worker is forging a chain around his neck which will be very difficult to break. The picket line is one of the main links in that chain and should be outlawed.

JAMES F. OATES, JR.
Chairman, The Peoples Gas Light and Coke Company, Chicago, Ill.

In my judgment, the establishment by a union of orderly and appropriate picket lines in support of a legal strike against the employer company is a legitimate exercise of a union's economic power and the members' constitutional rights.


James F. Oates, Jr.

I do not believe, however, that those engaged in picketing should have the right to interfere physically with entrance or egress to or from the employers properties. Picket lines should not be so established, or maintained in such numbers as to constitute mob action, or to do other than publicly declare the union's strike against the affected property owner. Furthermore, I do not believe that unions should be permitted to establish picket lines against companies or properties merely in support of union organizing activities or where no bona fide employee-management dispute exists.

L. L. WHITE
President, The New York, Chicago and St. Louis Railroad Company (Nickel Plate Road) Cleveland 1, Ohio

It is my opinion that picketing, as such, should not be prohibited by law where there is an actual dispute between the employees and the plant that is being picketed. This does not include picketing for organizing purposes.


L. L. White

I am opposed to mass picketing accompanied by violence and believe that mass picketing should definitely be prohibited by law and that the law should be enforced by enforcement officers of the community and of the state. Violence should be prevented by the law enforcement officers, instead of a token prevention as is done in many cases at the present time. There should be stiff penalties on mass picketing and very strict penalties for violence.

I do not believe that there should be any law to prevent, say, two or three people picketing at each gate or entrance, such picketing being the carrying of banners stating why they are picketing, but at the first sign of any violence at any gate, then all picketing should be prohibited.

We cannot cure all the evils of what we consider the bad things of our present industrial civilization by curbing or prohibiting certain freedoms or rights which we have under the Constitution and I believe that peaceful picketing (and I mean just that) is one of our basic rights.

LEWIS G. HARRIMAN
President, Manufacturers and Traders Trust Company, Buffalo, N. Y.

In my opinion an anti-picketing amendment would be undesirable. Picketing is one way in which the members of a labor organization can emphatically express their opinion in a labor dispute. I feel it should be properly controlled so that those who hold a contrary opinion may also express theirs by going through a picket line without fear of physical harm.


Lewis G. Harriman

If picketing is outlawed, the pent up emotions of the union members will unquestionably find outlet in some other manner — probably more objectionable. In all matters of this kind it seems to me much better to give the interested parties some reasonable means of expressing themselves and working off their emotional pressures.

H. C. RAMSEY
President, Worthington Corp., New York 16, N. Y.

I feel that picketing is an activity which is related to personal privilege as we understand that term in this country, and it surely does have a relationship to the right of free expression, to the right of opinion, and to the right of free speech. However, the great problem about picketing is that it becomes more than an expression of opinion and freedom of speech, and is subject in a great majority of cases to outright abuse. Picketing too often leads to violence and to threat of bodily harm, and to mob action which deprives other people of their rights.


Hobart C. Ramsey

Any activity which should be protected by law must, on the other hand, not be carried on to the extent that it violates any other right or privilege. I think the great problem about picketing is that more often than not it violates the personal privileges and rights of others, namely, the right to peacefully go to work if one wants to, or the right to peacefully carry on one's business. Unfortunately activities which carried on alone would not be tolerated for one moment by a police force, have been, on the contrary, tolerated where great masses of people have been involved.

In conclusion, I should state that my view is that picketing carried on peacefully and without threat of bodily harm or property damage is perfectly proper, but, on the other hand, picketing which interferes—or threatens to interfere—with the rights of others should be abridged without any question.

CLAUDE L. BENNER
President, Continental American Life Insurance Company, Wilmington, Del.

The way picketing is frequently carried on, it seems to me it definitely infringes on property rights and civil liberties. I refer to the practice so commonly found of having so many pickets surrounding the entrance to a plant where a strike is being carried on that it is practically impossible for anyone to go in or out of the plant without pushing pickets aside.

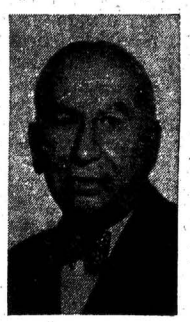

Claude L. Benner

The obvious intent of such picketing is to frighten away those who might want to enter. Moreover, all too often threats of violence or actual physical force is used by pickets to prevent anyone from crossing the picket line.

There certainly is some coercion implied in picketing, even when there is no resort to physical violence. Basically, that is why picket lines are maintained — to scare away workers who might like to return. If this subtle form of coercion is to be permitted, it certainly needs to be regulated more than it has been in the past.

F. W. MAGIN
President, Square D Company, Milwaukee 12, Wis.

There seems to be little doubt but that picketing infringes on property rights and civil liberties, especially when carried on as has been frequently the case. At times picket lines circle so close to the entrance of the plant that no one, regardless of his business, can enter without serious difficulty.


F. W. Magin

The previous Administration, however, condoned so many acts on the part of unions and union members that I believe any change would appear to them an infringement on their rights as they now interpret them.

It is my thought that picketing should not interfere with the entree or egress and should be limited to a reasonable number of employees of the plant which is being picketed, with definite restrictions as to their actions.

H. C. MADDOCKS
Brimfield, Mass.

Re: amending the Taft-Hartley Act. The amendment should not be written by labor, management or politicians as they all have an axe to grind. A neutral group should be appointed to include some small businessmen that have employees that are not union members. We know the majority of union members do not wholly approve of their leaders' acts.

John J. Brady With Hirsch & Company

John J. Brady has become associated with Hirsch & Co., 25 Broad Street, New York City, members of the New York Stock Exchange, as Manager of the firm's bond order and unlisted stock departments. Mr. Brady was formerly with Baker, Weeks & Co.

Inflation in Britain

By PAUL EINZIG

Dr. Einzig, commenting on the official claim that inflation in Britain has been checked, holds this may not be true, in view of further expansion both of bank deposits and note issue. Says so long as British Treasury deficit continues, inflation cannot be claimed to have been checked. Concludes convertibility crisis in Britain will be deferred until 1954.

LONDON, Eng.—It would be unfair to ignore or minimize the remarkable achievements of Mr. Butler whose measures have succeeded in averting the danger of a major crisis through an exhaustion of the gold reserve. Even though the recovery of the gold reserve after its severe decline in 1951-52 is very slow, and the "safety margin" is still rather narrow, the situation is incomparably better than it was a year ago. Moreover, the rise in the cost of living has been negligible during the last 12 months, in spite of the gloomy forecasts about the consequences of the removal of food subsidies and of the termination of various rationing and control measures. The fact that the Government has been gaining in popularity in the country shows that the electorate appreciates these achievements.


Dr. Paul Einzig

At the same time as paying tribute where tribute is due it is necessary, however, to warn against excessive optimism. In particular the repeatedly stated official claim that inflation in Britain has been checked, appears to be unwarranted in the light of the evidence of the latest figures showing a further expansion both of bank deposits and of the note issue. Even in the absence of such statistical evidence it would appear that the atmosphere is distinctly inflationary, with a great deal of indiscriminate consumers' spending in evidence. The wages spiral continues to rise.

The May figures of the London clearing banks show an increase of deposits by some £41 million. This in spite of the reduction of bank advances by £42 million, due largely to the consolidation of the bank debt of the nationalized British Electricity Authority. The apparent conflict between the trend of advances and deposits is explained by the increase of Government borrowing through the issue of Treasury bills to cover the budgetary deficit. So long as the deficit continues, inflation cannot be claimed to have been checked.

The expansion of the note issue has made it necessary for the authorities to raise the "fiduciary issue"—the official limit to the note issue—by another £50 million to a new high record figure of £1,600 million. Spending in connection with the Coronation is estimated to have contributed some £30 million to the increase, the extent of which was quite unseasonal, as the demand for notes in connection with the summer holidays has not even begun yet. There is a tendency in the British financial press and in economic literature to underrate the significance of an expansion in the note issue, owing to the fact that in Britain bank credits are a more important element in the monetary situation than currency. Nevertheless, it must be borne in mind that in spite of the large and increasing number of bank accounts the majority of British people have no such account, so that in their case inflated purchasing power necessarily assumes the form of larger holdings of Bank of England notes. For this reason the size of the note issue is a fairly reliable barometer of the extent of inflation.

It is often argued that the expansion of both deposits and of notes is not a cause but an effect of inflation due partly to the budgetary deficit and partly to the non-stop rise in wages. It is not always easy to determine which is the cause and which is the effect. Nor does it matter very much in the long run. Whether the increase in the volume of money preceded or succeeded the rise in prices is a matter of secondary importance. What is important is that the the inflationary vicious spiral continues to operate in an upward direction. It would not be surprising if we witnessed a resumption of the rise in prices in the not too distant future.

There are indications that the credit restrictions adopted at the end of 1951 are now interpreted much more loosely than they were a year ago. Even though anticipations of a reduction of the bank rate are not expected to materialize for a long time, industrial firms find it once more easier to obtain bank loans, provided that they are willing to pay the higher interest charges. The ease with which they can cover their requirements tends to weaken any resistance to wages demands. Although profits are, generally speaking, lower, it is once more possible to pass on to the consumer the greater part if not the whole of the additional cost of production resulting from higher wages. In such circumstances employers prefer to take the line of least resistance by yielding to pressure for higher wages. During 1952 there was stronger resistance owing to the tighter money conditions. But now the chances are that a very considerable proportion of the excessive and unwarranted wages demands —which have been made in spite of the absence of a further rise in the cost of living—will be conceded.

In contrast to the lightheartedness with which the majority of consumers pay the prevailing high prices, there is a growing reluctance to spend on capital goods. The chairman of one of the leading shipping companies declared recently that a stage has been reached at which his firm hesitates whether to invest in new ships owing to the prohibitive shipbuilding costs. At this very moment the shipbuilding workers are pressing for an increase of their wages by 15%.

Strangely enough, the evident deterioration of the internal monetary position coincides with a revival of talk about resuming convertibility. If the Washington Administration should change its mind tomorrow and should declare its willingness to collaborate in the application of the Commonwealth economic plan, Britain would plunge into convertibility without delay or hesitation. This is because of the belief that convertibility would cure everything. It seems that the only hope of saving Britain from the consequences of such a shortsighted attitude lies in the unwillingness of the Washington Administration to commit itself. That means, at any rate, that the convertibility crisis will be deferred till 1954.

Continued from first page

Which Industries and Common Stocks Today?

Interest rates for both short and long term accommodation are at levels not seen for 20 years, and there is news of the postponement of expansion projects of industry because of higher financing costs. This is, of course, entirely in line with orthodox theories of monetary management; the index of industrial production now stands at an all-time high, the economy is operating at virtual capacity, and restraint of a general nature is appropriate.

The general atmosphere in the area of fixed-income securities for the past few days has been one of crisis, bids have been hard to get for certain bonds, and from a crisis atmosphere of this kind a change frequently comes. Moreover, there is other evidence that the pattern of persistently rising interests rates may now be changing. This evidence includes:

(a) The Treasury's deficit of more than $10 billion in the next six months must have the effect of substantially increasing the money supply. This deficit, which will be $3-$4 billion larger than during the similar period last year, results in considerable part from the Mills Bill, which to an increasing extent concentrates corporate tax payments in the first half of the calendar year.

(b) The underlying demand for money from corporate borrowers shows signs of diminishing, if new orders for capital goods can be believed.

(c) A slower rate of family formation implies a lower demand for mortgage credit in the next two or three years.

All of this does not mean that the trend of interest rates is going to be dramatically reversed, or that we are going to return to a Keynesian policy of super-low interest rates. It does suggest, however, that banks and insurance companies will enjoy a less steep rise in the returns from their portfolios than they have been getting in the last two years. Nevertheless, since both classes of institutions will for a considerable period of time to come be able to replace maturities in their holdings with new loans or securities bearing higher rates of interest, both classes of stocks are well worth holding. "Country" banks with large volumes of time deposits, and rapidly growing life insurance companies are of particular interest. Security First National Bank of Los Angeles and Lincoln National Life Insurance Co. are well situated to meet these specifications.

Politics

Turning now to politics, it is becoming increasingly evident that above everything else the Administration is devoting itself to the task of balancing the budget at all costs. For this reason, aside from the risk of war, I think that we can plan on a stable or declining price level for a long time to come. This judgment, if correct, means that the investor should, in choosing industrial companies to invest in, put a special premium or manufacturing efficiency and sales ability, as contrasted with speculative raw materials policy, or sales opportunism, even though these last two abilities have served many companies well in the last 10 or 12 years. As investments with which to capitalize on stable prices, I would call special attention at this juncture to the dairy products companies. Stable or falling raw material prices tend to widen profit margins and at the same time diminish working capital requirements, with a consequent improvement in dividend-paying ability. Dairy stocks are popular with investing institutions, therefore dividend increases will promptly be reflected in the market. Borden would seem to be an excellent choice in this group.

Still under the heading of "Politics" comes Tax Reduction. It is only a question of time until the Excess Profits Tax ends; its expiration will be important for many companies in the sense that reported profits will improve, but much more important will be its effect on corporate operating policies—extravagance of many kinds will be checked, ranging from advertising through suites at the Waldorf to the drilling of oil wells. As beneficiaries from the ending of EPT, the steel stocks are, of course, outstanding, with electrical equipment close behind. General Electric and National Steel are easy choices in these groups.

Also before leaving the general subject of politics we probably should consider the factor of labor relations. It seems logical to expect the leadership of labor to display less recklessness and disregard of public opinion in the future than, for instance, was evident at the time of the last steel strike. Certainly one of the factors contributing to the extraordinarily low market evaluation of steel shares that has prevailed in the last 15 years has been the inimical attitude of government toward the industry, which has expressed itself in direct intervention on the side of labor on many occasions. A changed government attitude in this respect alone would seem enough to justify in due course a higher evaluation of the earnings of steel companies.

Turning away from politics, I think that despite the headlines of the last few days, the general statements that represent realistic conclusions on the general subject of War and Peace are these:

(a) Tension between East and West is not going to disappear—therefore we are going to continue to maintain a large armament industry—the greatest "new industry" of modern times.

(b) An intelligent and honest Administration of the kind that we now have is a weapon of great power all by itself, of which a less truculent Russian policy represents only the first fruits; therefore little or no increase in the rate of armament spending is likely. As a means of investing in the armament industry and participating in its sustained high-level activity, Douglas Aircraft seems an outstanding choice.

Business Cycle

We now come to the question of the Business Cycle, and it seems to me that in this aspect of economic analysis a conclusion is not hard to reach—as a result of a number of factors, the rate of business activity which is now at virtual capacity will decline in a slow, orderly, but fairly persistent manner. The extent to which the downturn proceeds will, more than anything else, be influenced by what is done in the matter of taxation, and therefore the present proposal to extend EPT is, of course, disappointing. The reasons for expecting a decline in business activity are: (a) The deliberately restrictive monetary policies of the Administration.

(b) A decline in the rate of family formation.

(c) The high rate of automobile sales this year, from which a reaction next year is highly probable.

(d) The inevitable slowing up in new orders for capital goods following the recent period of war-stimulated expansion.

Relating this outlook to security prices is not really easy; deflation, for instance, is favorable for the fire and casualty insurance companies, and on balance it probably does the food companies more good than harm. The extent to which harder times will influence other types of securities is a question of market prices, and in this respect a tremendous number of securities seem already to discount more adversity than they are likely to meet, including not only the steel stocks, but the securities of the major oil companies and many others.

Population

In considering the intermediate term business prospect, one of the strongest elements in the situation, which will mitigate declining tendencies to a considerable extent, is the rate of increase in the size of our population. Last year our population increased by 2.6 million; *this means that we are adding to ourselves a country the size of Canada every five years!* The present increase is taking place in spite of a diminished rate of family formation; in the later '50s and early '60s the rate of family formation will increase again, thus compounding the present rate of population increase. At the present time the two population categories that are growing the most rapidly are the very old and the very young—both are increasing faster than the population of working age. This suggests that the American Seating Co. which makes school furniture, and G. D. Searle Co. which emphasizes drugs for the ills of the aged, should fare comparatively well regardless of trends in general business.

Not only is the population growing, it is also shifting, accentuating the development of such areas as Texas, California and Florida. Specifically, Florida Power & Light seems likely to increase dividends within the next 12 months. The shifting propensity also includes a tendency for the growing middle classes to abandon the cities in favor of the suburbs, and this decentralization is providing opportunities for alert merchandising companies such as Federated Department Stores, Associated Dry Goods, and Allied Stores to establish new businesses in favorable locations.

Turning now to the question of Spending vs. Savings habits, which is a highly important factor in determining the amplitude of swings in the business cycle—it seems safe to conclude from the present trend of the figures that the savings of the saving part of the population are in general offsetting the spendings of the spending part of the population on consumers durable goods financed by instalment debt. The existence of large amounts of savings is a recession cushion, and the factor of rising population provides some assurance that over-saving will not accentuate the downward swing of business. The public's rising saving proclivities favor two groups, the life insurance companies and the banks with large volumes of time deposits.

Fashion and Design

We now come to a still more obscure and controversial aspects of economic life in this country, that I have put under the heading of "Fashion and Design." That acute sociological observer of American life, Thorsten Veblen, gave one of the most important aspects of this subject a good name when he called what I have in mind "conspicuous expenditure," of which the whitewall tire is a familiar example. In an economy such as ours, in which the standard of living is so high that everyone has a house, a car, ample clothing, etc., a large segment of all commerce is concerned with merchandise that consumers don't need—but must be made to want. In this segment fashion becomes highly important—it is an opportunity for the bold user of new and radical design, but a pitfall for the enterprise that designs badly. It will be interesting to observe this year the relative success of the radical Studebaker and the conservative Chrysler. On balance I think it can be assumed that very large opportunities exist now in our economy for good new design to result in solid commercial success; these opportunities exist not only in automobiles, but in housing, home appliances and other fields, and intelligent investors should take this factor into account. In the fashion field, Cluett, Peabody, which is exploiting an apparently increasing fashion consciousness in men, seems to represent an extremely interesting opportunity.

Management and Reorganization

Our next subject, Management and Reorganization, is familiar ground to professionals; we have all seen many examples of enterprises brought from near-bankruptcy to prosperity in short periods of time through revivified managements. Investors should pay special attention to the managements of companies whose securities they hold to make sure that there will be good performance in the increasingly competitive times to come. Among companies with strengthened managements which may well turn in a superior performance over the next few years are Continental Can and Gillette Safety Razor. The several oil companies comprising the Getty group seem to provide especially interesting opportunities.

Finally, we come to the related subjects of Technology, Invention and Obsolescence, which will probably have an importance for our economy for the next few years, second only to that of tax policy. To give you an idea of the power in economic terms of incentives for both buyer and seller of some of the forces at work, I'm going to begin by discussing the homely subject of fertilizer. Farmers are at last feeling the squeeze of a return to normal in the price of farm products, and the response of many of them to the challenge presented by this squeeze is to use more fertilizer and to use high-test fertilizer. The economics of fertilizer use vary widely, but in Dutchess County, New York, for example, a dollar spent on fertilizer brings from $2 to $4 in increased yield, and the more progressive farmers are now fertilizing even their pastures as a matter of course.

The economics of the manufacture of the nitrogen component of fertilizer with modern techniques presents a picture something as follows: A dollar invested in plant will produce an annual gross income at present prices for, say ammonium sulphate, of about 80¢, on which the gross profit margin will be about 45% before depreciation and taxes. This means, assuming depreciation over 15 years, that the plant can pay for itself in a little more than five years at a 50% tax rate. With profit incentives of this sort operating it is thus not surprising that major new nitrogen projects should be announced with considerable frequency. The companies which already have a good start in the nitrogen expansion race would seem to have an excellent chance of turning in a far above-average earnings performance in the next few years. Such companies include Lion Oil, Spencer Chemical, Mathieson Chemical and Phillips Petroleum.

In conclusion, I want to mention one industry, which as yet can scarcely be said to exist, as offering one of the outstanding commercial opportunities of the next few years — much-discussed titanium. Titanium weighs only half as much again as aluminum, but is three to four times as strong, and is corrosion-proof. This combination of qualities, other things being equal, would seem to assure to titanium a market comparable with that for stainless steel. In addition, titanium ore is abundant, and, in theory, the energy input required to reduce it to metallic form is no greater than to reduce aluminum. The only hitch is that to reduce pure metallic titanium from its oxide under the present Kroll process developed by the U. S. Bureau of Mines is extremely costly, bringing the current price of the metal in ingot form to the neighborhood of $5 per pound. At present a number of the large laboratories are working on this problem as a matter of first urgency, including duPont, National Lead, Union Carbide and Kennecott Copper. There are some who think that Union Carbide is now in the lead in this race, and if this belief is justified, Union Carbide may well prove to be the outstanding chemical issue of the next few years.

Conclusion

This ends the discussion list of subjects in which change seems likely to be most actively at work in the next year or two. In applying our conclusions about the effects of these changes on policies of security investment, I think we should take into account a few general principles. These are, first, that despite the likelihood that we are now in for a period of recession in business, the price at which many securities are selling is such that we as professionals should still be inclined to take a constructive, rather than a negative attitude. Secondly, the merchandise with which we are called upon to deal—American common stocks—is happily fairly free from the value - distorting effect of speculation. Thirdly, our country is essentially extremely stable in a political and social sense, and we are now blessed with a strong and intelligent government. I suspect that the intelligent saver who invests in well chosen stocks is going to do extremely well over the next decade.

Wall Street Anchor Club Honors Chaplain

On Thursday, June 11, 1953, the members and friends of the Wall Street Anchor Club No. 18, attended a dinner to honor its chaplain, the Rev. Stephen A. Seccor upon his completion of 25 years in the Holy Priesthood. The dinner was held at the 32nd Club, 32 E. 32nd Street, New York City. The Rev. Fr. John Meade and the Rev. Fr. Cotter, S. J. were in attendance and added much to the evening's entertainment.

Past President Edward T. McGovern was toastmaster. President Peter Brochu (Allen & Company) introduced the speakers and the guests.

Fr. Stephen A. Seccor is Assistant Pastor of Our Lady of Victory R. C. Church, William & Pine Streets, New York City. Rev. Msgr. R. J. Pigott is the Pastor.

Smith, Hague & Co. Opens Three Branches

DETROIT, Mich.—Smith, Hague & Co., members of the New York and Detroit Stock Exchanges, has opened branch offices in the State Savings Bank Building, Ann Arbor, under the management of Dean W. Titus; in the National Bank Building, Jackson, under the direction of Russell H. Goodrich; and in the Capitol Savings & Loan Building, Lansing, under the direction of Beulah D. Bogue. Mr. Titus was formerly Ann Arbor Manager for White, Noble & Co. Miss Bogue was Lansing Manager for the same firm.

H. H. Peacock Opens

SALT LAKE CITY, Utah—H. H. Peacock is engaging in a securities business from offices at 2812 Filmore Street.

NEWS ABOUT BANKS AND BANKERS

CONSOLIDATIONS
NEW BRANCHES
NEW OFFICERS, ETC.
REVISED CAPITALIZATIONS

At a meeting of the Board of Directors of **The National City Bank of New York** held on June 16, T. Carl Wedel, formerly an Assistant Cashier, was appointed and Assistant Vice-President; and William W. Baker was appointed an Assistant Cashier. Mr. Wedel is associated with the Middle Western District of the Domestic Division of the bank, and Mr. Baker is with the Real Estate Department.

* * *

Earle V. Haring, formerly Assistant Secretary, has been appointed Assistant Vice-President of **Chemical Bank & Trust Company of New York**, it was announced on June 16 by N. Baxter Jackson, Chairman. In 1919, Mr. Haring joined Chemical's Credit Department and has devoted the major part of his banking career to credit work; more recently as Lending Officer. He is located at Chemical's Textile Office, 320 Broadway. Mr. Haring is a member of Chemical's Quarter Century Club. He is also a member of the New York Credit & Financial Management Association and of the Arkwright Club of New York. During World War II, he acted as Chairman of all war loan drives.

* * *

Appointment of Leod M. Goss as an Assistant Vice-President and Dwight G. Allen as an Assistant Secretary in the Far Eastern Division of the Foreign Department of **Manufacturers Trust Company of New York** was announced by Horace C. Flanigan, President of the trust company. Mr. Goss graduated from Yale University in 1932 and joined Manufacturers Trust in 1937. He was advanced to Assistant Secretary in 1951. During World War II he served in the Finance Department of the United States Air Force. Mr. Allen graduated from New York University and became associated with the bank in 1946 after more than five years in the Parachute Field Artillery. He recently returned from a six month's assignment at the bank's Far Eastern Representative Office in Tokyo, Japan. Both men will be located in the Main Office at 55 Broad Street, New York.

* * *

The Valley Stream National Bank & Trust Co. of Valley Stream, N. Y., increased its capital as of June 15 from $550,000 to $561,000 by a stock dividend of $11,000.

* * *

The second annual dinner meeting of the Quarter Century Club of **The County Trust Company of White Plains, N. Y.**, was held on June 9 at the Westchester Country Club in Rye. Sixteen new members, including Dr. Joseph E. Hughes, President of the trust company were initiated into the club, bringing the total membership to 72. Each new member received either a silver tray or a wrist watch to commemorate 25 years of continuous service with the bank. In presenting the gifts, Andrew Wilson, Chairman of the Board, congratulated each recipient and credited much of the progress of County Trust during its first half-century to the loyalty and efforts of club members. Dr. Hughes, in a previous address, traced portions of the bank's history. Elected to serve as club officers for the ensuing year were: Edward B. Lowell, who replaces Dominic J. Pastorelle, as President, and Mary E. Hoey, who replaces Charles A. Horton, as Vice-President. Ethel V. O'Leary was re-elected to serve another term as Secretary. Isaac Carpenter, Jr., and Charles G. Sposato were appointed to serve on the Executive Committee, replacing John Howard, Jr. and Marguerite Bevier.

* * *

The sale of $50,000 of new stock by the **Glenville National Bank of Scotia, N. Y.**, has served to increase the bank's capital as of June 3, from $200,000 to $250,000.

* * *

On June 25 a special meeting of **Commerce of Newark, N. J.** will the stockholders of the **Bank of** be held to act on the following proposals, incident to the expansion of the banks capital funds, it is learned from the Newark "News" of June 16.

"To reduce present par value of 2,000 outstanding shares from $100 to $10 on 20,000 shares; to declare a stock dividend of one share for each two shares held, making a total of 30,000 shares, and to issue 30,000 new shares, par $10, at $15 each, with stockholders to get rights to subscribe, one for one.

The reduced par effects a 10 for one stock split. Stockholders of record June 9 are affected.

"From the proceeds of $450,000, $300,000 would be added to capital, to total $600,000, and $150,000 to surplus, to make $160,000 (after the transfer of $100,000 to meet the stock dividend). William Klaile, President, said any of the new stock not absorbed by the shareholders would be sold on the open market."

* * *

A proposed addition to the capital funds of the **People's Trust Co. of Bergen County at Hackensack, N. J.**, will be acted upon at a special meeting of the stockholders of the bank on June 25. Under the proposals, 1,050,000 would be added to the capital funds of the bank through the sale of 70,000 new shares of capital stock of $5 par value, it was announced by Cesar J. Bertheau, President, according to special advices from Hackensack to the Newark "Evening News" of June 15. From the same advices we also quote.

"The shareholders will also be asked to approve a 5 for 1 stock split which will convert the bank's present 40,000 shares of $25 par value capital stock to 200,000 shares of $5 par value. Shareholders of record as of June 9 would receive on June 25 rights to subscribe to the new stock at $15 per share in proportion to their holdings on the record date. From the proceeds $350,000 would be allotted to capital and $700,000 to surplus, bringing capital to $1,350,000, surplus to $2,700,000 and capital funds to $4,484,000. Any of the new stock not subscribed for by present shareholders would be offered for sale to the general public at $15 a share."

* * *

Otto C. F. Brueger was made Vice-President and Secretary of the **Orange Savings Bank of Orange, N. J.**, effective May 26, according to the Newark "Evening News" which on May 28 noted that he had been Secretary-Treasurer. The "News" added:

"Edmund J. Sauer, Jr., was elected Treasurer and Andrew J. Egner, Jr., was named Auditor. Mr. Sauer started with Orange National Bank in 1926 and has been successively with First National of West Orange and Second National of Orange."

* * *

James E. Vaux, Trust Office of the **Commonwealth Trust Co. of Pittsburgh, Pa.**, died on June 8. He was 43 years of age. The Pittsburgh "Post" notes that he was a graduate of the Business School of the University of Pittsburgh, and had been with the Commonwealth Trust for a number of years.

* * *

Under the charter and title of the **First National Bank of Middletown, Ohio**, a consolidation as of May 29 was effected between that bank and the **Monroe National Bank of Monroe, Ohio.** The latter had a common stock of $50,000 while the First National Bank of Middletown before the merger had $625,000 of common stock. The consolidated bank will have a capital stock of $1,000,000, in 40,000 shares of common stock (par $25 each); surplus of $825,000 and undivided profits of not less than $355,726.

* * *

John C. Wright, Chairman of the Board and President of **La Salle National Bank of Chicago**, has announced that at the director's meeting held on June 11, Robert P. Resch, Vice-President and Treasurer of the International Minerals & Chemical Corp., was elected to the Board of Directors of the bank. Mr. Resch has been associated with the corporation for the past 31 years. He has held the office of Treasurer for 17 years and was elected a Vice-President of the corporation 12 years ago. He also serves as an officer or director of 14 affiliated and subsidiary companies of International Minerals & Chemical Corporation.

At a meeting of the directors of La Salle National Bank on June 11, a special meeting of the shareholders was called for June 24 to act on the directors' recommendation to increase the capital stock from the present 80,000 shares of $25 par value to 100,000 shares of the same par value. Under the proposed plan, shareholders of record June 24, would receive preemptive rights to purchase the new stock at $40 per share in the ratio of one new share for each four shares held on that date. Arrangements have been made with investment bankers for the sale of any unsubscribed shares. The rights would expire June 24. The proposal would increase the capital stock of the bank from the present $2,000,000 to $2,500,000. Surplus would be increased from $1,600,000 to $2,000,000 by the $300,000 premium on the sale of new stock, and the transfer of $100,000 from undivided profits.

* * *

The stockholders of **Manufacturers National Bank of Detroit, Mich.**, at a special stockholders' meeting on June 9, approved an increase in the capital stock of the bank by the issuance of 60,000 additional shares. Over 86% of the present outstanding shares were represented in person or by proxy. A circular giving general information about the bank and the new issue, and warrants for full and fractional shares were mailed to all stockholders of record at the close of business June 9. This new stock is being offered on the basis of one new share for each five shares held. The subscription price for the new shares is $50 per share. Warrants expire, unless exercised by 3 p.m. (EST), on June 23. A local underwriting group, headed by the First of Michigan Corporation and Watling, Lerchen & Co. have agreed to purchase any unsubscribed shares. As indicated in our issue of May 28, page 2318, the action of the stockholders will increase the bank's capital accounts by $3,000,000, raising the capital stock from $6,000,000 to $7,200,000 and the surplus from $10,000,000 to $11,800,000.

* * *

Following a meeting of the Board of Directors of the **Trust Company of Georgia at Atlanta** on June 9, John A. Sibley, Chairman, announced that Ivy W. Duggan had been elected a Vice-President. Mr. Duggan has been serving as Governor of the Farm Credit Administration in Washington, D. C., since 1944. An agricultural economist and authority on farm credit, Mr. Duggan is a native of Sparta, Ga. In his early life he was a teacher of vocational agriculture in the schools of Ashburn, Ga., and a county farm agent in Turner County. Later, Mr. Duggan was Professor of Agricultural Education at Clemson College and Mississippi State College. His degrees include B.S. and D.Sc. from Clemson, and M.S. from Ohio State University. Mr. Duggan became an economist with the Agriculture Adjustment Administration in 1934, and was later named Director of the Southern Division of that agency. In 1943, he became Deputy Governor of the Farm Credit Administration, and he has been Governor since 1944. Mr. Duggan has received an Honorary State Farmer Degree from the Future Farmers of Mississippi and an Honorary American Farmer Degree from the Future Farmers of America. He is the author (with the late Paul W. Chapman) of "Round the World with Cotton," author (with Ralph U. Battles) of "Financing the Farm Business" (a volume in the Wylie series) and a contributor to numerous agricultural publications. He is a member of the Board of Directors of the Graduate School of the United States Department of Agriculture. During World War One, he was a Lieutenant in the U. S. Army.

* * *

As a result of a stock dividend of $100,000, the **First National Bank of Refugio, Texas**, now has a capital of $200,000 increased from $100,000 as of June 4.

* * *

Thirty years of service with **California Bank of Los Angeles, Cal.**, were completed recently by Vice-President C. C. Pearson, of the Hollywood Office; Assistant Vice-President G. J. Carter, Beverly Hills Office; Assistant Manager R. E. Horton, Sixth and Grand Office, and A. H. Clark, of the Purchasing Department.

* * *

The Board of Directors of **Barclays Bank** (Dominion, Colonial and Overseas) of **London**, have declared interim dividends in respect of the year ending Sept. 30, 1953, of 4% actual on the "A" stock and "B" shares, subject in each case to the deduction of income tax at the standard rate of 9/- in the £. These interim dividends will be payable on June 19 to holders of the above stock and shares on the register on June 3, 1953.

Studies Behavior of Plastics

Members of Manufacturing Chemists' Association, in cooperation with the Massachusetts Institute of Technology, has issued booklet describing reaction of plastics under stresses, strains, varying temperature and aging.

Progress of a basic research project to define the behavior of plastics is described in a recent booklet published by The Massachusetts Institute of Technology and by members of the Manufacturing Chemists' Association. Since 1945, 18 plastic manufacturers have been supporting work at M. I. T. aimed at clarifying the engineering properties of plastic materials.

Starting with the objective of finding out how one plastic behaves under stresses, strains, varying temperatures and aging, the first achievement of the research has been to design and construct special testing equipment. The booklet reports that the Universal Plastics Testing machine developed on the project has served as the model for many commercial units. A second piece of equipment, a wheel-type extensometer, makes possible measurement of true strain in many laboratories for the first time.

Work on 13 samples of methyl methacrylate, the booklet says, is developing simple empirical equations to express to engineers the generalized behavior of plastic materials as affected by composition type of load, rate of load application, and temperature. These results are being compared with tests on other types of plastics.

The booklet mentions a new and novel testing technique to measure performance of thermosetting plastics under high temperature and pressure molding. In a specially designed mold, short bursts of ultra-sound are transmitted through the material. Data are recorded in the same way sonar detects conditions in undersea navigation.

Out of the basic information collected, it may be possible to select a relatively few key tests which will simplify the evaluation of plastic materials, and enable the engineer to more accurately predict their behavior, the booklet says.

An indirect benefit of the basic research program has been the training of a substantial number of graduate students in the engineering properties of the plastics and laminated materials, most of whom are now active in the industry.

Additional sponsorship to broaden and accelerate the program is being sought, the booklet says.

Gulf Life Insurance Common Stock Offered

A public offering was made yesterday (June 17) of 999,216 shares of Gulf Life Insurance Co. common stock priced at $18 per share. The offering is being underwritten by a nationwide group of investment banking companies headed jointly by Equitable Securities Corp. and R. S. Dickson & Co.

Gulf Life ranks approximately 54th among some 700 life insurance companies doing business in the United States. It operates principally in the southeastern part of the United States and has its home office in Jacksonville, Fla. The company offers not only a wide variety of life policies but also an accident policy, a health and accident policy and various group policies.

The company's insurance in force increased from $216,914,000 in 1943 to $644,655,000 in 1952. During the same period its admitted assets increased from $16,862,000 to $93,017,000 and net premiums received from $7,536,000 to $21,600,000.

On May 26, 1953 the company declared an initial quarterly dividend on the reclassified stock of 12½ cents per common share, payable Aug. 3, 1953 to holders of record on July 15, 1953.

All of the shares being offered are presently outstanding shares owned by stockholders.

Mutual Funds

By ROBERT R. RICH

IN A MOVE believed unique in the mutual funds industry, Distributors Group has launched a 25th Anniversary Contest, with cash prizes totaling $1,200, open to all sales personnel of NASD members. The terms of the contest permit an entry for one sale of a Group Securities Periodic Investment Plan and additional entries for each five sales thereafter.

Prizes will be awarded for the best letters on the subject, "Why I like to sell the Group Securities Periodic Investment Plan." The letters will be judged on the basis of originality and their presentation of the important sales features of the Periodic Investment Plan.

Eliot Sharp, Editor, Investment Dealers Digest; Paul Johnston, Managing Editor, Barron's; and Ira U. Cobleigh, Author of "Winning in Wall Street" and other books, have been chosen as judges. The contest, which covers the period from June 15 to Sept. 30, carries an award of $500 to the first prize winner, two second prizes of $200 each and three third prizes of $100 each.

The sponsor's announcement of the contest has been sent to an extensive mailing list but any registered salesman, partner, officer or proprietor of a NASD firm will be sent a copy of the entrance requirements on request to Distributors Group, Inc., 63 Wall St., New York 5, N. Y.

Features of the Periodic Investment Plan of Group Securities are set forth in a folder, "Can You Keep a Promise to Yourself?" The Plan is voluntary, requires an initial payment of $100 or more and subsequent amounts may be as low as $25. The Plan is applicable to any of Group Securities' five diversified Funds or any of its 17 single industry Funds.

It permits without charge the automatic reinvestment of quarterly dividends and other distributions. Moreover, shares purchased under the Plan may be shifted into any other Group Securities Fund at a reduced sales charge.

Commenting on the contest, Herbert R. Anderson, President of Distributors Group, said, "It is hoped that the liberal cash awards may encourage many more mutual funds salesmen to become acquainted with our Periodic Investment Plan and its many attractive features. The contest may also provide a stimulus to security salesmen in general to discover the sales opportunities in a Plan which allows the public to accumulate shares of a cross section of American industry for as little as $100 down and $25 monthly or quarterly."

ONE OF HOLLAND'S leading financial publications, "Wall Street Gids Voor Amerikaanse Fondsen," paid a front-page tribute recently to Television Shares Management Company, sponsor of Television-Electronics Fund, for its $500 donation to the Netherlands National Disaster Fund.

The publication, in its May 15 issue, pointed out to readers that "the disaster which befell our country on February 1 has not yet been forgotten abroad and gifts to the National Disaster Fund are still being received from various countries."

"In this respect," the article continued, "it is gratifying to hear that American mutual investment funds, whose shares are listed on the Amsterdam Stock Exchange, acquitted themselves well."

"We now learn," the article concluded, "that Television Shares Management Company has sent a check for $500 to the National Disaster Fund." Television-Electronics Fund was the first American open-end mutual investment company to be qualified by the Netherlands Bank since World War II. It was listed on the Amsterdam Stock Exchange on Aug. 21, 1951.

MASSACHUSETTS LIFE Fund, through its general distributor the Fifty State Street Company, is making available to investment dealers and attorneys an interesting new booklet which contains examples of trust forms that may be used for payment of income from the Fund and distribution of principal to achieve specified objectives.

The booklet was prepared after many months of research and is based on 100 years of experience of Massachusetts Hospital Life Insurance Co., trustee for the Fund. It contains trust forms *for the following purposes:* children; parents and then for children; investment for one person; institutional investment; for trustee of profit-sharing plan; fixed monthly payments; revocable income for life; trust to go to charity upon death of investor or life beneficiary; and pensions for family employees.

Massachusetts Life Fund is operated as part of an unusual type of investment program combining the principles of a trust fund and a mutual investment trust. The plan provides separate trusts for each individual investor, with Massachusetts Hospital Life Insurance Co., as trustee. The Fund is the investment medium for such trusts.

REASONS FOR the decline in prices of "money market" bonds at a time when other bonds responsive to changes in corporate earnings and financial strength held firm is the principal discussion in the semi-annual report of Manhattan Bond Fund.

The report covers the six months from the end of the Fund's fiscal year on Oct. 31, 1952 to April 30, 1953 — a period during which United States Treasury 2½s, due December 1972/62 declined by more than 4½% to 92¼. They have subsequently sold below 90.

The reasons for this variation in price behavior of different kinds of bonds, says the report, stem from our very prosperity. "Industry is building new plants, spending money for inventory and equipment. Individuals—enjoying the highest level of employment in history — are buying homes, automobiles and expensive household appliances. . . . Such a prosperous business atmosphere . . . has supported the prices of some bonds, but has also increased the demand for borrowed money. Under these conditions and in the light of current fiscal policies of the government . . . investors have begun to seek and obtain higher rates of interest. Thus . . . 'money market' bonds have declined in price."

However, net asset value per share of Manhattan Bond Fund, which was $7.85 per share on Oct. 31, 1952 increased by three cents to $7.88 on April 30, 1953. During the same time, management of the Fund disposed of bonds with average coupon rates of 4.47% and average prices on April 30, of $999, and replaced them with issues priced on that day at an average of $969, with an over-all coupon rate of 5.24%.

"Despite the consternation with which recent developments in the bond markets are viewed by many investors," said Hugh W. Long, President of Manhattan Bond Fund, "a new avenue for more fruitful investment in bonds has been opened during the past several months. To a management organization charged with the task of finding sound bond values for its shareholders, these developments have created new and better opportunities for the employment of money in the bond market."

THE RESHAPING of the investor's world by science and industry is the theme of a booklet on Diversified Growth Stock Fund, just issued by Hugh W. Long and Co.

Entitled "Investing in the Future of America," the booklet lists holdings of the Fund in electronic, chemical, drug, oil, gas and other companies where research, new development and population growth play a large part.

Today's scientific miracles are only steps to new frontiers for a nation where $2 billion a year is spent on research and that fact is important to industry's owners as well as its customers, says the Long organization.

The company stresses the need for an open-minded willingness to seek growth opportunity in new fields and among lesser known companies as well as those already widely popular among growth-conscious investors. About a third of the Fund's investments are in unlisted stocks. The discussion emphasizes the need for specialized knowledge in scientific fields and describes the scientists and technologists who are retained to assist the management of the Fund in keeping in touch with technical developments.

In a timely warning against amateur investment pioneering in the frontiers of new products and methods the booklet points out that "New 'wonder' products often make headlines before they make profits." Investors who have paid heavily for temporary glamor will agree with the Long organization that know-how, diversification and supervision are important in the field of growth investment.

THE EXCESS Profits Tax should be allowed to die on schedule next June 30 because it "hits at the spark plugs of our economy," a mutual fund executive told members of the House Ways and Means Committee today as the Congressional tax-writing body continued hearings on the Administration's proposal to extend the controversial levy.

Testifying for National Securities & Research Corporation, New York, Robert A. Gilbert of the Corporation's Research Staff declared that EPT is paid largely by the enterprising and efficient companies that spark the entire economy.

"This is a time when the spark plugs should be in the very best of condition," Mr. Gilbert added, "because of the increasing number of costly drags on business, because of the gradual slowing of demand in many industries, because of the semi-transition from war to peace, and because of the tendency of commodities to decline. . . .

"EPT has been costing growth corporations about $1.5 billion annually," Mr. Gilbert said, "and if this is capitalized at the rate currently applied in the stock market it reduces the value of such corporations by $22 billion. No wonder the tax is called iniquitous, even by its present proponents.

"It is far easier and cheaper to reduce the budget than it is to let excessive taxation drive us into a depression. There are many civilian economies possible now exceeding by many times in total the amount of the EPT $800 million in question. We hope and pray Washington will concentrate on these—the fiscal hemorrhage as it were, instead of giving its attention to finding easy ways of telling the patient he must go on bleeding for a time.

"In appealing to this Committee may I mention that stockholders are both large and small. There are more women stockholders than men, and the government as well as the rest of us could well consider this as a need for a polite, trust-like, interest in the condition of the shareholders. Some of our largest corporations are becoming more and more owned by many small stockholders through the medium of mutual funds. The persecution of capital can therefore seep through many parts of our population.

"Gentlemen, we appeal to you to be forehanded and reap the benefits of encouraging enterprise rather than hoping for a part of a deceased's business. Let us take the 'tide at the flood'."

"AN INVESTMENT Keyed to a Basic Growth Industry" is the title of a new booklet issued by Distributors Group to promote the Electrical Equipment (and Electronics) Shares of Group Securities, Inc., which were recently split three for one to bring the price back to its original level.

Dividing the electrical equipment industry into (1) the makers of heavy equipment, (2) the makers of household appliances, and (3) the makers and users of electronics devices, Distributors Group finds all three divisions "keyed into the dependable growth curve of population and the increased use of electric energy." A 10-year performance chart is included.

TRUSTEES of The George Putnam Fund of Boston have declared a second-quarter dividend of 20 cents per share payable on July 22, 1953, to shareholders of record June 30, 1953. This is the 63rd consecutive payment and is derived entirely from net investment income.

George Putnam, Chairman of the Trustees, announced that the net amount of new money received from investors during the first five months reached a new high of $4,500,000, an increase of 59% over the same period last year.

FOR THE first five months of this year sales of National Securities Series increased 18% to a record high of $21,454,000 compared with 1952 period, according to figures just released by E. Waln Hare, Vice-President.

A. D. Buchan Joins Bacon, Whipple Co.

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — Andrew D. Buchan has become associated with Bacon, Whipple & Co., 135 South La Salle Street, members of the New York and Midwest Stock Exchanges. Mr. Buchan was formerly Manager of the municipal department for the Chicago office of White, Weld & Co.

James Ramsey Heads Wyckoff Ch. of Comm.

James B. Ramsey, Jr.

James B. Ramsey, Jr. has been elected President of the Junior Chamber of Commerce of Wyckoff, N. J. Mr. Ramsey is associated with Granbery, Marache & Co. in New York City.

K. D. Russell Joins Holton, Hull & Co.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — Kenneth D. Russell has become associated with Holton, Hull & Co., 210 West Seventh Street, members of the Los Angeles Stock Exchange. Mr. Russell was formerly Assistant Manager of the trading department for Edgerton, Wykoff & Co. and prior thereto was with Morgan & Co.

Royal Securities Offer Uranium Stock at 50c.

Royal Securities Corp., New York, are offering "as a speculation" an issue of 600,000 shares of common stock (par 1 cent) of Northwest Uranium Corp. at 50 cents per share. The stock is non-assessable.

Northwest was incorporated in Delaware March 31, 1953, for the purpose of acquiring mining claims in Saskatchewan, Canada, and to engage generally in the acquisition, exploration and development of mining properties.

Sidney Freeman With Irving Weis & Co.

CHICAGO, Ill. — Sidney Freeman, formerly a partner in Faroll & Co., is new associated with Irving Weis & Co., 141 West Jackson Boulevard, as registered representative.

Gerald B. Nielsen

Gerald B. Nielsen, partner in Nielsen & Co., members of the American Stock Exchange, died of a heart attack at his home. Mr. Nielsen was 43.

With King Merritt

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—George R. Scott has become affiliated with King Merritt & Co., Inc., 1151 South Broadway.

William R. Staats Adds

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — Basil B. Gallagher has joined the staff of William R. Staats & Co., 640 South Spring Street, members of the New York and Los Angeles Stock Exchanges.

Two With Davies

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif. — Dominic Canale and Roberto S. Martires are now connected with Davies & Co., 425 Montgomery Street, members of the New York and San Francisco Stock Exchanges.

Continued from page 5

The London Stock Market Today

New York since the World War II bear period, a trebling versus a doubling in England, and more particularly the substantial U. S. rise and London's concurrent fall since Korea. But against this technical factor of juicier profit-taking available, the freezing effect of the American capital gains tax is an important offset.

"Fund" Impact

The investment trusts in the British market are now not much of a factor, owing to the legal limitation of £50,000 annually on the raising of additional capital. The assets of the open-ends have been shrinking slightly, and the operations of the entire trust community merely adds up to a switching-around among issues.

"Prudent Man-Ism"

As in the United States, equity investing in England is about to get a long-term boost through the broadening of trustees' permissive powers. The Nathan Committee's recent Report on Trusts and Trustees recommends that the range of investments available to trustees should be extended to include debentures, preference and ordinary shares in financial, industrial, and commercial enterprises.

Strict safeguards are to be included as: a limit of 50% on the proportion of the total fund that can be invested outside of gilt-edged stocks (equivalent to bonds in U. S. terminology), and that any debentures or preferences selected must be a first charge, and also convertible into equity shares; or have a fixed and not very long maturity.

Investments are to be limited to companies which have paid dividends of at least 4% on total equity capital during each of the preceding 10 years; the size of the issue must be at least £1,000,000; and the issue must be quoted on the London Stock Exchange.

These suggestions will probably be enacted into law, but will be followed very gingerly, and largely confined to Blue Chips.

Meanwhile, certain Government-affiliated Hospital and Charity trust funds have just been permitted to buy equities.

The most equity-minded are the insurance companies. This trend got its fillip from the inflation-scaring by the Labor Government, since whose exit the flow into equities has become chilled. In contrast to American life companies' devotion of less than 1% of assets to equities, the British companies thus invest an average of 10-15%, thus, with one solid company, the Scottish and Widows Fund and Life Assurance Society, managed from Edinburgh, putting 30% of its assets into equities. The insurance companies, not the investment trusts, are the big market factor in Britain.

Contrast With American Blue Chip-Ism

In England, surprisingly, the Blue Chip type issues have persistently sold lower, not higher, than the non-Chip issues.

In the interval since 1935 the "Financial Times" Index of 30 leading industrial stocks, equivalent to our Blue Chip leaders, has risen by only 15%. During the same period the non-Blue Chippy 100 shares in the Actuaries Investment Index has doubled in price; and a wholly random selection of issues picked by rote from a statistical service organization's cards, showed a rise of not less than 254%.

The apparent reasons for the non-Chips' superior market performance seem to be the more liberal dividend pay-out policies, and growth efforts, by the closely held companies. In the recent two years also, the higher prevailing interest rates, important to the market as a whole, have exerted particularly strong restraint on the more stable consistent dividend-payers.

The yield on the Blue Chips is 5.8% and on the broader list 6.5%.

The Changed Comparative Yield

This liberal yield, in excess of the U. S., marks a new departure in the comparative U. S.-U. K. equity-yield situation, the converse situation having consistently held during most of the 1920's and 1930's, and only having been reversed as a result of Britain's raising of the long-term money rate from 2½ to 4½% two years ago.

Undoubtedly one of the factors making for the rising yield is that it is only a gross figure, whose "take-home" net is emasculated by the income tax deducted from the gross dividend.

Anticipating one country's market action to follow the pattern of another's is always extremely risky. If, however, we want to draw any conclusion from recent action in London, we can imply that it indicates for Wall Street equities a further mild descent to a price plateau (prompted by the rising interest rate); with stability there; with an ultimate long-term rise stimulated by secular appreciation of the respectability of the equity share.

The functioning of the equity share in Britain is now even more disappointing than it was when we made our last on-the-spot survey in 1951 (cf. **OBSERVATIONS** in the "Chronicle" of Oct. 4, 1951). Then we found that while U. K. equity prices had from 1938 to 1951 risen by 52%, the cost of living gained by 102%. Since 1951 retail prices have risen by 12%, while the broad list of ordinary shares has actually declined—by 10%. But as a yield-producer it has increased its value, from 5.2% to the current 6.5%.

First Boston Groups Offer Utility Shares

Dual financing on behalf of The Kansas Power & Light Co. was undertaken yesterday (June 17) by investment banking groups which are publicly offering additional preferred and common stocks of the midwest utility. The First Boston Corp. heads both underwriting groups. An issue of 50,000 shares of 5% preferred stock is priced at par ($100 per share) plus accrued dividends, and 170,000 shares of $8.75 par common stock are being offered at $17.25 per share.

The new preferred is redeemable on 30 days' notice at $105 per share on or before Oct. 1, 1958 and at prices declining to $102 per share after Oct. 1, 1968.

Dividends on the common stock have been paid since organization of the company in 1924 and are currently being paid at the quarterly rate of 28 cents per share, an annual rate of $1.12 per share.

The company, which supplies electricity and natural gas in the northeastern and central parts of Kansas, is experiencing continued growth in demand for its services and will use the proceeds from this financing in connection with additions to production and transmission facilities, including the payment of $5,000,000 in outstanding bank loans incurred for such purposes. Estimated expenditures for the next two years aggregate approximately $25,000,000. Operating revenues for the 12 months ended March 31, 1953, totaled $31,991,000 and net income was $4,307,000.

Bank and Insurance Stocks

By H. E. JOHNSON

This Week — Insurance Stocks

Several of the large investment banking firms have recently published reports and statistical studies on fire and casualty insurance stocks. One of the most interesting and basic of these reports is that issued by The First Boston Corporation, 100 Broadway, New York 5.

Their booklet contains descriptive and statistical information on 40 of the major fire and casualty insurance companies whose stocks are regularly traded. Such data and its presentation are designed to give investors assistance in the selection of insurance equities to meet their particular needs.

The First Boston report points out that insurance stocks over a long period of years have established excellent investment records with characteristics of growth in business and increasing dividend payments. As a result the shares have appreciated in value.

Among the factors which have contributed to the high investment position of these stocks are the characteristics of the insurance business itself.

One of the most important considerations in this connection is that underwriting operations of the fire and casualty insurance business grow with the expansion of business activity and the increase in capital values. As pointed out in the report, net premiums written by stock fire and casualty companies have increased from approximately $2 billion in 1943 to over $6 billion in 1952 or a gain of over 200%.

Another significant factor characteristic of the business is the practice of paying dividends out of investment earnings, using the excess of investment income together with underwriting profits to provide for the growth of the business. This practice has provided a steady increase in the value of the stockholders' equity.

It is realized that underwriting operations have not always been profitable. In the long run, however, the major companies have been able to show a reasonable margin on this phase of operations. The main reason for this is that the various state insurance laws require that rates be fair and reasonable, yet assure enough income over a period of years to pay losses and expenses and at the same time allow a margin for profit and contingencies.

This does not insure profitable underwriting to any individual company as rates and experience are based upon the results of the general industry. For this reason it is essential that careful selection be exercised in making investments in fire and casualty equities and it is in this field that The First Boston pamphlet is of considerable assistance.

One of the interesting features of the report is a tabulation showing the appreciation in value of the common stocks of 20 large insurance companies since 1947. The tabulation assumes that one share of each company was purchased at the mean price of 1947 and that all subscription rights offered since that time have been exercised. On the average the 20 stocks have increased in market value by approximately 78% since 1947. In the same period the Dow-Jones average of industrial stocks increased by about 44%.

The tabulation taken from The First Boston report is shown below:

	*1947 Price Per Share	†Cost of New Shares	Total Cost	Recent Price Per Share	‡Shares Now Held	Present Value	Increase in Value
Aetna Insurance	$49⅜	$13.333	$62.708	$53¼	1⅓	$71.000	13.2%
American Ins.	16⅝	6.500	23.125	24¾	1½	37.125	60.5
Continental Cas.	49¼	8.000	57.250	82¼	2	164.500	187.3
Continental Ins.	49¾	----	49.750	72	1¼	90.000	80.9
Federal Insurance	49	----	49.000	100	1	100.000	104.1
Fidelity-Phenix	53	----	53.000	72¾	1⅓	97.000	83.0
Fireman's Fund	91	24.000	115.000	56¼	3⅗	202.500	76.1
Firemen's Ins.	12¼	.645	12.895	26¾	1 3/50	28.488	120.9
Glens Falls Insur.	44⅞	10.650	55.525	59	1 3/10	76.700	38.1
Great American	28⅛	----	28.125	37¼	1¼	46.563	65.6
Hartford Fire	102½	----	102.500	151	1⅓	201.333	96.4
Home Insurance	25¾	----	25.750	40½	1	40.500	57.3
Ins. Co. of N. Am.	92	----	92.000	86½	2⅖	207.600	125.7
Merchants Fire	27¼	----	27.250	40½	1	40.500	48.6
Northwestern Nat.	125	----	125.000	61	4	244.000	95.2
Phoenix Insurance	83¾	----	83.750	98	1¼	122.500	46.3
St. Paul F. & M.	70¼	----	70.250	31	4	124.000	76.5
Springfield F.&M.	41⅜	15.200	56.575	45¼	1⅖	63.350	12.0
U.S. Fidel.&Guar.	43⅞	12.000	55.875	60	1 27/50	92.400	65.4
Westchester Fire	34⅛	----	34.125	23¼	1 19/20	45.338	32.9

*Mean of range for year. †Proportionate cost, based on holding of one share, of exercising subscription rights. ‡Includes proportionate share of stock dividends paid and adjustment for stock splits.

Halsey, Stuart Group Offers Utility Bonds

A group headed by Halsey, Stuart & Co. Inc. is offering today (June 18) $5,500,000 of New Jersey Power & Light Co. first mortgage bonds, 4¼% series due May 1, 1983, at 101.70% and accrued interest, to yield 4.15%. Award of the issue was won by the group at competitive sale on Tuesday on a bid of 100.80%.

Net proceeds from the financing will be used by the company for construction purposes and to repay its outstanding unsecured short-term notes in the amount of $3,545,000 which were incurred in connection with the construction program.

The bonds will be redeemable at regular redemption prices ranging from 104.70% to par, and at special redemption prices ranging from 101.71% to par, plus accrued interest in each case.

New Jersey Power & Light Co. provides electric service at retail to all or portions of 105 municipalities in the western and northwestern parts of the state of New Jersey. The area served by the company covers approximately 1,750 square miles, or about 23.1% of the total area of New Jersey. The company has about 76,000 residential customers and serves an estimated population of approximately 210,000.

Operating revenues for the 12 months ended March 31, 1953 aggregated $11,000,421; gross income was $1,655,363 and net income was $1,087,094.

Associated with Halsey, Stuart & Co. Inc. in the offering are—Gregory & Son Inc.; Wm. E. Pollock & Co., Inc.; Thomas & Co.

Rodman & Linn to Admit E. J. Pearson

CHICAGO, Ill. — Rodman & Linn, 209 South La Salle Street, members of the New York and Midwest Stock Exchanges, on July 1 will admit Elmer J. Pearson to partnership in the firm. Mr. Pearson has been with Rodman & Linn since its formation and prior thereto was with Shields & Company.

Gabbi Joins Leonard Co.

PORTLAND, Maine—Frederick H. Gabbi has become connected with C. W. Leonard & Co. Masonic Building. Mr. Gabbi was formerly an associate of Nathan C. Fay & Company and in the past was with Paine, Webber & Co.

Our Reporter on Governments

By JOHN T. CHIPPENDALE, JR.

The recovery from the lows in the government market now appears to be at a level where it seems as though something new will have to be added before it will go ahead very much more. On the other hand, if there should be a further tightening in the money markets, then the recovery will have run its course, because there is not enough confidence or funds around among investors to attempt to buck the trend. Developments of a favorable nature from Korea would no doubt have a bolstering effect upon the government market even though this might not be of too permanent a nature.

The ease which has come into the money market by the way of help from the Treasury itself as well as Federal, has tended to have the most important effect upon the nearer-term issues, because the buying of these obligations has been mainly for stability, marketability and liquidity purposes. As far as the more distant maturities are concerned there has been a small amount of investment buying but with the bulk of the price betterment attributed to quotation markups and other professional operations.

Market Poise Recovered

The government market appears to have recovered from the very severe case of jitters which it ran into not so long ago because the powers that be have shown a tendency to prevent the money markets from becoming so restrictive that higher and higher money rates were inevitable. How long this will last—that is, a modest amount of relief from the extreme tightness—is the big question which followers of Treasury issues are concerned about at the present time. To be sure, there has been no important changes in economic conditions as a whole that would cause the monetary authorities to make important revisions in the policy which has been in force since the new Administration took over. On the other hand, there is always room for a certain amount of technical know-how in anything that has to be done and the money market is no exception to this rule.

The difference between what might be termed an orderly and disorderly market could be a hair-line matter as far as making a decision as to which might be the case. However, where markets are involved in such considerations, and this has been the case with Treasury obligations, too fine a line cannot be drawn because while the discussion is going on the damage could be done. For instance, it was the expressed intention of the powers that be that the debt should be extended which beyond any question would be a very favorable development. However, because of the way in which the program has been handled there is not going to be much of a lengthening of maturities for some time unless there is a change in some of the conditions which are still so dominant in the money markets.

Financing of a part of the deficit by means of short-term maturities will no doubt be continued because this is the channel through which funds will continue to flow provided, of course, that the monetary authorities do not make money so tight that even these issues cannot be taken in large enough volume by the institutions that ordinarily buy these obligations. An increase in the rediscount rate, as has been rumored frequently of late, without some easing of reserve requirements in New York and Chicago, would be about all that would be needed to put a really tight squeeze on the short-term market.

Professional Activity Helpful

The Treasury issues in the intermediate and longer maturities have been acting better due to a combination of factors, the most prominent of which is the professional operation which has been going on among trades and dealers. These operators have taken minor positions in these securities in some instances and in other cases they have covered short positions, both of these have helped the market action of these securities. There has been also a small amount of investment buying of these obligations and, with the market very thin in these securities, it does not take much buying to move them ahead fairly rapidly. On the other hand, it would not take much selling to put them on the skids again because the psychological factor in the market is such that very little in the way of liquidation has a very depressing effect upon quotations.

Private pension funds, according to reports, have done some minor buying in the 3¼s, although this has slowed down to almost a trickle since this issue moved above the 98¾ level. On the other hand, state funds and certain commercial banks in not too sizable volume continue to put money to work in this issue.

Private pension funds and other ultimate investors have been sellers of the shortest Treasury issues, according to advices, with the proceeds going mainly into corporate obligations, with the recent issue of General Motors Acceptance Corporation notes getting a good part of these funds. There has also been selective purchase of the tax exempt issues by private trust accounts with funds realized through the sale of long-term governments.

Firm to Be Brand, Grumet & Company

Effective July 1 the firm name of Brand, Grumet & Tenser, 150 Broadway, New York City, members of the New York Stock Exchange, will be changed to Brand, Grumet & Company. Harry W. Tenser and Samuel Greenman will retire from the firm June 30.

Also on July 1, Seymour S. Siegel will be admitted to partnership in the firm.

Tenser, Greenman Co. To Be Formed in N. Y.

Harry W. Tenser, and Samuel Greenman, general partners, and Philip A. Brenner, limited partner, will form Tenser, Greenman & Co., July 1, with offices at 25 Broad Street, New York City. The firm will be members of the New York Stock Exchange, Harry W. Tenser to hold the membership. Mr. Tenser and Mr. Greenman are partners in Brand, Grumet & Tenser.

Continued from page 4

Hollywood Answers TV with 3-D

producer's standpoint, the loss of the smaller theatres will be in part compensated for by the growth of the drive-ins which, except for stereophonic sound, should be able to convert their present equipment easily.

Individual Company Analyses

The most recent earnings and price data of the eight major producing companies are shown in the attached table while a summary of recent developments is given below.

Columbia Pictures has continued to show a steady downtrend in profits. This situation may be rescued somewhat in the fiscal year ending June 30, 1953, by the erstwhile Mrs. Aly Kahn whose divestiture of seven veils in the current "Salome" is titillating the erotic sensibilities of movie fans throughout the country. Countering the industry trend, the company plans to make 34 pictures in the next nine months. It is anticipated that this large production will fill in the gap that will be left when other studios cut production markedly. For risk-taking investors, the preferred stock, buttressed by a sinking fund and a good working capital position, might offer possibilities of substantial long-term gains.

Loew's (MGM) continues to lead the industry in the number and grandeur of its productions but appears to be having difficulty in pushing its giant grosses through to net. In its fiscal year ended Aug. 31, 1952, earnings fell 42% a share short of covering the dividends paid. During the current year, it appears that the company will be hard pressed to cover the reduced quarterly dividend of 20 cents.

Loew's funded debt bears a one-to-three ratio to its stockholders' equity and the near-term bond maturities may call for some rather stringent cash management. This situation may be assuaged somewhat as the company, in accordance with announced plans, reduces its inventories with a consequent betterment in the cash position. During the next 18 months the company plans to produce only 34 pictures—about half its former 2-D production. Loew's remains the only one of the picture companies which under governmental consent decrees has failed to divest itself of its theatre properties.

Paramount is continuing to reacquire its own stock in the open market and has purchased about a million shares, or 30%, of those formerly outstanding, in this way. Its stockholders are being rewarded currently with a dividend that would appear secure for sometime to come. In 1952, the company succeeded in reducing its combined inventories and advances to outside producers by more than 10%. The company holds a 50% interest in Chromatic Television Laboratories, Inc., which in turn owns patents on a color tube which may become standard equipment on television sets when the latter industry swings over to the transmission of colored pictures. Another hidden value in Paramount's balance sheet is to be found in the company's ownership of 603,200 shares of Dumont Laboratories, carried at a value of $164,000 in contrast to a fair market value of close to $10 million. Some analysts regard **Paramount** as the outstanding "buy" in the industry.

At **Republic**, the smallest of the major companies, the executives were gratified to see that their fine movie, "The Quiet Man," had received many critical accolades as the "outstanding picture of the year." The paying public also has liked this one and **Republic** has that rare combination of an artistic and box office success. Nevertheless, its operating statement remains in the black only by the narrowest of margins.

RKO Pictures provided a different type of "story of the year" which stemmed from an attempt of the inimitable Howard Hughes to get out of the motion picture business which, he claimed, was absorbing an amount of his time that was disproportionate in comparison to that being devoted to his other vast interests. Mr. Hughes' solution to this personal dilemma was to sell out his 29% stock interest in RKO to a syndicate headed by a Ralph Stolkin, a phenomenally successful Chicago businessman who in the course of eight short years pyramided $15,000 into a $3.5 million fortune.

Hughes withdrew temporarily from the movie business to count his profits, including a down payment of something over a million dollars, from the sale of his stock at $7 a share as against the then market value of $4. Stolkin moved in as President, while two of his associates became directors. The motives behind the Stolkin action can only be surmised, but in certain circles it was averred that the quickest possible sale of RKO's inventory to television interests and a subsequent liquidation of the corporation at a handsome profit was contemplated.

The subsequent outcry that arose from creditors and minority stockholders forced a reconsideration of the original sale. Mr. Hughes grudgingly took back the stock, and the down payment was forfeited. He is now at work, as chairman of the board, endeavoring to rebuild RKO's sagging fortunes. Although RKO's Dec. 31, 1952 balance sheet reveals a fine four-to-one current ratio to delight the heart of any short-term credit grantor, its 1952 loss of $10.2 million has diminished the company's equity value by 28% and has all but erased the possibilities of dividends for years to come.

The comedy relief during an otherwise dismal year was provided at **20th Century-Fox** where a Mr. Charles Green, a veteran of corporate infighting, made a determined but unsuccessful attempt to gain control of the corporation. Mr. Green's experience provides a good example of the difficulties of ousting an entrenched management under the present conditions of widespread ownership of corporate stock. In his proxy fight, Green garnered barely 20% of the votes, while the holders of another 20% were too indifferent to bother voting. One salutary development arising from Green's *tour de force* was that the management replaced three officer-directors with four directors representing interests outside of management.

More important even than this was that Spyros Skouras, Fox's President, discovered "CinemaScope," a "revolutionary" wide screen process which was first exhibited in New York in 1928. It will be recalled that a year ago Skouras had been extolling the merits of "Eidophor," a device for projecting "live" shows into distant theatres on a closed TV circuit for exhibiting to paying audiences.

Fox has taken the only unequivocating position in the industry and has announced forthrightly that all future productions will be made in "CinemaScope." The screen version of Lloyd Douglas' famous novel, "The

Robe," will premier in October, and thereafter the company will produce 12 to 15 "big" pictures a year as compared with the 30 to 35 productions of sundry merit that it has made in past years. As inventories are translated into cash, it is anticipated that the company will reacquire some of its outstanding capital stock on the open market. The ultimate tribute to Skouras' exceptional sales ability occurred when the good, gray New York Stock Exchange responded to the announcements of "CinemaScope" by bidding Fox's stock up 80% over levels that had prevailed a few months earlier.

The new **National Theatres** stock being traded on the New York Stock Exchange was created on Sept. 28, 1952 when the old **Twentieth Century-Fox** company was broken up into separate producing and exhibiting companies. The holders of the old stock received in exchange for each share formerly held one share in the new producing company and one in the new exhibiting company.

Universal Pictures, foreswearing art, has avowedly pursued a course of making only pictures with the widest possible mass appeal. Of all the producing companies, **Universal** alone seems to have been able to establish a firm control over its costs to keep these in line with lowered grosses. It is the only company in the industry to be subject to excess profits taxes, and were it not for this impost, 1952 earnings would have amounted to more than $3 a share. The company has a distributional agreement with the J. Arthur Rank organization and will continue to exhibit outstanding British films in this country. Another catalyst that has given substance to **Universal's** earnings has been its ability to secure the services of outstanding stars through the device of the profit-sharing contract. The company's management appears both flexible and imaginative.

Warner Brothers has been busy hammering its equity capitalization toward more manageable proportions, and by Feb. 28, 1953, had reduced its outstanding shares to 4,950,600 from a onetime high of 7,295,000. On this date, the company was split into a new producing company, which will continue to carry the **Warner Brothers** name, and an exhibiting company, the **Stanley Warner Corporation.** The stockholders received half a share in each of the new companies for each full share that had been owned in the old company. The brothers Warner will continue in control of the picture company while Fabian Enterprises, Inc., whose executives are long time veterans of the theatre business, will hold effective control of the exhibiting company, having acquired 27% of the theatre company's stock from members of the Warner family.

The divestiture could mean happier times for stockholders in the theatre company whose pro forma earnings statements for the past six years reveals steadily declining profits. As theatre management is improved, and marginal theatres of the new chain's 358 theatres are eliminated, a marked improvement in earnings could eventuate since the new corporation began life with a book value in excess of $29 per share. This company is now negotiating to buy a major interest in **Cinerama Productions.**

The separation might also be beneficial to the producing company as the Messrs. Warner are freer to concentrate on the phase of the business that has interested them most. At the moment, all is not entirely well at **Warner's**, for this spring the company cut salaries and stopped production for an indefinite period. Its planned future production will be down by about a third, with extensive use being made of "WarnerScope," the company's own 3-D process.

ABC-Paramount

Although this article is concerned primarily with the movie producers, it would be incomplete without a mention of the new **American Broadcasting-Paramount Theatres** which came into existence in February, 1953. For investors who are looking for an ideal hedge to give them a possibility of profits regardless of whether the public prefers going to the theatre or sitting home watching TV, the stock of **ABC-Paramount** might appear attractive. After two years of cogitation, the Federal Communications Commission gave its permission for the merger of these two formerly independent companies. Armed with $30 million in cash contributed by the old United Paramount Theatres, the broadcasting segment can go ahead to improve its facilities and secure outstanding television stars to augment its audiences in competition with the **NBC** and **Columbia**, the giants of the broadcasting industry. Some observers feel that **ABC** is the company with the outstanding growth possibilities since the larger companies may have fully exploited their expansion potential.

Industry Liabilities

The past year has witnessed the appearance of new industry difficulties and the accentuation of certain other trends that have been evident for sometime. The industry's most serious handicap is the failure of the individual companies to agree upon a standard process for filming their forthcoming productions. Until this can be done, they will be engaged in an internecine struggle which may test the resources and profits of the larger members and probably prove fatal at least to two of the smaller studios.

The industry continues to depend upon foreign markets for its profits. Domestic exhibition has generally been relied upon to cover costs while the foreign showings customarily return the profit margins. The brighter side of this picture is that Britain, the major foreign market, is continuing to close its "dollar gap," and profits earned in pounds may be more readily convertible into dollars.

Another problem of serious mien is the replacement of today's crop of aging stars by those with fewer creases in their faces. The younger generation (particularly the males), is reportedly not amused by watching an aging Gable, Pinza, or Boyer make love to lithe little creatures young enough to be their daughters. It is possible that the "star system" will give way in part to an emphasis upon the spectacle, technicolored type of entertainment.

Finally, such is Hollywood's reputation for zaniness that even the dust-dry Department of Justice cannot resist the temptation to get into the act. An anti-trust suit has been filed against various members of the film industry in an effort to force them to release their 35 mm. productions to the television stations in 16 mm. form. The companies would be allowed a "reasonable" clearance time in which to show their films in various theatres before their sale to TV. This is tantamount to telling a merchant that after a certain period of holding merchandise inventories he must turn them over to the Salvation Army for a nominal price. The industry is hoping that judges and juries of the future will appraise the government's action in somewhat this light.

The coming period of six months to a year may see even more dismal profits than have been witnessed during the past year or two. The introduction of 3-D will make necessary a rapid amortization of the present day inventories of 2-D pictures.

Despite Hollywood's troubles, inherited and recent, there seems to be no reason to revise the conclusion reached a year ago that for a variety of reasons, the major producers will "muddle through" although operations may be on a diminuendo scale. It might be expected, too, that large capitalizations will be scaled down as fewer but choicer pictures are produced. There will be greater emphasis on economy as vast amounts of what were thought to be necessary expenses, including the salaries of relatives, overpaid writers and stars, publicity men and supernumerary extras will be found to be reducible after all.

The casual observer on the scene may feel a twinge of regret to see the passing of this last generation of American nabobs who have sat back indifferently while the public poured a golden treasure before them. For the stockholder who has committed his investment dollars to the movie industry, things may be better. Again, it appears to the writer that certain of the movie companies offer excellent prospects for eventual capital gains to the investor who can be patient during the years of transition.

LEADING MOTION PICTURE COMPANIES

	Earnings Per Share 1952	1951	Price June 1953	June 1952	1952-3 High
Columbia	$.80	$1.86	14	12	14¾
Loew's	.90	1.52	12	13	14⅜
Paramount	2.52	2.33	27	24	30⅜
Republic	1.90	.14	4	4	4⅛
RKO Pictures	*2.60	.09	3½	4	4⅜
20th Century-Fox	1.71	1.47	22	16	†27
Universal	2.15	2.10	16	11	16½
Warner	1.67	1.67	13	12	‡14¾

*Loss. †Adjusted to reflect split up on Sept. 28, 1952 into equal number of shares of Twentieth Century-Fox and National Theatres. ‡Adjusted to reflect split up on Feb. 28, 1953 of old shares into ½ share of Warner Bros. new and ½ share of Stanley Warner Corp.

Commonwealth Inv. Co.

ROANOKE, Va. — Commonwealth Investment Company has been formed with offices at 3313 Valleyview Avenue, N. W., to engage in the securities business. Roy H. Bible is a principal of the firm.

Loeb, Rhoades Adds

Carl M. Loeb, Rhoades & Co., 42 Wall Street, New York City, members of the New York Stock Exchange, announce that Maurice C. Kaplan has become associated with the firm.

Henry S. Sternberger

Brig. Gen. Henry S. Sternberger passed away June 13 at the age of 88. Gen. Sternberger had been a member of the New York Stock Exchange for 57 years prior to selling his seat on the Exchange in 1945.

W. B. Collier Opens

CORPUS CHRISTI, Texas—W. B. Collier is engaging in the securities business under the firm name of W. B. Collier & Co., with offices at 621 Leopard Street.

Public Utility Securities

By OWEN ELY

Alabama Gas Corporation

Alabama Gas Corporation was formerly a subsidiary of Southern Natural Gas Company, the common stock having been distributed to stockholders of Southern in March, 1953 under a plan approved by the SEC. As a part of the plan of distribution, the representatives of Southern on the Board of Directors of the company have resigned, and there are now no interlocking officers or directors. The stock has been listed on the American Stock Exchange, and as of June 9 was selling at 13¼. The dividend rate during 1951-52 and in 1953 to date has been 80 cents, making the yield about 6%.

At the time of its incorporation in 1929, the company (then named Birmingham Gas Company) furnished coke-oven gas service only to consumers in the Birmingham District. Since that time, the number of consumers served in that district has increased many fold. Through a merger and sustained increased demand for gas as a fuel, the company has greatly expanded its business in the other communities served by it.

The company's natural gas supply is purchased from Southern Natural Gas Company under a 20-year contract at rates subject to regulation by the Federal Power Commission, and separation of the two companies will not affect this contract.

The company operates gas distribution systems in 41 communities in central Alabama. Its largest system (from which some 54% of revenues are derived) serves the City of Birmingham and ten suburban municipalities. In this district the company serves natural gas, coke-oven gas, and (for peak demand) propane-air gas mixed with natural and manufactured gas; outside the Birmingham district straight natural gas is sold. The company also sells gas appliances.

The area served covers about half the State of Alabama, but probably includes some 70% of the population and industry. Birmingham is one of the foremost steel centers in the country, with supplies of coal, iron and limestone available nearby. Other important industries are textiles, lumber, food products, chemicals and cement. The outlying territory, while largely agricultural, also contains rapidly developing suburban areas. The company's 1952 revenues were approximately 59% residential, 14% commercial, and 27% industrial and miscellaneous, it is estimated.

Capitalization as of Dec. 31, 1952 was approximately as follows:

1st Mortgage Bonds due 1971	$16,600,000	60%
Preferred Stock	1,400,000	5
*Common Stock Equity	9,900,000	35
	$27,900,000	100%

*841,198 shares ($2 par).

No additional financing is expected during 1953, but some equity financing may be undertaken in 1954.

Because of changes in the capital set-up (as well as the 1948 merger with Birmingham Gas Company, an affiliate) it is difficult to give a clear-cut picture of earnings except for recent years:

	Revenues	*Share Earnings
1952	$18,500,000	$1.32
1951	16,800,000	1.17
1950	14,200,000	1.23
1949	12,000,000	1.13

*Based on 841,198 shares now outstanding.

The company has made no forecast as to possible 1953 earnings. Present indications seem to indicate that net earnings for the 12 months ended June 30 will approximate the $1.60 earned in the 12 months ended March 31. However, full year earnings may run lower than this figure, due to the impact of large rate increases imposed by Southern Natural Gas Company. A $715,000 increase applicable to industrial customers went into effect April 2, but Alabama has passed on to two of its largest industrial customers only $200,000 of this amount, planning to absorb the balance until it goes into a formal rate proceeding at some future time. The $915,000 estimated remaining rate increase is scheduled to go into effect under bond on Sept. 2.

A partial offset to these higher operating costs is the excess profits taxes paid by Alabama, which in 1952 amounted to $290,000, equivalent to about 34 cents a share. At present it is uncertain whether this tax will be allowed by Congress to expire on June 30, or whether it will be extended six months by special legislation as requested by President Eisenhower.

On May 8, the Alabama Public Service Commission approved a rider to certain natural gas rate schedules of Alabama Gas authorizing a rate increase as an offset to the increased cost of gas purchased from Southern Natural Gas; however the revenues from the rate increase must remain in escrow pending final determination of the rates of both companies. This rider will not be put into effect to cover the higher industrial rates, but only when the large increase becomes effective in September.

It is obvious that, as is the case with many other gas companies under present conditions, the near-term trend of Alabama Gas' earnings cannot be determined until rate and tax uncertainties are cleared up. However, it would appear that the 80-cent dividend rate remains secure.

Wulff, Hansen Adds

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Roger B. Edwards has become connected with Wulff, Hansen Co., Russ Building.

With L. P. Kilgore

(Special to THE FINANCIAL CHRONICLE)

JACKSONVILLE, Fla.—John P. Montgomery, Jr. is now with L. P. Kilgore & Co.

Joins A. M. Kidder Staff

(Special to THE FINANCIAL CHRONICLE)

ST. PETERSBURG, Fla.—Conny Trangas has been added to the staff of A. M. Kidder & Co., 400 Beach Drive, North.

Joins Goodbody Co.

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Clarence R. Smith has become connected with Goodbody & Co., 140 Federal St.

Railroad Securities

Chicago, Rock Island & Pacific

One of the railroad stocks that has been attracting a considerable long-term investment and institutional following in recent months is Chicago, Rock Island & Pacific common. It has by no means been able to resist waves of general pessimism and selling pressure but for the most part it has recovered smartly and remained within easy striking distance of the year's high. One of the reasons for the particular interest that has been generated recently is the widespread feeling in financial circles that the dividend (the stock is now on a $4.00 annual basis) will be increased reasonably soon. Such a move would certainly be fully justified and was more or less indicated in management statements following the May directors' meeting.

Probably the most appealing facet of the Rock Island picture, at least so far as the institutional buyers are concerned, is the extremely conservative capital structure. In this respect there are few, if any, railroads so well situated as Rock Island. It underwent one of the most severe reorganizations formulated by the I. C. C. for any major railroad. In this reorganization the non-equipment debt was cut from close to $300 million to little more than $100 million. Following reorganization the management embarked on an aggressive debt retirement program. By the end of last year the non-equipment debt had been reduced to less than $51 million and this was represented by a single issue of First Mortgage bonds carrying a low interest rate of 2⅞%.

The First Mortgage bonds have the benefit of a fairly liberal sinking fund. The serial maturities of equipment obligations, which reach a peak this year and start to decline at a fairly rapid rate after 1954, are covered by equipment depreciation accruals. Thus, the debt may well be considered as presenting no problem whatsoever, and no future threat. In this connection, also, it is interesting to note that the road should benefit considerably from the recent rise in interest rates—it has no financing to do and the change in the money market offers a good opportunity to purchase bonds at a discount for sinking fund purposes. Having accomplished all that could be done about its debt the company last year started, in a small way, to purchase its own preferred stock. All of this, naturally, works to improve the basic investment status of the common.

Another factor in the increasing investment confidence toward Rock Island common has been the large sums spent in recent years on improvements to the physical plant and for the purchase of new equipment. Since this rehabilitation program got under way about 15 years ago, more than $250 million has been spent on additions and betterments. Diselization has just about been completed. Extensive line relocation projects have been undertaken and the last of these is scheduled for completion this summer. The line relocations have shortened the distances between major traffic centers and at the same time have resulted in the elimination of, or reduction in, curvature and grades. The benefits have been two-fold. First, there has been a marked improvement in operating efficiency. Secondly, the traffic potential has been increased, particularly with respect to the lucrative transcontinental freight.

Money spent on the property has been paying off handsomely in the upward trend of the road's basic earning power. Last year earnings on the common amounted to $13.58 a share, the best showing since the World War II year 1943. For the first four months of 1953 revenues were up only about 2.5% but the transportation ratio was cut almost four points and the operating ratio was down 5.6 points. As a result, and despite substantially higher Federal income tax accruals, common share earnings jumped from $3.67 in the 1952 period to $5.54 this year. The 1953 wheat crop will be smaller than that of 1952 but there is a large carry-over so that the road should again get a good volume of freight from this source. Other traffic prospects are favorable and it is likely that operating efficiency will continue to improve. On the basis of this outlook students of the Rock Island are now looking for earnings of possibly $16.00 a common share for the current year. Such a showing would obviously justify more liberal dividend policies.

Continued from first page

As We See It

seemed to be accomplishing nothing and promising nothing but sacrifice of American youth is now to be brought to an end, we can say with hearty sincerity: "For this much, thanks!" It is unfortunate that the matter, or rather the world situation of which this is but a part, can not be left there.

The ferment which has produced the troubled waters in which the Communist movement has been fishing with very substantial success is worldwide. "From Greenland's icy mountains to Africa's golden strand" might with but little emendation be the battle hymn of both Communists and the forces of opposition. Unrest seethes in Africa, in the Near East, in the Middle East, and is the basic source of difficulty in India and the Far East. The mere backwardness of peoples, and the fact that what is now known as colonialism has for centuries tended to capitalize on that lack of initiative and progressiveness have at length produced a state of affairs which is as profound as it is frequently lacking in realism.

Dislike of the West

It has, for one thing, bred a resentment, not to say hatred, of most of the so-called Western powers, and a deep dislike of empire at least so long as it is an instrument or phenomenon of these powers. Custom, prejudice and ignorance have, however, often been more damaging tyrants than foreign governments ever were. Mere defiance or liberation, total or partial, from Western interference has not brought improvement in the economic status of peoples. Indeed it has as often as not added to the difficulty they experience in keeping body and soul together. Into such a situation the professional Communist proselyter has often entered with a zeal comparable to that of the early Christian missionary. He seemed to preach a new doctrine glorifying "the common man" and promising a new heaven and a new earth. He is still at it. This zealot is a "phony" in the sense that he can not do what he promises to do. He is the more dangerous to constructive achievement and to Western prestige and progress by reason of the fact that he is in reality a tool of designing imperialists who, whatever their dogma, are the lineal descendants of capitalist nationalists of days gone by.

One result is the old, old "Geopolitik" with new twists and new embellishments practiced by one of the powers long enamored of the general philosophy and its techniques, and quite ready to proceed with a ruthlessness never surpassed at any time in history, and armed with what appears to be a flair for the use of intrigue. Opposing it are powers which have become "enlightened" in the sense that the rank and file of their citizenry are no longer willing to tolerate "unfair" treatment of local populations or the exploitation of misery, ignorance, or prejudice, but demand an end to old practices and, in some instances at least, a positive program of aid to the "underprivileged." This latter philosophy may appeal to many with deep humanitarian feelings, but those who are devotees of it are at a disadvantage in far-off areas where they must compete with the callousness, the ruthlessness and the brutality of the "modern" imperialist crusader.

This altered situation in world affairs has been developing during the past half century or more. Its growth has been accelerating for a quarter of a century. It is precisely during these years that the United States has been moving to the fore in things international. Coming to the fore not because we in this country have any particular designs upon foreign peoples or their wealth, but largely because of world developments over which we had little or no control. The "fall" of empires which had risen in previous centuries, the struggles among them which left them, or several of them, but shadows of their former selves, and the natural growth and increasing wealth of this country tended inevitably to such an end. With the poet we might add and almost lament that "there is a Divinity (or is it sometimes a demon) that shapes our ends roughhew them how we will."

A Tough Game

This game of world politics is a tough one at best. The rise of the factors outlined in preceding paragraphs has not smoothed the way for him who chooses to play it or for him upon whom circumstances have laid the necessity of playing it. To say that this country has not to date played it very well is to make what is very close to the understatement of the times. We have succeeded in permitting the impression to gain great headway in many countries, particularly in the East, perhaps, that we are hardly more than a hypocritical modern representative of the older colonialism. What appear to us to be necessary defensive steps are regarded by others as plain indications of aggressive designs.

The anti-Communists of China can certainly be excused for seeing us as bungling parvenus in the field of world politics; the Communists of that troubled land meanwhile inevitably view us as enemies and intermeddlers. The older imperialist countries with infinite experience in world affairs, though themselves impotent and the very basis of their empires gone with the wind, still regard us as tyros, fearfully impulsive and damnably doctrinaire. We moved into Korea on our own. We have had nothing more than token support there. We have hardly that left now, and the old, old question of what to do even if victorious on that troubled peninsula is as completely unanswered as it was on the day we embarked upon the venture.

Should Have Been Foreseen

As to Korea itself, and the immediate situation now confronting us there, one is obliged to ask if it is too much to ask why it was not foreseen—foreseen even before the Communists marched in midsummer, 1950?

But this is the state of affairs today. We gain by a look back only if by doing so we can avoid future blunders. It is today not merely Korea, but the world which presents problems. We can only hope and pray that the Eisenhower regime will know better than its predecessors of the past half century, what to do about it all.

Continued from page 5

The State of Trade and Industry

total cost of the wage settlement to steel companies will average close to 10 cents an hour, as had been predicted by "The Iron Age."

In the automotive industry, Ford Motor Co.'s return to full production sparked the industry's 27% gain in auto output last week.

There were 138,997 cars made last week, compared with 109,509 in the previous week and 46% higher than the 95,080 autos assembled in the like 1952 week, according to "Ward's Automotive Reports."

Ford has used overtime and Saturday operations since the settlement of a strike at its Canton, Ohio, forge plant about three weeks ago in a bid to recover lost production. Ford's output the past week was 29,000 more cars and trucks than in the previous week.

But the eight-week strike at Borg-Warner Corp.'s transmission-making Muncie, Ind., plant "continues to erase prospects of the industry shattering its weekly record of 182,595 (cars and trucks) for 1953 set in mid-May," said "Ward's." It added that this "high mark may stand through the year's end, considering the recent downward adjustment to market conditions by truck makers."

The Borg-Warner dispute over incentive pay applications so far has hit the production of only the independents. Kaiser and Willys operations were down last week because of it, but Kaiser planned to resume on Monday of this week.

Despite labor troubles the industry so far in 1953 has turned out 2,915,537 new cars, 47% more than the 1,988,644 in the like period a year ago.

Meanwhile, dealer stocks of new cars are continuing to rise. According to "Ward's," here's the picture:

	1953	1952
March	399,122	340,557
April	451,590	362,161
May	457,000	297,198

Steel Operations Set at 98.7% of Capacity for Week

The step-by-step movement toward balance in steel supply and demand continues, says "Steel," the weekly magazine of metalworking.

Evidences of this are the growing caution displayed by purchasers of conversion steel and price cuts by two premium price producers of galvanized sheet steel in the face of generally rising prices of steel, adding that conversion steel buyers think they may be able soon to get all the steel they need without paying premium prices.

Supply of some forms of steel already has overtaken demand. The forms that now are in particularly strong demand are the light flat-rolled products used by the booming automobile industry and large bars used by it and the ammunition program. However, the Korean peace talks have decreased the anxiety of non-military customers as to deliveries of bars, it notes.

Demand for hot-rolled and cold-rolled sheets has been so heavy that in the East a number of sheet users would have to reduce operations appreciably were it not for importations of sheets from Europe.

With over-all demand still strong, steel production continues at a high rate, although it has declined half a point in each of the last two weeks, "Steel" declared.

The American Iron and Steel Institute announced that the operating rate of steel companies having 93% of the steelmaking capacity for the entire industry will be at an average of 98.7% of capacity for the week beginning June 15, 1953, equivalent to 2,226,000 tons of ingots and steel for castings as against 97.9% (revised), or 2,208,000 tons a week ago. For the like week a month ago the rate was 99.8% and production 2,250,000 tons. A year ago when the capacity was smaller actual output was placed at 252,000 tons, or 12.1% of capacity, due to a general steel strike.

Electric Output Continues Upward Trend

The amount of electric energy distributed by the electric light and power industry for the week ended June 13, 1953, was estimated at 8,244,852,000 kwh., according to the Edison Electric Institute.

The current total was 148,522,000 kwh. above that of the preceding week when actual output totaled 8,096,330,000 kwh. It was 1,118,448,000 kwh., or an estimated 15.7% above the total output for the week ended June 14, 1952, and 1,498,161,000 kwh. in excess of the output reported for the corresponding period two years ago.

Car Loadings Dip 1.4% Below Week Ago

Loadings of revenue freight for the week ended June 6, 1953, totaled 775,489 cars, according to the Association of American Railroads, representing a decrease of 11,266 cars, or 1.4% under the preceding week.

The week's total represented an increase of 91,242 cars, or 13.3% above the corresponding week a year ago when loadings were affected by a strike in the steel industry, but a decrease of 37,837 cars, or 4.7% below the corresponding week in 1951.

U. S. Auto Output Registers Gain of 27% Above Week Ago

Passenger car production in the United States last week extended the rise of the week preceding as Ford Motor Co. swung into full production. The industry, as a result registered a gain of 27% for the week, according to "Ward's Automotive Reports."

The industry turned out 138,997 cars compared with 109,509 cars (revised) in the previous week, and 95,080 cars in the like 1952 week.

Total output for the past week was made up of 138,997 cars and 17,035 trucks built in the United States, against 109,509 cars and 14,341 trucks in the previous week and 95,080 cars and 25,034 trucks in the comparable 1952 week.

Canadian factories built 8,067 cars and 2,950 trucks last week, "Ward's" said. In the preceding week they turned out 7,954 cars and 2,867 trucks and in the comparable 1952 week 7,372 cars and 3,088 trucks were assembled in the Dominion.

Business Failures Decline Sharply

Business failures dropped to 167 in the week ended June 11, from the three-year high of 217 established in the preceding week, according to Dun & Bradstreet, Inc.

While casualties were slightly lower than last year when 175 occurred, they exceeded the 1951 total of 130 for the similar week.

Continuing well below the pre-war level, failures were down one-third from the 249 recorded in 1939.

All industry and trade groups had lighter mortality during the week. In manufacturing, casualties declined to 28 from 39, in retailing to 90 from 108, in wholesaling to 17 from 23, in construction to 17 from 26 and commercial service to 15 from 21. More service establishments failed than a year ago, but slight dips from the 1952 level prevailed in other lines.

Wholesale Food Price Index Slips from 9-Month Peak

In the first downturn in four weeks, the Dun & Bradstreet Wholesale Food Price Index fell to $6.54 on June 9. This was a drop of 2 cents from the nine-month peak of $6.56 recorded a week earlier, but it was 1.4% above the $6.45 on the corresponding date a year ago.

The Index represents the sum total of the price per pound of 31 foods in general use and its chief function is to show the general trend of food prices at the wholesale level.

Wholesale Commodity Price Index Edges Lower In Latest Week

The daily wholesale commodity price index, compiled by Dun & Bradstreet, Inc., moved in a narrow range the past week at around the lowest level of the year. The index closed at 276.32 on June 9, as compared with 276.85 a week earlier, and with 295.12 at this time a year ago.

Grain markets continued unsettled with most grains staging a moderate recovery in the closing days of the week as traders generally appeared to have discounted news of an impending settlement in Korean truce negotiations.

Early in the week new low prices since 1950 were recorded in wheat, corn, and oats. The late advance was paced by wheat which rose sharply to close moderately higher than a week ago.

Corn, oats, and rye also showed small gains last week. Harvesting of the new Winter wheat crop expanded steadily in the Southwest, with most of the grain said to be earmarked for the loan.

Spot cotton prices were mostly steady to firm last week.

Although more favorable weather conditions over most of the belt and the possibility of an early Korean truce were depressing factors, other factors helped to sustain values.

These included active short covering, mill and export price fixing, and reports of new grants of funds to Italy, France, and French North Africa. Another supporting influence was the renewed activity in the cotton textiles market where some print cloths were reported sold as far ahead as the first quarter of 1954.

Sales in the ten spot markets were slightly lower a week ago at 35,000 bales, and compared with 67,200 bales in the same week last year. Loan repayments on 1952-crop cotton during the week ended May 29 totaled 23,400 bales, leaving loans outstanding in the hands of the CCC at 1,970,000 bales, compared with 436,000 a year earlier.

Strength in corn reflected light country offerings and uncertainty over supplies due to the huge amounts of corn now under loan. CCC sales of surplus corn to feeders continued at the rate of about 1,000,000 bushels weekly. Activity in grain futures on the Chicago Board of Trade increased slightly over the previous week and corresponding week a year ago.

Trade Volume Spurred by Warmer Weather Over Most of the Country

As warm weather prevailed over most of the nation, shoppers increased their spending perceptibly in the period ended on Wednesday of last week. As during the past several months, most retail merchants chalked up larger sales figures than in the comparable 1952 week. The most pronounced current rises were in the interest in apparel and outdoor equipment.

Consumer debt remained close to the all-time record reached a few weeks ago; many merchants continued to promote easy credit terms.

The total dollar volume of retail trade in the week was estimated by Dun & Bradstreet, Inc., to be from 2 to 6% higher than the level of a year ago. Regional estimates varied from the comparable levels of a year ago by the following percentages: New England + 1 to +5; East 0 to +4; Midwest and Northwest +2 to +6; South +3 to +7; Southwest and Pacific Coast +4 to +8.

The demand for household goods remained slightly above the year ago level with consumer preference shifting discernibly. While the buying of television sets, freezers, and heavy furniture declined in popularity, chinaware, small appliances, outdoor furniture, and cooling devices rose.

Used car lots were generally crowded with cars rather than customers.

As many buyers prepared for a new selling season, trading activity in many wholesale markets quickened perceptibly in the period ended on Wednesday of last week. The total dollar volume of wholesale trade continued to be slightly higher than a year ago with the largest rises in soft goods. While total inventories were close to a record level, they were not considered burdensome in relation to sales volume.

Department store sales on a country-wide basis, as taken from the Federal Reserve Board's index, for the week ended June 6, 1953, rose 6% from the level of the preceding week. In the previous week no change was reported from that of the similar week of 1952. For the four weeks ended June 6, 1953, an increase of 5% was recorded. For the period Jan. 1 to June 6, 1953, department stores' sales registered an increase of 5% above 1952.

Retail trade in New York last week recorded a good dollar volume as the near approach to Father's Day stimulated buying.

According to the Federal Reserve Board's Index department store sales in New York City for the weekly period ended June 6, 1953, registered a drop of 3% from the like period of last year. In the preceding week a decrease of 4% was reported from that of the similar week of 1952, while for the four weeks ended June 6, 1953, an increase of 2% was reported. For the period Jan. 1 to June 6, 1953, volume registered a decrease of 1% from that of 1952.

Securities Salesman's Corner

By JOHN DUTTON

You Never Know What's Around the Corner!

The securities business is unpredictable—it is never the same and you never can tell when something unexpected is going to happen. Some businesses go along from day to day—when they are run properly and are successful, steady progress is maintained. But you don't get many surprises. The securities business is for young men and men who never grow old. I sometimes think that with all of its ups and downs there are more opportunities for creative, imaginative effort to bring about its own reward than in almost any other line of endeavor. If you are on your mark and you have your eyes and ears open, you never can tell when you may turn even a simple undertaking into a successful venture.

He Was Just Another Prospect

To illustrate—some years ago a friend of mine opened a new office in a community for a firm that had its main headquarters about fifteen hundred miles away. In order to stimulate some business, he started to advertise in the local paper. One day as he was sitting in his office a stranger came in and said, "I saw your ad in the paper. I'd like to know more about your city and some of its outstanding municipal bonds." Although there was nothing unusual in the appearance or manner of this man, something told my friend to go to work. He chatted a while about the city in question and when he saw that his prospect was becoming interested he suggested that they go to lunch together and talk some more. They went to my friend's club and spent most of the afternoon together. Finally the now quite interested bond prospect asked how many bonds of two issues in particular were available. Without batting an eye this securities man said, "We have $400,000 of issue X and $350,000 of Y." "O K," said Mr. Prospect, "I'll give you a call in the morning. I am sold on your town; I like your bonds, and I think I'll talk to my bank in my home town and I'll let you know what I want to do." The next morning about 9:30 he called and asked if the bonds were still available. When told that they were, he gave instructions to ship the entire $750,000 to his bank. This man, it later turned out, was one of the most wealthy investors in the country. He walked in off the street. It doesn't happen every day but it did happen, and it could happen again to any one who is in the securities business and who is ALERT to his opportunities.

The Moral

This story is not fictional—the points that stand out are that this salesman saw that he had a sincerely interested prospect, and although he didn't know the size of his buying power he gave him a whole day of his time. He knew his subject and his prospect soon found it out. He also took his man to a prominent club and invested in a good lunch. He might have wasted the day—he might have obtained an order for only ten bonds or for 20—but as it turned out he swung for a "homer" and it paid off. He made that one sale pay for a good many that he might miss in the future because he played it right.

Time and again I have seen sales originate from well-planned past efforts. One time a man called, whom I had completely forgotten, at my home. He said, "This is George Smith, you telephoned me several months ago and suggested that if I ever had any investment business to transact that you'd like to hear from me. Well here I am, when can I see you?" I never remembered having talked with him but when I looked in my prospect cards I had marked the day and time of the phone call and the source of the lead, which I found was from direct mail. He later turned into an excellent account. This doesn't happen often either, but it will if you give each day's work "heads up, consistent attention to the job at hand."

Indications of Current Business Activity

The following statistical tabulations cover production and other figures for the latest week or month available. Dates shown in first column are either for the week or month ended on that date, or, in cases of quotations, are as of that date:

		Latest Week	Previous Week	Month Ago	Year Ago
AMERICAN IRON AND STEEL INSTITUTE:					
Indicated steel operations (percent of capacity)	June 21	§98.7	97.9	99.8	12.1
Equivalent to—					
Steel ingots and castings (net tons)	June 21	§2,226,000	2,208,000	2,250,000	252,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	June 6	6,408,700	6,356,150	6,334,550	6,080,700
Crude runs to stills—daily average (bbls.)	June 6	¶7,168,000	7,047,000	6,865,000	6,598,000
Gasoline output (bbls.)	June 6	24,787,000	23,614,000	23,041,000	21,716,000
Kerosene output (bbls.)	June 6	2,109,000	2,518,000	2,373,000	2,206,000
Distillate fuel oil output (bbls.)	June 6	11,117,000	9,868,000	9,465,000	9,606,000
Residual fuel oil output (bbls.)	June 6	3,312,000	8,564,000	8,772,000	8,355,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished and unfinished gasoline (bbls.) at	June 6	152,592,000	152,435,000	157,337,000	123,456,000
Kerosene (bbls.) at	June 6	24,234,000	23,527,000	20,221,000	20,382,000
Distillate fuel oil (bbls.) at	June 6	76,811,000	70,842,000	62,964,000	53,668,000
Residual fuel oil (bbls.) at	June 6	42,453,000	41,425,000	40,070,000	39,088,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	June 6	775,489	786,755	765,411	684,247
Revenue freight received from connections (no. of cars)	June 6	644,068	664,223	681,058	591,107
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	June 11	$368,684,000	$215,247,000	$282,232,000	$243,893,000
Private construction	June 11	214,580,000	86,799,000	173,602,000	117,405,000
Public construction	June 11	154,104,000	128,448,000	108,630,000	126,488,000
State and municipal	June 11	121,863,000	82,787,000	86,017,000	70,671,000
Federal	June 11	32,241,000	45,661,000	22,613,000	55,817,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	June 6	9,135,000	*8,850,000	8,850,000	7,581,000
Pennsylvania anthracite (tons)	June 6	676,000	757,000	606,000	772,000
Beehive coke (tons)	June 6	129,400	*132,400	142,600	42,600
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	June 6	118	97	123	111
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	June 13	8,244,352	8,096,330	7,959,054	7,126,404
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	June 11	167	217	193	175
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	June 9	4.417c	4.417c	4.390c	4.131c
Pig iron (per gross ton)	June 9	$55.26	$55.26	$55.26	$52.77
Scrap steel (per gross ton)	June 9	$39.87	*$38.87	$38.67	$42.00
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	June 10	29.675c	29.700c	29.625c	24.200c
Export refinery at	June 10	29.775c	29.825c	29.525c	36.075c
Straits tin (New York) at	June 10	92.000c	96.000c	98.500c	121.500c
Lead (New York) at	June 10	13.250c	13.250c	12.500c	15.000c
Lead (St. Louis) at	June 10	13.050c	13.050c	12.300c	14.800c
Zinc (East St. Louis) at	June 10	11.000c	11.000c	11.000c	16.000c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	June 16	91.82	91.86	92.79	98.42
Average corporate	June 16	102.13	102.46	103.47	109.97
Aaa	June 16	105.69	105.86	106.74	114.46
Aa	June 16	103.80	104.31	105.69	112.56
A	June 16	101.14	101.31	102.46	109.42
Baa	June 16	97.94	98.57	99.52	104.14
Railroad Group	June 16	99.84	100.65	101.97	107.27
Public Utilities Group	June 16	101.97	102.13	102.63	109.60
Industrials Group	June 16	104.14	104.66	106.04	113.31
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	June 16	3.10	3.10	3.07	2.61
Average corporate	June 16	3.62	3.60	3.54	3.17
Aaa	June 16	3.41	3.40	3.35	2.93
Aa	June 16	3.52	3.49	3.41	3.03
A	June 16	3.68	3.67	3.60	3.20
Baa	June 16	3.88	3.84	3.78	3.50
Railroad Group	June 16	3.76	3.71	3.63	3.32
Public Utilities Group	June 16	3.63	3.62	3.59	3.19
Industrials Group	June 16	3.50	3.47	3.39	2.99
MOODY'S COMMODITY INDEX	June 16	412.4	413.6	418.9	435.2
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	June 6	382,192	226,810	291,615	244,912
Production (tons)	June 6	233,423	247,581	240,205	185,107
Percentage of activity	June 6	87	97	94	75
Unfilled orders (tons) at end of period	June 6	596,571	459,811	588,917	412,083
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE = 100	June 12	106.17	106.18	106.51	108.42
STOCK TRANSACTIONS FOR ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON N. Y. STOCK EXCHANGE — SECURITIES EXCHANGE COMMISSION:					
Odd-lot sales by dealers (customers' purchases)—					
Number of orders	May 30	24,174	24,958	27,844	18,915
Number of shares	May 30	684,124	705,238	760,886	514,350
Dollar value	May 30	$32,335,081	$31,857,987	$35,070,220	$23,875,189
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	May 30	20,061	22,406	26,658	15,897
Customers' short sales	May 30	157	135	266	72
Customers' other sales	May 30	19,904	22,271	22,392	15,825
Number of shares—Total sales	May 30	553,347	626,354	624,644	424,334
Customers' short sales	May 30	7,483	4,988	12,873	2,605
Customers' other sales	May 30	545,864	621,366	611,771	421,729
Dollar value	May 30	$21,828,731	$24,900,347	$24,773,301	$17,566,739
Round-lot sales by dealers—					
Number of shares—Total sales	May 30	178,030	194,390	159,260	126,740
Short sales	May 30	------	------	------	------
Other sales	May 30	178,030	194,390	159,260	126,740
Round-lot purchases by dealers—					
Number of shares	May 30	280,580	292,910	309,620	211,510
TOTAL ROUND-LOT STOCK SALES ON THE NEW YORK EXCHANGE AND ROUND-LOT STOCK TRANSACTIONS FOR ACCOUNT OF MEMBERS (SHARES):					
Total Round-lot sales—					
Short sales	May 23	248,470	233,790	324,230	217,330
Other sales	May 23	7,084,890	5,734,780	8,380,750	6,302,280
Total sales	May 23	7,333,360	5,968,570	8,704,980	6,519,610
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS:					
Transactions of specialists in stocks in which registered—					
Total purchases	May 23	773,080	581,730	863,090	613,240
Short sales	May 23	109,920	97,900	127,470	104,570
Other sales	May 23	625,720	437,550	737,300	505,970
Total sales	May 23	735,640	535,450	864,770	610,540
Other transactions initiated on the floor—					
Total purchases	May 23	209,250	176,710	206,540	129,370
Short sales	May 23	14,500	10,300	15,100	8,750
Other sales	May 23	224,860	173,800	297,440	174,060
Total sales	May 23	239,360	184,100	312,540	182,810
Other transactions initiated off the floor—					
Total purchases	May 23	295,650	219,730	331,149	223,050
Short sales	May 23	57,760	60,690	54,650	60,820
Other sales	May 23	326,435	240,405	458,265	286,506
Total sales	May 23	384,195	301,095	512,915	347,326
Total round-lot transactions for account of members—					
Total purchases	May 23	1,277,980	978,170	1,400,779	965,660
Short sales	May 23	182,180	168,890	197,220	174,140
Other sales	May 23	1,177,015	851,755	1,493,005	966,536
Total sales	May 23	1,359,195	1,020,645	1,690,225	1,140,676
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100):					
Commodity Group—					
All commodities	June 9	109.6	*109.7	109.9	111.7
Farm products	June 9	96.6	*96.6	98.5	111.0
Processed foods	June 9	104.2	*104.9	104.5	109.3
Meats	June 9	93.9	*96.0	92.7	115.5
All commodities other than farm and foods	June 9	113.5	*113.5	113.4	112.4

*Revised figure. ¶Includes 665,000 barrels of foreign crude runs. §Based on new annual capacity of 117,547,470 tons as of Jan. 1, 1953 as against the Jan. 1, 1952 basis of 108,587,670 tons.

	Latest Month	Previous Month	Year Ago
ALUMINUM (BUREAU OF MINES):			
Production of primary aluminum in the U. S. (in short tons)—Month of April	102,071	104,460	76,830
Stocks of aluminum (short tons) end of April	13,086	15,257	10,229
AMERICAN GAS ASSOCIATION—For month of April:			
Total gas (M therms)	4,840,023	5,384,673	4,790,956
Natural gas sales (M therms)	4,531,438	5,023,675	4,473,019
Manufactured gas sales (M therms)	90,995	108,410	128,970
Mixed gas sales (M therms)	217,590	252,593	188,967
BUILDING CONSTRUCTION—U. S. DEPT. OF LABOR—Month of May (in millions):			
Total new construction	$2,912	$2,649	$2,743
Private construction	1,979	1,825	1,811
Residential building (nonfarm)	987	910	922
New dwelling units	870	800	810
Additions and alterations	95	90	99
Nonhousekeeping	22	20	13
Nonresidential building (nonfarm)	448	425	392
Industrial	190	193	188
Commercial	123	113	82
Warehouses, office and loft buildings	52	49	34
Stores, restaurants, and garages	76	64	48
Other nonresidential building	130	119	122
Religious	35	33	29
Educational	32	31	26
Social and recreational	13	11	9
Hospital and institutional	26	25	34
Miscellaneous	24	19	24
Farm construction	160	137	157
Public utilities	371	344	333
Railroad	35	33	33
Telephone and telegraph	48	47	45
Other public utilities	283	264	254
All other private	13	9	7
Public construction	933	824	932
Residential building	47	48	54
Nonresidential building	366	351	356
Industrial	154	145	151
Educational	140	137	136
Hospital and institutional	34	34	41
Other nonresidential building	38	35	28
Military and naval facilities	114	109	116
Highways	250	170	250
Sewer and water	64	60	60
Miscellaneous public service enterprises	16	14	18
Conservation and development	68	64	72
All other public	8	8	6
COAL OUTPUT (BUREAU OF MINES)—Month of May:			
Bituminous coal and lignite (net tons)	37,390,000	37,025,000	*36,462,000
Pennsylvania anthracite (net tons)	2,783,000	*1,987,000	3,349,000
Beehive coke (net tons)	585,000	*504,300	425,600
COKE (BUREAU OF MINES)—Month of April:			
Production (net tons)	6,536,188	*6,835,310	5,805,453
Oven coke (net tons)	6,031,864	6,298,960	5,373,630
Beehive coke (net tons)	504,324	*536,350	431,823
Oven coke stocks at end of month (net tons)	2,008,537	1,972,886	1,872,764
DEPARTMENT STORE SALES (FEDERAL RESERVE SYSTEM—1947-49 Average=100)—Month of May:			
Adjusted for seasonal variations	116	107	103
Without seasonal adjustment	115	*104	103
FREIGHT CAR OUTPUT—DOMESTIC (AMERICAN RAILWAY CAR INSTITUTE)—Month of May:			
Deliveries (number of cars)	6,532	6,839	6,857
Backlog of orders at end of month (number of cars)	57,345	62,637	103,910
INDUSTRIAL PRODUCTION—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM—1935-39 = 100—Month of April:			
Seasonally adjusted	242	243	216
Unadjusted	240	240	215
METAL PRICES (E. & M. J. QUOTATIONS)—			
Average for month of May:			
Copper (per pound)—			
Electrolytic domestic refinery	29.683c	29.902c	24.200c
Electrolytic export refinery	29.710c	32.863c	27.908c
Lead (per pound)—			
Common, New York	12.750c	12.683c	15.731c
Common, St. Louis	12.550c	12.473c	15.531c
‡‡Prompt, London	£82.166	£82.219	------
‡‡Three months, London	£79.769	£71.056	------
Silver and Sterling Exchange—			
Silver, New York (per ounce)	85.250c	82.250c	85.405c
Silver, London (pence per ounce)	74.000d	74.000d	74.761d
Sterling Exchange (Check)	$2.81464	$2.81682	$2.80063
Zinc (per pound)—East St. Louis	11.000c	11.000c	19.500c
‡‡Zinc, London, prompt	£69.028	£71.323	------
‡‡Zinc, London, three months	£69.316	£72.016	------
Tin (per pound)—			
New York Straits	97.295c	102.115c	121.500c
§§New York, 99% min.	96.295c	101.115c	120.500c
Gold (per ounce, U. S. price)	$35.000	$35.000	$35.000
Quicksilver (per flask of 76 pounds)	$195.000	$195.885	$199.615
¶Antimony (per pound) (E. & M. J.)	37.970c	37.970c	45.542c
Antimony (per pound) bulk, Laredo	34.500c	34.500c	42.077c
Antimony (per pound) in cases, Laredo	35.000c	35.000c	42.577c
Platinum, refined (per ounce)	$90.000	$90.000	$90.000
†Cadmium (per pound)	$2.00000	$2.00000	$2.38846
‡Cadmium (per pound)	$2.07500	$2.07500	$2.43654
§Cadmium (per pound)	$2.15000	$2.15000	$2.58462
Cobalt, 97%	$2.40000	$2.40000	$2.40000
Aluminum, 99% plus, ingot (per pound)	20.500c	20.500c	19.000c
Magnesium, ingot (per pound)	27.000c	27.000c	24.500c
**Nickel	60.000c	60.000c	56.500c
RAILROAD EARNINGS—CLASS I ROADS (ASSOCIATION OF AMERICAN RRs.)—Month of April:			
Total operating revenues	$905,605,461	$919,617,231	$847,613,269
Total operating expenses	673,704,109	696,913,884	667,542,717
Operating ratio	74.39	75.73	78.76
Taxes	$111,577,229	$111,006,692	$93,157,095
Net railway operating income before charges	101,509,344	93,569,682	72,424,757
Net income after charges (estimated)	77,000,000	72,000,000	47,000,000

*Revised figure. †Based on the producers' quotation. ‡Based on the average of the producers' and platers' quotations. §Average of quotation on special shapes to platers. ¶Domestic, five tons or more but less than carload lot, boxed. §§Price for tin contained. **F.o.b. Port Colbourne, U. S. duty included. ‡‡Average of daily mean of bid and ask quotation, per long ton, at morning session of London Metal Exchange.

Securities Now in Registration

★ INDICATES ADDITIONS SINCE PREVIOUS ISSUE
● ITEMS REVISED

Aberdeen Idaho Mining Co., Wallace, Idaho
March 30 (letter of notification) 100,000 shares of non-assessable common stock. **Price** — 15 cents per share. **Proceeds** — To develop mining claims. **Underwriter** — Wallace Brokerage Co., Wallace, Idaho.

ACF-Brill Motors Co., Philadelphia, Pa.
April 20 filed 215,360 shares of common stock (par $2.50) and 44,303.5 common stock subscription warrants. **Price** —At prices not less than 50 cents per share of stock and 25 cents per warrant below current market. **Proceeds**— To Allen & Co., New York. **Underwriter**—None.

Acteon Gold Mines Ltd., Vancouver, B. C., Can.
April 22 filed 250,000 shares of common stock (no par). **Price** — $1 per share (net to company). **Proceeds** — To purchase equipment and supplies. **Underwriter**—M. H. B. Weikel, Los Angeles, Calif.

★ **Air America, Inc. (6/19)**
June 3 (letter of notification) $300,000 of 7% convertible equipment trust certificates, series B, due June 15, 1957. **Price**—At 105% (in denominations of $100 and $1,000 each). **Proceeds**—To repay $165,000 debt, to pay chattel mortgages and for working capital. **Underwriter**—Gearhart & Otis, Inc., New York.

● **Alaska-Wrangell Mills, Inc. (6/22)**
June 9 (letter of notification) 58,000 shares of capital stock. **Price**—At par ($5 per share). **Proceeds**—For working capital. **Business**—Lumber mill. **Office**—216 Third Ave., South, Seattle, Wash. **Underwriter** — National Securities Corp., Seattle, Wash.

★ **Amurex Oil Development Co. (7/1)**
June 10 filed 250,000 shares of class A common stock (par $5) to be offered for subscription by stockholders of record about June 30, 1953, at the rate of one new share for each two shares held (with a 14-day standby). **Price**—To be supplied by amendment. **Proceeds**—To finance exploratory and development work. **Offices**—El Dorado, Ark.; and Calgary, Alta., Canada. **Underwriters** —A. G. Becker & Co. Inc., Chicago, Ill., and Dominion Securities Corp., Ltd., Toronto, Ont., Canada.

Applied Science Corp. of Princeton (7/1)
May 21 filed $750,000 of 6% guaranteed sinking fund 10-year debenture notes due April 30, 1963, of this company and 75,000 shares of common stock (par one cent) of Bradco, Inc., to be offered in units of $100 of notes and 10 shares of stock. **Price**—$105 per unit. **Proceeds**—For acquisition of stock of two companies, who will borrow the remainder to repay bank loans and for working capital. **Underwriter** — C. K. Pistell & Co., Inc., New York.

Arcturus Electronics, Inc., Newark, N. J.
March 27 (letter of notification) 40,000 shares of class A common stock (par 1 cent). **Price** — 50 cents per share. **Proceeds** — To Delbert E. Reploge, President. **Underwriter**—Gearhart & Otis, Inc., New York.

Arkansas Fuel Oil Corp., Shreveport, La.
May 1 filed $22,520,000 of sinking fund debentures due 1973 to be offered at rate of $10.60 principal amount of debentures in exchange for each share of 6% cumulative preferred stock (par $10) of Arkansas Natural Gas Corp. In lieu thereof, preferred stockholders may elect to take cash. **Proceeds**—To retire said preferred stock. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp. and Lazard Freres & Co. (jointly); Equitable Securities Corp.; Smith, Barney & Co.; Blyth & Co., Inc. **Bids**—No bids received on June 2; subsequently directors decided to borrow $23,000,000 from banks. Registration statement may be withdrawn.

Arkansas Louisiana Gas Co.
April 22 filed $35,000,000 of first mortgage bonds due 1978. **Proceeds**—To repay $24,500,000 bank loans and for new construction, etc. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp. and Lazard Freres & Co. (jointly); Union Securities Corp.; Smith, Barney & Co.; Equitable Securities Corp. **Bids** — Received on May 25 at 70 Pine St., New York, N. Y., were rejected. The first group mentioned bid 101.4011 for an interest rate of 5% and a syndicate headed by Smith, Barney & Co. bid 100.0788 for an interest rate of 5⅛%. **Offering** —Indefinitely postponed.

Armstrong Rubber Co.
March 31 filed $4,000,000 of 5% convertible subordinated debentures due May 1, 1973. **Price**—To be supplied by amendment. **Proceeds**—For working capital. **Business**—Manufacturer of tires and tubes. **Underwriter**—Reynolds & Co., New York. **Offering**—Temporarily postponed.

● **Athabasca Uranium Mines, Ltd. (6/29)**
April 17 filed 500,000 shares of common stock (par 10 cents). Formerly known as American-Canadian Uranium Co., Ltd. **Price** — $1.25 per share. **Proceeds** — For engineering, development and mining expenses. **Underwriter**—George D. Clarke, Ltd., 50 Broad Street, New York.

● **Bangor Hydro-Electric Co., Bangor, Me. (6/16)**
May 26 (filed 45,254 shares of common stock (par $15) being offered for subscription by common stockholders of record June 16 at rate of one new share for each six shares held (with an oversubscription privilege); rights to expire July 1. **Price**—$25 per share. **Proceeds**—For construction program. **Dealer-Manager**—Smith, Barney & Co., New York. Statement effective June 16.

● **Bergen Daily Bulletin, Inc. (6/23)**
May 21 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$1.50 per share. **Proceeds**— To buy equipment and for working capital. **Office** — Palisades Park, N. J. **Underwriter**—McLaughlin, Reuss & Co., New York.

★ **Betty Mining Corp., Morgantown, W. Va.**
June 12 (letter of notification) 500,000 shares of common stock (par 10 cents). **Price**—60 cents per share. **Proceeds** —To acquire and develop properties. **Office**—1435 University Ave., Morgantown, W. Va. **Underwriter**—None.

★ **Big Elk Meadows, Inc., Denver, Colo.**
June 12 (letter of notification) 500 shares of 1% preferred stock (par $1). **Proceeds**—For real estate improvements. **Office**—1745 Federal Bldg., Denver, Colo. **Underwriter**—None.

Blackwood & Nichols Co., Oklahoma City, Okla., and Oil & Gas Co., Madison, N. J.
May 1 filed 359 working interests in oil and gas leases to be offered for sale "as a speculation." **Price**—$1,392.75 per working interest. **Proceeds**—For development of oil and gas leases. **Underwriter**—None.

★ **Brick Discount Corp. (6/24)**
June 10 (letter of notification) 18,500 shares of Class A common stock (par $1). **Price**—$10 per share. **Proceeds** —For working capital. **Office**—601 Genesee Bldg., Buffalo, N. Y. **Underwriter**—None.

Bristol Oils Ltd., Toronto, Canada
Sept. 25 filed 1,000,000 shares of common stock (par $1). **Price**—Approximately 64.48 cents per share. **Proceeds**— To acquire leases and for corporate purposes. **Underwriter**—None. To be named by amendment.

Brooks & Perkins, Inc., Detroit, Mich.
April 22 (letter of notification) 6,475 shares of common stock (par $1). **Price**—$6 per share. **Proceeds**—To underwriter, Watling, Lerchen & Co., Detroit, Mich.

Byrd Oil Corp., Dallas, Tex.
Oct. 22 filed $1,750,000 of 10-year 5½% convertible sinking fund mortgage bonds due Nov. 1, 1962, to be offered for subscription by common stockholders at the rate of $100 of bonds for each 28 shares of stock held (for a 14-day standby). Certain stockholders have waived their rights. **Price**—At par. **Proceeds**—To repay $1,014,500 of outstanding notes and for drilling expenses and working capital. **Underwriters**—Dallas Rupe & Son, Dallas, Tex.; Carl M. Loeb, Rhoades & Co., New York; and Straus, Blosser & McDowell, Chicago, Ill. **Offering**—Postponed.

★ **Cal-Mex Oil Corp., Taft, Calif.**
June 11 (letter of notification) 300,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For operating capital. **Office** — 306 Jackson St., Taft, Calif. **Underwriter**—None.

Carolina Casualty Insurance Co., Burlington, N.C.
April 29 (letter of notification) 103,506 shares of class B non-voting common stock (par $1) being offered to stockholders of record April 17 at rate of one new share for each five shares held; rights to expire July 17. **Price** —$2 per share. **Proceeds**—To increase capital and surplus. **Office**—262 Morehead St., Burlington, N. C. **Underwriter**—None.

Cascade Natural Gas Corp., Seattle, Wash.
March 30 (letter of notification) 60,720 shares of common stock (no par) to be offered in exchange for 11,400 shares of 8% cumulative convertible preferred stock (par $5) and common stock (par $5) of Northwest Cities Gas Co. on a 1-for-5½ basis, plus 25 cents in cash. **Price** —$25 per share. **Proceeds**—To acquire aforementioned stocks. **Underwriter**—Sheridan Bogan Paul & Co., Philadelphia, Pa.

★ **Castle Hot Springs (Ariz.) Hotel, Inc.**
June 10 (letter of notification) 200 shares of class A common stock (par $5), 9,800 shares of class B common stock (par $5) and $50,000 principal amount of 1½% promissory notes. **Price**—At par. **Proceeds**—To modernize hotel. **Underwriter**—None.

Central City Milling & Mining Corp.
March 4 (letter of notification) 1,800,000 shares of common stocks. **Price**—At par (10 cents per share). **Proceeds** —For mining operations. **Underwriter**—R. L. Hughes & Co., Denver, Colo.

Continued on page 38

NEW ISSUE CALENDAR

June 18 (Thursday)
Chicago, St. Paul, Minneapolis & Omaha Ry. ____ **Equip. Trust Ctfs.**
(Bids noon CDT) $1,170,000

June 19 (Friday)
Air America, Inc. ____ **Equip. Trust Ctfs.**
(Gearhart & Otis, Inc.) $300,000
Erie Resistor Corp. ____ **Preferred**
(Fulton, Reid & Co.) $1,250,000
Remington Corp. ____ **Common**
(Carl M. Loeb, Rhoades & Co.) $245,000

June 22 (Monday)
Alaska-Wrangell Mills, Inc. ____ **Common**
(National Securities Corp.) $290,000
Dakota-Montana Oil Leaseholds, Inc. ____ **Common**
(Charles J. Maggio, Inc.) $300,000
KLB Oil Corp. ____ **Common**
(Aetna Securities Corp.) $300,000
North American Peat Moss Co., Inc. ____ **Common**
(R. A. Keppler & Co., Inc.) $500,000
Rogers Corp. ____ **Class B**
(Offering to stockholders—no underwriting)

June 23 (Tuesday)
Bergen Daily Bulletin, Inc. ____ **Common**
(McLaughlin, Reuss & Co.) $150,000
Gulf States Utilities Co. ____ **Common**
(Bids 11 a.m. (EDT) about $$6,000,000
Johnston Oil & Gas Co. ____ **Common**
(Allen & Co.) 500,000 shares
New York Telephone Co. ____ **Bonds**
(Bids 11 a.m. EDT) $35,000,000
Otis Oil & Gas Corp. ____ **Common**
(Hunter Securities Corp.) $300,000

June 24 (Wednesday)
Brick Discount Corp. ____ **Class A Common**
(Offered by company—no underwriting)
Puerto Rico Water Resources Authority ____ **Bonds**
(Bids 11 a.m. EDT)
Robertshaw-Fulton Controls Co. ____ **Preferred**
(Reynolds & Co.) $4,000,000
Southern Pacific Co. ____ **Equip. Trust Ctfs.**
(Bids noon EDT) $8,445,000
York County Gas Co. ____ **Common**
(Offering to stockholders—no underwriting) $240,000

June 25 (Thursday)
Sunrise Supermarkets Corp. ____ **Debs. & Stock**
(Estabrook & Co. and Childs, Jeffries & Thorndike, Inc.)
$400,000 of debentures and 40,000 common shs.

June 26 (Friday)
National Rubber Machinery Co. ____ **Common**
(Offering to stockholders—no underwriting)

June 29 (Monday)
Athabasca Uranium Mines, Ltd. ____ **Common**
(George D. Clarke, Ltd.) $625,000

June 30 (Tuesday)
Gulf Interstate Gas Co. ____ **Notes & Stock**
(Carl M. Loeb, Rhoades & Co.) $13,969,600 notes, plus stock
Mechanical Handling Systems, Inc. ____ **Common**
(Kidder, Peabody & Co.) 120,000 shares
Pennsylvania Electric Co. ____ **Bonds**
(Bids 11 a.m. EDT) $12,500,000
Seeck & Kade, Inc. ____ **Pfd. & Common**
(Bids 3 p.m. EDT)

July 1 (Wednesday)
Amurex Oil Development Co. ____ **Class A Common**
(Offering to stockholders—underwritten by A. G. Becker & Co. Inc. and Dominion Securities Corp., Ltd.) 250,000 shares
Applied Science Corp. ____ **Notes & Stock**
(C. K. Pistell & Co., Inc.) $787,500
Denver & Rio Grande Western RR. ____ **Eqp. Tr. Ctfs.**
(Bids to be invited)
Mobile Gas Service Corp. ____ **Common**
(Offering to stockholders—underwritten by The First Boston Corp. and The Robinson-Humphrey Co., Inc.) 40,000 shs.
Mutual Telephone Co. ____ **Preferred**
(Kidder, Peabody & Co) $1,500,000

July 2 (Thursday)
Central Telephone Co. ____ **Preferred**
(Paine, Webber, Jackson & Curtis and Loewi & Co.) $1,000,000

July 15 (Wednesday)
American Fidelity & Casualty Co. ____ **Preferred**
(Geyer & Co.) $750,000
Texas International Sulphur Co. ____ **Common**
(Vickers Brothers) 400,000 shares

July 8 (Wednesday)
Commonwealth Edison Co. ____ **Bonds**
(Bids noon CDT) $40,000,000

July 16 (Thursday)
Consumers Power Co. ____ **Bonds**
(Bids to be invited) $25,000,000

Continued from page 37

Central Fibre Products Co., Inc., Quincy, Ill.
March 23 (letter of notification) 2,400 shares of common stock (par $5). **Price**—At market (approximately $39.50 per share). **Proceeds** — To E. Carey, Jr., and W. D. P. Carey, the two selling stockholders. **Underwriters**—Bosworth, Sullivan & Co., Denver, Colo.

★ **Central Telephone Co., Lincoln, Neb. (7/2)**
June 12 filed 20,000 shares of cumulative convertible preferred stock (stated value $50 per share). **Price**—To be supplied by amendment. **Proceeds**—To repay advances from Central Electric & Gas Co., parent, and for construction program. **Underwriters**—Paine, Webber, Jackson & Curtis, Boston and New York, and Loewi & Co., Milwaukee, Wis.

Cheyenne Oil Ventures, Inc., Denver, Colo.
June 1 (letter of notification) 150,000 shares of common stock (par one cent). **Price**—24 cents per share. **Proceeds**—For working capital. **Office**—702-4 Ernest & Cranmer Bldg., Denver 2, Colo. **Underwriter**—Tellier & Co., New York.

★ **Cincinnati Gas & Electric Co.**
June 10 filed 100,000 shares of common stock (par $8.50) to be sold to officers and employees. **Price**—$15.50 per share. **Proceeds** — For construction program. **Underwriter**—None.

C.I.T. Financial Corp., New York
May 15 filed $50,000,000 of debentures due June 1, 1967. **Price**—To be supplied by amendment. **Proceeds**—For working capital. **Underwriters**—Dillon, Read & Co. Inc.; Kuhn, Loeb & Co.; and Lehman Brothers, all of New York. **Offering**—Temporarily postponed.

★ **Cities Service Co.**
June 9 filed $3,385,000 of Participations in "Employees Thrift of Cities Service Co. and Participating Subsidiary Companies" and 40,000 shares of the company's common stock (par $10) purchaseable under the plan.

● **Citizens Casualty Co. of New York**
May 29 (letter of notification) 8,000 shares of $1.50 dividend preferred stock. **Price**—At par ($25 per share) to be offered first to stockholders at rate of one share for each 32 shares of stock held. **Proceeds**—To purchase 31,500 additional shares of common stock of Arex Indemnity Co. at $6 per share. **Office**—116 John St., New York 38, N. Y. **Underwriter**—Mohawk Valley Investing Co., Utica, N. Y.; and Security & Bond Co., Lexington, Ky.

★ **Clinic Properties Association, Inc.**
June 9 (letter of notification) 30,000 shares of class A common stock. **Price**—At par ($10 per share). **Proceeds**—For working capital. **Business**—Medical clinic. **Office**—1007 Ring Bldg., Washington, D. C. **Underwriter**—None.

Code Products Corp., Philadelphia, Pa.
April 20 filed (amendment) 500,000 shares of 6% cumulative preferred stock (par $1) and 250,000 shares of common stock (no par) to be offered in units of two shares of preferred stock and one share of common stock. **Price**—$3 per unit. **Proceeds**—For working capital. **Underwriter**—Frank M. Cryan & Co., New York. Statement effective about Feb. 13.

★ **Commonwealth Edison Co., Chicago, Ill. (7/8)**
June 11 filed $40,000,000 of first mortgage bonds, series P, due June 1, 1983. **Proceeds**—To help pay cost of new construction, which, it is estimated, will total approximately $500,000,000 during the four years through 1956, of which about $280,000,000 will be obtained from the sale of new securities. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co., Lehman Brothers, and American Securities Corp. (jointly); The First Boston Corp.; Glore, Forgan & Co. **Bids**—Tentatively scheduled to be received up to noon (CDT) on July 8.

★ **Community Consumer Discount Co. of Warren, Pa.**
June 8 (letter of notification) 1,000 shares of 5% preference stock (par $100) to be offered in exchange for outstanding $27,400 6% and $72,600 5% preferred stocks on a share-for-share basis, with a payment of $5 per share and accrued dividends to such holders. Unexchanged shares to be offered publicly. Offer expires on June 30, 1953. **Price**—$100 per share and accrued dividends. **Proceeds**—To redeem old preferred stock. **Office**—350 Pennsylvania Ave. West, Warren. Pa. **Underwriter**—None.

★ **Connohio, Inc. (Ohio), Hartford, Conn.**
June 12 (letter of notification) 1,000 shares of convertible preferred stock (par $10). **Price** — $8 per share. **Proceeds** — To selling stockholder. **Underwriter** — S. C. Parker & Co., Inc., Buffalo, N. Y.

Cooperative Grange League Federation Exchange, Inc.
Feb. 13 filed 50,000 shares of 4% cumulative preferred stock (par $100) and 700,000 shares of common stock (par $5). **Price**—At par. **Proceeds**—For working capital. **Business**—Production of dairy and poultry feeds. **Office**—Ithaca, N. Y. **Underwriter**—None.

Coronado Copper Mines Corp.
Jan. 23 (letter of notification) 299,970 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—To acquire leases, for exploration expenses, to repay loans and for working capital. **Office**—100 West 10th St., Wilmington, Del. **Underwriter**—Charles J. Maggio, Inc., New York. Letter to be withdrawn.

Corpus Christi Refining Co. (Texas)
June 2 filed 970,000 shares of common stock (par 10 cents), of which 820,000 shares are to be offered to the public. **Price**—$1.50 per share. **Proceeds**—For working capital, etc. **Underwriter**—Vickers Brothers, New York. Latter will receive warrants to purchase the remaining 150,000 common shares.

● **Dakota-Montana Oil Leaseholds, Inc. (6/22)**
May 1 (letter of notification) 300,000 shares of common stock (par 50 cents). **Price**—$1 per share. **Proceeds**—For working capital. **Office**—535 Fifth Ave., New York, N. Y. **Underwriter**—Charles J. Maggio, Inc., New York.

● **Decca Records, Inc.**
May 19 filed 318,625 shares of capital stock (par 50 cents), being offered for subscription by stockholders of record June 9 at rate of one new share for each 3¼ shares held; rights to expire on June 25. **Price**—$9.20 per share. **Proceeds**—For working capital, etc. **Underwriters**—Reynolds & Co. and Laurence M. Marks & Co., both of New York.

Dixie Fire & Casualty Co., Greer, S. C.
April 9 (letter of notification) 8,000 shares of common stock (par $10) being offered first to stockholders of record April 1 at rate of one share for each 6¼ shares held; rights to expire May 25. **Price**—$25 per share. **Proceeds**—For working capital. **Underwriter**—None.

Eagle Super Markets, Inc., Moline, Ill.
May 21 (letter of notification) 25,000 shares of 6% preferred stock. **Price**—At par ($10 per share). **Proceeds**—To redeem first preferred stock and for working capital. **Office**—2519 Fourth Ave., Moline, Ill. **Underwriter**—Harry Hall Co., Safety Bldg., Rock Island, Ill.

★ **Electro Manganese Corp., Knoxville, Tenn.**
June 16 (letter of notification) 15,380 shares of common stock (par $1). **Price**—$8 per share. **Proceeds**—For expansion costs. **Office**—1323 Proctor Street, P. O. Box 479, Knoxville, Tenn. **Underwriter**—Bennett, Bennett & Bennett.

Electronic Associates, Inc.
May 11 (letter of notification) 10,000 shares of common stock (par $1) to be offered for subscription by stockholders of record June 1 on a 1-for-10 basis; rights to expire July 1. **Price** — $15 per share. **Proceeds** — For working capital. **Office** — Long Branch Ave., Long Branch, N. J. **Underwriter**—None.

Erie Resistor Corp., Erie, Pa. (6/19)
May 29 filed 62,500 shares of convertible preferred stock. **Price**—At par ($20 per share). **Proceeds**—To purchase machinery and equipment and for working capital. **Underwriter**—Fulton, Reid & Co., Cleveland, O.

Fairway Foods, Inc., St. Paul, Minn.
May 8 filed $1,600,000 first mortgage lien 4½% bonds to mature $40,000 annually from 1955 to 1994, inclusive. **Price**—At 100% of principal amount. **Proceeds**—To construct new warehouse. **Underwriter**—None.

Fischer's Flavor Seal, Inc., Spokane, Wash.
May 19 (letter of notification) 4,000 shares of common stock. **Price**—At par ($10 per share). **Proceeds**—For working capital. **Business**—Makes a formula for processing fresh meat. **Office**—726 Paulsen Bldg., Spokane Wash. **Underwriter**—R. L. Emacio & Co., Inc., Spokane Wash.

★ **Garnet Tungsten Mining Co., Inc., Elko, Nev.**
June 16 (letter of notification) an aggregate of $250,000 value of common stock. **Price**—At market. **Proceeds**—For equipment purchases and expansion costs. **Office**—208-209 Tabler Bldg., Elko, Nev. **Underwriter**—None.

● **Gas Service Co.**
May 22 filed 1,500,000 shares of common stock (par $10) **Proceeds**—To be used by Cities Service Co. to increase investment in Empire Gas & Fuel Co., another subsidiary. **Underwriters**—To be determined by competitive bidding. Probable bidders: Blyth & Co., Inc. and Kidder, Peabody & Co. (jointly); Smith, Barney & Co.; Stone & Webster Securities Corp. and Stern Bros. & Co (jointly). **Bids**—Temporarily postponed.

General Dynamics Corp.
May 12 filed 250,000 shares of common stock (par $3) **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans made to acquire a block of 400,000 shares of Consolidated Vultee Aircraft Corp. **Underwriter**—Lehman Brothers, New York, to handle U. S. sales of shares, while Greenshields & Co., Inc., will handle Canadian distribution of a portion of the offering. **Offering**—Temporarily postponed.

General Foods Corp., New York
June 5 filed $5,400,000 aggregate amount of common stock (no par) issuable under the corporation's Employee Savings-Investment Plan. **Underwriter**—None.

General Public Utilities Corp.
May 6 filed 568,665 shares of common stock (par $5) being offered for subscription by common stockholders of record June 2 at the rate of one new share for each 15 shares held; rights to expire on June 24. **Price**—$23.50 per share. **Proceeds**—To reduce bank loans and for investments in subsidiaries. **Underwriter**—None. Merrill Lynch, Pierce, Fenner & Beane will act as clearing agent.

Government Employees Corp.
May 1 (letter of notification) 12,000 shares of common stock (par $5) being offered to common stockholders of record April 28 on the basis of one new share for each five shares held; rights to expire on June 24. **Price**—$15 per share. **Proceeds**—For working capital. **Office**—Government Employees Insurance Bldg., 14th and L Sts., N. W., Washington, D. C. **Underwriter**—None.

★ **Granada Oil Industries, Inc., Los Angeles, Calif.**
June 12 (letter of notification) 300,000 shares of common stock. **Price**—$1 per share. **Proceeds**—For working capital, etc. **Office**—458 S. Spring St., Los Angeles, Calif. **Underwriter**—None.

Grand Bahama Co., Ltd., Nassau
Feb. 3 filed $1,350,000 20-year 6% first mortgage convertible debentures due March, 1973, and 1,565,000 shares of class A stock (par 10 cents). **Price**—Par for debentures and $1 per share for stock. **Proceeds** — For new construction. **Business** — Hotel and land development **Underwriter**—Gearhart & Otis, Inc., New York.

★ **Gulf Interstate Gas Co. (6/30)**
June 11 filed $13,969,600 of 5½% interim notes due Dec. 1, 1954 (subordinate), payable at stated maturity in 5½% cumulative preferred stock (par $20) and 3,492,400 shares of common stock (par $5) to be offered in units of $20 principal amount of notes and five shares of stock. Rights will be offered to subscribe for 698,480 units by issuance of warrants evidencing rights to subscribe for one unit for each five rights. Stockholders of Panhandle Eastern Pipe Line Co. (except Missouri-Kansas Pipe Line Co.) are to be offered one right for each share of Panhandle common stock held. These rights entitle Panhandle holders to subscribe for 577,466 units and Missouri-Kansas Pipe Line Co. to subscribe for 98,662 units. Holders of latter company's common and class B stock will be entitled to subscribe for 22,352 units at the basis of one right for each common share held and 1/20th of a right for each class B share held; 23,352 units will be offered to Superior Oil Co. **Price**—$48.75 per unit. **Proceeds**—From sale of units, together with funds from private sale of $96,000,000 first mortgage pipe line bonds, 4⅛% series due Oct. 1, 1974, to 20 institutional investors, to pay for new construction. **Underwriter**—Carl M. Loeb, Rhoades & Co., New York.

★ **Gulf South Oil Corp., Shreveport, La.**
June 11 (letter of notification) 60,000 shares of preferred stock. **Price**—At par ($5 per share). **Proceeds**—For working capital. **Office**—Suite 110, Centenary Office Center, Shreveport, La. **Underwriter** — Cleve Myers, Inc., Shreveport, La.

Gulf States Utilities Co. (6/23)
May 20 filed 350,000 shares of common stock (no par) (to be amended upon the acceptance of a bid for the lowest number of whole shares as will yield $6,000,000). **Proceeds**—To retire bank loans and for new construction. **Underwriters** — To be determined by competitive bidding. Probable bidders: Stone & Webster Securities Corp.; Merrill Lynch, Pierce, Fenner & Beane and Lehman Brothers (jointly); Carl M. Loeb, Rhoades & Co. **Bids**—To be received up to 11 a.m. (EDT) on June 23 at Chase National Bank, 11 Broad St., New York, N. Y.

Hartford Special Machinery Co.
June 1 (letter of notification) 7,500 shares of common stock to be offered for subscription by present stockholders. **Price**—At par ($20 per share). **Proceeds**—To purchase equipment and for working capital. **Office**—287 Homestead Ave., Hartford, Conn. **Underwriter** — None.

Heat-O-Matic, Inc., Pittsburgh, Pa.
May 22 (letter of notification) 20,000 shares of common stock (par $3) to be offered for subscription by present stockholders until June 30, 1953. **Price**—$1 per share to stockholders; $1.50 to public. **Proceeds**—To pay current liabilities and for working capital. **Address**—Joseph F. Carroll, President, 2886 Glenmore Ave., Pittsburgh 16, Pa. **Underwriter**—None.

★ **Hotel Drake Corp., New York**
June 12 filed 13,573 shares of capital stock (par $5) and $339,325 of 4% 10-year cumulative income debentures due Aug. 1, 1963, to be offered for subscription by stockholders in units of one share of stock and a $25 debenture. **Price**—$30 per unit. **Proceeds**—To repay $300,000 bank debt and for working capital. **Underwriter**—None.

Huse-Liberty Mica Co., Boston, Mass.
June 4 (letter of notification) 5,000 shares of common stock (par $5). **Price**—$12.75 per share. **Proceeds**—To The Harvard Trust Co. and E. H. Earle, trustees for Robert Chapman, Jr. **Office**—171 Camden St., Boston, Mass. **Underwriter** — F. L. Putnam & Co., Inc., Boston, Mass.

Hydrocap Eastern, Inc., Philadelphia, Pa.
April 27 filed 500,000 shares of common stock, of which underwriters have agreed to purchase 100,000 shares for public sale and to use "best efforts" to sell remaining shares. **Price**—At par ($1 per share). **Proceeds**—To establish assembly plant and acquire raw materials. **Underwriter**—Barham & Co., Coral Gables, Fla.

★ **ICM Finance Corp., Wallace, Idaho**
June 9 (letter of notification) $225,000 of 5% general obligation five-year notes and 900,000 shares of common stock (par 1 cent), to be offered in units of a $100 note and 400 shares of common stock first to stockholders of Idaho Custer Mines, Inc., prior to June 20, 1953. **Price**—To stockholders of latter, $83.20 per share, and to public, $104. **Address**—Box 469, Wallace, Idaho. **Underwriter**—None.

★ **Idaho Custer Mines, Inc., Wallace, Idaho**
June 9 (letter of notification) chattel mortgage on equipment for security of a loan from ICM Finance Corp. in the amount of $187,200. The latter is selling $234,000 of securities, the net proceeds to be advanced under the loan to the Idaho Custer company. **Proceeds**—For payment of debts and operating capital. **Address**—Box 529, Wallace, Idaho. **Underwriter**—None.

Insurance Co. of North America, Phila., Pa.
April 16 filed 30,000 shares of capital stock (par $5) to be offered for sale to employees of company and five affiliated companies. **Underwriter**—None.

International Harvester Co., Chicago, Ill.
April 24 filed 568,000 shares of common stock (no par) being offered for subscription by certain employees of company and its subsidiaries under Employees' Common Stock Subscription Plan of 1953. **Price**—$25 per share. **Proceeds**—For general corporate purposes. **Underwriter**—None.

Interstate Fire & Casualty Co., Bloomington, Ill.
March 26 filed 28,000 shares of capital stock (par $10) to be offered for subscription by stockholders of record

April 1 at the rate of 1 3/11 shares for each share held. **Price**—$16.50 per share. **Proceeds**—To increase capital and surplus. **Underwriter**—None.

● Johnston Oil & Gas Co. (6/23)
May 21 filed 500,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To repay indebtedness and for general corporate purposes. **Underwriter**—Allen & Co., New York.

Junction City (Kan.) Telephone Co.
March 3 (letter of notification) $206,000 of 4½% first mortgage bonds, series A, due Feb. 1, 1977. **Price**—100% and accrued interest. **Proceeds**—For general corporate purposes. **Underwriter**—Wachob-Bender Corp., Omaha, Nebraska.

Keystone Helicopter Corp., Phila., Pa.
April 23 (letter of notification) 295,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—To purchase helicopter and equipment and for working capital. **Office**—Land Title Bldg., Philadelphia, Pa. **Underwriter**—None.

● KLB Oil Corp., Wichita Falls, Tex. (6/22)
May 25 (letter of notification) 120,000 shares of capital stock (par one cent). **Price**—$2.50 per share. **Proceeds**—For working capital, etc. **Office**—Wichita National Bank Bldg., Wichita Falls, Tex. **Underwriter**—Aetna Securities Corp., New York.

Lamson & Sessions Co., Kent, O.
May 20 (letter of notification) 7,350 shares of common stock (par $10). **Price**—At market. **Proceeds**—To certain selling stockholders. **Underwriter**—Ball, Burge & Kraus, Cleveland, O.

Link-Belt Co., Chicago, Ill.
May 22 filed 22,793 shares of common stock (par $5) to be offered for subscription by "selected group of officers and employees of company and its subsidiaries." **Price**—$37 per share. **Proceeds**—For working capital. **Underwriter**—None.

Lone Star Sulphur Corp., Wilmington, Del.
May 8 filed 600,000 shares of common stock (par 5 cents) to be offered for subscription by common stockholders of record May 8 on a share-for-share basis "as a speculation." **Price**—To be supplied by amendment. **Proceeds**—For expansion program. **Underwriter**—None.

Market Basket, Los Angeles, Calif.
May 25 (letter of notification) 14,886 shares of common stock (par 50 cents). **Price**—$11.50 per share. **Proceeds**—For working capital. **Office** — 6014 S. Eastern Ave., Los Angeles, Calif. **Business**—Groceries. **Underwriter**—None.

Maryland Casualty Co., Baltimore, Md.
May 22 filed approximately 175,181 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To be applied towards payment of the redemption price of unconverted shares of $1.05 convertible preferred stock (154,160 shares as of June 9, 1953), which have been called for redemption July 13. **Underwriter**—Merrill Lynch, Pierce, Fenner & Beane, New York. Statement effective June 10. Conversion privilege expires on July 8.

★ Mayfair Markets, Los Angeles, Calif.
June 11 (letter of notification) 5,000 shares of preferred stock (par $50) and 5,000 shares of common stock (par $1) to be offered in units of one share of preferred and one share of common stock. **Price**—$60 per unit. **Proceeds**—To retire debts. **Business**—Supermarket chain. **Office**—4383 Bandini Blvd., Los Angeles, Calif. **Underwriter**—None.

McCarthy (Glenn), Inc.
June 12 filed 10,000,000 shares of common stock (par 25 cents). **Price**—$2 per share. **Proceeds**—For drilling of exploratory wells, acquisition of leases and for general corporate purposes. **Underwriter**—B. V. Christie & Co., Houston, Tex. **Dealer Relations Representative**—George A. Searight, 50 Broadway, New York, N. Y. Telephone WHitehall 3-2181. **Offering**—Date indefinite.

● Mechanical Handling Systems, Inc. (6/30)
March 31 filed 120,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To purchase common stock of The Louden Machinery Co. **Business**—Manufacture and sale of conveyors in industrial and commercial applications. **Office**—Detroit, Mich. **Underwriter**—Kidder, Peabody & Co., New York.

★ Merchants Credit, Inc., Washington, D. C.
June 12 (letter of notification) 2,500 shares of 6% cumulative preferred stock (par $100) and 2,500 shares of common stock (par $1) to be offered in units of one share of each class of stock. **Price**—$101 per unit. **Proceeds**—For working capital. **Office**—513—11th St., Washington, D. C. **Underwriter**—None.

Mex-American Minerals Corp., Granite City, Ill.
Nov. 3 filed 113,000 shares of 6% cumulative preferred stock (par $5) and 113,000 shares of common stock (par 10 cents) to be offered in units of one share of each class of stock. **Price**—$6 per unit. **Proceeds**—For working capital. **Business**—Purchase, processing, refining and sale of Fluorspar. **Underwriter** — To be supplied by amendment.

● Michigan Consolidated Gas Co.
May 15 filed $20,000,000 of first mortgage bonds due 1978. **Proceeds**—From sale of bonds, plus proceeds from sale of 215,000 shares of common stock (par $14) to American Natural Gas Co., parent, for $3,010,000, to be used to repay bank loans and for construction program. **Bids**—A group headed jointly by Halsey, Stuart & Co., Inc., Harriman Ripley & Co., Inc. and Union Securities Corp. entered the only bid on June 15 for the securities—100.125 for 5s. This bid was rejected. Reoffering had been planned at 101.875 to yield 4.87%.

★ Miles Laboratories, Inc., Elkhart, Ind.
June 16 (letter of notification) 5,400 shares of capital stock (par $2). **Price**—$18.50 per share. **Proceeds**—To Cathryn Collins Keller, the selling stockholder. **Underwriter**—Albert McGann Securities Co., Inc., South Bend, Indiana.

● Mobile Gas Service Corp. (7/1)
June 10 filed 40,000 shares of common stock (par $5) to be offered for subscription by common stockholders of record June 30, 1953 on a 1-for-5 basis (with an oversubscription privilege); rights will expire on July 15. **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans and for construction purposes. **Underwriters**—The First Boston Corp., New York; and the Robinson-Humphrey Co., Inc., Atlanta, Ga.

Monterey Oil Co., Los Angeles, Calif.
May 21 filed 372,273 shares of common stock (par $1), of which 110,000 shares are for account of company and 262,273 for account of selling stockholders. **Price**—To be supplied by amendment. **Proceeds** — To reduce bank loans. **Underwriter**—Lehman Brothers, New York. **Offering**—Temporarily postponed.

Mutual Telephone Co., Honolulu
May 18 filed 200,000 shares of common stock being offered for subscription by common stockholders of record June 1, 1953, and to employees; rights expire July 7. **Price**—At par ($10 per share). **Proceeds**—For expansion costs. **Underwriter**—None.

★ Mutual Telephone Co., Honolulu (7/1)
June 11 filed 150,000 shares of preferred stock, series D (par $10). **Price**—To be supplied by amendment. **Proceeds**—For construction program. **Underwriter**—Kidder, Peabody & Co., New York.

Nagler Helicopter Co., Inc. (N. Y.)
May 26 (letter of notification) 299,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—For working capital. **Office**—130 West 42nd St., New York. **Underwriter**—John R. Boland, New York.

National Credit Card, Inc., Portland, Ore.
May 11 (letter of notification) 1,400 shares of 6% non-cumulative preferred stock (par $100) and 1,400 shares of common stock (no par) to be sold in units of one share of each class of stock. **Price**—$101 per unit. **Proceeds** — For working capital. **Business**—Credit service. **Office**—Times Building, Portland 4, Ore. **Underwriter**—None.

★ National Rubber Machinery Co., Akron, Ohio (6/26)
June 16 (letter of notification) 19,556 shares of common stock (par $10) to be offered for subscription by common stockholders at the rate of one new share for each nine shares held on June 24 (with an oversubscription privilege); rights to expire on July 15. Subscription rights will be mailed on June 26. **Price**—$13 per share. **Proceeds** — For general corporate purposes. **Office** — West Exchange Street, Akron, Ohio. **Underwriter**—None.

★ Natural Resources Corp., Morgantown, W. Va.
June 12 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For working capital. **Office**—1435 University Ave., Morgantown, W. Va. **Underwriter**—None.

● New England Electric System
May 4 filed 828,516 additional shares of common stock (par $1) being offered for subscription by common stockholders of record June 11 on the basis of one new share for each 10 shares held (with an oversubscription privilege); rights to expire on June 25. **Price**—$12 per share. **Proceeds** —For expansion program. **Underwriters** — Blyth & Co., Inc., Lehman Brothers and Bear, Stearns & Co. (jointly).

New York Telephone Co., New York (6/23)
May 22 filed $35,000,000 of refunding mortgage bonds, series G, due July 1, 1984. **Proceeds** — To repay bank loans. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co. Merrill Lynch, Pierce, Fenner & Beane and Glore, Forgan & Co. (jointly); Kuhn, Loeb & Co. **Bids**—To be received by company up to 11 a.m. (EDT) on June 23. **Stock Offering**—Company also plans to issue and sell to American Telephone & Telegraph Co., its parent, 700,000 additional shares of common stock (par $100).

● North American Peat Moss Co., Inc. (6/22-25)
April 10 filed 500,000 shares of common stock (par 10 cents). **Price** — $1 per share. **Proceeds** — To purchase equipment and for working capital. **Underwriter**—R. A. Keppler & Co., Inc., New York.

North Pittsburgh Telephone Co.
June 1 (letter of notification) 2,000 shares of common stock to be offered for subscription by common stockholders of record June 1 at rate of one new share for each four shares held. **Price**—At par ($25 per share). **Proceeds** — For equipment. **Office** — Saxonburg, Butler County, Pa. **Underwriter**—None.

Northlands Oils Ltd., Canada
Nov. 21 filed 1,000,000 shares of capital stock (par 20¢ — Canadian) and subscription warrants for 600,000 shares, which statement was amended May 20 to 200,000 shares and warrants to purchase 200,000 shares to be offered in units of one share of stock and one warrant. **Price**—75 cents per unit. **Proceeds**—For drilling of additional wells and to purchase producing wells. **Underwriter**—M. S. Gerber, Inc., New York.

Noryn Mines Ltd., Hull, Quebec, Canada
April 23 filed 500,000 shares of common stock (par $1). **Price**—50 cents per share. **Proceeds**—To repay loans and for other corporate purposes. **Underwriter**—None.

Oregon Fibre Products, Inc., Pilot Rock, Ore.
May 26 (letter of notification) $292,200 of sinking fund debentures due Jan. 1, 1968 and 5,844 shares of common stock (par $1) to be offered in units of $100 of debentures and two shares of stock. **Price**—$102 per unit. **Proceeds**—For working capital. **Underwriter**—None.

● Otis Oil & Gas Corp., Denver, Colo. (6/23)
May 21 (letter of notification) 1,500,000 shares of common stock (par five cents). **Price**—20 cents per share. **Proceeds**—For repayment of debt and for working capital. **Underwriter**—Hunter Securities Corp., New York.

★ Overland Oil, Inc., Denver, Colo.
June 10 filed 600,000 shares of common stock (par 10 cents) to be offered for subscription by stockholders (except the original incorporators) at rate of one new share for each two shares held. **Price** — 40 cents per share. **Proceeds**—For working capital. **Underwriter**—None.

Packaging Materials Corp., Providence, R. I.
April 29 (letter of notification) $160,000 of 5% debentures due Dec. 15, 1960, and 2,000 shares of common stock (no par) to be offered in units of an $80 debenture and one share of common stock. **Price**—$100 per unit. **Proceeds** — For purchase of machinery. **Office** — 607 Hospital Trust Bldg., Providence, R. I. **Underwriter**—None.

Palestine Economic Corp., New York
March 6 filed 100,000 shares of common stock (par $25). **Price**—$28 per share. **Proceeds** — For development of Israel industry, etc., and for working capital. **Underwriter**—None.

Pennant Drilling Co., Inc., Denver, Colo.
March 23 (letter of notification) 42,507 shares of common stock (par $1). **Price**—$1.30 per share. **Proceeds**—To Morris Replin, the selling stockholder. **Underwriter**—Peters, Writer & Christensen, Inc., Denver, Colo.

Pennsylvania Electric Co. (6/30)
May 28 filed $12,500,000 of first mortgage bonds due 1983. **Proceeds**—For construction program. **Underwriters**—To be determined by competitive biddding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co.; Kidder, Peabody & Co.; The First Boston Corp.; Equitable Securities Corp. **Bids**—Tentatively set for 11 a.m. (EDT) on June 30.

Pennsylvania Power & Light Co.
May 1 filed 743,496 shares of common stock (no par), 21,752 shares of 4.40% preferred stock (par $100), 53,248 shares of 3.35% preferred stock (par $100) and 39,936 shares of 4½% preferred stock (par $100) being offered in exchange for all the outstanding stock of Scranton Electric Co. Offer expires June 22. **Underwriter**—None. Statement effective May 22.

Pennsylvania & Southern Gas Co.
June 1 (letter of notification) 98,240 shares of common stock (par 25 cents) to be first offered for subscription by common stockholders of record June 1 at rate of one new share for each shares held (with an oversubscription privilege), with rights to expire on July 15; and then to preferred stockholders. **Price**—$1.50 per share. **Proceeds**—To retire $65,000 short-term debt and for working capital. **Office**—111 Quimby St., Westfield, N. J. **Underwriter**—None.

Peruvian Oil Concessions Co., Inc.
Jan. 16 filed 9,000,000 shares of common stock (par $1) (amended April 24 to 1,000,000 shares). **Price**—$2 per share. **Proceeds**—For general corporate purposes. **Business**—Plans to produce and sell petroleum and its products from lands to be held under concession from the Peruvian Government. **Underwriter**—B. G. Phillips & Co., New York.

★ Phillips Petroleum Co.
June 11 filed $25,000,000 of participation in the company's Thrift Plan and 444,444 shares of its common stock purchasable under the plan on the open market at current market prices.

Pittston Co., New York
May 20 filed 50,000 shares of 5½% convertible preferred stock to be offered for subscription by common stockholders of record June 18 on the basis of one preferred share for each 13 shares of common stock held (with an oversubscription privilege); rights to expire 20 days from date of issuance. **Price**—At par ($100 per share.) **Proceeds** — For working capital. **Business** — Natural gas. **Undewriter**—None.

★ Potomac Electric Power Co.
June 10 filed $1,000,000 of Potomac Plans for the Systematic Accumulation of Common Stock of Potomac Electric Power Co. **Sponsor** — Capital Reserve Corp., Washington, D. C.

Powdercraft Corp., Spartanburg, S. C.
June 3 (letter of notification) 5,000 shares of capital stock. **Price**—At par ($10 per share). **Proceeds**—For working capital. **Business**—Makes machine parts. **Office** 746 Hayne St., Spartanburg, S. C. **Underwriter**—Calhoun & Co., Spartanburg, S. C.

★ Prudential Fund of Boston, Inc., Boston, Mass.
June 15 filed 18,000 shares of common capital stock (par $1). **Price**—At market. **Proceeds**—For investment. **Underwriter**—None.

Pubco Development, Inc., Albuquerque, N. M.
June 3 filed subscription warrants for 302,989 shares to be issued to present holders of subscription warrants ($1 par common stock). **Price**—To be supplied by amendment. **Proceeds**—For working capital. **Underwriter**—Allen & Co., New York.

Continued on page 40

Continued from page 39

★ Quinby Plan, Rochester, N. Y.
June 15 filed $1,500,000 of Plans for the Accumulation of Common Stock of General Motors Corp.

● Remington Corp., Auburn, N. Y. (6/19)
June 1 (letter of notification) 70,000 shares of common stock (par $1). **Price**—$3.50 per share. **Proceeds**—For expansion and working capital. **Underwriter**—Carl M. Loeb, Rhoades & Co., New York.

Resort Airlines, Inc., Miami, Fla.
March 6 (letter of notification) 724,687 shares of common stock (par 10 cents) to be offered for subscription by stockholders on a pro rata basis. **Price**—20 cents per share. **Proceeds**—For working capital. **Address**—Box 242, International Airport, Miami 48, Fla. **Underwriter**—None.

Richfield Oil Corp., Los Angeles, Calif.
June 4 filed $5,700,000 of interests in the Stock Purchase Plan for Employees of this corporation, together with 100,000 shares of no par common stock which may be purchased pursuant to the provisions of the Plan.

Ridley Mines Holding Co., Grafton, N. D.
June 1 filed 120,000 shares of common stock. **Price**—At par ($5 per share). **Proceeds** — For working capital. **Underwriter**—None.

● Robertshaw-Fulton Controls Co. (6/24)
May 29 filed 160,000 shares of cumulative convertible preferred stock (par $25). **Price**—To be supplied by amendment. **Proceeds**—For expansion program. **Underwriter**—Reynolds & Co., New York.

Rogers Corp., Manchester, Conn. (6/22)
May 11 (letter of notification) 10,909 shares of class B common stock to be offered for subscription by holders of class B stock at rate of one new share for each two shares held on June 22; rights to expire on June 29. **Price**—$20 per share. **Proceeds**—To retire $100,000 bank loan and for working capital. **Business** — Manufacture of plastic materials. **Underwriter**—None.

★ Royal Drift Mining Co., Magalia, Calif.
June 10 (letter of notification) 200,000 shares of capital stock. **Proceeds**—For working capital. **Underwriter**—None.

Saint Anne's Oil Production Co.
April 23 filed 270,000 shares of common stock (par $1). **Price**—$5 per share. **Proceeds**—To acquire stock of Neb-Tex Oil Co., to pay loans and for working capital. **Office**—Northwood, Iowa. **Underwriter**—Sills, Fairman & Harris and H. M. Byllesby & Co., Inc., both of Chicago, Ill. Amendment to be filed.

● San Diego Gas & Electric Co.
May 20 filed 800,000 shares of common stock (par $10) being offered for subscription by common stockholders of record June 9 at rate of one new share for each three shares held (with rights to expire July 2); employees to be entitled to purchase unsubscribed shares. **Price**—$13.30 per share. **Proceeds**—To retire bank loans and for construction program. **Underwriter**—Blyth & Co., Inc., San Francisco and New York.

Schlafly Nolan Oil Co., Inc.
March 25 filed 150,000 shares of common stock (par 25 cents). **Price**—$4 per share. **Proceeds**—To purchase and sell leaseholdes, royalties and producing properties, to prospect for oil and gas and to develop and operate producing properties. **Office**—Mt. Vernon, Ill. **Underwriter** — L. H. Rothchild & Co., New York. **Offering** — Indefinitely postponed.

Scillitoe (Edgar L.), Inc. (N. Y.)
May 25 (letter of notification) 298,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—To acquire plant, machinery and equipment; and for working capital. **Office**—10-15 Spruce St., New York. **Business** — Manufacturer of electronic and electro-mechanical devices. **Underwriter** — Nielsen & Co., New York, N. Y.

● Sinclair Oil Corp.
May 22 filed $10,500,000 of participations in employees savings plan, together with 210,000 shares of no par common stock of corporation issuable under the plan. Statement effective June 9.

★ Siskon Corp., Reno, Nev.
June 12 (letter of notification) 300,000 shares of capital stock (par 1 cent). **Price**—12½ cents per share. **Proceeds** — To selling stockholders. **Office** — Room 422, Gazette Bldg., Reno, Nev. **Underwriter**—None.

Skiatron Electronics & Television Corp.
June 2 (letter of notification) 15,000 shares of common stock (par 10¢). **Price**—At the market (about $2-$2½ per share—$2.12½ per share to underwriter). **Proceeds**—To demonstrate "Subscriber-Vision." **Office** — New York City. **Underwriter** — Wright, Wood & Co., Philadelphia, Pa.

Southern Bell Telephone & Telegraph Co.
April 9 filed $30,000,000 of 24-year debentures due May 1, 1977. **Proceeds**—To repay advances from American Telephone & Telegraph Co., the parent. **Underwriters**—To be determined by competitive bidding. **Probable bidders**: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; Kuhn, Loeb & Co.; The First Boston Corp. **Bids**—Received on May 5 but rejected.

★ Southern Discount Co., Atlanta, Ga.
June 12 (letter of notification) $208,500 of 5% debentures. **Price**—At par. **Proceeds**—For working capital. **Office**—724 Healey Bldg., Atlanta, Ga. **Underwriter**—None.

★ Strickland (John L.) Co., Baltimore, Md.
June 16 (letter of notification) 3,000 shares of class A common stock. **Price**—At par ($50 per share). **Proceeds**—For working capital. **Office**—10 Light Street, Baltimore 2, Md. **Business**—Processing and marketing of popcorn. **Underwriter**—None.

Stylon Corp., Milford, Mass.
May 22 (letter of notification) 32,043 shares of common stock. **Price**—At the market (around $1 per share). **Proceeds**—To Joseph Maas, Newton, Mass. **Business**—Manufactures ceramic tile. **Underwriter**—F. D. Gearhart, Jr., New York.

Sun Oil Co., Philadelphia, Pa.
April 27 filed 14,000 memberships in the "Employees' Stock Purchase Plan of Sun Oil Co. and Subsidiaries" and 122,700 shares of common stock (no par) to be reserved for sale to trustees of the plan during July, 1953; also 139,762 additional shares of common stock "for possible public sale by selling stockholders during the period of July 1, 1953 to June 30, 1954." **Underwriter**—None. Statement effective June 8.

Sunrise Supermarkets Corp. (6/25)
June 5 filed $400,000 of subordinate sinking fund debentures due June 1, 1968, and 40,000 shares of common stock (par $1), of which 20,000 shares are for account of selling stockholders. **Price**—To be supplied by amendment. **Proceeds**—For expansion of business and other corporate purposes. **Office**—Long Island, N. Y. **Underwriters** — Estabrook & Co. and Childs, Jeffries and Thorndike, Inc., both of New York.

Texas Illinois Natural Gas Pipeline Co.
May 6 filed 927,273 shares of common stock (par $1) to be offered for subscription by common stockholders. **Price**—To be supplied by amendment. **Proceeds**—For new construction and working capital. **Underwriter**—None. Peoples Gas Light & Coke Co., has agreed to take all unsubscribed stock.

★ United Funds, Inc., Indianapolis, Ind.
June 9 filed 5,000 charter certificates in the aggregate amount of $10,260,000, together with 75,000 shares of its common stock in the amount of $187,500.

United Mining & Leasing Corp. Central City, Colo.
May 4 (letter of notification) 115,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For mining equipment. **Underwriter** — R. L. Hughes & Co., Denver, Colo.

U. S. Airlines, Inc., New York
May 28 filed 1,000,000 shares of common stock (par 5 cents). **Price**—To be supplied by amendment. **Proceeds**—For working capital, etc. **Underwriter**—Gearhart & Otis, Inc., New York.

U. S. Thermo Control Co., Minneapolis, Minn.
June 5 (letter of notification) 20,000 shares of common stock (par $1). **Price**—$3.25 per share. **Proceeds**—To J. A. Numero. President. **Underwriter**—George F. Breen, New York.

Vault Co. of America, Davenport, Iowa
March 2 (letter of notification) 10,000 shares of common stock. **Price**—$10 per share. **Proceeds**—For working capital. **Underwriter**—A. J. Boldt & Co., Davenport, Ia.

★ Virginia Iron, Coal & Coke Co.
June 9 (letter of notification) 1,100 shares of common stock (par $10). **Price** — At market (about $36 per share). **Proceeds** — To Samuel T. Brown, the selling stockholder. **Office**—310 West Campbell Ave., Roanoke, Va. **Underwriter**—None, shares to be sold on the American Stock Exchange.

Walburt Oils Ltd., Toronto, Canada
April 24 filed 660,000 shares of common stock (par $1) of which 550,000 shares will be offered in the United States and 110,000 shares in Canada. **Price** — $1.02 per share in U. S. and $1 per share in Canada. **Proceeds**—For general corporate purposes. **Underwriier**—Sidney S. Walcott, President of company, Buffalo, N. Y.

Washington Water Power Co.
May 7 filed 1,088,940 shares of $1.28 cumulative convertible preferred stock (par $25) and 1,088,939 shares of common stock (no par) to be issued in connection with the proposed merger into company of Puget Sound Power & Light Co. on the basis of one-half share of preferred and one-half share of common for each Puget Sound common share to holders who do not elect to receive cash at the rate of $27 per share. **Underwriter**—None.

West Coast Pipe Line Co., Dallas, Tex.
Nov. 20 filed $29,000,000 12-year 6% debentures due Dec. 15, 1964, and 580,000 shares of common stock (par 50 cents) to be offered in units of one $50 debenture and one share of stock. **Price** — To be supplied by amendment. **Proceeds**—From sale of units and 1,125,000 additional shares of common stock and private sale of $55,000,000 first mortgage bonds, to be used to build a 1,030 mile crude oil pipeline. **Underwriters**—White, Weld & Co. and Union Securities Corp., both of New York. **Offering**—Postponed indefinitely.

West Coast Pipe Line Co., Dallas, Tex.
Nov. 20 filed 1,125,000 shares of common stock (par 50 cents). **Price**—To be supplied by amendment. **Proceeds**—Together with other funds, to be used to build pipeline. **Underwriters** — White, Weld & Co. and Union Securities Corp., both of New York. **Offering**—Postponed indefinitely.

● West Penn Power Co.
May 20 filed 195,694 shares of common stock (no par), to be offered for subscription by common stockholders of record June 9 on the basis of one new share for each 17 shares held (West Penn Power Co., parent, owner of 3,154,419 shares (94.8%) is entitled to subscribe for 185,554 of the new shares). **Price**—$37.50 per share. **Proceeds** — For construction program. **Underwriter** — None, the parent to buy any unsubscribed shares.

● Westerly Automatic Telephone Co.
June 1 (letter of notification) 9,333 shares of capital stock being offered for subscription by stockholders of record June 10 at the rate of one new share for each three shares held; rights to expire on July 1. **Price**—At par ($25 per share). **Proceeds**—To repay debt and for general corporate purposes. **Office**—38 Main St., Westerly, R. I. **Underwriter**—None.

● Western Light & Telephone Co., Inc.
May 18 filed 78,202 shares of cumulative convertible preferred stock (par $25) to be offered for subscription by common stockholders on the basis of one new share for each five common shares held. **Price** — To be supplied by amendment. **Proceeds**—From sale of preferred stock, together with funds to be received from sale of $3,000,000 first mortgage bonds, to reduce bank loans and for new construction. **Underwriter** — Harris, Hall & Co., Inc., Chicago, Ill. **Offering**—Temporarily postponed.

★ Western Natural Gas Co., Houston, Tex.
June 8 (letter of notification) 7,030 shares of 5% preferred stock to be offered to stockholders. **Price**—At par (par $30 per share). **Proceeds** — For operating capital. **Office**—1006 Main St., Houston 2, Tex. **Underwriter**—None.

Western Safflower Corp.
April 9 (letter of notification) 240,000 shares of common stock (par 25 cents). **Price**—$1.25 per share. **Proceeds**—To construct plant. **Office**—First National Bank Bldg., Colorado Springs, Colo. **Underwriter**—E. I. Shelley Co., Denver, Colo.

York County Gas Co. (6/24)
May 25 (letter of notification) 6,000 shares of common stock (par $20) to be offered for subscription by common stockholders of record June 17 at rate of one new share for each 12 shares owned (with an oversubscription privilege); rights to expire July 14. **Price**—$40 per share. **Proceeds**—From sale of stock, together with $600,000 to be received from sale of first mortgage bonds to repay $600,000 bank loans and for new construction. **Office**—127 West Market St., York, Pa. **Underwriter**—None.

Prospective Offerings

Allis-Chalmers Mfg. Co.
May 6 stockholders approved a proposal to increase the authorized common stock from 3,750,000 shares (no par) to 5,000,000 shares (par $20). It is not presently planned to issue any of the additional stock. **Underwriter**—Previous financing was handled by Blyth & Co., Inc.

★ American Fidelity & Casualty Co. (7/15)
June 8 it was stated early registration is planned of about 150,000 shares of convertible preferred stock (par $5) to be offered for subscription by common stockholders about July 15 on a share-for-share basis, with about a 14-day standby. **Price**—To be named later. **Proceeds**—For working capital. **Underwriter**—Geyer & Co., New York.

Arizona Bancorporation, Phoenix, Ariz.
June 1 it was announced corporation plans to offer present stockholders the right to subscribe after July 15 for 100,000 additional shares of capital stock on the basis of one new share for each two shares held. **Price** — $10 per share. **Underwriter**—None.

Arkansas Power & Light Co.
March 20 it was announced that company may consider refunding the outstanding 47,609 shares of $7 preferred stock (no par) and 45,891 shares of $6 preferred stock (no par), both callable at $110 per share. **Underwriters**—To be determined by competitive bidding. **Probable bidders**. Blyth & Co., Inc, and Equitable Securities Corp. (jointly); W. C. Langley & Co., and The First Boston Corp. (jointly); Kidder, Peabody & Co., and Merrill Lynch, Pierce, Fenner & Beane (jointly); Union Securities Corp.

Atlantic Refining Co.
March 27 it was announced that proposed debenture issue later this year will be around $60,000,000. The exact nature and timing of the financing are still to be determined. Stockholders voted May 5 to increase the

authorized debt from $75,000,000 to $150,000,000. **Proceeds**—To be used to help pay for a $100,000,000 construction program for 1953. **Underwriters**—Smith, Barney & Co. may head group.

Bangor & Aroostook RR.
One bid was received by the RFC at Room 1157, 811 Vermont Ave., N. W., Washington, D. C., prior to 5:30 p.m. (EDT) on May 25 for the purchase from it of $1,675,000 of collateral trust 4% bonds due July 1, 1961. It was refused, however, as it was too low. It is possible that the bonds may be offered again in the coming months.

Blue Crown Petroleum Co., Ltd.
May 12 it was reported company plans to issue and sell 300,000 shares of common stock. **Price**—95 cents per share. **Underwriters** — Van Alstyne, Noel & Co., New York, and Walston & Co., San Francisco, Calif. **Offering**—Expected in June.

Boston Edison Co., Boston, Mass.
June 2 stockholders approved a proposal to offer 246,866 shares of capital stock (par $25) to stockholders on the basis of one new share for each 10 shares held (with an oversubscription privilege). **Proceeds**—For new construction. **Underwriters**—To be determined by competitive bidding. Probable bidders: The First Boston Corp.; Blyth & Co., Inc.; Smith, Barney & Co.; Harriman Ripley & Co., Inc. **Offering**—Expected in July.

★ **Central Hudson Gas & Electric Corp.**
June 16 Ernest R. Acker, President, announced that company plans to offer (1) approximately 140,000 shares of common stock to stockholders at rate of one new share for each 15 shares held; (2) 20,000 shares of common stock to employees; and $6,000,000 of convertible debentures to public. **Proceeds**—To pay off bank loans and for construction program. **Underwriters** — Probably Kidder, Peabody & Co. and Estabrook (jointly). **Offering**—Expected early in September.

Central Power & Light Co.
March 2 it was reported company may issue and sell 50,000 shares of new preferred stock. **Underwriters**—To be determined by competitive bidding. Probable bidders: Stone & Webster Securities Corp.; Lehman Brothers and Glore, Forgan & Co. (jointly); Blyth & Co., Inc., Harriman Ripley & Co., Inc. and Smith, Barney & Co. (jointly); Salomon Bros. & Hutzler.

Central Hudson Gas & Electric Corp.
March 3 it was announced that some portion of the company's financing program for 1953-1954 will involve the sale of $16,550,000 new securities, a portion of which will involve common stock or debt securities convertible into common stock. Stockholders at the annual meeting March 24 voted to authorize an additional 1,000,000 shares of common stock. **Underwriters** — Kidder, Peabody & Co. and Estabrook & Co. handled offering in November, 1949, of $6,000,000 2% convertible debentures.

Central Illinois Public Service Co.
March 26 it was reported that the company may about mid-July sell about $6,000,000 additional common stock (first to common stockholders). **Underwriter**—The First Boston Corp., New York.

Central Louisiana Electric Co., Inc.
April 16 stockholders authorized a block of the authorized common stock for issuance and sale locally in the parishes in which the facilities of the company are located, such stock not to exceed $300,000 in aggregate market value. They also approved issuance of securities convertible into shares of any class of capital stock.

Central Maine Power Co.
Jan. 2 it was reported company plans sale later this year of $10,000,000 common stock (in addition to $10,000,000 of 1st & gen. mtge. bonds sold March 10, 1953), after distribution by New England Public Service Co. of its holdings of Central Maine Power Co. common stock. Probable bidders: Blyth & Co., Inc. and Kidder, Peabody & Co. (jointly); Coffin & Burr, Inc.; A. C. Allyn & Co., Inc. and Bear, Stearns & Co. (jointly); Harriman Ripley & Co., Inc.

Chesapeake & Potomac Telephone Co. of Baltimore
May 1 company petitioned the Maryland P. S. Commission for authority to issue and sell $15,000,000 of debentures. **Proceeds**—From sale of debentures, plus $25,000,000 to be received from sale of common stock to American Telephone & Telegraph Co., parent, for repayment of loans and for new construction. **Underwriters** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co.; Morgan Stanley & Co.; The First Boston Corp.; Harriman Ripley Co. Inc. and Alex. Brown & Son (jointly). **Bids**—Expected to be received in July.

Chicago, St. Paul, Minneapolis & Omaha Ry. (6/18)
Bids will be received by the company at 400 West Madison St., Chicago 6, Ill., up to noon (CDT) on June 18 for the purchase from it of $1,170,000 equipment trust certificates to mature annually on July 1 from 1954 to 1968, inclusive. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler; R. W. Pressprich & Co.

Cinerama Productions Corp.
Jan. 9 it was reported company plans issuance and sale of about 500,000 shares of common stock. **Price**—Expected to be around $10 per share. **Underwriter**—Hayden, Stone & Co., New York. **Offering**—Postponed.

● **City Bank & Trust Co. of Reading, Pa.**
June 1 shareholders of record May 15 were given the right to subscribe on or before July 15 for 15,000 additional shares of capital stock (par $10) on the basis of one new share for each two shares held. No fractional shares will be issued. **Price**—$30 per share. **Proceeds**—To increase capital and surplus.

Columbia Gas System, Inc.
April 6 it was announced company plans to issue and sell later this year $40,000,000 of new debentures. **Proceeds**—To repay bank loans and for construction program. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.

Consumers Power Co. (Mich.) (7/16)
May 29 company applied to Michigan P. S. Commission for authority to issue and sell $25,000,000 of 30-year first mortgage bonds. **Proceeds**—For new construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Harriman Ripley & Co., Inc. and The First Boston Corp. (jointly); Kuhn, Loeb & Co. and Union Securities Corp. (jointly); Morgan Stanley & Co.; White, Weld & Co. and Shields & Co. (jointly). **Bids** — Expected to be received on July 16. **Registration**—Planned for June 26.

Delaware Power & Light Co.
April 21 stockholders approved a proposal to increase the authorized preferred stock from 200,000 shares to 300,000 shares (par $100). Probable bidders for any new preferred stock financing may include Blyth & Co., Inc., and The First Boston Corp. (jointly); White, Weld & Co. and Shields & Co. (jointly); Lehman Brothers; W. C. Langley & Co. and Union Securities Corp. (jointly); Morgan Stanley & Co. Stuart Cooper, President, said it is possible that common stock may be sold later in the year.

● **Denver & Rio Grande Western RR. (7/1)**
Bids will be received by the company on July 1 for the purchase from it of $3,300,000 equipment trust certificates dated May 1, 1953 and mature semi-annually to and including May 1, 1968. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler; Kidder, Peabody & Co.

Detroit Edison Co.
March 24 it was announced company plans to issue an unspecified amount of convertible debentures due 1963 (about $55,000,000 to carry an interest rate not exceeding 4%) which may first be offered for subscription by stockholders. **Proceeds**—To retire bank loans and to meet construction costs. **Meeting**—Stockholders on April 14 authorized the new debentures. **Underwriter**—None.

Eastern Utilities Associates
Feb. 20 it was announced company plans sale of $7,000,000 collateral trust mortgage bonds due 1973. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Estabrook & Co. and Stone & Webster Securities Corp. (jointly); The First Boston Corp., White, Weld & Co. and Kidder, Peabody & Co. (jointly); Glore, Forgan & Co. and Harriman Ripley & Co. Inc. (jointly).

● **El Paso Natural Gas Co.**
March 25 it was announced company plans to place privately $120,000,000 of first mortgage bonds and sell publicly 200,000 shares of preferred stock and $25,000,000 debentures. Stockholders to vote on financing July 1. **Underwriter**—White, Weld & Co., New York.

First Railroad & Banking Co. of Georgia
May 4 it was announced that this new company will offer stockholders of Georgia Railroad & Banking Co. in exchange for each share held, one share of the new company's stock, the right to subscribe within 30 days for 13 additional shares at $4.10 per share and a $250 collateral trust 5% bond due May 1, 1990; the offer to become effective upon acceptance by 95% of the outstanding stock. An additional 210,000 of the new shares would be purchased by the underwriters, plus any of the unsubscribed shares. **Proceeds**—To retire $2,190,000 of Georgia Railroad & Banking Co. debentures held by an insurance firm. **Underwriters**—Johnson, Lane, Space & Co. and Joseph Walker & Sons.

● **Fort Worth National Bank, Fort Worth, Tex.**
June 16 stockholders were to vote to approve a proposal to split-up the present outstanding 300,000 shares of capital stock on a two-for-one basis, following which 100,000 additional shares will be offered for subscription by stockholders on a one-for-six basis. **Price**—$20 per share. **Underwriters**—Dallas Union Securities Co. and First Southwest Co., both of Dallas, Texas.

General Telephone Co. of Kentucky
April 27 it was reported early registration is expected of 50,000 shares of cumulative preferred stock (par $50). **Underwriters** — Probably Paine, Webber, Jackson & Curtis and Stone & Webster Securities Corp.

Government Employees Corp., Washington, D. C.
March 18 stockholders authorized an issue of 3,000 shares of preferred stock (par $100) to carry a cumulative dividend rate not to exceed 6% annually. The management states that, under present plans, these shares will be issued as the growth of the corporation warrants.

Greenwich Gas Co.
May 7 the Connecticut P. U. Commission authorized company to issue and sell $200,000 of first mortgage bonds and $483,000 par value of common stock (the latter first to stockholders). **Proceeds**—To retire bank loans. **Underwriter**—F. L. Putman & Co., Boston, Mass.

Industrial National Bank (Detroit)
Stockholders of record May 29 have right to subscribe on or before June 26 for 25,000 additional shares of capital stock (par $10) on the basis of one new share for each eight shares held. **Price**—$30 per share. **Proceeds**—To increase capital and surplus. **Underwriter**—None.

Ionics, Inc., Cambridge, Mass.
June 4 it was announced company, a subsidiary of American Research & Development Corp., plans to offer publicly 131,784 additional shares of common stock following hearing to be held by SEC on June 15. **Proceeds**—For expansion. **Underwriter** — Lee Higginson Corp., New York and Boston (Mass.).

Iowa Electric Light & Power Co.
April 13 it was reported company may sell in June some common and preferred stock and/or debentures. **Underwriters** — For stock: The First Boston Corp. and G. H. Walker & Co., both of New York. Previous debt financing was done privately.

Iowa-Illinois Gas & Electric Co.
May 15 it was reported company may issue and sell early in 1954 about $6,000,000 aggregate amount of common stock. **Underwriters**—To be determined by competitive bidding. Probable bidders: Lehman Brothers; The First Boston Corp.; Merrill Lynch, Pierce, Fenner & Beane, Harriman Ripley & Co. Inc.

★ **Jones (B. F.) Oil Co.**
June 10 it was reported company plans issue and sale of 299,600 shares of Class A common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For working capital and general corporate purposes. **Underwriter**—McLaughlin, Reuss & Co., New York.

Kansas-Nebraska Natural Gas Co., Inc.
May 12 it was reported company may issue and sell about $4,750,000 first mortgage bonds. **Proceeds**—To repay $800,000 bank loans and for new construction. **Underwriter**—Central Republic Co., Inc., Chicago, Ill.

★ **LaSalle National Bank, Chicago, Ill.**
June 14 it was reported the Bank intends to offer stockholders of record June 24, 1953, the right to subscribe on or before July 24 for 20,000 additional shares of capital stock (par $25) on the basis of one new share for each four shares held. **Price**—$40 per share. **Proceeds**—To increase capital and surplus.

Long Island Lighting Co.
April 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 the year by an issue of about $25,000,000 of first mortgage bonds (this is in addition to 100,000 shares of series C preferred stock, par $100, offered publicly on May 7). **Proceeds**—To repay bank loans and for new construction. **Underwriters** — (1) For common stock, probably Blyth & Co., Inc. and The First Boston Corp. (jointly). (2) For bonds to be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc. and The First Boston Corp. (jointly); W. C. Langley & Co.; Smith, Barney & Co.

● **Louisiana Power & Light Co.**
June 10 it was announced company expects to issue and sell in September $12,000,000 first mortgage bonds. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co., Lehman Brothers and A. C. Allyn & Co., Inc. (jointly); Blyth & Co., Inc.; White, Weld & Co. and Shields & Co. (jointly); Salomon Bros. & Hutzler; W. C. Langley & Co., The First Boston Corp., and Glore, Forgan & Co. (jointly); Merrill Lynch, Pierce, Fenner & Beane and Kidder, Peabody & Co. (jointly); Harriman Ripley & Co., Inc.; Equitable Securities Corp.

Maier Brewing Co., Los Angeles, Calif.
April 18 it was announced company will offer 400,000 additional shares of common stock to its stockholders at rate of four new shares for each share held. **Price**—$5 per share. **Proceeds** — To help finance a new bottling plant. **Underwriter**—None.

Manufacturers National Bank of Detroit
June 9 stockholders of record were offered a total of 60,000 shares of capital stock (par $20) on a one-for-five basis; rights to expire June 23. **Price**—$50 per share. **Proceeds**—To increase capital and surplus. **Underwriters**—Watling, Lerchen & Co. and First of Michigan Corp.

Menabi Exploration Co., Inc., Houston, Tex.
April 8 it was announced company plans to issue and sell $1,000,000 of convertible debentures. **Proceeds**—To finance development of oil properties in Ecuador. **Underwriter**—Kidder, Peabody & Co., New York.

Minneapolis-Honeywell Regulator Co.
April 28 stockholders approved a proposal increasing authorized common stock (par $1.50) from 3,440,000 to 3,950,000 shares and the preference stock (par $100) from 160,000 to 210,000 shares. Immediate issuance of increased stock not planned. **Underwriter**—Probably Union Securities Corp., New York.

Mississippi Power & Light Co.
March 20, E. H. Dixon, President of Middle South Utilities, Inc., announced that refunding of Mississippi Power & Light Co.'s $6 preferred stock (no par), of which 44,476 shares are now outstanding, may be considered. This issue is callable at $110 per share. **Underwriters**—To be determined by competitive bidding. Probable bidders: Blyth & Co., Inc., and Equitable Securities Corp. (jointly; W. C. Langley & Co., and The First Boston Corp. (jointly); Kidder, Peabody & Co., and Merrill Lynch, Pierce, Fenner & Beane (jointly); Union Securities Corp.

Monongahela Power Co.
Dec. 11 it was announced company plans issuance and sale near the middle of 1953 of $10,000,000 first mortgage bonds. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc., W. C. Langley & Co. and The First Boston Corp. (jointly); Kuhn, Loeb & Co.; Kidder, Peabody & Co. and White, Weld & Co. (jointly); Glore, Forgan & Co.; Lehman Brothers; Equitable Securities Corp.; Union Securities Corp. and Salomon Bros. & Hutzler (jointly); Merrill Lynch, Pierce, Fenner & Beane; Harriman Ripley & Co., Inc.

Continued on page 42

Continued from page 41

Montana-Dakota Utilities Co.
May 2 it was announced company plans to issue and sell in 1953 approximately $8,000,000 of first mortgage bonds. **Proceeds**—For 1953 construction program. **Underwriters**—To be determined by competitive bidding Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc., Merrill Lynch, Pierce, Fenner & Beane and White, Weld & Co. (jointly).

Natural Gas & Oil Corp.
May 29 it was announced company plans to offer to common stockholders 450,000 additional shares of common stock on the basis of one new share for each four shares held. **Proceeds** — For new construction. **Underwriter**—None. Mississippi River Fuel Corp., which owns one-half of Natural Gas & Oil common stock, will subscribe to its share plus any unsubscribed shares. **Offering** — Expected early in July.

New York State Electric & Gas Corp.
Feb. 27 it was reported that company may, later in 1953, issue and sell $20,000,000 first mortgage bonds (following private sale of 75,000 shares of 4.40% preferred stock, par $100 in February and $5,000,000 of 3¾% debentures due 1991 in April). **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp. and Glore Forgan & Co. (jointly); Blyth & Co., Inc. and Smith, Barney & Co. (jointly); Hemphill, Noyes & Co. and Drexel & Co. (jointly); Kidder, Peabody & Co. and Salomon Bros. & Hutzler (jointly); Lehman Brothers; Harriman Ripley & Co., Inc.

Northwest Natural Gas Co.
March 23 it was reported that this company plans to finance its proposed 1,300-miles pipeline from Canada to the Pacific Northwest by the issuance and sale of $66,000,000 of 4½% first mortgage pipeline bonds to insurance companies and other institutional investors and $9,000,000 of 5% debentures and 1,400,000 shares of common stock at $10 per share publicly in the United States and Canada. **Underwriter**—Morgan Stanley & Co., New York.

Ormond Corp., Albuquerque, N. M.
March 10 it was announced company plans to register with the SEC an issue of stock, which will be offered nationally. **Office**—5003 Central Avenue, N. E., Albuquerque. N. M.

Pacific Northwest Pipeline Corp.
Jan 29 company received FPC permission to file a third substitute application proposing to construct a 1,466-mile transmission line extending from the San Juan Basin in New Mexico and Colorado to market areas in the Pacific Northwest. Estimated overall capital cost of the project is $186,000,000, including $2,000,000 for working capital. Financing is expected to consist of first mortgage pipe line bonds and preferred and common stocks. **Underwriters**—White, Weld & Co. and Kidder, Peabody & Co., both of New York, and Dominion Securities Corp. Ltd., Toronto, Canada.

Pacific Telephone & Telegraph Co.
Dec. 17 Mark R. Sullivan, President, announced that company in 1953 will borrow some $125,000,000 from banks to be refinanced later in year, probably by offering of bonds and additional common stock. Probable bidders for bonds: Halsey, Stuart & Co., Inc.; Morgan Stanley & Co.; White, Weld & Co.; Lehman Borthers and Union Securities Corp. (jointly). Stock would be offered to stockholders, without underwriting. American Telephone & Telegraph Co., parent, owns 91.25% of Pacific common shares.

Permian Basin Pipeline Co., Chicago, Ill.
Feb. 4 company filed an amended application with FPC for authority to construct a 163-mile pipeline system at an estimated cost of $40,269,000. Financing may be done privately. **Underwriters** — Stone & Webster Securities Corp. and Glore, Forgan & Co., both of New York. Of the stock of this company, 51% is now owned by Northern Natural Gas Co.

★ **Peoples Trust Co. of Bergen County, (N. J.)**
June 15 it was announced stockholders will vote June 25 on approving the issuance and sale to stockholders of record June 9 of 70,000 additional shares of capital stock (par $5) on the basis of seven new shares for each 20 shares held following split-up of present outstanding 40,000 $25 par shares into 200,000 $5 par shares on a 5-for-1 basis. Unsubscribed shares to be offered to public. **Price**—$15 per share. **Proceeds**—To increase capital and surplus.

Public Service Co. of New Hampshire
Nov. 3 it was announced company plans to issue and sell in 1953 approximately $5,000,000 of bonds and sufficient common shares to raise about $4,000,000. **Proceeds**—To repay bank loans and for new construction. **Underwriters** — To be determined by competitive bidding. Probable bidders: For bonds, Halsey, Stuart & Co. Inc.; The First Boston Corp. and Coffin & Burr, Inc. (jointly); Kidder, Peabody & Co.; White, Weld & Co. For stock: Kidder, Peabody & Co. and Blyth & Co., Inc. (jointly); Harriman Ripley & Co. Inc.

Public Service Co. of Oklahoma
March 2 it was reported company may issue and sell 40,000 shares of new preferred stock (par $100). **Underwriters** — To be determined by competitive bidding. Probable bidders: Glore, Forgan & Co.; Smith, Barney & Co.; Kuhn, Loeb & Co.; Harriman Ripley & Co., Inc., and Central Republic Co. (Inc.). **Proceeds**—For additions and improvements.

Public Service Electric & Gas Co.
Feb. 25 it was announced company plans issuance and sale in June of $50,000,000 of first refunding mortgage bonds. **Proceeds**—To repay bank loans and for new construction. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co. and Lehman Brothers (jointly); Morgan Stanley & Co. and Drexel & Co. (jointly); The First Boston Corp. **Offering**—Postponed.

★ **Puerto Rico Water Resources Authority (6/24)**
June 8 it was announced that bids would be received up to 11 a.m. (EDT) on June 24 at the Government Development Bank for Puerto Rico, 37 Wall St., New York, N. Y., for the purchase from the Authority of $21,000,000 electric revenue bonds (series 1953) dated July 1, 1953 and maturing semi-annually from July 1, 1955 to July 1, 1988, both dates inclusive. The interest rate is not to exceed 5%.

Rochester Gas & Electric Corp.
May 8 company announced that, in addition to the proceeds from the current sale of 175,000 shares of new common stock to stockholders (registered May 8 with the SEC), approximately $27,000,000 will be required from additional financing in the future in connection with its $35,300,000 construction program planned for 1953 and 1954.

Seeck & Kade, Inc., New York (6/30)
June 2 the Attorney General of the United States announced that bids would be received up to 3 p.m. (EDT) on June 30 for the purchase from the Government of 500 shares of common stock (par $100) and 250 shares of preferred stock (par $100) at the Office of Alien Property, U. S. Court House, Room 115, Foley Square, New York 7, N. Y. Max Kade, President of the company, has agreed to submit a bid for the stock of $650,000.

Shield Chemical Corp., Verona, N. J.
March 26 it was reported company plans to issue and sell about $300,000 of common stock. **Proceeds**—For working capital. **Underwriter**—Miller Securities Co., New York. **Offering**—Indefinitely postponed.

★ **Silex Co.**
June 4 it was reported company plans to offer rights to stockholders to subscribe for about 268,750 shares of common stock (par $1). **Price**—Not less than $3.50 per share. **Proceeds**—To redeem 5½% convertible debentures within four months after their sale. **Underwriter**—None.

● **Southern Pacific Co. (6/24)**
Bids will be received by the company up to noon (EDT) on June 24 for the purchase from it of $8,445,000 equipment trust certificates, series JJ, dated July 1, 1953, to mature in 15 equal annual instalments from 1954-1968. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

Southwestern Gas & Electric Co.
April 29 it was announced company later this year will issue and sell 50,000 shares of cumulative preferred stock (par $100). **Underwriters** — May be determined by competitive bidding. Probable bidders: White, Weld & Co. and Kidder, Peabody & Co. (jointly); W. C. Langley & Co and Paine, Webber, Jackson & Curtis (jointly); Harriman Ripley & Co. Inc.; Merrill Lynch, Pierce, Fenner & Beane and Union Securities Corp. (jointly); Lehman Brothers; Blyth & Co. Inc., and Stone & Webster Securities Corp. (jointly).

Sunray Oil Corp.
May 13 company disclosed it is planning to issue and sell securities sufficient to raise several millions of dollars of capital to finance two new manufacturing division projects in each of which it would own a 50% interest. **Underwriter**—Eastman, Dillon & Co., New York.

Tennessee Gas Transmission Co.
March 27 it was reported company expects to do some debt financing this Fall (under $50,000,000) to replace short-term bank loans. Probable bidders for bonds: Halsey, Stuart & Co. Inc.; Stone & Webster Securities Corp. and White, Weld & Co. (jointly).

★ **Texas International Sulphur Co., Houston, Texas (7/15)**
June 11 it was announced early registration is expected of 400,000 shares of common stock. **Price**—To be named later. **Proceeds** — To develop sulphur concessions in California. **Underwriter**—Vickers Brothers, New York.

Transcontinental Gas Pipe Line Corp.
May 4 it was reported company may issue some convertible preferred stock before the Fall. **Underwriters**—Probably White, Weld & Co. and Stone & Webster Securities Corp., both of New York .

United Gas Corp.
May 1 it was announced company plans to issue and sell to common stockholders about $20,000,000 of common stock on a 1-for-15 basis (with an oversubscription privilege). **Proceeds**—For 1953 construction program. **Underwriter** — None. **Offering** — Tentatively scheduled for late in June

United Gas Corp.
May 1 it was announced company (in addition to abovementioned proposed stock offering) plans to issue and sell about $30,000,000 of debentures. **Proceeds**—For 1953 construction program. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co., White, Weld & Co. and Equitable Securities Corp. (jointly); The First Boston Corp., Harriman Ripley & Co. Inc. and Goldman, Sachs & Co. (jointly). **Offering**—Expected later in 1953.

West Texas Utilities Co.
March 2 it was reported that company plans issuance and sale of 100,000 shares of new preferred stock. **Underwriters** — May be determined by competitive bidding. Probable bidders: Stone & Webster Securities Corp.; Harriman Ripley & Co., Inc.; Union Securities Corp.

Westcoast Transmission Co.
April 10 it was stated company may issue and sell $59,000,000 of 4% first mortgage bonds to insurance companies (including Prudential Insurance Co. of America, New York Life Insurance Co.; Northwestern Mutual Life Insurance Co. and several Canadian companies); $25,000,000 of 3% to 4% short-term notes to the National City Bank of New York; and about 3,500,000 shares of common stock for about $30,000,000. **Proceeds**—To finance construction of a natural gas pipe line from the Canadian Peace River field to western Washington and Oregon. **Underwriter**—Eastman, Dillon & Co., New York.

Worcester Gas Light Co.
April 2 it was announced company has applied to the Massachusetts Department of Public Utilities for authorization to issue and sell $3,000,000 of 20-year first mortgage bonds. **Proceeds**—To retire bank loans, etc. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp.; Blyth & Co., Inc.; Kidder, Peabody & Co.

Our Reporter's Report

Underwriting firms are going through a rather rough period at the moment. For a long spell an unsettled market in government securities, reflecting the new Administration's determination to break away from the Fair Deal's policy of extreme money ease, was the disturbing influence.

Now, when it appears that the government list is flattening out at least, the equity market runs into squalls which make for nervousness and indecision. If it isn't one thing, it seems, it's another.

And the frame of mind has not been helped by the fact that a number of new undertakings lately have resulted in losses to sponsoring groups. So, though the rank and file are not what might be termed "jittery," they are nonetheless feeling something of an attack of nerves.

The marked success of the GMAC operation and that of Phillips Petroleum, both big ones, served to release capital which had been tied up temporarily.

But other and slower deals have had the opposite effect and it is safe to say perhaps that partners taking care of the "loan envelopes" have been working overtime, making switches necessitated by conditions.

Current "jumpiness" is indicated by the disposition among some syndicate members to want "out" on a given operation if it is not an immediate success. This is so even though it is widely recognized as suicidal to shade the price of a given issue before "pay day."

Rubbing in Salt

A fortnight ago C.I.T. Financial Corp. had an issue of $50,000,000 primed for public offering. But bankers handling the business decided conditions were not propitious for the operation and it was delayed.

Meanwhile just to rub in the salt, another firm, Michigan Consolidated Gas Co., turned down the single bid received for its projected $20,000,000 issue of 25-year bonds. There originally had been four groups in the field, but two dropped out last week and prior to the bidding deadline, the two remaining decided upon a joint bid.

The company now may ask exemption of the issue to permit private sale, or it may await improved market conditions, or abandon long-range borrowing in favor of bank loans.

Bankers Nettled

Investment bankers, who have been taking it on the chin repeatedly in recent months in going through with competitive bidding deals, are now a bit het up at what some term the "one-sideness" of this method.

They point out that considerable time and expense are involved in preparing to enter a bid for an issue under this procedure. And then, as has happened recently the issuer is free to throw out the one or more bids received.

The feeling in some banking quarters is that where this method of sale is employed the "auctioneer's code," should be adopted and applied in full. That is where a company elects competitive bidding, it should set an "upset" basis, and if two or more bids are received, should be obliged to accept the better or best of the lot.

Julius Maier Offers Empire Petroleum Stk.

Julius Maier Co., of New York City, and associates are offering an issue of 200,000 shares of Empire Petroleum Co. preferred common stock (par $1) at $1.25 per share.

Empire Petroleum Co. was incorporated in Colorado, July 12, 1939, and operates an oil refinery situated in Adams County, Ill., one-half mile north of the City of Denver, Colo. It is located on a 25-acre site, and is rated at a daily capacity of 2,000 barrels of crude oil, but is operated at less than 1,500 per day.

The prospectus states that this is the only refinery in Colorado equipped to make all grades of road oils and paving asphalts.

Continued from page 6

Stacking Up Money for Pensions

to invest. The result of dollar averaging is to produce a lower average unit cost than the average of the prices at which purchases are made. Illustrating how dollar averaging minimizes the risks of unfortunate timing, this study, starting in 1929, showed a 93% capital gain over cost at the end of 1952, or an average annual capital enhancement of 3.9%. The average annual dividend return was 6.0%, or a total annual investment result of 9.9%. In 1952 the yield on cost was 11%. However, from 1930 to 1934 inclusive, the fund was below cost up to 52% and in 1941 and 1942 it was below cost up to 18%.

Hence, these studies indicate that while the interest factor on which insurance charges currently are based can be exceeded by bonds, common stocks have shown a substantially greater investment performance. However, equities are subject to declines in market prices and run the danger of making a pension plan which has fixed dollar obligations to meet actuarially unsound in periods of adverse business conditions. This would require additional contributions when the business is least able to afford them. It is unlikely that this would occur with the severity indicated by the Morgan Stanley study just referred to, for the reason that any sound investment manager in a period when stock prices are historically high would not immediately commit 100% of his funds to common stocks, which was the assumption in the Morgan Stanley study. Generally, common stocks do not exceed 35% or 40% of a fund that has dollar obligations to meet.

Logical Reasons for Including Common Stocks in Pension Funds

Not only does the statistical record support the employment of some common stocks, but there are also many logical reasons for including them in the investment program. For a long time after the inception of a pension plan, contributions plus the income should exceed the withdrawals, so that liquidation under adverse conditions is unlikely. Bonds and stocks are both subject to principal losses but with bonds there is little prospect of offsetting capital gains. The large scale bankruptcy of the leading corporations in the country is not a reasonable present probability. More likely is it that on the average they will continue to operate profitably and to grow in value.

It can be said that common stocks have an accepted place as an investment medium for pension plans. The Bankers Trust Co. probably handles more pension funds than any other bank in the country. Rodger Murray of that institution says "we think in terms of . . . 25% to 30% in common stocks." The Old Colony Trust Co. of Boston reports that it follows a policy of investing about one-third of discretionary trust funds in quality common stocks. John Hardy Weedon, Vice-President of the First National Bank of Chicago, in November, 1952, said that one of the large pension trusts which his bank administers was then invested about 36% in common stocks. This distribution, he commented, was probably indicative of . . . "our present investment policy with respect to sizable pension plan trusts that have been established for a considerable length of time and into which substantial continuing contributions are expected over a long period of time." The Teachers Insurance and Annuity Association, the pension system for college professors established by the Carnegie Foundation, in their 1949 annual report commented adversely regarding common stocks by stating "Safety of principal must of necessity be the primary criterion when investing funds of this type. . . . Securities of a fluctuating or speculative nature, such as common stocks, have little justified use for such purposes. Pension funds which have invested partially in common stocks with sincere intent to provide some hedge against inflation will undoubtedly be 'under water' in the future as they have been at times in the past." Despite this strong position it was recently announced that up to 50% of the premiums received by this association will be invested in common stocks and other equity type investments at the annuitant's option.

The 1950-52 study of the Bankers Trust Co. showed that 20 plans had changed from various insured methods to a trusteed plan and none took the reverse procedure. The foregoing cost and investment considerations point to the reasons.

Profit Sharing Plans

In this discussion of a fixed dollar obligation pension program it has been possible to refer to long-term results obtained from the consistent investment of continuing contributions. These characterizations are not necessarily true of profit sharing retirement plans. The contribution to a profit sharing plan may not be regular and hence it may be more difficult to obtain an average investment result. Almost always a profit sharing fund will have more funds to invest when stock prices are high than when they are low.

In general, the benefits under a profit sharing plan vest more rapidly than in a pension plan. Therefore, when lay-offs occur under adverse business conditions, it may be necessary for a profit sharing fund to liquidate securities at depressed prices in order to distribute vested benefits to laid-off employees. This is particularly true of a cyclical industry. On the other hand, the surviving beneficiaries of a profit sharing retirement plan can benefit from forfeitures arising from severances prior to full vesting. The capital enhancement possibilities from this source make it appropriate to use a less aggressive program.

There are stronger arguments for the purchase of an employer's common stock in the case of a profit sharing plan than a pension plan. A profit sharing plan is an incentive as well as a contribution to morale, and purchase of the employer's common stock augments the incentive through the possibility of a double benefit. The objection, of course, is that of concentration. Both the employee's job and the investments that have been made for him are dependent upon the welfare of the same firm. In the case of a pension plan, where the employer has a fixed commitment to meet, the danger is that under adverse conditions the dividends on the company's stock might be reduced just at the time when the company is less able to make a compensating larger contribution.

It is not possible to give general percentages for the investment of profit sharing funds. The problem is more individualized with respect to each company than is true of pension plans. However, if the profit sharing plan is to provide the maximum incentive, it will be necessary to convince the employee that the profits credited to them are being invested wisely in accordance with the ultimate objectives of the plan. The confinement of investments to government bonds probably will not do the job under most circumstances although the general temperament, experience and investment sophistication of the beneficiaries of the plan will influence the investment program. It will be advisable to maintain a more flexible investment policy than is true of pension plans. Since it is their funds that are being invested, communication with the employees is vital in obtaining the desired objective. They should be informed of what is being done and the reasons why. It will also provide an opportunity to expand the employees' horizon and produce a greater understanding of the way we live and work.

COMING EVENTS

In Investment Field

June 19, 1953 (Milwaukee, Wis.)
Bond Club of Milwaukee Annual Field Day at the Oconomowoc Lake Club and Oconomowoc Country Club.

June 19, 1953 (New Jersey)
Bond Club of New Jersey annual field day at Rock Spring Club.

June 19-21, 1953 (Los Ang., Calif.)
Security Traders Association of Los Angeles annual spring party at the Arrowhead Lodge, Lake Arrowhead, Calif.

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

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

June 28-30, 1953 (Santa Barbara, Calif.)
California Group of Investment Bankers Association second annual conference at the Santa Barbara Biltmore.

Aug. 20-21, 1953 (Denver, Colo.)
IBA Rocky Mountain Group-Bond Club of Denver annual summer frolic at Albany Hotel (Aug. 20) and Park Hill Country Club (Aug. 21).

Sept. 16-19, 1953 (Sun Valley, Ida.)
National Security Traders Association 20th Annual Convention.

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

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

Washington . . . And You

Behind-the-Scene Interpretations from the Nation's Capital

WASHINGTON, D. C.—Ralph H. Demmler cleared the Senate Banking Committee with strong support and without a single objection, when he was heard on his nomination to be a new member of the Securities and Exchange Commission. He was confirmed by the Senate last Monday.

The committee's delay of more than two months in taking up his nomination reflected no objection to him as a candidate, but was due to the committee's preoccupation with a large amount of pressing legislation upon which time was preempted for public hearings, such as extension of materials controls and the proposal for standby wage, price, and rent controls, committee sources explained.

Mr. Demmler said that upon his assumption of office as an SEC Commissioner an agreement would go into effect for his sale of his interest in the law firm of Reed, Smith, Shaw & McClay, of Pittsburgh, and that the firm was paying him in two instalments, one in 60 days and the second and final payment in March 1954.

Committee Chairman Homer E. Capehart (R., Ind.) read endorsements of Mr. Demmler's candidacy from Pennsylvania's two Senators, James H. Duff and Edward Martin, and Senator John Bricker (R., O.) stated orally that Treasury Secretary Humphrey enthusiastically recommended Mr. Demmler.

Senator Burnet R. Maybank of South Carolina, ranking Democratic member of the committee, asked Mr. Demmler if he were familiar with the proposed fee system once put forward by SEC. The Senator added that he was opposed to this fee system.

Mr. Demmler said that he knew about this fee system only in a general way and had not studied it.

Senator Maybank also brought up the Frear bill which the Senator said was for the purpose of treating unlisted companies on the same basis as listed companies (stocks which were listed on national securities exchanges). The Senator said he was always opposed to this idea and wanted to know if when Mr. Demmler became a member of the SEC he would come before the committee and recommend this proposition.

Mr. Demmler responded that it would not be his business as one of five SEC Commissioners to come down to the committee and advocate legislation. He said, however, that he would be glad to cooperate with the committee in discussing such things.

Ike and Truman Agreed On Full Employment Act

As the published report of Arthur F. Burns as former director of the National Bureau of Economic Research is released, it is noted that President Eisenhower completely endorses the "full employment" concept of the Fair Deal.

Mr. Burns was director of the National Bureau of Economic Research before he was selected by President Eisenhower to head the latter's Council of Economic Advisers, an agency created by the Employment Act of 1946.

Dr. Burns' reports as quoted indicated that there were limits in his opinion as to how far the government could go in preventing depressions.

Mr. Eisenhower, however, sees no such limits. Only recently he gave fulsome praise to the (Full) Employment Act of 1946, in sending to Congress a minor change in the organization of the Council of Economic Advisers.

"That Act," said the President in a formal message to Congress, "dedicates the Federal Government to the promotion of maximum employment, production, and purchasing power."

At another point, he said, "I believe in the basic principles of the Employment Act, and it is my purpose to take appropriate actions to reinvigorate and make more effective the operations of the Council of Economic Advisers."

His emphasis was further underscored by one feature of this CEA reorganization, to tie all Federal agencies and the National Advisory Council into a special committee to be called the "Advisory Board on Economic Growth and Stability."

Purpose Is "Strong Economy"

Purpose of the 1946 act, the President said, is to help develop a strong economy. He defined a "strong economy" in part as follows:

"It means a stable economy, so that satisfying jobs are as numerous as the men and women seeking work, and the production of goods is abundant to meet our needs.

"It means an expanding economy, in which workers, managers, and farmers, using more and better tools, constantly increase the output of useful products and services and receive steadily rising incomes in a dollar of stable value.

"It means a humane economy, to the end that the aged, infirm, and those suffering hardships receive every needed help," the President said.

Phony Money Men Forget Recent History

In the fun which they think they are having with Secretary Humphrey and W. Randolph Burgess over the sound money program, the Democrats who are criticizing this program consistently, day by day, according to what looks like a definitely arranged party strategy, seem to forget some of the recent history which led up to this sound money program.

Until the Treasury - Federal Reserve accord of March 4, 1951, the inflationary effects of the pegged government bond market was giving even the Truman Administration some concern.

Under this policy whenever the Federal Reserve purchased a government security the effect was to add to bank reserves and increase by five or six to one of added reserves, the potential capacity of the commercial banking system to lend money and thereby create swollen deposits. And the initiative for this prospect lay with whomever might want to sell a government security or make a loan and sell a security to get reserves, so long as the "Fed" stood ready to buy at par or better.

Not knowing much about the mechanics of money and credit, Harry Truman first felt for the old "secondary reserve" scheme of Marriner S. Eccles, who was all for keeping par support going. The secondary reserve scheme would sell to few but the Marriner-Eccles controlled Federal Reserve Board. The Treasury took a stand against it, with the banks.

So there had to be something else.

That something else was the scheme concocted by the Council of Economic Advisers and put forward in February 1951. The CEA submitted the famous memorandum to the President at a meeting of monetary officials at the White House late in February 1951.

The basis of the memorandum was that the needs of the defense program required the maintenance of pegged supports, BUT—

To counter the total monetary inflation resulting therefrom the Administration should be empowered to ration and control credit. To develop this power, the President was advised to wave the magic wand of an Executive order utilizing the Trading with the Enemy and Gold Reserve Acts of 1934 — acts which were never created with such a monetary situation or such a possible use in mind.

Before this spectre could walk across the national stage, the Treasury and Federal Reserve reached their famous agreement, under which fixed supports were dropped, and the Federal Reserve gradually withdrew its assistance from Treasury financing to the present, when such assistance is totally absent.

If the CEA proposition had been adopted, before long an agency would have been created to regulate in minute and confusing detail the "Do's" and "Don'ts" of credit use. It threatened the creation of a vast credit regulation bureaucracy rivaling the Office of Price Stabilization.

Perhaps the Democrats who are criticizing the proposition of sound money may not actually have forgotten this prospect, so narrowly avoided. The reality is that they probably have no idea that the logical alternative to forced par bond supports is government regimentation of lending.

Have Another "Go" At Holding Company Regulation

Considerable progress has been made at ironing out the differences of opinion on legislation to regulate the growth of bank holding companies and to provide for the divestiture by such companies of their investments in non-bank enterprises.

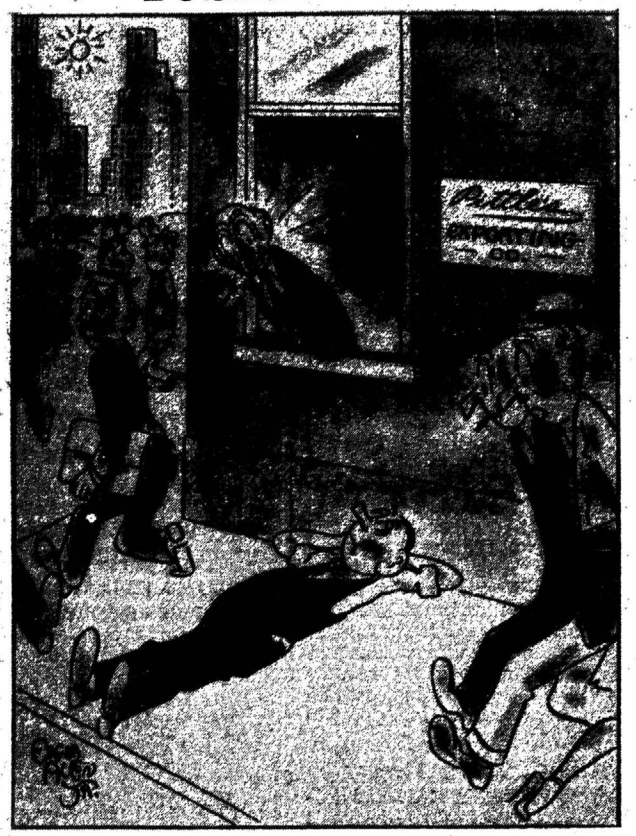
Originally the "independents" appeared to be satisfied with nothing that would fall short of stopping cold the growth of bank holding companies. Now they are willing that they should grow within certain limits. The chief limit is that the "independents" would allow a holding company to grow to the same extent in any state that that state permitted the expansion of branch banking.

The Federal Reserve Board, however, takes the position that while a holding company bill is desirable, it should not specify by Federal terms what limits a state shall put on expansion of holding companies, but that this issue should be decided by the states. The "Fed" would not tie branch banking and holding company regulation in the same legislative package.

The purpose of the Senate Banking committee hearings is to see if this main difference can be ironed out.

(This column is intended to reflect the "behind the scene" interpretation from the nation's Capital and may or may not coincide with the "Chronicle's" own views.)

BUSINESS BUZZ



"I don't care WHAT they did abroad, Goofmore!—Here in Manhattan we don't take a three-hour siesta!"

Business Man's Bookshelf

Business Cycle Research and the Needs of Our Times — Arthur F. Burns—National Bureau of Economic Research, Inc., 1819 Broadway, New York 23, N. Y.—paper.

Doing Something for the Disabled—Mary E. Switzer and Howard A. Rusk—Public Affairs Committee, Inc., 22 East 38th Street, New York 16, N. Y.—paper—25c.

Let Freedom Ring: The Struggle for a Peaceful World—Alton Ketchum — Adapted from a publication of the United States Department of State — distributed by Good Reading Rack Service, 76 Ninth Avenue, New York 11, N. Y. —paper—10c.