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EDITORIAL

As We See It

Has the Federal Reserve yielded to pressure and executed an about face? There can, of course, be no doubt about the pressure. Are Reserve authorities reconciled to what appears to be the abandonment on the part of the Treasury of any thought of renovating the maturity schedule of its obligations or of altering the policy it inherited of seeking new money very largely by the short-term route? Have they come to the conclusion that they dare not permit recent relative tightness in the money market to become aggravated or even to continue? Have they reached the conclusion that anything approaching a balanced Federal budget is infeasible at present, and that since funds from ordinary sources are already being fully utilized, it is incumbent upon them to create funds for use by the Treasury? Or are the recent open market operations of the Reserve System to be regarded as temporary, as a sort of "rolling with the punch," as it were, to be followed by a

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"Picketing" Symposium Comments

We present, in today's issue, starting on page 6, 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.

Economic Consequences Of Peace in Korea

By HARRY A. BULLIS*

Chairman of Board, General Mills, Inc.
Director-at-Large, Chamber of Commerce of U. S.

Prominent industrialist, commenting on impact of peace in Korea, finds it will only slightly affect economic problems now facing nation. Discusses as major problems: (1) world politics; (2) defense spending and taxation; (3) capital investment and rates of capital formation; (4) consumer behavior and (5) foreign trade. Concludes, from business viewpoint, U. S. will continue strong and prosperous, with a dynamic economy.

The economic situation in the United States today is like a complicated mosaic picture, in which the war in Korea accounts for relatively few pieces of the diverse elements which are combined to make the picture.

Harry A. Bullis

Consider that our gross national product, during the first quarter of 1953, accumulated at the rate of $363 billion per year. Included were defense military outlays at the rate of $52.5 billion per year, up from $15½ billion before the war in Asia. But cessation of hostilities in Korea will directly save only $2 billion per year. Substantial, yes—but hardly a shift of enough pieces in the mosaic to change the picture.

In fact, one might ask—if other conditions continue as they are—will Korea cease-fire be felt at all? We can be sure of one thing. A dynamic and free economy is never static. There will be changes. But to what degree? A brief consideration of this subject seems to fall into five categories. **First:** World Politics, or the

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*An address by Mr. Bullis at a joint meeting of the Boards of Directors of the Canadian Chamber of Commerce and the Chamber of Commerce of the U. S., Montreal, Can., June 18, 1953.

From Containment To Compromise

By MELCHIOR PALYI

Contending it was the British threat of ending the Great Alliance that led the President into making all the concessions to the Reds, Dr. Palyi finds Red China emerging with a moral victory and the U. S. compromised. Finds Russian policy of sweet gestures, peace overtures and surprising concessions falling on fertile ground in Europe, where the underlying assumption is that a shooting war must be avoided except for actual defense. Holds Europe is deeply worried about its solvency, and thus is foregoing an aggressive attitude, and, in addition, is "thoroughly averse to a defeat of Russia that would make U. S. overwhelmingly strong."

I

Truce in Korea (if any) is on the face of it a defeat for both contestants. In effect, both admit that they cannot reach their goal: the unification of the peninsula, as each of them understands it. Nor can either of them get the other side to admit the principle for which it stood with respect to war prisoners.

Dr. Melchior Palyi

But it is a great victory for—Great Britain. That is the way Europe sees it: it was the British threat of ending the Great Alliance that forced Eisenhower's hand in making all the concessions to the Reds. And it was the British threat to Red China, open or implied, that they would "release" America's full fury if she does not come across, that softened her a bit, too. This first-class diplomatic success will greatly strengthen Churchill's domestic position, showing as it seems to that he holds the ultimate reins of American foreign policy—just as a financially and militarily bankrupt Austria, under Metternich, suffering from a Silver Shortage, was leading the greatest power of the

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PICTURES IN THIS ISSUE—Candid shots taken at the Annual Outing of the Bond Club of New Jersey appear on pages 23, 24, 25, and 26. SECOND SECTION of today's issue is devoted to recent 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.)

WARREN H. CROWELL

Partner, Crowell, Weedon & Co., Los Angeles, Calif.

Warren Brothers Company

In selecting "The Security I Like Best" I am faced with the task of choosing the stock of a company whose business may be expected to expand during the coming months and years, and to bring added earnings to the stockholders. When, on all sides, one hears "business will decline later in the year," "backlogs are disappearing," etc., the choice is not easy. However, it appears that the construction phase of the nation's armament program is nearing completion and that attention will soon be turned to the country's basic construction requirements. Unquestionably, roads and highways are well near the top of the nation's needs. Five years ago, automobile registrations were about 34 million; today more than 53 million vehicles are registered in the nation. In addition to the wear and tear on the present inadequate roads, there is a growing demand for travel to new areas, necessitating new highway systems. In contrast to the $2 billion a year now being spent on road construction, experts state that expenditures of $5 billion a year for the next 15 years will be needed in order to fully meet highway requirements. As a direct participant in any highway program and as one of the largest paving contractors in the country, I select the common stock of Warren Brothers Company, traded in the over-the-counter market, as "The Security I Like Best."

Warren H. Crowell

Warren Brothers' business is primarily that of a paving contractor, laying asphalt, portland cement and other types of paving in various sections of the United States and Canada. By specializing in paving rather than general highway construction, the company avoids the large concentrations of men and heavy equipment necessary for clearing, excavating and drainage operations. More than 85% of revenues is derived from paving, a large percentage of which is the resurfacing and maintenance of existing roadways, while the remainder is from miscellaneous sources, including ready-mixed cement, concrete slabs and piles, and from cresoting pilings and poles.

The company's main plant is located at Cambridge, Massachusetts and is owned in fee. In addition, 58 asphalt paving plants are owned, of which about half are at permanent locations, strategically located throughout the country, and half are "roving" or portable plants, which can be moved to the scene of current construction. Great flexibility in operations is thus obtained.

Warren Brothers' capitalization is small, consisting of $300,000 of funded debt, 40,665 shares of $50 par 5% preferred stock and 234,099 shares of $5 par common. Since 1949 dividends have been paid at the rate of 20¢ quarterly with extras of 50¢ per share in 1952 and 1951. 25¢ extra was paid in 1950. Based on the current price level of about $20 per share and the total 1952 dividend of $1.30 the stock yields 6½%.

1952 earnings equalled $3.18 per share as compared with $2.70 per share in 1951, excluding $1.28 per share non-securing capital gains. In both years, profits were severely hampered by the Excess Profits Tax which amounted to $1.17 per share in 1952 and $1.07 per share in 1951. Expiration of this tax would have obvious benefits to shareholders.

The financial condition is strong. Current assets at the end of 1952 totaled $9,853,000 including $2,340,000 cash items. Current liabilities were $5,360,000, indicating a working capital position of $4,493,000. The book value per common share equalled $31.90.

Uncompleted contracts as of Dec. 31, 1952 were $18,655,000 as compared with $13,987,000 at the close of 1951. As of March 1, 1953 uncompleted contracts amounted to $19,577,000 indicating a continued rise in orders.

BURT F. RAYVID

Security Analyst, New York City

Reynolds Metals Co. Common and U. S. Foil Co. "B" Common

The opportunity to acquire an equity in an industry which undeniably deserves the description "growth" — at a price substantially less than five times expected 1953 earnings — is presented by Reynolds Metals Co. common stock. Furthermore, this exceedingly attractive situation is made even more so by virtue of the fact that an interest in Reynolds Metals common may be secured at about a 25% discount through purchase of U. S. Foil Co. "B" common stock.

Burt F. Rayvid

The North American aluminum producers look forward, confidentially, to a post-defense civilian market that could take at least 2,500,000 tons of their output; a recent Reynolds' estimate was 3,500,000. Moreover, these estimates do not take into account (1) defense stockpiling, or (2) improving technology providing new alloys, and uses of the metal.

Yet the primary aluminum productive capacity that will exist upon completion of the present expansion programs will only total below between 2,200,000 and 2,400,000 tons. The fact that the U. S. and British Governments have guaranteed to take some 1,200,000 tons annually during the years 1954-59 should assure even the most careful investor, because the remaining 1,000,000-1,200,000 tons available for civilian markets would only modestly exceed the 1,000,000 tons produced during the mild recession year of 1949, when aluminum uses were (1) 90% non-military and (2) applications far less developed than they are today, let alone what they promise to be tomorrow. Marketing surveys indicate that not only is a condition of overcapacity improbable but rather that increasing demand for the metal may well require further rounds of expansion.

Aluminum's lightness, attractive appearance and low-cost have dictated its use in household appliances, portable lawn furniture, work-ladders, irrigation pipe, highway freight trailers, high-voltage transmission lines, etc. (On a volume, i.e., work-performed basis, aluminum costs about $31 per cubic foot to approximately $147 for copper and stainless steel.) The easy machinability of aluminum is evidenced by the fact that practically all automobile brake pistons are aluminum. Moreover, it is reported that the industry would much prefer to make a multi-piece aluminum engine block, in place of the single-piece iron product which is a high-cost item. The present expansion of productive capacity, together with future increases would assure a reliable and sufficient supply of the metal and thus encourage not only the automobile, but also the other mass-production manufacturers to switch to aluminum. The foregoing facts fully support the conclusion that a commitment in the aluminum industry, on an investment basis, is more than justified.

In selecting Reynolds Metals as the outstanding aluminum equity, greatest weight has been accorded the fact that the investor purchases more earning power per dollar of investment in Reynolds—as forcefully illustrated by the following calculation, which prudently allows for full exercise of all conversion and option privileges:

	Earns. Per Sh. 1952	Recent Price	Price-to Earns. Ratio
Reynolds	$8.30	46½	5.6
Al. Co. A.	3.81	44½	11.7
Alum. Ltd.	3.13	43⅝	14.0
Kaiser Al.	3.00*	26½	8.8

*Y/E 5-31-52.

Reynolds' earnings are stated in accordance with the standards recommended by the American Institute of Accountants; thus, net income is calculated only after charging expense with an accrual equal to the tax postponement, granted under certificates of necessity, and payable in 1958; on the other hand, only normal depreciation (rather than 5-year tax amortization) is taken. Were the statements of the other producers to be set up on the same basis, share earnings requiring material restatement would be those of Alcoa and Aluminum which would approximate $4.17.

Not only is the $8.30 earned by Reynolds in 1952 an impressive figure by itself, but it is even more significant when taking into account the fact that only 20,000 tons of the planned 200,000-ton increase in ingot capacity came on line in 1952, and that amount for only part of the year. Actual 1952 aluminum prouction totaled only 276,000 tons. However, by July, 1953, the annual production rate is scheduled to reach 430,000 tons. With an expanded production base, and release from government control of prices and allocation of output to lower-profit-margin defense items, Reynolds Metals common earnings for 1953 may well ex-

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Reynolds Metals Co. common and U. S. Foil Co. "B" common—Burt F. Rayvid, Security Analyst, New York City. (Page 2)

The Business Outlook As We Retreat from Socialism

By DOUGLAS H. BELLEMORE*
Chairman, Department of Economics
College of Business Administration, Boston University

Prof. Bellemore, in discussing current business situation, sees main problem as getting "the economy under control and putting it back on the right track." Contends there is little doubt in mind of many businessmen and economists that nation faces economic adjustments. Analyzes current situation with reference to: (1) consumer durable goods; (2) housing; (3) plant and equipment expenditures; and (4) inventories. Holds major factor of business confidence is situation of financial institutions

Before discussing the current business picture, I wish to briefly review some disturbing attitudes toward the business adjustments that are quite generally conceded to be in the offing in the next 12 to 18 months.

D. H. Bellemore

The new Republican leadership under such men as President Eisenhower, Mr. Wilson, and Mr. Humphrey has for almost six months been proceeding with the crusade promised the voters last year. The monthly letter of the National City Bank of New York points out that similar crusades are currently being conducted north of the border and in Great Britain. Sir Winston Churchill describes the situation in England much as it could be described in the United States. He said that the British economy was like an express train speeding out of control on the wrong track. He added that it must be brought under control and placed on the right track.

Such a change here or in England means turning away from extensive government planning, from rising government expenditures and taxes, all aimed at the forced redistribution of income and the government direction of the entire economy. It means turning back from planned inflation to sound money. It means the return of confidence in the genius of the American businessman to successfully direct a price economy in an environment of free markets and private enterprise.

But are the citizens really willing to once again assume the costs, spiritual as well as financial, and the responsibilities of freedom—even if this means to accept major responsibilities during the period of unpleasant economic adjustments that lie immediately ahead?

Are the voters, are businessmen, are farmers, is labor willing to pay the price of bringing the train under control and starting it on the right track? Do they want free markets? After 20 years of creeping socialism, have they all become too dependent upon their government to face and conquer the problems involved in a retreat from socialism? Are they so shortsighted as to accept present benefits at the inevitable sacrifice of freedom later? Did they simply vote for a change in the managers in Washington and not for a change in fundamental policy? Did they simply vote in respectable managers?

Norris Cotton, a G. O. P. member of the House Appropriations Committee from Vermont, laments that he is being deluged by letters, telegrams, and telephone calls from constituents who think they are getting hurt by even the slight economy moves made so far. He is beginning to wonder whether folks really want economy and the government out of the economy. He stated, according to the "Wall Street Journal," that "I am getting wires about the reduction of Federal contributions. . . . A grange sends me a resolution against the lopping off of money for agriculture. A pulp company executive is concerned over the scaling down of forestry funds. A business association deplores the discontinuance of an industrial census. A nurseryman is worried about control of the Japanese beetle." Mr. Cotton concludes "It is not nice to think that economy may be political suicide."

Agricultural Secretary Benson has had the courage to state that "realistic pricing and effective merchandising would eliminate the farm surplus program." This can apply to our entire economy over the next two years.

The June issue of the "Guaranty Survey," published by the Guaranty Trust Company of New York, has this to say about the government bond market. *"Have 20 years of government control caused Americans to forget the meaning of free markets?* The query seems pertinent in view of the controversy that has arisen over higher interest rates, especially the issue of 3¼% Treasury bonds. The outcry against 'tight money' reveals a surprising number of basic misconceptions, even in quarters where more understanding might be expected and is needed. . . . The rise in interest rates is simply one manifestation of the return to free markets. . . . Its fluctuations cannot always be immediately advantageous to everyone. Yet an adequately informed public will not hesitate to accept (we sincerely hope) the

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*Talk by Prof. Bellemore before Business Forum sponsored by Bay State Merchants National Bank, Lawrence, Mass., June 17, 1953.

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*Column not available this week. See "Prairie Petroleum View from the $2 Dollar Window," by Ira U. Cobleigh, on page 12; also Second Section of today's issue.

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The Outlook for Interest Rates

By RAYMOND RODGERS*

Professor of Banking, Graduate School of Business, New York University

Commenting on rising interest rates, Dr. Rodgers points out move has not been an unmixed blessing to banks, since they pay higher rates on time deposits, and, at same time, undergo shrinkage in value of their mortgage and bond holdings, and other assets. Lays higher rates to Federal Reserve policy, and contends there has been no relative inflation of money supply since end of the war. Holds reversal in business trend will bring end of tight money policies, and, because of Treasury financing difficulties, the Federal Reserve will be forced to abandon its credit restraint program.

Interest rates are on the move. Since the Treasury-Federal Reserve Accord in March 1951, they have edged upward at an accelerating pace, until there is now grave concern as to the ultimate consequences of the higher rates.

Raymond Rodgers

The marked change which has taken place is epitomized in the heavy "attrition" of 18% on the June refundings into a 1 year, 2⅝% Treasury certificates, although this rate was the highest one-year rate since 1933, when a nine months' certificate was offered at 4¼%. Moreover, in justifying this offering in the face of the many official pronouncements of the necessity of lengthening the maturities of the public debt, the National City Bank, in its June monthly letter, said, "Under the demoralized marked conditions prevailing in May, however, there was no real alternative."

Impact of Higher Interest Rates on the Banks

Higher interest rates have by no means been an unmixed blessing to the banks. Although bankers have clamored for higher or, as it was put, "normal" rates for many years, now that such higher rates have materialized, they find that there are concomitant disadvantages which take the "bloom off!"

Although increased rates brought increases in gross earnings, they also brought increases in the rates that banks have to pay on their time deposits to meet the competition of other savings agencies. Also, higher rates on the VA's and the FHA's cannot offset the shrinkage in value of already mortgaged property, in fact, of all property, due to the higher capitalization factor.

In particular, the depreciation in mortgages and in the government bond account caused by the higher rates is painfully apparent. But it must be remembered that **higher interest rates cause even greater shrinkage in value of all other assets.** Because such shrinkage is not so obvious, and takes a little while to work out, it is all the more dangerous. To offset this, greater caution must be exercised on all appraisals and valuations. Even more important than conservative valuation, greater stress must be placed on liquidity so that it will never be necessary to dispose of assets at a loss, particularly government bonds, merely to meet liquidity requirements.

*An address by Dr. Rodgers at the 13rd Annual Convention of the Vermont Bankers Association, Manchester, Vt., June 19, 1953.

Why Are Interest Rates Higher?

One of the main reasons for the current higher rates is the credit restraint policies of the monetary authorities. Now it can be argued that the Federal Reserve authorities are not following an **active** credit restraint policy, that they have merely ceased supplying bank reserves, the basic fuel of credit inflation, and that the higher interest rates merely represent the interplay of the forces of demand and supply in a free market. But, such arguments obviously do not hold water. The discount rate has been raised; the outflow of gold has not been offset by the monetary authorities, nor has the sharp increase in currency in circulation; and, most important of all, the "open mouth" policy, with its emphasis on the determination of the present Administration to make the dollar more valuable, all show the active part played by the Federal Reserve authorities in the upward climb of interest rates.

Why the monetary authorities should be so busy fighting inflation now is a little hard to understand. While it is true that there has been an unprecedented expansion of private debt since the end of World War II, until now it is about $300 billion, an increase of 113%, it is also true that this total is only about one year's national income today, whereas in 1940, the total of private debt was 1.6 times the annual national income, and in 1929, it was 1.8 times.

Even more to the point, there has been no relative inflation of the money supply since the end of World War II. While it is true that the total money supply (demand deposits, time deposits and currency outside banks) has increased, production has increased far more, so the bald term "inflation" is hardly justified. A couple of statistical comparisons will make this clear. Whereas from 1938 to 1945 the money supply increased 195% and Gross National Product increased only 153%, during the period 1945-52 the money supply increased only 13% while the Gross National Product increased 161%!

More currently, and more specifically, since November 1952 the active money supply (demand deposits and currency outside banks) has been increasing at a rate of only about 3% a year, which is little more than one-half the rate of increase in the **physical** output of the economy of the country. The growing shortage of money and credit relative to the volume of production and the price level is no doubt one of the important reasons for the persistent weakness in commodity prices.

Debt management has also contributed materially to the increase in interest rates. As in the case of the monetary management, this can be argued and undoubtedly will also develop into a political football. The Treasury contends that, under Doctor Burgess' fiscal management, it is neither pushing rates up nor pulling them down, that they are simply borrowing at the best possible terms in a free market. In fact, in the case of the 3¼% long-term issue, Doctor Burgess categorically stated, "We did not make that rate; that was set by the market."

Despite these claims, the fact remains that, aside from monetary management, many things have been done in debt management in recent months which could only have the effect of putting up interest rates. To mention but a few of these upward influences, consider the direct, and the indirect, impact of the following:

(1) Repeated criticism of the debt structure and emphasis on the necessity of lengthening maturities. Coming at a time when the long-term market was facing unprecedented private and municipal demand, this was sufficient to make investors wary. The huge volume of short-term government securities which the debt managers said they wanted to convert, posed an ever-present threat to the prices of long-term securities. Is it any wonder that investors decided that they did not feel wholly comfortable under such a "sword of Damocles"?

(2) Repeated reference to the previous Federal Reserve support of government securities and the artificial character of the resulting prices and interest rates was enough to convince even the hardiest investors that prices could only go down—and no telling how far!

(3) Repeated criticism of government extravagance and waste led investors, rightly or wrongly, to expect that the budget would be balanced. Failure to balance the budget and Secretary Humphrey's announcement that the Treasury would have to borrow $8.8 billion of new money in the next six months indicated that the supply of government securities might be greater than **the capital** market could absorb.

(4) Repeated expression of the determination to demonetize the public debt by getting securities off the balance sheets of the banks and into non-bank hands. The possibility of a reduction in the means of payment, bank deposits, by such a shift made investors more cautious, and thus constituted a downward pressure on bond prices.

(5) Repeated statements that resort would not be had to the commercial banks for government financing, especially in view of the heavy Treasury needs in the months ahead, further depressed prices and increased interest rates.

(6) Repeated assertions that it is a basic principle of the present Administration that the Treasury shall not call on the Federal Reserve System to support the market price of government securities and thereby create artificial conditions. This is a price depressant as it is well known that central banks in other countries with far smaller public debts have always found it necessary to protect the market for government securities.

(7) Repeated announcement that the Treasury intended to pay the "going" rate in a "free" market amounted to open invitation to investors to pit their wits against the Treasury. In other words, the Treasury in effect said, "We'll play the game your way and will not use any of our trump cards of sovereignty, patriotism, market management, and market protection."

These upward pressures of monetary management and debt management are mentioned not in any spirit of criticism, but to demonstrate that the present interest structure has elements of artificiality. Consideration will now be given to whether these elements of artificiality are temporary, or permanent.

Transition in Money Management

As the credit restraint policies of the monetary authorities are designed to slow up the creation of private debt and its accompanying economically dangerous overstimulation of production, it follows that a change in business trend will cause a reversal of the tight money policies. Nearly all indications, especially bulging inventories and growing price weakness in most lines, now point to a slowing up of the boom by the end of the year, if not sooner. In fact, there are many indications that the second quarter hit the peak, and that from now on we face a gradually accelerating downward trend. It, therefore, seems that on the basis of economic considerations alone, the Federal Reserve System will turn to an easier money policy.

Considering the difficulty the Treasury is having with its new debt management program, and its heavy need for new funds and refundings this fall, it seems inevitable that the Federal Reserve will be forced to abandon its credit restraint program for debt management reasons also. Chairman Martin of the Federal Reserve Board testified at the Patman "Subcommittee on General Credit Control and Debt Management" hearings that the Federal Reserve System would be "irresponsible if it let any Treasury financing for new money fail for lack of support." So, all the talk to the contrary notwithstanding, the conclusion seems inescapable that the Federal Reserve and the Treasury will once more be working shoulder to shoulder on the biggest financial problem in the world today—the United States direct public debt of $266 billion! In fact, recent purchases of bills by the Open Market Committee and guarded statements by Federal Reserve officials indicate that the change in policy may already be under way.

Transition in Debt Management

Debt management is also apparently already in transition. The failure of a 3¼% long-term issue of only $1.1 billion to maintain a par level in the market and the necessity of bringing out a 2⅝% one-year issue for the June refundings, would appear to be sufficient warning of what the debt managers face if they persist in their present course.

Every indication, however, is to the effect that debt-lengthening has been abandoned until a more propitious time. Also, the financing and refunding which must be done this fall is of such large proportions that the debt managers undoubtedly will be forced to use the various weapons at their disposal, no matter how distasteful their use may be.

Capital Demand and Supply Factors

Some of you may be wondering why nothing has been said, up to now, about basic capital demand and supply factors. For a banking audience such as this one, a word or two will be sufficient. As you know, the demand for capital and credit for inventories, consumer credit, plant and equipment expenditures, housing and public improvement expenditures, is at unprecedented levels. You also know that it can't continue much longer.

On the supply side, savings are at a very high level and promise to continue large. In addition to large regular savings, contractual savings, such as life insurance premiums, pension contributions and similar mandatory payments, are an increasingly larger proportion of an ever larger total. Negative savings, such as the periodic repayments on the $27 billion of consumer debt, and the amortization payments on the $62 billion of mortgage debt on 1-4 family houses, are now very large, and, quantitatively at least, almost a new factor which must not be overlooked, as the funds come back into the market for reinvestment in a steadily growing stream.

Conclusions

As the foregoing analysis indicates, the recent trend toward higher interest rates has been due to the new Administration's monetary and debt management policies as well as basic factors of demand and supply.

The coming change in business trend, and the heavy Treasury financing in the months ahead will inevitably cause a reversal of the tight money policy of the Reserve authorities. There will be an end to the Federal Reserve complaints to banks that borrow too frequently or too much!

The ambitious Treasury debt management program of getting the public debt out of the banks and lengthening the maturities has apparently been put on the ice for the time being.

The conclusion seems warranted that the long-term, or secular, trend of long-term interest rates is downward, and that the recent strength is a temporary, and to a considerable extent, artificial phenomenon. It follows that you should hold on to your governments and other highest grade securities. In short, the time is close at hand when you should stop worrying about your governments, and start worrying about some of your loans!

Mooney, Elected V.-P. of Blair, Rollins

Urban D. Mooney, Jr. has been elected a Vice-President of the investment banking firm of Blair, Rollins & Co. Incorporated, 44 Wall Street, New York City, according to an announcement by Emmons Bryant, President. Mr. Mooney will be in charge of the corporate bond department of the firm.

Urban J. Mooney, Jr.

Mr. Mooney has had a broad experience in the investment and underwriting fields. Prior to his election as an officer of Blair, Rollins & Co. Incorporated, he was with Bear, Stearns & Co. and previously, with Lehman Brothers.

Bond Club of N. J. Elects New Officers

At the annual meeting of the Bond Club of New Jersey, Warren K. Van Hise, Parker & Weissenborn, Inc., Newark, was elected President to succeed Fred J. Brown, White, Weld & Co.

Other officers elected were Edwin F. Kezer, B. J. Van Ingen & Co., Inc., Vice-President, J. William Roos, MacBride, Miller & Co., Newark, Treasurer; Glenn D. Thompson, National State Bank, Newark, Secretary; Governors are Mr. Brown, the retiring President; Russell V. Adams, Adams & Hinckley, Newark, Andrew C. Spring, Outwater & Wells, Jersey City, and J. Albert Williams, Nugent & Igoe, East Orange.

Paul Lanza Joins Wm. E. Pollock & Co.

Paul Lanza has become associted with Wm. E. Pollock & Co., Inc., 20 Pine Street, New York City, in the U. S. Government trading department. The firm acts as dealers in U. S. Government securities and underwriters and dealers in state, municipal, housing authority, revenue, railroad, public utility, industrial bond and equipment trust certificates.

The State of Trade and Industry

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

A slight rise was noted in over-all industrial production for the period ended on Wednesday of last week. It held close to the near-record level reached several weeks ago and continued to be moderately above the level of a year earlier. With respect to the employment situation, claims for unemployment insurance benefits continued moderately under the year ago level.

Non-farm jobholders numbered 48,900,000 in mid-May, 150,000 more than on April 15, the United States Department of Labor reported. The rise boosted non-farm employment 1,500,000 above the total a year earlier. Most of this increase, however, came in the second half of 1952 when consumer goods industries were recovering from earlier setbacks.

A gain of 78,000 in construction employment in the month to May 15 was "the smallest reported for this time of year since 1945," the department stated. But the seasonal decline in manufacturing jobs—17,000—was "less than usual," the department noted.

Recent steel price increases have raised the nation's steel bill by more than $800 million a year based on current rate of production, states "The Iron Age," national metalworking weekly, this week. Altogether, prices have been raised an average of about $9.30 a ton. Of this amount, $4.30 represents base price increases and about $5 is in the form of higher extra charges, this trade journal notes.

In addition to last week's base price increases steel companies raised extra charges on nearly all major products about six weeks ago. The average increase in extra charges is estimated at $5 a ton according to "The Iron Age."

Extra charges, which cover special costs incurred in processing steel to consumer specifications, were revised to correct inequities that had risen while steel prices were under controls. Base price increases, effective June 17, came just five days after negotiation of an 8½c per hour wage increase. All things considered the 8½c wage increase will cost steel companies about 10c an hour, this trade magazine asserts.

If steel demand softens as expected during the next several months, the estimated $800 million annual increase in the nation's steel bill will be reduced accordingly. Few believe that consumer demand will be able to support the current high steelmaking rate for more than a few more months, this trade weekly points out.

"The Iron Age" estimates the industry will produce about 112 million net tons of ingots this year. By maintaining operations close to 100% of rated capacity during the first six months, the industry will produce about 58.5 million net tons. In order to hit the 112 million ton mark for the year, only 53.5 million tons of steel would then have to be poured in the second six months. To accomplish this, steelmaking operations would have to average only 91% of rated capacity during the second half, states this trade authority.

If steelmaking operations average about 90% of rated capacity during the second half of this year, the cost increase to steel users will be over $350 million, it adds.

Consumers generally were reacting philosophically to their higher steel costs. Higher prices had been predicted, and the increases were about what had been expected. The question on all minds is whether higher steel cost will be absorbed or passed on to the consumer. One thing is sure—manufacturers will not pass cost increases on to the consumer as a matter of course. Quite the contrary—it appears that more of the higher steel costs will be absorbed than will be passed on to the public, concludes this trade journal.

In the automotive industry the Big Three auto makers, General Motors, Ford and Chrysler, continued to roll out a high volume of new cars the past week, although most of the independents lost output due to the nine-week Borg-Warner strike at Muncie, Ind.

Industry output last week was 142,464 cars, or 3% more than the 138,315 produced in the preceding week and 51% higher than the 94,347 in the like 1952 week, according to "Ward's Automotive Reports."

But the Borg-Warner strike "slashed another 8,000 assemblies off independent car and truck producers' volume, blacking out Willys for the fourth straingt week and biting deeply into Nash, Studebaker, International Harvester and Kaiser production," said this agency.

Kaiser ended a 14-day shutdown last week, making only a few cars. Nash this week plans a further reduction to 575 daily units from 700 units a day because of the Muncie dispute. The struck plant makes transmissions.

Despite this trouble the industry produced its three-millionth new car this year last Thursday. In the year to date there have been 3,057,319 new cars built, about 47% more than the 2,082,991 produced in the like 1952 period. "Ward's" said this means first half production this year will be a record 3,250,000, compared with the previous high of 3,100,000 in the first half of 1951.

In the year to date 609,598 trucks have been produced, slightly less than the 611,913 in the corresponding 1952 period. "Ward's" said this has resulted from a combination of effects—the Borg-Warner strike, plus "market conditions."

Steel Output Set At 99.1% of Capacity

The rest of this year will be a test period for the new and higher steel prices, says "Steel," the weekly magazine of metalworking the current week.

Increase will come as steel supply and demand head toward

Continued on page 33

The Debtor Nations, Too, Have Responsibilities

By A. WILFRED MAY

Mr. May cites various reform policies debtor nations must adopt. Concludes that partly because of considerations of internal politics, Europe will not reduce living standard so as to become self-sustaining; resulting in a permanent arrangement of trade plus aid. Cites Britain's results showing no correlation between tariff reduction and imports. Liken European's tariff overemphasis to their incessant anti-American McCarthy taunts.

From PARIS and LONDON—The more one investigates the international trade and payments situation "out in the field," does one realize that the popular "trade not aid" slogan must be supplemented by the precept "trade must be on a two-way street." And the reverse movement from the other end of the street must occur in a variety of facets: — economic, fiscal, business, and political.

A. Wilfred May

Tariffs Not the Sole Key

Tariff reduction will by no means do the trick in making up the dollar gap and paving the way to convertibility. Total sterling area trade with the United States totals $2 billion. Within that $2 billion, U. K. trade with the U. S. was only $0.4 billion; leaving the non-U. K. sterling area trade with the U. S. at $1.6 billion. Nearly all of this amount, with the exception of raw wool, is already duty-free, because it largely comprises raw materials. As far as tariff is concerned, we see that we are really only talking about a maximum export target of only $0.4 billion.

We see that since so much of the sterling area exports are already duty-free, any contemplated downward adjustment in U. S. tariffs must, in effect, be limited to exports of manufactured goods from the U. K. itself.

Even a miraculous doubling of the U. K.'s exports would still only raise them to one-half of the existing level of the non-U. K. sterling areas exports to the U. S.—a long way from filling the gap and convertibility.

Limitations by Productive Capacity

It is also important to realize that the U. K.'s £143 million of present exports comprises 12-15% of the country's Gross National Product that is the theoretical maximum that could be made exportable to the U. S. But (a) the U. K. hasn't got the capacity for such vastly enlarged exports, and (b) the British businessman is afraid to concentrate on what he feels is a very tricky unreliable United States market.

Whiskey offers a good example of the difficulty of doubling exports. The whiskey has to be aged for seven years, making material expansion out of the question.

Moreover, recent experience shows that there is no cause-and-effect relationship between tariff reduction and the volume of imports. After the Geneva Conference over GATT in 1947, the British Board of Trade began an investigation as to whether there was any correlation between tariff reduction and exports to America. These observations showed that there was no relation between tariff reduction and exports to the U. S.; there having been no export pickup until the outbreak of the Cold War in Korea.

Home Reform

Tariff reductions must be supplemented abroad by radical "home" measures — as whole-souled energetic striving to capture the foreign market by competitive styling and merchandising methods.

Only today again in Paris a very successful French hosiery manufacturer told me quite frankly that wholly irrespective of tariff, his industry cannot possibly compete with U. S. manufacturers in the United States, because of far higher material and equipment costs, only partially offset by considerably lower labor costs.

The tariff, like McCarthy-ism, is too often dragged forth on this side of the Atlantic as an alibi for their own shortcomings, and even as another instrument of anti-Americanism.

"The preacher should not keep a mistress," is a finger pointed at us in tariff trade discussion here.

We are, for example, correlatively criticized for allegedly granting a credit to Japan, resulting in their buying cotton from us, leading the Turks to complain and objecting to their loss of a cotton sale.

Also, we are accused of dumping surplus materials to get rid of political problems.

Then there is much squawking over here against "Buy Americanism." Following Britain's Joseph Dam case, there was a row over the U. S. Navy's contract for Navy hangars which was allegedly refused to the Dutch despite a bid, the lowest by 30%.

Another facet in two-way action toward repairing the trade-aid situation is for our debtors to get their domestic political-fiscal affairs in order at home.

Faites moi de bonne politique, et je vous ferai de bonne finance —said Napoleon's Minister of Finance. (Give me a good political situation, and I will assure you a good financial situation.)

Today we must insist: — *Faites moi de bonne finance; et je vous ferai de bonne monai.* (Furnish me good finance, and I will create a good monetary situation.)

The Choices Ahead

To overcome her U. S. trade deficit (1952 exports of $150 million versus imports of $450 million; present monthly rate: $20 versus $32 million), France must soon take the bull by the horns in further reducing her standard of living by clamping on further import restrictions (the possibility being doubtful politically)—or of using another devaluation to make imports more expensive to the French consumer.

But devaluation can only be constructive if the Administration get its own fiscal and political house in order; because of the impact of disorder otherwise on the external position (promoting businessmen's flight of capital).

Reduction in Standard of Living

With Britain too, the standard of living will have to be further reduced, if U. S. aid is to be foregone. The currently reported U. S. Congressional proposition that aid shall not be given to Britain if her income tax is reduced (or to France as long as taxes are actually evaded) is not without sense.

We have shown above, and in preceding articles, that despite Chancellor Butler's slogan, trade alone will not eliminate aid. A certain amount of aid, continuing our four-year handing-out of chip-dollars, will have to be continued. **The program then will be Trade-plus-aid-versus-a-lower-standard-of-living.**

E. J. Hausmann Heads Group on Taxation

Emil J. Hausmann, Controller, of Baker, Weeks & Co., members of the New York Stock Exchange, was elected Chairman of the Committee of Brokers and Dealers on Taxation at the annual meeting, succeeding Frank C. Wright of Laidlaw & Co.

Emil J. Hausmann

Other officers elected were: Milton A. Speicher, Francis I. du Pont & Co., Vice-Chairman; and Ray Widdows, E. F. Hutton & Co., reelected Secretary. The following were elected for a two-year term on the executive committee: Louis Munk, Smith, Barney & Co.; Harry Fehling, Carlisle & Jacquelin: Paul Eng, Hayden, Stone & Co.; Frank C. Wright, Laidlaw & Co. Frank Fanelli, Goodbody & Co. was elected to a one-year term on the executive committee.

Carr & Thomson Is New Firm Name

BOSTON, Mass. — The firm name of Ralph F. Carr & Co., Inc., 31 Milk Street, will be changed to Carr & Thompson, Inc. effective July 1.

Picketing Symposium Comments

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 capition, "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. Because of the large volume of communications received on the subject, it has been necessary, due to space limitations, to restrict the number of commentaries given in any one issue. The initial results of the symposium appeared in the "Chronicle" of May 28; others in issues of June 4, June 11 and June 18. Those that can be accommodated in today's issue appear herewith.

T. C. CARROLL

President, Brotherhood of Maintenance of Way Employes (A. F. of L.), Detroit, Mich.

The use of economic force through a collective stoppage of work is the final resort available to workers to obtain union recognition, to secure higher wages, better working conditions and other benefits, to resist the efforts of employers to lower existing employment conditions, or to bring about the settlement of accumulated grievances. Picketing by the workers is an essential part of a strike to let the public know that a dispute exists between employer and employes and to enlist the aid of other workers and sympathetic members of the public. It is in essence a continuing notice to the public that the employes are not willing to work under the terms imposed by the employer. As such, it no more infringes on property rights and civil liberties than would any general notice to the public that a strike is in progress.

T. C. Carroll

The so-called "secondary boycott" is an attempt by workers to offset collusion between employers to break a strike by having the services or work of striking employes performed elsewhere. It is, in effect, "picketing" to the extent that it informs the public that a strike has overspread its primary boundaries, and to ban the secondary boycott, as is done by the Taft-Hartley Act, is to deny to workers the right of mutual aid and protection, and to make unwilling strikebreakers of fellow workers.

Much of the opposition to picketing is based on a misconception of the underlying realities. A ban on picketing would not end the violence that sometimes accompanies a strike, for violence, is often fomented, directly or indirectly, knowingly or unknowingly, by the strike-breaking tactics of employers, which the absence of a picket line could not prevent.

To make picketing illegal would be to weaken greatly and unnecessarily the only weapon which is available to workers to enforce their demands for a correction of conditions which have brought about the dispute between employer and employe. Such a result would not promote the harmonious and cooperative relationships between employers and employes which are such an integral part of present-day industrial achievement.

Railroad workers, as far as labor relations are concerned, come under the provisions of the Railway Labor Act and are only indirectly affected by the Taft-Hartley Act. The Brotherhood of Maintenance of Way Employes represent more than 300,000 employes on railroads in the United States and Canada engaged in building and maintaining tracks, bridges, buildings, and appurtenances thereto owned and operated by the railroads.

JESSE H. JONES

Houston, Texas

A just medium should be reached in picketing, which penalizes neither management nor labor. Picketing is justified if its cause is valid and its methods are reasonable. The cause is not valid if the purpose is to force unionization where a majority of the employees do not want to join the union doing the picketing; where the pickets and union involved have no dispute with the employer picketed, but are striking in sympathy to some other union's alleged grievance, this being known as secondary picketing; or where a union through picketing is trying to force an employer to meet its demands before proper negotiations and mediation have been carried on.

Jesse H. Jones

Even when the cause is valid, unreasonable methods of picketing should not be permitted. Picketing should be peaceful. The employer's property should not be damaged or destroyed and force against workmen should not be tolerated.

HON. STUYVESANT WAINWRIGHT, II

U. S. Congressman from New York

Member, House Committee on Education and Labor

The right to strike would be ineffective without the right to picket. The picket has grown to become the symbol of an existing dispute between employees and employer. Many years ago the weight of public opinion was on the corporate side. The balance swung in the late 30's and early 40's the other way to a great extreme. The Labor Management Relations Act of 1947 established a set of rules to try to maintain an equal balance in any dispute that should arise. However, one of the fundamentals that has been recognized and will continue to be recognized is the right to strike and the right to picket, provided that both are conducted in an orderly manner. I feel that if you were to deprive labor of the right to strike or picket, you should deprive the employer of the right to lockout or fire. To abolish the right to picket would be as terrible a blow to labor as would be the abolition of the lockout or right to fire to management.

S. Wainwright II

And, at the same time, I am disappointed in the extreme that these rules will not be amended at this session of Congress.

HARRIS McASHAN

President, Texas National Bank, Houston, Texas

I am against picketing in any form, primary or secondary. I am, also, opposed to the closed shop. I believe that these practices, even though sanctioned by law, are inherently opposed to our American way of doing things; that is, the right of the individual to choose his place of work and to bargain individually as to the basis upon which he will accept and continue employment. I, also, believe that management should have the right to hire and fire according to the best interests of the firm.

Harris McAshan

I do not oppose the right of individuals to form unions, but only their coercive tactics in bargaining, such as picketing.

This nation grew great on the basic principle of freedom of action by the individual. I subscribe, without reservation, to that principle.

HON. WALLACE F. BENNETT

U. S. Senator from Utah

We in Utah have had a picketing law for many years which permits only a minimum number of pickets and limits their activity to the right to present their point of view on placards before the establishment picketed. It limits the number of pickets so that they may not in any respect provide physical interference with those who wish to go in and out of the premises picketed. It certainly prevents violence and other forms of physical coercion.

Wallace F. Bennett

L. R. CLAUSEN

Chairman of the Board, J. I. Case Company, Racine, Wis.

The present Taft-Hartley Act is lamentably deficient in two respects:

(a) It does not protect the individual employee in industry by spelling out his rights as an individual which specifically protect him.

L. R. Clausen

(b) It gives the labor racketeer an opportunity to place employees in a position where they must pay a tribute for the privilege of working and earning their daily bread, and to maintain a system of bondage over an extended period.

If anything whatever is done to modify the Taft-Hartley Act, the most important amendment that should be made is to spell

Continued on page 28

A New Look at Mortgage Lending

By HEYWARD T. DENYES*

General Vice-President, Industrial National Bank, Detroit, Mich.

Detroit banker, in reviewing current mortgage lending, points out loose practices and policies of past which have been largely corrected and, as result, sees no reason why bankers should be opposed to investing in mortgages because of what happened in the '30s. Points out today mortgages are on amortized basis; care is taken to see that taxes are paid, and value is based not merely on the real estate, but also on credit and stability of the borrower. Blames rise of savings-loan group on reluctance of banks to participate in mortgage lending.

Mortgage lending, I feel, is misunderstood both by bankers and the public. Somewhat like the individual who, upon the closing of a real estate transaction, was asked by his attorney as to how he wanted the deed prepared. To which the individual replied that he didn't want a deed, he wanted a mortgage. The lawyer explained to him that, inasmuch as he was paying cash for the property, he was entitled to a deed and didn't need a mortgage. That didn't satisfy the individual, and he explained that one time he had purchased a piece of property. He took the deed, and the bank took the mortgage. Later on, the bank ended up with the house; and so now he wanted a mortgage, too.

Heyward T. Denyes

As I view this mortgage picture—and I have talked to a good many bankers in this country—I find that there are three opinions which are uppermost in the minds of an unwarranted number of our bankers. These opinions, I believe, have led to much confusion; and I think that my time here would be well spent today if I could somewhat correct the impressions gained from these opinions.

First, there is the banker who feels that real estate was the cause of the depression of the early '30's, which contributed to most of the bank failures; and, therefore, he wants little or nothing to do with mortgages.

Second, there is the group of bankers who want nothing to do with FHA mortgages, VA mortgages, or Title I modernization loans under the FHA plan because they are opposed to government participation in anything.

Third, there are a certain number of bankers who are of the opinion that we are ready for another crash with a resulting dip in real estate values and, therefore, want nothing to do with mortgages at this time.

Fluctuations in Real Estate Values

Now, let us look at the validity of these opinions one by one. In the first place, I think I should emphasize that the dip in real estate prices was not the cause of the depression. I think the gentlemen who have taken that position forget that the depression came about largely because of overspeculation of all kinds in the 1920's and that all of us failed to recognize that the first World War had created some problems for us which we failed to see. This wild speculation, as you all know, came to an abrupt end with the stock crash in 1929—not a real estate crash, but a stock crash.

It is true that in the next few years thereafter real estate values did dip tremendously; but real estate, like every other commodity, was caught in the depression trap and did not dip in value because of its nature. The fact that many banking institutions had trouble with the liquidity of their mortgages in that period was again not brought about because of the nature of a real estate transaction, but rather because of the loose practices we bankers permitted to become prevalent in connection with our mortgage-lending activities in the 1920's. Some of these loose practices were as follows:

We wrote mortgages on a short-term basis, and many of these mortgages were renewed or extended from time to time over a period of many years. We bankers did not encourage our customers to pay off their indebtedness, but rather we encouraged them to let the obligation stand as long as we were getting our interest. Obviously, when values began to fall shortly after the stock crash, we bankers found ourselves in a position where we were forced to demand immediate payment of these mortgages; and, of course, at that time our borrowers were not in a position to meet these demands.

Another bad practice we had in those days was that we were not concerned about tax payments upon the properties on which we held mortgages. Consequently, when we got these properties back through foreclosures, we found in many instances considerable tax indebtedness, which was a prior lien to the mortgage indebtedness and required further advances on our part.

Another loose practice in which we indulged in those days was that we were not very concerned with the individual. Our concept of mortgage lending was primarily to obtain an appraisal of the value of the property; and, based on that appraisal, we made our mortgage loan. Little, if any, attention was paid to the individual or corporation who would pay the obligation back to us.

Also, most of the mortgages in those days were non-amortized mortgages, although most of the people we loaned money to for mortgage purposes were those who could pay back the obligation only on an amortized basis and were obviously not in a position, even when the loan was made, to pay it on a demand basis.

Another thing was that mortgages in those days were not very well standardized. Each institution had its own mortgage form adapted purely to the whims and policies of each banking institution. Consequently, when money became a little tight, it was not possible for the banker to sell his mortgages to anyone; nor were there any established institutions engaging in and familiar with the buying and selling of mortgages.

Better Mortgage Policies

Today all of those things have been changed, and there is absolutely no reason in my opinion why bankers should be opposed to their institutions investing in mortgages because of what happened in the early 1930's.

Continued on page 32

*An address by Mr. Denyes at a meeting of the Savings and Mortgage Conference of the Convention of the American Institute of Banking, Cleveland, Ohio, June 9, 1953.

NEW ISSUES

$25,000,000

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State School Building Aid Bonds

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Dated May 1, 1953 Due May 1, 1955-79, incl.

Principal and semi-annual interest (May 1 and November 1) payable at the office of the Treasurer of the State of California in Sacramento, California, or at the option of the holder at the office of any duly authorized agent of the State Treasurer, including the agent of the State Treasurer in New York City. Coupon bonds in denomination of $1,000 registerable only as to both principal and interest.

Bonds maturing on and after May 1, 1975 are subject to redemption at the option of the State, as a whole or in part, on May 1, 1974 (but not prior thereto) and on any interest payment date thereafter, at the principal amount thereof and accrued interest thereon to date of redemption. Publication of notice of redemption shall be once a week for two weeks not less than 30 days or more than 90 days prior to said date of redemption, in each of the Cities of San Francisco, Sacramento and Los Angeles. If less than all the bonds should be redeemed, they shall be called in inverse numerical order, the part so called not less than the bonds maturing in any one year.

In the opinion of counsel, interest payable by the State upon its bonds is exempt from all present Federal and State of California Personal Income Taxes under existing statutes, regulations and court decisions.

We believe these bonds will meet the requirements as legal investments for Savings Banks and Trust Funds in New York, California and certain other states and for Savings Banks in Massachusetts and Connecticut and will be eligible as security for deposit of public monies in California.

These bonds, to be issued for school purposes, in the opinion of counsel will be valid and legally binding general obligations of the State of California payable in accordance with their terms out of the General Fund of the State, and the full faith and credit of the State of California is pledged for the punctual payment of both principal and interest. Under the enabling statute the State is obligated to collect annually, in the same manner and at the same time as other state revenue is collected, such sum in addition to the ordinary revenue of the State as shall be required to pay principal and interest on the bonds as the same become due. The bonds were authorized by the electorate on November 4, 1952 for the purpose of providing aid for school construction in the State, the amounts thereof to be repaid, in whole or in part, by the districts receiving aid.

AMOUNTS, RATES, MATURITIES, YIELDS AND PRICES

(Accrued interest to be added)

Amount	Coupon Rate	Due	Yield† or Price
$ 800,000	5%	1955	2.00%
800,000	5	1956	2.15%
800,000	5	1957	2.25%
800,000	5	1958	2.35%
800,000	2¾	1959	2.40%
900,000	2¾	1960	2.50%
900,000	2¾	1961	2.55%
900,000	2¾	1962	2.60%
900,000	2¾	1963	2.65%
900,000	2¾	1964	2.70%
1,000,000	2¾	1965	100
1,000,000	2¾	1966	100
1,000,000	3	1967	2.80%
1,000,000	3	1968	2.85%
1,000,000	3	1969	2.85%
1,100,000	3	1970	2.90%
1,100,000	3	1971	2.90%
1,100,000	3	1972	2.95%
1,100,000	3	1973	2.95%
1,100,000	3	1974	100
1,200,000	3	1975*	100
1,200,000	3	1976*	100
1,200,000	3	1977*	3.05%
1,200,000	3	1978*	3.05%
1,200,000	3	1979*	3.05%

*Bonds maturing 1975–79, callable at par May 1, 1974

†Yield to maturity.

These bonds are offered when, as and if issued and received by us and subject to approval of legality by the Honorable Edmund G. Brown, Attorney General of the State of California, and Messrs. Orrick, Dahlquist, Herrington & Sutcliffe, Attorneys, San Francisco, California.

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Wertheim & Co. — Hayden, Stone & Co. — A. G. Becker & Co. Incorporated — Ira Haupt & Co. — Roosevelt & Cross Incorporated

Andrews & Wells, Inc. — Bacon, Whipple & Co. — F. S. Smithers & Co. — Shearson, Hammill & Co. — Trust Company of Georgia

Kaiser & Co. — E. F. Hutton & Company — The First National Bank of Memphis — Wood, Struthers & Co. — Wm. E. Pollock & Co., Inc.

A. M. Kidder & Co. — Gregory & Son Incorporated — New York Hanseatic Corporation — Fidelity Union Trust Company Newark

The Robinson-Humphrey Company, Inc. — Schaffer, Necker & Co. — Wachovia Bank & Trust Company — Branch Banking & Trust Company

Hayden, Miller & Co. — Robert Winthrop & Co. — R. D. White & Company — Sills, Fairman & Harris Incorporated — The Ohio Company

Folger, Nolan Incorporated — Field, Richards & Co. — The National City Bank of Cleveland — National Bank of Commerce of Seattle

H. M. Byllesby and Company (Incorporated) — McCormick & Co. — William Blair & Company — The Milwaukee Company — Burns, Corbett & Pickard, Inc.

Northwestern National Bank of Minneapolis — Fulton, Reid & Co. — Lawson, Levy & Williams — H. E. Work & Co. — Julien Collins & Company

Courts & Co. — H. V. Sattley & Co., Inc. — Bosworth, Sullivan & Company, Inc. — Bartow Leeds & Co.

Anderson & Strudwick — Rockland-Atlas National Bank of Boston — Prescott & Co. — Janney & Co. — The Peoples National Bank Charlottesville, Va.

Ginther, Johnston & Co. — Foster & Marshall — A. G. Edwards & Sons — Wurts, Dulles & Co. — Stone & Youngberg

Davis, Skaggs & Co. — Dwinnell, Harkness & Hill Incorporated — Irving Lundborg & Co. — Kenower, MacArthur & Co. — Cruttenden & Co.

Seasongood & Mayer — The Continental Bank and Trust Company Salt Lake City, Utah — Thornton, Mohr & Farish — Arthur L. Wright & Co., Inc.

Brush, Slocumb & Co., Inc. — Wagenseller & Durst, Inc. — The Weil, Roth & Irving Co. — Doll & Isphording, Inc.

Magnus & Company — Walter Stokes & Company — Fred D. Blake & Co. — Walter, Woody and Heimerdinger

Stern, Frank, Meyer & Fox — Hooker & Fay — C. N. White & Co.

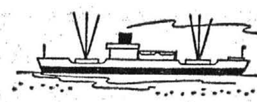
June 25, 1953

$1,000,000

State of California

3%

San Francisco Harbor Improvement Bonds, Act of 1929, Issue F



Dated March 1, 1953 Due March 1, 1959-83, incl.

Principal and semi-annual interest (March 1 and September 1) payable at the office of the Treasurer of the State of California in Sacramento, California, or at the option of the holder at the office of the fiscal agent of the State Treasurer in New York City. Coupon bonds in denomination of $1,000 registerable only as to both principal and interest.

Bonds maturing on and after March 1, 1979 are subject to redemption at the option of the State, as a whole or in part, on March 1, 1978 (but not prior thereto) and on any interest payment date thereafter at the principal amount thereof and accrued interest thereon to date of redemption. Publication of notice of redemption shall be once a week for three successive calendar weeks in San Francisco and Sacramento newspapers. If less than all the bonds should be redeemed, they shall be called in inverse numerical order, the part so called, not less than all of the bonds maturing in any one year.

These bonds, to be issued for San Francisco Harbor Improvement purposes, in the opinion of counsel will be general obligations of the State of California and will be additionally secured by the monies in the Fourth San Francisco Seawall Sinking Fund required to be created and maintained under the provisions of the San Francisco Harbor Improvement Act of 1929.

AMOUNTS, RATES, MATURITIES, YIELDS AND PRICES

(Accrued interest to be added)

Amount	Due	Yield	Amount	Due	Yield† or Price
$40,000	1959	2.40%	$40,000	1972	2.95%
40,000	1960	2.50%	40,000	1973	2.95%
40,000	1961	2.55%	40,000	1974	100
40,000	1962	2.60%	40,000	1975	100
40,000	1963	2.65%	40,000	1976	100
40,000	1964	2.70%	40,000	1977	3.05%
40,000	1965	2.75%	40,000	1978	3.05%
40,000	1966	2.75%	40,000	1979*	3.05%
40,000	1967	2.80%	40,000	1980*	3.05%
40,000	1968	2.85%	40,000	1981*	3.05%
40,000	1969	2.85%	40,000	1982*	3.05%
40,000	1970	2.90%	40,000	1983*	3.05%
40,000	1971	2.90%			

*Bonds maturing 1979-83 callable at par on March 1, 1978 as described above.

†Yield to maturity.

Dealer-Broker Investment Recommendations & Literature

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

An Appraisal of the Stock Market—Brochure—Harris, Upham & Co., 14 Wall Street, New York 5, N. Y.

Area Resources—Booklet on Utah, Idaho, Wyoming and Colorado area—Dept. K, Utah Power & Light Co., Box 899, Salt Lake City 10, Utah.

Cigarette Companies—Bulletin—Jacques Coe & Co., 39 Broadway, New York 6, N. Y. Also available is a bulletin on **Public Utilities.**

Commodity Prices—12-page study, illustrated with charts—Paine, Webber, Jackson & Curtis, 25 Broad Street, New York 4, N. Y.

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

Insurance & Bank Stocks — Tabulation — White & Company, Mississippi Valley Building, St. Louis 1, Mo.

New York Banks Since the Banking Holiday—Review—Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

Oil Industry—Analysis of trends—Thomson & McKinnon, 11 Wall Street, New York 5, N. Y.

Oil Industry Trends — Review — H. Hentz & Co., 60 Beaver Street, New York 4, N. Y.

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

Public Utilities—Bulletin—Francis I. du Pont & Co., 1 Wall 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.

Stocks Down From 1951-1953 Highs — Tabulation of better grade issues—Sutro Bros. & Co., 120 Broadway, New York 5, N. Y. In the same bulleting is a tabulation of **Beneficiaries From Possible Elimination of Excess Profits Tax.**

Western Oils (Canada)—Analysis—Ross, Knowles & Co., 330 Bay Street, Toronto 1, Ont., Canada.

* * *

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

Arizona Bancorporation—Memorandum—William R. Staats & Co., 640 South Spring Street, Los Angeles 14, Calif.

Armco Steel—Data—Bache & Co., 36 Wall Street, New York 5, N. Y.

Bagdad Copper Co.—Memorandum—Kalb, Voorhis & Co., 25 Broad Street, New York 4, N. Y.

Commonwealth Edison Co.—Memorandum—Glore, Forgan & Co., 135 South La Salle Street, Chicago 3, Ill.

Commonwealth Oil Company — Progress report — Gordon Graves & Co., 30 Broad Street, New York 4, N. Y.

Compo Shoe Machinery Corporation—Report—Loewi & Co., 225 East Mason Street, Milwaukee 2, Wis. Also available is a report on **S. D. Warren Company** and in the current issue of "Business and Financial Digest" brief analysis of **Allis-Chalmers Manufacturing Company.**

Eastman Kodak Co.—Memorandum—Smith, Barney & Co., 14 Wall Street, New York 5, N. Y.

Elizabethtown, Ky. Water & Sewer Revenue Bonds—Bulletin—Stein Bros. & Boyce, Starks Building Arcade, Louisville 2, Ky.

Fanner Manufacturing Co.—Memorandum—A. C. Allyn & Co., 122 South La Salle Street, Chicago 3, Ill. Also available is a memorandum on **Iowa Illinois Gas & Electric Co.**

Ford Motor Company of Canada Ltd.—Circular—Hardy & Co., 30 Broad Street, New York 4, N. Y.

Landers, Frary & Clark—Analysis—Shillinglaw, Bolger & Co., 120 South La Salle Street, Chicago 3, Ill.

Leece-Neville Co.—Circular — B. W. Pizzini & Co., Inc., 25 Broad Street, New York 4, N. Y.

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THE MARKET . . . AND YOU

By WALLACE STREETE

Against the background of a pessimistic chorus, the price structure recorded significant progress over the last several sessions. First it held firmly against attack at a critical and dangerous technical level, and then values turned modestly upward, a net accomplishment by no means to be ignored even if slight. The anvil chorus in the background kept plugging away at what they considered to be a dangerously high level of value with their success over recent months seemingly blinding them to the fact that the market itself was starting to say that enough was enough. Investors never discount the same thing twice.

* * *

If there is to be anything new in the situation over the next six months, it will be that business still is good as the year draws to an end. Whether this will be so of course remains to be seen, but 35 points from the top are saying that it won't, and this 12% cut discounts not only a lot of potential trouble, but quite possibly some which will not take place. If they do not, a considerable portion of the five-months bear market is due to be reconsidered.

* * *

Constructive Developments

Much of what the future holds still rests in governmental decisions. More recently these have tended to be constructive. The interest rate contraction evidently has been permitted to go far enough, and now will at least hold and might even tend somewhat higher. There would not appear to be any further ammunition for the bears in this development over the balance of the year. The all-important farm commodity prices are being supported despite the indicated huge crops, with another great attack against this price structure not expected until the size and condition of the next crop starts to become known, with interim price stability also not contributing further to the bearish side. The future of EPT is obscure as this is prepared, but a compromise, with a reduction in individual rates and the elimination of EPT as of the first of October, appears to have risen in the probability scale. This decision, if and when attained, should prove quite definitely a constructive de-

Continued on page 16

Cross Fire!

SEC proposal which would require those desiring to engage in the securities business to file a financial statement disclosing their assets, liabilities and net worth condemned as an instrument that intelligent finance will be quick to recognize neither serves our country or the cause of capitalism. Projected rule seen as devious method of arriving at minimum capital requirement, and calculated to impede opportunity of individuals endeavoring to engage in securities business.

Once again the Securities and Exchange Commission has extended one of its ominous invitations. This time the Commission proposes to adopt a rule to be known as X-15B-8 which would require those desiring to engage in the securities business to file a statement of financial condition with their application for registration as dealer-brokers, disclosing their assets, liabilities and net worth. At the present time there is no such requirement, the subject of "registration of brokers and dealers" being currently embraced in the Commission's Rules X-15B-1 through X-15B-6.

However, there is a current provision pursuant to Rule X-17A-5 requiring brokers or dealers to file an annual report of financial condition, and the proposed rule contemplates that this remain unchanged.

All interested persons are asked by the SEC "to submit data, views and comments" on this latest proposal on or before July 6, 1953.

To us the existing rule making mandatory the annual filing with the SEC by each broker and dealer of a statement of his financial condition is anathema. We read the releases of the Commission listing the securities firms against which it institutes proceedings for failure to comply with this rule, and the orders cancelling registration. It makes us sad.

We view honor, uprightness, decency and fair dealing as independent traits of character bearing no particular relation to one's bank balance and hence we have repeatedly opposed editorially the existing requirement for the filing of financial reports by brokers or dealers. What justifiable interest can the public possibly have in probing the finances of those brokers and dealers who buy and sell securities for and to them whether those securities be blue chips, speculative or in any area of the in-between-range?

Why must the broker and the dealer in securities bare his financial breast any more than does the motor car dealer, the clothier or the pushcart peddler?

Is integrity a matter of dollars and cents only, and is it true that he who has the most money has the most honor?

Knowing our firm opposition to the existing requirement, it is completely consistent with our policy to oppose this latest brain storm of the SEC.

Now it is apparently projected that ultimately this administrative body will sit in judgment as a high mogul and determine the quantum of assets which entitles one to become a dealer or a broker.

Should this be realized we will truly have come to a sorry state of affairs.

We regard the unimpeded right to enter into a business as crucial and fundamental.

We envisage a young securities salesman, upright, of sterling character, who has made many friends and has many satisfied customers. The time has come, he figures, to go out on his own as a principal and become a registered dealer-broker.

Heretofore all he had to do was file his application which, in the absence of any wrong doing on his part, would become self operating after 30 days.

Now if the SEC proposal becomes operative, he will have to add a financial report. It must be clear that the purpose of this can lead only to an ultimate minimum capital requirement.

We feel that if the young man has a home or an office and a telephone that should be enough.

Opportunity should be free, and ready, and as open to him as it has been to his predecessors.

The Commission tells us that if this rule is adopted the financial information besides being available to the Commission will also be at the disposal of any member of the public who wishes to avail himself of it.

One can imagine that the boast will be of comparative bank balances rather than of fair and equitable principles of trade. It will be like kids boasting "my father is bigger than your father," thus my assets are greater than yours.

And since when should that interest me if I am buying ten shares of stock of the X Y Z Co.?

In this instance the whole SEC outlook appears to be contra to that stirring American tradition which has given rise to the Horatio Alger legend. We in this country, in our time, have lived to see poor men of honor and enterprise help to make this country great and themselves wealthy.

We place our trust in men not in pocket books.

The lot of the securities dealer and broker is indeed a dismaying one. Caught in the cross fire between the Securities and Exchange Commission and the National Association of Securities Dealers, he finds himself the victim of a competitive system of gradual annihilation. He is being reduced at an alarming rate.

Sometimes he believes that one is a less malignant oppressor than the other. This is all delusion. Both are of the same warp as a study of their statutory basis will make abundantly clear.

As was true when the SEC sought to tax the securities industry using an appropriations bill as a pretense, an aroused public opinion occasionally thwarts the diabolical cleverness with which the Commission subjugates its charges.

As we have repeatedly demonstrated, this does not happen often enough because fear of reprisals silences the tongues of the oppressed.

We do not mean to enlarge in detail at this time upon the arduous burdens attendant upon being a dealer or broker in the securities business. Those who have followed our editorials know how we have flayed the snooping inquisitorial system which insisted on examination of broker-dealer books and records in the absence of any complaint.

We have inveighed against the countless evils, products of these regulatory bodies saddled upon dealers and brokers, among the worst of which is that devilish trial system wherein the SEC and the NASD act in all the capacities of investigator, prosecutor, judge and jury.

We have pointed out the irretrievable damage done by the SEC, through its rule making power which it has frequently used to legislate, thus usurping a Congressional function which may not be delegated.

The list is interminable!

Now comes the SEC and seeks to place a barrier against the very entrance into this woe ridden business. Proposed registrants, it says, must file financial statements as part of their applications.

We are against it. We are against it as we are against all SEC rules by which it seeks to extend its powers. We are against it because we believe it in no way serves the public interest but tends only to add additional useless functions to the Commission's activities which it will use as an added excuse for wasting public money.

These never ending useless and burdensome proposals of the SEC would seem to indicate that it is overstaffed and is in constant search of doodling activities to keep it occupied.

We are against it because the bank roll is not necessarily an index to character and because we feel that administrative agencies are not warranted in placing road blocks in the way of a man's reaching his chosen business or profession.

As we see it, intelligent finance will be quick to recognize that neither our country nor the cause of capitalism is well served by laws, or rules tantamount to laws, that favor the rich and work to the detriment of those that are not so blessed.

Opposition to the existence of the SEC keeps mounting steadily. It will indeed be a great day in the morning when the Commission ceases to exist.

The 1953 Crop Outlook

By ROGER W. BABSON

Forecasting another bumper wheat crop and large production of other farm staples, Mr. Babson, in commenting on future prices, finds large production, dwindling exports, and mounting surpluses puts farm prices under pressure with no likelihood, however, of a collapse.

Although it is too early in the season for me to make a comprehensive forecast of the 1953 crop prospects, there are a few highlights that may be of interest. But, first, I can say that as of June 1 the outlook for most of the country was fairly good.

Roger W. Babson

Wheat crops of a billion bushels or more have been commonplace in this country during recent years. The 1953 crop should be no exception to the rule, notwithstanding the very poor outlook in certain dry sections. Things would look brighter for the wheat farmer if the total crop were smaller, since storage space at the peak of the harvesting season will be at a premium. This will make it difficult, if not impossible, for some farmers to avail themselves of the government loan. Supplies of old-crop wheat are also heavy. This all adds up to burdensome total supplies for the 1953-1954 season, and may well presage some form of government control on 1954 production.

I expect another relatively small rye crop this year, perhaps moderately larger than the 1952 outturn of 15,910,000 bushels, but well below the 10-year average of 25,837,000 bushels. However, it should suffice, since imports from Canada probably will take up any slack. Despite floods and other setbacks in the southern rice area, another big crop is on the way, and will be needed to meet a good prospective domestic and export demand.

Good Corn and Soybean Crops—If

Last spring, farmers indicated that they intended to plant almost as much acreage to corn this year as in 1952, when the final outturn amounted to 3,307,000,000 bushels—the second largest corn crop on record. Although excessive rainfall and cool weather delayed plantings in a number of important areas, the setback has been largely made up. Given favorable growing weather and no widespread frost damage later on, we should have another big corn crop this year. This should be good news to hog raisers, since it should help to maintain a profitable corn-hog ratio.

In the case of soybeans, I have very little as yet on which to base a reliable forecast. However, private reports reaching me indicate that planted acreage this year did not differ very much from that in 1952, and that the crop is developing well. Last year's production amounted to 291,682,000 bushels — the second largest on record. Both soybeans and corn are marketed more or less heavily in the fall. For lack of storage place at that time, I expect downward pressure on prices of corn and soybeans.

Cotton Prospects

At this early stage, I would not hazard a forecast as to the probable size of the 1953 U. S. cotton crop. Plantings were badly delayed in some sections by inclement weather, but my guess is that cotton farmers finally got in a fairly large acreage, nevertheless. The price support program alone offered them a good inducement to plant rather generously. I should not be at all surprised if this year's crop turned out to be well above average, barring severe weevil or other damage. Following a big carryover, another large crop would necessitate more price support.

Flaxseed is another oilseed crop. The odds are that a fairly large crop is in the offing, since farmers last spring expected to increase acreage 20%. I am inclined to doubt, however, that the final outturn will come up to the 10-year average of $38,056,000 bushels. Large carryover stocks are in government hands, chiefly in the form of linseed oil.

What About Future Prices?

Prices of farm products have been declining for more than two years. In fact, they are down 12.8% from January, 1951, but still are 3.6% above June, 1950—the month in which the Korean War began. This drop occurred despite government price props. Continued large production, dwindling exports and mounting surpluses are a combination hard to beat. Thus again is the old Law of Supply and Demand confirmed. Farm prices, in general, will be under pressure this summer and fall, but I don't expect them to collapse. Farmers should still be able to buy all that they need, although perhaps less than they want, may prove salutary in the long run.

F. I. du Pont Admits

Francis I. du Pont & Co., 1 Wall Street, New York City, members of the New York Stock Exchange, admitted Abram Hewitt to limited partnership on June 11.

Market Outlook and Selected Securities

Growth Stocks for Varied Purposes

"Uncertainty as to the ultimate effects of possible important changes in the international situation and in the domestic economy has been basically responsible for the decline in the market over the past three months," says the Investment Research Department of E. F. Hutton & Co., members of the New York Stock Exchange. Continuing, the firm observes: "Investors quickly tend to caution when confronted with bond and commodity market weakness, armistice possibilities, and the fear of a consequent reduction in the general level of business activity. Actually, financial and economic statistics and indices show that business activity has been holding up well and a realistic view of possible cut-back in defense activities suggests that the net result of any let-downs from this source should not be of major significance.

"Under these conditions, then, it seems to us that investors would do well at this time to consider the longer range aspects of our economy. We continue to have a dynamic and expanding economy. Population projections alone indicate the likelihood of a material increase in industrial capacity and in the volume of business activity over the next 10 to 20 years. New and improved methods and industrial techniques may be expected to raise the standard of living still further. Gross volume and net earnings of well situated corporations should grow with this expansion and eventually market prices for their shares should reflect this improvement, particularly if, as now seems indicated, political considerations make for a more favorable environment for the free enterprise system. With stock prices now generally considerably lower than three months ago, the time seems appropriate to look once more at those shares which should best afford participation in future growth.

"Different investors have different objectives — capital gains, liberal income, investment grade, medium grade, speculative grade, varying combinations of all—, but realistic investing means buying into those situations which can be expected to grow either because of their own dynamic outlook or because they will participate in the growth of the economy. These situations can be of different kinds and are suitable for different purposes."

Six selected lists of growth issues covering the range from best investment grade to distinctly speculative and from very little or no yield to high yield, prepared by the Hutton firm, follows:

	‡Approx. Market	–Indicated– *Div.	Yield %
Strong Growth Outlook with Relatively Low Yields			
Aluminium, Ltd.	44	$2.00	4.55
Amerada Petroleum	159	3.00	2.89
Dow Chemical	34	†1.00	2.94
du Pont	93	3.55	3.81
General Electric	69	3.00	4.35
Intl. Business Machine	230	†4.00	1.74
Merck & Co.	19	0.80	4.21
Minn. Mining & Mfg.	43	1.00	2.33
Monsanto Chemical	82	2.50	3.05
Owens Corning Fiberglas	39	0.60	1.53
Good Long Term Growth and Reasonable Return			
American Cyanamid	44	$2.00	4.55
Continental Oil	54	2.50	4.63
International Nickel	40	2.60	6.50
International Paper	48	3.00	6.25
Johns Manville	60	4.25	7.08
Northern Natural Gas	36	1.80	5.00
Ohio Oil	50	3.00	6.00
Standard Oil (N. J)	69	4.25	6.16
Union Carbide & Carbon	63	2.50	3.97
Westinghouse Electric	42	2.00	4.76
Stability with Gradual Growth			
American Tobacco	70	$4.00	5.71
Continental Can	50	2.40	4.80
Federated Dept. Stores	43	2.50	5.81
General Foods	53	2.65	5.00
Long Island Lighting	16	[illegible]	5.62
Murphy, G. C.	47	2.00	[illegible]
National City Bank	47	2.00	4.26
National Dairy Products	57	3.00	[illegible]
Philadelphia Electric	23	1.50	[illegible]
United Gas	25	1.25	[illegible]
Cyclical Issues With Basic Growth Trend			
Amer. Smelt. & Refining	32	$3.00	9.38
Bendix Aviation	57	3.75	6.53
General Motors	59	4.00	6.78
Goodrich, B. F.	63	3.00	4.76
Minn. Honeywell	58	2.25	3.88
National Lead	31	1.60	5.16
Northern Pacific Rwy.	67	3.00	4.48
Philco Corp.	29	1.60	5.51
Radio Corp. of America	23	1.00	4.35
Thompson Products	51	2.00	3.92
Medium Quality with Growth Prospects			
Amer. Machine & Fdry.	22	$1.00	4.55
Food Mach. & Chemical	35	2.00	5.71
Fruehauf Trailer	24	2.00	8.33
General Dynamics	33	3.00	9.09
Houston Oil	69	2.25	3.26
Lion Oil	33	2.00	6.06
La. Land & Exploration	44	2.50	5.63
North American Aviation	17	1.25	7.35
Remington Rand	15	1.00	6.67
United Carbon	49	2.50	[illegible]
Special Speculative Situations in New Developments			
Amer. Res. & Developmt.	20	---	---
Beckman Instruments	13½	---	---
Beryllium Corp.	28	---	---
Consolidated Engineering	13	$0.40	3.08
Filtrol Corp.	14	0.80	5.71
Foote Mineral Co.	34	---	---
Piasecki Helicopter	17	---	---
Schering Corp.	12	0.50	4.17
Servomechanisms, Inc.	6½	0.40	6.15
Tracerlab, Inc.	10½	---	---

†Plus stock. ‡As of June 15, 1953. *Represents E. F. Hutton's estimate of the probable annual dividend rate.

NOTE—These lists do not purport to be all-inclusive; rather, they are representative of what is currently available in the listed markets.

Business Man's Bookshelf

British Exports and Exchange Restrictions Abroad—Swiss Bank Corporation, London, E. C. 2, England—Paper.

Introduction to Statistical Methods—Palmer O. Johnson and Robert W. B. Jackson—Prentice-Hall, Inc., 70 Fifth Avenue, New York 11, N. Y.—Cloth—$6.65.

Legal Secretary's Complete Handbook, The—Besse May Miller—Prentice-Hall, Inc., 70 Fifth Avenue, New York 11, N. Y.—Cloth—$7.50.

Regulations Relating to Foreign Funds Control in the United States: 9th Supplement—Bank for International Settlements, Basle, Switzerland—paper—Sw. francs 4 (the main work together with the nine supplements published to date is Sw. francs 30).

Secrets of Professional Stock Selection — Technical treatise on stock selection—W. D. Gann Research, Inc., Dept. C-144, Box 656 Scarsdale, N. Y.—$10.

Ralph H. Demmler Is New SEC Chairman

President names him to succeed Donald C. Cook, who resigned both as chairman and member of the Commission.

Ralph H. Demmler on June 17 assumed the duties as a member of the Securities and Exchange Commission, succeeding J. Howard Rossbach for the balance of a term expiring June 5, 1957. Immediately thereafter, the White House announced that President Eisenhower has designated Mr. Demmler as Chairman of the Commission, succeeding Donald C. Cook whose resignation as Chairman and as a member of the Commission became effective with the swearing in of Mr. Demmler.

A native of Pittsburgh, Pa., Chairman Demmler has been engaged in the practice of law in that city since his admission to the Bar in 1928. For the past ten years he has been associated with the firm of Reed, Smith, Shaw & McClay, of which he has been a partner since 1948. He specialized in corporate and banking law, participated actively in legal matters relating to Gateway Center Development in Pittsburgh being carried on by the Urban Redevelopment Authority of Pittsburgh and The Equitable Life Assurance Society of the United States. Previously, he had been a Trust Officer of Commonwealth Trust Co. of Pittsburgh (1941-43) and a partner of Hirsch, Shumaker, Demmler & Bash (1938-41), prior to which he was associated with the firm of Watson & Freeman (1930-38) and with C. E. Theobald, Esq. (1928-30), with part time service as faculty fellow at the University of Pittsburgh Law School.

Chairman Demmler is admitted to practice before the Supreme and Superior Courts of Pennsylvania and all Courts in Allegheny County, Pa.; the United States District Court for the Western District of Pennsylvania; the Court of Appeals for the Third Circuit; the United States Court of Claims; and the Supreme Court of the United States. He is also a member of the Allegheny County Bar Association (Chairman, Committee on Legal Education); the Pennsylvania Bar Association (member of Committee on Banking Law); the American Bar Association and American Law Institute.

Following graduation from the Pittsburgh Public Schools, Mr. Demmler obtained his AB from Allegheny College in Meadville, Pa., in 1925 and his LLB from the Law School of the University of Pittsburgh in 1928. He is a member of the following fraternities: Phi Gamma Delta (social); Delta Theta Phi (professional legal); and Phi Beta Kappa and Order of Coif (honorary). Born on Aug. 22, 1904, Mr. Demmler is married to Catherin Hollinger of Pittsburgh; and they have one son, John H. Demmler, a senior at Princeton. He has been active in school and other civic affairs in Allegheny County, Pa.

W. E. Burnet Admits Jansen as Partner

W. E. Burnet & Co., 11 Wall St., members of the New York Stock Exchange, on July 1 will admit Arthur Jansen to partnership in the firm. Mr. Jansen is retiring from partnership in J. R. Williston, Bruce & Co. on June 30.

S. G. Bragg Co. Formed

BOISE, Idaho—Searles G. Bragg is engaging in the securities business from offices at 722 Franklin Street under the firm name of S. G. Bragg & Co.

New Cruttenden Branch

MILWAUKEE, Wis.—Cruttenden & Co. has opend a branch office in the First Wisconsin National Bank Building, with Ewald U. Klumb as manager.

A. M. Kidder Adds

(Special to THE FINANCIAL CHRONICLE)

DETROIT, Mich. — Aubrey L. Oppenheim is now affiliated with A. M. Kidder & Co., 600 Griswold Street.

From Washington Ahead of the News

By CARLISLE BARGERON

When, early in the Eisenhower Administration, former Congressman Albert Cole of Kansas, was named to be the head of the Housing and Home Finance Agency, the daddy of the government's public housing agencies, particularly its slum clearance and redevelopment activities, there was an awful hue and cry from the leftists, liberals, New Dealers and the like, that he was wholly out of sympathy with the National Housing Act, had voted against it, had inveighed against it. Mr. Cole, a very able man, had had a very unusual experience in politics. He had worked hard as a member of Congress to get a dam for his constituents and fully expected them to be grateful. Instead, some of his constituents whose land had to be destroyed to make way for the dam went on the warpath. A group of wives adopted the slogan, "Damn the dam and damn Congressman Cole." The result was that with Eisenhower and the Republicans sweeping the normally Republican State of Kansas, Mr. Cole, a Republican, was defeated. So he swallowed his opposition to the housing act and swore before the Senate committee considering his nomination to be housing head that he would faithfully comply with the spirit of the Act in spite of his previous scruples against it.

Carlisle Bargeron

Just what the spirit of the Act is I would not attempt to say, but a shining example has just come up from Birmingham, Ala., as to what is taking place under it. Under the slum clearance and redevelopment provisions there is the old and enticing invitation for communities to come in and get a Federal handout by conforming to certain prescribed conditions, mainly the creation of local development agencies and changes in local condemnation laws where necessary.

Well, it seems that down in Birmingham, the University of Alabama expressed a need for four additional blocks for its medical center. This fired the imagination of the local housing authorities and they developed a plan of condemning 12½ blocks in what they themselves describe as "one of the most desirable locations in Birmingham." They are to give an additional block to the Medical Center for recreational purposes and with the remainder they plan to go into the real estate business, selling some of the property to real estate operators for the building of modern residences and the rest for the purpose of erecting stores and other commercial establishments. The property to be condemned, according to my understanding, can under no stretch of the imagination come within the Housing Act classification of property "predominantly in a deteriorating area." Instead, it is very up and coming residential property and the Birmingham housing authorities themselves say gleefully that the gross rental from it now "runs well over $200,000 a year."

Presumably, although it has by no means been made clear to me, the rentals on the new housing will be controlled, will be the so-called "low cost" rentals and the profit of the real estate men will be controlled but they will nevertheless make money from the property of others which the government has condemned. Certainly, however, there will be no control over the stores and other commercial establishments to be built. Indeed, a selling point to these enterprises will be that they will have three other residential areas to draw upon. There won't be "low cost" or regulated merchandising on the part of these tradesmen.

If Birmingham were an isolated example of the operations of the New Deal conceived slum clearance monstrosity there would probably be nothing to get wrought up about. But from the beginning it has been loaded down with political favoritism, with fenagling between politicians and real estate interests, with outright graft. Thousands of people are today living in the low-cost developments who have incomes ample to pay regular rentals. Unless there has been a tremendous improvement in the Act's administration very few slums have been eradicated. Local officials have been prone to keep the slums and use the Federal subsidized housing to relieve housing shortages.

The Birmingham case does, however, present a new angle and it is one of a man with his savings invested in property with the expectation that it will enhance in value. When it has done that a group of politicians come along and take it through condemnation. The owner is not permitted to dispose of it in the free market. The government's right of eminent domain has long been recognized, of course, but it has applied to property which the government needed for the exercise of its functions. To exercise it for the benefit of favored real estate interests or for a chosen few of the population is something else.

The New Dealers are still apprehensive that Mr. Cole's appointment was the Republicans' way of letting the slum clearance act die a slow death. I am afraid this is too much to hope for, but he may, at least, put some sense into its administration.

George K. Weeks

George K. Weeks, senior partner of Baker, Weeks & Co., New York City, passed away June 18 of a heart attack. Mr. Weeks, who was 75 years old had been in the investment business since 1900.

Wyoming, Inc. Formed

BOSTON, Mass. — Wyoming, Inc. has been formed with offices at 18 Tremont Street to conduct a securities business. Officers are B. R. Levenson, President, and A. Levenson, Treasurer.

Now J. R. Mueller & Co.

NEWARK, N. J. — Joseph R. Mueller is now doing business as J. R. Mueller & Co. with offices at 24 Commerce Street. Mr. Mueller who was formerly a partner in Mueller & Currier will act as participating distributor and dealer in New Jersey municipal, railroad, public utility and industrial securities and bank and insurance stocks.

John A. DeLong Opens

ROCKVILLE CENTRE, N. Y.— John A. De Long is engaging in the securities business from offices at 312 North Village Avenue.

Joseph J. Becker Opens

NEWARK, N. J. — Joseph J. Becker is engaging in a securities business from offices at 24 Commerce Street.

Prairie Petroleum View From the $2 Window

By IRA U. COBLEIGH

Author of "Winning in Wall Street"

Outlining some criteria for selecting equities of exploratory Canadian oil companies and highlighting their hazardous nature.

Since the strike at Leduc in 1947, romanticists have been heralding West Canada as a second Texas; and referring in glowing terms to the aureate future in store for fortunate investors in this picturesque and, presumably, petroleum laden, section of the Canadian Rockies. And in the past six years, much substance has been given to the original prophecies. Actual oil production, up 400%, is now probably around 185,000 barrels a day (against daily Dominion requirements of over 500,000 bbls.) and drilling at the rate of over 2,000 wells a year, financed by a $250 million per annum exploratory budget, indicates further oil expansion for 1953.

Ira U. Cobleigh

Eager Americans, especially in 1951 and early 1952, lodged hundreds of millions of venturesome dollars in leasing and drilling enterprises and for a spell, almost any company boasting an expanse of leased land in Alberta, plus a few wells, had a lively bullish following on the Toronto market. Came the end of 1952, and there were thousands of wistful and somewhat saddened shareholders, who had painfully watched the price erosion of their prospecting favorites—in some cases, 50% and more. Because of this, and because of the delay in Provincial approval of major gas export, discouragement set in. A reappraisal at this time may therefore not seem amiss.

Basic Investment Criteria

First off, let it be stated that this piece is dedicated not to investors, nor even speculators, but to rugged adventurers frankly and openly willing to take great risks in the hope of unusual gains. In a field notorious for hazard, however, some basic rules of thumb have slowly emerged. These in no sense insulate the avid shareholder against loss; but they do afford him a more solid background for some expectation of ultimate profit. These rules or criteria for picking out, from a couple of hundred companies, those more likely to survive and succeed, are briefly as follows:

(1) The enterprise must have adequate capital. The greatest single cause of failure of new businesses in any line, is that they run out of dough; (2) the company must have good technical management. Somebody in the shop must be a competent oilman; it is not enough that top brass be retired delicatessen proprietors or "boiler-room" pitchmen from Bay Street; (3) the company must have a spread of leases or land holdings in petroleum-prone geophysical terrain. Some companies list tens of thousands of leased and checkerboarded acres, useful only in the event that moose learn to play checkers!

Of the three requirements set down above, the first two are basic in almost any industry; the last applies specifically to petroleum. And it's perfectly amazing how many millions of dollars gullible buyers have plunked down on exploration oils with utter disregard for any or all of these rudiments.

Issues in the $2 Zone

Our stint for today, therefore, will be to winnow from outstanding issues, examples of shares which meet, with some adequacy, our minimum standards. The companies touched upon may or may not prosper; and merely because they appear to offer certain defenses necessary for survival, it is not to be inferred that they are in any way either recommended or rejected. Further, you should get a lot more information than the few facts given here, before you attempt to reach intelligent value judgments about any issue.

With the rather complete disclaimer just offered, let us see what sort of sample stocks we can find selling at around $2 (just about the most popular price zone for hazardous equities). My first listing is National Petroleum Corp.

National Petroleum Corporation

On March 18, 1953, there was held in Calgary the seventeenth annual general meeting of shareholders in National Pete, a fact mentioned only to show that this independent has been around for quite a bit and did some prospecting and leasing quite a bit ahead of the crowd. The balance sheet offered with the annual report (Nov. 30, 1952) showed cash of $255,651.32 and accounts receivable of $312,941.54 which, with inventories and prepaid expense, carried current assets to $756,671.81 against all liabilities of only $46,950.60. It is the strongest balance sheet in company's history. That would seem to take care of Point I here. In addition, National owns 1,564,570 shares of Northland Oils Limited, standing on the balance sheet at $236,109 and with an indicated current market value of over three times that; plus $190,000 (book cost) in shares of Imperial Oil, and Trans Mountain Pipe Line.

About management, the President is S. Myron Zandmer, a Stanford educated oil geologist, who has spent most of the last 20 years in the West Canada country, and gained a considerable success and repute in the location of oil. Also an officer of the company is Eugene L. Davis, sometime oil geologist for the U. S. Navy Alaskan oil project, in World War II.

About land, the most important holdings are 148,000 acres in the Del-Bonita-Blood Indian area extending for about 50 miles Northwest from the Alberta-Montana border, plus extensive acreage in the Turner field and the Leduc and Princess areas. And of course Northland has some 100,000 acres of holdings in the development of which National will share.

Actually while National has a number of producing wells, sale of oil and gas products, plus income from jointly owned wells, was only about $100 thousand for the last fiscal year. This is because the company has a definite policy of developing its lands by farmout, rather than its own drillings.

3,848,872 shares of National Petroleum are listed in Toronto, and on the American Stock Exchange. The all-time high was $4.40 and current quotation about $2.

Canadian Pipe Line, Ltd.

My second illustration is Canadian Pipe Line Producers, Ltd. Here the year-end 1952 balance sheet showed current assets of $602,605 against current liabilities of $140,696; but by sale of 200,000 additional shares Jan. 19, 1953, I understand over $300 thousand of new cash was added.

There was an important change in Canadian Pipelines on May 9, which deserves special note when we talk about the management factor. Charles F. Schock, President, was formerly Stanolind Division Manager for Western Canada; Leonard Farmer, Secretary, was formerly Land Manager for Pacific Petroleums, Ltd., E. George Meschi, Treasurer, was formerly Treasurer of a large New York construction firm. All these serve as directors on a board which also includes the partners of three distinguished New York security firms, and a director of Pacific Petroleums.

About land holdings, Canadian Pipelines has an interest in 2,734,882 gross acres and a net interest in 535,104 acres mostly in Alberta and British Columbia; plus an interest in 870,000 acres in Northwest Territory. Principal among these holdings is a 30% interest in the Sunrise Gas Field which is ideally situated to provide gas for the projected Westcoast Transmission Pipeline. Some wells are in actual production now, but the attraction here is importantly the gas potential in British Columbia, and high gravity oil in the Chauvin area of Alberta. As a "land play" the ground coverage is quite large for each of the 2,785,004 shares outstanding, listed Toronto and Montreal, and now quoted around $1.95.

Triad Oil Co. Ltd.

Triad Oil Co. Ltd. in its balance sheet of Nov. 30, 1952, listed current assets of $2,602,926 against current liabilities of $264,000. There is, however, a $3 million issue of convertible 4½% debentures due 1967. Total assets stood above $14.7 million.

E. H. Tanner, President, is a well respected oil executive of long experience, and E. H. Vallat, General Manager, appointed Sept. 1, 1952, has a grasp of effective operation well revealed in his report of Jan. 9, 1953.

Triad has gross acreage of 336,439, 31 gross producing wells and a net income from production (1952 fiscal year) of $797,922. These people seem to be going after the oil and putting it on the earnings statement. Since November of last year, eight exploratory wells were started and some optimism prevails about Triad's ¼ interest in 83,767 acres in the Williston Basin. Acquisition of additional acreage where conditions favor it, is a company policy. Triad is listed in Toronto and has been selling around $2.50.

Security Freehold, Ltd.

Security Freehold Petroleums, Ltd. is an interesting little company. Perhaps the best way to describe it is to quote the last paragraph of the President's remarks in the annual report (fiscal year 6/30/52):

"Although your company has not developed any new production during the past year, its general condition is healthy. The company has $1,000,000.00 of working capital, and is gradually improving its acreage position in the Prairie Provinces, and, within its means, is joining others in exploration work. Much of the sedimentary area of Western Canada and the adjoining states of Montana and North Dakota is continually increasing as a potential source of major oil and gas reserves. Many of the company's holdings are advantageously located within this area in Western Canada, and it is able to benefit from the work of other companies, as well as its own. It is reasonable to expect that it will only be a matter of time until certain of the company's properties will be found to be of substantial value."

The board of directors presided over by E. A. Nanton (also President of Calgary & Edmonton) is an excellent cross-section of men in law, finance and petroleum in Canada. About the land, total acreage is 274,339, but a unique feature is that Security has outright ownership (not lease) of these mineral rights of 95,339 acres in Alberta, 95,000 acres in Saskatchewan and 84,000 in Manitoba.

There are 1,900,000 shares of Security Freehold listed in Toronto and now selling around $1.90. This actually works out to about 8 acres of land for each $100 of market value—a quite unusual ratio.

Some Other Companies

With the recently announced higher U. S. crude oil prices, (which Canadian companies may follow) and considerable optimism about ultimate large scale Canadian gas export, plus the building of additional Dominion pipelines, East and West, a new speculative impetus is in the offing. For those who find the lure appealing, the foregoing may serve as some slight guide. But just because the shares mentioned happen to sell around $2, is no indication that that is the ideal purchase price, or that other equities may not have far more merit. Among other independents, kind words might be said about Del Rio, Husky, Calvan, Calgary & Edmonton, Home, Scurry, Dome Exploration, Royalite, Canadian Superior; and moving up you have the bigger boys, McCall Frontenac, British American and Imperial—not to mention the U. S. leaders like Gulf, Texas and Continental with a big stake in Canada. As for the smaller ones we've discussed, no one can predict earnings, and dividends are miles away; but there's always the remote possibility that with a boatload of luck you may pick another Skelly, or a baby Amerada! That's one of the views you may see from the $2 window!

New York Stock Exchange Weekly Firm Changes

The New York Stock Exchange has announced the following firm changes: Houghton Bulkeley retires from partnership in Cooley & Company, Hartford, June 30. Reed P. Anthony will withdraw from partnership in Tucker, Anthony & Co., June 30.

Signs for a Better Stock Market

By S. B. LURIE
Statistical Department
Paine, Webber, Jackson & Curtis
Members, New York Stock Exchange

Mr. Lurie asserts, from evidence "coming across his desk," "the economy is not falling apart at the seams." Holds, however, a testing period for business is ahead, and, though there have been no speculative excessives in the stock market, this cannot be said for some segments of the economy. Points out higher bond yields have put pressure on stock market, and concludes, though it is "no time to bet the bank roll" in the market, it is a good time when "it is wise to be an aggressive, intermediate term buyer."

Those who play the stock market by ear say it's not possible to get a bullish tune—that there are too many uncertainties, and uncertainty frightens capital. It's probably timely, therefore, to do a little soul searching, so to speak, in an effort to determine whether a non-pessimistic market outlook has a chance of being vindicated by coming events. Let's start our thinking out loud by recognizing a *fait accompli:* The Dow Theory has signalled a bear market. Apart from the point that such a signal—at this juncture—is a little like the pot calling the kettle black, I'm inclined to disregard it at the present time. Why? Because I think we can draw comfort from signs of a change for the better in the factors which contributed to the present situation. In other words, the evidence coming across my desk suggests that the economy it not falling apart at the seams — even though it may be wearing thin at the edges. Note the following—and one must agree that the least one can say is that the "shock" element is disappearing:

Sidney B. Lurie

(1) Our experts hold that the decline in commodity prices—which is news only in recent intensity, for it really started two years ago — is very close to a bottom. Apart from the thought that today's front page weakness has all the earmarks of a selling climax, the drop in farm purchasing power raises a practical political question: Will the Administration now attempt to combat agriculture's disaffection?

(2) The major impact of the Administration's harder money policy seems to be over-running itself — and the Treasury shows signs of reversing the field. While Washington seems to represent a rarified atmosphere, don't overlook the fact that this is a financially sophisticated Administration. Their errors will be of judgment rather than naivette.

(3) The Mills Plan which results in 80% of corporate income taxes for 1952 being paid by June 15th, now has exerted its deflationary impact in full. This little-known law has pinched many a corporate treasury in the past six months. From here out, however, corporate credit demands will lessen—and the Treasury will be "in the red" for the remainder of the year.

(4) While it's been a foregone conclusion for sometime that the business merry-go-round has been slowing down, I don't see it collapsing right now. Yet, the market has been a masochist and assumed the worst—which means there's room for a rally given anything better than expected.

(5) Changes in psychology always persist beyond a change in the market's direction or the fundamentals; the speculative defeatism today is as unreasonable as the blind optimism of the past winter. Short-memoried Wall Street has forgotten that extremes are the exception, not the rule.

The Trend in Next Half Year

This to me is the logic of the present situation — the factors I think can turn the trend upward from around these levels. But even if my premise is correct, it doesn't answer what I think is the $64 question: the trend during the fall and winter months. This is a more important unknown than the possibility that history will repeat itself in some degree with a traditional summer advance. Why raise the issue? Because it has a bearing on the extent of any rally which comes our way. We're a mercurial people—and the probability that a new chapter of market forces has been opened highlights today's widely held argument that investment and speculative psychology have received a body blow.

Mind you, I'm not agreeing or disagreeing—nor am I talking bull or bear market. This phraseology implies that the sky or the cellar is the limit—and my imagination hasn't stretched that far for a long time. Besides, isn't it a little ridiculous to talk about a coming bear market to the holders of drug, chemical, farm equipment, whiskey, coal, textile or oil stocks? They've already had it! To get back on the track, the question I'm posing is this: Do we face a continued Neuter Gender era—one of baby bull, and baby bear, markets within a broad trading range? Or, will we later enter a deflationary era in which hope will be short lived?

The best way I know to try and find the answer is to get down to bedrock and then build the case on a firm foundation. In this connection, I have little sympathy with the arguments of anguished optimists who ask: What about Washington? What about inflation? What about the relative cheapness of stocks? While I'd be the first to say low price-earnings ratios are a factor of strength—particularly at this level—I have an ingrained suspicion of all Maginot Line thinking. To illustrate the point, while I've long maintained that we are in an era of managed economy—be it under a Republican or Democratic label—I've also held that the managers will be subject to all the human frailties. There are no supermen—which means that Washington more often than not will be too little and too late. Secondly, for the past two years it's seemed to me that inflation was a "dead duck" insofar as the stock market was concerned. I doubt this condition will change even if we continue to have an unbalanced budget. The 1930's are proof of the fact that monetary inflation can be off-set by surpluses of labor, commodities and productive capacity.

No Speculative Excesses

When the history of this era is written, I think the Lorelei song will be the argument that the lack of speculative excesses — the fact that we haven't seen unbridled speculation in second and third grade stocks—means a major bull market remains in force. In my book, the speculative excesses have been in sections of the economy other than the stock market. Why expect another wave of uninformed buying when the financial community has spent a fortune educating the public?

Chances are, at this point the reader's subconscious mind is saying, "If we can't rely on these old standbys, what else is there?" My answer is plenty—plenty! A year ago, when I spread the bullish gospel up and down the Pacific Coast, I pointed out that normalcy doesnt mean sellers' markets, waiting lists, heavy backlogs. Even in the boom 1920's, idle capacity was common—and all industries didn't prosper at the same time. Why fear normalcy any more today? Why all the furore about the return of competition—the fact that the consumer once again is king? Equally if not more important, the very same factors which have led me to term this a "New Era" could mean that the economy has some built-in shock absorbers. Specifically, the redistribution of national income—the rising standard of living—the still-growing population—the new industries still being developed—spell a more dynamic economy than anything we have ever known. And a dynamic economy has natural resiliency.

But, and it's a big "but," I don't think we can have any preconceived ideas of how our new "Floating Power" — knee-action wheels—will cushion the rocky road to come. As a case in point, will the trend to bigger families and the migration to the suburbs offset the decline in family formations and keep the building industry at a high level? Will the obsolescence created by new processes, and cost-cutting necessary in this competitive era, cushion the decline in industry's plant expansion—take the place of the urge for additional capacity? Any one can draw up a similar list of pros and cons for other industries—other segments of the economy. They all add up to one thought: a testing period for business is ahead—a test of the arguments the bulls and the bears have discussed for the past few years.

Higher Bond Yields Means Pressure on Stock Market

There's a testing period ahead on other fronts, too. For example, the bulls argue that stocks still are cheaper than bonds on a yield basis, whereas the bear case—and thus far it's been right—is that the rise in senior security yields spells pressure on stock prices. From where I sit, one thing is obvious; something new has been added to the market place. For the first time in a great many years, senior securities are competing with common stocks for professional funds. And this points to a ceiling to any advance. In like vein of thought, the optimists claim that we haven't yet witnessed a full expression of confidence in the new concept of morality and fiscal soundness being established by the Eisenhower Administration. The pessimists contend, however, that the problems inherited by the Republicans are of such magnitude that the honeymoon is permanently over. As one who distrusted last winter's confidence boomlet, I think today's hangover points to an obvious conclusion: The Administration has lost its open line of credit with sophisticated money. And this, too, means a ceiling to the stock market.

All of which leads me to ask this question: Remember the period from the fall of 1946 to the fall of 1949—when the industrial average fluctuated between roughly 160 and 195? That was a testing period, too—a test of the classic concept that a post-war depression must follow a wartime boom. If I'm right that we again face a testing period—I can visualize a somewhat similar pattern wherein the averages "do nothing" within a broad range. If you want to pick round numbers, I suggest with some timidity that we might spend the next twelve months between roughly 250 and 300 in the Dow Industrial average. More important than the exact limits, I strongly suspect 1947-49 history will repeat itself via vicious selectivity. That era gave rise to my phrase "private bull market" and "private bear market." There are sound reasons why the same thing may happen again—which suggests this is the time to concentrate, not over-diversify.

To anticipate a question, it's too early to guesstimate whether history will repeat itself via an eventual upside break-out from the coming trading range. A broad plateau is the best we can logically anticipate—not the worst: it presupposes that most of today's fears will be groundless. Furthermore, the 1950-53 advance stemmed from a period of gross undervaluation which permitted stock prices to rise in the face of lower earnings. There was a lot of catching up to do—a condition which hasn't existed this year. Up to recently, the market has been in touch with realities.

If you've watched TV, you know the stars try to leave the audience with a smile—or a rousing song. I'll try to build up my Hooper rating with the observation that I see a better speculative environment in the making. For one thing, by the end of this year speculative and investment psychology will have adjusted itself to the new concepts of a testing period. Secondly, tax reduction and tax revision are probabilities in 1954; and their implications can be far-reaching. Thirdly, Korean Truce or no, actual defense spending may reach a new peak this winter. The talk of cutbacks relates to appropriations—and may be for political consumption, not our security in this troubled world.

I've often said that the key to market success is a simple one; there are only a few times in every span of years when its wise to "bet the bankroll"—and there are only a few times each year when the calculated risks point to either an aggressive buying or selling program. On broad view, this still isn't the time to bet the bankroll; on narrow view, it is—for success stories always will be written. Meanwhile, the background I've sketched suggests that this is one of the annual times when it's wise to be an aggressive, intermediate term buyer. Wasn't it Bernard Baruch who said, "Never follow the crowd?" The crowd, so to speak, recently has been heading for the hills.

French, Harrison Co. Forming NYSE Firm

HOUSTON, Tex.—French, Harrison & Co., to be members of the New York Stock Exchange, will be formed on July 15 with offices in the Commerce Building. Partners will be Robert D. French, Benjamin V. Harrison, Jr., member of the Exchange, general partners, and Charles J. Brown II, limited partner. Mr. Harrison will make his headquarters in New York City.

Mr. French was formerly Houston Manager for Shearson, Hammill & Co. and Shields & Co., and in the past conducted his own investment business in Houston.

Smith, Barney & Co. To Admit Jas. Dern

CHICAGO, Ill.—James G. Dern, Manager of the buying department for Smith, Barney & Co.'s Chicago office, 39 South La Salle Street, will be admitted to partnership in the firm July 1.

Bank Loan Conditions Today

By MILTON J. DRAKE*

Vice-President, The Detroit Bank, Detroit, Mich.

Noting a "tight money market" the first in many years, Mr. Drake points out its importance in bank loan management. Urges banks study their loan policies with view to modification, and not let loans in any category get out of hand as to quantity or quality.

We are witnessing a phenomenon today not seen in banking circles for many years. This is a tight money market, resulting in part from Treasury and Federal Reserve actions, and in part from a high demand for bank credit. We have a very high level of economic activity resulting from heavy defense spending as well as from a great outpouring of civilian goods. I believe there is also a general feeling of cautious optimism in the economic community, but there are many who think that we may be headed for economic trouble. Most of those who are bearish do not necessarily expect the economic climate to become overwhelmingly adverse, but they think that it might become unpleasant and require a great many adjustments.

Milton J. Drake

In any event, there is still a wide spread feeling of uncertainty as to the future—if not for the three or six months ahead, then certainly for next year. The degree and extent of potential troubles which may result from any economic adjustment are unpredictable, and no one can tell what we are likely to be faced with and how it will differ from our present situation. In any event, whatever difficulties develop, we know that there will be trouble in connection with some of our loans. The degree of trouble we may have in the future will almost certainly be largely dependent upon how well we manage the loan account today.

So, as bankers, what shall our attitude be under these conditions? Certainly we cannot crawl into a cave and ignore the world about us. We have to go on doing business as usual, and our business is supplying credit where it is justified and needed. I do think, however, that we should examine our loan policies critically to see if they need modification. We should also make sure that we really have policies rather than just words to which we give lip service. We should not let loans in any category get out of hand as to either quality or quantity, and this is the time to raise our quality standards.

I also think that we should make sure that our loan administration is really functioning. This is the time to insist upon repayment of loans according to agreement so as to prevent slow loans from developing and to provide some real liquidity in our loan account. This is also the time to be sure that our established loan policies are being closely followed. They are set up, of course, for the protection of the bank, but where is our protection if the policies are not followed?

In summary, I say that loan management under present conditions is no different than loan management under other conditions except for a matter of degree. If sound policies are in existence in each bank, and if there is an administrative system for enforcing those policies, then at present only a critical reexamination is required to determine whether modifications are needed to bring about such tightening up as the individual situation indicates. Beyond that, not much should be required.

But if there is no real loan management in the individual bank, this is the time to get it. This is the time to establish policies and a means of administering them so as to avoid future difficulties not only for the bank itself but also for its depositors and borrowers.

*From an address by Mr. Drake at the 51st Annual Convention of the American Institute of Banking, Cleveland, Ohio, June 10, 1953.

Problems in Pension Fund Purchases of Equities

By JOSEPH F. BRADLEY, Ph.D.

Associate Professor of Finance
The Pennsylvania State College

Urging caution in investing a substantial part of pension funds in equities, Dr. Bradley points out higher income yield of stocks—the principal argument for equity investment—may be reversed, should there develop a period of business depression. Points out, if a company is committed to pay a fixed sums to retired employees, injection of common stocks into the fund lessens the certainty of income available for that purpose.

In much of the literature on pension funds, the assertion is often made that a substantial portion of the fund may be advantageously invested in high grade equities. Such a suggestion is based on the belief that this investment policy will result in a higher yield being earned. This, in turn, it is said, will raise the income on the fund, and, over a period of time lower the sum of cash that business firms will have to contribute in order to meet pension payments to employees. While this chain of thinking has merit, it is only one side of the problem. Actually, there are also equally good reasons why pension funds should not be invested in high grade common stocks.

Joseph F. Bradley

The purpose of this discussion is not to discredit high grade common stocks as investments; instead, it is intended to point out certain problems that accompany the purchase of equities for pension fund purposes. Only by considering both the pros and the cons of the argument can an intelligent decision be reached. Since the advantages of common stock for pension fund purposes have been frequently stated in the financial literature, this discussion will be limited to the disadvantages of using equities for a substantial portion of a pension fund administered by a trustee. The pension funds under consideration are those in which the company pays a series of sums to a trustee, the trustee in turn investing the proceeds according to the terms of the pension fund agreement.

The Assumption that the Past Will Repeat

The cornerstone of the argument for using high grade stocks in pension funds is that over a period of time the yield on common stocks has been considerably higher that could have been obtained on bonds. Reliable statistical studies point out that if one takes a long enough period of time, the investment performance of selected equities has been quite satisfactory. While this investment performance will probably repeat itself, it is not safe to bet the stockholders' funds on the repetition of this desirable behavior pattern of stock. Should a substantial part of a pension fund be invested in equities and should equities not behave in the favorable manner similar to that of 1900-1952, the business firm would have to pay more (than anticipated) into the pension fund to make up for losses of principal or lack of adequate income. If this would happen, the objective of investing in common stock would be defeated and an opposite situation would arise—the cost to the company would be increased instead of decreased.

While it might be argued that the favorable past behavior of bonds will not repeat, the rigid contractual arrangements that accompany bonds will prevent any sudden change in the expected performance of these investment instruments. A perusal of a bond indenture or a bond prospectus will reveal the rigidity of the bond contract.

In summary, if a company is committed to pay certain amounts to retired employees, the injection of common stock into the fund lessens the certainty of the ultimate cost of the program.

The Inherent Advantages of Bonds Over Stocks

As long as corporations raise funds from both owners and creditors and pays a return on both, there is always merit in being in the creditor group instead of being in the ownership group. This is true if one assumes the emphasis is on the conservation of principal and not on seeking a relatively high yield. Bonds are in a stronger position than stocks because bondholders must be paid their fixed return before stockholders can receive dividends and because bondholders have priority in liquidation or forced reorganization. It might be argued that a satisfactory investment might be made in the common stock of a profitable company that has no bonds outstanding. Yet, this condition is not all that it appears to be on the surface. Debt, either short-term or long-term, can be issued by any corporation. If so, there is a new group that takes priority over all stockholders. Although bonds do not provide a hedge against inflation nor as high a prospective rate of return as common stock, bonds do, on the other hand, have a certain inherent safety that can not be ignored.

Another important aspect of this problem is the frequent mention of the term high grade equities. As often used, there is the implication that selected stocks have a certain amount of absolute safety in them. But it should be remembered that "high grade" is a relative term, i.e., stock is never high grade in an absolute sense, instead, it is high grade in the sense that some stocks appear to have a better future than others. To come more to the point, stock owners are the risk takers who share in profits or bear the losses. Since profits are uncertain, all types of stock carry with them considerable risk.

Actually, stockholders are the adventurers who supply risk money to the corporation. The economic position of the stockholders revolves around this central point. If the corporation prospers, stockholders can expect a satisfactory return in the form of dividends or capital appreciation. If the corporation is unsuccessful, stockholders have no complaint because supposedly they took a calculated risk in supplying funds to a particular venture. Although bonds do have disadvantages, they do involve less risk than shares—assuming all other factors are the same such as the earnings power of the issuers.

Conclusions

The purpose of this discussion is to point out that the use of common stocks in pension funds places some uncertainty on the amount that the company will eventually have to pay into the fund. Against this risk, however, is the temptation to try to lower the cost of the pension fund requirements by having part of the fund invested in carefully selected equities. It is possible that the financial position of the company might influence the decision on whether or not a part of the fund should be invested in common stock. A company with high and stable profits is in a good position to take the added risk and possible increased cost that might be incurred should part of the pension fund portfolio be invested in ownership securities.

Common stocks undoubtedly have an important role to play in the savings programs of individuals who need an attractive yield. However, when a definite sum of money must be on hand at a definite date, care must be used to select investments for the fund that are relatively riskless. It is mighty difficult for a pension fund to obtain a high yield and also virtually guarantee to have specified sums of cash available for pensioners. In fact, the two-fold objective results in a dilemma in investment policy as safety of principal and a relatively high yield do not always go together. Perhaps one of the objectives has to be abandoned. This would leave only the objective of having a definite sum of cash available on scheduled dates—the primary objective of the fund in the first place.

It would seem as if 20 to 25% of a pension fund it too much to invest in equities. In fact, there is even room for arguing that a pension fund would be better off without any equities. While this is probably an extreme position, it might be that in the long run this would be the least costly approach to the problem of advantageously investing the principal of a pension fund.

John S. Williamson

John S. Williamson, partner in Henderson, Harrison & Struthers, passed away June 12.

Opportunity Returns to Banking

By BAYARD F. POPE*

Chairman, Marine Midland Corporation of New York

After reviewing banking developments in Montana and the country as a whole during the last half century, Mr. Pope reveals important changes that have taken place, particularly in the past decade. Referring to credit policies of new Administration, Mr. Pope says aim is "to prevent high prosperity from booming out" and expresses confidence, full force and power of government will be used to cushion deflation "as and if it should develop." Holds bankers can and are helping to stabilize the economy and, in meeting the new challenge to their ability, there is now a return of real opportunity in banking.

As I followed the banking history of Montana, starting back around 1900, I found that the development and prosperity of the State was closely integrated with banking development and that the development of each was interdependent on the other. By reading the composite statement of Montana banks, one can virtually read the economic history of the State. I was particularly interested in comparing the composition of earning assets around 50 years ago, five years ago and today (Table I).

Bayard F. Pope

It seems to me that the most significant aspect of the tabulation is the change in the placement of earning assets. In 1904 loans and mortgages amounted to 89% of deposits and investments to only 6%. Forty-three years later, that is in 1947, almost a complete reversal had occurred with investments accounting for 62% of deposits and loans and mortgages only 15%.

Equally significant is another reversal of trend, the dramatic change since 1947. As of Dec. 31, 1952, loans and mortgages had risen to 27% of deposits and investments were down to 52%.

In this approximately 50-year period, bank deposits of Montana were up from $28 million to $653 million, or some 2,200%, and I found that the value of farm property in Montana was up over 1,500% in the same period which tends to support my observation that the development of your State was closely related to the development of your banking enterprises.

Montana vs. U. S. Commercial Banks

I thought it might be interesting to compare the experience of the banks in Montana as to loans and investments with the experience of all commercial banks in the United States. (Table II)

Commercial bank deposits have grown from the $12 billion in 1904 to $173 billion in 1952. In 1904 loans and mortgages were 67% of total deposits. At the low point in 1944 they were down to 17% but by 1947 they had risen to 26% and by 1952 they were 37% of deposits.

The tabulation shows the same general relationship of loans and mortgages to investments for the commercial banks of the country as was true for the Montana banks. I think these comparisons say to you the same thing they say to me, namely, we are getting back into the banking business with all it implies.

Fifty Years of Banking in the United States

Three years ago I had occasion to review the last fifty years of banking in connection with a booklet we issued entitled "Marine Midland at Mid-Century." What fascinated me was not the great events in banking history such as the Crisis of 1907, the passing of the Federal Reserve Act, the 1933 banking crisis, the Banking Act of 1933, or the many other similar history-making events, but rather (1) the significant part that banking played in the history of the U. S., (2) the manner in which banking has changed era by era as it adjusted to the then economic, political and financial environment, and (3) the great fundamental vitality of banking.

As was the case for Montana, by studying the growth of the nation's commercial bank deposits, the change in capital funds and the composition of assets one can get quite an insight on the economic and social history of the country. (Table III)

All bankers give a lot of attention to their risk assets and as well all know the supervisory authorities give a lot of consideration today to what they call risk assets; namely, all the resources of a bank except cash and governments. Of course a bank may hold plenty of assets other than cash and governments that have little risk in them—perhaps short-term high grade municipals or cash value insurance loans or collateral loans secured by government bonds, etc. At least to call everything but cash and governments "risk assets" is a method of measurement but hardly completely accurate.

I would like you to take a look at the earning asset figures since 1939 which is the earliest date we find them tabulated. In 1939 when deposits of all commercial banks were $58 billion, cash and governments were 67% of deposits and "risk assets" were 43%. The percentage of cash and governments grew until 1944 when they were 84% of deposits. By then loans, other securities and mortgages or the so-called "risk assets" were down to 21% of deposits. In other words, we were financing the government, and the government or someone else was financing industry, commerce and business in general, and at the artificially controlled lowest interest rates in our history.

Beginning in 1944-45 the percent of deposits invested in loans and other risk assets has climbed steadily and particularly since 1949 until in 1952 they represented 45% of deposits. Cash and governments had gone down to 62% of deposits. In that period from 1944 to 1952, remember, deposits rose from $128 billion to $172 billion.

The Last Decade

Perhaps in no other ten-year period has there been such fundamental changes in the responsibility of bankers.

I am pleased to observe we are bankers again. We are back in the banking business with all that it implies after over a decade when we were largely investing institutions and used by the Federal authorities as "Engines of Inflation" under the misguided monetary and fiscal policies of the period.

Back in the Banking Business

To be back in the banking business means many things. It means that we again become the hub of the economic and financial life and well-being of the country. It means that we must follow loan policies that meet the needs of the dynamic economy tempered in periods of prosperity and liberalized in periods of unsettlement so as to bring the maximum combination of stability and growth to the economy and an increasing standard of living to the American people. In the process of resuming our historic banking role, it means that in making loans we incur risks and it behooves us to make sound loans. By sound loans, I am sure you know I don't mean just well secured collateral loans. Character and managerial ability are still among the best foundations of sound credit and we have to know our borrowers and their business more than ever.

A banker adds little to his reputation—his profits, his service as a banker and as a developer of his community if his funds are not put intelligently and soundly at use. Until a few years ago—for a generation—there was little opportunity for real banking—now there is. This return to real banking will find many bankers trained in the investing-banking era just closed and to a degree perhaps not ideally equipped to meet the exacting requirements called for in having a sizable portfolio of loans of all types.

With a return to banking comes a real responsibility in all these areas and I know that the commercial bankers of the country have and will meet these responsibilities courageously and successfully.

We are now in a period of the greatest production in history—the lowest unemployment, virtually none — the highest wage scales—the greatest savings rate—the greatest per capita debt — almost the highest of every economic measurement. We will obviously keep on with high armament expenditure for some time even if we have a truce in Korea. We, in my opinion, will equally obviously feel some effect on our domestic economy when and as production gains the ascendancy over demand as I believe it will. I would expect our present Administration in Washington to exercise its credit and other controls to prevent the high present prosperity from booming out, and I feel sure their full force and power will be used to cushion the deflation as and if it should develop.

Bankers can and are helping greatly in this. They are refusing many speculative loans, particularly to those who are inexperienced or reaching out too far in their industry or business. To be sure, it is not hard for some of us to practice that restraint because we haven't much money left to loan.

The increased interest rates charged are the result of growing credit demand that has forced the liquidation of governments and short investments to make way for commercial demand. The higher money rates will help sober the unsound borrower.

It behooves all of us to proceed with caution in light of today's conditions and above all to follow sound loaning policies. We can help the country's economy with this practice.

As we all know, bank earning assets overall are not to be classed with those of two or three decades ago. Today most mortgages are on a sound amortizing basis or are government guaranteed. Loans are more carefully set up and are subject to more scientific controls and measurements. There has been a substantial increase in consumer credit loans in recent year and the bulk of these are fast payment loans that are self-liquidating.

I see no need for concern in the growth of consumer credit loans if we exercise good judgment and

Continued on page 40

*An address by Mr. Pope at the 50th Anniversary Meeting of the Montana Bankers Association, Canyon Hotel, Yellowstone National Park, Mont., June 19, 1953.

TABLE I

All Commercial Banks in Montana (in millions)

Year	No. of Banks	Loans & Mtges.	Investment	Cash Items	Percent of Deposits: Ins. & Mtges.	Percent of Deposits: Investment	Percent of Deposits: Cash	Total Deposits
*1904	59	$25.1	$1.7	†	89	6	†	$28.2
1947	112	83.1	348.5	150.1	15	62	27	560.2
1951	110	163.1	315.4	163.8	27	51	27	615.3
1952	109	177.5	339.7	165.4	27	52	25	653.8

† Not available. *As of June 30, 1904.

TABLE II

All Commercial Banks in the United States (in millions)

Year (12/31)	No. of Banks	Loans & Mtges.	Investments	Cash Items	Percent of Deposits: Ins. & Mtges.	Percent of Deposits: Investment	Percent of Deposits: Cash	Total Deposits
*1904	14,850	$7,982	$3,654	$3,006	67%	31%	25%	$11,865
1944	13,992	21,644	83,886	30,206	17	65	24	128.072
1947	14,181	38.055	78.213	37,501	26	54	26	144,087
1951	14,089	57,746	74,863	44,645	35	45	27	164,840
1952	14,043	64,163	77,461	44,666	37	45	26	172,931

*Figures for 1904 are for all active banks in the United States.

TABLE III

Earning Asset Relationships (in millions)

12/31	Cash & U. S. Gov't	% of Total Deposits	Loans Other Sec. & Mtge.	% of Total Deposits	Total Deposits
1939	$38,790	67.3	$24,352	42.2	$57,718
1940	44,881	68.7	26,172	40.1	65,337
1941	48,359	67.8	28,939	40.6	71,283
1942	69.418	77.9	26,014	29.2	89,135
1943	87,519	82.6	25,253	23.8	105,923
1944	107.763	84.1	27,973	21.8	128.072
1945	125,412	83.5	33,414	22.2	150,227
1946	109.003	78.4	39,213	28.2	139.033
1947	106,723	74.1	47,063	32.7	144,103
1948	101,218	70.9	51,677	36.2	142,843
1949	102 655	70.7	53,192	36.6	145,174
1950	102 316	65.9	64,648	41.6	155.265
1951	106,169	64.4	71,085	43.1	164,840
1952	107,984	62.4	78,306	45.3	172,931

Continued from page 8

The Market . . . And You

velopment for the stock market.

* * *

If these governmental tendencies are implemented into solid fact over the weeks immediately ahead, the outlook for the fall and winter will rest on very solid ground indeed. Meanwhile, the market has discounted what they already have done, and now has got to start discounting what they are going to be. If they are going to be better, as currently appears to be implied in the trends under way, this stimulation undoubtedly will prove decidedly helpful to the bullish side of the marketplace.

* * *

Business Prospects Good

Such a neutral to a somewhat more favorable attitude by the regulating authorities will tend to free the statistical background from the previous adverse pressure exerted from above. The domestic barometers continue satisfactory, the good considerably outweighing the doubtful. The oil price rise evidently is going to stick. The chemical industry has joined in the trend toward higher prices. The higher quotation for steel will mean nothing to the large consumers of this metal if thereby they can cover all of their requirements from ordinary sources of supply, eliminating conversion deals, foreign metal, etc. In fact, their average price probably would contract.

* * *

The movement of goods as a whole into ultimate consumption continues at a pace above that of last year during the early summer. As long as this is the case, not a great deal that is unfavorable can happen to business.

* * *

The Rail Picture

The railroad section of the stock list might well contain some explosive possibilities if here also the government gives industry a free hand, by which is meant the indefinite continuation of the prevailing rate-wage ratio. There are some wage advances coming here, as in other industries recently; and here too there must be a fair match, as in steel, oil and numerous others. That, however, this will be the case, the market for these equities does not appear to be convinced. The rails have suffered so massively from unfair governmental regulation in the past that investors are not yet satisfied that a different environment has been created.

* * *

Double Leverage Seen

These issues accordingly sell at low price-earnings ratios. This in turn raises the possibility of a powerful double leverage coming into effect over the next few years. The first half deals with the discounting of the earnings improvement now being witnessed as a result of the massive capital investment of the last several years, including the notable turn toward dieselization. If price-earnings ratios just remain the same, a higher general level of market values should be experienced simply as a reflection of the upward trend of profits. But if in addition the investor attitude toward these equities should start to improve, as might well be possible upon a demonstration that the ICC will match rates with wages, then some upward development of the price-earnings ratios will add a double leverage to this section of the list. Despite some big gains over recent years, the carrier equities might just now be starting to come into their own. Old timers of a quarter-century back will remember the high regard in which the market held the sound carrier stocks. If the psychologically depressing interval can be laid away and forgotten, the resulting flow of capital into these equities could bring some further big swings over the next six to 12 months.

* * *

20-Point Rise Potential

In this group we have been especially recommending Southern Rwy. and Chicago, Rock Island & Pacific, and continue to do so. Advances of 20 points and more above prevailing levels ought to be well within the reach of the potential power behind the earnings of these roads. Their May reports are due momentarily. If as favorable as expected, and as good as the first four months, another upward step in these markets should be in the making. Southern earned $7.57 per share to date this year, against $3.71 in the like period last year. A level up around $10.00 per share for the first five months will be double the dividend rate, with another $15 a reasonable expectation for the remaining seven months since this is only slightly above what was earned over this period last year. This points strongly to better than $25.00 per share this year, with the quotation only a few points above 90, for a price-earnings below 4 to 1. More market confidence than this would appear to be amply deserved.

* * *

Rock Island, with a somewhat higher standing in the investment scale, presumably will move slower, but offers less risk, with nevertheless a fine chance at capital appreciation. Here the first four months brought in $5.52 per share, suggesting a $16 to $18 potential for the year, or better than four times the dividend rate. If bought around 73, the potential $5 to $6 dividend payment will bring a high yield.

* * *

In the top carrier classification Kansas City Southern can be recommended for its minor risk and excellent prospects.

* * *

Denver & Rio Grande Western has been earning big money, in the first four months $7.70 per share against $4.06, but still was sold over the early months of the year on the peace prospects in the Pacific. We believe that the great growth of the western region of this country will outweigh any loss of armament tonnage, which in any event might prove to be surprisingly slight. The 1953 net here should match that of the Southern. If the market changes its collective mind above the adverse effect of the still-ahead peace movement, this equity would deserve speculative attention.

[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.]

U. S. and Canada Should Spearhead Convertibility!

International Trade Section of New York Board of Trade endorses resolution of George F. Bauer, its Vice-Chairman, urging both U. S. and Canada make their dollars convertible into gold to all holders at $35 per ounce.

A start toward convertibility of currencies by the United States, making a dollar for all holders, whether individuals or Central Banks, a title to 1/35 of an ounce of gold, and with Canada persuaded by the International Monetary Fund to do likewise by making the Canadian dollar a title to 1/35 of an ounce of gold for all holders, has been recommended by the Executive Committee of the International Trade Section, New York Board of Trade.

George F. Bauer

A Resolution, introduced by Mr. George F. Bauer, Vice-Chairman of the Section, and adopted at meeting of June 23 of which Mr. Fred J. Emmerich, Chairman, presided, reads as follows:

Whereas convertibility of currencies is highly desirable at fixed and identical rates of exchange for individuals as well as central banks to put long-range transactions and investments in world trade on a sound basis,

Whereas individuals, if encouraged by equitable monetary treatment, can determine by their tremendous transactions and investments whether there shall be an "abundance" or an "austerity" type of world commerce,

Whereas gold is an ideal denominator by which to appraise one currency in relation to another on basis of their respective titles to definite quantities of this precious metal,

Whereas convertibility of currencies based on fixed amounts of gold for all holders, by reducing extreme fluctuations, exchange restrictions and multiple rates, makes for long-range transactions and investments by individuals and business firms and for greater certainty in calculation of costs in world commerce and for economic prices of goods to people everywhere,

Whereas enterprises of United States and Canada suffered from variations recently of about 10% in the respective value of one currency to the other,

Whereas convertibility of currencies requires action—not on a global basis—but rather by one country at a time,

Therefore be it recommended by the Internatinal Trade Section of the New York Board of Trade that the International Monetary Fund be asked to move country by country to bring about sound convertibility of currencies.

Be it further recommended that the International Fund be informed of the need for arrangements whereby each currency becomes a title for individuals, as well as central banks, to a definite quantity of gold.

Be it further recommended that in an effort toward sound convertibility of currencies, the United States make its dollar for all holders a title to 1/35 of an ounce of gold on assumption that if Canada, of its own volition after suggestion by the fund, also makes the Canadian dollar for all holders a title to 1/35 of an ounce of gold, at least two important currencies will become convertible, one into the other, on a stable basis, and thereby set a good example with several other countries well situated, as regards gold reserves and fiscal conduct, would be enabled immediately to follow.

Frederick Vogell With Frank Investors Corp.

Frederick W. Vogell

Frederick W. Vogell is now associated with Frank Investors Corp., 40 Exchange Place, New York City, in their Trading Dept. Mr. Vogell was formerly with Gilbert J. Postley & Co. and Vogell & Co.

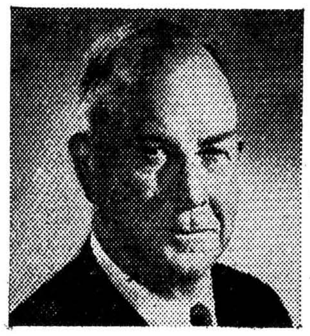
T. K. Quinn, Director Of Selevision, Inc.

Selevision, Inc. reports that Theodore Kinget Quinn has accepted nomination to its Board of Directors, and will be elected at the next meeting of the Board. Mr. Quinn was formerly a Vice-President of General Electric Co. and Chairman of the Board of General Electric Finance Co.

JAMES F. BELL
Chairman, Committee on Finance and Technological Progress, General Mills, Minneapolis.

LLOYD D. BRACE
President, First National Bank of Boston.

VANNEVAR BUSH
President, Carnegie Institution of Washington.

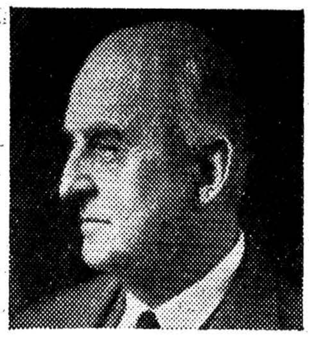


CLEO F. CRAIG
President of the American Telephone and Telegraph Company, New York.

DAVID A. CRAWFORD
Director and formerly President, Pullman, Inc., Chicago.

JOHN W. DAVIS
Davis Polk Wardwell Sunderland and Kiendl, New York.

HAL S. DUMAS
Executive Vice President of the American Telephone and Telegraph Company, New York.



W. CAMERON FORBES
Partner, J. M. Forbes & Company, Boston.

G. PEABODY GARDNER
Trustee, Boston.

JOHN L. McCAFFREY
President, International Harvester Company, Chicago.

"The Trust You Have Placed In Us"

A message from the Board of Directors of the American Telephone and Telegraph Company

"Each of us considers that he is a trustee for the savings of every individual who has put money in the business. It is our responsibility that the Company shall prosper.

"We are sure that to perform this duty, we must serve the public as well as possible. The Company is a servant of the public. The services it performs are necessary to the people of the United States. They are necessary to the building of our nation and to our national security. Clearly, we occupy a position of great public trust.

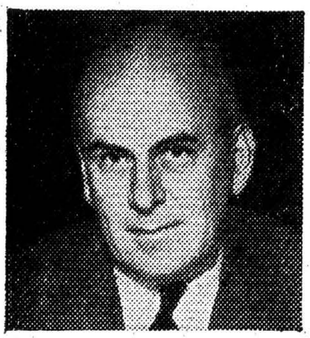
"We think it all-important therefore that we furnish the best telephone service it is in our power to provide—a service high in value and steadily improving—at a cost to the user that will always be as low as possible and at the same time keep the business in good financial health.

"The success of the business depends on the people in it. To serve well and prosper the Company must attract and keep capable employees. They must be well paid and have opportunity to advance in accordance with ability. And we must continually develop first-rate leaders for the future.

"Finally, it seems to us that it is always our duty to act for the long run. Sound financing, good earnings, reasonable and regular dividends—these are all long-term projects.

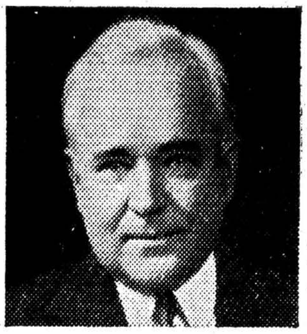
"So is our continual research to find better means for giving better telephone service. So is the building of the human organization and character on which good service depends. So is the training of leaders. In all our undertakings, the long view is essential.

"This is the way we understand the trust you have placed in us. It is a trust that deserves, and will continue to receive, the most painstaking care we can give it."



JOHN J. McCLOY
Chairman of the Board, Chase National Bank, New York.

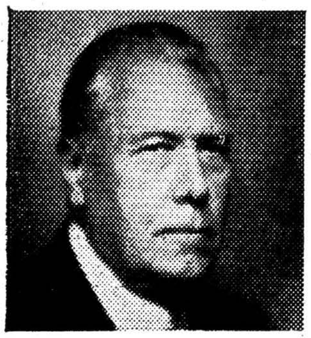
ARTHUR W. PAGE
Business Consultant, New York.



THOMAS I. PARKINSON
Chairman of the Board, The Equitable Life Assurance Society of the United States, New York.

ELIHU ROOT, JR.
Lawyer, New York.

TOM K. SMITH
Chairman of the Board, The Boatmen's National Bank of St. Louis.



MYRON C. TAYLOR
Formerly Chairman of the Board, United States Steel Corporation, New York.

SAMUEL A. WELLDON
Formerly Chairman of the Board, The First National Bank of the City of New York.

WILLIAM WHITE
President, New York Central Railroad Company, New York.

A. LEE M. WIGGINS
Chairman of the Board, Atlantic Coast Line Company, Hartsville, S. C.

BELL TELEPHONE SYSTEM

Sound Money or Depression

By MERRILL E. SHOUP*
President, Golden Cycle Corporation

Stating we stand on the threshold of collapse of our economic structure, unless stern measures are soon taken to end debasement of our currency, Mr. Shoup urges Congress enact pending bills to restore gold standard. Holds gold is world's best medium of exchange, and concludes "we can replace the hidden seizure of wealth through inflation by orderly processes, under hard money currencies."


Merrill E. Shoup

California's tremendous growth, both in your great Southland, and all the rest of the state, is the wonder of the world, and apparently there is no end to the population increase and prosperity ahead. Your growth parallels and exceeds the progress America has made particularly during the last 25 years in every line of endeavor. Today we enjoy, at least on the surface, the greatest prosperity in all our history. America has completely confused capitalists, communists and socialists of textbook definition. American businessmen and industries under free enterprise have given our people more of the good things of life than the philosophies of socialism and communism have dared to promise. American businessmen, through efficient production, advertising and sales, have literally obliterated the distinction between class and social groups in this country. Nowhere else in the world do rich men and poor men shave with the same kind of razor, drink the same brand of orange juice at breakfast and ride to work in comparable automobiles. Nowhere else in the world does everyone look at the same programs over the same mass-produced television sets and enjoy the same kinds of foods from the same model refrigerators. With sound money, American businessmen can continue to furnish our nation and the world radios, television sets, automobiles, electrical machinery and all the other good things of life and, in return, import tin, tungsten, chromite, bananas, musk, bauxite and all the other raw materials and commodities which we need.

How Can We Preserve This Prosperity?

How can we retain these gains and make further progress? First, and foremost, America must return to sound currency at the earliest possible moment. History repeats itself, and that of our nation is no exception. History records five distinct steps in the long economic cycle which every nation in the world some time has gone through. All have not survived. *First*, currency debasement; *second*, issuance of irredeemable paper or fiat currency, followed by great government and consumer credit expansion, which leads to higher prices, higher costs, spiraling inflation and a steady decline in the purchasing power of money; *third*, when these inflationary forces become too great to be controlled, a collapse of the economic structure built upon inflated prosperity; *fourth*, depression; and *fifth*, the return to sound currency and a drastic economic shakeout with all its attendant misery and suffering before resumption of the unhappy cycle. Our nation has now passed through the first two steps: Currency debasement and the issuance of irredeemable paper currency with the greatest credit expansion of all time, high prices, high costs, spiraling inflation and a 50-cent dollar. We stand on the threshold of the third step, collapse of our economic structure, which, unless stern measures are soon taken to ward it off, will be followed by depression. We have in our power the means to avoid it if only we will use our intelligence and our resources.

Debasement of Our Currency

In modern times currency debasement means that people involuntarily give their gold to the government in exchange for paper money and a lot of promises. This happened to us. Some may ask how and when was our currency debased. The whole story is now a matter of history, and I will attempt to spell it out step by step. Despite the fact that the Democratic 1932 Party Platform contained a sound currency commitment referred to repeatedly in speeches by the Party's Presidential candidate (as for example when he spoke at Brooklyn Nov. 4, 1932, stating: "We advocate a sound currency to be preserved at all hazards. That, I take it, is plain English.") this promise was promptly repudiated after he became President, as set out in the record by government documents:

(1) On March 6, 1933 the President proclaimed the banking holiday and authorized gold to be used during that period only under license. The Treasurer of the United States was prohibited from making any payments in gold during that period unless licensed to do so by the Secretary of the Treasury.

(2) On March 9, 1933, by Act of Congress, all people were required to deliver their gold to the United States Treasury.

(3) On March 10, 1933 the exportation of gold was prohibited except as authorized by the Secretary of Treasury.

(4) On April 5, 1933 the President issued an order forbidding the holding of gold coin, gold bullion and gold certificates with a few minor exceptions. Although I have been in the gold mining industry for more than 20 years, I had to take our nine-year-old daughter to the Smithsonian Institute in Washington to show her gold coins.

(5) On May 12, 1933 provision was made for fiat money, devaluation of the dollar and for a variety of other forms of currency depreciation. All newly created paper money was declared full legal tender for all debts, and the President was authorized to alter the weight of the gold and silver dollar by proclamation with the provision he could not reduce it by more than 50%.

(6) By Public Resolution No. 10, approved June 10, 1933, all gold clauses in contracts were abrogated. In fact, gold clauses in contracts were declared to be against public policy.

(7) On Aug. 28, 1933 another order was issued requiring the people to relinquish their gold.

(8) On Aug. 29, 1933 the sale of gold to the arts and industry was regulated; and finally

(9) On Jan. 30, 1934 the Gold Reserve Act of 1934 was approved by the President. It required the President to fix the weight of the gold dollar at not more than 60% and not less than 50% of the then existing weight. On Jan. 31, 1934 the President devalued the gold dollar by approximately 41%.

The Administration took numerous other steps, but the final net result was that the ownership of gold coin and bullion, which over the centuries had been a personal property right, was taken away from all its citizens by our government. It then became and is now a crime to possess gold coins with some few exceptions and under certain regulations. The stage was then set for the entry of the triple villains, Inflation, Irredeemable Money, and Dollar Depreciation, who were to rob American citizens of their birthright. Presses ran overtime printing irredeemable paper money, government and consumer credit has pyramided, and all the destroying forces of inflation have been turned loose. Currency was debased not only in the United States, but paper currency and inflation became worldwide.

Americans Lost Their Control Over Government Expenditures

So long as gold and paper money were freely convertible and the total amount of paper money which could be issued and in circulation based upon fixed gold reserves (up to 40%), we had an automatic check over the volume of currency and credit. Had this check been retained, it would have made impossible our present financial mess. The 22½ billion in gold now buried in Fort Knox, if freely available and if used on a fixed reserve basis, would have furnished an automatic check against inflation and dollar depreciation. But, when the gold was seized from its owners and buried in the ground, the politicians, bureaucrats and money managers were ready for a field day—and this we have had. Billions of irredeemable paper money are now in circulation, credit expansion has become the greatest of all our times, deficit spending has become the rule, and our national debt has reached almost astronomical proportions and threatens to go higher, but we are not yet finished.

Despite President Roosevelt's statements on July 3 and again on Oct. 22, 1933, that he sought "to establish and maintain a dollar which will not change its purchasing and debt paying power during the succeeding generation," the purchasing power of our dollar is now at the lowest recorded level since the establishment of the Federal Reserve System.

On the basis of the Consumers Price Index (with prices for 1935-1939 at 100), the purchasing power of the dollar on June 15, 1952 was less than 50 cents. It has been calculated that the total loss, due to the depreciated dollar, on the average value of all life insurance policies, all time deposits in banks and all E, F, and G savings bonds held during 1941-50 was more than $116,000,000,000 using the index of wholesale prices with 1926 = 100 and converting the purchasing power of 1950 dollars into 1941 dollars. This poorly understood loss is a hundred times the estimated total loss of $1,091,000,000 by deposits in suspended banks during the years 1921-1933. I quote the above from "Monetary Notes," published by Walter E. Spahr, Professor of Economics at New York University and one of the great monetary experts of our times.

Congress Can and Must Restore Hard Money

The Republican Party is pledged to make paper money good and make it freely convertible. Pending now before the Congress of the United States are three gold standard bills, in which the intent and end result are identical. These bills are the ones introduced by Congressman Reed of New York, H.R.2138; Congressman Hare of Maine, H.R.442; and Congressman Hiestand of California, H.R.3981. The provisions of all three bills are substantially identical. Each requires our currency to be redeemed in gold coin on demand. Each reaffirms our standard of $35.00 for one ounce of pure gold; and each states that gold coins shall contain 15-5/21 grains of gold, 9/10 fine per dollar.

In connection with a return to the gold standard, Senator Hugh Butler recently mailed a questionnaire to 15,000 businessmen in all sections of our country, asking, among other questions, whether or not each favored the return to a complete gold standard. The Senator reports that more than 5,000 replies have been received to date, and they are overwhelmingly in favor of a return to the gold standard. Public interest in sound money is greater than at any time for many years, and the reason is readily apparent. The public has seen the purchasing power of its dollar decline to 50% or less, the purchasing power of the principal invested in pension funds, trusts, life insurance, annuities, bonds and preferred stocks decline by half, the purchasing power of income from pensions, life insurance proceeds and fixed obligations cut 50%, and has real cause to be alarmed with the future of our economy.

Gold, the World's Best Medium of Exchange

Gold is the oldest and only generally accepted money known to mankind. According to my friend and associate, Barret Griffith of Colorado Springs, Colorado, "God made gold before he made money managers and paper. As a matter of fact God made gold before he made sex. Gold is mentioned in the 12th verse of the second chapter of Genesis. God didn't make Eve out of Adam's rib until ten verses later. From gold's origin told us in the Bible and history, there is every reason for gold's value in the minds of men. Gold was given to us and has been used as a measure of wealth and for protection against governments. Because man accepted God's gift of gold and sex there has always been comparison of other values to them."

Gold is honest and is trusted by all the world as the basis of exchange and measure of currency value to a degree not even approached by any other thing. Gold is rightly regarded as better security than paper promises, notes and currency issued by governments. Gold is a commodity in unfailing demand, with wide acceptability. It exists in sufficient quantities to meet exchange needs, but is not so abundant as to lose its desirability; it is so durable it will not lose its exchange power through decay or deterioration; it can be divided into small units and used in transactions involving small or large amounts; it is homogeneous, and all parts or units have a uniform value and can be equally divided; it can be transported and is easily recognized; it has value stability so when contracts are made involving future payment of money, both parties can have reasonable assurance that payments made in the future in gold will have the same absolute and relative position at the end of the contract as at the beginning.

So, it is no accident that gold alone for more than 5,000 years has possessed and still possesses more completely than any other commodity all characteristics of sound currency. Through the centuries no other medium has been found which as completely fits all monetary standards demanded by the world.

History records that, since the beginning of civilization, the nation possessing, at any given period, the greatest gold stock, if it has used that gold as hard money and in trade, has, during that period, always led the rest of the world in progress, achievement and advancement. Chronologically, Portugal, Spain, Holland, France, and, after the Napoleonic Wars, England each in turn enjoyed great world leadership while each had and used gold.

The Way to Convert Is to Convert

To restore convertibility, the first need is the will to do it. An American statesman, after the Civil War, discussing a return to gold convertibility, once said, "The way to resume is to resume." In the present environment the way to make currencies convertible is to make them convertible. A return to free convertibility will create stability for our economy. *First*, it will hold to a large degree the economic gains our nation has achieved; *second*, it will prevent a further decline in our dollar and our savings, and when this is done the purchasing power of the dollar will become greater; *third*, it will take away from modern money managers, politicians and bureaucrats the power to tax us in hidden ways by the use of irredeemable paper money and credit; *fourth*, it will help to cut and control the expenditures of all branches of our government; and *fifth*, it will expedite all trade, the only alternative to Fascism. Moreover, if, as and when our American dollar is stabilized, made fully convertible into gold, the example will help the rest of the world to stabilize its currencies, to stop further debasement and allow us to retain our constructive American influence. We can have peace, trade and real prosperity. We can replace the hidden seizure of goods during war through inflation by orderly processes if each and every one of us insist upon hard money and sound currency. Depression can be warded off. Are we going to use the intelligence and great power of our people to do it or are we going to follow the primrose path to ruin. The answer lies in the hands of more than 150,000,000 American citizens.

*A speech delivered by Mr. Shoup to the members of the Los Angeles Rotary Club, Los Angeles, Cal., June 5, 1953.

Halsey, Stuart Group Offer Equip. Tr. Ctfs.

Halsey, Stuart & Co. Inc. on June 19 offered $1,170,000 of Chicago, St. Paul, Minneapolis & Omaha Ry. 4½% equipment trust certificates (equipment trust of 1953), maturing annually July 1, 1954 to 1968, inclusive. Subject to the authorization of the Interstate Commerce Commission, the certificates are priced to yield from 3.50% to 4.50%, according to maturity.

The issue will be secured by new standard-gauge railroad equipment, estimated to cost $1,464,487, and consisting of nine Diesel electric switching locomotives.

Joins Uhlmann & Latshaw

(Special to The Financial Chronicle)

KANSAS CITY, Mo.—Joseph E. Rensch has become associated with Uhlmann & Latshaw, 111 West 10th Street, members of the New York Stock Exchange. Mr. Rensch was formerly with the Citizens National Bank of Chillicothe.

Joins Merrill Lynch

(Special to The Financial Chronicle)

OMAHA, Neb.—Roy L. Greene is now with Merrill Lynch, Pierce, Fenner & Beane, Patterson Building.

Smith, Polian Adds

(Special to The Financial Chronicle)

OMAHA, Neb. — Donald E. Brown is now affiliated with Smith, Polian & Company, Omaha National Bank Building, members of the Midwest Stock Exchange.

LETTER TO THE EDITOR:

Finds Flaws in Statements On "Price of Gold"

Frederick G. Shull, though approving some of the arguments in Mr. Cortney's address before the International Chamber of Commerce, as printed in The "Chronicle" of June 11, takes issue with him on increasing the price of gold.

Editor, Commercial and Financial Chronicle:

The article appearing in your issue of June 11 under the heading "The Price of Gold," and referred to in the footnote as a "statement" by Mr. Philip Cortney, President of Coty, Inc., "before the Congress of the International Chamber of Commerce, Vienna, Austria, May 20, 1953," may well give pause to every American interested in seeing his country return to an honest monetary setup—namely, the gold standard, under which this nation operated and prospered from 1789 until 1933.

Frederick G. Shull

Unfortunately, there are many flaws in the monetary arguments presented by this well-known cosmetic producer; and I shall take them up—one-by-one—and point out fallacies that could be very misleading in arriving at a proper solution of this important monetary question.

Mr. Cortney says that "the dollar has already been devalued since 1939 by 50%. . . ." As one who has done considerable writing and talking on the subject of "money," Mr. Cortney must surely know that the dollar has not been "devalued" since 1933-34, at which time the official price of gold was raised from $20.67 to $35 a fine ounce.

He says: "I can't ascribe sanctity to the figure of $35 an ounce . . . established by former Secretary Morgenthau in tossing a coin at breakfast time." But, regardless of how Mr. Morgenthau arrived at the $35 figure, the fact remains that our government formally adopted that "value" for the American dollar in 1934, and it has been the official gold-price ever since. Does Mr. Cortney also question the "sanctity" of the $19.39 "figure" chosen by Alexander Hamilton in 1792, and never changed until the 1830's; or the $20.67 "figure" set in 1837, and firmly adhered to for the following 96-years?

And since Mr. Cortney refers to "the international gold standard," I raise this question: What was that "international gold standard"? If he means the American dollar at 23.22 grains of gold from 1837 until 1933, and the British pound sterling at 113 grains of gold from about 1816 to 1914, I can accept that definition; but I have never heard of any international monetary unit for adjusting international balances-of-trade other than gold itself.

Mr. Cortney deserves applause for the following forthright statements: "Only the gold standard is an effective brake on the electoral demagoguery and irresponsibility of politicians. . . . Only gold inspires universal and unqualified confidence." And he goes on to say that "if we are to restore the gold standard internationally . . . the price of gold becomes of paramount importance." That is well said; for the "price of gold" is much too "important" to be allowed to be kicked around to satisfy the selfish interests of gold producers and bankrupt nations. Here is how "important" the world's greatest economist, Adam Smith, felt the "price of gold" to be, as clearly expressed in his great book "Wealth of Nations," page 589:

"The raising of the denomination of the coin [which, I might add, is one and the same thing as raising the official "price of gold" in terms of any nation's currency] has been the most usual expedient by which a real public bankruptcy has been disguised under the appearance of a pretended payment." It is very doubtful that Mr. Cortney would want his country to adopt such an "expediency"; and he perhaps doesn't realize that his recommeded increase in the "price of gold" would be doing just that.

As to his suggested price increase, Mr. Cortney makes this very questionable statement: "A rise in the price of gold to $70 an ounce would double the currency value of the existing monetary gold reserves, . . ."; but he failed to mention that it would also "halve" the value of the currency itself. Hence, the "monetary gold reserves" would, thereby, not have increased one iota in their real "value." In other words, the "value" of every American dollar would have been cut in half. And by that piece of dishonesty it would have robbed our 160 million people of fully $250 billion of the real "value" of their upward of $500 billion of savings in the form of government bonds, bank deposits and life insurance benefits already paid for.

And Mr. Cortney poses this question: "Why is there such a widespread lack of understanding of the gold price issue among bankers and economists?" The answer is that well-informed bankers and economists have no "lack of understanding of the gold price issue"—a fact of which Mr. Cortney seems cognizant. For he says: "The National City Bank contends that the markup in the gold price would add to the monetary base and provide an enlarged potential for inflation"—a strong argument against any "markup" in the price of gold; and he also knows that some 70 leading economists of this country, known as the "Economists' National Committee on Monetary Policy," have no "lack of understanding of the gold price issue," and are using their efforts to see that there shall be no further tampering with the gold-value of the Dollar.

Finally, we express approval of the following view stated by Mr. Cortney: "Contrary to what many of my American compatriots believe, it is not the dollar which gives value to gold." Correct! But, it is Gold that gives "value" to the Dollar! And that being the case, why should any patriotic American want to destroy (by 50%) the "value" of the most highly respected monetary unit in the world today—the American Dollar? For that is just what would happen, automatically, if the price of gold were to be raised from its present $35 level to $70 an ounce, as is being so strenuously recommended in this current article by Mr. Cortney.

FREDERICK G. SHULL
Connecticut State Chairman
Gold Standard League

2009 Chapel St.,
New Haven 15, Conn.
June 13, 1953

Turn for the Better Seen in Oil Outlook

Against a background of gradually strengthening gasoline and bunker oil prices, profit prospects have brightened for leading oil companies, according to the United Business Service, Boston, Mass.

Reduced demand for petroleum products during the past mild winter left the industry with burdensome supplies this spring. Prices were under pressure, and since price is the key to profits, earnings also were slightly lower. However, the Service points out that, just as during the 1949-50 period of oversupply, output was restricted, and normal growth in demand restored the balance.

Price strength first appeared in mid-Western gasoline and Eastern heavy fuel markets. As higher gasoline prices spread to the East this month, leading producers hiked crude oil by 25c a barrel, or nearly 10%. Indications are this increase will probably hold. It is the first rise since December, 1947, and is amply warranted by higher costs.

Companies which produce more crude than they use themselves obviously benefit right away from the price boost. As time passes, the Service feels that prices of refined products also will edge up so that refiner margins will not be squeezed. The more favorable outlook for earnings should be reflected in market interest in oil shares.

With Beer & Company

(Special to THE FINANCIAL CHRONICLE)

ATLANTA, GA.—Spencer Lawton has become associated with Beer & Company, Trust Co. of Georgia Building. In the past Mr. Lawton was an officer of Southern Securities Corp. of Savannah.

With Bacon, Whipple

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Ralph R. Hawxhurst, Jr. is now connected with Bacon, Whipple & Co., 135 South La Salle Street. Mr. Hawxhurst was previously with Paul H. Davis & Co.

An American View of Benefits Of Imports in International Trade

By WARREN LEE PIERSON*
Chairman, Trans World Airlines, Inc.
Chairman, U. S. Council, International Chamber of Commerce

Mr. Pierson explains policies of the United States which influence course of international trade. Recites actions now being taken, under specific recommendations of President Eisenhower to increase U. S. imports. Cites efforts in U. S. to promote a more liberal trade policy, and urges patience and restraint in effecting it. Decries Western European "hurdles" to foreign trade expansion and lauds work of the ICC in promoting freer trade and growth of world economy.

The theme of this meeting — An Expanding Economy Through Freer Trade—conveys an important thought. Indeed, I feel that it states clearly the basic objective of the International Chamber of Commerce and the real reason which periodically brings together representative businessmen from many countries.

Warren Lee Pierson

As an American businessman I am particularly honored — as is the United States Council—that you have asked me to open the discussion on the subject of the day. It has been the destiny of the city which is our host to have had many historic conferences. While not having the political significance of the famous Congress of the Nineteenth Century, I venture to express the hope that our deliberations in Vienna will not go unnoticed; and also that we succeed in agreeing upon recommendations in the economic field which will deserve and which will receive the thoughtful consideration of our respective governments. Nothing, in my opinion, is more conducive to sound and enduring political relations than are mutually advantageous economic relations.

There are many who feel that the policies of the United States will influence the course of international trade during the balance of this century, perhaps as much as the policies of Great Britain influenced it during the last half of the Nineteenth Century. This may be true, but I do wish to remind you that world conditions today—political, social and economic—are far more complicated than they were a hundred years ago. And this means that a favorable solution of today's problems will require the most painstaking and patient efforts of statesmen everywhere. Also needed is a great fund of tolerance and understanding of each other's political institutions.

I would like to be able to tell you exactly what my own government will do in the immediate future about international trade; and in particular what will be the American tariff policy. I know you would be interested in such a statement. Unfortunately, I cannot tell you in precise terms what the foreign economic policy of the United States will be. But this does not mean that I am fearful it will be restrictive or illiberal. On the contrary, for reasons which I will recount, I have never been more optimistic over the prospect that American trade policies will gradually become less restrictive and more liberal.

It is not always remembered that the United States has a republican form of government; and that the actions of such a government in the long run are determined by the opinions of the people. An authoritarian ruler could—if he so desired—change a fixed national policy by a stroke of the pen, and impose his decisions upon a reluctant population. In a democracy the Parliament or the Congress follows public opinion. I recognize that frequently there is a time lag before public sentiment can make itself felt in legislative halls. But nevertheless, the democratic process makes it certain that public opinion will prevail.

It is difficult for some of our friends in foreign countries to realize that only a few years ago the average citizen—and voter—in the United States was not interested in foreign trade. He considered the tariff to be a dull as well as technical subject of no particular importance to him. The small segment of our population engaged in foreign trade or in industries well protected by tariffs were the only ones who had positive or negative opinions on the subject.

In recent years a great change has come about. Today the average American citizen is increasingly aware that foreign trade affects him directly and personally. He has become conscious of the chronic discrepancy between our exports and imports and the resulting gradual diminution of our national resources.

The American export surplus was financed in the 1920's by somewhat haphazard foreign loans — many of which subsequently went into default. Since the end of World War II, our export surplus has been widened through the large volume of grants by our government to foreign countries. These have reached truly colossal amounts and have added to an already heavy burden of taxation.

The American citizen—and taxpayer—has accepted the situation with good grace. At the same time it is becoming widely recognized both in the United States and abroad that this is not a healthy state of affairs. Accordingly, when Chancellor Butler proposed in the House of Commons last June the "Trade, Not Aid" approach, he found a receptive audience not only in Europe but in the United States as well.

American businessmen have known for a long time that a better balance between imports and exports could be obtained either by an expansion of imports or a reduction of exports. They realize well that an expansion of imports would stimulate business and aid our economy, while a reduction of exports would depress it. A major decline in American exports would create unemployment in a number of important industries, while at the same time depriving our overseas customers of goods for which they feel a need. Even those not directly engaged in foreign trade are becoming more and more aware of these facts.

Of much greater political significance, however, is that the American taxpayer and consumer is conscious that he is paying the bill for the American export surplus. Actually he is paying it twice—first, as a taxpayer; and second, through the high prices he pays for the goods he consumes.

Committees of the United States Congress are presently considering the extension of the Reciprocal Trade Act which has been the basis of our trade policy for the past 20 years. I understand from talking with many of my European business associates that they are genuinely alarmed at some of the testimony received by these Congressional Committees. I have asked these gentlemen to remember that we are a democracy in which free speech and the right to present one's views to Congress are highly prized. Most certainly some petitioners are actuated by clear self-interest. It does not follow, however, that this self-interest will prevail. On the contrary, I believe that with the increasing knowledge of the problem by the great body of American citizens we can expect a solution based upon national rather than sectional considerations.

U. S. Legislation Under Consideration

Some of my European friends also have expressed disappointment that neither President Eisenhower nor leaders of Congress seem disposed to advocate the abolition or at least the sharp reduction of tariffs. To these gentlemen I have pointed out the specific recommendations already made by the President:

(1) To extend the Reciprocal Trade Agreements Act;

(2) To repeal the so-called Buy American Act; and

(3) To simplify the existing customs procedures.

These are very forward-looking proposals by our Chief Executive. Others can be expected to follow, as is indicated by his recent advocacy of a Commission to review United States foreign economic policy. I am certain that this approach does not indicate just another "study" to stall for time. The President, I believe, is determined to take constructive action.

We, in the United States Council of the International Chamber of Commerce, have done our bit toward promoting a liberal trade policy. Only last month we issued a major policy statement entitled "The Expansion of Trade." Other American businessmen who are not members of the United States Council, and other important organizations — including the potent Chamber of Commerce of the United States, and the National Association of Manufacturers—also are actively advocating somewhat similar programs.

Pending more definite action, we merely ask that other countries exercise patience and restraint; although I assure you that we in the United States Council are fully conscious of the urgency of the problem and do not intend to relax our efforts.

* * *

I have been quite frank in discussing the American economic scene as it relates to foreign trade. I have told you that many American businessmen, and an increasing number of citizens generally, believe a more liberal trade policy from our government is an important key to economic expansion everywhere. To this I must add that action by the United States alone would not be sufficient. Even if we changed to complete "free trade" over night, this would not eliminate the "dollar gap" problem—nor would it solve all the world's economic ills. Stated very simply — if substantially more goods are to be imported into the United States, they must first be produced, then competitively priced and finally effectively sold. All of this calls for various measures on the part of exporting countries.

Foreign Trade Hurdles

By way of illustration, let me dwell for a moment upon Western Europe. To become fully competitive in world markets—and perhaps particularly in the American market — European industries must enhance their productive efficiency through the methods of mass production, high volume, and low unit profits. In many instances they could do this only if trade barriers inside Europe are removed by creating a larger market which would support mass production. Some of these barriers are created by governments, such as import restrictions and exchange controls. Other barriers, such as cartels, result from the action of private interests.

So long as these hurdles exist, and so long as markets are small, Europe's industries are handicapped in their efforts to enter foreign markets. Arbitrary exchange rates and the various consequences of exchange controls make the position of European producers even more precarious. Furthermore, the problems of exchange controls and inconvertible currencies interfere with the flow of capital and deter technological progress. Thus, monetary reconstruction and the removal of intra-European trade barriers—public and private—is indispensable if Europe is to expand its dollar exports.

I gave Western Europe as an example, but the same problems apply to other areas as well. Freer trade must be sought everywhere if the world economy is to be expanded. The Europeans themselves need markets beyond Europe in "third countries" if they are to produce in volume which will permit prices low enough to compete in the United States. Thus, world trade cannot be divided into segments; it will be expanded most rapidly if all the countries concerned work together to remove restrictions.

This is the field in which I see a great role and immense opportunities for the International Chamber of Commerce. Each of our National Committees has important contacts with public opinion in its own country and with government policy. Because they are leading businessmen, their influence has frequently been considerable and their responsibility for leadership in forming public opinion is correspondingly heavy.

Between the wars the cause of freer trade and monetary reconstruction was defended with great vigor by the League of Nations. The United Nations organization since the end of World War II has been primarily preoccupied with political and military problems and has so far failed to make a major contribution to the attainment of a liberal as well as integrated world economy.

As matters stand today, the International Chamber of Commerce seems to be the only world body of wide membership which has for its aim the promotion of freer trade and payments and the prosperous growth of the world economy.

If we accept the challenge which is ours, we can make during the years ahead a great contribution to the prosperity and peace of all people everywhere.

*An address by Mr. Pierson at the Vienna Congress of the International Chamber of Commerce, Vienna, Austria, May 19, 1953.

Conventional Home Loans Scarce in Many Areas

National Association of Real Estate Boards in regular semi-annual survey of the real estate market holds prospects for improvement during second half of 1953 are dim.

According to the National Association of Real Estate Boards, home seekers are finding conventional loans to purchase a house scarce in many areas, with little prospect of an improved situation during the second half of 1953.

This was one of the findings of the 55th semi-annual survey of the real estate market, with real estate boards in 264 communities reporting.

Borrowers in smaller cities in particular are confronted with a difficult market, with only one community in four having a population under 25,000 listing funds readily available at par for single-family residential structures. For cities of all sizes, only half of them report this desirable situation. In more than 2% of the cities, no mortgage money is available at all.

For multiple-family structures, not even a third of the cities report mortgage money readily available at par for conventional loans, and 6% say that it is completely unavailable.

In the opinion of 71% of the boards reporting, moreover, the mortgage money supply at par for conventional loans will remain the same during the last six months of this year.

Prospective home purchasers looking for financing with loans guaranteed by the Veterans Administration or insured by the Federal Housing Administration were meeting with disappointment early in the year. Shortage of mortgage funds for these programs was repeatedly noted by the real estate boards. Where the scarcity is attributed to the interest rates, government action of early May in raising these rates may correct the situation in some areas.

However, other facets of the mortgage money problem are affecting the real estate market in general, and inevitably their influence will be felt in the stream of GI and FHA-insured loans.

Other observations on residential loans made by reporting boards include:

(1) An increase in the size of the required down payment.

(2) A shortage of personal savings for down payment.

(3) A tightening selectivity by some banks in accepting mortgagors.

(4) High interest rate asked by individual lenders.

(5) General competition for lender dollars.

While a tendency toward higher interest rates for conventional first mortgage loans is confirmed by reports received from a number of real estate boards, the most common rate continued to be reported at 5%. A wide variation in rates related to the size of city and geographic location, however, emphasizes the caution necessary in attempting nationwide interpretation.

The reporting real estate boards were almost unanimous (99%) in predicting higher interest rates or continuation of current ones during the next six months.

Lack of an adequate secondary market to which lenders can sell their home mortgages to replenish their supply of funds for more loans was reported by two-thirds of the 264 real estate boards. This situation points up the need for the system of regional mortgage associations recently proposed by the National Association of Real Estate Boards.

Now With Vercoe & Co.

(Special to THE FINANCIAL CHRONICLE)

COLUMBUS, Ohio — Frank L. Tennent is now connected with Vercoe & Co., Huntington Bank Building, members of the New York and Pittsburgh Stock Exchanges.

Convertibility—Its Internal And External Conditions

By SIR DENNIS H. ROBERTSON, G.M.G.*
Professor of Political Economy,
Cambridge University, England

Prominent British economist explains meaning of ambiguous word 'convertibility,' and then enumerates requisite conditions for making British pound convertible. Points out use of appropriate fiscal, monetary and other policies to be followed by Sterling countries, as well as needed quasi-revolution in U. S. commercial policy that will lead to greater freedom of trade. Also advocates active cooperation and more liberalized trade between Western European countries. Calls for increase in stock of international reserves as cushion to convertibility.

I have been invited to discuss the internal and external conditions requisite for the restoration of something called convertibility. If I am to do that, and to do it in 20 minutes, I must be allowed to ask, and to answer provisionally, certain preliminary questions. What exactly is the projected change which we are invited to examine? What persons, who at present are not allowed to do so, are going to be allowed to convert what into what, by what method, on what terms, and for what purposes? Let me try to clear the ground for my discussion, and to make plain its limitations, by looking in turn at the various elements of this "portmanteau" question.

I assume first that what we are chiefly interested in is the convertibility of the pound sterling. I assume this not just because I am a British subject, but because, while sterling is not the strongest of the currencies of the Eastern Hemisphere, it is still incomparably the most important from the point of view of the trading community. I assume next that the sort of convertibility in which we are most interested is convertibility into dollars, for which gold can be bought, or into gold, for which dollars can be bought. I do not think that needs arguing; but it is just worth reminding ourselves, in passing, into what a lot of currencies sterling held by most people, whether resident in the United Kingdom, the Outer Sterling Area, or elsewhere, is already either formally convertible or in practice convertible, or both.

Now I come to some trickier questions, two of which are closely bound together. Are we to assume that certain persons, who cannot now do so, are going to be entitled to get dollars (or gold—I shall not distinguish between them) from the British monetary authorities at a known fixed rate, as they could before 1931? Or are we to assume only that they are going to be entitled to buy dollars with their sterling at the price of the day in a large free market, as they were from 1931 to 1939? And if the latter, are we or are we not to assume that in practice the authorities will intervene in that market in such wise as to keep the sterling price of dollars from varying except wihin fairly narrow limits? These are important questions; but I think I can honorably evade them in this brief survey, for this simple reason. If we can conclude that certain conditions must be fulfilled to permit the restoration of convertibility at varying rates, we can be sure that these conditions must be even more handsomely fulfilled to permit the achievement of the more ambitious aim of the restoration of convertibility at a rate which is held fixed either by legal ordinance or by administrative action.

*An address by Sir Dennis Robertson at the Vienna Congress of the International Chamber of Commerce, Vienna, Austria, May 20, 1953.

Much the same applies to the next question, namely, is sterling to be assumed convertible into dollars for all purposes, or only for purposes of a current as contrasted with a capital nature? I sympathize with those who emphasize the difficulty of drawing a clear line between the too, and who further point out that so long as there is anything which one is not allowed to do there will always be somebody who wants to do it, so that convertibility for current purposes alone cannot be relied on altogether to eliminate black markets and multiple exchange rates. Nevertheless it seems to me at present off the map that the inhabitants of Europe and Asia and Africa should be allowed to transfer their capital without limit to the under-developed countries of the world—I allude, of course, to Canada and the United States. In my own thought, therefore, by convertibility I mean convertibility for current purposes fairly liberally interpreted — supplemented perhaps in appropriate cases by the issue of return tickets, so to speak, to particular consignments of immigrant capital. If anyone likes to interpret convertibility on more comprehensive lines, I would only ask him to recognize that the conditions warranting its restoration need a drastic stiffening up accordingly.

Now a trickier question still. For whom are we being invited to suppose that sterling is to become more dollar-convertible than it is today?

So far as bare words go, there is nothing to show that we are to assume any substantial change in the position of the individual inhabitant of the United Kingdom, for whom his local money is already convertible in the sense that if he has obtained a license to import dollar goods he will get without question the dollars needed to pay for them. And the same holds good for the individual Australian or Jamaican. It may be that those who speak of the restoration of convertibility have other parallel changes also in mind. I certainly think they ought to have; but the proper moment for me to explain why will be when I come to formulate the conditions whose fulfilment will render the restoration of convertibility itself a reasonable objective of policy. In the meantime, I must assume that those for whom sterling is to be made legally convertible into dollars are those for whom it is not so already, that is to say the European and other non-North American foreign owners and earners of sterling.

I have spent more than half my time in interpreting the question I have undertaken to discuss, and have left myself only a few minutes for discussing it. But I venture to hope that the time has not been wasted, and that my brief analysis of the meaning of this hard-worked word "convertibility" will be found useful as a background not only for my own remaining remarks but for those of the speakers who are to follow me.

* * *

And now at last to fulfill my undertaking. I have to be brief so I am bound to be over-simple, and I can hardly help being dogmatic. I shall classify under four heads the conditions necessary for the restoration of convertibility, in my chosen sense, to be a practicable goal of policy in the reasonably near future.

First, the principle must be respected that that only can safely be made convertible which there is no excessive reason for desiring to convert. That means, of course, that there must be a sustained and sincere endeavour by the governments of the Sterling Countries and by the peoples whom they represent, to pursue internal policies which are compatible with the proclaimed objective. We have travelled a long way since the early postwar orgies of cheap money and indiscriminate subsidization; but I am not sure that we have yet travelled far enough. If I had 40 minutes instead of 20, I should enjoy taking you with me for a lightning trip round the sterling area, cocking a censorious eyebrow at this and that piece of political opportunism or class intransigence still standing in the way of effective economic policy. But since the point is universally agreed in principle, I will not spend precious minutes in elaborating it.

Secondly, while the main task may be to make sterling goods more competitive with dollar goods in third areas, there must also, as it seems to me, occur, if only as an adjunct, that quasi-revolution in United States commercial policy and administration for which some enlightened voices in that country have recently been calling, but against which such powerful forces, both within and without the government, seem to be arrayed. Here is another theme for an hour's discourse; but once more, the point of principle being plain, I shall not spend time in hammering it home.

I shall spend most of my remaining time on my **third** condition, which arises directly out of what I have said earlier when selecting the meaning of the term "convertibility" on which to work. If, no other change occurring, Europeans and others outside the sterling area become free to turn even their currently earned pounds into dollars, even if only for the purchase of dollar goods, it seems clear that under present conditions their governments would have a strong inducement to relax their own restrictions on the import of such goods. And it seems possible that the consequent transactions would attain such a scale as to compel the sterling countries to protect their own reserves by actually intensifying their own restrictions on the import of dollar goods. Whether the burden of these additional restrictions could be equitably distributed throughout the sterling area, or whether in practice the lioness's share of it would fall upon the mother country and her long-suffering colonial whelps, I must not pause to discuss. Instead I will only ask whether a convertibility so buttressed would not seem to transatlantic traders, touchy (with or without reason) on the subject of trade discrimination, to be the shadow without the substance.

But that is not the end. Would not the lioness be impelled to scratch back, and to make the coveted dollar-convertible sterling harder for other countries to earn by intensifying her import restrictions on their goods as well? In fine, one way and another, would not a technical advance towards freedom on the monetary front prove to have been dearly purchased by a retreat on what is fundamentally of much more importance, the trade front?

All this, of course, must have been much in the minds of the framers of that Commonwealth Plan of whose details, in spite of some pleasant leakages in high places, most of us are still ignorant. Please do not think I am attempting to criticize something which I have not seen. But it being my business, standing here in the dark, to suggest the necessary conditions for the restoration of sterling convertibility in my chosen sense, I feel bound to formulate my third condition in two prongs, as follows: First, such progress must have been made with my first two conditions, sterling area competitiveness and American receptivity, as to render possible a substantial advance on the trade front parallel with, but if anything outstripping, the advance on the monetary front.

The latter must not be left, in military metaphor, in a dangerous salient—in more homely language, out on a branch. Secondly, to render this double movement feasible and secure, the foreign owners and earners of sterling must be firmly integrated into the plan, taking a fair share of its ardours and obligations, and not be left outside in a position to torpedo it.

I harp on this second prong of the condition with some reluctance, for the kind of Sterling Area — European collaborating which it postulates is so easily mistaken for, and may indeed be in some danger of degenerating into, the kind of permanent "ganging up" advocated by those for whom regional action is an end and not a means, and who have despaired of the whole movement towards a freer oecumenical, or at all events a freer Atlantic, economic system. Some of us have not so despaired, yet have felt compelled to counsel caution. There is one man above others who has it in his power to put new heart into us, and that is the President of the United States.

One more condition, and two minutes to disclose it in. This matters the less because the agenda for this meeting make it plain that it will not be overlooked. The best-laid plans may "gang agley," and it is well to have a cushion to fall back upon. There is no particular difficulty in thinking up cushions; nine years ago at Bretton Woods, I played a very minor part in knocking one together. It has not, to say truth, proved a very lively cushion — perhaps now it is destined to become a bit springier. And there are other possibilities as well. So I conform to general opinion in listing as my **fourth** and final condition the deliberate inflation, by some means or other, of shrunken international reserves. But the proper place for this final condition in our thoughts is, I think, a subordinate one. For in default of the other three, it might well prove a snare and a delusion. Reserves once bitten into by lack of confidence have a habit of melting away like snow in summer time, and we are back where we began.

Gentlemen of the International Chamber of Commerce, your Balaam makes his bow, and—his ass being not yet saddled — resumes his seat upon the fence.

LETTER TO THE EDITOR:

Comparative Costs of Uruguayan And Tangier Gold Certificates

A CORRECTION

Banco La Caja Obrera, Montevideo, point out where "$3 per ounce" is mentioned in text of article by Herbert M. Bratter on page 35 of the "Chronicle" issue of April 9, 1953, 3% per ounce was meant.

Editor, Commercial and Financial Chronicle:

We have duly received "The Commercial and Financial Chronicle" of April 9, 1953, where a report of our General Manager Mr. Enrique Lopez Castilla is published, referring to the legal basis for a free gold market in our country and specially about gold certificates we issue in connection with FIDUSA. We highly appreciate this publication and we sincerely hope that this will help to diffuse in your country the importance of Uruguay as a real international market.

We observed your comments on page 35 about the comparison of cost between the certificates of the Societe de Banque Tangero-Suisse and ours. A mistake slipped into our statement to the effect that the tax of the Societe de Banque Tangero-Suisse was calculated on the basis of US $3.00 per ounce. As a matter of fact, it should have read:

3% per ounce (at US $37.50 the ounce represents US $1,205.65 per kilo) that is, 3% of US $1,205.65	US $36.17
US $5.00 per commission during three years	15.00
	US $51.17

i.e., 4.24% of the cost.

It is interesting to remark that we have taken the scale of 3% — which corresponds to ingots smaller than 12.5 kilos or to coins — because these offer a bigger market. We should thank you if you could make the corresponding explanation in order to avoid any doubt in this respect.

Foreign Division
BANCO LA CAJA OBRERA
25 De Mayo Esq. Treinta y Tres
Montevideo, Uruguay
June 3, 1953

With Johnson, Lane, Space

(Special to THE FINANCIAL CHRONICLE)

ATLANTA, Ga. — L. Frank Daley has become affiliated with Johnson, Lane, Space & Co., Inc., Citizens & Southern National Bank Building.

With Harris, Upham

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Glen J. Thoma has joined the staff of Harris, Upham & Co., 135 South La Salle St. He was previously with James E. Bennett & Co.

Joins Riter Staff

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—William S. Covington has become associated with Riter & Co., 134 South La Salle Street. He was formerly with Bacon, Whipple & Co. and James H. Oliphant & Co.

Three With Taylor Co.

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—John A. Block, Ray C. Coberly and J. Willis Langdale have become associated with Taylor & Co. 105 South La Salle St. All were formerly with Waddell & Reed, Inc.

NSTA Notes

NSTA ADVERTISING COMMITTEEMEN

Nicholas E. Fon Eisen, Fahnestock & Co., Hartford, Conn., and Edward C. McNulty, Chas. W. Scranton & Co., New Haven, will


N. E. Fon Eisen


William S. Hunter


James R. Duffy

act as Advertising Chairmen for the Security Traders Association of Connecticut.

William S. Hunter, Lee Higginson Corp., Chicago, is advertising chairman for the Bond Traders Club of Chicago.

James R. Duffy, Paine, Webber, Jackson & Curtis, Boston, has been appointed chairman for the Boston Security Traders Association.

NATIONAL SECURITY TRADERS ASSOCIATION, INC.

Plans are now under way for the program at the 20th Annual Convention of the National Security Traders Association at Sun Valley, Sept. 16-19, 1953.

Wm. Perry Brown, Chairman of the Reception Committee urges all past Presidents and Officers to attend the 20th Annual Convention. The main object of the Reception Committee will be to have all of the Past Officers meet the younger members of the NSTA enabling them to have discussions which will be of great benefit to the Association. After all, the Past Presidents and Officers are largely responsible for bringing the NSTA to its present status in the industry.

Mrs. Landon A. Freear, (William N. Edwards & Co., Ft. Worth, Tex.) Chairman of the Ladies' activities is making arrangements for the Ladies' program which will be announced later when the program for both the Ladies and Men is complete.

There is always something to do at Sun Valley which is one of the World's most complete year round resorts: skating, swimming, tennis, archery or golf on the par 72 course. Although it is a 9-hole course there are 18 tees. The tees are so placed as to vary the flight and distance in each case.

The rates at Sun Valley are on the American plan and will be $14.00 per day each for two in a twin bedroom and $18.00 for a limited number of single rooms.

The Registration Fee for Members will be $35.00 and $25.00 for Members' wives. The fee for Non-Members or Commercial Registrations will be $50.00.

A Special Train will be operated from Chicago to Sun Valley and return leaving Chicago at noon Sunday Sept. 13th. Special cars will leave New York and Philadelphia Saturday afternoon Sept. 12th joining the Special Train in Chicago. Monday will be spent in Denver where plans are being made for the day by the Bond Club of Denver and Tuesday the Special will stop for a day of sightseeing in Salt Lake City, with arrival at Sun Valley in time for breakfast Wednesday morning Sept. 16th.

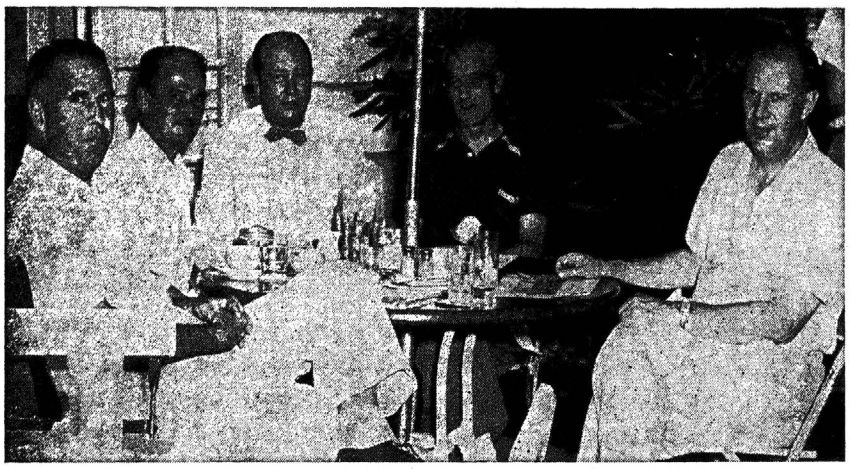
Returning, the Special will leave Sun Valley shortly after midnight of the 19th, stopping in Omaha Monday morning for a visit to Boys' Town, arriving in Chicago Monday evening. Special Cars arriving in Philadelphia and New York Tuesday afternoon.

The cost for a roomette or for two in a compartment including hotel at Sun Valley, all meals and sightseeing will be approximately $425 each from New York and Philadelphia and $300 each from Chicago. A Sun Valley circular and registration blank is enclosed.

DALLAS SECURITY DEALERS ASSOCIATION

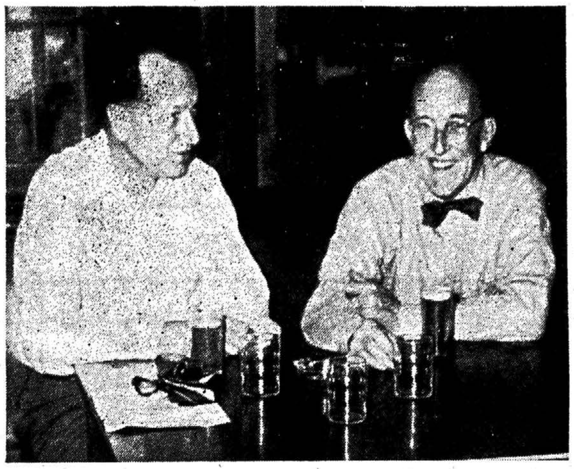
The Dallas Bond Club announces that the group's name has recently been changed to Dallas Security Dealers Association. The newly named Association recently held its annual spring field day at the Glen Lakes Country Club, Dallas, with some 100 in attendance.

Bond Club of New Jersey



Bob Pyle, *Hornblower & Weeks*, New York; Jim Currie (guest); Jay Richardson, *Halsey, Stuart & Co. Inc.*, New York; Chick Spring, *Outwater & Wells*, Jersey City; Dick Marshall, *Laurence M. Marks & Co.*, New York

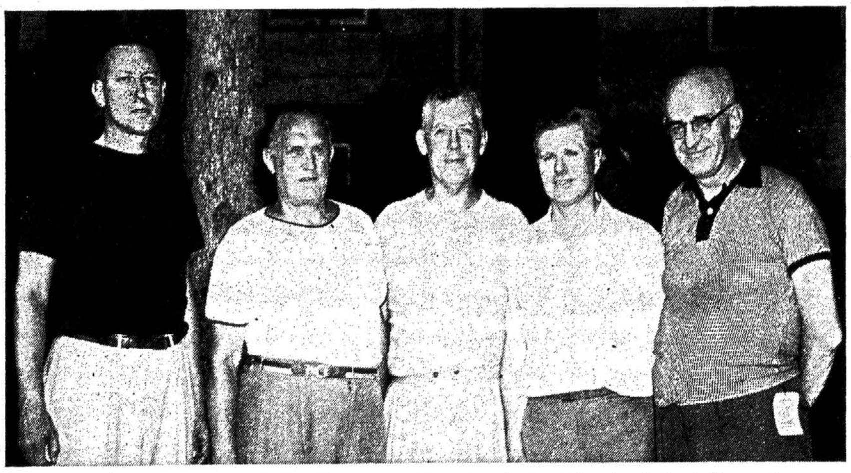
John J. Ryan, *Ryan, Hanauer & Co.*, Newark; John P. Byram, *Northern Trust Company*, New York City; Bob Krumm, *W. H. Morton & Co., Incorporated*, New York City; Ken Ebbitt, *Shelby Cullom Davis & Co.*, New York; Jim Gilbert, *Hornblower & Weeks*, New York



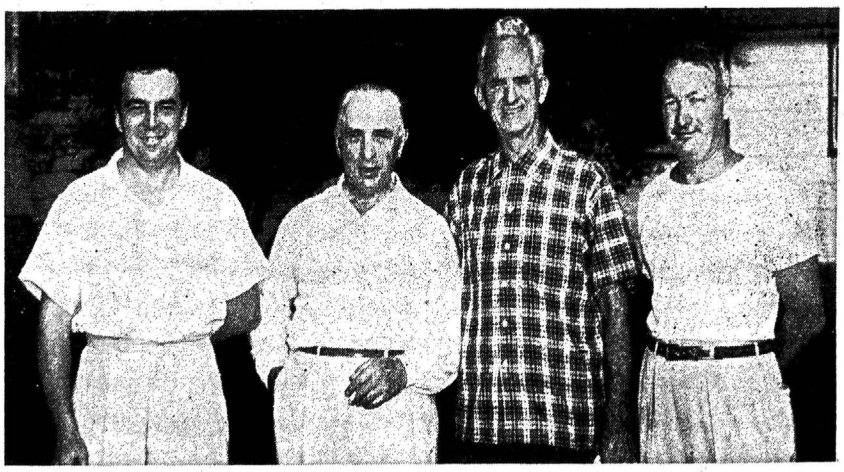
Alex Seidler, *National State Bank*, Newark; Kenneth Spear, *Julius A. Rippel, Inc.*, Newark

J. William Roos, *MacBride, Miller & Co.*, Newark; Edward S. Hinckley, *Adams & Hinckley*, Newark

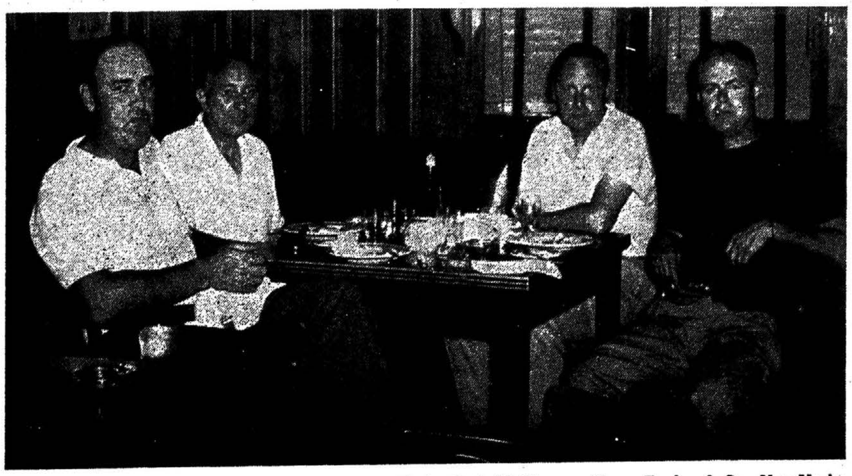
William H. Boland, *Boland, Saffin & Co.*, New York; Howard Dunning, *C. P. Dunning & Co.*, Newark; Wilbur Callan, *Federal Trust Company*, Newark



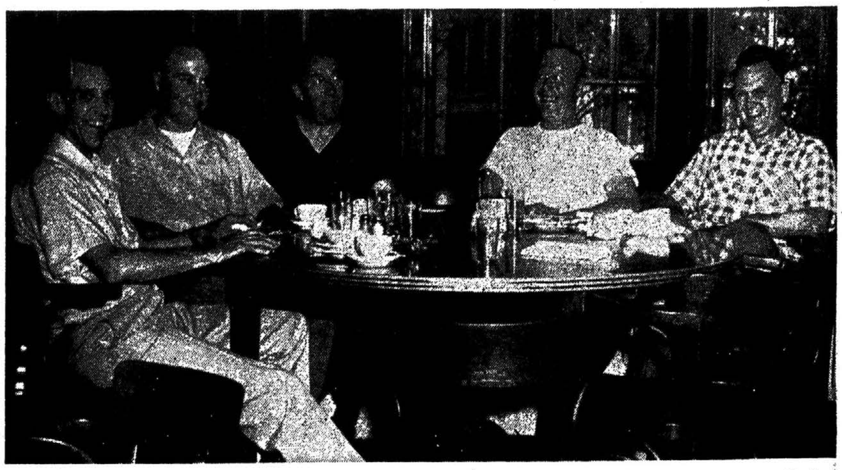
W. K. Van Hise, *Parker & Weissenborn, Inc.*, Newark; A. A. Johnson, *Federal Trust Company*, Newark; Stanton M. Weissenborn, *Parker & Weissenborn, Inc.*, Newark; F. S. Astarita, *Montclair Trust Company*, Montclair, N. J.; Foy Porter, *Estabrook & Co.*, New York



Phil Arnheiter, *Adams & Hinckley*, Newark; Ben Fairbanks, *U. S. Savings Bank*, Newark; Russell V. Adams, *Adams & Hinckley*, Newark; George B. Underwood, *Underwood Mortgage & Title Co.*, Irvington, N. J.

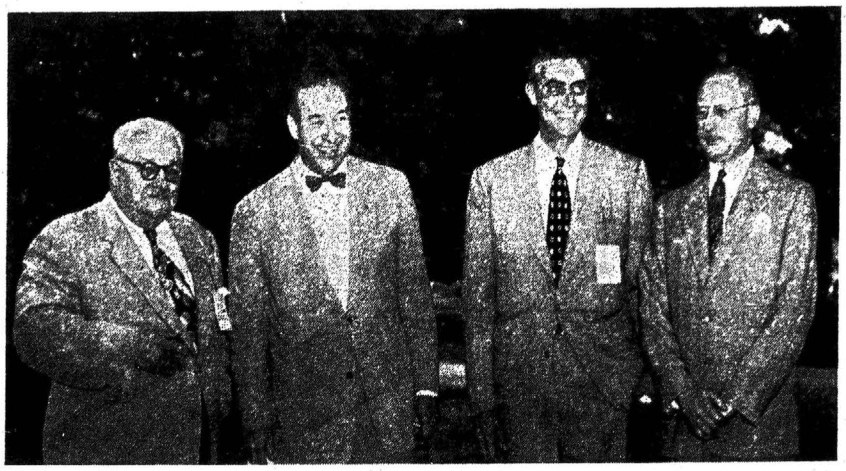


Roald A. Morton, *Blue List Publishing Co.*, New York; C. J. Waldmann, *Kean, Taylor & Co.*, New York; E. A. M. Cobden, *Kean, Taylor & Co.*, New York; Jerome C. L. Tripp, *Tripp & Co., Inc.*, New York



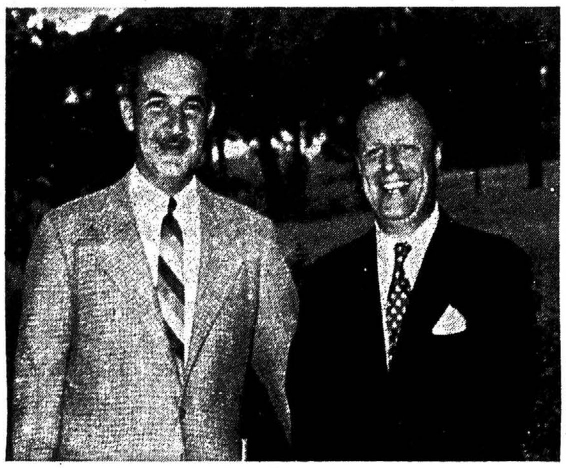
Taber J. Chadwick, *The State Trust Company*, Plainfield, N. J.; Frank D'Alessandro, *Orange Valley Bank*, Orange, N. J.; Ludlow Van Deventer, *Van Deventer Brothers, Inc.*, Newark; Raymond R. Wilson, *Union Securities Corporation*, New York City; Walter H. Stohl, *Fidelity Union Trust Company*, Newark

Annual Field Day

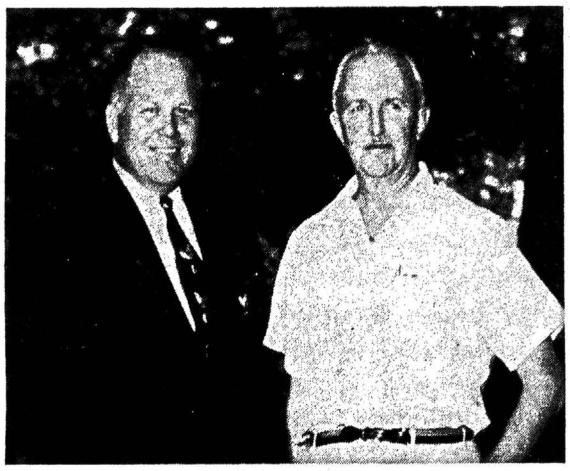


Harold B. Smith, *Pershing & Co.*, New York; O. D. Griffin, *J. W. Sparks & Co.*, New York; Randall M. Keator, *Harriman Ripley & Co., Incorporated*, New York; Robert W. Lane, *MacBride, Miller & Co.*, Newark

L. Walter Dempsey, *B. J. Van Ingen & Co. Inc.*, New York; E. H. Hills, *Eldredge & Co., Inc.*, New York; F. R. Cole, *F. R. Cole & Co.*, Newark; Monroe V. Poole, *George B. Gibbons & Company, Inc.*, New York



Hal E. Murphy, and Edwin L. Beck *The Commercial & Financial Chronicle*

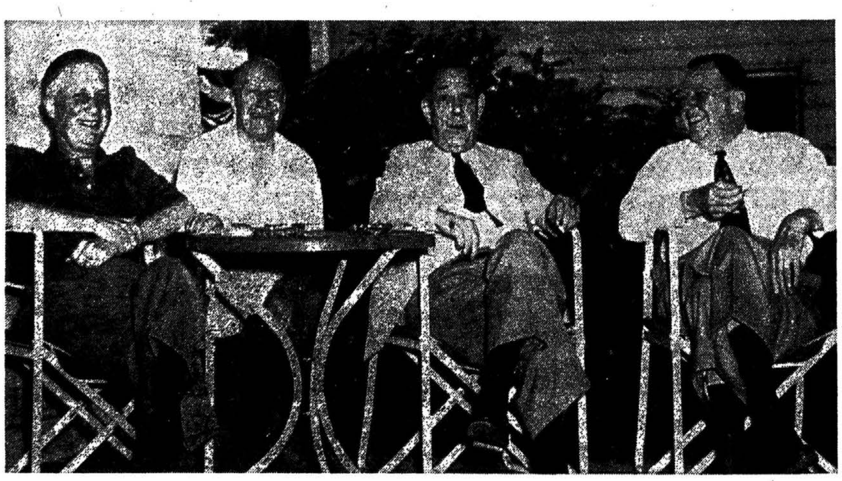


H. Schutt, *Kean, Taylor & Co.*, Newark; Ray Vanderhoff, *Fidelity Union Trust Company*, Newark

Norton P. Rogers, *Adams & Hinckley*, Newark; Harry D. Miller, *Nugent & Igoe*, East Orange, N. J.

Robert P. Bennett, *E. A. Clark & Co.*, New York City; Louis H. Whitehead, *Neergaard, Miller & Co.*, New York City; Sidney L. Weedon, *Hugh W. Long & Co., Inc.*, East Orange, N. J.; W. Deane Pruden, *MacBride, Miller & Co.*, Newark, N. J.

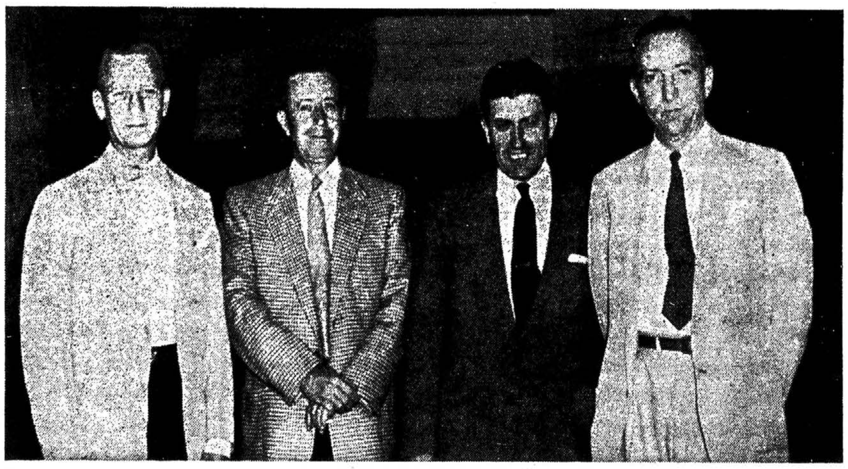
Halsey C. Brewster, *Allen & Company*, New York; Nancy Farrar, guest; W. M. Farrar, *A. M. Kidder & Co.*, New York; Bill McIntire, *Dominick & Dominick*, New York; Roy Duke, *Colonial Life Insurance Co.*, East Orange, N. J.



Robert Hinchman, *Ira Haupt & Co.*, New York; Cyrus Currier, *Harris, Upham & Co.*, Newark; J. Kirk Milnor, *Mabon & Co.*, New York; J. Albert Leek, *Coffin & Burr, Incorporated*, New York

Henry Hegel, *Federal Trust Company*, Newark; Richard H. Monaghan, *J. R. Mueller & Co.*, Newark; Jack Coman, *C. J. Devine & Co.*, New York; Mathew Reilly, *C. J. Devine & Co.*, New York

At Rock Spring Club

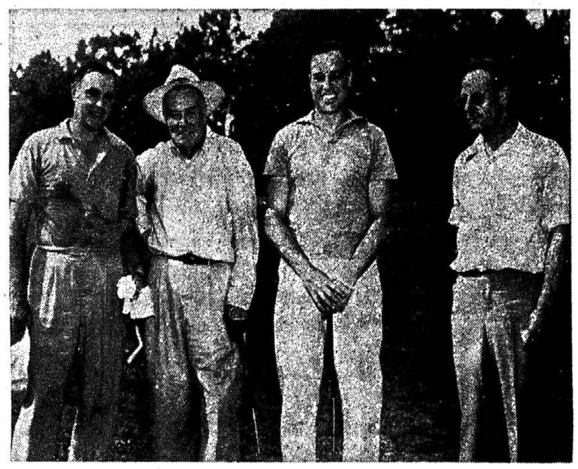


Norm Lillig, *First National Bank of Paterson, N. J.*; Chet Bardsley, *Salomon Bros. & Hutzler*, New York; Jim Gustat, *Halsey, Stuart & Co. Inc.*, New York; Howard D. Biddulph, *Bloomfield Savings Bank*, Bloomfield, N. J.

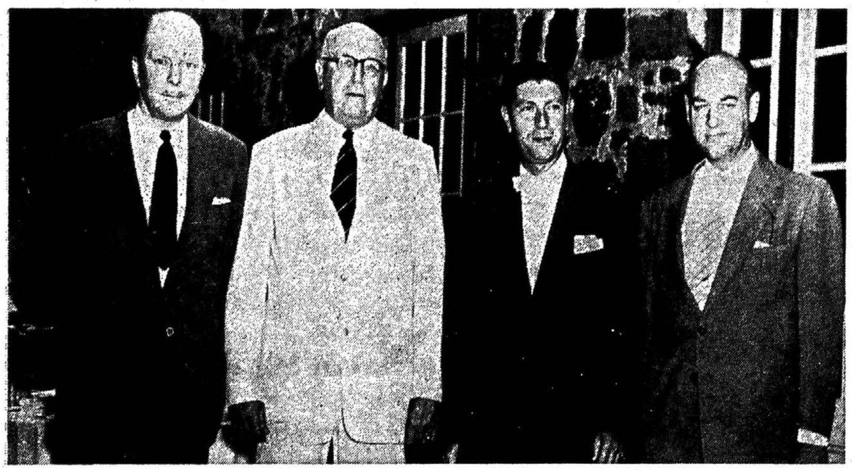
Harry P. Schaub, *Harry P. Schaub, Inc.*, Newark; Harry P. Schaub, Jr., *Harry P. Schaub, Inc.*, Newark; Don Lane, *Merrill Lynch, Pierce, Fenner & Beane*, Newark; Harold D. Loskamp, *Merrill Lynch, Pierce, Fenner & Beane*, Newark; Barnard B. Ramsey, *Merrill Lynch, Pierce, Fenner & Beane*, Newark

Court Parker, *R. W. Pressprich & Co.*, New York; Royce Flippin, *Smith, Barney & Co.*, New York; James G. Campbell, *W. E. Wetzel & Co.*, Trenton, N. J.; Ed Fishwick, *Mutual Benefit Life Insurance Co.*, Newark

Norman Brassler, *County Bank and Trust Co.*, Paterson, N. J., Jack Sachau, *Blyth & Co., Inc.*, New York; John P. Ryan, *Goldman, Sachs & Co., New York*; Edward Winpenny, *Laird & Company*, New York



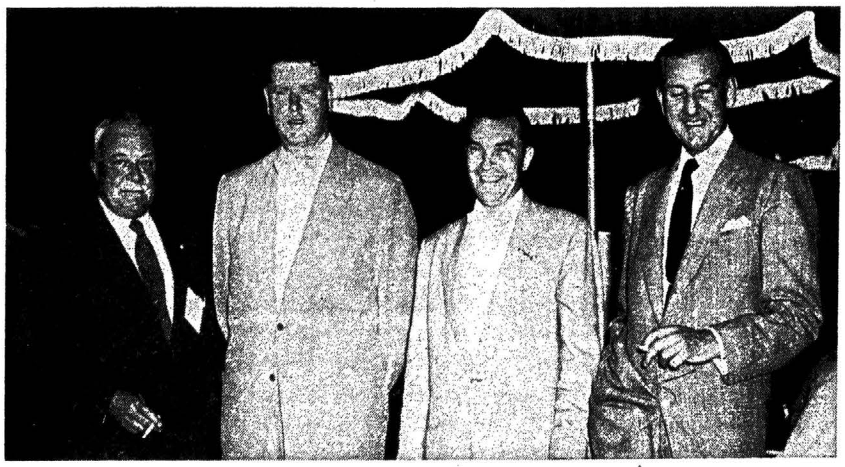
George Heath, *National Newark & Essex Banking Co.*, Newark; Fred Brown, *White, Weld & Co.*, New York; Paul Welzmiller, *J. B. Roll & Co., Inc.*, New York City; Chas. W. Clark, *Fidelity Union Trust Company*, Newark



D. Kenneth Sias, *National State Bank*, Newark; Charles E. Reed, *Kean, Taylor & Co.*, Newark, N. J.; Archie C. Barbata, *Bank of Nutley*, Nutley, N. J.; John Ryan, *Passaic Clifton, National Bank & Trust Company*, Passaic, N. J.

Herbert A. Hoehn, *Gregory & Son, Incorporated*, New York; Jack Kraus, *Home Title Guaranty Co.*, New York; Donald Mackenzie, *Marine Midland Trust Company*, New York; Paul J. Mahoney, *Paul J. Mahoney, Inc.*, New York

Horace G. Houghton, *Kean, Taylor & Co.*, Newark; C. Wallace Smith, *Smith, Barney & Co.*, New York; Martin M. Issler, *Griggs, Baldwin & Baldwin*, New York; J. Albert Williams, *Nugent & Igoe*, East Orange



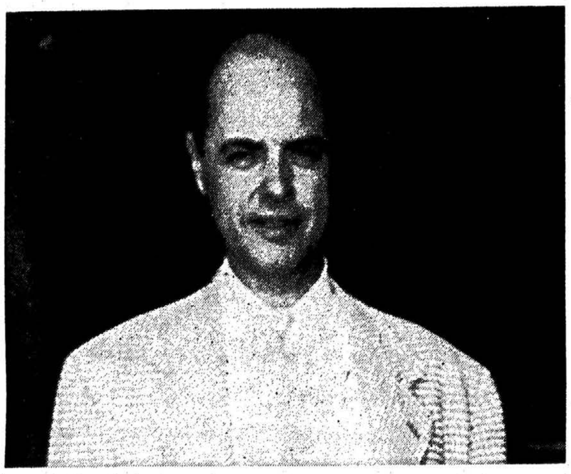
Everett L. Thompson, *Reynolds & Co.*, East Orange, N. J.; Joseph F. Rush, *Reynolds & Co.*, East Orange, N. J.; Al Windolf, *Bankers National Life Insurance Co.*, Montclair, N. J.; Fred Bentien, *The First Boston Corporation*, New York City

June 19, 1953

John F. Hoffman, *Shields & Company*, New York City; Walton Dunn, *Mackey, Dunn & Co., Inc.*, New York; Dick Whitcomb, *Phelps, Fenn & Co.*, New York; Bus Brown, *B. J. Van Ingen & Co. Inc.*, New York

Stewart R. Terrill, *J. D. Topping & Co.*, New York; Ira C. Ayers, *Anderson Cook Company, Inc.*, Palm Beach, Fla.; Carl A. Preim, *R. W. Pressprich & Co.*, New York; Ludlow Van Deventer, *Van Deventer Brothers, Inc.*, Newark

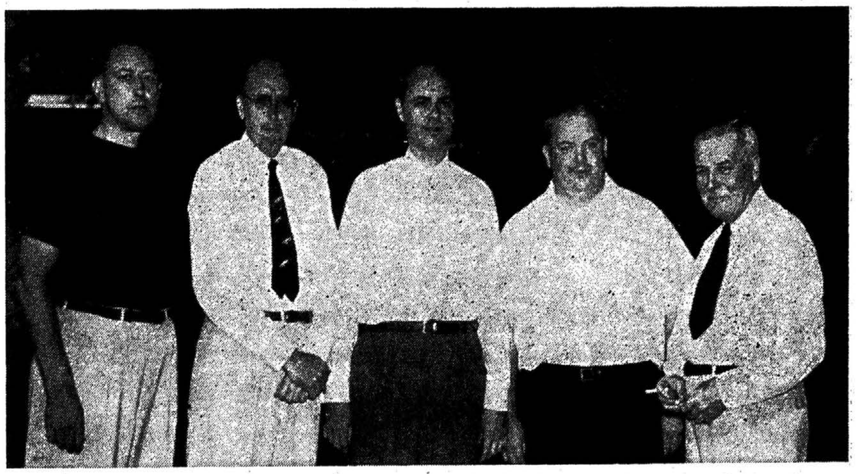
John F. Dolan, *Spencer Trask & Co.*, New York; Felix Restivo, accordionist; Russell Hartrauft, *Spencer Trask & Co.*, New York



Glenn D. Thompson, *National State Bank*, Newark, Chairman of the Field Day Committee

Roger S. Phelps and Roger S. Phelps, Jr., *Byrne and Phelps*, New York

Jim Musson, *B. J. Van Ingen & Co., Inc.*, New York; J. R. Mueller, *J. R. Mueller & Co.*, Newark; Jim Johnston, *Tucker, Anthony & Co.*, New York; Walter Schumann, *Hemphill, Noyes & Co.*, Philadelphia; John Sweeney, *A. C. Allyn & Co., Inc.*, New York; Red Haight, *Tripp & Co., Inc.*, New York



W. K. Van Hise, *Parker & Weissenborn, Inc.*, Newark, President of Bond Club of New Jersey; E. F. Kezer, *B. J. Van Ingen & Co., Inc.*, New York, Vice-President; Glenn Thompson, *National State Bank*, Newark, Secretary; J. William Roos, *MacBride, Miller & Co.*, Newark, Treasurer; Fred J. Brown, *White, Weld & Co.*, New York, retiring President

Bob Lewis, *Ryan, Hanauer & Co.*, Newark; P. Scott Russell, *Glore, Forgan & Co.*, New York; Pete White, *Alex. Brown & Sons*, New York; Ed McLaughlin, *Paine, Webber, Jackson & Curtis*, New York

A. H. Patterson, *First Boston Corporation*, New York City, in foreground pitching horseshoes

Economist Marks Paternal Bureaus for Early Oblivion

By JOHN W. BECK

Financial Editor, "Daily Oklahoman," Oklahoma City, Okla.

[Reprinted by permission from the "Daily Oklahoman," May 24, 1953]

Mid-West financial editor, expressing agreement with Dr. Saxon and with "Chronicle" editorials advocating abolition of Securities and Exchange Commission, concludes "we could lose 90% of our Federal bureaus overnight and not miss them, except to feel a great resurgence of individual freedom, activity, and prosperity."

THE OCTOPUS: Dr. O. Glenn Saxon, Professor of Economics, Yale University, and member of the Economists' National Committee on Monetary Policy, has made an historic speech, and the "Commercial and Financial Chronicle" has backed him up. What Dr. Saxon and the "Chronicle" have said has long needed saying. Dr. Saxon wants to abolish the Federal Securities and Exchange Commission and lay the Interstate Commerce Commission in its grave.


Dr. O. Glenn Saxon

These bureaus, Dr. Saxon thinks, not only hinder our advances but actually set us back. He expressed these ideas in a direct address to the New York Security Dealers Association. On April 30 the address was carried in full by the "Commercial and Financial Chronicle."

In his opening Dr. Saxon says: "I am going to state my views frankly . . . and I am talking after 20 years of study and teaching in the field of corporation finance and the distribution of securities in the capital markets of the country. . . . I want to propose the elimination of the (Federal) Securities and Exchange Commission."

Editorially, the "Chronicle" observes: "The longer we consider some of the octopus-like activities of the (Federal) Securities and Exchange Commission, the more convinced we become of the correctness of the view that the Commission ought to be abolished. . . . This sentiment is provoked by the recent SEC release offering a proposed Form S-8 which deals with employee stock purchase plans. . . ."

MYSTIC MAZE: The "Chronicle" continues: "If the maze of instructions which constitute this new proposal be regarded as a 'simplification,' then indeed the original instructions and requirements for registration as they now exist . . . must be terrifying.

"Here is a demonstration of paternalism on the part of a government agency which we just don't go for. As we view it, the matter of acquiring a proprietary stock interest in a business by its employees is one of a contractual relationship between those employees and their employer and should require no supervisory direction or control from an administrative agency (of government). The general instructions covering the operation of and conformance with this proposed Form S-8 are so 'simple' that they occupy nine closely typewritten pages. . . ."

The "Chronicle" observes the multiplicity of things to be supervised, which include general information regarding the plan, who may participate in the plan, withdrawal from the plan, assignment of interest, default under the plan, administration of the plan, investment of the funds, *ad infinitum.*

"When the SEC dubs the proposal a 'simplification' there is implicit in that appellation an admission of existing complexity . . . especially where the 'simplification' is itself so complex as to require a Philadelphia lawyer to unravel it. . . . And still the end is nowhere in sight. There are prospectus requirements, summaries of earnings . . . annual reports, etc., etc., etc."

DICTATORSHIP: Cognizance is taken of the implicit dangers involved in this authority-seeking Federal Securities Commission. Like all other government bureaus, it seeks to grow, and as an organization it becomes more and more imbued with the idea of its own importance and the necessity of further expansion. Though the SEC, says Dr. Saxon, is "without authority of the law, it is attempting directly and indirectly to fix both prices and margin of profit.

"A combination of these two factors, if continued, is certain to wreck the investment banking market and the machinery set up for the syndication, underwriting and distribution of all new issues of equity securities. . . .

"If the Federal Government continues to deprive the investment banking field, and through it the public as well, of the less risky and better types of securities, it will inevitably either destroy all syndication and force investment bankers to become agents of the issuers of securities, or force them to charge margins and mark-ups which will require the public in the long run to pay much higher prices for those securities than they would pay, if all securities that are presently floated through the investment banking market, and those which now go direct to placement institutions, were returned to the old channels. The government can't take the cream of the crop out of the market and expect the balance of the securities to be sold. . . ."

COMMERCE GROUP: In dealing with the Interstate Commerce Commission Dr. Saxon has been very generous. He credited the ICC with performing an essential function in the early stages of its life (it was established in 1887) but he notes that it no longer serves any useful purpose. "Today," says Dr. Saxon, "the ICC could and should be completely eliminated and the railroads cut loose to establish their own rates, to integrate with the airlines, the buses, the trucks, and the steamship companies of the country. In the period of five or 10 years we would probably have five or six major trunk line systems, all competing with one another and serving us on a strictly competitive basis, without rate regulations."

I agree thoroughly with Dr. Saxon, and with the "Chronicle," that these agencies should be eliminated forthwith. I am not so generous as Dr. Saxon in crediting the ICC with benefiting either the organizations it was supposed to help or the people of this nation—not even in its early life. After 23 years of study on the subjects of politics and economics I can see nothing but danger in bureaus of central government. I would go much further than Dr. Saxon. To me, it seems likely that we could lose 90% of our Federal bureaus overnight and not miss them except to feel a great resurgence of individual freedom, activity, and prosperity.

No "Peace Scare" in London

By PAUL EINZIG

Pointing out "peace scare" does not prevail in Britain, Dr. Einzig ascribes this to: (1) improved British economy; (2) confidence that Government will curb unemployment; (3) ability of industry to absorb workers released from armament production; (4) high level of consumer demand; and (5) the ample scope for increasing capital expenditure in Britain.

LONDON, Eng.—The progress in the Korean negotiations and the change in Russia's attitude toward Austria gave rise to a new wave of optimism about the prospects of ending the cold war. For the first time there was in London a widespread feeling that perhaps, after all, the Communist countries really mean business. In view of the fears of a "peace slump" which have prevailed during recent months it would not have been surprising to witness a sharp reaction to the improved political atmosphere, in the form of a slump on the Stock Exchange. Instead during the first three days that followed the good news the Stock Exchange was distinctly firm. This in spite of the less favorable trend reported from Wall Street. Even though it is premature to judge the position from the results of three days, it is none the less gratifying to note that the first reactions did not confirm "peace scare" fears.


Dr. Paul Einzig

The absence of a "peace scare" may be explained on a number of different grounds. In the first place Britain's economy today is not nearly as vulnerable as it was 18 months ago. Had peace "broken out" towards the end of 1951, when commodity prices were higher, commodity stocks were larger, and bank advances were bigger, the result would have been undoubtedly a heavy slump. In the meantime, however, a large proportion of the positions created as a result of the inflationary boom that accompanied the Korean War and rearmament has been liquidated, thanks to the hard money policy pursued in 1952. Commodity prices are now appreciably below their peak level and the scope for a further fall is not considered to be unduly large.

What is perhaps even more important, British opinion is firmly convinced that in no circumstances would the government allow unemployment to develop. Had the international political situation improved a year ago the development of large-scale unemployment would have been widely anticipated. Indeed, even in the absence of a "peace scare" the increase in the number of unemployed to one million was freely predicted, especially in political circles unfriendly to the government. During recent months, however, unemployment has declined and at present it barely represents 1½% of the industrial employees. On the basis of last year's experience most people are now satisfied that the government is both willing and able to adopt measures that would prevent the development of large-scale unemployment.

It is by no means certain to what extent rearmament would cease if the cold war were to be brought to an end. There can be little doubt, however, that industry as a whole is well in a position to absorb hundreds of thousands of hands if and when they should become released by the arms industries. Consumers' demand is on a very high level, apart altogether from the temporary stimulus it received from the celebration of the Coronation. If necessary the government could easily stimulate it by repaying some postwar credits out of the £700 million of compulsory loans levied on taxpayers during the War. Even in the absence of such a measure, the rising trend of personal incomes would in itself maintain consumption on a high level.

Moreover there is ample scope for increasing capital expenditure. One of the first acts of the Conservative Government, on assuming power in 1951, was to cut down the capital investment programs of public authorities and private interests alike. To some extent the restrictions have recently been relaxed but they could be relaxed further for the purpose of relieving any unemployment that might develop through a reduction of arms production. There can be no doubt that there would be ample employment opportunities in industries working for civilian requirements. The only difficulty would be that of the switch-over. There is bound to be some temporary unployment but its extent and duration is likely to be mitigated as a result of the recent improvement in the housing situation. Until recently the elasticity of labor was most unsatisfactory owing to the absence of housing accommodation which would have enabled unemployed workers to seek employment in other districts. Even though in this respect the situation is still far from ideal, it is now distinctly easier to find accommodation than it was a year ago. With the progress of the housing drive the situation is likely to improve further during the second half of this year. Moreover, it is hoped that during the next Parliamentary session, legislation will be passed raising the level of controlled rents, which would undoubtedly lead to the release of much housing accommodation.

The basic fact of the situation is that no matter what political party is in power it is politically impossible today for any government to allow the development of large-scale unemployment. The British public is well aware of this fact. It is also aware of the fact that the government today is much better equipped for preventing large-scale unemployment than it was during the inter-war period.

Another consideration that may play a part in reducing the likelihood of a peace slump is the high level of the bank rate. It provides an opportunity for lowering the bank rate if this is considered necessary in order to stimulate trade. If the bank rate were still at 2% there would be little or no scope for any such action. At 4%, however, the bank rate is liable to be reduced and its reduction is widely anticipated. This accounts partly for the firmness of government loans.

Last, but by no means least, the sentimental factor is of some importance. The Coronation gave rise to a wave of optimism verging on enthusiasm about the inauguration of a new Elizabethan era. It would be difficult to explain on rational grounds why and how this should affect the attitude of dealers, investors and speculators towards stocks and bonds. But it seems that there is some connection between the Coronation festivities and the favorable turn of the stock exchange. In conjunction with other factors operating in the same sense, this factor may go a long way towards preventing or mitigating a "peace slump."

Now M. A. Mader Co.

Maximilian A. Mader is now engaging in the investment business under the firm name of M. A. Mader Co., with offices at 100 Front Street. He was formerly a partner in Mader & Co.

With Prescott & Co.

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio—Thomas E. Carter has become connected with Prescott & Co., National City Bank Building, members of the New York and Midwest Stock Exchanges.

With Estabrook & Co.

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Buttfield F. Marsom is now with Estabrook & Co., 15 State Street members of the New York and Boston Stock Exchanges.

William V. Ellis

William V. Ellis, partner in Pickhardt & Ellis, Boston, Mass., passed away June 12 at the age of 65.

Continued from page 6

Picketing Symposium Comments

out and emphasize the rights of the individual employee to make his own contract with his employer, and the similar right of the employer to make contracts which are mutually satisfactory on an individual basis.

On account of the unusual and unnecessary emphasis that is placed upon collective action, and the customary inability or failure of local governments to protect individuals in their right to work, and in their right to come and go unmolested, these rights should not only be emphasized in the law, there should be some method of escape for the individual who has, either voluntarily or involuntarily, joined a collective. He should not be bound for life or for any extended period. When he joins a collective he surrenders something in the way of individual freedom and liberty and he should be allowed to regain it again should he so desire.

There is no reason and never was a good sound reason, moral or ethic, for certain groups such as labor unions, to be exempted from the operation of our ordinary laws, and, in a sense, placed above the law. This has been done in the past by such laws as the Norris-LaGuardia Act, Clayton Act, etc. There should be no such exempt groups in these United States. Every group, as well as every individual, should be subject to exactly the same laws, and held responsible accordingly.

Therefore, any amendment to the Taft-Hartley Act should specifically repeal the special exemptions that have, in the past, been given to labor unions or labor leaders.

Every honest labor leader and every honest union would be in favor of this, as they would not expect any special favors from the public through the government and the courts.

There are many other revisions in the law that should be made if it is opened up for amendment, but this will give you an idea of some of the important dificiencies.

The law, if amended, should spell out and give more emphasis if anything to the right of individual bargaining and individual action than is now given to collective bargaining and collective action. Anything less than this would be against the interest of the public as well as the interest of labor itself.

WILLIAM W. MILLER

Vice-President, Industrial Relations and Legal, Stewart-Warner Corp., Chicago, Ill.

I would not go so far as to say that "picketing infringes on property rights and civil liberties" and that picketing should be made illegal. We cannot quarrel too much with picketing, as such, if it is confined to the purpose for which it is intended, namely, to advise people as to the facts with respect to an existing controversy. The evils of picketing arise because its use is not limited to this purpose. It is frequently used by labor unions (1) as a method of unlawfully intimidating employees in the exercise of their right to work, and (2) as a method of unlawfully interfering with the business of an employer by means of secondary boycott or otherwise.


W. W. Miller

The most important amendment to the Taft-Hartley Act that could be made in this field would be one which would clarify the right of the states to enact legislation to prevent abuses of this kind. Some decisions of the National Labor Relations Board and the courts indicate the need for this legislation. I also believe that our state and Federal laws should be strengthened to prevent these abuses.

HON. HERMAN E. TALMADGE

Governor, State of Georgia

Peaceable picketing during a labor strike is now considered by most every American as a traditional right of labor. It has been accepted as the only effective way in which the Union can put the public on notice that a strike exists.


Gov. H. E. Talmadge

It is very doubtful if any legislation seeking to curb this right would meet with any measure of success.

I do not think that the right to picket has anything to do with the so-called human or civil rights. It is one of the now well-recognized weapons of unions to back up their side of labor-management disputes. Any discussion of legislation to terminate it, I think is academic.

HON. WILLIAM A. DAWSON

U. S. Congressman from Utah

I feel that peaceful picketing—and I emphasize peaceful—is a constitutional right of the individual, closely allied to the right of free speech and petition. I think that there are important laws on the books of every state in the nation that permit and require local law enforcement law officials to prevent abuse of the picketing privilege.


Wm. A. Dawson

HON. JOHN J. RHODES

U. S. Congressman from Arizona

I will not attempt to go into the question of whether or not a labor dispute is legal or illegal. Suffice to say that, in the event of an illegal strike, I do not believe the strikers have a moral right to picket. Neither should they have a legal right to do so.


John J. Rhodes

On the other hand, if picketing is in the course of a legal strike and is conducted peaceably, I consider it to be a legitimate weapon of labor. The dispute must be with the company which is being picketed. I do not believe that the secondary boycott is a legitimate means of influencing anyone in a labor dispute.

Picketing should be accomplished in such a manner as to notify the general public that a labor dispute exists. I do not believe in mass picketing or threats of violence of any kind. Also, picketing should be done off the property of the company with which the dispute exists, and should be done only at entrances to the plant.

I doubt that a law to make picketing illegal would be constitutional. In my opinion, it would certainly violate the rights of free speech and free assembly guaranteed by our constitution. However, this practice should, and can be, circumscribed by the laws of the states defining peaceful picketing to insure that this labor weapon is used as a means of winning a labor dispute, not as a means of terrorism.

HON. SIGURD ANDERSON

Governor, State of South Dakota

I believe that peaceful picketing should be permitted but that anything other than peaceful picketing should be prohibited and violators prosecuted forthwith. Here in the State of South Dakota, we have a law—Chapter 93 of the Session Laws of 1947—which prohibits picketing by force and violence. I feel that that law is a good sound law. By peaceful picketing, I mean the kind of picketing that doesn't indirectly interfere in violence, intimidation or subsequent reprisal. It must be the kind of picketing that does in no manner obstruct or interfere with the free ingress or egress to and from any premises, or to obstruct or interfere with the free use of public streets, sidewalks, or other public ways. I feel that it is the right of every American to announce to the world his feelings in connection with such matters as hours, wages and conditions of labor but when there is any hint of violence in it that is a different story.


Gov. S. Anderson

IVAN L. WILLIS

Vice-President, International Harvester Company, Chicago 1, Ill.

We believe that labor has the fundamental constitutional right to picket peacefully. Employers are interested in retaining the right of free speech and we cannot deny that right to labor. The foregoing paragraph is a brief expression of our opinion with regard to this controversial issue.


Ivan L. Willis

FRED P. RONDEAU, ESQ.

Rondeau & Washer, Chicago, Ill.

The right to strike is basic and justified! The freedom to picket is likewise a necessary adjunct of the right to strike. To picket, the workman may thus personally set up his right to strike. However, experience in the United States plainly shows a too constant violation of the rights of others. Force, belligerent coercion and riotous conduct occurs more generally than not. Where in even small area situations, strikers with locked arms will virtually ring and shut out all who would enter, then lawful picketing has ceased and "force of arms" prevails. Such conduct, a common occurrence, rather than ordinary, is bound to set back labor and injure public relations. Years ago labor suffered much, and I hate to see the injury being done now, by ill-advised leaders, in threats and force, as is done in most types of picketing.


Fred P. Rondeau

W. C. MULLENDORE

President, Southern California Edison Company, Los Angeles 53, California

Equality before the law is of the essence of freedom. When government is manipulated so that special exemptions are granted either to individuals or groups, whereby these specially privileged individuals or groups may infringe upon the life, liberty and property of others, we no longer have freedom. The first duty of government is to protect each citizen against wrongful invasion of the citizen's right to life, liberty and property. By this principle, we can test any legislation. Therefore, insofar as government attempts to bestow upon any group of individuals the power to conspire together to use force — whether the force be by way of intimidation, or fraud, or outright violence — such legislation is wrong, and in the U. S. A., should be declared unconstitutional.


Wm. C. Mullendore

Each individual employee acting as an individual has the right to quit his job. He also has the right to persuade, by wholly peaceful means and at an appropriate time and place, his fellow worker to join him in quitting his job.

Within the limits of the foregoing principles, the answer can be found as to the propriety of picketing.

Certainly there is no absolute right to strike as that right is recognized by the courts of the United States today; and equally, certainly there can be no right to indulge in any kind of picketing which involves force, intimidation or threats, and results in the conspiracy to deprive the picketer's fellow citizens of their right to conduct a business or earn a livelihood.

RAYMOND E. HERMAN

Chicago, Illinois

I have been much interested in reading the articles in the "Commercial and Financial Chronicle" on the subject of picketing.

When I was a young man, I was a strike breaker at the time of the Industrial Workers of the World (Big Bill Haywood) strike in Colorado. Later on I worked in a plant that was part unionized and part not; I was in the part that was not unionized, and we were treated very unfairly. From these experiences, I saw both sides of the question; this was a long time ago.


Raymond E. Herman

I think one very important point has been missed in all of the articles I have read on picketing. I am sure peaceful picketing should be allowed, **but the picketers should only be employees of the plant that is being struck.**

I do not see any difference, and I don't see how the labor unions can honestly or successfully maintain there is any difference in principle between strike breakers and pickets being used against the plant struck, when such pickets are not employees of this plant. Pickets should be limited by law to the employees of the plant under strike, and hold the union responsible for any violation of this law.

There isn't any question but what a great deal of the violence in the picketing has been caused by imported goons. I think every man in America should have a right to work if he wants to and I do not think violence should be used in stopping him from so doing.

I think Mr. D. C. Everest in your Thursday, June 4, issue has made an excellent point in suggesting some way to do away with the interruption in operations in public utilities, transportation, communications, electric power and lighting, because when a strike occurs in these industries it is in reality a strike against the public.

I hope the letters being sent to you are being forwarded to the proper Committees in the House and Senate which are currently holding hearings on the subject of amendments to the Taft-Hartley Act.

HON. WALTER J. KOHLER

Governor, State of Wisconsin

It is my impression that the right to picket has repeatedly been ruled as an inherent right under our constitutional guarantees of freedom of speech. Certainly I believe that the right to picket is such a right, provided it is done in a peaceful and lawful manner; and our laws, of course, already prohibit picketing when it infringes on the rights of others.


Walter J. Kohler

JOHN C. BANE, JR.

Secretary, Pittsburgh Forgings Company, Pittsburgh, Penna.

The question of whether the Taft Hartley Act should be amended to make the practice of picketing illegal is not a simple one to answer. However, our ideas on the subject are as follows:


John C. Bane, Jr.

1. "Picketing is an ambiguous word. However, as commonly used, and as it is used here, the term describes a practice which is illegal under the laws of every State with which we are familiar: the illegal practice of preventing access to an employer's place of business by force, threat of force or unlawful intimidation. When I say that this is an unlawful practice under the State laws, I mean that under the common and statute laws of such States as Pennsylvania, the State Courts are bound to forbid and prevent picketing of this kind. The law of Pennsylvania on the

subject is outlined in such cases as

Carnegie-Illinois Steel Corporation v. United Steelworkers, 353 Pa. 420 and *Westinghouse Electric Corporation v. U. E. R. M. W. A.*, 353 Pa. 446, both decided in 1946.

As a reading of these two decisions will show, the preservation of our form of government depends among other things on the preservation of the underlying rule of law: that physical force and intimidation cannot lawfully be used by any authority short of the Government itself.

2. It appears to us that it was not the purpose of either the National Labor Relations Act or the Taft Hartley Act to declare that picketing, *per se*, is either lawful or unlawful, or otherwise to make any rule of law which would defeat or prejudice the authority of the State Courts to regulate unlawful picketing. It appears to us also that this "hands off" policy is the only correct one, in a *Federal* statute. The preservation of the peace — which includes such things as the control and prevention of improper picketing—has always been a prerogative of the individual States. The machinery of the Federal Government, as heretofore constituted, has not been designed to keep the peace, except perhaps in matters of the most extreme emergency. Any change in the Federal organization intended to give the Federal authorities any large part in the discharge of this function of the police power would raise grave constitutional questions.

3. However, there have been cases in which State Courts have been deterred from the exercise of their proper and necessary authority to control unlawful picketing, by the belief that Congress has occupied the field of labor relations, in such statutes as the Taft Hartley Act, to such an extent as to forbid or prevent otherwise proper and necessary action by State authorities. This sometimes has the effect of denying a person injured by unlawful picketing any legal redress whatever.

4. For that reason, we are convinced that the amendments to the Taft Hartley Act which are now under consideration should, beyond any question, include an amendment by which Congress shall declare that it is not the purpose of the Act to defeat or prejudice any authority otherwise vested in State Courts and State authorities to control or limit picketing activity, or to forbid picketing which is unlawful under the laws of any particular State. Such an amendment would clarify the purpose of Congress to leave to the several States the powers they should retain, to keep the peace, and to control such things as unlawful picketing, and unlawful secondary boycotts.

A. F. HARTUNG

International President, International Woodworkers of America, (CIO) Portland, Oregon

The right of Union workers to picket is the only real economic weapon that the workers have to protect themselves against unscrupulous employers. Without that right the working people would have no chance whatsoever to be on an equal basis with the employer groups around the bargaining table.

Labor does not abuse the right to strike, but uses it only when absolutely necessary. The records will show that there are many more agreements reached through amicable collective bargaining than are consummated through the use of economic action. The record would then indicate that it is only the unscrupulous employer, as a rule, who makes the use of the strike weapon necessary.

I am utterly opposed to any Federal or State legislation that outlaws the right of workers to strike. The struggles that labor has gone through have been the basis and foundation for raising the entire American standard of living. Had labor been repressed from the right to strike in the past we would not have achieved the high standards that are enjoyed today, and should labor be denied the right to strike in the future it would be the opening gun for the living standards of the working people to crumble and be torn down.

The employers are well able to take care of themselves and do not need any laws against labor to help them maintain their high profit structure. It would be a sad day in the lives of all Americans should a law be passed that would prohibit the right of labor to strike if necessary.

LOUIS RUTHENBURG

Chairman of the Board, Servel, Inc. Evansville, Indiana

Louis Ruthenburg

I am of the opinion that it is neither feasible nor expedient to legislate against all picketing. I say this because, in my opinion, when lawfully conducted and in a proper case, picketing is an expression protected by the Constitution of the United States.

However, considerable progress in the field of labor relations might be achieved if laws could be enacted defining what would be considered lawful picketing. My thinking is along the following lines.

In labor matters, in order to justify any picketing, there must be an existing labor dispute, to which dispute the one being picketed is a party and must be in furtherance of a lawful purpose on the part of those responsible for the picketing.

Then, assuming the picketing is legally justified, it must be confined to persuasion and must be free from all molestation, coercion, violence and threat of physical injury to anyone.

Mass picketing should be carefully defined and proscribed.

In conducting picketing operations, the one against whom the picketing is directed, as well as his associates, agents and employees and also all persons desiring to see him or to conduct business or other affairs with him, shall have free and unmolested ingress and egress to the property being picketed, and in connection with such ingress and egress may use, in a lawful manner, such vehicles as they may select.

While many other matters, both related and unrelated, come to mind, yet it would seem very important headway would be made if the indicated matters could be written into law.

BURTON F. PEEK

Chairman of the Board, Deere & Company, Moline, Ill.

Picketing should be limited to peaceful persuasion. Violence, threats, intimidation, etc., etc., should be prohibited. Access to and from the plant should be unimpeded.

FURBER MARSHALL

President, Carlisle Corporation, Carlisle, Penna.

Furber Marshall

The long controversy concerning picketing is not easily resolved. Extremes on either side violate either property rights or civil rights. It seems to me that the degree of picketing and the cause of the strike are the paramount issues. And, whatever rules are adopted should be enforced impartially and fearlessly. This seems to be a truism but there is vast evidence to the contrary.

Orderly picketing primarily for the purpose of informing the public that there is a strike in progress should be allowed. Only bonafide employees should be allowed in the lines and the following practices should be forbidden:

(1) Physical molestation of those entering or leaving the plant for any reason.

(2) Disturbing the peace or malicious mischief.

Furthermore, any picketing should be unlawful where:

(1) It is for the purpose of forcing employees into any union against their wishes.

(2) It is to coerce the employers into violating any law or government edict.

(3) The strike is a result of a jurisidictional dispute.

(4) The purpose is secondary. That is, for the purpose of embarrassing a nonstruck company into bringing pressure on a vendor or customer to capitulate to union demands.

F. W. CLIMER

Vice-President, The Goodyear Tire & Rubber Company, Akron 16, Ohio

F. W. Climer

The House and Senate Labor Committees are presently considering possible amendments to the National Labor Relations Act. Experiences in the Labor-Management Relations field of the past 20 years indicate that some important changes are needed in this legislation, but I wish to touch here on only one. Strikes are a serious blot on the record of Labor-Management Relations, but sometimes they are inevitable. Many of them, however, have been made more disastrous by violence on the picket line. Much of this violence has resulted from a violation of city, county and State laws pertaining to the subject. It is perhaps true that in many cases local law enforcement agencies have shirked their duty in enforcing the law, but in many cases they have hesitated to take action because of doubts concerning their jurisdiction in a labor-management dispute which is clearly, in some of its aspects at least, under the jurisdiction of Federal law.

I think the Act can be improved by a section making it unmistakably clear that it does not nullify or infringe in the slightest upon the rights and responsibilities of local law enforcement agencies in such matters as intimidation, coercion, riotous assembly, etc.

The secondary boycott, bringing union and sometimes employer pressure to bear against persons not primary parties to a labor dispute, has been recognized as an indefensible economic weapon and made illegal by the Taft-Hartley Amendments. Even peaceful picketing in support of such illegal purposes, should clearly be made enjoinable in either the Federal or State courts by the party threatened.

EDWARD PLAUT

President, Lehn & Fink Products Corporation, New York 22, N. Y.

Edward Plaut

I firmly believe in the right to picket, provided that it is peaceful picketing and not mass picketing and that it is in accordance with any contract that might exist, subject to the admission of office workers to a plant provided also that the picketing is in connection with a direct strike against a plant and not in connection with a secondary boycott or any other type that might be not directly connected with the relationships of the union members and the employer.

HON. HAROLD C. OSTERTAG

U. S. Congressman From New York

Harold C. Ostertag

The right to orderly picketing seems to me to be an essential and invaluable device, and one which probably cannot Constitutionally be denied. However, like every other right enjoyed by the citizens of a Republic, it carries with it a corresponding responsibility — the responsibility, in this case, not to infringe on the rights of others to work if they wish. As in Lincoln's day, we still need a good definition of liberty and of "rights," although a fairly safe one is that your rights end where my nose begins. Our objective should not be to abrogate rights, such as the right to picket, however, but rather to define and clarify them.

SAM J. IRVINE

President, Aero Supply Mfg. Co. Inc., Corry, Pennsylvania

Sam J. Irvine

I do not believe that it would be at all fair to take away from the union member his right to picket peacefully. However, I do believe that the Act should clearly spell out the terms under which picketing is allowable.

In my opinion, it should be illegal for any individual to picket a struck plant unless he is an employee of that particular plant. Again it should not be legal for an individual to picket a struck plant of which he is an employee if he has accepted off-hour work with some other concern. Under no consideration should pickets be allowed to interfere with the entry or exit of any individual who is not a member of the bargaining unit.

I think, like most other employers of labor, that it would be obviously un-American and unfair to attempt to take away the right of peaceful picketing from any group of workers who are prepared to suffer the economic loss that is inevitable through loss of gainful employment, even although such loss is by their own selection.

W. T. PIPER

President, Piper Aircraft Corporation, Lock Haven, Pa.

W. T. Piper

If the striking employees wish to picket a plant and would do so peacefully, it would not be too bad; however, that is not the attitude which they now take. Sometime ago when we had a strike, a truck driven by a union member who knew nothing of our labor trouble came to the plant and the pickets assured him that if he started to unload it they would turn his truck upside down, which to my way of thinking is going too far.

Pickets, in many cases, have tried to bar entrance of the plant to officials and even owners, which again is a little beyond their rights. So far as I know, when a group in a plant strikes the management, in order to avoid trouble and hard feelings, should shut the plant right down and nothing could look more foolish and childish than to see a group of men parading day and night in front of a gate where no one can see their banners and no one is attempting to enter the plant.

I have always believed that every man has a right to work or not to work and that no one should interfere with him in the use of this right. Picketing and striking have now gone to such an extent that before long some better way of settling labor questions must be developed. It is doubtful whether a law to forbid picketing could be passed, but if the striker continues to molest people who do not agree with him, he will sooner or later force some drastic action.

E. C. SAMMONS

President, The United States National Bank, of Portland, Oregon

E. C. Sammons

I have been a member of the Portland Labor-Management Committee for more than 10 years and have consistently felt, and still do, that peaceful picketing has a proper place in labor law. I am opposed to organizational picketing — where labor puts a picket line against a business for the purpose of forcing employees to join a union; but wherever there is a genuine labor dispute, the picket line is an essential component of the strike weapon.

Continued from first page

From Containment to Compromise

post-Napoleonic years, Czar Alexander I, by the hand. (Or was it by the nose?)

Yet, behind the facade of an apparent draw, Red China emerges with a "moral" victory of tremendous propaganda value: an underdeveloped country that dared to challenge the greatest physical power and got away with it! After having inflicted a resounding defeat on the American army, they held their own for over two years and wound up with the virtual renunciation of the American claim on North Korea. That is what the facts add up to; no one in his right senses assumes that if we did not take North Korea on the battlefield, we shall conquer it at the conference table. After having solemnly declared that we "insist" on the unification, we have abandoned it in all but name and are back where we started—at the policy of **Containment**, now called the **policy of Compromise.**

It certainly compromises America's position beyond Korea. What if the U. N. assembly decides by majority, as it well might, that the reluctant prisoners have to be forcibly repatriated into the arms of their executioners? Or held indefinitely? In either case, we will have lost face in Asia, and no future appeal to captive peoples to desert the Soviets will mean more than pure semantics.

More important may be effect of this "compromising" on borderline cases such as Indo-China, Burma, Iran, the Arabs. Why should the Viet-Namese, e. g., expose themselves to Soviet retaliation by fighting on our side if the Korean example indicates that ultimately they may be the object of another compromise? In fact, French public opinion is strongly inclined to wash its hands of Indo-China altogether. Will the U. S. step in—or make another deal? To the Asiatics, deeply suspicious of the white man as they are, there can be little doubt left: America uses the indigenous peoples as pawns in its own game, with no regard to what they consider as their fundamental national interests. Make no mistake: the genuinely violent reaction of the Korean masses to our truce-deal reverberates through the whole area from Japan to Morocco.

Or take Red China's admittance to the U. N., the next item on Churchill's "peace" agenda, presumably. It will be exactly the same situation as at Panmunjom: if we do not "compromise," we shall be responsible for the continuation of the war. The choice will be again between "going it alone," or following Churchill. The Administration insists that it will always **oppose** that recognition, but never indicates its intention to **veto** it (or to veto any decision to by-pass the Security Council). No one is misled by the subtle difference—not in view of what is considered a rather hypocritical way in which we keep "insisting" on Korea's unification. But what could the Eisenhower Administration do, caught as it is in contradictory commitments? One is to cut Federal expenditures, excluding a super-Marshall Plan in permanence, that would be needed to buy Europe's full-fledged cooperation. (The billions given away previously, without military and political strings, are as dead as the dodo.) On the other hand, it is committed to the Grand Alliance on the theory that we "cannot go it alone" in the Far East—as if Europe could go anywhere without us. The consequence is that Washington's own military-political concepts have to take a back seat behind the Neutralism of Britain, France, India, etc., who have in common the burning urge for a deal with Russia.

II

Korea is a pawn, indeed—in the great Russian game, as has been pointed out time and again. Frustrated in the Berlin blockade, in Iran and in Turkey, and fearful that American hand-outs might weaken the Communist movements, the Kremlin chose Korea as an easy outlet for its expansionism **sans** war (with the U. S.). But the attempt misfired. Unexpectedly, the Americans entered the fracas and Moscow was forced to hand the matter over to Peiping. Mao gets all the credit, in addition to his rising prestige due to his success in Indo-China. And prestige—of naked power—is what matters in Asia.

A second and equally unexpected repercussion was far more significant. It was, of course, the sudden resurgence of American armaments on an unprecedented scale, plus the threat of Germany's and Japan's remilitarization. The mobilization of those two "dynamic" nations, backed by the fantastic resources of a U. S. that is encircling Russia from all sides, lately also threatening to arouse the Satellites, endangers the very survival of Bolshevism. The Kremlin had to choose between a preventive war and a change in diplomatic strategy. It chose the latter, the clear objective being to slow down the war preparations of the West and to create a maximum of dissension among the Allies, preferably to break up the encircling alliance altogether—in any case, to gain time, which is of the essence for the consolidation of the Eurasian Colossus on feet of clay.

III

The weakness of the Colossus has several reasons. To mention a couple: Red China is making tremendous progress in industrialization and bolshevization, but both processes are running into snags. Russia herself is in difficulties. The great boost by lend-lease from America, plus loot, plunder and reparations from Central Europe—equivalent to $20 billion net, if not more — has spent its momentum. Presently, the Satellites do not deliver the goods; the forced absorption and ruthless adaptation of their economies may take years. The rate of industrial expansion of the U. S. S. R. itself, according to their own figures, slowed down in 1952. Without the aid of the Occident, Russian technological advance is greatly hampered. The (in the long-run illusory) East-West trade that the Soviets dangle in front of the dollar-craving Europeans and Japanese is not only a very effective trick to lure them. Russia needs fresh injections of Western know-how in order to keep up with American industrial developments.

Above all, she could not afford a three-front war: in Europe, in the Far East, and in the stratosphere. Especially, she could not afford a war in Korea, at a 5,000-mile land-distance from her main base. While all of official Europe is dead-set against American punitive action in China, arguing that it would bring Russia into the war—which is what forced us into "compromising"—a leading French naval and aerial expert comes out in the June, 1953, issue of the "U. S. Naval Institute Proceedings" with a devastating analysis of the anti-MacArthur position (of his own government!). His conclusion deserves to be quoted:

"In the present state of armaments and the respective capacity and fragility of long distance land and sea transport, we must give full approval to the views presented by General MacArthur before Congress on excluding the probability of Soviet intervention in Korea. The capacity of the Trans-Siberian Railway, even doubled or tripled, cannot compete with that of the ships supporting, from America or Europe, an increasing number of Western armies committed in Korea. Communist imperialism in this region meets the same obstacles as did tsarist imperialism. The aerial threat directed against land transport by an adversary whose control of the air insures his marine transport against reprisal adds to the peripheral enterprises of the supposed master of Eurasia, a further difficulty which might well eliminate those peripheral enterprises (of the supposed master) altogether." [1]

IV

"How do you like the peace (in Korea)?" a Democratic Senator asked a Republican colleague. "By the way of answer, the Republican firmly held his nose," the New York "Times" reported, adding that "trouble is coming eventually for somebody, and probably for the White House, over the accommodations to the Reds in Korea."

Be that as it may, the Russian policy of sweet gestures, peace overtures and surprising concession—which started in mid-1951 and obviously is gaining momentum—falls on a fertile ground in Europe. It explains the perpetual parliamentary crisis in France: no cabinet, even if its succeeds in being constituted, can stand on our European Defense program, including Germany's rearmament, and live. It explains De Gasperi's defeat at the Italian polls. (Mrs. Luce's tactless intervention probably helped, too.) Britain is firm in refusing all ties with the Continent; lately, she leans toward the French attitude of opposing German rearmament and practically every trans-Atlantic member of NATO is "stretching" and "cutting back," if not sabotaging, its own military commitments. The technical snags alone, on top of the political, virtually negate NATO's value as a Continental fighting power. It is generally assumed in the European press that the Defense Pact will be replaced by the diplomatic recognition of Germany, not withstanding Dr. Conant's predictions to the contrary.

The school of thought that wins the day in Europe, especially in France, professes to believe in the original Atlantic Pact — the "mutual" guarantee against aggression. That is all that is needed; the latter-day military embellishments are neither necessary nor even desirable. Actually, the armament race is considered dangerous because it bankrupts the Welfare States, upsets their social balance, any may bring about what it is supposed to eliminate: War. In other words, Europe is moving toward a military program along the lines of the Hoover-Taft conception, but with a substantial American army behind the Rhine as a pledge that the U. S. will not desert its allies.

The underlying assumption is that a shooting war must be avoided except for actual defense; and that the Soviets are likely to maintain the cold war pressure for decades. Characteristic is the recent speech of Field Marshall Montgomery. Reflecting the thinking of Britain's high command, her Number One soldier advises the country that under these circumstances it should look 50 years ahead and bear in mind some vital principles:

"One is that it is useless to build up large forces by a certain date without regard to the enormous cost of maintaining them in a state of efficiency after that date. That, apparently, is already being realized. Another is that defense budgets are bound to rise if present methods of preparation continue, whatever Congress may believe to the contrary. Another is that there must be in each country a proper balance between a 'shield' of small, highly equipped forces acting together, and well-trained reserve forces that can be mobilized for almost immediate use in the field. That means less emphasis on large forces in front and more emphasis on the training of reservists behind." ("The Economist," May 16, 1953.)

French military thinking is even more concrete. One of France's outstanding army leaders, General de Monsabert, proposes to substitute the Swiss militia principle for the military system, pointing out that with **one-tenth** of the actual expenditures, Switzerland maintains a land-army and an air force in no way inferior to the French.

Since American aid is beginning to dry up, Europe is deeply worried about its own solvency, which is one reason for being determined to forego any "aggressive" attitude, any attempt to change the established line that separates the East from the West, also to accept a Russian bid in the direction of finally recognizing the Soviet conquests and of eliminating the sore spots of acute tension. Moscow, in turn, shows every indication of readiness for an all-round deal, with "concessions" on its part in Germany and Austria, concessions which may be a source of new headaches to the West.

If the Russians are really willing to walk out of Germany, as they well may be, under the condition that the new Reich will be "neutral": how will that affect the global Balance of Power? What if a rejuvenated (and, of course, armed) Germany should play "footsy" with the Soviets? Neutralism is plain common sense to New Delhi, Paris and London, when they practice it themselves; coming from Berlin, that would be a very different story. The Germans would claim the Saar, for example.

V

The political minds on the other side are back where they were in 1945, when the Soviet system was considered as an uncouth, but by no means menacing phenomenon. It is axiomatic to them that East and West may live side by side and may barter to mutual benefits. Europe bitterly resents what it calls the Republicans' **crusading** spirit, excluding a compromise." In fact, Russia appears on the defensive—against a dangerously "ideological" America: That is why the whole of Europe, virtually, is violently anti-McCarthy: it sees in the Wisconsin Senator the incarnation of that evil, uncompromising spirit which must ultimately (allegedly) lead to war, because it makes appeasement impossible. Nay, it is convinced that the American "puritans" are out on a quasi-imperialistic limb. This is, of course, the Bolshevist thesis; but it has made deep inroads into the thinking of our Allies since America has started to exert "serious" pressure on them to proceed toward rearmament and financial self-reliance. (It is the same argument—that we mix too much "moralizing" into our foreign policy—that served George F. Kennan as oratorial base for this Containment propaganda.)

Americans have little understanding for the Old World's historical philosophy. It has **never** known a State of overwhelming power — when the Balance of Power is destroyed!—that did not try to subdue the rest, or at least to impose its own religious or other ideas. That America should be an exception, the first in all history, is scarcely believable. Why should we want every one to arm, at the risk of destroying all the beautiful socialistic welfare paradises, if not for an ulterior motive? Why do we insist on freer trade if not for our own benefit? In fact, Europe might be freed even of the Dollar-Slavery, if a commercial system could be worked out whereby Ruble wares would be substituted for Dollar raw materials, at least to some extent.

The obvious implication is: **the Balance of Power should be restored.** No single country can supply the Third Force, but a well-knit alliance of, or close cooperation among, the second-rate powers will do. Such a neutral bloc could keep in check either of the two Big Powers by leaning against the one on the offensive at any time. It could set its own terms for such "leaning."

In other words, Europe is thoroughly averse to a defeat of —Russia, that would reduce her status as a first-rate threat and make the U. S. overwhelmingly strong. In turn, Russia must be checked, too. But at this juncture, the shoe is on the American foot. We must not inflict a defeat on the Soviets, Russian or Chinese, that might leave the "Neutrals" out on a limb. The Balance of Power must be re-established—by checking America, in order to restore Europe's bargaining power and independence of politico-economic action. Consciously or otherwise, this is the really effective driving force behind the virulent anti-Americanism on this side of the Iron Curtain, the ultimate motive behind the increase of communist and fascist votes, behind the campaign against American "witch-hunting," and the policy of appeasing Red China. If that means to throw Korea and Formosa to the wolves, an expediency- and appeasement-minded European diplomacy will not shed any tears.

[1] The author, Camille Rougeron, is retired Chief Engineer of the French naval engineering service who, the editors of the "Proceedings" say, "presented a number of years before their first application several new concepts on the armament of planes and on aerial tactics."

With Merrill Lynch

(Special to THE FINANCIAL CHRONICLE)

CINCINNATI, Ohio — Richard E. Brown has become associated with Merrill Lynch, Pierce, Fenner & Beane, Dixie Terminal Building.

Westheimer & Co. Adds

(Special to THE FINANCIAL CHRONICLE)

COLUMBUS, Ohio — Philip B. Drake is now connected with Westheimer and Company, Third National Building.

With Westheimer & Co.

(Special to THE FINANCIAL CHRONICLE)

DAYTON, Ohio — James A. Burkhardt is with Westheimer and Company, Third National Building.

Joins Lewis D. Thill

(Special to THE FINANCIAL CHRONICLE)

MILWAUKEE, Wis.—C. Lowell Pfeifer has become associated with Lewis D. Thill, 208 East Wisconsin Avenue.

With King Merritt Co.

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—John E. Randall II has become affiliated with King Merritt & Company, Inc., U. S. National Bank Building.

Seavey Battelle

Seavey Battelle passed away June 15 at the age of 81. Mr. Battelle prior to his retirement in 1929 had been a member of the New York Stock Exchange for over 20 years.

Railroad Securities

Illinois Central

Through all of the trials and tribulations of the stock market in recent weeks, one of the railroad stocks that has been attracting considerable attention because of its resistence to selling pressure and strong recuperative powers has been Illinois Central common. It is selling a considerable distance below the year's high but has recently been showing marked price stability and support in the middle 70s. The action of the stock affords ample evidence of the confidence of investors that an increase in the dividend rate from the current annual $4.00 a share is not too far off. Certainly this feeling of confidence finds ample support in the level of earnings and the trends so far this year.

Illinois Central has come a long way in the last 10 years or so. Stockholders now are benefitting from many years of conservative financial policies typified by failure of the management to resume dividend payments on the common stock until 1950, despite the high earnings of the war period and subsequent years. It was felt that the best interest of the company and its stockholders could better be served by the diversion of cash earnings to ends other than dividends. One of the big problems to be solved was that of the debt, and particularly the question of the substantial 1950-1955 bond maturities.

The company did one of the outstanding jobs in the industry in debt retirement. During the years 1941-1952 inclusive, the amount of non-equipment debt outstanding with the public was reduced by roundly $181 million, leaving only $151 million outstanding as of the end of last year. Moreover, all non-equipment maturities through 1954 had been eliminated and the 1955 maturities had been reduced to under $12 million. With respect to the remaining 1955 bond maturities, the company is protected by a stand-by agreement with insurance companies. Even at that, it is believed in most quarters that the management is continuing to buy in the 1955 bonds and that probably by the time the maturity rolls around there will be no need for going through with the refunding.

Aside from its debt improvement, Illinois Central has also been doing well trafficwise. This is particularly true with respect to the important coal traffic. So far as coal is concerned, it is generally claimed that Illinois Central's performance and trends have been superior to practically any other road in the country. In part this has been due to the expansion in the movement of coal from western Kentucky to Chicago for transshipment on the Great Lakes by barge. In part, also, it has been due to industrial expansion in the area covered, TVA construction of steam generating plants to supplement its hydro-electric output, and the large atomic energy plant on the Ohio River near Chiles. Coal movement with respect to the last named project is merely in its early stages and should continue to expand at a rapid pace during the balance of the year. With this coal background, favorable farm crop conditions, and continued industrial expansion in the service area, the general traffic picture, in the opinion of most rail analysts, continues highly favorable.

Illinois Central is one of the few roads that so far has held back on dieselization of its road freight operations although some road freight units have been purchased in the past year and a few more will presumable be installed this year. Even without diesels the company has consistently been an efficient operation, with its 1952 transportation ratio of 35.3% appreciably below the Class I average of 36.9%. Similarly, its 1952 profit margin of 18.4% was well above the industry figure of 16.0%. The favorable trend of costs, moreover, has continued in the current year. For the first four months gross revenues were just about on a par with those of a year earlier. Federal income taxes were about a million dollas higher. Nevertheless, common share earnings climbed to $5.30 compared with $4.08 a year ago. On this basis, and bearing in mind the steel strike of last summer, it is estimated in many quarters that the company for the full year 1953 may earn as much as $18.00 a share. Last year earnings came to $16.26. It is small wonder that such potentialities should generate confidence in a larger dividend.

Clement Evans Names Two Vice-Presidents

ATLANTA, Ga.—Clement A. Evans & Company, Inc., First National Bank Building, announces that Arthur B. Simkins, Resident Manager of the Savannah office, and William H. Zimmerman, Resident Manager of the Columbus office, have been elected Vice-Presidents of the company.

Mr. Simkins is a native of Savannah, Ga. and joined Clement A. Evans & Co. in June, 1946. Prior to that time he was connected with the offices of the U. S. Marshal in Savannah under judicial appointment. Mr. Simkins served in the United States Army in World War II.

Mr. Zimmerman, a native of Augusta, Ga. joined the firm in September, 1949, having been engaged in the investment business since 1938. He served in the United States Army from 1942 to 1946 and left the service with a commission of Major. Mr. Zimmerman is a former Georgia State Golf Champion and is presently Secretary and Treasurer of the Georgia State Golf Association.

Gibbs & Co. Add to Staff

(Special to The Financial Chronicle)

WORCESTER, Mass. — Walter C. Clark is now associated with Gibbs & Co., 507 Main Street.

With Wm. C. Roney Co.

(Special to The Financial Chronicle)

BATTLE CREEK, Mich.—Max L. Cortright has become connected with Wm. C. Roney & Co., Securities National Bank Building.

Our Reporter on Governments

By JOHN T. CHIPPENDALE, JR.

The government market continues to remain pretty much in its recently established trading range, with a fair amount of backing and filling being evident, because there is still considerable uncertainty in the situation which is not likely to be readily disposed of unless there is a change in policy. To be sure, there is no way at present to forecast that such a development might be in the offing although the events in Korea and the international situation in general are being watched very closely or clues by many followers of the money markets.

The short-term market is still the fair-haired individual with a good demand around for these securities, especially as far as new money investments are concerned. Liquidity preference is keeping these obligations in the limelight despite larger offerings by the Treasury. There has been a minor increase in volume and activity in the intermediate and long-term securities, but this has come about mainly from swaps and switches as contrasted to new money commitments.

Federal Policy Dominant Factor

It seems as though the government market is going to continue to display a constructive attitude as long as the powers that be keep up the aid which the money market has been receiving. On the other hand, the opinion seems to be rather general that if there should be a withdrawal of this assistance by the monetary authorities, prices of government issues would again decline and a market of the not too orderly type would be the result as it was in the not too distant past.

Accordingly, the future course of the government market is still predicated upon what Federal does to ease or tighten money conditions, which means that it is still pretty much a touch and go situation and the factor mainly responsible for the heavy demand which is around for the near-term obligations. This is not an unusual nor an unexpected development because when there is so much doubt around about what might take place the most liquid and most marketable securities always get the play. Hence, because of the very strong liquidity preference, the short-term issues are in demand despite increased offerings of these securities by the Treasury.

Long Bonds Sold for Tax Losses

Although the short-term market is still the most important phase of the government market, there has been nonetheless a fair amount of activity in other sections of the market. This larger volume has been mainly the results of switch operations which has allowed some institutions to register tax losses and at the same time either taking on securities of a comparable maturity or to shorten them somewhat. According to advices, the longer term bonds in which there are losses are being sold and other issues, usually those that have a shorter maturity, are taken on as replacements as long as the yield after taxes is comparable to the return after taxes that was available in the ones that were disposed of. Commercial banks, it is indicated, have been the leaders in this operation because it affords them an opportunity to make charges against second quarter earnings which in many instances are reported to have been very good.

One of the issues which has been playing an important part in these tax switch operations has been the 2¼% due 6/15/59-62. Many followers of the money market regard this obligation as a very attractive security and as a result it has been used more than any of the others as a replacement for the longer bonds which have been sold for tax purposes.

Partial Exempts Commanding Attention

The partially exempt obligations, hitherto pretty much in the background because of the large offerings of totally free obligations, appear to have had a minor revival recently. It is likewise reported that by way of this same medium, the switching operation, there has been a fairly satisfactory amount of business taking place in the 2⅞% due 1955-60, the 2¾% due 1956-59 and to a lesser extent in the 2¾% due 1958-63. The fact that the Treasury has always retired these bonds at the first call date also adds to their attractiveness.

The 3¼% due 1978-83 appear to be in a "balanced area," according to some followers of the money markets. It is not expected that too much will develop in these bonds market-wise until the institutions that bought them on the deferred commitment basis have them paid for. The principal demand has been from public funds, but these commitments of late seem to have slowed down rather substantially.

Professional operations are still important in the government market even though these likewise have lost some of their ability to influence the action of quotations. Dealers and traders, according to advices, are not inclined to do much in the market on either side at this time evidently preferring to await new developments.

More Short Financing Imminent

The borrowing of $300,000,000 of new money by the government through the medium of Treasury bills was not unexpected. There is a great need for funds and although the 91-day obligation is helping to get some of this money, there are reports that larger borrowings will come in the very near future, probably in the form of tax anticipated bills, with $3,000,000,000 reportedly the amount that will be sought.

Geo. D. Clarke, Ltd. Formed in New York

George D. Clarke announces the formation of George D. Clarke, Ltd., with offices at 50 Broad Street, New York City. The firm will engage in the underwriting and distribution of securities in the United States, specializing primarily in the financing of Canadian situations.

Paul Plotz Joins Sills, Fairman Co.

CHICAGO, Ill.—Paul Plotz has joined the sales department of Sills, Fairman & Harris, Incorporated, 209 South La Salle Street, members of the Midwest Stock Exchange, D. J. Harris, President, has announced.

Mr. Plotz headed his own investment organization from 1922 to 1942, specializing in lumber, cement and building hardware stock and bond issues. More recently he was connected with two New York Stock Exchange houses.

Merrill Lynch Adds

(Special to The Financial Chronicle)

SAVANNAH, Ga.—Mrs. Thelma H. Dixon is now affiliated with Merrill Lynch, Pierce, Fenner & Beane, 7 Drayton Street at Bay.

Bishop-Wells Adds

(Special to The Financial Chronicle)

BOSTON, Mass. — Charles W. Davidson is now associated with Bishop-Wells Co., 161 Devonshire Street.

With King Merritt

(Special to The Financial Chronicle)

BOSTON, Mass.—Chester L. Whittemore is now with King Merritt & Company, Inc.

With Minneapolis Assoc.

(Special to The Financial Chronicle)

MINNEAPOLIS, Minn.—John E. Pleban has become connected with Minneapolis Associates, Inc., Rand Tower.

Jos. Batchelder Adds

(Special to The Financial Chronicle)

BOSTON, Mass.—R. Slee Ackley has become connected with Joseph M. Batchelder Co., Inc., 111 Devonshire Street, members of the Boston Stock Exchange.

Public and Private Debt Totals $640 Billion

Institute of Life Insurance estimates rise of $40 billion last year, making aggregate amount almost 3 times figure of 1940.

One of today's major questions is whether the American people have been borrowing too much too fast, the Institute of Life Insurance stated in its publication on "Money Matters" of June 24. This question is attracting increasing attention, the Institute states, as the result of the fact that the total of debt—government, business and individuals combined—showed another big increase to a record high in 1952, and is still going up all along the line.

Preliminary estimates indicate that the gross debt of the economy rose by nearly $40 billion more last year to reach a total of about $640 billion at the year-end, the Institute reported. This figure is about $175 billion, or nearly 40%, greater than the total of gross debt at the end of World War II in 1945, the Institute stated, and is almost three times the aggregate owed in 1940.

"The big expansion since the war has been in private debt," according to the Institute. "Gross borrowings of business and individuals combined more than doubled in this period, rising from $155 billion in 1945 to an estimated $330 billion at the end of last year. Of this total, individual and noncorporate debt together showed a greater rate of increase than did corporate debt, moving up from $55.5 billion in 1945 to about $137 billion at the end of 1952 for a rise of nearly 150%. Home mortgage debt and consumer credit led the debt increase in rate of expansion in the period.

"Rising debt is a normal accompaniment of expanding business activity, and plays a vital role in a high-production, high-consumption economy like ours. However, a volume of debt of the present size, amounting to the equivalent of some $4,000 for every person in the population, would alone seem to call for caution.

"Besides, more observers are referring to the length of the boom and the heights it has reached, the question of whether some readjustment is in the offing, and the growing strain on the money and capital markets to supply the increasing demands for funds of the Federal Government as well as of state and local governments, business and individuals. Then, too, averages do not show where, and at what income levels, the major portion of the debt is owed.

"In view of this, therefore, the recent uptrend in interest rates, small though it may be by past standards, is a constructive development. In addition to providing a long-needed incentive for the saver, it tends to make business and individual borrowers think twice before taking on new debt commitments.

"The question of when debt in general becomes too burdensome, and just where the danger point lies, has never had a ready answer except in hindsight, because debt-bearing factors change with the economic atmosphere. Right now, when judged by such factors as the rate of growth in debt in relation to national income, the position of debtors as a whole compares favorably with all previous periods except the abnormal World War II years."

Continued from page 6

A New Look at Mortgage Lending

We have placed most of our mortgages today on an amortized basis, as opposed to short-term demand notes, even in the rural areas. Most banking institutions are tax conscious and have taken steps to make certain that taxes are paid on the properties on which they hold mortgages. We have changed our methods entirely of making mortgages based solely upon the value of real estate. Today we are more concerned with the credit and stability of the individual to whom we lend money, more so than we are the value of the property, because we recognize that it will be the individual who will pay the obligation rather than the value of the property. We have also made great strides in standardizing our mortgage forms, and today the buying and selling of mortgages all over the country has become a major industry.

Therefore, I honestly feel that there is absolutely no justification whatsoever for avoiding a participation in mortgage lending by banks solely because of what happened to real estate values in the early 1930's.

The second group of bankers—those who are opposed to government participation in anything—I believe are overlooking the fact that the philosophy of this country and the world has changed tremendously. I firmly believe that one of the biggest weaknesses of bankers today is that they are sometimes inclined to overlook trends which tend to change the thinking and philosophies of our people. By so doing, we unwittingly create additional problems for ourselves. Many of us are inclined to disregard the fact that the trend in this country is toward a stronger national government, whether we like it or not, and that it is dedicated to providing our people with security and to raising the standards of living of the American people.

We may not agree with the program entirely, nor with the methods used in attempting to bring these things about; but I believe we must recognize that this is the trend and adjust our own thinking accordingly. We should, therefore, exert our efforts in channeling this trend in a course which will not result in a complete abandonment of the basic principles upon which this country was founded and built.

I think the bankers who take that position are often inclined to overlook the fact that one of the best weapons we have in this country today to fight Communism is home ownership, and one of the agencies of the government which has helped tremendously in promoting home ownership has been the FHA program. That program over the past several years has made it possible for people to purchase their own homes on a sound financial basis. It has been a program which I think clearly indicates how things which are really well worthwhile for this country can be fully accomplished for the general good of the country when private enterprise and government co-operate hand in hand, each staying on its own side of the fence. I know there are many criticisms of the VA mortgage-financing program, and most of these objections are valid. But, in spite of all the imperfections, I think the record already shows that this program has tremendously contributed to the growth of individual home ownership in this country.

Competition of Savings and Loan Associations

In my opinion, the reason that we bankers today are faced with the problem of savings and loan associations is the fact that we have never geared our mortgage-lending activities in keeping with the trend of the times. You know, as well as I, that the few savings and loan associations which were involved in the depression did not fare very well. Yet, the people of this country it appears have completely forgotten about that; and they are flocking more and more to savings and loan associations with their savings deposits. Savings deposits, as you know, have always been the backbone of banks; and yet with each passing day more and more of them are being drained away from us by the savings and loan associations.

I say that we could have prevented, or at least slowed up considerably, the growth of these savings and loan associations if we bankers had been realistic during World War II. Savings deposits during that period were plentiful. Yet, because we bankers had no immediate use for them, we made absolutely no effort whatsoever to get them; although most of us were anticipating a tremendous expansion of credit after the war. I am certain that we bankers would have been in a much better position to serve the loan demands of our customers since the war if we had corralled more of those savings funds during the war, and I am just as sure that we could have prevented much of those funds from falling into the hands of the savings and loan associations had we done so. We bankers also made another foolish mistake during the war; and that was very few bankers participated in the Title VI FHA program, whereas the savings and loan associations did.

I firmly believe that, if we bankers had participated fully in the FHA Title VI program during the war, the savings and loan associations would not have had an opportunity to make contact with many customers who would have at that time preferred to deal with banks.

I recognize that we bankers cannot handle all of the mortgage financing of this country, even if we wanted to; but I think we have failed miserably in the past because we have not concerned ourselves with the problems we have created for our customers when we just arbitrarily clamp down on our mortgage-lending activities. There is always a need for mortgage financing, and it seems to me it is our obligation as bankers to provide ways and means for those needs when good judgment dictates that we should restrict our own mortgage-lending activities.

Bankers Should Take Care of Customers' Mortgage Needs

In my opinion, ther are many ways which could be explored by us bankers to take care of the mortgage needs of our customers, and one of the most important avenues to explore is the possibility of setting up a working arrangement between insurance companies and banks for the purpose of selling and servicing mortgage loans. Basically speaking, insurance companies and banks are not competitors. Therefore, I firmly believe that one could very easily complement the other so as to provide a continuous mortgage-financing service for our customers. The plan could work something like this:

When our respective mortgage portfolios reach a saturation point, we could and should be in a position to sell, preferably to an insurance company, a block of mortgages and retain the serving, thus making it possible for us to continue our mortgage financing for our customers which are not within our own limitations and which mortgages we could also service for our customers. We would thereby retain a most valuable contact.

This plan could also be carried a step further by establishing outlets to obtain mortgages for our customers which are beyond our limitations or policies, thereby again serving the customer and at the same time retaining contact with him.

The third group of bankers—those who feel we are ready for another crash and a tremendous dip in real estate values—actually brings me to the heart of this discussion today because, in dealing with that thinking, it becomes necessary to make some predictions as to the trend in real estate values. At the risk of being tabbed as an optimistic fool, I am going to predict that, at the present time and for some time to come, there is no risk whatsoever of anything close to a depression. That prediction is based upon several factors.

First and foremost, I firmly believe we are fully prepared to meet and to cope with a depression today, whereas we were not in such shape when the last depression occurred. I am not stating that the methods we would use to cope with it would not at some future time result in dire circumstances, but what I do mean to say is that I believe we would have ample warning and plenty of opportunity to put our affairs in shape should the methods used not bring about the desired results of preventing a depression.

Second, we are entering a new era; and a most important factor to consider is that the Republicans cannot afford to permit anything approaching a depression to occur in their regime. I am satisfied in my own mind that, before they would let such a thing happen, all of the resources of the national government would be poured into projects which would create employment; however, I don't believe that we are going to be faced with such a decision at least in the next four to eight years, regardless of how the Korean situation is resolved. I fully believe that we shall be engaged in a defense program for some time to come, which will aid materially in taking up the slack in civilian production, if any.

Third, I believe, too, that we are on the threshold of expanding tremendously the possibilities of world trade as soon as we find some answers to the tariff problem. The possibilities in that direction, in my opinion, are unlimited.

The Real Estate Boom

For the past ten years, we have had a tremendous real estate boom brought about by the coming of age of the many children born during the 1920's and who have rushed into marriage during the war years. In the next ten years, it appears that there will be a drop in marriages because of the low birth rate in the early 1930's; consequently, it is quite probable that in that period there will be a reduced demand for new housing. I do not believe that this reduced demand will have too much of an effect upon the general economy or progress of this country during that period because defense spending and expanding world trade will take up the slack. On the other hand, with the recent adjustment of FHA and GI interest rates, it is quite possible that a demand for housing in the next ten years will be increased instead of decreased.

As a result of the tremendous marriage rate during the 1940's, the birth rate of this nation during that period has risen sharply; and those children will come of age in the 1960's. I believe it is logical, then, to assume that the marriage rate will expand tremendously in the 1960's, and with it will come a tremendous demand for housing and a demand for all of those things for which marriage creates a demand. With it could come, in my opinion, a real estate boom which could dwarf anything of that nature we have ever seen before.

I am naive enough to believe that this country stands at the beginning rather than at the end of progress, and further advance will be limited only by the period of time it takes most of us to realize that fact and to put our shoulders collectively to the wheel to make the most of it.

Conclusion

The bankers of this country have always, for the most part, been the leaders in their respective communities; however, we shall lose that position if we do not attempt to adjust our thinking in keeping with the trend of the times. We can't sit back arbitrarily and make decisions like we did in the old days. Much progress has been made in the banking field in the past 20 years, but I claim that the change has got to be equally as great in the next 20 years if we bankers expect to maintain our position of leadership. I firmly believe that, unless we adjust our thinking in regard to our mortgage-lending activities and stop treating mortgage-lending investments as an unwanted stepchild, our position in that regard will be one of the greatest single factors which could lead to a further restriction of our leadership.

I have pointed out how failure on our part in the past ten years to service properly our customers' mortgage needs has helped to create tremendous competition from the savings and loan associations. In my opinion, that is just a small sample of what lies ahead if we do not change our thinking.

I think most of us overlook the fact that mortgage companies, operating largely on borrowed money from banks, have consistently made money from the selling and servicing of mortgage loans; and it has always been a puzzle to me as to why we bankers feel we cannot do likewise.

I frankly believe that, if we honestly explore this field more, we shall find an avenue of revenue opening up for us which we sorely need in these times of high operating costs; and at the same time we shall do the kind of a job that we bankers are obligated to do for our customers. Selfishly speaking, this is a job which needs to be done if we expect to prevent further encroachment into the banking field by others, including the government.

Joins R. L. Day Staff

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Robert C. Mann has become connected with R. L. Day & Co., 111 Devonshire Street, members of the New York and Boston Stock Exchanges. He was formerly with Proctor, Cook & Co.

Joins Keller & Co.

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—John D. Shore has become affiliated with Keller & Co., 50 State Street.

Edward E. Mathews Adds

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Wilfred J. Hotin has become connected with Edward E. Mathews Co., 53 State Street.

With Renyx, Field

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—Joseph S. Colello is now connected with Renyx, Field & Co., Inc.

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The State of Trade and Industry

a balance, which some analysts believe will be attained in the last quarter of this year.

In effect, states "Steel," there have been two price increases this year. They total approximately 8%, or $9 a ton. One of the increases occurred a few weeks ago when producers adjusted their price extras to reflect changes that took place in production costs while prices were frozen under government controls. While some of the extras were reduced, the over-all effect of the adjustments was an upward movement which increased by 4.5% the average price a user pays for steel from the mill. This is borne out by the finished steel price index of the U. S. Bureau of Labor Statistics. From the time the adjustments in extras started in April until they were completed in early June the bureau's index rose from 130.7% of the 1947-1949 average to 136.6%.

The second increase started last week by way of changes in base prices to compensate for the 8.5-cents-an-hour wage raise granted a few days earlier to the steelworkers. First to make the move on both wages and prices was U. S. Steel Corp. Average of the advance in its base prices was two-tenths of a cent per pound, or $4 a ton, for carbon steel, making the new average price for carbon steel about six cents a pound. This is an increase of approximately 3.5%, notes "Steel."

If steel demand doesn't decline, the steel industry will find it increasingly difficult this summer to meet demand. Handicaps to production will be summer vacations and furnace repairs. While repairs are already shrinking the steel production rate it is possible they will become even more numerous in view of the length of time mills have pushed facilities to the limit. The week ended June 20, was the third consecutive one of decline in operating rates. A 1.5-point reduction that week lowered production of steel for ingots and castings to 98% of capacity. Part of that decline resulted from labor trouble in the Youngstown district, this trade publication observes.

The American Iron and Steel Institute announced that the operating rate of steel companies having 93% of the steelmaking capacity for the entire industry will be at an average of 99.1% of capacity for the week beginning June 22, 1953, equivalent to 2,235,000 tons of ingots and steel for castings as against 96.8% (revised), or 2,183,000 tons a week ago. For the like week a month ago the rate was 100.3% and production 2,262,000 tons. A year ago when the capacity was smaller actual output was placed at 246,000 tons, or 11.8% of capacity, due to a general steel strike.

Electric Output Sets All-Time Record High

The amount of electric energy distributed by the electric light and power industry for the week ended June 20, 1953, was estimated at 8,329,297,000 kwh., a new all-time record, according to the Edison Electric Institute. The previous record-high was 8,280,073,000 kwh. and occurred in the week ended Dec. 20, 1952.

The current total was 84,445,000 kwh. above that of the preceding week when actual output totaled 8,244,852,000 kwh. It was 1,075,239,000 kwh., or an estimated 14.8% above the total output for the week ended June 21, 1952, and 1,494,605,000 kwh. in excess of the output reported for the corresponding period two years ago.

U. S. Auto Output Rises 3% Above Week Ago

Passenger car production in the United States last week continued to turn out a high volume of new cars. The industry, as a result registered a gain of 3% above the preceding week, according to "Ward's Automotive Reports."

The industry turned out 142,464 cars compared with 138,315 cars (revised) in the previous week, and 51% higher than the 94,347 cars in the like 1952 week.

Total output for the past week was made up of 142,464 cars and 17,450 trucks built in the United States, against 138,315 cars and 17,479 trucks in th previous week and 94,347 cars and 24,901 trucks in the comparable 1952 week.

Canadian factories built 8,217 cars and 2,555 trucks last week, "Ward's" said. In the preceding week they turned out 8,903 cars and 2,945 trucks and in the comparable 1952 week 7,075 cars and 3,030 trucks were assembled in the Dominion.

Car Loadings Rise 2.8% Above Week Ago

Loading of revenue freight for the week ended June 13, 1953, totaled 797,425 cars, according to the Association of American Railroads, representing an increase of 21,936 cars, or 2.8% above the preceding week.

The week's total represented an increase of 166,363 cars, or 26.4% above the corresponding week a year ago when loadings were affected by a strike in the steel industry, but a decrease of 29,458 cars, or 3.6% below the corresponding week in 1951.

Business Failures Unchanged From Week Ago

Commercial and industrial failures remained at 167 in the week ended June 18, the same as in the preceding week, according to Dun & Bradstreet, Inc. Casualties were slightly higher than a year ago when 151 occurred, but did not equal the toll of 180 in 1951 and were down 46% from the prewar level of 310 in the similar week of 1939.

Failures involving liabilities of $5,000 or more dipped to 136 from 146 last week, but remained above the 130 of the size recorded a year ago. This decline was counterbalanced by an increase among small casualties, those with liabilities under $5,000, to 31 from 21 in both the previous week and the comparable week of last year.

While retail failures decreased to 81 from 90 and wholesale to 14 from 17, all other industry groups had heavier mortality during the week. The most notable rise appeared in construction, up to 24 from 17, and slight increases raised manufacturing casualties to 32 from 28 and commercial service to 16 from 15. Considerably more businesses failed than last year in retailing, construction, and services. Meanwhile, moderate declines from the 1952 level prevailed in manufacturing and wholesaling.

In seven of the nine major geographic regions, failures increased or held even. The Middle Atlantic States, down to 56 from 65, and the East North Central down to 15 from 21, and declines during the week. Casualties were unchanged in the Pacific, Mountain and New England States. In comparison with last year's level, mortality was notably heavier in the Pacific and South Central States whereas fewer concerns succumbed than in 1952 in the New England, Middle Atlantic and East North Central Regions.

Wholesale Food Price Index Extends Decline Of Previous Week

The Dun & Bradstreet wholesale food price index moved downward for the second straight week to stand at $6.51 on June 16, against $6.54 a week earlier. Compared with $6.41 on the corresponding date a year ago there was a rise of 1.6%.

The index represents the sum total of the price per pound of 31 foods in general use and its chief function is to show the general trend of food prices at the wholesale level.

Wholesale Commodity Price Index Level Strikes Three-Year Low

Largely due to the severe break in grains, the daily wholesale commodity price index, compiled by Dun & Bradstreet, Inc., declined sharply last week to reach the lowest level since early July 1950. The index fell to 274.53 on June 16, from 276.32 a week earlier, and compared with 294.14 at this time a year ago.

Grain markets continued under pressure the past week with prices moving sharply downward as truce negotiations in Korea continued to drag.

Wheat prices suffered the greatest loss, the July contract falling below the $2-mark for the first time in over three years.

Other depressing influences in wheat were the problem of storage space for the new crop which began to move to market in increasing volume and the government June crop estimates issued on Wednesday of last week. The Winter wheat crop was estimated at 769,884,000 bushels, and the Spring wheat crop at 362,616,000 bushels, making a total wheat crop of 1,132,500,000 bushels, or 12.3% below the near-record yield of 1,291,447,000 bushels last year. Easiness in corn was influenced by increased marketings of government corn which tended to swell receipts and the continued excellent outlook for the new crop. Sales of grain futures on the Chicago Board of Trade declined last week to a daily average of 42,400,000 bushels, from 53,100,000 the previous week, and 48,100,000 in the like week last year.

Cottonseed oil was fairly steady but lard and soybean oil prices dipped sharply under heavy liquidation. Despite smaller receipts, live hog prices continued to decline, reflecting further easiness in wholesale pork markets. Cattle receipts remained in heavy volume and prices moved mildly downward. Demand for lambs was only fair and prices continued to recede from their recent peaks.

Spot cotton prices were mostly steady and firm in a narrow trading range but turned easier at the close as other markets weakened. Early strength reflected optimistic reports from the gray goods market and the monthly estimate of the New York Cotton Exchange showing daily average consumption of cotton during May at 37,500 bales, as against 36,700 bales in the preceding month and 35,200 bales a day in the comparable month last year. Sales in the ten spot markets were somewhat larger and totaled 41,300 bales for the week, as compared with 35,000 the previous week, and 67,100 in the same week a year ago.

Trade Volume Reflects Little Deviation From High Level of Week Ago

As rises in some areas were offset by declines in others, the total dollar volume of retail trade in the period ended on Wednesday of last week did not vary perceptibly from the high level of the prior week. As during recent months, most merchants chalked up slightly larger sales figures than in the similar week a year earlier.

Relaxed credit terms and reduced-price promotions enabled many merchants to sustain shoppers' interest.

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 and Midwest +1 to +5; East 0 to +4; Northwest +2 to +6; South and Southwest +4 to +8 and Pacific Coast +3 to +7.

Slightly more apparel was sold than during the preceding week and moderately more than in the corresponding 1952 week. Special promotions for Father's Day and the approach of vacations spurred the demand for apparel in many parts.

While most retailers of household goods sold slightly more than they did a year ago, the gains were much smaller than several weeks ago. Small appliances, decorating materials and cooling devices were in rising demand. However, the interest in freezers, television sets, large furniture pieces and floor coverings continued to recede. Outdoor furniture, luggage and automobile equipment were in broader demand than a year ago.

Wholesale trade in the week held close to the high level of recent weeks and continued to be moderately higher than the level of a year earlier. Retailers were generally less chary of placing long-term orders than they were in recent weeks. The most noticeable gains over the year-ago level were in the ordering of soft goods.

Department store sales on a country-wide basis, as taken from the Federal Reserve Board's index, for the week ended June 13, 1953, dipped 4% from the level of the preceding week. In the previous week an increase of 6% was reported from that of the similar week of 1952. For the four weeks ended June 13, 1953, an increase of 2% was recorded. For the period Jan. 1 to June 13, 1953, department stores' sales registered an increase of 4% above 1952.

Retail trade in New York the past week under the stimulus of Father's Day purchases recorded a gain of close to 12%.

According to the Federal Reserve Board's Index department store sales in New York City for the weekly period ended June 13, 1953, registered a drop of 5% from the like period of last year. In the preceding week a decrease of 3% was reported from that of the similar week of 1952, while for the four weeks ended June 13, 1953, a decrease of 1% was reported. For the period Jan. 1 to June 13, 1953, volume registered a decrease of 1% from that of 1952.

Halsey, Stuart Group Offer N. Y. Tel. Bonds

Halsey, Stuart & Co. Inc. and associates yesterday (June 24) offered $35,000,000 of New York Telephone Co. refunding mortgage 3⅞% bonds, series G, due July 1, 1984 at 102.65% and accrued interest. The group won award of the bonds at competitive sale on Tuesday (June 23) on a bid of 101.93%.

The company's construction expenditures during recent years have made it necessary to raise substantial amounts of new money which has been obtained initially through temporary borrowings from banks which have later been repaid from proceeds of the sale of bonds or stock. At May 31, 1953, $91,000,000 was owing to banks on short-term borrowings, and such borrowings are expected to be approximately $109,000,000 by July 1, 1953. Proceeds from the sale of these bonds and from the proposed sale of 700,000 shares of common stock will be used to repay the company's then outstanding borrowings from banks.

Net income for the three months ended March 31, 1953 was $15,850,893 and for the full year 1952 aggregated $60,689,375.

On March 31, 1953 the company had 5,847,988 telephones in service of which 5,829,995 were in the State of New York. The company furnishes local service in 460 exchange areas, including the New York Metropolitan area (New York City, southern Westchester County and most of Nassau County). The company serves eight other exchange areas having a population of 100,000 or more, namely — Albany, Binghamton, Buffalo, Niagara Falls, Schenectady, Syracuse, Troy and Utica.

Allen Group Offer Johnston Oil Stock

Allen & Co. and associates yesterday (June 24) offered as a speculation 500,000 shares of Johnston Oil & Gas Co. capital stock at $3 per share.

Part of the net proceeds from the sale of the stock will be used by the company to repay loans from certain individuals made to acquire leasehold interests and for further development of the company's properties. The balance will be added to the company's general funds and will be used for such corporate purposes as directors may determine, such as payment of short term bank loans, further exploratory drilling and development of its unproven properties and the possible acquisition of additional oil and gas interests.

Johnston Oil & Gas Co., with executive offices and principal place of business located in Houston, Texas, is engaged in the business of acquiring by purchase, lease or otherwise, lands or leasehold interests in lands, for the purpose of prospecting for and obtaining gas, oil or other minerals and to drill gas and oil wells. In addition, the company owns or has an interest in 14 producing gas wells.

At present, the company owns oil and gas leases or working interests therein covering approximately 88,692 acres in the San Juan Basin area of New Mexico, the company's interest therein being 65,302 net acres, and overriding royalty interests in leases covering 259,219 acres, or 18,870 net royalty acres, in this same area. Proven leasehold acreage is located in the San Juan Basin in New Mexico, and most of the remaining acreage is located in northwestern New Mexico and southwestern Colorado.

Newborg & Co. Admits

Newborg & Co., 25 Broad Street, New York City, members of the New York Stock Exchange will admit Walter C. Korn to limited partnership on July 2.

Mutual Funds

By ROBERT R. RICH

"HAS THE PUBLIC overlooked the fact that 'Prudent Man' legislation adopted in many states to enable trustees to buy common stocks, also makes it possible for trustees to invest in bonds through the common stocks of mutual funds investing only in bonds?"

A survey made by Hugh W. Long and Company, national underwriters for Manhattan Bond Fund, Inc.—a mutual fund which confines its diversified investments to bonds—indicates that trustees may be well aware of this fact.

Of present shareholders of Manhattan Bond Fund who joined the fund since 1945, more than 12%, or one in every eight, are trustees, churches, hospitals, libraries, other institutions, corporations, pension funds or fiduciaries. In 1945 only 2.7% of the Fund's shareholders were in these categories.

"Fiduciaries and institutions, even more than individual investors, find bonds as well as stocks desirable in their investment planning," said Hugh W. Long, President of Manhattan Bond Fund, Inc., commenting on results of the survey. "Through a mutual fund investing only in bonds, diversification and continuous management are available in a bond investment which does not mature, cannot be 'called' and requires no 'coupon clipping.' Thus, Prudent Man legislation—generally discussed in terms of advantage for those who wish to invest in equities—has opened the way for those who wish to invest in bonds through mutual funds."

NET INCOME of Investors Diversified Services, Inc. for 1952 was $3,833,030, an increase of nearly $800,000 over the 1951 net income of $3,033,531, the company's annual report stated today.

I. D. S.' share of 1952 undistributed earnings of its subsidiaries was $1,466,731, an increase of nearly $400,000 over the 1951 total of $1,092,217. All of the earnings were retained in the business, including an appropriation of $3,000,000 for additional certificate reserves.

Total 1952 sales volume of shares in Investors Mutual, Inc.; Investors Stock Fund, Inc.; and Investors Selective Fund, Inc. was $117,405,561, as compared with 1951 fund sales of $98,883,838, the report stated. The three mutual funds are affiliates for which I. D. S. acts, by contract, as investment manager and distributor. About 64% of total 1952 dividends paid by the funds was used by shareholders to purchase additional shares.

At the year-end, gross assets under management of I. D. S. totalled $1,102,138,735. This total included securities investments of $536,329,041 managed by I. D. S. in behalf of its subsidiary, Investors Syndicate of America, Inc.; and the three affiliated mutual funds.

MASSACHUSETTS Investors Growth Stock Fund reports for the three months ended May 31, 1953, net assets of $40,226,925, equivalent to $16.74 per share. On the same date, the Fund had 17,032 stockholders and 2,403,579 shares outstanding which are new high records and represent gains since May 31, 1952 of 2,089 in stockholders and 353,663 in shares.

Stockholders of record May 29 are receiving a dividend of 13 cents per share for payment June 25. This is the 82nd consecutive dividend paid by the Fund. A year ago the dividend payment was 12 cents a share.

PERSONAL PROGRESS

DONALD R. BELCHER, for some years a director of Group Securities, Inc. has been appointed Assistant Director of the Budget Bureau. He will retain his fund directorate. Prior to his retirement last fall, Mr. Belcher was treasurer of the American Telephone and Telegraph Company.

Commonwealth Fund Starts Revolutionary Investor Service

Commonwealth Investment Company, which pioneered in the fields of the Multiple Purchase Program and automatic Dividend Reinvestment Plan, announced today that it is now providing its shareholders with "machinery" by which they may have their dividends from other securities automatically invested in shares of Commonwealth at the offering price.

The company reports that previously many shareholders have been endorsing their dividend checks from other companies and mailing them to Commonwealth.

Now, under the new plan, it is no longer necessary for a shareholder to handle such checks at all; his checks may be sent directly to the Fund by the issuing corporation for credit to his Multiple Purchase Account.

One shareholder, the company reports, is having his dividend checks from Chrysler, Standard Oil of California, General Motors, General Electric, J. I. Case and Utah Power & Light mailed directly to Commonwealth, making automatic investments in addition to his regular purchases.

To use the new service, the shareholder completes a Dividend Payment Instruction form, supplied by the Fund, and mails them to the companies in which he owns stock. The corporations involved make the checks payable to North American Securities and not to the investor, in order to avoid the necessity of obtaining the investor's endorsement.

Bullock Forecasts Easier Money Rates And Production Decline

Money rates are about as high as they are likely to go in the near future, according to an analysis by Calvin Bullock. The company foresees a capital funds accumulation in 1953 somewhat more than adequate to meet the year's capital needs, including the government deficit.

"The indicated attitude of the Federal Government," the company states, "is to keep credit tight to prevent inflation and operate on the assumption that prices will move opposite to interest rates."

Noting the sharp price drop in farm products and the pressure toward lower prices exerted by the world recovery of agriculture and industry capacity, Calvin Bullock comments, "when credit is in ample supply, monetary policy would seem to have little effect upon the direction of the economy. However, under the present conditions of relative scarcity, despite the signs that indicate easing, monetary policy can have exaggerated if belated repercussions. The monetary authorities' hard money policy in the face of declining or stable commodity prices inclines us to wonder if they are not fighting the wrong dragon."

Summarizing its views on the general outlook, the study finds that the economy has been operating at a rate which quite fully absorbs, but does not overstrain the available resources of materials and manpower. "While it would be possible under emergency conditions to get substantially more production from the system, a decline in output now appears more probable. The factors which limit and finally reverse an upward trend in the business cycle represent forces which could turn a minor downturn into something more serious. However, we believe that with good management by both business and government an orderly transition to a lower rate of economic activity will occur which will still represent relatively prosperous times and allow satisfactory corporate earnings."

PENINGTON, COLKET & CO., members of leading stock exchanges, announce that E. Kirk Hughes is now associated with them as mutual funds representative in their Altoona office in the Altoona Trust Building.

Pennsylvania Governor Signs Bill Allowing Trustee Investment in Funds

Two Years of Effort By Wellington's Joseph Welch Ends in Complete Victory

By CARTER G. BURKE

The shares of mutual funds became legal investments for trustees in Pennsylvania last Friday as Governor John S. Fine put his "John S. Fine" on the Snowden Bill.

This bill, an amendment to Pennsylvania's Fiduciary Act, authorizes custodians of trust funds in the state to invest up to one-third of their resources in the shares of mutual funds which meet certain qualifications.

Mutual funds, to be eligible for trustee investment in Pennsylvania—under the new law—must be registered under the Investment Company Act of 1940—must have paid dividends in 12 out of the last 16 years—must have at least $10 million of net assets at the date of purchase by the trustee, and—may not have any senior capital or bank loans with priority as to assets or earnings over the common stock of the fund.

The passage of the bill [introduced into the State Assembly by State Senator John G. Snowden (R.-Williamsport)] in the House by 202-0 and in the State Senate by 40-5, was an unqualified victory for Joseph E. Welch, Executive Vice-President of Wellington Fund, who had spent two years of unremitting effort in Harrisburg, the State capital.

Praising his chief lieutenant, Walter L. Morgan, President of Wellington Fund, said, "Joe Welch has been a vital factor in bringing about this desirable legislation. Week after week for two years Mr. Welch visited Harrisburg and developed friends and worked on this matter untiringly. His personal efforts alone—aside from the valuable contributions by other members of the mutual funds industry—was by far the most significant part of the industry effort to put this law into effect."

Mr. Morgan also praised the activities of securities dealers in Pennsylvania. "The passage of this Bill, which will benefit thousands of families who have small estates and trust funds, would not have been possible if it had not been for the sincere efforts and support of the security dealers in the State of Pennsylvania."

Mr. Welch, who is a member of the Prudent Man Committee of the National Association of Investment Companies, stated, in a prepared statement released after enactment of the law, "I would like to pay tribute to the splendid cooperation given the committee by Governor Fine, Secretary of Banking L. Merle Campbell, Senator Snowden, sponsor of the bill, and members of the Legislature who supported the measure." Referring to David H.

Rosenbluth, of the Philadelphia law firm of Stradley, Ronon, Stevens & Young, Mr. Welch remarked, "Mr. Rosenbluth's guidance and counsel was invaluable in perfecting this legislation, which now places Pennsylvania in the forefront of states with progressive investment laws."

The history of the Snowden Bill in the Pennsylvania Legislature has been a stormy one. Originally introduced on May 14, 1951, to counter the then newly-introduced Berger Bill, which upon passage would permit Pennsylvania trustees to invest in listed equities and bank and insurance stocks meeting certain qualifications, the Snowden Bill also would have permitted investment in mutual funds.

At the time, Mr. Welch was told by legislators and state officers that he was making a grave mistake in taking an active interest in the Snowden measure. He was warned he would create serious hostility from powerful Pennsylvania banking interests.

Pennsylvania state legislators and officers openly showed their hostility to mutual funds, criticizing them in particular and condemning them in general. Later, the Berger Bill passed both houses and was signed by the Governor. The Snowden Bill also passed, but was vetoed by the Governor with a recommendation for further study.

An early opponent of the Snowden Bill was L. Merle Campbell, State Secretary of Banking. Mr. Campbell's chief concern then was that some delineation be made and standards set for mutual funds in a way similar to the Berger Bill's specifications for trustee investment in individual equities.

Last February, Mr. Campbell expressed his satisfaction with the new form of the Snowden Bill. "The Snowden Bil—as currently written—is a pretty good bill. I don't expect to oppose it," Mr. Campbell related to the "Chronicle's" Mutual Funds Editor.

Mr. Campbell's decision to withdraw his opposition and his expressed satisfaction then with the standards set for trustee investment in mutual funds, of course, virtually assured the bill's passage.

The complete text of the Snowden Bill follows: (New matter added to existing law is set in italic.):

THE GENERAL ASSEMBLY
OF PENNSYLVANIA
SENATE BILL NO. 203
SESSION OF 1953

AN ACT

To amend subsection (a) of Section 9 of the act approved the 26th day of May, 1949 (Pamphlet Laws 1828) entitled "An act concerning the investment powers and duties of guardians committees trustees and other fiduciaries except personal representatives and prescribing the nature and kind of investments which may be made and retained by such fiduciaries" by authorizing investments in common stocks of investment companies meeting certain qualifications and eliminating that stock must be listed on an exchange as to the stock of investment companies—

The General Assembly of the Commonwealth of Pennsylvania hereby enacts as follows:

Section 1 Subsection (a) of Section 9 of the act approved the 26th day of May, 1949 (Pamphlet Laws 1828) entitled "An act concerning the investment powers and duties of guardians committees trustees and other fiduciaries except personal representatives and prescribing the nature and kind of investments which may be made and retained by such fiduciaries" as last amended by the act approved the 24th day of August, 1951 (Pamphlet Laws 1410) is hereby amended to read as follows:

Section 9 Stocks—(a) Preferred and Common Stock Preferred and common stock of any corporation organized under the laws of the United States or of any commonwealth or state thereof or of the District of Columbia shall be an authorized investment if

(1) purchased in the exercise of that degree of judgment and care under the circumstances then prevailing which men of prudence discretion and intelligence exercise in the management of their own affairs not in regard to speculation but in regard to the permanent disposition of their funds considering the probable income to be derived therefrom as well as the probable safety of their capital

(2) in the case of preferred stock the corporation issuing the stock has earned a net profit in 8 of the preceding 10 fiscal years as reflected in its statements and during each of the preceding ten fiscal years has paid dividends in the specified amounts upon all its preferred stock if any outstanding during such year

(3) in the case of common stock the corporation issuing the stock has earned a net profit in 12 of the preceding 16 fiscal years as reflected in its statements and during each of the preceding 16 fiscal years has paid dividends in the specified amounts upon all its preferred stock if any outstanding during said year and in each of at least 12 of the preceding 16 fiscal years has paid dividends in some amount upon all its common stock if any outstanding during such year *and*

(4) in the case of any stock other than stock of a bank or insurance company *or of an investment company (as hereinafter defined)* the stock is listed or traded (or if unlisted or not entitled to trading privileges shall be eligible for listing and application for such listing shall have been made) on the New York Stock Exchange or any other exchange approved by the Secretary of Banking.

No investment in common stock shall be made which at that time would cause the market value of the investments in common stocks to exceed one-third of the market value of the estate not including in such market value the value of any participation in a common trust fund No sale or other liquidation of any investment shall be required solely because of any change in market values whereby the percentages of stocks hereinabove set forth are exceeded In determining the market value of an estate a fiduciary may rely upon published market quotations as to those investments for which such quotations are available and upon such valuations of other property as in his best judgment seem fair and reasonable according to available information.

When a corporation has acquired a substantial part of its property within 16 years immediately preceding the investment by consolidation or merger or by the purchase of a substantial part of the property of any other corporation or corporations the earnings of the predecessor or constituent corporations shall be consolidated so as to ascertain whether the requirements of this section have been satisfied.

"Corporation" as used in this section shall include a voluntary association a joint-stock association or company a business trust a Massachusetts trust a common-law trust and any other organization organized and existing for any lawful purpose and which like a corporation continues to exist notwithstanding changes in the personnel of its members or participants and conducts its affairs through a committee a board or some other group acting in a representative capacity.

"Investment Company" as used in this section shall mean a corporation (as defined in this Section) which is registered as an investment company under the Federal Investment Company Act of 1940 as from time to time amended and which has no preferred stock bonds loans or any other outstanding securities having preference or priority as to assets or earnings over its common stock and which shall have net assets of not less than Ten million dollars ($10,000,000) at the date of purchase.

"Common Stock" as used in this section shall include the stock certificates certificates of beneficial interests or trust participation certificates issued by any corporation or unincorporated association included under the definition of "corporation" in the preceding paragraph.

Section 2 The provisions of this act shall become effective immediately upon final enactment.

Howe Shareholders Vote to Merge With Whitehall

Shareholders of Howe Plan Fund, voting at a special meeting held on June 23, 1953, approved the combination of the Fund with Whitehall Fund, Inc., according to Lee J. Rusling, President of Howe Plan Fund.

Mr. Rusling stated that shareholders representing 77.21% of the outstanding shares voted in favor of the combination with 0.012% voting in the negative.

In connection with this combination, Howe Plan Fund has declared a dividend from investment income of 1.7 cents per share and a distribution from gain on investments of eight cents, both payable June 24, 1953.

The combination of these two mutual funds is scheduled to become effective at the close of business on June 24, 1953. Net assets of Howe Plan Fund presently total $2,138,000 and those of Whitehall Fund amount to $2,755,000, so that the assets of Whitehall Fund will now aggregate approximately $4,893,000.

Shareholders of Howe Plan Fund will be advised by letter as to the procedure to be followed in exchanging their certificates for shares of Whitehall Fund.

Public Utility Securities

By OWEN ELY

Utilities Have Big Construction Program for 1953-56

Both the electric and gas utility industries have recently issued surveys of industry plans for expansion during 1953-56. The Edison Electric Institute has issued its Thirteenth Semi-Annual Electric Power Survey (publication No. 53-7) in which it reaches the following conclusions:

In December, 1952, all central electric power plants, public and private, had a capability of 81.4 million kw and it is estimated that this will be increased to 125.5 million kw by 1956. Thus in four years the nation's electric capacity is expected to increase 54%. The construction originally planned for the past two years has been seriously handicapped by lack of materials, but intensive efforts are now being made to minimize further "slippage." After serious setbacks during 1951-52 the manufacture of electric power equipment now faces a brighter outlook. Construction of new power projects is being vigorously pursued in efforts to recover lost time and avoid further delays.

In December, 1952, the so-called peak load—the maximum amount of electricity required to meet all demands during any given hour of the year—reached 72.8 million kw. This figure was somewhat lower than expected, because of warm weather and curtailment of electricity in the Pacific northwest due to unfavorable hydro conditions. Forecasts of peak loads for the years 1953-55 have now been reduced moderately as compared with earlier estimates.

In 1952 the reserve margin—the percentage by which capability exceeded peak demand for the country as a whole—was 11.7%. Unless there is continued failure to meet the construction program, the indicated reserve margin would be 14.6% in 1953, 16.2% in 1954, and 18.8% in 1955.

The 6.5 million kw placed in commercial operation during 1952 included 680,000 kw originally scheduled for operation in 1951 but not completed until 1952. Projects totalling about 3 million kw which were initially scheduled for 1952 were not in service at the year-end, hence it has been necessary to revise earlier forecasts of the construction program through 1956. Following is the present schedule of additions in millions of kilowatts:

	Steam	Hydro	Total
1953	9.7	1.9	11.6
1954	10.0	1.1	11.1
1955	7.8	1.6	9.4
*1956	3.7	.5	4.2

*Incomplete—includes only units on order as of April 1, 1953.

The increases in capacity forecast by the EEI are larger for the southeast, south central and northwest areas than for other sections. Thus, in 1953 the south is expected to show a gain in capacity of 17% and the northwest 22% compared with the U. S. average of 13%.

In the past there has been a great deal of confusion as to the meaning of "capacity" and "capability." Capacity usually refers to the old-fashioned name-plate rating. While the two terms were nearly identical in meaning as far as prewar units are concerned (at least on an average basis), the more efficient modern units, which use hydrogen cooling for the generators, can easily be run for long periods at as much as 15% above name-plate rating. This maximum output is termed "guaranteed capability" as compared with name-plate capacity.

In previous semi-annual survey reports of the EEI, name-plate ratings were used with the result that the postwar figures were ultra-conservative. A short time ago it was decided that for "Preferred Standard units" only the higher rating would be used, the nominal rating to be dropped altogether. More recently at least one manufacturer has decided to follow this practice in the case of all new machines, and it is believed that before long the practice may be universally adopted. Careful reading of the EEI report (page 13) is necessary in order to understand the use made of these terms in the various statistics contained in the survey.

The American Gas Association recently announced that the gas utility and pipeline industry will spend almost $4 billion for construction of new facilities and expansion of present plant during the four years 1953-56, or an average of a billion dollars a year. This compares with construction expenditures of about $4.7 billion in the four years 1949-52, or $1.2 billion average. About $1.9 billion of the proposed $4 billion total will be spent on transmission facilities and $1.4 billion for distribution expenditures; the remaining $637 million are to be spent for production, underground storage (now being rapidly expanded) and general facilities.

Less than half the reporting gas companies indicated how they expected to raise the necessary construction funds. Those reporting said they expect to obtain about 29% from internal sources (depreciation, undistributed income, etc.), 51% from long-term debt, and 20% from common or preferred stock issues.

In 1952 the gas utility industry spent about $1.1 billion compared with $1.5 billion in the previous year. The present estimate for 1953 of $1.4 billion is somewhat lower than previously estimated, due to continued delay in the approval of construction of natural gas pipeline facilities in the northwest. Some pipeline plans have also been temporarily shelved, possibly due to delays and difficulties in obtaining rate adjustments, or due to financing problems.

Underwriters, Inc. Formed

SPARKS, Nev. — Underwriters, Inc. has been formed with offices at 1800 B Street to engage in a securities business. Officers are B. E. Young, President; C. M. Young, Secretary-Treasurer and B. J. Young, Vice-President.

American Inv. Programs

WASHINGTON, D. C.—American Investment Programs, Inc. has been formed with offices in the Shoreham Building, to engage in a securities business. Officers are R. A. Dinnis, President, and H. A. Stupar, Vice-President.

Bankers Offer C. I. T. Financial Corp. 4% Debentures at Par

Dillon, Read & Co. Inc., Kuhn, Loeb & Co. and Lehman Brothers headed an investment banking group which offered publicly yesterday (June 24) $50,000,000 of 4% debentures, due Jan. 1, 1960, of C. I. T. Financial Corp. The debentures were priced at par and are not redeemable prior to July 1, 1956.

Thereafter, the debentures are redeemable at 102½% from July 1, 1956 through Dec. 31, 1956, at 102% from Jan. 1, 1957 through June 30, 1957, at 101½% from July 1, 1957 through Dec. 31, 1957, at 101% from Jan. 1, 1958 through June 30, 1958, at 100½% from July 1, 1958 through Dec. 31, 1958 and at 100% thereafter, plus accrued interest in each case.

Proceeds will be added to the working capital of the corporation and will be used to provide additional working funds for its subsidiaries, principally those operating in the field of automobile financing.

C. I. T. Financial Corp. has numerous wholly-owned subsidiaries, the principal businesses of which are as follows: specialized forms of instalment financing, including certain related insurance and other activities; factoring; and the writing of fidelity and surety bonds and certain other types of insurance.

The corporation's subsidiaries together comprise one of the largest organizations in this country and Canada engaged in the financing of instalment sales. Total receivables purchased by the financing and factoring subsidiaries in 1952 were approximately $4,019,000,000 as compared to approximately $3,226,000,000 in 1948. At the end of 1952 total receivables held by such subsidiaries amounted to approximately $1,256,000,000 as compared to $732,000,000 at the end of 1948.

Premiums written by the corporation's insurance subsidiaries went from $58,293,000 in 1948 to $105,502,000 in 1952. Consolidated net income of the corporation and its subsidiaries was $29,604,166 for 1952 and $10,504,558 for the four months ended April 30, 1953.

Bacon, Stevenson & Co. To Admit 3 Partners

On July 2, Bacon, Stevenson & Co., 39 Broadway, New York City, members of the New York Stock Exchange will admit William T. Burke, Charles F. Kavanagh and Walter Holt to partnerships in the firm. Mr. Burke and Mr. Kavanagh are co-managers of the firm's municipal bond department.

NEWS ABOUT BANKS AND BANKERS

CONSOLIDATIONS
NEW BRANCHES
NEW OFFICERS, ETC.
REVISED
CAPITALIZATIONS

Henry C. Alexander, President of **J. P. Morgan & Co. Incorporated, of New York,** announced on June 17 that the Board of Directors had promoted the following officers to be Vice-Presidents: Frederick R. Moseley, Jr., Walter H. Page, DeWitt Peterkin, Jr. and John P. Schroeder. All four have been Assistant Vice-Presidents for some years and active in the development of the domestic commercial business of the bank.

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Chemical Bank & Trust Company of New York has appointed Eric A. Baker, Assistant Manager, of the Investment Analysis Department and John Wolf, Assistant Manager, of the International Division, it was announced on June 19 by N. Baxter Jackson, Chairman.

* * *

Appointment of Brian Moore as Assistant Comptroller of the **Emigrant Industrial Savings Bank of New York** was announced this week by John T. Madden, President. Mr. Moore has been in the bank's employ for more than 24 years. In 1943 he became Chief Examiner of the Tax Division of the Accounting Department and in 1950 was made Mortgage Accounting Supervisor in the Accounting Department.

* * *

The Chiyoda Bank, Ltd. announces that it will revert to its former name, **The Mitsubishi Bank, Ltd.,** as from July 1. Besides its Head office at Tokyo, Japan, the bank has 156 branches throughout Japan. The New York agency is at 111 Broadway.

* * *

Willis McDonald Jr. who had been a Vice-President of the **Brooklyn Trust Co. of Brooklyn, N. Y.,** before its merger with the **Manufacturers Trust Co.,** died on June 19. He was 82 years of age. The Brooklyn "Eagle" reports that Mr. McDonald, who served 50 years with the Brooklyn Trust Co., prior to his retirement some years ago, was born in Brooklyn and in World War I served as a Major in the 23rd Regiment, New York State Guard. Earlier he had been a member of Troop C, New York National Guard.

* * *

Arden N. Smith, Assistant Treasurer of **The County Trust Company in White Plains, New York,** completed 25 years of service on June 21. He started with the bank as a bookkeeper.

* * *

It is learned from the Newark "Evening News" of June 16 that **the Howard Savings Institution of Newark, N. J.,** has appointed three new Assistant Vice-Presidents, William L. Maude, President, announced that day. Those named are Fred M. Merdinger, who has been Assistant Secretary; William J. Hyland, Assistant Chief Clerk, and George C. Hughes, Jr., Trust Investment Superior. It is likewise stated that Anna C. Clancy, Senior Clerk in new accounts, was made Assistant Treasurer, the first women to be made an officer of the bank. Walter D. Tombs, Mortgage Analyst, was made Assistant Secretary.

* * *

Benjamin F. Sawin, President of **Provident Trust Company of Philadelphia,** announced on June 22 the election of S. Francis Nicholson as Vice-President, and the appointment of Francis J. Herring as Manager of the Credit Department. Mr. Nicholson joined the Provident staff in 1923, and has been Assistant Vice-President since January, 1952. He is currently serving as a member of the finance and investment committees of the American Friends Service Committee, and as Treasurer of the Friends Fiduciary Corporation. Mr. Herring entered the banking business in 1929, and prior to joining the Provident in October, 1952, he was associated with the **New York Trust Company.**

* * *

Approval, it is announced, has been given by the stockholders and the Comptroller of the Currency to plans for the consolidation of the **Swarthmore National Bank & Trust Co. of Swarthmore, Pa.,** and the **First National Bank of Media, Pa.,** as to which an item appeared in these columns April 2, page 1446. According to the Philadelphia "Inquirer" of June 19, the consolidated bank will be known as the **First National Bank of Delaware County** and will operate under the charter of the First National Bank of Media, which was granted in March, 1864, making it the oldest national bank in Delaware County.

It is further stated that the merged bank will have deposits of approximately $23,500,000 and capital funds and reserves of more than $1,800,000. Richard G. Burn, President of the First National of Media, will be President of the combined bank; Harold Ogram, President of Swarthmore National, Vice-President and head of the Swarthmore office, and Edward H. Rigby, Media Cashier, Vice-President and Cashier. The merger is expected to become effective June 30.

* * *

Philadelphia's newest bank — and yet one of its oldest—opened its doors for business on June 22. It is the **Tradesmens Land Title Bank and Trust Co.,** formed by the merger of **Tradesmens National Bank and Trust Co.** and **Land Title Bank and Trust Co.,** both of Philadelphia. An item bearing on the merger appeared in our issue of May 28, page 2318. Howard A. Loeb is Chairman of the Board of the new bank; Percy C. Maderia, Jr., Chairman of the Executive Committee; James M. Large, President; and Warren H. Woodring, Executive Vice-President. Four new Vice-Presidents were elected by the board of directors; H. Townsend Bongardt, Wilfred W. Delamater, Frank T. Howard and D. Rice Longaker.

Other promotions were: to Assistant Vice-Presidents, Walter G. Bellairs, Walton Brand, Harry S. Henry, T. Irving Howe, Joseph F. McDonald, J. Harold Stephens and Charles J. Weber, Jr. George W. Geuder was elected Treasurer. Thomas C. Hughes, George N. Joynes and Melissa Smith were appointed Trust Officers, and Thomas P. Stovell, Trust Officer and Investment Officer; Donald Flanigan, Real Estate Officer; I. Vanson Hale, Jr. and John J. Parker, Assistant Secretaries; Charles S. Preis, Assistant Comptroller. The Tradesmens was incorporated in 1846 as the Tradesmens Bank. Chartered under the National Bank Act in 1864, it became the Tradesmens National Bank. In the fall of 1928 it changed its name to Tradesmens National Bank and Trust Co. following its merger with the Chelten Trust Co. and the Guarantee Trust and Safe Deposit Co. Land Title Bank and Trust first came into being on March 28, 1876, as the Real Estate Title Insurance Co. On Nov. 1, 1927, Real Estate Title, West End Trust Co. and Land Title and Trust Co. were merged to form what later became Land Title Bank and Trust Company. The title insurance department of Land Title has been separated from the new bank and set up as a new company, Land Title Insurance Co., with Lawrence R. Zerfing as President. All of its stock is owned by Tradesmens Land Title and it will operate from its existing offices with its present staff.

* * *

The First National Bank in Sykesville, Pa., with common capital stock of $50,000 was placed in voluntary liquidation effective May 29, having been absorbed by the **Punxsutawney National Bank, of Punxsutawney, Pa.,** according to the June 15 Bulletin of the Office of the Comptroller of the Currency, at Washington.

* * *

The Telford National Bank of Telford, Pa., increased its capital as of June 8 from $75,000 to $100,000, part of the increase ($12,500) having resulted from a stock dividend, and the sale of new stock having made possible a further like addition.

* * *

An increase in the capital of the **Merchandise National Bank of Chicago, Ill.,** from $1,000,000 to $1,500,000, effective June 8, was brought about by a stock dividend of $500,000.

* * *

John C. Wright, Chairman of the Board and President of **La Salle National Bank of Chicago,** has announced the appointment of John S. Varley as Assistant Cashier. Mr. Varley, who has been with La Salle since January of 1949, graduated in 1940 from the University of the South. He continued his studies at the Graduate School of Business at the University of Chicago. Mr. Varley heads La Salle's credit department.

* * *

The Board of Directors of **The Hackler Union National Bank of Muskegon Heights, Mich.,** announce staff readjustments made necessary by the remodeling program underway at the Muskegon Heights office of the bank. Merrit W. Kimball, heretofore Vice-President-Trust Officer, will be in change of the Muskegon Heights office activities as Vice-President. He has been associated with The Hackley Union National Bank and its predecessors since December of 1924. He was appointed an Assistant Cashier in 1935, promoted to Assistant Vice-President in 1945, and in 1947 was appointed Vice-President-Trust Officer. Effective July 1, the Board of Directors announce Donald S. Jones will become Vice-President-Trust Officer in charge of the trust activities of the bank, replacing Mr. Kimball in that capacity. Mr. Jones is presently Trust Officer of the **La Salle National Bank in Chicago.** He is a graduate of the University of Wisconsin. From 1928 through 1942 he was in the security business associated with the **Illinois Trust and Savings Bank,** The Continental Illinois Company, and Blyth & Co. From 1943 through 1946 he was an Assistant Trust Officer of the Northern Trust Company of Chicago. In 1947 he became associated with the La Salle National Bank. The Board of Directors of The Hackley Union National Bank also announce that Orville F. Janis has become associated with the bank as Manager of Real Estate Loans. Reference to the remodeling of the Muskegon Heights office of the bank appeared in our issue of May 21, page 2226.

* * *

The Carlsbad National Bank of Carlsbad, New Mexico, reports a capital as of June 9, of $250,000, increased from $200,000 by the sale of $50,000 of new stock.

Bank and Insurance Stocks

By H. E. JOHNSON

This Week — Bank Stocks

Current expectations are that operating earnings of the major banks for the first six months of the current year to be published during the next two weeks will be of record proportions and show a sizable gain over those of the same period of a year ago.

Bank operating conditions over the past several months have been extremely favorable. Whereas normally business loans in the early months of the year go through a seasonal contraction, the decline for 1953 has been relatively mild. In fact for a considerable portion of the time total loans at New York City banks have actually been near the record total outstanding at the end of the year. At the middle of June business loans at the New York reserve banks were only $165 million below the Dec. 31, 1952 total, a decline considerably less than normal. On a year to year basis, loans have been running more than 10% higher than a year ago.

In addition to this factor, which has enabled the banks to employ a large portion of earning assets at advantageous yields, the trend of interest rates has also been favorable. Reflecting the large demand for capital and credit accommodation, short term rates—bank rates—have been very firm. The prime loaning rate at banks in the major money centers was recently raised and secondary credit rates have also been increased. This should enable the various banks to show a further increase in the rate of return obtained on earning assets.

While holdings of U. S. Governments and other securities are generally below a year ago, the yields available are considerably better and have helped to maintain income from this source. This combined with the foregoing factors have resulted in a sharp expansion in gross income.

Expenses, of course, have also gained. Increases in staff and higher pay have resulted in a larger expense for salaries and wages. At the same time other operating expenses including supplies, rents, maintenance and interest on deposits are greater.

This increase, however, has been somewhat less than the gain in gross so that operating earnings before taxes are substantially higher.

At this point, there is a considerable difference in the way the banks provide for taxes. In large part these differences, and depending on whether particular institutions are subject to excess profits taxes, will determine the net operating earnings reported for the period.

In this connection it is interesting to review the operating statement of The Pennsylvania Company for Banking and Trusts for the six months ended May 31, 1953 compared with the similar period of 1952.

	Six Months Ended May 31 1953	1952
Income		
Interest on Loans	$6,892,114	$5,784,873
Interest on Investments	2,168,625	2,168,823
Trust Commissions	1,385,368	1,302,641
Other Income	854,490	780,413
Gross Income	$11,300,597	$10,036,749
Expenses		
Salaries and Wages	$3,501,632	$3,311,730
Other Expenses	3,005,391	2,720,117
Total Expenses	$6,507,023	$6,031,847
Operating Income	4,793,574	4,004,902
*Reserved for Federal Income Taxes	2,581,800	1,830,350
Net Income	$2,211,774	$2,174,552

*The 1953 figures include an accrual of $433,500 representing Excess Profits Tax for six months at the annual rate of 30% without adjustment for any other gains or losses during the period. The 1952 figures reflect certain adjustments.

Whether the Pennsylvania Company for Banking and Trusts or any other bank will be liable for excess profits taxes at the full 30% rate is impossible to say at this time. Should the law expire on June 30, any such provision could automatically be reduced by one-half. Or should a particular bank sell securities and realize capital losses later in the year, the tax liability could be reduced.

These are questions and policies it is impossible to finally resolve at this point. How a particular bank decided to handle their own particular problem at this time will to a large extent determine their reported earnings for the first half. Naturally there will be considerable differences among the various banks.

As a general proposition we would expect the major banks, and particularly those not now accruing excess profits levies, to report a favorable gain in operating earnings for the first six months of the current year.

Continued from page 3

Business Outlook Sans Socialism

inconveniences incident to free markets in preference to the immeasurably greater evils of chronic currency inflation on the one hand or economic regimentation on the other." The Federal Reserve is not engineering a recession. It has simply permitted the forces of supply and demand to operate in free markets.

The Problem

The problem is relatively clear. Extensive government planning means regimentation not only of the economy but of the citizens as well. If the government assumes the responsibility for the major social and economic direction and welfare of the people, it must eventually assume a very considerable control over the individuals. As responsibility and planning expand, control over the individual must also expand. It is inevitable. The government planners cannot plan production and order production without at the same time planning and ordering who are to be the producers in each segment of the economy as per the Russian system. Freedom on the other hand means willingness to accept responsibility. For businessmen today it means willingness to accept the responsibilities for directing the economy, which the government has been only too willing to assume during the last 20 years. To refuse to accept the responsibilities now will mean that businessmen have defaulted on their opportunity to regain the direction and control of the economy. The government does not owe businessmen and farmers and others a living. If they think it does, the days of free enterprise and freedom are numbered. Farmers, although prosperous on any basis of calculation, are asking for government relief because of the decline in farm prices.

The Business Outlook

There is little doubt in the minds of many businessmen and economists that we face some serious adjustments in the economy over the next year or two, particularly if we discard planned inflationary policies of the New Deal. The most disturbing fact at the present time is not this, however, but that most businessmen appear to be divided into two groups. One group fears a depression simply because they believe that government spending is going to be reduced. The other group has confidence that even a recession cannot occur because the government will not permit it. Have the private businessman and the farmer so lost their confidence and self-respect that they are perfectly willing to accept the thesis that the government is and must be the sole or major regulator of our economic activity? If this is so, they have already succumbed to the opiate of socialism even though still proclaiming their belief in a free enterprise system.

For the businessman to have confidence does not mean that he must believe that any recessions can be avoided. It does mean, however, that he must have faith that businessmen can meet and solve the problems of a business recession and lead the country to more prosperous times of full employment and a higher living standard. He must expand old demands and create new demands by increasing productivity of labor, by cutting cost, and by developing new and better products.

There can be little doubt that the present state of business is excellent as measured by the most important indices: steel production, they key index; expenditures for plant and equipment; automobile production; construction of homes and consumer durables; and total employment. Steel production, the most important bellwether, is still at 100% of rated capacity; and the industry is continuing its expansion program, which has already increased capacity to approximately 120,000,000 tons. No recession will occur while this index remains in the neighborhood of 100.

Since the end of Word War II, we have experienced the greatest peacetime boom in our history. The major force has been the tremendous demand for durable goods by both producers and consumers. The output of these goods during the last eight years far surpasses any other period in our history. There was some indication that the bloom was off the boom in 1949. But the impetus of much easier credit and the impetus of the Korean War gave the boom a tremendous jab in the arm. The demand for capital goods and for consumer durable goods and homes was even greater than before.

Today the question is simply will the demand for consumer durable goods and housing and for capital goods continue without interruption. If it does, the boom will continue; but if it declines, a recession will materialize. This may appear to over-simplify the problem, but the heart of the boom is tied to these postponable demands of the civilian economy —not to the defense program, although the psychological effect of changes in the latter should not be overlooked.

Both consumer durable goods and producers durable goods are of a postponable nature, and that is the basic weakness of our type of economy. Never before has such a large proportion of our production consisted of goods of a postponable nature.

Economic Elements Subject to Considerable Fluctuations

We cannot expect to review the entire economy but only the elements that are subject to considerable fluctuation.

(1) First, we should examine the situation as regards consumer durable goods — automobiles, refrigerators, washing machines, and the like. If demand for these goods declines, demand for plant expansion will certainly not long be sustained at current levels. For the last two years the percentage of disposable income spent by consumers for these items has been declining — from 15.5% in 1950 to 10.9% in 1952. Furthermore, the demand for these goods has only been maintained by a rapidly increasing rate of consumer credit expansion. Consumer credit is now over $26 billion, up about 25% over a year ago. Installment credit totals over $20 billion and is up almost 33% in a year. In other words, it has been necessary to constantly pump new credit into the economy at a high annual rate to maintain the sales volume. Even so, inventory of consumer durable goods has been rising steadily. Perhaps even this last prop to the consumer goods boom, easy credit, will lose its punch; or credit really will be restricted. It has been tightened recently. The sales volume of household appliances has been maintained to a large extent by the housing boom. A sharp drop in housing construction would be immediately reflected in declining sales of consumer durable goods. It is unfortunate that business has depended so much more on credit expansion and easy credit in the consumer durable goods and housing areas and relatively little on old-time sales effort to move the great output of consumer goods. In any event some decline in this demand is inevitable. New demands must be substituted by lowering prices and developing new and better products and old-fashioned salesmanship.

(2) Second, we must examine housing. Housing in the past has always followed long cyclical patterns. A peak was reached in the real estate cycle in 1925-26 in spite of the fact that the business cycle continued to rise into 1929. The 90% decline from 1925 to 1932 was catastropic. Actually, the boom since the end of the war, financed by the easiest money terms in history, has surpassed any previous building boom on record. As a matter of fact, for the first time in our history over 50% of our families (probably about 57% today) own their own homes. Obviously there are many limiting factors in a further increase in this percentage. The decline in the rate of family formation that is inevitable for a few years is a factor to be reckoned with. Business will need to reduce construction costs and in many other ways create demands for new type of housing. The entire field of air conditioning offers great possibilities.

Plant and Equipment Expenditures

(3) Third, we should examine plant and equipment expenditures. Expenditures for new plant and equipment have been the most important factor in the postwar boom. Expenditures for producers durable equipment were as follows in billions of dollars: 1946, $12.3; 1947, $17.1; 1948, $19.9; 1949, $18.7; 1950, $22.0; 1951, $25.0; 1952, $25.3, and estimates for 1953 run from $26 to $27 billion. The peak prewar year (not counting 1940 or 1941) was 1929, when expenditures reached $6.4 billion. Steel capacity has been increased about 50% above the prewar level. Almost 20% of capacity last year was used to produce steel for new steel plants. The discontinuance of the steel expansion program would result in at least a 15% decline in steel production. A major part of the demand for durable goods is focused in the demand for steel.

Historically, plant expansion has always been the most sensitive to change from optimism to pessimism. Most businessmen in the past have only been willing to expand when they saw concrete evidence of profitable opportunity for investment. This psychology occurs when they are selling all their current production and believe that they can sell more. While this segment of the economy is considered by many to be the key to the boom, no decline is anticipated by many because of the expansion plans of business as revealed in surveys conducted by McGraw-Hill Company and the United States Department of Commerce. However, as some have pointed out, more and more of these plans appear to be based on the assumption not of an expanding market but rather on the expectation of securing a larger share of the market. In any event since the war business plans have not been tested in an economy of declining consumer sales and serious inventory problems. Declining sales to consumers and inventory difficulties may appear at a time when *funds* for new plants and equipment are not only more costly than at any time in 20 years but also more difficult to obtain. It remains to be seen whether or not planned programs of expansion are as fixed and controllable as many appear to believe.

(4) Fourth, we should consider the situation in respect to inventories. The fact is that inventories are in the neighborhood of $75 billion — an all-time high level. Those who say that they are *too* high simply state that they are higher than ever before. Those who say that they are not dangerous in spite of their continuous rise state that "as a percentage of sales, inventories are not high." They present statistics to prove that the rate of inventory turnover is in the neighborhood of eight times per year. They give other figures to prove that as a percentage of sales, inventories are not dangerously high. *Inventories rarely if ever are too high until sales decline.* When sales do decline substantially, they decline much faster than inventories; and that is the difficulty. The years 1921 and 1938 saw heavy losses resulting from the over-accumulation of inventories in previous years. If sales volume is to be well maintained, inventories are not too high. But if sales volume does decline sharply and substantially, not only will physical units of inventories prove to be very high, but their dollar volume may shrink very considerably.

Again we come back to the sales problem. Can businessmen lead us through any adjustment period, even a very sharp one? Can they provide the incentive for a reasonably fast recovery, or will they throw in the sponge the minute they see trouble and call in a paternalistic government to solve their problems? Will they accept the responsibility of freedom that they so recently offered to assume or will their promises prove to have been a mere hollow gesture? Did they really like the New Deal and Fair Deal policy but not its personalities? Did they like to shoot at the beast of inflation but want to make sure that he was never hit in a vital spot?

Major Factor of Confidence

The major factor of confidence that businessmen can rely on is that our financial institutions are sounder than ever before and that no financial crisis appears even possible to aggravate a readjustment period, which appears inevitable. Past recessions have always been aggravated and prolonged by financial crisis.

I have purposely avoided much reference to defense expenditures. They are likely to continue at a high but reduced level into the indefinite future. However, the major impact on the economy was the stimulation that defense production gave to plant expansion and the optimism that it engendered in the minds of the purchasers of both consumers and producers durable goods. The direct effect of actual defense production has been very considerably exaggerated.

It is probable that a business recession starting sometime in the next 18 months cannot be avoided regardless of private business activity or the actions of the government—short of war. Periods of business adjustment are inevitable. How business handles itself and the problem during such a period of readjustment will set the pattern for the type of economy that we will live in for the next 25 years—a private enterprise system or a continued and accelerated drift towards statism.

Securities Salesman's Corner

By JOHN DUTTON

How to Lose Customers and Antagonize People

You would think that the anecdote I am relating this week is just too improbable to happen to any sensible salesman. But it happened. Several weeks ago one salesman with whom I am acquainted followed up a newspaper lead. The ad that brought in the lead was pointed toward income investors. It offered 5½% and better. This salesman made his call by appointment and after he was comfortably seated on Mr. & Mrs. Prospect's porch this is what he heard.

They told him they were retired. They answered his questions as to the source of their present income, gave their list of holdings, discussed their health, their wills and their insurance. They gave this man their confidence because he had asked for it and explained that he needed this information in order to make an intelligent suggestion for the investment of their surplus funds, about which they also told him.

Then they spilled the beans. They related that they had been doing business with a competitive firm for several years. That they were through. It seems as if a trusted salesman with whom they had done business came to them one day and suggested that they sell out nearly all of their conservative holdings and put the entire proceeds into a speculative promotional venture that his firm was trying to sell. He made five trips to see them but to no avail. Finally they told him that they didn't want any more talk; they had made up their minds and would keep what they had. They said this salesman was always telling them how hard-up he was, how much it cost to take care of his large family and such things. But several months after this attempt to switch them out of their conservative holdings into the "spec," he took his entire family and went to Europe. On his return he visited them again. When they asked him how it was, he said to them, "We went tourist and it hardly cost any more than to stay at home." That ended it—they quit for good.

How can it be possible that any salesman would be so dumb as to throw away hard earned goodwill for a commission? Yet these things do happen—in the investment business and every other kind of business. Firms such as this and salesman who represent them don't need any policeman on the corner to keep them straight—they will suffer in the long run from such tactics. The day has come when most investment firms take a pretty stiff attitude toward salesmen who abuse their accounts by overtrading or by adopting tactics which are unsound. But once in a while a trusted representative will go over the line and try something like this. Sooner or later he will lose out in the end. You can't build a clientele of substantial customers unless you put their interest first, last and always ahead of your own and your immediate commissions.

It is certainly to the credit of the investment securities business that such cases as these are becoming rare indeed. When they are discovered in time the industry itself takes action and sees to it that they are corrected. No business today has a better record of taking care of its clients intelligently and well than the securities industry.

Continued from first page

Economic Consequences Of Peace in Korea

strategy of nations. **Second:** Defense spending and taxation.

Third: Capital investment and rates of capital formation.

Fourth: Consumer behavior. For the consumer—and not the Kremlin, or the army brass, or the admirals—is still very much the king. He rules in the showdown.

Fifth: Foreign trade.

I
World Politics

If the Soviets were to accept a plan for disarmament and atomic inspection tomorrow, the best would have happened for us and for the world. Between this dream and actual peace in Korea is a great unknown, a great uncharted sea for the humanity of this world. America has spelled out its answer. President Eisenhower has said it shall be our policy, once disarmament is attained, to turn our resources and our talents toward providing opportunity and better living standards for the peoples of the world. But the card player across the table has sulked. He has still to show his hand. What about Red China? What about Southeast Asia? Shall the Kremlin trick of "war by proxy" continue playing on the tensions of class and of impoverished nations? We can only assume that it will. To assume that the Kremlin would take any other course would be folly. Therefore, our capacity for defense must be maintained, and with it we should consider expanding our capacity for offensive economic measures on a broad global basis. The struggle in which we are engaged can be won with ideas and with full stomachs far better than with guns or atomic bombs.

An yet we cannot shrug off the possibility that a lessening of tensions on the world horizons would be mirrored in our economy. It is safe to say, however, that never have we been less gullible and never more prudent in taking the measure of the Soviets than today. The American people are in no mood to be duped again. Therefore, any sincere improvement in the world political sphere would probably be gradual and would permit of only gradual economic adjustments here at home. Now, more than ever, we demand not words, but intelligent action.

II
Defense Spending

What about our second topic—defense spending? Our strength lies in our ability to produce. We demonstrated that ability during World War II, and again since the Korean crisis. Consider how our gross national product has increased from $258 billion in 1949 to $346 billion in 1952—and for the first quarter of 1953 at the rate of $363 billion.

Expenditures for national security, at the rate of $52.5 billion, represent a higher proportion of national income for this purpose than any of our allies. This has resulted in a tax burden almost one-quarter of our net national income. We are, with the exception of Great Britain, the most heavily taxed nation in the free world.

The truce in Korea will, for the present, reduce the national security expenditures of the United States very little and only by a few per cent. Peace in Korea would bring a direct saving of about $2 billion annually, which is the cost of carrying on active warfare. But there would still be large military expenditures for troops and supplies in Korea and Japan, for Southeast Asia, as well as for Europe, the Middle East, and for our commitments elsewhere around the globe. There will be no economic shock in any way comparable to the $70 billion decline in war expenditures which ocurred in our smaller total economy in 1945 and 1946. And we offset that huge decline in expenditures.

If world tensions are reduced, we might slowly secure a $10 billion reduction in defense expenditures. If such defense expenditures are first brought under control in the present budget, we can expect to see them reduced perhaps to $45 billion in two years. That would give us a decline in government outlays from levels right now of about $6 or $7 billion. This is barely a tenth of the $70 billion reduction of 1945-46 which, as I have said, we managed to offset completely with civilian expenditure expansion.

Reduction of Taxes: We have the enormously great advantage that President Eisenhower may bring the budget under control this year. Then as reductions in defense expenditures are made, we can have reductions in taxation of like size.

This is of the utmost significance. It means that as expenditures for defense are reduced and there is less buying in the military sectors, taxation is reduced to produce more buying in the civilian sectors of the economy. And the relationship of these two changes can be one to one. By that I mean civilian tax reduction and therefore civilian purchases can be expanded dollar for dollar with defense expenditure reductions. With the reduction in military expenditures after World War II, we had to have a five dollar reduction in war expenditures in order to have a one dollar reduction in taxes because our share of the cost of World War II covered by taxation — 46% — was so much lower than from 1950 to 1953.

III
Capital Investment

Capital expenditures for plant and equipment exert great influence on economic progress. When the rate of such expenditures is high, employment in the heavy industries and construction is also high. Activity in these industries has a sort of chain effect. It not only gives direct employment but also indirectly creates more jobs down the line of manufacturing enterprises to the very sources of the raw materials. The result is to increase consumer incomes and to stimulate demand for consumer goods.

Investment in new construction and producers durable equipment increased rapidly during 1950 and reached a peak about the second quarter of 1951. Since then it has receded. New construction has practically leveled off and investment in equipment is now rising at a relatively slow rate.

With reference to the question as to whether our plant capacity has become dangerously large, economists have pointed out that of the $230 billion spent for plant and equipment during the past six years, only about $100 billion represents increase and the rest, replacement. Our huge expenditures for plant investment of the past six years have just about offset the low expenditures during the depression years.

The Department of Commerce, in a survey made in February and March, 1953, reports that business is planning to spend fully as much on new plant and equipment in 1953 as it did in 1952. For many years the proportion of capital going into equipment as against that going into plant construction, has been increasing. In view of the relatively short life of equipment and the need for replacement, it may be possible that the present high level of capital investment is not as high as it looks.

Residential Construction: Residential construction has dropped from a total of 1.4 million houses in 1950 to about 1.1 million in 1951 and 1952, respectively, and shows no appreciable change in 1953. However, in view of a slower rate of family formation, it is logical to expect some decline in residential construction over the next few years. To offset such decline, there will probably be an increase in the construction of office buildings, stores, warehouses, etc., which in recent years has been hampered by restrictions on the use of materials.

Adjustment of Economy to Decline in Capital Investment: While it does not appear likely that a truce in Korea will have much effect on future expenditures for national defense, there is always the possibility that pressure for military equipment will be relieved and that production goals will be set forward by months or years. Should that occur, the question is can the economy adjust itself to a decline in capital investment for defense plants and tools resulting from a defense stretch-out? I believe it can.

For one thing, economists, businessmen and government people are aware that defense spending must decline, sooner or later. There is widespread opinion that there will be a recession, but much difference of opinion as to the magnitude of such a recession. Some economists have even taken the point of view that as long as nearly every one expects a recession it will not occur, because our expectations cause us to take counter action. For instance, if we believe that demand is going to slow up or prices fall, we watch our inventory positions carefully. The result is gradual adjustment without panic-stricken liquidation.

Business is prepared to maintain a high level of capital investment, especially as long as good earnings are in prospect. We know that the best way to reduce costs per unit is to invest in better and more efficient machines and to use more horsepower in relation to manpower.

We also know that the best way to stimulate consumer demand is to introduce new products and to redesign and dress up our old products. This requires new investment or the expenditure of accumulated depreciation for replacement of old equipment.

Our reserve of electric generating capacity is not large and should be increased. Other utilities also will find it profitable to expand their services, particularly into our rural communities.

The effect of the increase in the birth rate over the past decade is being felt in steadily increasing pressure on our schools. We need to spend $10 billion for new schools over the next eight years in order to catch up.

There is a tremendous need for more and better highways. The number of automobiles has increased from 30 million in 1939 to 45 million at the present time. It is estimated that we need to spend over $30 billion just to bring our present highways up to efficient standards. We need to spend $4 billion to $4½ billion annually for the next ten years for new roads to keep up with normal growth of traffic. Maintenance and replacement requires $2½ billion annually. So we can easily spend a total of $10 billion each year on roads, just to keep up with the increase in automobile and truck traffic.

To sum up, peace in Korea should not of itself greatly affect the course of private capital investment in the United States.

IV
Consumer Expenditures

On April 1st of this year, our population was estimated at over 159 million, compared with 152 million in 1950. This is an increase of 7 million people in three years. We have today 55% more children under five years of age than we had 10 years ago. These children are growing and it does not take much imagination to visualize the increasing demand for food, clothing, and other goods during the next few years. This increase in population will be a sustaining force of great magnitude in our economy by 1960.

Personal consumption expenditures have been slowly increasing since the war. It is estimated that this gradual expansion will continue at a rate of from $5 to $6 billion per year. This will require a similar increase in gross national product annually and will help to counteract a decline in spending for defense purposes.

It is true that a considerable proportion of consumer expenditures can be postponed. If consumers should elect to postpone purchases of automobiles, refrigerators, television sets, and clothing, the effect could be far reaching. Such action could cause inventories to back up and plants to curtail operations. But it is not likely that such action on the part of consumers would result from peace in Korea.

Changes in consumer expenditures are generally closely related to changes in their disposable income — that is, what consumers have left after paying taxes. Therefore, tax reductions would have the effect of increasing disposable income. The normal reaction of people who have more money to spend is to satisfy their wants.

I do not believe that wage rates will be reduced, because we are on a new level of values. Wage earners will insist on keeping the social gains which they have made. High wages have had the effect of raising the real incomes of the masses of the people with the result that the base of demand for products of both agriculture and factories has been greatly broadened. The expanded demand for dairy and meat products is a good example. The sustained demand for better houses, furnishings, and automobiles demonstrations that people do not want to reduce their present standard of living.

While people have been spending at higher rates than ever before, they have also been saving at exceptionally high rates. In 1952, people saved at the rate of $18 billion—nearly 8% of their disposable income. High savings are a good backlog against recession.

Income of farmers, while showing declines for the past few months, is still at a high level and is likely to continue high because of government assistance

Payments by government for social security, old age assistance, unemployment insurance and for benefits to veterans amounted to about 5% of total personal income in 1952. These payments have a stabilizing effect on the economy.

Employment continues at high levels. Unemployment has averaged in the neighborhood of only 3% of our labor force. The net additions to our labor force are in the neighborhood of 700,000 per year. It is the responsibility of industry to find jobs for this increased labor force.

I believe business leaders are becoming more and more conscious of their obligations to the society in which they operate and which furnishes to them both the workers in their plants and offices, as well as the consumers for their products.

V
Foreign Trade

One of the weaknesses in our economy is in our foreign trade. Our exports are still in excess of our imports. We are giving away about $5 billion in goods annually in assistance to other countries. It was only right and necessary that we should help our Allies rebuild their economies, for people who are hungry are made to order for Communist propaganda with its appeal to the "have-nots."

As the economies of the countries of Western Europe become more productive, they will struggle for markets where they can sell their goods and buy raw materials. Our Administration in Washington recognizes the need of foreign trade and its direct relationship to continued foreign aid. They will approach the problems realistically. But I believe we must have full peace and understanding before world trade can take on a truly realistic pattern, and be built on a solid base.

It may be too much to even hope at this time that an intelligent program to solve the problems of world trade will begin with a Korean cease fire.

Conclusion

There probably will not be any very important domestic or international changes resulting from the truce in Korea.

The reduction in defense expenditures will be relatively small, but those reductions will help the efforts of the Administration to balance the budget in 1954.

Defense expenditures will play a dominant role in our economy for some years to come. Foreign aid will probably be reduced gradually. Efforts will be made to build up foreign trade in a manner which will help the recipients of aid to become self supporting.

A denominating factor will be the fiscal policy of our government in striving to reduce the expenditures of government, balance the budget and reduce taxation. Monetary policy will play an important role in counteracting factors of either inflation or recession.

Peace in Korea will bring up the important political problem of the possible admission of Red China into the United Nations. This would of course give rise to an entirely new set of problems both at home and abroad.

From the business point of view, I believe the United States will continue strong and prosperous, with a dynamic economy whose citizens will press forward with optimism and faith in the future.

It has been a pleasure to be with you today and to take this opportunity of discussing a little more than what is involved from a truce in Korea. I discussed something more because the direct immediate events after the Korean truce will not be very important. It may be that the United States will have some slight recession in military and capital expenditures in the near future, but we do have in our country aggressive business leadership, high managerial morale, and that high rate of capital expenditure which produces a rising standard of life—something which all nations seek for their citizens.

All of us in Canada and in the United States desire world peace, prosperity, and a better standard of living at home and abroad. I am convinced that we can increase the freedom of trade and travel between our two countries to the benefit of both nations and so continue to set an example of friendly and sincere international cooperation.

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 28	§99.1	*96.8	100.3	11.8
Equivalent to—					
Steel ingots and castings (net tons)	June 28	§2,235,000	*2,183,000	2,262,000	246,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	June 13	6,477,450	6,408,700	6,359,200	6,148,850
Crude runs to stills—daily average (bbls.)	June 13	¶7,026,000	7,168,000	6,884,000	6,762,000
Gasoline output (bbls.)	June 13	24,210,000	24,787,000	22,960,000	21,802,000
Kerosene output (bbls.)	June 13	2,465,000	2,109,000	2,615,000	2,208,000
Distillate fuel oil output (bbls.)	June 13	9,986,000	11,117,000	9,244,000	10,298,000
Residual fuel oil output (bbls.)	June 13	8,605,000	8,312,000	8,666,000	9,017,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished and unfinished gasoline (bbls.) at	June 13	150,757,000	152,592,000	155,415,000	121,993,000
Kerosene (bbls.) at	June 13	25,442,000	24,234,000	21,360,000	21,086,000
Distillate fuel oil (bbls.) at	June 13	79,579,000	76,811,000	64,941,000	57,944,000
Residual fuel oil (bbls.) at	June 13	43,595,000	42,453,000	40,258,000	40,889,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	June 13	797,425	775,489	779,805	631,042
Revenue freight received from connections (no. of cars)	June 13	655,257	644,068	665,661	562,411
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	June 18	$249,728,000	$368,684,000	$257,642,000	$305,727,000
Private construction	June 18	103,722,000	214,580,000	155,167,000	141,984,000
Public construction	June 18	146,006,000	154,104,000	102,475,000	163,743,000
State and municipal	June 18	112,336,000	121,863,000	88,324,000	90,100,000
Federal	June 18	33,670,000	32,241,000	14,151,000	73,643,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	June 13	9,350,000	9,135,000	9,125,000	7,254,000
Pennsylvania anthracite (tons)	June 13	677,000	676,000	614,000	776,000
Beehive coke (tons)	June 13	126,200	*127,700	120,000	21,300
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	June 13	111	118	105	116
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	June 20	8,329,297	8,244,852	8,012,902	7,254,058
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	June 18	167	167	156	151
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	June 16	4.417c	4.417c	4.390c	4.131c
Pig iron (per gross ton)	June 16	$55.26	$55.26	$55.26	$52.77
Scrap steel (per gross ton)	June 16	$40.50	*$39.83	$38.17	$42.00
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	June 17	29.700c	29.675c	29.700c	24.200c
Export refinery at	June 17	29.575c	29.775c	29.725c	33.325c
Straits tin (New York) at	June 17	92.000c	92.000c	98.500c	121.500c
Lead (New York) at	June 17	13.500c	13.250c	12.500c	15.000c
Lead (St. Louis) at	June 17	13.300c	13.050c	12.300c	14.800c
Zinc (East St. Louis) at	June 17	11.000c	11.000c	11.000c	16.000c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	June 23	92.00	91.82	92.03	98.33
Average corporate	June 23	101.97	102.13	103.47	109.97
Aaa	June 23	105.34	105.69	106.92	114.27
Aa	June 23	103.80	103.80	105.52	112.56
A	June 23	100.98	101.14	102.63	109.42
Baa	June 23	97.78	97.94	99.36	103.97
Railroad Group	June 23	99.84	100.00	101.97	107.27
Public Utilities Group	June 23	101.80	101.97	102.63	109.60
Industrials Group	June 23	104.14	104.14	106.04	113.31
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	June 23	3.09	3.10	3.08	2.61
Average corporate	June 23	3.63	3.62	3.54	3.17
Aaa	June 23	3.43	3.41	3.34	2.94
Aa	June 23	3.52	3.52	3.42	3.03
A	June 23	3.69	3.68	3.59	3.20
Baa	June 23	3.89	3.88	3.79	3.51
Railroad Group	June 23	3.76	3.75	3.63	3.32
Public Utilities Group	June 23	3.64	3.63	3.59	3.19
Industrials Group	June 23	3.50	3.50	3.39	2.99
MOODY'S COMMODITY INDEX	June 23	417.5	412.4	416.8	434.1
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	June 13	217,725	382,192	204,133	192,889
Production (tons)	June 13	254,689	233,423	251,473	208,998
Percentage of activity	June 13	98	87	96	86
Unfilled orders (tons) at end of period	June 13	560,897	596,571	529,536	393,144
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE = 100	June 19	106.11	106.17	106.52	109.43
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	June 6	27,636	24,174	26,428	24,953
Number of shares	June 6	752,560	684,124	746,831	693,174
Dollar value	June 6	$34,213,688	$32,335,081	$33,993,771	$33,559,018
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	June 6	21,331	20,061	21,544	21,912
Customers' short sales	June 6	174	157	123	114
Customers' other sales	June 6	21,157	19,904	21,421	21,798
Number of shares—Total sales	June 6	602,085	553,347	593,701	587,365
Customers' short sales	June 6	7,438	7,483	4,700	4,002
Customers' other sales	June 6	594,647	545,864	589,001	583,363
Dollar value	June 6	$23,895,877	$21,828,731	$23,865,896	$24,732,110
Round-lot sales by dealers—					
Number of shares—Total sales	June 6	184,090	178,030	180,790	173,270
Short sales	June 6	------	------	------	------
Other sales	June 6	184,090	178,030	180,790	173,270
Round-lot purchases by dealers—					
Number of shares	June 6	315,800	280,580	315,680	305,270
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 30	217,520	248,470	353,110	153,140
Other sales	May 30	6,325,350	7,084,890	6,461,170	4,221,100
Total sales	May 30	6,542,870	7,333,360	6,814,280	4,374,240
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS:					
Transactions of specialists in stocks in which registered—					
Total purchases	May 30	622,140	773,080	710,330	405,610
Short sales	May 30	96,610	109,920	146,590	86,750
Other sales	May 30	562,520	625,720	576,630	326,330
Total sales	May 30	659,130	735,640	723,220	413,080
Other transactions initiated on the floor—					
Total purchases	May 30	137,840	209,250	149,060	74,780
Short sales	May 30	10,900	14,500	20,900	7,200
Other sales	May 30	206,310	324,860	159,920	93,050
Total sales	May 30	217,210	239,360	180,820	100,250
Other transactions initiated off the floor—					
Total purchases	May 30	196,560	295,650	271,420	139,261
Short sales	May 30	41,040	57,760	82,560	32,770
Other sales	May 30	275,330	326,435	321,531	202,513
Total sales	May 30	316,370	384,195	404,091	235,283
Total round-lot transactions for account of members—					
Total purchases	May 30	956,540	1,277,980	1,130,810	619,651
Short sales	May 30	148,550	182,180	250,050	126,720
Other sales	May 30	1,044,160	1,177,015	1,058,081	621,893
Total sales	May 30	1,192,710	1,359,195	1,308,131	748,613
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100):					
Commodity Group—					
All commodities	June 16	109.3	109.6	109.9	111.2
Farm products	June 16	95.5	96.6	98.2	107.3
Processed foods	June 16	103.3	104.2	104.5	108.6
Meats	June 16	91.8	93.9	93.0	113.6
All commodities other than farm and foods	June 16	113.5	113.5	113.6	112.5

*Revised figure. ¶Includes 666,000 barrels of foreign crude runs. §Based on new annual capacity of 117,547,470 tons as of Jan. 1, 1953 as against the Jan. 1, 1952 basis of 108,587,670 tons.

	Latest Month	Previous Month	Year Ago
AMERICAN IRON AND STEEL INSTITUTE:			
Steel ingots and steel for castings produced (net tons)—Month of May	9,998,000	*9,545,538	8,205,642
Shipments of steel products, including alloy and stainless (net tons)—Month of April	7,162,460	7,436,919	5,922,173
BANKERS' DOLLAR ACCEPTANCES OUTSTANDING — FEDERAL RESERVE BANK OF NEW YORK—As of May 29:			
Imports	$198,454,000	$229,123,000	$196,747,000
Exports	110,769,000	114,850,000	136,303,000
Domestic shipments	10,940,000	10,570,000	6,500,000
Domestic warehouse credits	27,912,000	26,556,000	10,482,000
Dollar exchange	37,400,000	42,900,000	36,574,000
Based on goods stored and shipped between foreign countries	31,588,000	31,170,000	43,104,000
Total	$417,063,000	$455,169,000	$429,710,000
BUSINESS FAILURES—DUN & BRADSTREET, INC.—Month of May:			
Manufacturing number	143	140	111
Wholesale number	74	75	59
Retail number	344	344	333
Construction number	70	86	75
Commercial service number	60	48	60
Total number	697	693	638
Manufacturing liabilities	$13,981,000	$10,585,000	$10,217,000
Wholesale liabilities	5,852,000	2,925,000	1,847,000
Retail liabilities	6,909,000	8,497,000	5,264,000
Construction liabilities	2,511,000	3,748,000	2,646,000
Commercial service liabilities	3,536,000	1,765,000	1,219,000
Total liabilities	$32,789,000	$27,520,000	$21,193,000
COMMERCIAL PAPER OUTSTANDING — FEDERAL RESERVE BANK OF NEW YORK—As of May 31 (000's omitted)	$441,000	$464,000	$510,000
CONSUMER PURCHASES OF COMMODITIES—DUN & BRADSTREET, INC.—(1947-1949=100)—Month of May	136.0	133.2	125.2
COPPER INSTITUTE—For month of May:			
Copper production in U. S. A.—			
Crude (tons of 2,000 pounds)	92,659	*95,890	92,946
Refined (tons of 2,000 pounds)	117,929	112,660	97,593
Deliveries to fabricators—			
In U. S. A. (tons of 2,000 pounds)	146,815	142,282	105,860
Refined copper stock at end of period (tons of 2,000 pounds)	52,762	48,382	55,351
DEPARTMENT STORE SALES—SECOND FEDERAL RESERVE DISTRICT, FEDERAL RESERVE BANK OF N. Y. — 1947-1949 Average=100—Month of May:			
Sales (average monthly), unadjusted	97	94	96
Sales (average daily), unadjusted	99	93	95
Sales (average daily), seasonally adjusted	101	98	*97
Stocks, unadjusted	119	119	*113
Stocks, seasonally adjusted	116	114	*111
EMPLOYMENT AND PAYROLLS—U. S. DEPT. OF LABOR—REVISED SERIES—Month of March:			
All manufacturing (production workers)	12,843,000	*13,744,000	12,951,000
Durable goods	8,220,000	*8,123,000	7,484,000
Nondurable goods	5,623,000	*5,621,000	5,467,000
Employment Indexes (1947-49 Avge.=100)—			
All manufacturing	111.9	*111.1	104.7
Payroll Indexes (1947-49 Average=100)—			
All manufacturing	152.1	*149.4	132.5
Estimated number of employees in manufacturing industries—			
All manufacturing	17,136,000	*17,019,000	16,061,000
Durable goods	10,103,000	*9,993,000	9,233,000
Nondurable goods	7,033,000	*7,026,000	6,828,000
HOUSEHOLD VACUUM CLEANERS—STANDARD SIZE (VACUUM CLEANER MANUFACTURERS' ASSN.)—Month of May:			
Factory sales (number of units)	252,404	268,548	216,969
INTERSTATE COMMERCE COMMISSION—			
Index of Railway Employment at middle of May (1935-39 average=100)	119.8	119.8	122.3
NEW CAPITAL ISSUES IN GREAT BRITAIN—MIDLAND BANK, LTD.—Month of May	£8,263,000	£136,402,000	£19,773,000
PORTLAND CEMENT (BUREAU OF MINES)—Month of April:			
Production (barrels)	21,802,000	20,215,000	19,817,000
Shipments from mills (barrels)	20,891,000	20,813,000	21,764,000
Stocks (at end of month—barrels)	24,776,000	23,866,000	24,672,000
Capacity used	94%	84%	86%
SELECTED INCOME ITEMS OF U. S. CLASS I RYS. (Interstate Commerce Commission)—Month of March:			
Net railway operating income	$93,569,679	$77,799,925	$76,764,002
Other income	18,966,536	18,078,257	16,718,425
Total income	112,536,215	95,878,182	93,482,427
Miscellaneous deductions from income	4,109,992	3,818,626	4,057,538
Income available for fixed charges	108,426,223	92,059,556	89,424,889
Income after fixed charges	74,778,719	58,744,111	56,229,604
Other deductions	2,782,051	2,800,627	2,894,617
Net income	71,996,668	55,943,484	53,334,987
Depreciation (way & structure & equipment)	41,019,619	40,592,924	39,698,725
Federal income taxes	57,316,984	44,393,072	55,378,857
Dividend appropriations:			
On common stock	27,898,116	25,101,575	18,745,474
On preferred stock	4,508,164	18,893,363	3,720,306
Ratio of income to fixed charges	3.22	2.76	2.69
TREASURY MARKET TRANSACTIONS IN DIRECT AND GUARANTEED SECURITIES OF U. S. A.—Month of May:			
Net sales	------	------	------
Net purchases	$35,881,000	$36,211,800	$2,924,150
UNITED STATES GROSS DEBT DIRECT AND GUARANTEED—(000's omitted):			
As of May 31	$266,572,224	$264,542,181	$259,950,674
General fund balance	3,638,668	3,581,886	5,421,244
Net debt	$262,933,556	$260,960,295	$254,529,430
Computed annual rate	2.401%	2.389%	2.310%
WINTER WHEAT AND RYE—U. S. DEPT. OF AGRICULTURE—As of June 1, 1953:			
Winter wheat—Production (000's omitted)	769,884	729,884	1,052,801
Rye—Production	17,087	15,142	15,910
ZINC OXIDE (BUREAU OF MINES)—Month of April:			
Production (short tons)	17,563	18,363	14,739
Shipments (short tons)	17,246	16,138	15,873
Stocks at end of month (short tons)	28,551	28,234	30,512

Continued from first page

As We See It

resumption of vigorous action at some relatively early date?

These are questions to which virtually everyone interested in such matters are seeking answers. It would be hazardous to undertake specific answers at this time, but certain general utterances of the Reserve Board of late—some of them within the week—are of more than passing interest.

Here is the way their functions and duties appeared to Reserve authorities three or four months ago—before the heat was on.

"An economy which is expanding requires an increasing supply of money to facilitate its growing volume of transactions. If prices are not to decline, the money supply will have to expand to meet the increased needs for cash balances resulting from the additions to productive capacity and from the growing complexity of economic organization."

* * *

"Modern nations have set up various forms of centralized mechanisms in order to moderate fluctuations in the volume of credit and money. Because of the dependence of bank lending capacity on the reserve position of banks, lending activities of banks can be affected by influencing their reserve positions. Reserve positions can be eased when depression threatens and the decline in the money supply should be retarded; they can be tightened when an inflationary boom threatens and there needs to be a check on the expansion of credit and money."

No longer ago than last week (the current issue of the "Federal Reserve Bulletin") these observations were offered. Presumably a "balanced assessment of the entire credit and economic situation" has led to some sort of change in attitude on the part of the Federal.

"Credit and monetary measures are indispensable to stable progress, but alone they cannot assure that progress. Their effectiveness will be conditioned by Federal fiscal action and debt management and by various specific government programs. Their effectiveness may also be conditioned by unpredictable and sudden developments and changes in moods and impulses that affect activity in the economy."

* * *

"The administration of credit and monetary measures is a task involving discretion, patience, and judgment. Action must be guided not by a single indicator or simple combination of indicators but by a balanced assessment of the entire credit and economic situation in the light of the fullest information available."

And evidently the position and policy of the Federal Treasury are important factors in that assessment:

"Management of the Federal debt makes a primary contribution to economic stability by arranging a maturity composition of that debt that will support and not impede development of appropriate credit and monetary policy. In general, such a debt distribution would be one with maturities well spaced over a period of years. This kind of maturity distribution is also important for administrative reasons in debt management."

* * *

"To change the existing debt structure, however, takes time. Financing decisions of the past necessarily impinge heavily on the present and the future, and debt management actions must continually be a compromise between what may be most appropriate for the current economic situation and what may be appropriate in terms of a longer-run view of economic stability."

* * *

"In depressed periods, credit and monetary measures should ease bank reserve positions, making bank credit and other credit cheaper and more readily available. Such action will encourage the use of credit and prompt a rise in government security and other capital values, thus increasing the economy's liquidity. This kind of policy will also facilitate financing of any Federal deficit. If some substantial portion of the new securities offered are shorter-term obligations, debt management will be functioning at the same time to increase the liquidity of the economy."

* * *

"When inflationary pressures are strong, it is of paramount importance that fiscal, credit and monetary, and debt management policies supplement one another in limiting expansion of both public and private demand. At such times, fiscal policy should avoid deficits and aim for surpluses in order to restrain expansion of expenditures."

* * *

"Debt management policy should be directed at reducing the liquidity of the existing debt by refunding some maturing issues into longer-term obligations and by applying surpluses, when available, to reduce the volume of short-term debt. Reduction in liquidity so effected will exert retarding influence on the momentum of spending. Thus these three methods of Federal financial policy can work consistently in an inflationary period toward the primary goal of economic stability."

* * *

"At times in expansion periods it may be difficult to avoid stimulative fiscal policies, and credit and monetary policy together with debt management must then carry an extra load."

But for recent open market purchases by the Reserve System one might well suppose that this last paragraph was intended as a description of the situation as it exists today!

Or has the Fed reached the conclusion that this is not an "expansion period?"

One can only hope that neither popular clamor nor political expediency is having any part in what the Reserve authorities are now doing.

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Opportunity Returns to Banking

insist on reasonable terms. The danger today lies in the bank or finance company who specify a nominal down payment and long payment terms. One-quarter to one-third down payment and one to 2½ years in which to pay according to the kind of goods purchased will make no trouble for the average borrower and no loss for the lending institution. Such terms will be a brake on unsound further growth both for the lender and the borrower. It is the lender who is taking care of the weak borrower who is the red flag today. I believe we need more regulatory power for the supervisory agencies in this field.

A Return of Opportunity to Banking

I'm intrigued by the thought that we are back in the banking business for another reason. It means a return of real opportunity in banking—a challenge to ability. As we all know, banks were notorious for their relatively low salaries and while there is still room for further improvement in the area, major progress has been made. Now that we are back in the banking business, banking can hold enough challenge to again attract able young men, but it is vital that salaries are also rewarding and competitive. We all have a real responsibility to see that banking is made attractive to ability.

It is important that we cooperate to stabilize the economy and maintain a sound currency. It was too much to expect this transition to be completely painless. The current Federal Reserve policy is obviously predicated on the belief that stopping the decline in the value of the dollar and returning to a free economy is more important to the nation as a whole than is the cost of money. We have become so accustomed to artificially low interest rates and the adjustment has been so abrupt that we tend to forget that we have all known times when a 4% rate looked low and was considered by the borrower as a very reasonable rate.

There is much that we can all do in this period when we are going through the transition from a period of government domination of banking, interest rates, loaning, etc., to a period where the initiative of the individual and the interplay of economic laws have a greater place. This trend is certainly to the best interest of the country and when the history of this period ahead is written, I feel confident that the commercial bankers of the country will have compiled an enviable record and will have played a major role in proving that the free enterprise system is truly the greatest of this country.

Reynolds Group Offer Robertshaw-Fulton Conv. Preferred Stock

Reynolds & Co. and associates yesterday (June 24) offered 160,000 shares of Robertshaw-Fulton Controls Co. 5½% cumulative convertible preferred stock at $25 per share.

Proceeds to be received by the company from the sale of these preferred shares will be added to the company's general funds and will be available for general corporate purposes. The company expects to apply these proceeds to capital expenditures during 1953 and 1954. Major items of the company's program for capital expenditures consist of one-story manufacturing buildings to be constructed in the areas of St. Louis, Mo.; Bridgeport, Conn.; and Los Angeles, Cal. The proposed new buildings which will replace existing buildings, are expected to increase by approximately 50% the present manufacturing capacity at each of the three locations.

Each share of preferred stock will be convertible into common stock at $20 per share prior to June 30, 1958, and at $24 per share thereafter. The preferred stock may be redeemed, at the option of the company, at $26.50 per share on or before June 30, 1958, with graduated reductions every five years down to $25 per share if redeemed on or after July 1, 1973, plus accrued dividends in each case. Through the Sinking Fund, 4,000 shares of the preferred stock may be redeemed on or before April 1, 1955, and each April 1 thereafter, at $25 per share, plus accrued dividends.

Net income for the year 1952 amounted to $2,552,000 and the unaudited results for the four months ended April 30, 1953 were $1,051,000.

The company is engaged primarily in the manufacture and sale of devices for the automatic control and regulation of temperatures and pressures, such devices being broadly divided into oven and water heater thermostats, automatic pilots and bellows and bellows assemblies.

Continued from page 2

The Security I Like Best

ceed $12 per share, with 1954 net expected to register further improvement.

The superior earning power of Reynolds Metals common is not achieved at the expense of an unsound corporate and/or economic structure, such as would result from a speculative capitalization, or an imbalance between facilities that emphasizes the more profitable stages of production. A pro-forma estimate of Reynolds' post-expansion financial structure indicates that Reynolds' senior securities (debt plus preferred) per ton of ingot capacity bears the same ratio to the facilities covered as does the senior capital of the other producers. (The fact that Reynolds' book equity ratio of 25% contrasts unfavorably with Alcoa's 45% and Aluminium's 38% is largely the result of Reynolds having purchased the bulk of its pre-Korea facilities at about one-third of cost.) As regards production facilities, Reynolds' management has stated that it owns enough ore to last for "many generations." Reynold's respective annual production capacities of 1,900,000 tons of ore, 1,037,000 tons of alumina powder, 430,000 tons of aluminum, and 824,000 tons of fabrication clearly indicate it to be a thoroughly integrated operation.

The most plausible explanation for the poor market performance of Reynolds is the company's conservative dividend policy. However, corporate dividend policy is discretionary and can be modified. In this connection, it is interesting to note that the U. S. Foil Co. annual report pointed out that the R. F. C. had relaxed its dividend restriction so as to allow payments up to $2—without first securing R. F. C. permission; such liberalization would still mean plowing back over $10 per share annually. (Reynolds' year-end working capital amounted to $71,700,000, not including a $46,700,000 fund earmarked for completion of the expansion program.) In any event, the present dividend policy (1) will be relaxed at some not too distant date, and (2) is of minor significance as compared with the strong earnings prospects for the aluminum industry in general, and Reynolds Metals in particular.

Reynolds Metals common is listed on the New York Stock Exchange and U. S. Foil "B" common is traded in the over-the-counter market.

Joins Dempsey-Tegeler

(Special to The Financial Chronicle)

ST. LOUIS, Mo.—Bertram V. Jones has become associated with Dempsey-Tegeler & Co., 407 North Eighth Street. He was formerly with Edward D. Jones & Co. and Metropolitan St. Louis Company. In the past he was with Hemphill Noyes & Co. and Kidder, Peabody & Co. in Chicago and conducted his own investment business in Colorado Springs.

2 With State Bond & Mtg.

(Special to The Financial Chronicle)

NEW ULM, Minn.—Timothy M. Power and Eugene L. Steffenson are now with State Bond & Mortgage Co., 26½ North Minnesota Street.

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.

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.

Alaska-Wrangell Mills, Inc.
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.

★ **Aluminum Co. of America.**
June 18 filed 550,000 shares of common stock issuable under the company's Employees' Stock Option Plan.

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 (7/6-8)
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 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.

★ **Associated Garages, Inc., St. Louis, Mo.**
June 22 (letter of notification) $300,000 face amount of 4½% first mortgage bonds due Nov. 1, 1971. **Price**—At par. **Proceeds**—For refinancing. **Office**—412 N. 13th St., St. Louis, Mo. **Underwriter**—None.

Athabasca Uranium Mines, Ltd.
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.
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.

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.

★ **Bondstock Corp., Tacoma, Wash.**
June 13 filed 75,000 shares of common stock. **Price**—At market. **Proceeds**—For investment. **Underwriter**—None.

Brick Discount Corp.
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.

NEW ISSUE CALENDAR

June 26 (Friday)

Connohio, Inc. .... Preferred
(S. C. Parker & Co., Inc.) $8,000

Miles Laboratories, Inc. .... Common
(Albert McGann Securities Co., Inc.) $99,900

National Rubber Machinery Co. .... Common
(Offering to stockholders—no underwriting)

Sunrise Supermarkets Corp. .... Debs. & Stock
(Estabrook & Co. and Childs, Jeffries & Thorndike, Inc.) $400,000 of debentures and 40,000 common shs.

June 29 (Monday)

Jones (B. F.) Oil Co. .... Class A Common
(McLaughin, Reuss & Co.) $299,600

North American Peat Moss Co., Inc. .... Common
(R. A. Keppler & Co., Inc.) $500,000

June 30 (Tuesday)

Electro Manganese Corp. .... Common
(Bennett, Bennett & Bennett) $123,040

Pennsylvania Electric Co. .... Bonds
(Bids 11 a.m. EDT) $12,500,000

Russell Reinforced Plastics Corp. .... Preferred
(Aetna Securities Corp.) $250,000

Seeck & Kade, Inc. .... Pfd. & Common
(Bids 3 p.m. EDT)

Williston Basin Oil Exploration Co. .... Common
(J. A. Hogle & Co.) 1,000,000 shares

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

Denver & Rio Grande Western RR. .... Eqp. Tr. Ctfs.
(Bids noon MST) $3,300,000

Gulf Interstate Gas Co. .... Notes & Stock
(Carl M. Loeb, Rhoades & Co.) $13,969,600 notes, plus stock

Mobile Gas Service Corp. .... Common
(Offering to stockholders—underwritten by The First Boston Corp. and The Robinson-Humphrey Co., Inc.) 40,000 shs.

July 6 (Monday)

Applied Science Corp. .... Notes & Stock
(C. K. Pistell & Co., Inc.) $787,500

July 8 (Wednesday)

American President Lines, Ltd. .... Class A
(Bids 10 a.m. PDT) 13,061 shares

Central Telephone Co. .... Preferred
(Paine, Webber, Jackson & Curtis and Loewi & Co.) $1,000,000

Commonwealth Edison Co. .... Bonds
(Bids noon CDT) $40,000,000

Natural Gas & Oil Corp. .... Common
(Offering to stockholders—Not underwritten) 452,129 shares

July 9 (Thursday)

Mechanical Handling Systems, Inc. .... Common
(Kidder, Peabody & Co.) 120,000 shares

Mutual Telephone Co. .... Preferred
(Kidder, Peabody & Co) $1,500,000

July 15 (Wednesday)

American Fidelity & Casualty Co. .... Preferred
(Geyer & Co.) $750,000

Northlands Oils Ltd. .... Common
(M. S. Gerber, Inc.) $750,000

Texas International Sulphur Co. .... Common
(Vickers Brothers) 400,000 shares

July 16 (Thursday)

Consumers Power Co. .... Bonds
(Bids to be invited) $25,000,000

★ **Broadway-Hale Stores, Inc., Los Angeles, Calif.**
June 19 (letter of notification) 40,000 shares of common stock (par $10) to be sold at an aggregate value not to exceed $300,000 under the corporation's stock plan to employees.

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.

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.

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.

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. (7/8)**
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.

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.

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.

★ **Coleman Engineering Co., Inc., Los Angeles, Cal.**
June 18 (letter of notification) 38,000 shares of class A common stock (par $1), of which 8,000 shares will be issued to pay off notes at rate of $5 per share and 30,000 shares will be sold publicly. **Price**—$5.62½ per share. **Proceeds**—To repay debt and for working capital. **Office**—6040 West Jefferson Blvd., Los Angeles, Calif. **Underwriter**—Lester, Ryons & Co., Los Angeles, Calif.

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.

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● Connohio, Inc. (Ohio), Hartford, Conn. (6/26)
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.

★ Damascus Tube Co., Greenville, Pa.
June 15 (letter of notification) 12,000 shares of 5½% preferred stock being first offered to stockholders. **Price**—At par ($25 per share) and accrued dividends. **Proceeds**—To repay note of Sharon Steel Corp. and other existing debt and for working capital. Holders of $146,300 of notes have agreed to convert same into 5,852 shares of the new preferred stock. **Address**—P. O. Box 71, Greenville, Pa. **Underwriter**—None.

★ deVegh Mutual Fund, Inc., New York
June 22 filed 50,000 shares of capital stock (par $1). **Price**—At market. **Proceeds**—For investment.

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.

★ Ekco Products Co., Chicago, Ill.
June 22 filed 30,000 shares of common stock (par $2.50) to be offered under a stock incentive plan.

● Electro Manganese Corp. (6/30)
June 16 (letter of notification) 15,380 shares of common stock (par $1). **Price**—$6 per share. **Proceeds**—For expansion costs. **Office**—1323 Proctor Street, P. O. Box 479, Knoxville, Tenn. **Underwriter**—Bennett, Bennett & Bennett, Minneapolis, Minn.

● Electronic Associates, Inc.
May 11 (letter of notification) 10,000 shares of common stock (par $1) being 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.

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.

★ Farrington Manufacturing Corp., Boston, Mass.
June 19 (letter of notification) 4,400 shares of class A stock (par $10). **Price**—$11.25 per share. **Proceeds**—For working capital. **Business** — Metal specialties. **Underwriter**—Chace, Whiteside, West & Winslow, Inc., Boston, Mass.

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.

★ Fishman (M. H.) Co., Inc.
June 16 (letter of notification) 16,000 shares of common stock (par $1) to be offered to employees up to and including July 31, 1953. **Price**—$10.50 per share. **Proceeds**—For working capital. **Office**—225 Fifth Ave., New York 10, N. Y.

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.

★ Georgia RR. & Banking Co.
June 17 filed certificates of deposit for 42,000 shares of common stock. It is planned to vote on a voluntary plan of adjustment under which it is planned to segregate the business of the Georgia RR. Bank & Trust Co. and the railroad business and to place the company in a position where it can obtain additional funds in the near future.

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.

★ Grand River Mutual Telephone Corp., Trenton, Mo.
June 22 (letter of notification) 8,000 shares of common stock (par $5) and 1,000 shares of preferred stock (par $45). **Price**—At par. **Proceeds**—For working capital. **Office**—924 Main St., Trenton, Mo. **Underwriter**—None.

★ Great Western Petroleum Co., Denver, Colo.
June 22 (letter of notification) 135,000 shares of common stock (par $1). **Price**—At about $1.50 per share. **Proceeds** — For operating capital. **Office** — 332 Empire Bldg., Denver, Colo. **Underwriter**—Steele & Co., New York.

● Gulf Interstate Gas Co. (7/1)
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 held as of July 1; rights to expire on July 15. 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 1/20 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.

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.

★ Home Telephone & Telegraph Co., Emporia, Va.
June 18 (letter of notification) 40,320 shares of common stock (par $5) to be offered for subscription by common stockholders on the basis of one new share for each six shares held. **Price**—$5.50 per share. **Proceeds**—To pay off short-term loans. **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.

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.

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.

★ Lincoln Telephone & Telegraph Co.
June 19 (letter of notification) 9,446 shares of common stock (par $16.66⅔ per share) to be offered for subscription by common stockholders on a 1-for-18 basis. **Price**—$26 per share. **Proceeds** — For improvements and additions to property. **Ofifce**—Lincoln, Neb. **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), issuable upon exercise of stock purchase options granted by the company to certain of its officers and employees. **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.

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. (7/9)
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.

★ Mechanics Finance Co. (N. J.)
June 17 (letter of notification) $150,000 of five-year 5% debenture bonds due July 10, 1958 and 15,000 shares of 8% cumulative preferred stock (par $10) of which 2,221 are being reoffered under a rescission offer. **Price**—At par or principal amount (the bonds in denominations of $1,000 each). **Proceeds** — For working capital. **Office**—586 Newark Ave., Jersey City, N. J. **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. (6/26)
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.

★ **Muntz TV Inc., Chicago, Ill.**
June 19 (letter of notification) 12,000 shares of common stock (par $1). **Price**—At market (about $3.25 per share). **Proceeds**—To Earl W. Muntz, President. **Underwriter**—L. D. Sherman & Co., New York.

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 (7/9)**
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 **Offering**—Expected momentarily.

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. (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.

★ **National Securities & Research Corp.**
June 18 filed 12,000,000 of National Securities Series shares. **Price**—At market. **Proceeds**—For investment. **Underwriter**—National Securities & Research Corp., New York.

★ **Natural Gas & Oil Corp., Shreveport (La.) (7/8)**
June 17 filed 452,129 shares of common stock (par $5) to be offered for subscription by common stockholders of record June 30 at the rate of one new share for each four shares held. **Price**—To be supplied by amendment. **Proceeds**—To pay $1,500,000 debt and for acquisition of properties and for exploratory drilling and other expenses. **Underwriter** — None. Mississippi River Fuel Corp., owner of 49.76% of the outstanding shares will purchase any unsubscribed shares.

● **North American Peat Moss Co., Inc. (6/29-30)**
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 (7/15)**
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.

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.

★ **Pecos Exploration Co., Dallas, Tex.**
June 17 filed 1,725,000 shares of common stock (par five cents), of which 1,150,000 shares are to be offered for subscription by stockholders of Leon Land & Cattle Co. on the basis of one Pecos share for each Leon share held; and up to 575,090 shares are to be distributed as a property dividend on the basis of one-half share of Pecos stock for each Leon share held. **Price** — 33 cents per share. **Proceeds**—For drilling expenses, etc. **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**—To be received up to 11 a.m. (EDT) on June 30 at 67 Broad St., New York, N. Y.

● **Pennsylvania & Southern Gas Co.**
June 1 (letter of notification) 98,240 shares of common stock (par 25 cents) being first offered for subscription by common stockholders of record June 1 at rate of one new share for each share held (with an oversubscription privilege), with rights to expire on July 15; and then to preferred stockholders. Unsubscribed shares to be offered publicly. **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 being offered for subscription by common stockholders of record June 19 on the basis of one preferred share for each 13 shares of common stock held (with an oversubscription privilege); rights to expire July 9. **Price**—At par ($100 per share.) **Proceeds**—For working capital. **Business**—Natural gas. **Underwriter**—None.

★ **Planters Peat Corp., Miami, Fla.**
June 22 (letter of notification) pre-incorporation subscriptions for 100,000 shares of capital stock. **Price**—At par (50 cents per share). **Proceeds**—For organizational expenses. **Business**—To produce plant food and other products using Florida peat. **Underwriter**—None.

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.

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.

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 22 filed $5,425,000 of interests in Employees Stock Purchase Plan and 100,000 shares of common stock of the company purchaseable under 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.

● **Rogers Corp., Manchester, Conn.**
May 11 (letter of notification) 10,909 shares of class B common stock being 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.

★ **Russell Reinforced Plastics Corp. (6/30)**
June 16 (letter of notification) 50,000 shares of 30-cent cumulative convertible preferred stock(par $1). **Price**—$5 per share. **Proceeds**—For plant and equipment and for working capital. **Office** — Lindenhurst, L. I., N. Y. **Underwriter**—Aetna Securities Corp., New York.

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. **Offering**—Temporarily postponed.

● **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.

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.

★ **Soundscriber Corp., New Haven, Conn.**
June 4 (amendment to letter of notification) 15,588 shares of capital stock (no par). **Price**—$6.25 per share. **Proceeds**—For payment of debt and working capital. **Business** — Manufacture of dictating and transcribing machines. **Office** — 146 Munson St., New Haven, Conn. **Underwriter**—None.

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.

● **Sunrise Supermarkets Corp. (6/26)**
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.

★ **Thermatickcontainer Corp., Riverdale, Md.**
June 19 (letter of notification) 980 shares of common stock. **Price** — At par ($50 per share). **Proceeds** — For working capital. **Business** — Manufactures containers. **Office**—6207 44th Place, Riverdale, Md. **Underwriter**—None.

★ **Union Carbide & Carbon Corp.**
June 17 filed 500,000 shares of capital stock (no par) to be offered under "The Savings Plan for Employees of the Corporation and U. S. Subsidiary Companies."

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.

★ **United Production Co., Inc.**
June 22 (letter of notification) 294,999 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For drilling costs. **Underwriter**—Edward D. Walsh Co., New York.

★ **United Specialties Co., Chicago, Ill.**
June 22 (letter of notification) 2,800 shares of common stock (par $1). **Price**—At market (about $17 per share). **Proceeds**—To John T. Beatty, President. **Underwriters**—Paine, Webber, Jackson & Curtis; Cruttenden & Co.; and Kneeland & Co.; all of Chicago, Ill.

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. No general public offering planned.

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.

★ **Venture Capital Fund, Inc., New York**
June 16 filed 2,000,000 shares of special stock (par $1). **Price**—At market. **Proceeds**—For investment. **Underwriter**—None.

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

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share in U. S. and $1 per share in Canada. **Proceeds**—For general corporate purposes. **Underwriter**—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), being offered for subscription by common stockholders of record June 9 on the basis of one new share for each 17 shares held; rights will expire on July 6. West Penn Electric 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 5½% cumulative convertible preferred stock (par $25) being offered for subscription by common stockholders of record June 17 on the basis of one new share for each five common shares held; rights to expire June 30. **Price**—At par. **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.; and the First Trust Co. of Lincoln, Neb.

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.

★ **Williston Basin Oil Exploration Co. (6/30)**
June 17 (letter of notification) 1,000,000 shares of common stock (par 10 cents). **Price**—To be named later. **Proceeds**—For working capital. **Office**—209 Atlas Bldg., Salt Lake City, Utah. **Underwriter**—J. A. Hogle & Co., Salt Lake City.

● **York County Gas Co.**
May 25 (letter of notification) 6,000 shares of common stock (par $20) being 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

★ **Allied Stores Corp.**
June 16 stockholders voted to increase the authorized cumulative preferred stock (par $100) from 267,486 shares to 400,000 shares and the authorized common stock (no par) from 2,500,000 to 4,000,000 shares. The company has no plans for the immediate issue of any of the new shares. Traditional underwriter: Lehman Brothers, New York.

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.

★ **American President Lines, Ltd. (7/8)**
June 19 it was announced sealed bids for the purchase, as an entirety, of 13,061 issued and outstanding shares of class A stock of this corporation will be received by the Bank of America N. T. & S. A., as trustee under an agreement dated May 14, 1953 between the United States and Mortimer Fleishhacker, et al, at 300 Montgomery St., San Francisco, Calif., up to 10 a.m. (PDT) on July 8.

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.

★ **Blair Holdings Corp.**
June 24 it was announced company plans to issue and sell publicly $2,000,000 of convertible debentures. **Proceeds** — For development of Stanwell Oil & Gas Ltd., newly acquired subsidiary. **Underwriters**—Blair, Rollins & Co. Inc. and The First California Co.

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 Bank & Trust Co., Denver, Colo.**
June 18 it was announced company plans to offer to its stockholders 100,000 additional shares of capital stock (par $10) on the basis of two additional shares for each three shares held after 50% stock distribution. **Price**—$14 per share. **Proceeds**—To increase capital and surplus. **Underwriters** — Boettcher & Co. and Peters, Writer, Christensen, Inc. **Meeting**—Stockholders will meet July 17 to increase capitalization.

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 (3) $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 & Co. (jointly). **Offering**—Expected early in September.

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.

Central Power & Light Co.
March 2 it was reported company may issue and sell 50,000 shares of new preferred stock. **Underwriters**—To be determined by competitive bidding. Probable bidders: Stone & Webster Securities Corp.; Lehman Brothers and Glore, Forgan & Co. (jointly); Blyth & Co., Inc., Harriman Ripley & Co., Inc. and Smith, Barney & Co. (jointly); Salomon Bros. & Hutzler.

Chesapeake & 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.

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.

★ **Davison Oil Co.**
June 16 it was reported company plans sale of about $400,000 of common stock. **Underwriters**—Blair, Rollins & Co. Inc., New York; and Gardiner, Watson & Co., Toronto, Canada.

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 up to noon (MST) 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 of record that date received the right to subscribe for 100,000 shares of capital stock up to July 3 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. (6/29)
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. **Underwriter**—The Illinois Co., Chicago, Ill.

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**—$ per share. **Proceeds** — To help finance a new bottling plant. **Underwriter**—None.

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.

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).

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.

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.

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.

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.

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.

South Carolina Natural Gas Co.
Feb. 19 it was announced a FPC Presiding Examiner filed a decision, subject to Commission review, authorizing company to construct approximately 160 miles of pipeline at an estimated cost of $5,945,000. **Securities** may be sold privately through competitive sale.

South Georgia Natural Gas Co.
Feb. 19 it was announced a FPC Presiding Examiner filed a decision, subject to Commission review, authorizing the company to construct 335 miles of pipeline in Alabama, Georgia and Florida at an estimated cost of $8,141,518.

Southern California Edison Co.
April 23, William C. Mullendore, President, stated that company is considering selling sufficient securities later in the year to raise approximately $30,000,000. **Proceeds**—For 1953 construction program. **Underwriters**—May be determined by competitive bidding. Probable bidders for bonds: Halsey, Stuart & Co. Inc.; The First Boston Corp. and Harris, Hall & Co. (Inc.) (jointly); Blyth & Co., Inc.; Kuhn, Loeb & Co. Probable bidders for preferred: The First Boston Corp. and Harris, Hall & Co. (Inc.) (jointly).

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).

Strategic Materials Corp., Buffalo, N. Y.
April 14 it was reported company plans to offer for subscription by its common stockholders about $1,000,000 of additional common stock. **Underwriters**—Hamlin & Lunt, Buffalo, N. Y., and Allen & Co., New York.

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).

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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.

Toledo Edison Co.
April 21 stockholders approved a proposal to increase the authorized common stock from 5,000,000 to 7,500,000 shares and to amend the articles of incorporation so as to provide that the limit on the amount of unsecured indebtdeness that the company may create, without consent of majority of the preferred stockholders shall be 20% (instead of 10%) of the aggregate of company's secured indebtedness and capital and surplus. Charles E. Ide, President, stated that the management has no present plans to issue new common shares. The First Boston Corp. and Collin, Norton & Co. handled latest common stock financing. Probable bidders on any bonds: Halsey, Stuart & Co. Inc.; The First Boston Corp. and Glore, Forgan & Co. (jointly); Equitable Securities Corp.; Kidder, Peabody & Co., White, Weld & Co. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Union Securities Corp.; Smith, Barney & Co.

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. **Registration** — 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

Walworth Co.
March 25 stockholders voted to increase authorized common stock from 1,900,000 shares to 2,500,000 shares and to grant directors right to issue all or part of increased stock without prior offering to stockholders, also to reserve part of the additional shares for issue upon conversion of convertible 3¼% debentures due May 1, 1976. **Underwriter**—May be Paine, Webber, Jackson & Curtis, New York and Boston.

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.

Wisconsin Public Service Corp.
March 17 it was reported that the company may, late this year or early in 1954 issue and sell some common stock to round out its financing program. **Underwriter**—May be The First Boston Corp. and Robert W. Baird & Co. (jointly).

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

This week's New York Telephone Co. financing, brought to market yesterday after award at competitive bidding on Tuesday, gave the new issue market its greatest flood of sunshine in weeks.

It was quite in contrast with the upsetting influence exerted early last month by Southern Bell's rejection of bids for a $30,000,000 issue of debentures.

The foregoing action, hardly justified by the behavior of the market in the meantime, merely served to add to the confusion prevalent at the time, what with the Treasury market then behaving poorly.

But New York Telephone accepted the highest of four bids, 101.93 for its $35,000,000 of refunding mortgage bonds, carry a triple A rating, as 3⅞s. That bankers were thinking pretty much alike in the matter of terms was clear from the fact that the second bid was only $1.30 per $1,000 bond below the top tender and the second only $2.50 lower.

Preliminary inquiry indicated a veritable rush of buyers for the issue with the result that books were quickly closed as a number of the big savings banks took down large lots and out-of-town insurance companies placed substantial orders. To cap the climax it was indicated that a goodly short position had been built up with consequent scurry about for bonds.

C. I. T. Financial 4s.

Much the same conditions prevailed in the marketing of C. I. T. Financial Corp.'s $50,000,000 of 6½-year debentures. This issue originally had been on tap a fortnight ago, but was held back because of poor market conditions.

A week or 10 days ago there were indications that the company would proceed to finance itself via the direct sale route. But presumably conditions in that direction, plus the better behavior of the market brought a return to original plans.

Priced at 100 and carrying a 4% interest rate, this issue was reported to have been absorbed within a short period of the opening of the subscription books.

Dealers' Shelves Bare

With sponsoring syndicates having taken the bull by the horns and turned loose of recently slow moving issues, it now develops that dealers' shelves, that is so far as corporates are concerned, are literally bare.

And some of the issues that were cut free from syndicate support gave a pretty good account of themselves in free trading. Northern Natural Gas 4½s, for example, brought out at 102, slipped several points, but got back around par.

Arkansas Power & Light Co.'s issue which also came to market as 4¾s at 101.36, dipped to 99 when turned loose, but subsequently rallied to rule around 100½.

Supply Tightening Up

New York Telephone Co.'s successful flotation, despite the abscence of demand from the big insurance companies which evidently still are inclined to stand aloof, was interpreted as indicating that the market's underpinning is steadily improving.

With the Treasury taking care of its needs by marketing additional bills, it is now accepted as certain that no long-term government financing is likely until close to the year-end.

Meantime the new issue calendar is not expanding with any great rapidity indicating that a tightening in supply could be ahead. The next large offerings will be Commonwealth Edison Co.'s $40,000,000 of first mortgage 30-year bonds due around July 8, and the deferred $150,000,000 of Garden State Parkway bonds, originally set for June 30, but now tentatively fixed for the July 8 date.

Chapman With Walston

(Special to The Financial Chronicle)

ONTARIO, Calif. — Harvey O. Chapman has become associated with Walston & Co. He was formerly local Manager for Lester, Ryons & Co. and Pacific Co. of California.

With Standard Inv. Co.

(Special to The Financial Chronicle)

PASADENA, Calif.—Rose Gilmore has been added to the staff of Standard Investment Co. of California, 87 South Lake Ave.

Joins Walston Staff

(Special to The Financial Chronicle)

POMONA, Calif. — Charles B. Ewing has joined the staff of Walston & Co. He was formerly with the local office of Lester, Ryons & Co. and prior thereto was Pomona Manager for Pacific Co. of California.

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Dealer-Broker Investment Recommendations & Literature

National Distillers Products Corporation—Analysis—Eastman, Dillon & Co., 15 Broad Street, New York 5, N. Y.

Newport Steel Corporation—Bulletin—Gartley & Associates, Inc., 68 William Street, New York 5, N. Y.

New York Central—Report—Hirsch & Co., 25 Broad Street, New York 4, N. Y.

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

Salem Brosius, Inc.—Report—Graham, Ross & Company, Inc., 82 Beaver Street, New York 5, N. Y.

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

Timken Roller Bearing Co.—Analysis—Lober Brothers & Co., 30 Broad Street, New York 4, N. Y.

Tri Continental Corporation—Analysis—J. & W. Seligman & Co., 65 Broadway, New York 6, N. Y.

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

Westinghouse Electric Corporation — Analysis — Van Alstyne, Noel & Co., 52 Wall Street, New York 5, N. Y.

Still Obstacles

"The main obstacles to such a flow of capital (abroad) were (are) well known. Widespread defaults during the pre-war depression had shaken investors' confidence. International relations contained the ever-present threat of another war. Internal political and economic conditions in many countries were unsettled. Expropriation of resources had been practised even before the war, with heavy losses to investors, and a repetition of such experiences was widely feared. Extreme nationalistic sentiment in many countries caused peoples and governments to distrust foreign capital, even though they recognized the need for it. Wide extension of governmental powers over economic affairs had weakened traditional concepts of property rights, especially the rights of foreigners."—The Guaranty Survey.

Now that there is so much talk of trade replacing aid, and of private foreign investment replacing "unilateral transactions" it is well to remember that these obstacles still are present — and little or nothing is being done about them.

With Richard A. Harrison

(Special to The Financial Chronicle)

SACRAMENTO, Calif. — Seymour G. Kost has become connected with Richard A. Harrison, 2200 Sixteenth Street. He was formerly with Mutual Fund Associates and Consolidated Investments.

Two With Davies Co.

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif. — L. H. Biggar and Leonard Blizard have become affiliated with Davies & Co., 425 Montgomery Street, members of the New York and San Francisco Stock Exchanges.

Halsey, Stuart Group Offer Equip. Tr. Ctfs.

Halsey, Stuart & Co. Inc. and associates are offering today June 25 $8,445,000 of Southern Pacific Co. series JJ 3⅝% equipment trust certificates, maturing annually July 1, 1954 to 1968, inclusive. The certificates are priced to yield from 3.10% to 3.75%, depending on maturity.

The issue is to be secured by the following new standard-gauge railroad equipment estimated to cost not less than $11,260,000: 29 Diesel passenger, freight and switching locomotives; 484 steel sheathed wood-lined box cars; 10 flat cars with end racks; 40 gondola cars; 28 open hopper ballast cars and 250 hopper cars. Issuance of the certificates is subject to authorization by the Interstate Commerce Commission.

Associated with Halsey, Stuart & Co. Inc. in the offering are—L. F. Rothschild & Co.; Blair, Rollins & Co. Inc.; Freeman & Co.; Wm. E. Pollock & Co., Inc.; Baxter, Williams & Co.; E. F. Hutton & Co.; First of Michigan Corp.; Gregory & Son Inc.; McMaster Hutchinson & Co.; Mullaney, Wells & Co.; and F. S. Yantis & Co. Inc.

Taylor & Co. Adds Three to Staff

CHICAGO, Ill.—Taylor & Co., 105 South La Salle Street, announce that J. Willis Langdale has become associated with them as Manager of the Mutual Funds Department. Ray C. Coberly and John A. Block are also associated with the firm as registered representatives.

Now With R. E. Evans

(Special to The Financial Chronicle)

SAN DIEGO, Calif. — John C. Abels has become affiliated with R. E. Evans & Co., 1023 Second Avenue. He was formerly with Fairman & Co.

J. Barth Adds to Staff

(Special to The Financial Chronicle)

SAN FRANCISCO, Cal.—Peter A. Saiz is now associated with J. Barth & Co., 404 Montgomery Street, members of the New York and San Francisco Stock Exchanges.

Revel Miller Adds

(Special to The Financial Chronicle)

LOS ANGELES, Calif. — Edgar M. Samelson, Jr. is now with Revel Miller & Co., 650 South Spring Street, members of the Los Angeles Stock Exchange.

$25 Million State of California Bonds Offered

Bank of America N. T. & S. A. and associates are offering $25,-000,000 State of California 5%, 2¾% and 3% State school building bonds, series G, and $1,000,000 State of California 3% San Francisco harbor improvement bonds, Act of 1929, Issue F. The State school building bonds mature from May 1, 1955 to 1979 inclusive, and are priced to yield from 2% to 3.05%. The San Francisco harbor improvement bonds mature March 1, 1959 to 1983, inclusive, and are priced to yield from 2.40% to 3.05%.

School building bonds maturing on and after May 1, 1975 are subject to redemption on May 1, 1974 and on any interest payment date thereafter at par and accrued interest. San Francisco harbor improvement bonds maturing on and after March 1, 1979 are subject to redemption on March 1, 1978 and on any interest payment date thereafter at par and accrued interest.

Other members of the underwriting group include—The Chase National Bank; The National City Bank of New York; Blyth & Co., Inc.; The First Boston Corporation; Harriman Ripley & Co. Incorporated; Harris Trust and Savings Bank; R. H. Moulton & Company; American Trust Company, San Francisco; Glore, Forgan & Co.; C. J. Devine & Co.; Goldman, Sachs & Co.; Union Securities Corporation; Merrill Lynch, Pierce, Fenner & Beane; Weeden & Co.; The First National Bank of Portland, Oregon; Seattle-First National Bank; Security-First National of Los Angeles.

Dean Witter & Co.; Equitable Securities Corporation; California Bank, Los Angeles; William R. Staats & Co.; Reynolds & Co.; J. Barth & Co.; B. J. Van Ingen & Co. Inc.; Coffin & Burr Incorporated; A. C. Allyn and Company Incorporated; Harris, Hall & Company (Incorporated); Heller, Bruce & Co.; Bache & Co.; Barr Brothers & Co.; Wertheim & Co.; Hayden, Stone & Co.; A. G. Becker & Co. Incorporated; Ira Haupt & Co.; G. H. Walker & Co.; Roosevelt & Cross Incorporated; Andrews & Wells, Inc.; Bacon, Whipple & Co.; F. S. Smithers & Co.; Shearson, Hammill & Co.; Trust Company of Georgia; Kaiser & Co.; E. F. Hutton & Company; The First National Bank of Memphis; Wood, Struthers & Co.; Wm. E. Pollock & Co., Inc.; A. M. Kidder & Co.; Gregory & Son Incorporated; New York Hanseatic Corporation, and Fidelity Union Trust Company, Newark.

C. K. Pistell to Offer Applied Science Notes

A public offering of $750,000 Applied Science Corp. of Princeton (Md.) 6% sinking fund 10-year debenture notes due April 30, 1963 and 100,000 shares of Bradco, Inc. common stock (par one cent) is expected to be made next week by C. K. Pistell & Co., Inc., New York, in units of 10 shares of Bradco common stock at 50 cents per share with each $100 (face amount) of debenture notes, or $105 per unit plus accrued interest on the notes from May 1, 1953. The notes will be guaranteed as to principal, interest and sinking fund requirements by Bradco, Inc.

The net proceeds from the sale of these securities are to be used to acquire all of the outstanding capital stock of Communication Measurements Laboratory, Inc. (Del.) and of The Applied Science Corp. of Princeton (N. J.). Any remaining proceeds are to be loaned to the Communication Measurements Laboratory, Inc. for the purpose of discharging certain bank loans and will be loaned to the two acquired units for additional working capital.

Applied Science Corp. of Princeton (Md.) was organized on April 14, 1953, while Bradco, Inc. (formerly Baltimore Research & Development Co., Inc.) was organized in December, 1950, both as Maryland corporations. The former acquired 100,000 shares of the common stock of Bradco in exchange for all of its authorized capital stock, consisting of 1,000 shares of common, without par value.

In December, 1950, Bradco acquired an undivided 88% interest in five patents with respect to lithium grease compounds from Clarence E. Earle, the inventor. The purchase price was $1,700,490, payable in installments.

The personnel of Applied Science Corp. of Princeton (N. J.) comprises a group of scientific specialists and technicians engaged in research and development, and associated production of devices in a variety of scientific fields. Such development and production include products in the general field of electronics, physics, mechanics, optics and closely related fields.

The debenture notes are redeemable at the option of the company at 105%, plus accrued interest. They may also be redeemed through the operation of the sinking fund at 100% and accrued interest.

Hunter Sec. Corp. Offer Otis Oil & Gas Stock

Hunter Securities Corp., New York, is offering 1,500,000 shares of common stock of Otis Oil & Gas Corp., Denver, Colo., at 20 cents per share.

The properties of the corporation consists of 15 separate leases located in seven geographical areas in the States of Wyoming and Colorado. Otis Oil & Gas has a producing well in the Clareton Field of Weston County, Wyoming. This well, the Robinson No. A-1, is producing approximately 40 barrels of oil per day, and since it was completed in September, 1952, has produced 7,446 barrels up to April 30, 1953.

Otis A. Roberts, of Denver, is President and General Manager, and has been engaged in the drilling of wells as an independent operator since 1929. Clio Kem, President of the Preston Oil Co., Denver, is Vice-President. Both men are prominently known in the Rocky Mountain area.

Whitney-Phoenix Offer Selevision Shares

Whitney-Phoenix Co., Inc., 52 Wall Street, New York City, are publicly offering an issue of 235,-000 shares of class A convertible stock (par $1) of Selevision, Inc. at $1.25 per share "as a speculation."

The net proceeds will be used to set up a patented system which will enable prospective purchasers of a wide variety of products to make instantaneous competitive bids at visual auctions held simultaneously in a number of different cities.

The proceeds will be used to start the Selevision System in operation in 10 cities: Washington, D. C.; Philadelphia, Pa.; New York, N. Y.; Boston, Mass.; Buffalo, N. Y.; Cleveland, Ohio; Pittsburgh, Pa.; Detroit, Mich.; Chicago, Ill.; and Lakeland, Fla.

Using a variety of electric and electronic devices, including teletype communication between offices, the system will flash bids instantaneously before buyers in the 10 cities. If no additional bids are forthcoming within 10 seconds, a "sold" sign will flash on a screen, and the auction will move on to the next lot of merchandise.

The class A stock is convertible into class B stock, share for share.

Theodore Kinget Quinn has accepted nomination to Selevision's board of directors, and will be elected at the next meeting of the board. Mr. Quinn was formerly a Vice-President of General Electric Co. and Chairman of the Board of General Electric Finance Co.

Kirk Uranium Stock Offered at 30c a Sh.

Gardner & Company, of 50 Broad St., New York City, are offering publicly 900,000 shares of Kirk Uranium Corp. common stock (par one cent) at 30 cents per share "as a speculation."

Press reports from Denver, Colo., recently revealed that the Denver office of the Atomic Energy Commission drew a web of secrecy around reports of a rich uranium strike in a group of played-out gold mines on Quartz Hill, near Central City, Colo. A United States geological survey report is understood to have revealed that pitchblende ore, some containing as high as 70% to 80% uranium was found in an upper level of the old Kirk mine in the Quartz Hill area.

Duncan J. M. Crichton was earlier this month elected Director and President of Kirk Uranium Corp. to succeed the late Louis Whitman.

Hannaford Talbot Adds

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif.—George A. Reichbaum has become connected with Hannaford & Talbot, 519 California Street.

Joins Wulff, Hansen Co.

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif.—Ronald E. Olsen is now with Wulff, Hansen & Co., Russ Building.

With Roman & Johnson

(Special to The Financial Chronicle)

FT. LAUDERDALE, Fla.—Theodore J. Davis has been added to the staff of Roman and Johnson, 235 Southeast Fifth Aveune.

With Edward Leimert, Inc.

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—Fernand H. Pincoffs has become connected with Edward Leimert, Inc., 650 South Grand Avenue. He was formerly with Fabian and Company.

With Mitchum, Tully

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—Herbert M. Sockman is now with Mitchum, Tully & Co., 650 South Spring Street, members of the Los Angeles Stock Exchange.

Paine, Webber Adds

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—Edwin G. Chandler and Don M. Smalley have become affiliated with Paine, Webber, Jackson & Curtis, 626 South Spring Street.

With Dean Witter

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—Peter G. Papiro has been added to the staff of Dean Witter & Co., 632 South Spring Street.

Joins Wm. R. Staats

(Special to The Financial Chronicle)

LOS ANGELES, Calif—William T. Walker, Jr. is with William R. Staats & Co., 640 South Spring Street, members of the New York and Los Angeles Stock Exchanges.

Joins A. M. Kidder Staff

(Special to The Financial Chronicle)

ST. PETERSBURG, Fla.—Ferris W. Schnedler is now affiliated with A. M. Kidder & Co., 400 Beach Drive, North.

Kidder Adds to Staff

(Special to The Financial Chronicle)

TALLAHASSEE, Fla.—Lee A. Everhart has become associated with A. M. Kidder & Co., Hotel Floridan.

Joins A. C. Allyn & Co.

(Special to The Financial Chronicle)

CHICAGO, Ill. — William K. Walker has become associated with A. C. Allyn and Company Incorporated, 122 South La Salle Street. Mr. Walker was previously with Paul H. Davis & Co.

Now With Goodbody & Co.

(Special to The Financial Chronicle)

CHICAGO, Ill. — Samuel E. Dugan has become affiliated with Goodbody & Co., 1 North La Salle Street. He was previously with Faroll & Co.

Eaton & Howard Adds

(Special to The Financial Chronicle)

BOSTON, Mass. — John W. Leach, Jr. is now with Eaton & Howard, Incorporated, 24 Federal Street.

Joins J. H. Goddard

(Special to The Financial Chronicle)

BOSTON, Mass. — Bernard J. Hughes has become affiliated with J. H. Goddard & Co. Inc., 85 Devonshire Street, members of the Boston Stock Exchange.

With Keller Bros. Secs.

(Special to The Financial Chronicle)

BOSTON, Mass.—Frederick W. Ricker has become associated with Keller Brothers Securities Co., 31 Milk Street. He was previously with Hodgdon & Co.

With King Merritt

(Special to The Financial Chronicle)

BOSTON, Mass. — Richard T. Whitney has joined the staff of King Merritt & Co., Inc.

With Hornblower & Weeks

(Special to The Financial Chronicle)

CLEVELAND, Ohio—Alexander E. Molnar has joined the staff of Hornblower & Weeks, Union Commerce Building.

COMING EVENTS

In Investment Field

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.

Paine, Webber Adds

(Special to The Financial Chronicle)

CLEVELAND, Ohio—Charles C. Richardson is now with Paine, Webber, Jackson & Curtis, Union Commerce Building.

Washington . . . And You

Behind-the-Scene Interpretations from the Nation's Capital

WASHINGTON, D. C.—There is one particularly large hunk of wisdom in the apparently unimportant Administration housing bill now pending before Congress, it was pointed out by some of the boys on Capitol Hill with memories that go back several years.

The Administration's housing bill provides for some additional $1.5 billion of FHA insurance authority, extends certain expiring provisions of law such as military housing, and takes care of other routine statutory adjustments.

This bill also kills off Title IX of the Defense Housing Act of 1951. It is this particular little feature that, set against the background of the last 10 years, suggests that the Eisenhower Administration is playing it smart on this housing business.

FHA under Title II is rated around the countryside as a pretty respectable undertaking. Under this FHA doesn't insure a house unless it is satisfied the housing so financed has got a good chance of standing up in value over a pretty good term of years.

During the war, however, there was started a new FHA gadget which caused no end of headaches, and of which Defense Housing's Title IX was in the direct line of descent.

In 1941 this particular financing gadget, known as Title VI, was started as a "defense housing" scheme. The idea was to get the defense workers housed, and hang the collateral. So Title IX put the FHA into business insuring "defense housing" not on the basis of the long-run value of the housing, whose credit was so backed by the government, but on the basis of "necessary current cost." In other words, it was only necessary that the building cost so much for FHA to insure and thus underwrite the primary financing. (Of course FHA saw to it that nobody got away with too much murder in loading costs.)

Under this scheme only 37,000 units of Title VI housing was actually built during the period of the War to Make the World Safe for Communism. It was in the postwar period that Title VI boomed into a mushrooming business.

Builders, Government Wanted Title VI

The nicety of Title VI was that if a bricklayer cut the number of bricks he laid a day in half and demanded twice the wages he formerly got, that was OK. So was it OK to pay any other necessary current costs. It was a nice way of doing business if you were a builder because you didn't have to worry about things so long as, however bad they were, they were in line with costs in the area. You built your building, you got your financing, and you got out, usually with your construction profit margin in cash.

Then came the postwar period and the Prospect of the 10 Million Unemployed. After V-J day, Harry Truman executive-ordered Title VI out of business. This absence of Title VI lasted only about six months, when in a stampede to prevent the 10 Million Unemployed, Title VI was legislated back into existence.

Once the thing really got rolling, it was hard to stop. Conservatives like Rep. Jesse P. Wolcott (R., Mich.), now Chairman of the Banking Committee, pointed out without success that this thing was a racket and tried to cut it down. Once when they did seem to be cutting it down they got a nasty message to Congress from Harry damming the selfish real estate lobby that was trying to keep the Peepul—and above all the veterans — from getting the housing they were promised.

464,000 Units Insured

Conseratives had to content themselves with putting statutory and dollar deadlines on the availability of Title VI money. Meantime, the veterans' professional representatives were hooked to back this thing on the premise it was good for veterans.

Finally a statutory deadline stuck. No applications received after March 1, 1950, were eligible for this generous housing financing, and the insurance of pending applications was actually cleaned up not until September, 1952, 11½ years after the game first got going. And 464,000 units of Title VI housing were built and insured.

Meantime in 1951, the Truman Administration sprang the broad Defense Housing Act of that year on the Congress, and it was enacted Sept. 1, 1951, and put into operation Nov. 1, 1951. This contained a Title IX, providing for insurance on virtually the same basis of whatever was necessary.

From the point of view of the conservatives of 1947, 1948, and 1949 who fought this Title VI, there was an especial irony in that the Friends of the Peepul in Congress in 1950 and 1951 discovered that Title VI was a racket. They seemed surprise to find out that in thousands of cases the builder never risked a dime and was taken out whole by FHA. There were investigations, and some of the same Friends of the Peepul who a few years ago had refused to listen to the arguments against the iniquitous character of Title VI, suddenly found themselves astonished at its workings.

When the Truman Administration in 1951 proposed this Title IX, there was a great deal of fear among conservatives that although Title VI had died, its soul had transmigrated into Title IX.

Actually Title IX never has caught fire, largely because despite government insurance, lenders disliked the idea of financing housing for special purpose or other housing whose value might be questionable should peace ever break out in the world. All told, it looks like only some 85,000 to 90,000 units of housing is all that will be so insured.

The Title will not finally die for two to three more years. All the bill does is make ineligible for future Title IX insurance, any housing not "programmed"; i.e., planned by government housers, before the end of this month.

However, by killing the thing off now before it has caught fire, the Eisenhower Administration shows a canny knowledge of what has happened before and a canny disposition to avoid getting caught under another avalanche of this inflationary pressure.

Cole Figured This

Actually, it is believed on the Hill that the wisdom for this conception is probably that of Albert M. Cole, the new Housing and Home Finance Administrator. Al served on the House Banking Committee, and watched all this fun from 1946 on.

In this respect the Administration, however, is luckier than usual, because its idea of a liaison with Congress still consists of the following: Tell Taft and the other boys what you want after you have decided. Let Congress even consider amendments to the Administration's legislation. Be liberal when Congress criticizes it. Let Congress or McCarthy raise cain with you—and smile.

The idea that Congress is the legislating branch of the Federal Government, however, doesn't yet appear to have caught on to the prize minds who are advising Mr. Eisenhower. It has not yet occurred to the White House that when there is in prospect some new legislation, they should call the appropriate Congressmen or committee members in from the beginning, and talk it over with them.

Fumble Surplus Deal

There is now in the works a scheme which sharply illustrates this "be kind to Congress after you have told them what you want" technique. This is the bill to provide for giving away the huge surpluses of farm products which are being rapidly accumulated under the farm price support.

Some where within the Administration there is being drafted a bill which will call for the disposition of these surpluses. Rumor has it is that the bill may provide for the nominal "sale" of these surpluses to foreign countries for the currency of these countries. Then the lira or francs, as the case may be, which are thereby accumulated, may be spent for useful capital or public works in the recipient country in much the same manner, with benign U. S. approval, as counterpart funds accumulated under MSA.

This is only rumor, however, for the Eisenhower Administration has not yet bothered to tell any one in Congress the details. The Administration has, with what it thinks is thoughtful magnanimity, called up a few gentlemen at the Capitol to tell them it is wrestling with this problem and in due course will have a bill.

The idea that the committee chairmen concerned should even advise or be consulted in the drafting of this legislation, however, has not been so much as whispered by an Eisenhower lieutenant. There is nothing so touchy politically as this farm surplus problem, and unless it is skillfully framed with a seasoned eye to the political as well as economic facets of the business, it will prove to be a grand flop when it comes.

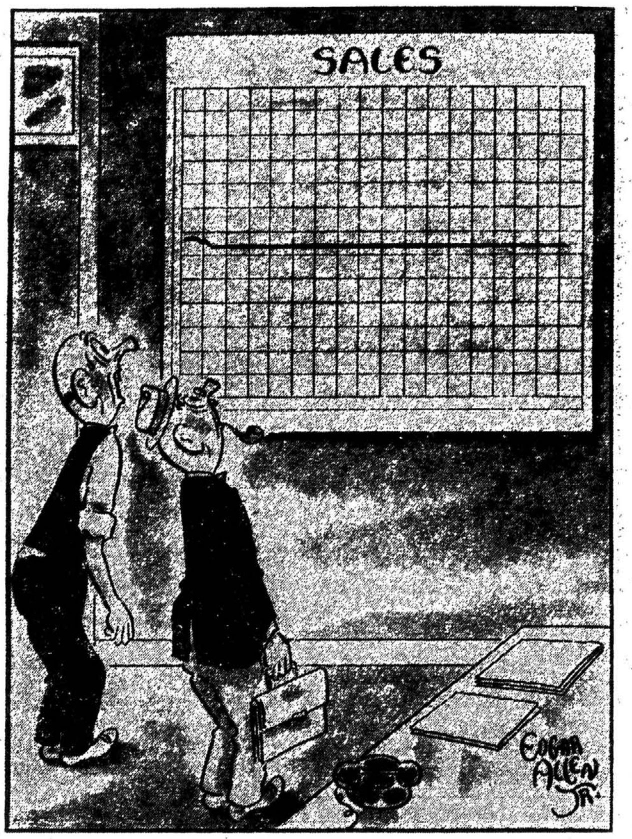
In fact, the Administration, is already planning to flub it. On the theory that this bill is to promote friendly foreign relations, the Administration is asking tentatively that the bill go to the Foreign Relations rather than the Agriculture committees. Theoreticaly fine, politically suicide. As one Senator remarked, "Ugh."

Write off Postal Boost

Unless Congress recesses this summer and comes back this fall, there isn't the slightest chance for the enactment of an all-around postage rate increase bill. At any time these bills have been potential failures, and 1954 is an election year.

(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



"Sometimes I think it'll drive me mad!"

Walston Co. Opens Branch

POMONA, Calif. — Walston & Co. have opend a branch office at 269 South Thomas Street under the direction of Charles B. Ewing.