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EDITORIAL

As We See It

Events the world over seem to be expounding facts which were learned, or should have been learned, by the imperialists and the colonialists decades and even centuries ago. Very simply, certain of these truths may be expressed in this way: (1) People are human beings, and not animals which may be permanently domesticated by ruling cliques or by other nations; (2) people are seldom governed by logical considerations, but are often victims of prejudice, emotionalism, ignorance, and what appears at times to be just "pure cussedness"; and (3) that all manner of problems created by such traits as these—particularly for those who would manage the affairs of others—tend to increase with the square of the distance separating the peoples, and the differences among them in natural traits, traditions, customs, and all the rest which make one people alien to another. How often of late has it been said

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"Picketing" Symposium Concluded

In this issue, starting on page 4, we give the remaining unpublished expressions of opinion received in connection with the "Chronicle's" symposium on the question of whether the Taft-Hartley Act should be amended with respect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. The symposium elicited commentaries from individuals prominent in industry, finance, governmental and labor circles and was conducted by the "Chronicle" in the interest of helping to clarify thinking on one of the most important public issues of the day.

The Sound Dollar and Debt Management

By HON. PRESCOTT BUSH*
U. S. Senator from Connecticut

Sen. Bush, a former New York investment banker, discusses fiscal policies of the Eisenhower Administration, stressing the efforts for the reestablishment of the sound dollar by prevention of further inflation. Says Administration is determined to permit Federal Reserve to perform, without interference, its primary functions of regulating supply, availability and cost of money with view to maintaining stable values, a high level of employment, and rising standard of living. Denies new Treasury 3¼% issue was a failure, and accuses left wing Democrats of distorting situation. Calls on Democrats to support Federal Reserve, which they created.

I am grateful for this opportunity to discuss with you the fiscal policies of the Eisenhower Administration, particularly its policy for establishing a sound dollar.

Today, with the world divided into opposing camps—half free and half slave — we face twin dangers. One is the obvious danger of attack from without. Less apparent has been the danger that our economic strength will be destroyed from within—and with it our freedoms—unless we find a way to pay the heavy cost of defending ourselves and our Allies without unleashing again the ruinous forces of inflation.

Sen. Prescott Bush

Perhaps the most striking difference between the Eisenhower Administration and its predecessor is the present recognition of the fact that the danger from within may be as grave as the danger from without. In virtually all his public addresses since his inauguration, President Eisenhower has emphasized the vital importance of establishing a sound

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*An address by Senator Bush, at a luncheon of the Bond Club of New York, New York City, July 2, 1953.

The Decline in Long Treasuries Is Over

By O. K. BURRELL
Professor of Business Administration,
University of Oregon

Prof. Burrell reviews the fundamental forces that have influenced the bond market since 1945, and concludes that the influence of the Federal Reserve Banks on the postwar bond market has been overrated. Points out some elements of strength in the bond market and holds decline in long-term Treasury Bonds is now over, but sees no early prospect of return to the former 2½% yield

Review of relevant data indicates that the United States is in some stage of a great historic credit inflation. The loans and investments of all insured commercial banks at the end of selected years is shown below:

O. K. Burrell

End of Year	Loans (Millions of Dollars)	Investments (Millions of Dollars)
1941	$21,289	$28,031
1945	25,765	96,043
1947	37,583	76,691
1950	51,723	73,099
1951	57,256	73,564
1952	63,632	76,138

The data reported for March, 1953, for the weekly reporting banks indicate that loans for the first time in many years actually exceed investments.

The expansion during the war years was, of course, largely in investments ($68 billion), reflecting the war financing. Loans expanded only about $4½ billion in the same period. But the period from the end of 1945 to the end of 1952 and continuing to the present saw two quite divergent trends. The banks liquidated about $20 billion of investments (largely government bonds) but loans were expanded by $38 billion, making a

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PICTURES IN THIS ISSUE — On page 24 are candid shots taken at recent outing of Wall Street "Syndicats" at Breezy Point Surf Club; on pages 30 and 31 are "on the scene" photos of the Annual Spring Outing of the Security Traders Ass'n of Los Angeles

The Security I Like Best

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

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

This Week's Forum Participants and Their Selections

General Steel Castings $6 Pfd.—Henry A. Boeckeler (former St. Louis Security Analyst), Boeckeler Instrument Co., Tucson, Ariz. (Page 2)

Correction on Wisconsin Central Railway (in reorganization) Common Stock—C. Berkeley Cooke, Jr., Registered Representative, Thomson & McKinnon, N. Y. City. (Page 2)

Iron Fireman Manufacturing Co.—Morton Globus, Market Analyst, Dreyfus & Co., New York City. (Page 2)

HENRY A. BOECKELER
Boeckeler Instrument Co., Tucson, Ariz.
(Formerly Security Analyst in St. Louis, Mo.)

General Steel Castings $6 Cumul. Pfd.

At this time I would like to offer as my selection for "The Stock I Like Best" General Steel Castings $6 cumulative preferred. My former choice appearing in this column was Alleghany Corporation A preferred which has appreciated 85% in value since the Spring of 1951.


H. A. Boeckeler

The stock to be discussed offers much less spectacular chances. In fact the chances are quite small, but the risk of loss is, I think very little indeed. Possible appreciation of 10 to 20% plus current dividends at 6½% makes an attractive investment selection, particularly during periods of unsettled markets.

The accompanying table is a compilation of financial statements covering the years 1944, 1945, 1951, 1952, 1953 and 1954. The figures are as of Dec. 31 and in the case of 1953 and 1954 are based on guesswork.

The company has stated that it will buy-in stock from time to time and the Dec. 31, 1952 balance sheet showed that 1,500 shares had been bought-in. New York Stock Exchange Report of this Spring show purchase of 3,450 additional shares, or a total of 4,950 retired since arrears were satisfied.

The assumption for 1953 is that in the neighborhood of $2,000,000 will be available for buying-in and that the average price of these retirements will be about 93. For 1954 it is assumed that earnings are down by 30% and that available retirements will be conducted at $100 per share.

A study of these successive balance sheets shows clearly the high rate at which debt and preferred stock and arrears obligations are being cut down by payment and buying-in operations. The retirement of preferred shown for 1953 results from the use of balance of current earnings as assumed above and after preferred and common dividends and open market purchases of the preferred.

On the 1944 balance sheet is shown $8,255,000 in first mortgage 5½s. This issue was originally in the amount of $20,000,000. In 1945 the remaining balance of this issue was paid off through the proceeds of a first mortgage serial 3% issue made by five banks. At that time the equity underlying the debt obligation was about $19,000,000. This equity has increased to $33,600,000 as of Dec. 31, 1952.

In the writer's opinion, this issue probably will not be called as long as company is able to buy-in at current market prices. To the extent that the market price rises and approaches $110, the probability of the whole issue being called increases. This is, of course, because if the entire issue of preferred were replaced with a funded issue or bank loan, a very important tax saving would be carried down to the common stock in the form of increased earnings. But as long as volume purchases can be made at current figures, it is a better deal perhaps for General Steel Castings to buy-in at present market values than to refund.

One of the leading advisory services speaks of the highly cyclical nature of the industry and hence of the speculative character of the stock of this company. These remarks are carried forward unchanged over the years in their analysis sheets. In the writer's opinion, however, the outstanding preferred obligation has been so greatly reduced from former amounts of preferred and funded debt, that there is no question at all of the ability of the company to not only handle current dividends but also to pay the issue off in entirety whenever it is wished. Not only have $20,000,000 in bonds been completely paid off, but also $6,500,000 in arrears have been paid and $495,000 preferred shares have been bought in (3,100 shares in 1953—1,850 in 1952). In the meanwhile, plant account after depreciation has remained about the same, while net current assets at approximately $11,600,000 are considerably in excess of full par amount of the outstanding preferred stock. In case of a business slow-down, it is believed that large amounts of inventories and receivables (the inventory figure also includes work in process) would liquidate themselves and it would be logical that this cash would be used for the rapid retirement of the subject issue.

Accordingly, General Steel Castings Preferred is suggested as being relatively safe against trouble in a declining financial or business situation and offers a very good chance of a moderate capital gain within the period of a year or so, regardless.

Summary and Conclusion: General Steel Castings Preferred, listed on the New York Stock Exchange, is in actuality a very high grade first obligation of a rich company. Yield is high and prospects for capital gain over the short-term are good. To the extent that buying-in operations become less profitable, the likelihood of a call of the entire issue increases. Also, to the extent that price approaches 100-110, the profitability of the buying-in diminishes and the likelihood of a call increases.

GENERAL STEEL CASTINGS CORPORATION
Balance Sheets 1944, etc., and pro-forma Balance Sheets for 1953 and 1954 year-end.
(000's omitted)

	1944	1945	1951	1952	1953	1954
Cash Items	$6,598	$6,097	$4,281	$4,657		
Inventories	4,496	4,013	9,456	12,890		
Receivables	2,978	3,191	6,250	6,226		
Current Assets	$14,072	$13,301	$19,987	$23,773	$23,773	$23,773
Plant	34,451	36,618	41,954	43,051	43,051	40,051
Total	$48,523	$49,919	$61,941	$66,824	$66,824	$66,824
	1944	1945	1951	1952	1953	1954
Current Liabil.	$4,404	$2,953	$9,626	$12,151	$12,151	$12,151
1st Mtge. 5½s	*8,255	----	----	----	----	----
1st Mortgage Serial 3s	----	†5,900	----	----	----	----
Preferred	10,000	10,000	10,000	9,850	7,767	6,655
Arrears on Pfd.	6,150	6,150	900	----	----	----
Equity	7,037	8,764	21,555	23,750	25,833	26,945
Res. for Depr.	12,678	16,152	19,859	21,073	21,073	21,073
Total	$48,524	$49,919	$61,941	$66,824	$66,824	$66,824

*See text.
†Reduced from $6,500,000 when issued. Sales and earnings figures not given. These are easily available in any financial manual.
All balance sheets as of Dec. 31. No attempt has been made to project changes in plant account, etc., for 1953 and 1954.
Amount of preferred outstanding has been based on assumption of earnings of $2,971,000 for 1953 and $2,079,000 for 1954 (70% of 1953). It has been assumed that buying-in of preferred will be at a price of 93 during 1953 and 100 during 1954.
Inventories include work in process.

C. BERKELEY COOKE, JR.
Registered Representative, Thomson & McKinnon, New York Members N. Y. Stock Exchange and Other Leading Exchanges

CORRECTION on Wisconsin Central Railway (in reorganization) new common stock—

Owing to a typographical error in Mr. Cooke's article which appeared on page 2 of the "Chronicle" of July 2, the package offer mentioned in the third paragraph beginning with the words "For example" was inadvertently stated as being applicable to the outstanding Wisconsin Central Railway refunding 4s of 1949. The correct maturity of these bonds is 1959.

MORTON GLOBUS
Market Analyst
Dreyfus & Co., New York City
Members New York Stock Exchange and other Exchanges

Iron Fireman Manufacturing Co.

I should like to direct the attention of investors to the Iron Fireman Manufacturing Co., listed on the American Stock Exchange.


Morton Globus

I believe the stock of this company combines defensive characteristics with good growth and profit possibilities.

The highlights supporting this recommendation are:

(1) At the current price of about 14 the stock is selling at approximately its equity in net current assets.

(2) The company has shown an operating profit in every year of

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The Stock Market Today

By ROBERT S. BYFIELD
Member New York Stock Exchange

Economist cites various uncertainties, terming Korea situation the most potent. Nevertheless, he maintains recent selling was overdone, particularly in view of favorable outlook for electric utility, retail, and textile industries.

By mid-June the three-month drop in quotations had brought the Dow-Jones Industrials down from 290.64 to 262.38, the Rails from 112.03 to 99.58 and the Utilities from 53.38 to 47.88. At this writing there has been some irregular recovery. The Industrials have moved back up to about the 272 level, but the come-back of the Rails has been impressively dynamic. However, a review of the immediate past will afford few clues as to the future performance of the securities markets.

Robert S. Byfield

There is no doubt that the action of the Federal Reserve System in raising the rediscount rate from 1¾% to 2% dampened speculative enthusiasm. We questioned then that a downturn in stock prices was inevitable, although the arrival of higher money rates constituted a warning that a change of investment climate might follow. Inflationary forces had already spent themselves and most raw material prices, including foodstuffs, had slumped substantially from their post-Korean highs. Then the flowering of the truce negotiations in Korea contributed its share of uncertainty. Yet since June 1 we have seen a very unusual combination of events conspire to compound the complexities of the investor to the nth degree. The uncertainties of Federal Reserve monetary policy are still with us, despite last month's relaxation of reserve requirements. The great question of the expiration or extension of the Excess Profits Tax has not yet been resolved. The vagaries of the negotiations at Panmunjom have reached the grotesque stage. The East German near-revolt has raised some hopes but added to the general confusion. We suspect that even the last-minute developments in the Rosenberg case contributed to the emotional imbalance of the day.

Multiple Uncertainties

We have long been of the opinion that few of the important fluctuations of common stock quotations in the past could be ascribed to a single, cleary identifiable motivating force. The present situation is no exception. The many uncertainties to which we have referred and which seem to be piled on top of one another like layers on a cake are all playing their part, yet the most potent of all of them just now is the growing but most unpleasant awareness that we have suffered a defeat in Korea. To be sure it will be argued that we have not been defeated; in any event we have not won a victory. But history will tell the story rather than any current debates. Here is a war that could have been but was not won. We fought with a coalition most of whose members seemed more afraid of victory than of defeat. We were strong-armed into our present unenviable situation not by our enemies but by our allies. The truce, if, as and when it arrives will be a bad truce, opening for us as the Kremlin desires, new Pandora's boxes. What gains we have made in the hot and cold war have resulted not from our own genius for positive action but from the failure and stupidities of the enemy. In both Europe and Asia our cause has been helped, propaganda-wise at least, by peoples such as the East Germans and South Koreans who were willing to take large risks and lead from weakness while the Western nations were unwilling to take smaller risks while leading from strength.

The net result was a psychological down-beat to a new low level. The stock market has reacted accordingly, since its accessibility affords a barometric medium where public disappointment, discouragement, frustration, resentment and fear may be freely registered. There is no Iron Curtain around the stock ticker. The tape records only the security transactions themselves; it does not note whether they resulted from fears or facts, from careful analysis or from sudden impulse. Upon it the tensions and neuroses of a troubled world are focused.

Selling Overdone

Obviously, the selling of good stocks was overdone in view of the prospects for generally good business and continued high corporation earnings in the foreseeable future. Cutbacks in defense orders will cause little impact on the unfilled order books of most suppliers. There is to be no steel strike this year and price adjustments in the industry, long overdue, have been well received, and a decline in the operating rate is not in prospect for some time ahead. The drastic price slump in at least one metal, lead, has not only been interrupted but has reversed itself, a situation which was quickly reflected in improved quotations for such leaders in the field as St. Joseph Lead Co. We don't know how much longer copper will be selling at 30 cents or whether the Chilean Government can continue to keep up its umbrella over prices in excess of this figure. Earnings of the copper producers for the first half and in fact the first three quarters of the year should make very pleasant reading. Even if copper

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Private Power—Better by a Dam-Site at Hell's Canyon

By IRA U. COBLEIGH

Author of "Winning in Wall Street"

A triple tribute to private enterprise, the resolute residents of Idaho, and to the distinguished electric utility that serves them, the Idaho Power Company.

Since Jan. 20 there has been a most welcome revival, in the nation's capital, of the concept that the vital element in our marvelous productive system is private enterprise. This refreshing reaffirmation of a basic American economic verity, somewhat tarnished by 20 years of neglect, has now even spilled over into the Department of the Interior, heartland of the public power pitchmen, and home office of bureaucrats anonymous. For on May 5, 1953, Secretary of Interior Douglas McKay announced that his department would no longer oppose the plans of Idaho Power Company to build electric generating dams on the upper reaches of the Snake River, on file with the Federal Power Commission since 1947. (The Snake River runs North in Idaho and into Washington where it turns west and enters the Columbia River.) This may not sound like such a momentous ruling to you, but it's pow, right in the kisser, to a carefully nurtured public power project, (blessed under President Truman and then-Secretary Chapman, and brainchild of the Bureau of Reclamation) to build a high dam at Hell's Canyon with taxpayers' dough, to the tune of half a billion dollars.

Ira U. Cobleigh

Often, a new facility to be built at Federal Government expense in a state is plumped for by politicians and the people alike—sort of a give-away program with the taxpayers of the other 47 states picking up the tab. But this Hell's Canyon deal is different. The people of Idaho don't want it—have never wanted it—yet the Interior Dept. tried to cram it down their throats. For you see, the Idahoans, their entire Congressional membership, and their Governor, believe in private enterprise, and prefer that the water power on the Snake be developed by the company that has served them faithfully and well for 36 years. Idaho Power has outlined the construction of a series of low dams on the Snake running 104 miles downstream from Weiser, Idaho. It is ready, willing and able to finance and build these. The Bureau of Reclamation estimated a construction cost of $446 per kilowatt of installed capacity. Idaho Power can, under its plan, turn out installed capacity for $180 a kw., and pay taxes to the government besides! (Total taxes paid in 1951 by Idaho Power were $5,307,000.)

Another thing—the government project is a Bureau of Reclamation baby, yet no reclamation or irrigation is included. It's all power! And, yet, if the Bureau of Reclamation ran the show, how could the people of Southern Idaho be sure that, in a short-water year, bureaucratic decision would not give priority to on-site power at Hell's Canyon over upstream irrigation. The productivity of 2,000,000 upstream acres might be dried up by a bureaucratic whim. The Idaho Power five-stage low-dam development poses no such threat.

The Bonneville Fiasco

Getting back to power, we all have read how Bonneville power pitchmen got a lot of big industries to locate in the Northwest, induced by cut-rate tax exempt, government hydro electric power. Then Bonneville project couldn't make good on all its commitments and had to restrict power use in the area. Came a scream to Washington to appropriate more money for more dams. Industries "shilled" into the district felt they'd been short-changed, if not short-circuited. But in some ways it's a grim sort of justice, for why should private industries in Washington be granted cheap government power, not available to competitors in other states?

A Sharp Contrast

In contrast with the recurrent Bonneville shortages, Idaho Power has for 36 years supplied, in full, the power needs of its service area. There has never been a power shortage and, more important, no user in the territory, industrial or private, has failed to receive all the power required for current operation and growth needs. Not only that, but during World War II, the Idaho company was actually exporting its power to overcome the shortages of its neighbors.

Well, everybody knows the country's growing and electric companies must do likewise. The franchise to serve a territory carries with it the obligation to estimate and supply future needs. Few electric companies in America have been doing a better job in this growth department than Idaho Power. A $100 million post-war expansion has "revved up" power capacity from 106,000 kw. (1946) to almost 400,000 today; and you are quite familiar (from the earlier paragraphs) with the new Snake River dam series, from which it proposes to derive, upon completion, as much as 700,000 additional kw. capacity over a 10-year period. The projected growth of the area suggests that an increase, of this order, will be needed and used.

"War Not Ended"

While it now seems that legislation (and appropriation) to build a government dam at Hell's Canyon is dead, and that Federal Power Commission approval of Idaho Power's program may, in due course, be granted, don't think for a minute that the war against further socialized power has been won for good. A battle appears to have been won, but perhaps not a war. Why late last year one Mike Straus, public power advocate, stated that the Hell's Canyon bill will be reintroduced in Congress, and he berated the people in Idaho for their myopia in not holding out their hands to receive the Federal hydro electric manna.

So much for the polemics. It does seem logical, however, that Idaho Power Company, so progressive and far-sighted in its operations covering more than a third of a century, so respected by its customers and so doughty a paladin for private enterprise, ought to be a pretty worthwhile outfit from the investors' viewpoint; so let's switch from belaboring the bureaucrats, to a limning of the Idaho Power equity.

Strictly Electric Company

Idaho Power Company was incorporated in 1915, but until 1943 its stock was a portfolio item in Electric Power & Light Corp., a holding company then controlled by Electric Bond & Share. The company is strictly electric, supplying energy to a population of about 365,000 in a territory including Southern Idaho, a section of Northeast Oregon, and a bit of Nevada. Idaho Power serves approximately 120,000 customers of which roughly 73,000 are residential, and over 27,000 farm customers (of whom almost 10% use electric power for irrigation pumping — a demand which has expanded over 500% since 1946).

Fact is Idaho has one of the most highly electrified rural areas in America with about 96% of all farms in the service area buying juice from it. Principal farm products are sugar beets, the famous Idaho potato, fruits, sheep and poultry. Much of the land used has been reclaimed, and sustained irrigation and water and power for same are vital. Hence the reliance on Idaho Power for current; and the farmers' preference for the five low-head dams on the Snake (with five separate reservoirs) planned by the company, as against the single big reservoir, monopolizing the water supply, which the Federal dam project had blueprinted.

Earnings are quite impressive with operating revenues running now at the rate of more than $20 million annually. Operating revenue advanced 14% in 1952, partly due to an 11% rate increase (effective Sept. 1952).

Bonded debt is on the conservative side—$60 million—followed by 181,000 shares of 4% preferred stock protected by recent earnings (12 months ended 3/31/53) of $21.39 per share. This preferred is of investment grade and sells over-the-counter at 96.

Long Dividend Record

The common, of which 1,125,000 shares are listed on N.Y.S.E., sells today at 43½ and is currently paying a $2.00 dividend, against net earnings at a rate of around $3.00 annually. This common has a long dividend record; and if it sells at a yield somewhat lower than other comparable electric equities, it is perhaps due to a belief that steadily expanding generating capacity should be reflected in substantially larger future earning power.

Of course, in a brief outline such as this, it is impossible to introduce the full argument of private vs. public power. Enough evidence is here presented, however, to justify a salute to the enterprise of the citizens of Southern Idaho, and the according of a quality rating to the equity securities of the electric utility that serves them. Private power is better by a dam-site.

Last of Picketing Comments

Balance of unpublished views received in connection with "Chronicle" symposium on question of whether or not the Taft-Hartley Act should be amended to curb picketing, given in today's issue.

On the cover page of the "Chronicle" of May 21, under the caption, "What Do You Think?" attention was called to two schools of thought on the subject of picketing: (1) those who feel that it infringes on property rights and civil liberties and thus should be curbed, and (2) those who, holding the opposite view, argue that picketing is an essential component of the strike weapon to secure human rights.

To help clarify thinking on the subject, the Editor of the "Chronicle" invited brief comments on the question. 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, June 18, June 25 and July 2. The balance of the communications that came to hand appear herewith, thus marking the close of the symposium.

HON. JOHN F. KENNEDY

U. S. Senator from Massachusetts

I am very happy to participate in the symposium on picketing, a subject which continues to need a great deal of clarification such as you are attempting to give it. Picketing itself has been aptly described by the Supreme Court as an exercise of the right of free speech. It permits members of a particular group, not always labor unions, to express in a dramatic and forceful manner a message they deem to be important. In the case of labor unions, which I assume is the form of picketing with which you are primarily concerned, it enables those on the picketline to communicate their views with respect to a labor dispute or a similar matter to their fellow-workers, management and the public.

John F. Kennedy

If picketing is to be regarded as free speech, it should be neither more nor less. That is to say, the right to picket does not carry with it a right to violence or physical coercion, over which state and local governments should retain police powers; nor should it be hamstrung by restrictive legislation which makes impossible the full exercise of this right.

In short, the right to picket should be preserved, although violence and physical coercion should continue to be subject to local police regulations.

HON. HERBERT H. LEHMAN

U. S. Senator from New York Member, Senate Committee on Labor and Public Welfare

I feel that the Taft-Hartley Act is a bad law in many respects and I have expressed my opposition to it on many occasions in the past. I feel that it needs serious and drastic revision. I am pleased, therefore, that the subject is being considered now by the Senate Labor and Public Welfare Committee of which I am a member.

As you probably know the Committee has recently completed several weeks of hearings. Testimony was heard on both sides and a number of proposed amendments were submitted. The Committee is now studying these various suggestions taking into account their intrinsic merits as well as their relation to the whole body of existing labor legislation.

I have, of course, certain definite views on what constitutes fair and workable labor legislation; on a number of other controversial points I would prefer to reserve judgment until I have had an opportunity to make a more detailed study of the record compiled during the hearings.

C. JARED INGERSOLL

Kansas, Oklahoma & Gulf Ry Co., Midland Valley RR. Co., Okla. City-Ada-Atoka Ry. Co., Philadelphia 2, Pa.

It would seem to me that limited picketing should be allowed but I think picketing, where a dispute is of long duration and the company is operating, should not be allowed. This would appear to be especially true in certain picketing of restaurants.

HOWARD L. RICHARDSON

Vice-President, Sylvania Electric Products, Inc., New York City

From the point of view of what is best for the long run for the United States, and for the advancement and development of sound labor-management relations within the framework of a constitutional democracy, I believe that an employee's right to picket his employer should be subject to reasonable controls, rather than outright prohibitions. To completely outlaw picketing seems to me to be a step backward in the cause of free speech and civil liberties, rather than a legitimate protection of property rights.

H. L. Richardson

However, for the welfare of the community as a whole, I am in favor of prohibiting so-called "secondary" or "sympathy" picketing of plants or other business establishments where no labor dispute is involved, such methods being used by some unions to put additional pressure on employers with whom they have disputes in other locations. This requires balancing the right of the union involved to free expression of its position against the rights of the innocent employees in the locations not involved in the labor dispute to continue work. As a practical matter, if picketing such locations is permitted, the employees at such locations are very likely to be deprived of their employment against their will because of the breakdown in operations, which is caused by the automatic refusal of some service organizations to cross picket lines regardless of the issues or the positions of the parties involved.

S. D. WHITEMAN

President, Kansas-Nebraska Natural Gas Co., Inc., Hastings, Nebr.

I certainly believe that picketing infringes on property rights and civil liberties and, certainly, the Act should be amended to

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The State of Trade and Industry

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

Steel demand seems to be passing another test with flying colors, according to "The Iron Age," national metalworking weekly. Producers who have opened fourth quarter order books say they are filling up at a highly satisfactory rate.

Despite mill efforts to get their books current during the third quarter, it appears inevitable that there will still be some carry-overs (undelivered orders) entering the fourth quarter. And some regional sales offices have told the home office their quotas aren't big enough to satisfy all their customers adds "Iron Age."

This should quiet any fear that the market is ready to come apart at the seams. Yet there's no denying that steel supply and demand are closer to balance than at any time since the start of the Korean conflict. Were it not for the fact that general business activity has exceeded most estimates, the pendulum would have swung much faster.

In the few short weeks since signing of the steel wage contract the frenzy has left the market. Stated demand still exceeds supply, but the margin is getting narrower. Urgent requests by consumers for "quick" tonnage to bail them out of production jams are definitely on the decline declares this trade authority.

Steel consumers seem to be changing from a period of hand-to-mouth production to a period of inventory accumulating and balancing. Some consumers are admittedly expecting to rebuild and balance their inventories over the next several months. This means they are placing orders for more steel than they expect to consume, "Iron Age" observes.

Conversion business (buying ingots from one supplier and paying to have them finished by another) is at a standstill. Most old contracts are being fulfilled, but consumers are betting they will be able to fill their needs from regular mill sources by fourth quarter. They are refusing to make conversion commitments beyond the third quarter. This is a tough decision for purchasing agents to make because they know a wrong guess could make them look bad.

Another indication that supply and demand are nearing balance is the return of seasonal factors in the market. At the height of the shortage, steel products were almost uniformly tight. Not so today—demand for various products is shifting, notes this trade weekly.

Nowhere is the seasonal influence more apparent than in farm equipment. After being listed among the ailing during the first quarter, this industry has bounced back with a bang.

Television is another industry that seems to have caught its second wind. Since lifting of the freeze on TV station building a year ago, FCC has approved 398 new stations and more than 3.3 million TV sets were produced in the first five months of this year, an alltime record for that period.

The appliance industry generally is moving a good clip, despite tough competition.

Automakers continue to have more impact on the steel market than any other group of customers. Repeated assurances from them are beginning to temper if not quiet predictions of decline in steel demand later this year.

Despite model changes and possibility of sales slowdown, automakers insist their steel demand will continue in the fourth quarter.

The scrap market continues strong. "The Iron Age" Steel Scrap Composite Price advanced $0.33 a ton to $43.83 per gross ton. This is the seventh consecutive week this index has risen.

Steelmaking operations this week are scheduled at 95% of rated capacity, up three points from last week's revised rate. Vacations, hot weather and maintenance needs are keeping the rate below 100. In addition, the 4th of July holiday shaved production last week.

Strong Steel Demand Expected to Continue

The next few weeks will reveal how strong steel demand will be in the fourth quarter, says "Steel," the weekly magazine of metalworking.

The answer will be awaited by many people: Users want to know how difficult it will be to procure steel. Producers want to know what kind of business they'll have.

The third quarter is already shaped. It'll be a period of high steel operations, unless unexpected cancellations develop, notes this steel trade weekly.

Early this year there were predictions that steel demand would decline sufficiently to cut steel production in the third quarter. As the year progressed, the date of decline was moved to the fourth quarter. Now, everyone wants to know what really is in store for the last quarter.

At the moment, the majority of observers are inclined to believe the present strong demand will continue through the fourth quarter. The automobile industry, the largest single consumer of steel, is still exuding optimism over the auto business for the rest of the year. Because it is such a big consumer everybody is watching it for a cue as to continued strength in steel demand. In the appliance industry, where there has been a business lull, there are signs of a pick-up. Even during the lull the appliancemakers did not quit taking steel. They didn't want to lose their places on order books. A business pick-up there would preclude any decline in steel orders from this sector.

Effect of summer vacations appears in the rate of steel production during the week ended July 4. Output of steel for ingots and castings dropped three points from the preceding week to 96% of capacity. This is the lowest level since the steel strike of last year. One of the biggest drops from vacations was in the Youngs-

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Yugoslavia and Soviet Exploitation of Her Satellites

By A. WILFRED MAY

Mr. May describes Moscow's economic relations with Yugoslavia on-the-spot, as demonstrating the varied techniques for controlling and exploiting the satellites. Finds anti-Soviet resentment shared by man-in-the-street. Maintains Soviet dictation must hinder East-West trade expansion.

BELGRADE, YUGOSLAVIA (delayed)—The portentous outbreaks of trouble in East Germany and Czechoslovakia make this, the fifth anniversary of the Comintern's break with Marshall Tito, a propitious time to examine here at first-hand the workings of Moscow's typical exploitation and control of this country's economy.

A. Wilfred May

We must remember that Czechoslovakia's monetary "reform" of June 1 last, impoverishing the majority of the people, including the workers, did not constitute the *beginning* of a revolutionary storm; but in following a long reign of Moscow-directed political and economic terror, was only oil poured on the flames of a fire which had been blazing for a long time. The *Gauleiters* from the Kremlin have been operating since V-E Day.

Not only does the technique and effect of their needling of Yugoslavia provide the basis for guessing about the outlook for further satellite defection; but realization of the kind and extent of Moscow's control over the economy has important implications on the West's present ability to do business with the satellite side of the East-West equation.

The "Mixed Company" Device

In the words of Militenje Popovic, member of the Federal Executive council of Yugoslavia:—"Instead of Socialist construction what happens? Mutual struggle, unhealthy transactions, discrimination, espionage, and machinations of all kinds, economic coercion, competition of the most primitive capitalistic breed, strangulation of the productive forces of socialism, emergence and growth of revisionism, opportunism, chauvinism, etc."

As one bank official described the forced obeisance to me: "Moscow simply wouldn't let us retain any semblance of independence. They wanted us to hang on the phone and just listen and obey."

"Mixed Company" Technique

The exploitation has been carried out mainly through the device of the *mixed company*. These have been "perfect models of Soviet economic aggression" against her satellites. Moscow would force the founding of joint trading companies to operate as monopolies in the satellite country. Its own capital contribution would be put up at grossly inflated values, and the valuation credited to the satellite correspondingly reduced; with equal division of the earnings after the ballooning of "expenses," including enormous expenses and salaries paid to "technical experts" from Moscow. Exemption from local taxation was forced.

In Yugoslavia there were before the break two important mixed companies:—*Juspad* (the Danube shipping company) and *Justa* (the air transport company). They were looked on as the mere start of a chain of such units; but the Yugos balked at further attempts in the field of oil and mining. They were prevalent in every satellite country—in Romania *Sovram*, the Russian-Romanian oil company. These "milking" devices are particularly widespread in Hungary; and in East Germany the joint companies, which started from assets originally intended for dismantling, now control one-tenth of the total production, including 25% of electric power production and 40% in the chemical industry.

The Three-Way Profit Play

Another medium of Moscow's satellite-exploitation is via authoritarian and arbitrary price-fixing, as simultaneous seller, buyer, and broker between its constituents. On Yugoslavia's imports, it imposed prices far above the world market; while on exports, it forced them to accept considerably less. As a typical result, on a three-ton lorry, which Yugo bought from Czecho, Yugo was forced to give them 1,300 tons of best quality iron ore, which means that a lorry's cost would be blown up to the equivalent of $20,000. Forcing the Yugoslavs—and the continuing satellites since—to sell to itself, the U. S. S. R., bought from them iron ore, lead concentrate, chromium concentrate, pyrites, copper, lead, quicksilver, mercury, grain, fruits, chemical products, and even some gold and silver; paying them less by as much as 50%, than the Yugos could have obtained from other countries. Moscow would then resell many of these articles for re-export, mostly to the other satellites, again at escalated export prices, thus amassing a pyramided double-profit.

Yugoslavia's pre-break trade with Hungary illustrates this inter-satellite gouging process, as follows:

	Price paid by Yugo to Hungary	Concurrent world market price	Percentage of the excessive price
	In U. S. dollars		
Grinders for bauxite	57,500	39,945	44%
Clay mixing apparatus	395,000	335,000	19
Four elevators for warehouses	377,600	250,000	50
Vacuum cleaners	41,850	13,000	220
36 large autoclaves	1,054,600	504,000	110
Transport equipment	120,850	25,130	320
Coal gas generators	2,000,000	451,818	340
Electrolysis transformers	2,400,000	1,315,000	83

These figures mean that Yugoslavia financed 50% of the total passive balance in Hungary's exchange with the countries of the Socialist bloc.

Similarly in her trade with Albania, Yugoslavia was forced to export at below world-market prices, and to import at higher prices.

In her direct trade with Moscow, the Yugoslavs typically, were harmed in being forced into exports of raw materials and foodstuffs; thus depriving their own industry of raw materials and semi-manufactured commodities, retarding mechanization, and undermining supplies of food for the constantly growing urban population.

Basically hindering Yugoslavia's development was the defective condition of sorely-needed machinery from Moscow; sometimes unusable and sometimes wholly different from what was ordered. In other words, the Yugoslav industrial officials are made to feel that "the whole policy was calculated to hinder the development of the country, retain it in a backward position, so to be better exploited by them." Such defective deliveries would entail delays of from two to three years in the creation of needed productive facilities.

"Unrequited Exports" Via Thievery

Also in the direct Belgrade-Moscow trade relationship there typically were "unrequited exports" via outright theft. A satellite country would give Russia or a fellow-satellite long-term orders for capital equipment, and in exchange grant immediate credits for goods deliveries. But for these latter deliveries sometimes nothing was ever received in return. For example, after Yugoslavia had one of these reverse barter credits with Hungary for 80 locomotives, they were never delivered in return for the prior-delivered goods. In her direct dealings with the U. S. S. R., the Yugoslavs claim that they are still uncompensated for a half-billion dollars of their deliveries.

The writer's first-hand observation can attest to the fact that aggravation over these abuses has seeped down to the man-in-the-street. How very much more must

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"What Europe Told Me"

By GEORGE A. BOWIE*
Author and Lecturer
Member, Firestone Tire & Rubber Co.
Public Relations Department

Mr. Bowie describes results of a seven-week "look-and-listen tour" throughout Western Europe. Says Europe is not bankrupt when it comes to brains, and cites intelligent leadership in most top positions of governments. Holds Europeans understand their positions much better than we do, and cautions against giving an "over-all label" to the separate nationalities. Finds the three main opinions going around Europe as: (1) opinion of "neutralists" who want to keep out of U. S.-Russia conflict; (2) fear that speedy rearmament may ruin economy of Europe, and (3) international problems can, if given sufficient time, be worked out diplomatically.

The American people have been growing more curious about the countries of Western Europe. The former idea that Europe is something to ignore has been pretty much dissolved by the sacrifice of American life in restoring a measure of freedom across the Atlantic. There is hardly a family in America without some share in that sacrifice. Then, too, plenty of the money taken from the American paycheck is being spent in Europe. Mr. Milton Berle, of the entertainment world, told his fellow passengers aboard the eastbound liner Liberte last summer that he was an American taxpayer en route to visit his money. Everyone of us has a member of the family Budget living in Europe these days.


George A. Bowie

This interest in Europe has caused us to form some opinions about her, many of which, unfortunately, are critical and have a note of unfriendliness. Some say that our money is wasted because apparently the countries receiving it are dragging their feet about cooperating in our suggested programs. To us in America, the expenditure of money is expected to bring results and quick. We have a horror of giving something for nothing even though we contradict it by seeking to get something for nothing.

Harsh Opinions of Europe

It occurred to me that these harsh opinions of Europe might not be fair or wise. We are far from the scene of things and may not know what is actually going on and it could be that we are not brought close enough in our published reports to the personal, human side of the European and, therefore, are judging what he does without knowing why he does it.

Because my interests have long been tied up with keeping things as sensible as possible among the folks who inhabit this planet, I decided to overcome the hazard of arriving at conclusions without adequate reasons for reaching them by going to Europe. Now I am back after a seven-week, "look-and-listen" tour which was something new for this public speaker to do. I have never traveled so far with my mouth shut in my life. It was a great experience and gave me much of the information I needed. Your kind invitation to come here as part of your program gives me the chance to tell this important part of America what Europe told me.

Europe is not bankrupt when it comes to brains. There are brilliant men and women over there. We sometimes forget or are "disinclined to remember" that there are many ways in which Europeans have shown the world their intelligence. We don't front page the fact that an Italian invented the wireless from which came modern radio or that a Scotsman put together the first workable radar. We have so soon overlooked Germany's development of the guided missile and the submarine breathing attachment known as the "snorkel." Not often do we recall England's happy inspiration of constitutional government or that France gave the modern world the structure of a republic for the government of people.

There is today a very intelligent leadership in most of the top positions of the various governments. Schuman, of France; Adenauer, the German Chancellor; De Gasperi, Prime Minister of Italy; Figl, of Austria, and Churchill, of England, are far from being mental lightweights and they are all correctly charitable when assessing the skill of their opposition leadership. They do not underestimate the ability of those who challenge their ideas.

But Europe's intelligence is not confined to the level of leadership. The people themselves, regardless of their economic situations, are thinking people. During my stay in Paris, I took an afternoon trip to the town of Montargis for the purpose of visiting a French rubber factory. The trip was made in the company of the factory manager and in his chauffeur-driven car. En route I asked questions about French political parties and government programs and I received answers from both the chauffeur and his boss. In fact, they would discuss the matter between them before giving me a final statement and I was quite pleased to see this free exchange of opinion and to realize the wealth of information they both had on affairs far removed from their occupations. Time after time there were opportunities to observe how many interests the so-called "average" people had and how well they reasoned things through to logical conclusions.

They Understand Their Own Situation

The first thing Europeans told me was that they understand their situation much better than we do. This I accepted as reasonable because it is obvious that they have been interested in Europe and closely associated with Europe much longer than we have and, to cap it all, they are Europeans. Therefore, in addition to knowing the facts, they also sense the heart of the matters confronting them and feel the possible dangers of a mistake in judgment. In this way their grasp of events is understandably much more accurate than that of most of us with regard to the same events.

The countries of Europe cannot be considered parts of a continent united under an over-all label. We frequently think that the term "Europe" means the same as the designation "The United States." By such misconception we incline toward a snap judgment when we hear of disagreements and differences over there. It is to us as if Ohio and Pennsylvania were feuding when word comes that Germany and France or France and England are having difficulties in coming to agreement on something. One soon learns that this is not the case. The people of Ohio and the people of Pennsylvania are just about the same kind of folks. They speak the same language, they have similar tastes and customs, and above all they have a share in the same government so that their national goals are alike. The countries of Europe are not so. They are different and some of the differences are terrific. The American who declares, "They'll just have to get together and quit all this foolishness," may well, on visiting Europe, wonder how it is possible to have as much cooperation as already exists.

In addition to realizing the very real separating influences such as language, money and native customs, we in America must be aware that European peoples are first occupied with thoughts of their own peace and security and naturally want to solve the "at home" problems before getting too involved with the world as a whole. There is much merit in this. With matters of cooperation among themselves not yet settled, their participation in anything world wide would be ineffective. It is simply a case of putting first things first and should not be too hard to understand. Thus do Europeans know their situations more clearly than do we.

I was fortunate enough to have conversation with people of official or influential position in the several countries I visited and they were quite willing to talk, and talk straight from the shoulder.

The early portions of each such conversation had me listening to their opinions of us. Some of it was flattering and some of it was not, but the frank expressions were always put in the words of ladies and gentlemen and were uttered in friendly fashion. They complimented us for being of assistance with our money but they could not understand why so much American comment accused them of being ungrateful. The "bread and butter" letter is more an American practice than a European one. We tend to overdo it. They feel that they have said a polite "thank you" whenever the occasion has warranted and they consider it adequate. There are those in Europe who say that we are giving help because we know we have to do so. We have no other choice, they maintain, and we are being more realistic than charitable. This, they feel, does not call for gratitude so much as it calls for an admission that we Americans can, at times, see our responsiblities. They are delighted to admit that; they feel it is about time.

But though we are maturing and Europeans are aware of it they believe we have a little distance yet to go. It may not be acceptable to some that one quote Tito of Yugoslavia, and I am certainly not an ardent admirer of him myself, but when his words express what I found everywhere in Western Europe I think it is better to let you hear what he said about us.

"America is very generous. She has given great aid to many nations but often it does not pay dividends. . . .

". . . As I see it, the main reason lies perhaps with the behavior of some U. S. officials who comport themselves in these countries in a peremptory and supercilious manner. . . .

". . . They just refuse to pay attention to the sensibilities of the people among whom their duties call them."

That last part was mentioned to me again and again as a suggestion that we do better. I took it as it was intended: as a plea that we try harder to see their side of the matters that are up for decision.

Three Main Opinions Going Around Europe

In that conection, let me tell you of the three main opinions that are going around Europe these days. They will, I am sure, make it easier to understand what they say and what they do or don't do.

First are the "neutralists," those who feel that Europe is in the middle of a power clash between the United States and Russia and want to keep completely out of it. I ran into this sentiment in all of the countries visited but it was most pronounced in Western Germany where during the course of each conversation I was joshed about America's Civil Defense program. On one occasion, while within fifty miles of the Iron Curtain and in the company of a former German naval officer, I was asked whether I had noticed any air raid shelters or seen any air raid wardens since coming to Europe and I had to admit I had not. With a smile the officer remarked, "You Americans with your war jitters have us more afraid than the Russians. If you're not careful you"ll stumble us all into another World War."

When I challenged that remark and asked for reasons to back it up, he mentioned Korea. He said that we had let the whole world know that America was withdrawing her line of defense to exclude the continent of Asia. We had removed our armes and military personnel from the South Korean Republic in line with that policy. Then, with apparent inconsistency, when the North Koreans attacked we jumped back onto the mainland. That could have been understood as a determination to move against aggression anywhere, he admitted, but then we fired the American general who wanted to win the war and many Europeans figure that out either as a sign of jitters or else as proof that Korean warfare is useful in supporting America's war supported prosperity. He concluded that he found it hard to understand American policies, since they are inconsistent and, therefore, it is more sensible to take no part but instead watch from the sidelines. There are many in Europe who feel the same way and who reason that way.

Another view that contributes to the "go slow" attitude we encounter in Europe comes from fear that the program of speedy rearmament may ruin the economy of Europe and bring about a drastic lowering of the living standards of the people. The manufacture of guns, tanks, warships and military planes is costly and it adds nothing to the material possessions of the people who pay for them. What is spent on military equipment cannot be spent on anything else and the more that goes for rearmament the less there is for bread, butter, rent or clothing. A sensible arrangement is to find a balance and stick to it by building only what armaments a nation can afford without cutting into the daily living necessities and comforts of its people. The economy minded flatly assert that a full arsenal is no match for an empty basket. People are defense minded only when they feel that they have something to defend. This, they explained, is why they are willing to rearm to the hilt only if America pays the bill for most of it. Of themselves, they cannot afford it. They must be about the job of making useful civilian things for sale at home and abroad. Only such production builds up the real possessions of the people and gives them a reasonable standard of living.

Finally there are those who believe that the problems of the world can be worked out diplomatically given sufficient time. In this last category are the present leaders of Western Europe so I guess it is possible to say that this is the official opinion of today. In the minds of such believers, the North Atlantic Treaty Organization has come on stage long before its cue. They are afraid that it will greatly hinder settlement of matters by negotiation. It makes a mockery out of diplomatic international conferences in that while talking peace, the building up of armaments and signing mutual defense pacts give the impression that the conference is but a stall for time. America, they feel, is forcing them into an unwise or at least a premature military program as the price of economic aid. Being put over the barrel that way, their only expression of how they feel comes out in reluctance to plunge into the NATO program's military build-up.

These three ways of looking at things are much different from our own and may seem less than adequate to us who feel that Russia is going to march westward one of these days. I was surprised to discover that there is practically no one over there who agrees with us on that. The reasons they give are varied. In Switzerland I was told that Russia was already having indigestion from the various countries already gobbled. Yugoslavia is one example where Russian Communism folded in the face of national loyalty. There is much the same picture coming up in Czechoslovakia, Hungary, and Poland. Stalin has learned that people love their own country more than another country. He has tried to root out this heresy by removing homegrown communists from office and establishing Russian leadership. This has only aggravated the situation until today, according to one highly placed official, the chief assignment of Russia's military organization is to hold the lid on a bubbling inside situation.

An English statesman was of the conviction that Stalin's chief worry was China. I was told that the Russian leader made a grave mistake when he went to the aid of the Chinese Communists. The Chinese are a stubborn people who love their country, he explained. They are clever, they've been around a lot longer than the Russians and when it comes to making deals they are past masters. Far from being natural friends with the Slav people, they are almost hereditary enemies and China's change from a nation of philosophers and craftsmen to a country now committed to material pursuits makes Russia with her resources a tempting and handy area for future expansion. By arming the Chinese Communists, Russia has just about stuck a knife in her very vulnerable stomach, geographically speaking.

*An address by Mr. Bowie, before the Illinois Bankers Association, St. Louis, Mo., June 4, 1953.

This, he concluded, is why England was quick to recognize Communist China. Russia, as he sees it, will not dare to move against the West for fear that it would give China an opportunity to rip her to shreds.

A German industrialist laughed at any prospect of Russian aggression. "They have nothing but machines. Tanks they have, and submarines and airplanes and trucks; everything, but so did we Germans under Hitler. You don't win just by having machines, you need something more. You need the support of your people if they are to run the machines through to victory and you don't get that support unless there is a good reason. Military men sometimes want to fight wars to try out their theories but the people don't want to fight wars.

In these days, military men cannot win wars by themselves. 85% of all personnel in the armed forces of any country during wartime are civilians. To these civilians war is not a sport; it is not even a dignified exercise and they do not fight unless it is to defend their homeland. Any aggressor is, therefore, weaker than the defender because the nation on the defense has in its armed forces people with a reason to want to fight and it also has the sympathy of other nations which finally come to its aid. Eventually the aggressor nation is whipped." With a sad little smile he added, "Russia can see what happened to us. We must be a horrible example but we are an effective one."

The Austrians have long been next-door neighbors to the Slavic peoples and feel they know them pretty well. They find them slow and patient for the most part but violent when roused. An Austrian artist remarked that, "The Russians have a mentality that can happily wait twenty years for action while the British and Americans need decisive action." There, they feel, lies the danger; that we might provoke with our "Do It Now" habits a situation which would unite the Communist countries now separated by national loyalties into a violent alliance. It was the same expression of opinion I had heard elsewhere abroad.

Well, those are some of the things that Europe told me and that I am passing on to you. Along with it I would give this bit of advice. That we American people having entered the world community of nations do our best to be good neighbors. I once heard a usually friendly lady remark that she just couldn't stand a visit from a certain lady who lived nearby because every time she came to call she kept making suggestions about arranging the furniture differently or treating the fireplace mantle decoration another way than what had been the choice of her hostess. Perhaps you have run into that kind of party, too. If so, you'll understand Europe's reaction to most of our ideas and much of our manners. Let us be wiser and more patient. There is no easy and clear-cut answer to world problems. There is no direct unobstructed path to the solutions. The other people of the world have their own ideas, their own fears and their own hopes and we must admit they are entitled to have them and we are obligated to listen to them if we are to be neighborly.

An old Irish melody lately resurrected to charm our generation has a bit of advice in the words of its chorus. . .

"Oh the strangers came and
tried to teach us their ways.
They scorned us just for being
what we are.
Well they might as well go
chasing after rainbows.
Or light a penny candle from
a star."

That's what Europe told me about her feelings toward much of our contact with her to date.

Raising Gold Price Not Inflationary

By HENRIK HANSEN*
Westport, Conn.

Retired South African businessman argues an increase in price of gold will not be inflationary. Cites devaluation of the pound sterling and the U. S. dollar in the 'Thirties as not causing an inflationary trend. Sees need to encourage greater gold production and contends if U. S., Britain and other principal nations agree not to interfere with exchange rates when gold price is raised, there will be little change in price level.

When asked recently to comment on the suggestion that the price of gold be raised above $35 an ounce, a prominent member of Congress stated: "I am very much opposed to that because that would be the start of more inflation." This statement probably reflects the present attitude of the majority of our policy makers. However, the theory of inflation is not borne out by the experience of recent years.


Henrik Hansen

It is true that the increase in the price of gold from $20.67 to $35.00 an ounce in 1933-34 was accompanied by an increase in the prices of farm products and other commodities. But it is not generally recognized, or remembered, that the increase in the gold price was merely incidental, because it was used as a means of bringing the dollar into line with the pound sterling on the basis of the old parity.

In September, 1931, Britain was forced off the gold standard, and within a few days the exchange rate of the pound declined from about $4.80 to below $4.00. At the time, American cotton was selling on the Liverpool Exchange at, I believe, 4d. (four pence) a pound. Logically, the price should have risen to about 5d. to reflect the depreciated value of the pound. But to Englishmen a pound was still a pound, and the prevailing price of 4d. was all they would pay. For a while little or no business was transacted. Then American sellers came down to 4d. a pound. The result was another slump on the New York Cotton Exchange.

What happened to cotton happened, more or less, to other important commodities. The prices of commodities, as expressed in the depreciated pound, remained substantially what they had been before Britain's departure from the gold standard.

Commodity Prices Collapsed

During the next few years, Britain and other members of the sterling bloc achieved a substantial measure of recovery. The first 18 months of this period coincided with the most acute stage of the American depression, when bank failures and farm foreclosures broke all records. The principal cause of this debacle was that commodity prices, when converted into our then overvalued dollar (overvalued in relation to sterling), had sunk to levels which brought widespread ruin to farmers and other primary producers.

In order to correct this condition, our government addressed itself to the task of bringing the dollar into line with the pound. As our government could not write up the pound, it did the next best thing by writing down the exchange value of the dollar. This was accomplished by first abandoning the gold standard in April, 1933, and then by gradually raising the buying price of gold, until on Jan. 31, 1934, the price was officially fixed at $35 an ounce.

The resulting higher commodity prices did not "cure" the depression. But they did bring considerable relief to an important segment of our economy and sparked the trade recovery which took place during the late 'thirties.

It is perhaps futile to speculate on what would have happened if the recovery in world trade during the late 'thirties had been allowed to run its course, instead of being interrupted by the rise of dictatorships, which eventually led to the second world war. But it is not unreasonable to assume that, but for these adverse factors, the leading trading nations would by this time have reverted to the gold standard and, profiting by the lessons of the Great Depression, been able to maintain it. However that may be, the reestablishment of the gold standard is not only desirable, but a prerequisite to the resumption of normal world trade. Gold is the only universally accepted medium of payment, for which no substitute has yet been found. The only alternative is the use of managed paper currencies, with all it implies, which is not an alluring prospect.

Would Facilitate Return of Gold Standard

A return to the gold standard cannot be accomplished overnight. There is not enough gold outside the United States to support the present flow of international trade at anything like the present price level and, in addition, enable the leading trading nations to build up sufficient reserves to cushion the impact of trade cycles. This is only possible if the mining of new gold is maintained and, if possible, increased.

The one obstacle to maintaining and increasing the production of new gold is the present price of $35 an ounce. The inflation of the last 14 years has created a situation which threatens the very life of the gold mining industry. The cost of mining gold has increased sharply, in common with the cost of producing other things. Other industries have been able to offset higher costs by obtaining increased prices for their products; but the price of gold still remains at the 1934 level.

The price of $20.67 was established by act of Congress in 1834 and remained in force a full century before it was raised to $35. No reliable statistics are available as far back as 1834; but the following statistics, covering the first half of the present century, will suffice to show how costs have advanced.

In 1900 the average earnings of industrial workers in the United States were, roughly, $500 a year.

In 1934 the average earnings were, approximately, $950 a year.

In 1952 average earnings had risen to, approximately, $3,750 a year.

Four-Fold Wage Rise

It will be seen that the present wage level is roughly four times higher than in 1934 and more than seven times higher than in 1900. That the prices of industrial products have not increased to the same extent is undoubtedly due, in large measure, to technological improvements.

It is a fallacy to assume that, because gold is the universally accepted measure of value, its price, as expressed in currency, is unchangeable. Our now depreciated dollar will buy only half the goods and services it bought in 1939. It is not logical to expect it to buy the same amount of gold as it bought fourteen years ago.

The price index of the last 50-75 years shows a steady decline in the purchasing power of money, except during brief periods of great money scarcity. This has been a natural manifestation which has stemmed from natural causes, including higher wages, the increased demand for goods resulting from the ability of wage earners and others to buy more, increased cost of government, etc. Since the cost of mining gold cannot escape the effect of a higher price level, it stands to reason that the production of gold cannot be maintained unless the price is adjusted to meet changing conditions. Frequent changes in the gold price are obviously undesirable; but an upward adjustment is inescapable after a period of drastic inflation during which the purchasing power of money has been practically cut in half.

What would have happened if the price of gold had been left at its 1933 level of $20.67 an ounce? With few exceptions, the existing gold mines would long ago have closed down, and the production of new gold would by this time have practically come to a standstill.

New South Africa Mines

According to the opponents of a higher gold price, the opening of the new gold fields in the Orange Free State of South Africa proves that gold production is still profitable at the present price of $35 an ounce. Apparently, this conclusion has been reached without a full knowledge of the facts.

These new mines are being developed not because gold has been found in the Orange Free State, but because the gold content of the ore bodies so far discovered there is considerably higher than that of the mines of the Witwatersrand, which have an average gold content of slightly less than one-fifth of an ounce per ton of ore.

If the ore bodies discovered in the Orange Free State did not have a greater gold content, then these new mines would never have been developed, because under present conditions the cost would have been prohibitive. So far, well over 100 million pounds have been raised to finance the 13 mines now in the process of development, and the chances are that by the time they reach full production the average investment in these mines will amount to, roughly, 10 million pounds, which is more than three times the average capital invested in mines of corresponding capacity on the Witwatersrand. The difference is, of course, due to higher costs of materials and labor.

The effect of increased working costs is convincingly demonstrated by the experience of Canada, the world's second largest gold producer. The Canadian government has found it necessary to subsidize their gold mining industry, in order to prevent the closing down of the mines. That South African mines have fared better is due to the depreciation of the pound in

Continued on page 42

*Mr. Hansen was engaged in business in South Africa for many years, but has retired and is now an American citizen. He has no connection with the South African gold industry.

Dealer-Broker Investment Recommendations & Literature

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

Industrial Bonds—Brochure of comparative data on selected industrial bonds—The First Boston Corporation, 100 Broadway, New York 5, N. Y. Also available is a brochure on **Fire and Casualty Insurance Company Stocks.**

Municipal Bond Market—Annual mid-year survey—Halsey, Stuart & Co. Inc., 123 South La Salle Street, Chicago 90, Ill.

Natural Gas Industry—Analysis—Ralph E. Samuel & Co., 115 Broadway, New York 6, N. Y.

New York Bank Earnings—Preliminary figures as of June 30, 1953 — New York Hanseatic Corporation, 120 Broadway, New York 5, N. Y.

New York Banks Since the Banking Holiday—Review—Laird, Bissell & Meeds, 120 Broadway, New York 5, 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 Utility Common Stocks—Comparative tabulation—G. A. Saxton & Co., Inc., 70 Pine Street, New York 5, N. Y. Also available is a card memorandum on **Iowa Electric Light & Power Co.**

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Alleghany Corporation — Circular — Hardy & Co., 30 Broad Street, New York 4, N. Y.

American Express Company—Analysis—Security Adjustment Corporation, 16 Court Street, Brooklyn 2, N. Y.

American Insurance Company of Newark, N. J.—Analysis—The Milwaukee Company, 207 East Michigan Street, Milwaukee 2, Wis. Also available are analyses of **Home Insurance Company, Madison Gas & Electric Company, Northern Indiana Public Service Company,** and **Tucson Gas Electric Light and Power Company.**

Bachman Uxbridge Worsted Corp.—Bulletin—May & Gannon, Inc., 161 Devonhire Street, Boston 10, Mass.

Boston & Maine Railroad—Data—Eastman, Dillon & Co., 15 Broad Street, New York 5, N. Y. Also available are data on **Chicago & Eastern Illinois Railroad Company, New York Central Railroad** and **Western Pacific Railroad.**

Chicago & Northwestern—Memorandum—Shearson, Hammill & Co., 14 Wall Street, New York 5, N. Y. Also available is a memorandum on **Kaiser Aluminum,** and **Quaker Oats Co.**

Dominion Corset—Memorandum—Greenshields & Co., Aldred Building, Montreal, Canada.

First National Bank in Dallas—Memorandum—Rauscher, Pierce & Co., Mercantile Bank Building, Dallas 1, Texas. Also available is a memorandum on **Republic National Bank of Dallas.**

General Telephone Corp.—Analysis—Hirsch & Co., 25 Broad Street, New York 4, N. Y.

Gulf Oil—Analysis in current issue of Monthly Investment Letter—J. R. Williston, Bruce & Co., 115 Broadway, New York 6, N. Y.

International Harvester Company—Analysis—Glore, Forgan & Co., 40 Wall Street, New York 5, N. Y.

Iron Fireman Manufacturing Co.—Memorandum—Dreyfus & Co., 50 Broadway, New York 4, N. Y.

Leese-Neville Company—Analysis—B. W. Pizzini & Co., Inc., 25 Broad Street, New York 4, N. Y.

National Lead Co.—Memorandum—Hemphill, Noyes & Co., 15 Broad Street, New York 5, N. Y.

New Idria Mining & Chemical Company—Bulletin—de Witt Conklin Organization, 100 Broadway, New York 5, N. Y.

New York, Susquehanna & Western Railroad—Analysis—H. Hentz & Co., 60 Beaver Street, New York 4, N. Y.

Noranda Oil Corporation—Special Circular—B. S. Lichtenstein & Co., 99 Wall Street, New York 5, N. Y.

Radio Condenser Company—Analysis—Hemphill, Noyes & Co., 1530 Chestnut Street, Philadelphia 2, Pa.

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

Rutland Railway Corporation—Analysis—Sutro Bros. & Co., 120 Broadway, New York 5, N. Y.

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

Sterling Oil of Oklahoma Inc. — Analysis — Hunter Securities Corp., 52 Broadway, New York 4, N. Y.

Union Oil Company of California—Analysis—Kidder, Peabody & Co., 17 Wall Street, New York 5, 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.**

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Yugoslavia and Soviet Exploitation of Her Satellites

the additional and long-continued destructive acts be taking effect in the other satellites?

Then there are also the implications of satellite treatment on East-West trade expansion. It is not that the Soviet could treat her Western customers as she has her satellites, but that her control and exploitation of the satellites add to the difficulty of our doing business with them. The satellites' trade has been, and will continue to be, turned on and off from Moscow, and twisted to conform to the Kremlin's selfish political and economic interests of the moment.

"Marxism-Leninism teaches that political relations cannot be separated from their economic foundations; that any attempts to do so are sheer hypocrisy; that the political unity of the Socialist world can only be fought for and ultimately built if the economic relations between them are to be solved correctly, i.e., if they are to be solved in the Socialist way."—*On Economic Relations Among Socialist States, by Militenje Popovic.*

COMING EVENTS

In Investment Field

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. 13-16 (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.

June 9-12, 1954 (Canada)
Investment Dealers Association of Canada Annual Convention at Jasper Park Lodge.

James P. Gallagher With McDougal & Condo

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—James P. Gallagher has become associated with McDougal & Condon, Inc., 208 So. La Salle Street. Mr. Gallagher, who has been in the investment business many years, was formerly with David A. Noyes & Co. and prior thereto was Vice-President of Thomas E. King & Co.

THE MARKET . . . AND YOU

By WALLACE STREETE

The great basic strength behind the market gradually appears to be overcoming the adverse barriers imposed by the tax and international developments, with a continuation of the summer rally into late August now indicated. Volume remains in the lethargic stage, for there is nothing much as yet to get excited about, nor will there likely be anything until the Labor Day dividing line has dropped well back into history. But as the next half year carries on, the outlook could conceivably take on a more roseate hue.

Judging by prevailing price-earnings ratios, investors currently are discounting the future as though it were packed with nothing but trouble. On the average the valuation ratio today is merely right where it was at the bottom of 1949, and stands about half where it was at the 1946 top. Evidently investors simply refuse to believe in the validity of current profits, or that they can be maintained for long, or that anything can happen to alter their unhappy role as the golden goose of the tax world.

Anticipating 1954

As to the latter, their status is so bad that it cannot conceivably get any worse. If anything, it might get just a little better inside another 12 months; and if investors come to think that they can perceive some such action on the horizon it seems justifiable to anticipate that somewhere up along the line some discounting will take place. With the EPT continuation passing into the background, the next look necessarily will have to be forward. What is there to see except an era of some slight betterment next year? Now too far ahead for active discounting, this time relationship gradually will alter as the summer and fall carry along. If it is legitimate to believe that the anticipation of adverse tax action was a major cause of the contraction in market values over the first half of the year, as investors discounted well in advance of the current actuality, then it becomes equally reasonable to believe that some favorable tax action, taking place, say, next March to May, will start being discounted about when fall nips the leaves.

* * *

The validity of the prevailing profit level is another matter which the passage of time will have to demonstrate. The probability that this will be so seems high. How much of this has to be experienced before investors once again start to move up their valuations of earnings and dividends to something more nearly resembling normal presents a very difficult problem in the psychological aspect of the price structure. Surely something better than mere depression ratios are warranted if economic activity holds up through the next winter. As this probability becomes more obvious with the passing of the summer into the fall, another element in the overall market equation might well shift significantly for the better.

* * *

While, therefore, not much more now than a rally into August can be forecasted, the longer-range perspective contains elements the power of which it will not be safe to neglect as time carries along.

Selected Performers

The following stocks should prove satisfactory performers through the summer, and if further events buttress the market equation more extended retention also should work out satisfactorily.

General Telephone has been going up slowing but steadily, reflecting the same trend in respect to earnings. Both should continue indefinitely ahead, for the telephone industry has the backing of a double leverage in its basic operations, in that the number of telephones is rising while at the same time the average use per telephone is in a steep upward trend. On top of this rates also are rising. Few better equities than

this are available to the average investor.

* * *

Minnesota Mining & Mfg. appears altogether likely to continue a great growth equity for years ahead. It has become a pioneer in the amazing fluorocarbon branch of the chemical industry, with one big plant already operating at full blast. The market very properly has discounted a great deal, but much remains for the patient investor, especially those in the higher tax brackets where current income does not constitute a pertinent element. This equity can be rated as a top-quality investment, good for any type of portfolio.

* * *

Kennecott has been sold to a fare-you-well, down some 25 points from the high of early last year, and yields over 9% on a dividend that apparently can, and might well be, maintained indefinitely. Copper futures point to a decline in the price from the prevailing 30-cent level, but at the 25-26 level for 1954 futures the price still is above the fixed at which this company produced satisfactory profits. The company is deep in titanium, where earnings prospects seem excellent in about another two years, maybe a little longer. It has obtained an interest in bauxite ore in British Guiana which points toward an entry into aluminum. Financial strength continues its customary distinction. The earnings figures immediately ahead are likely to be impressive, and could lead to a considerable rally. If copper futures should tend to rally, as seemingly they might on a maintenance of the prevailing high demand, the price of this issue could do more than merely rally.

* * *

Union Oil has made some highly important discoveries over the past year, which are doubly significant in that they have been high-grade crude. Near Ventura, Calif., two fields of unusually thick sands were uncovered, right in the company's own backyard. The company controls 30,000 acres in fee, about 47 square miles, and it is understood that current production is on the order of 10,000 barrels daily, up from 6,500 barrels at the time of the annual meeting last April. If the higher price of crude sticks, earnings could mount significantly above the $5.02 per share of last year. Considering also the addition to reserves, and the change for the better in the crude pattern, this equity appears a candidate for increasing market attention over the next six months.

* * *

Denver & Rio Grande Western might stage a big speculative splurge if the recent rate of earnings can be maintained. With $8.86 per share earned during the first five months, the 1953 projection as this basis becomes no less than $38.50 per share. If the company over the last seven months does no better than it did over the same period last year, the projection stands at $23.84 per share. The final figure doubtless will be somewhere in between these two extremes, but if it is no more than $25 per share, the current price-earnings ratio is an extremely low 3.4 to 1. If these shares are split, as they certainly ought to be, and the dividend raised above the minor $4 level, a further splurge of market activity here will become more than merely probable.

* * *

Penn-Dixie Cement has spent large sums of betterments and enlargements over recent years, and must now be considered a low-cost producer. The demand for this material is now very heavy, and is expected to remain so for some years ahead on the highway program plus the record construction activity. On the recent boost in price the second-quarter earnings ought to be excellent, with this report coming along the latter part of the current month, and the third-quarter statement should be even better. The tax-free cash income is helped by the approximate $2.00 per share charged off for depletion and depreciation. The stock has sold off from the 1953 top at 39½ to around 33, seemingly sufficient to discount the general uncertainties. On a $7 per share projection for 1953, the price-earnings ratio stands under 5 to 1, which should allow for a wide recovery over the next six to nine months.

[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.]

Information the Small Stockholder Wants From Management

By WILLIAM F. MUENCHOW

A small investor in common stocks makes suggestions relating ot stockholder relations along the following lines: (1) dividend policy; (2) treatment of stockholder as a customer; (3) publications for stockholders; (4) letters to stockholders; (5) stockholders' warrants; (6) meetings with corporation officers; (7) adjusting price range of stocks; and (8) acknowledgment of proxies. Recommends: (1) formation of stockholder groups; (2) awards to stockholders of long standing; and (3) a "stockholders' page" in corporation publications.

This is addressed to You, Mr. Chairman, and Members of the Board of Directors, Your Corporation, Anywhere, U. S. A. It is about your "stockholder" public. You can do a better job of "investor relations." The comments and suggestions that follow will, I believe, provide some ideas for improving your public relations with your stockholders. But, by what right do I address myself to you on public relations? I am not a public relations expert or practitioner. As a former editor of a weekly newspaper, I have been and will continue to be interested in all phases of journalism, including public relations. Aside from my taking a course in public relations at George Washington University, my background in this field is extremely limited, however.

William F. Muenchow

I am addressing myself to you, Mr. Chairman, and Members of the Board of Directors, as a stockholder during the past 15 years in approximately 25 corporations. During that period, I have received hundreds of dividend checks, read many annual reports, received all kinds of corporation publications.

My parents, now deceased, who were born in Europe, owned stocks because they believed in "the electric company." Some of my good friends invested in common and preferred stocks because of the greater return which they offered. I might add that my home is in Milwaukee, Wis., a rather conservative city comprising a thrifty and frugal population.

I am mentioning these things to enable you to evaluate better the comments and suggestions which I am offering. Furthermore, I do not consider myself a trader or speculator but rather a long-term investor. I am at present a government employee in Washington, D. C.

So much for the preliminaries. To get down to the proverbial brass tacks, how can you do a better job of stockholder relations? Suppose that I tell you of some of the things that other corporations have done which have impressed me as a stockholder. I may or may not be a representative stockholder but I believe that other stockholders are impressed by the same type of actions. While some of these comments then may appear subjective, I believe they are typical of the investing public at large.

I

Attitudes Toward Dividends

While this may appear altogether too obvious and elementary, the payment of regular dividends, supplemented by occasional extras, either cash or stock, and a rising dividend rate seems to indicate an organization that is growing, that is getting ahead, that has a future. Regular dividends engender confidence in the company, its management, and its operations. Conversely, the omission of dividends reflects unfavorably on the corporation generally no matter what the explanation. You cannot cash an explanation.

While there are other corporations which have followed the same type of policy, the *Standard Oil Company of California* in the years in which I have been an investor has increased its dividend rate, has paid extra cash dividends, has split its stock, has paid stock dividends. In my opinion, its dividend policy is excellent.

II

Treating the Stockholder As a Customer

A corporation which does not regard its stockholders as customers and consumers of its products is missing a good bet for improving stockholder relationships as well as sales. Of all the "publics" who are already basically "prejudiced" in favor of a corporation's products, the stockholder is certainly near the top. He knows that his dividends are directly dependent on the corporation's prosperity. Why not tell him how he can contribute to increased profits?

Several corporations are realizing that the stockholder is a customer too. The following quotation is from a notice to shareholders of the *Gulf Oil Corporation* which accompanied a dividend payment:

"The Gulf Stock Certificate and the Gulf Credit Card shown here are really closely related — the latter giving increased value to the former.

"If you do not have a Gulf Credit Card and would like one, we suggest you fill out and return the enclosed card. Your Gulf Credit Card will be sent promptly."

The *Marathon Corporation* of Wisconsin, a paper packaging firm, mails samples of "Waxtex," its waxed tissue, to its shareholders; the *Cudahy Packing Corporation* of Chicago has mailed "Dutch Cleanser," one of its products, to company stockholders.

Mailing samples of a corporation's products to its shareholders is a positive method of linking the shareholder with the corporation, the dividend check with the company product, the customer with the shareholder.

Why not a sample of the corporation's product with the dividend check?

III

Publications That Are Appreciated

What publications are read by shareholders and which are thrown away? A survey would probably reveal a surprising answer. The following publications which I have received seemed to have a high degree of reader interest:

Books: "Since Spindletop", a "human" story of Gulf's first half century, by Craig Thompson, formerly associated with the New York "Times," is good reading. It is the story of *Gulf Oil*; it is a bound volume, it has color pictures.

"DuPont, the Autobiography of an American Enterprise," is another example of a publication which I appreciated as a Du Pont shareholder.

It may be going out on the proverbial limb to express the opinion that periodic magazines are a better media for improving stockholder relations than annual reports. The articles in company magazines for stockholders are generally shorter, cover a wider range of subject matter, and are generally well illustrated.

The multiple colored "Du Pont Magazine," published every other month, is well written and interesting. A few of the titles of typical articles are these from the February-March, 1953, issue: "Sweetening Industry's Breath"; "Color Goes to School"; "Polyethylene's Green Thumb."

A periodic magazine can do much to humanize a corporation. From the April-May, 1953, issue of the same magazine, the following is extracted: "A completely new approach to plant-exterior finishing is in the wind these days. Called focal point painting, it's the product of cooperation between Du Pont and several of its important customers—among them the Phillips Petroleum Co. Why do folks like Phillips care about dressing up their plants? Well, in the first place, they like to be good neighbors."

Let us face it. Many people are anti-corporation. Writing about "folks like Phillips" is good, very good public relations.

Two other periodic publications impress me as excellent. They are "The Orange Disc" of *Gulf Oil* and the "Sunray News," *Sunray Oil Corporation*. In addition to interesting articles, both of these magazines contain pictures and names of employees. In the March issue, the "Sunray News" defines a shareholder as a "typical, average American man or woman. Probably 6,500,000 in number."

Recalling my three years as a weekly newspaper editor who always believed that names and pictures make news and create interest, I have often wondered why names and pictures of shareholders could not be used more frequently. Why not get-togethers of shareholders of "X" Corporation in a given city . . . and their pictures in "X" Corporation's magazine?

Annual Reports: Annual reports generally follow a well-defined pattern, some much more interesting than others. Although I am interested in accounting, statistics alone are not as pointed as a graph or pictures of various operations.

The 1952 annual report of *El Paso Natural Gas Company* is in color with 14 color photos of the company's activities. It also contained a statement regarding future dividend policy:

"In the absence of unforeseen developments, it is the intention of the Board of Directors to continue the payment of quarterly cash dividends on the company's common stock and, in order to conserve cash for the company's expansion programs until it realizes the increased earnings expected to result therefrom, to consider each year over the next two or three years the declaration of a special dividend payable in common stock of Western Natural Gas Company."

I believe that the inclusion of information of this type enhances the value of the annual report to the stockholder and gives him the feeling that he is a member of the team and that he knows the "company's thinking" on a particular policy which directly affects him.

In the 1952 annual report of *Westinghouse Electric Company*, the results of a survey among stockholders regarding the annual report is given: "In summary, the survey showed that most stockholders believe the annual report should have some eye-appeal; that elaborate illustrations are not essential to a complete presentation and that charts and graphs are a definite aid to understanding the company's operations."

Interim Reports: If reports to shareholders accompanying dividend payments are terse, incude a few pictures, and tell a few interesting stories about the company, chances are they will be read more widely than most annual reports.

The following two items from an intermin report of *Standard Oil of California* were interesting to me and are typical of stories that can be written:

"Outside of the United States, other subsidiaries will be active in Canada and Venezulea. Exploration rights have been obtained by a subsidiary on about 1,000,000 acres at Trinidad, off the northern coast of South America, and new concessions were recently acquired in Peru, covering 650,000 acres. . . .

"Output of the wax plant at Richmond refinery for 1952 reflected the growth of the company's petroleum wax business. When the plant went into operation in 1949, its rated capacity was 45 million pounds per year, to serve the estimated market at that time. Last year the plant produced 75 million pounds of which 50 million was consumed by the domestic market and the remainder exported.

"The wax has a number of industrial uses, but by far the largest is for coated milk cartons. Next come wrappers, containers, and coatings for various food products."

IV

Stockholders Like Letters

I like to receive a letter from corporation welcoming me as a the Office of the President of a shareholder. Among others, the *Marathon Corporation* and the *Pure Oil Company* send letters of welcome to their new shareholders. In the past, the *Marathon Corporation* has also sent a letter when the transfer agent notified the company that a stockholder sold his stock in the corporation.

From the management point of view, Mr. Hayes Devens of *Capital Airlines*, who is doing public relations work for that company, stated recently: "One of the most important things about stockholder relations is to be honest and not just give an answer to his letters but also to recognize that you have an obligation to him. Including a few comments about business operations of the company along with the letters will probably be very much appreciated."

V

Stockholders Want Warrants

Personally, I usually exercise my rights to purchase additional stock in a company which is raising funds to finance expansion projects. Getting something at a wholesale rate, at a discount, at a bargain price has popular appeal to the housewife, the business man, and to the investor. The company which offers a warrant for common stock or preferred stock just seems like a good company with which to be associated. The more generous the discount from the market price, the better attitude toward the company, generally.

VI

Let's Meet Some of the Officers

I regret that I have never attended a meeting of stockholders. In that respect, I am sure that I am typical of most of our group. However, if such meetings were in the city in which I am living or nearby and if they were held at a time which would not interfere with my working hours, I would be tempted to attend. But I imagaine this would be difficult to arrange; matter of fact, to find a time suitable for even large groups of stockholders would be difficult.

Rather than attending a formal shareholder meeting, I would be more inclined to attend an informal meeting of some sort with a representative of a corporation presiding, telling something about the corporation, its operations, policies, and its future.

Middle South Utilities in its 1952 annual report tells what it is doing along these lines: "Your management met with many stockholders at the annual meeting in New York and at informal meetings of System security holders and those engaged in the business of advising investors, such as bankers, brokers, investment counselors and the like. In the last 12 months such informal meetings were held in New York, Boston, Philadelphia, Baltimore, Hartford, New Haven, New Orleans, San Francisco, Los Angeles, Toronto and Montreal."

I can visualize closed circuit or theater television to inform stockholders of company operations, to meet its officers, to tour its plants, and perhaps even to present a panel discussion between the of-

ficers and a stockholder representative.

VII

Stockholders and Stock Prices

The price category of a stock does influence my purchases. While I realize that *Amerada Petroleum* and *International Business Machines* represent excellent companies, their prices of approximately $165 and $229 a share seem a bit "too steep." For some psychological reason or other, I believe that I am receiving more value when I receive 10 shares for a $500 investment than when I receive only two. Conversely, stocks selling at one dollar, five cents, or ten cents per share mark them as strictly speculative and entirely unsuitable for long-term investment. Again, this is a subjective analysis.

If it is the intention of a corporation to seek to interest the small investor, a per share price of about $20 to $65 appears to be a satisfactory range. If there is a desire to keep out the small investor from investing funds in a corporation for accounting or other reasons, prices of more than $100 or $200 will be effective.

VIII

Thank You for Your Proxy

To me, a "thank you" has always seemed good business; its omission extremely poor practice. Two good examples are these for proxies for annual meetings of stockholders: "The Board of Directors of *Union Carbide and Carbon Corporation* wish to express their appreciation of your interest and cooperation in sending in your signed proxy for the annual meeting of stockholders to be held on April 21, 1953."

Another typical example of a corporation "thank you" is the following from the *Wisconsin Electric Power Company:* "Your proxy for the 1953 Annual Meeting of the stockholders of this company has been received. We sincerely appreciate this evidence of your interest and confidence. Please accept our thanks. G. W. Van Derzee, President."

The preceding comments on corporate practices and policies with regard to shareholders, then, Mr. Chairman and Members of the Board of Directors, incorporate some ideas which your competitors are using. They are not all-inclusive by any means. Offhand, I can think of several other ways to please stockholders:

Recommendations

Formation of Stockholder Groups: Why cannot stockholders be invited as a group to attend a meeting of distributors? Or be invited to attend the opening of a service station in their community if they are shareholders of an oil company. Something like this perhaps: "The Gulf Oil Company invites stockholders of the Washington, D. C., area to meet Carl Jones, manager of the new Gulf service station at 15th and 'P' Street."

Awards to Stockholders of Long Standing: Employees who have been with the company for a long period of years are given letters, service pins, and awards of one type or another. Why not stockholders? They're people and they can become effective boosters of your company and its products.

Names and Pictures Make Stockholder News: Some sort of Stockholders' Page in the corporation publication telling about the company's oldest stockholder, showing a picture of an institution owning the company's stock, another showing one family with each member a stockholder, could be utilized to create stockholders' interest. All of us like to get our names and pictures in print.

Mr. Chairman and Members of the Board of Directors, please take another look or at least another glance, at your public relations program to see whether you have not overlooked a valuable asset—your stockholders.

Surveys Mid-Year Municipal Bond Market

Halsey, Stuart & Co. Inc., reports continuing big volume of new issues, despite steadily declining prices. Individuals, trusts and commercial banks still large holders of more than $29 billion of tax exempt bonds outstanding.

According to the usual "Mid-Year Survey of the Municipal Bond Market," issued by Halsey, Stuart & Co., Inc., investment bankers of Chicago, New York, and other principal cities, "The big news about the municipal bond market continues to be the volume of new issues. To forestall sharp disagreement with that statement it should be remarked quickly that mid-1953 finds the market at the end of a year of almost steadily declining prices—a fact which generates more conversation than the amount of new financing. However, prices have declined before, but $2.5 billion of new issues by mid-year is a recent development. This makes two years in a row. Of course there has been a change in what is included in 'municipal' financing—it should probably be called the Tax-exempt Bond Market now—but it is all marketed thru the same organization which has traditionally handled municipal bonds, and the big news continues to be the volume that 'goes through the mill'.

"In May," says the survey, "$634,502,583 of tax-exempt new issues were offered to the public. There are two other $600 million months on record and five which have exceeded $500 million. May, 1953, volume was exceeded only by March of 1948 (Soldiers Bonus Bonds) and by June of 1952 (Ohio Turnpike Bonds). May's big offerings included $125 million of New York State Thruway Bonds; $100 million of Delaware Port Authority Bonds and the year's second offering of new Housing Authority issues totaling $122.5 million. The first six months of 1952 brought a total of $2,528,646,800 of new issues. This year's figure will be very close to that (five months through May totaled $2,171,004,879).

"Other first-half news included—in addition to the price situation mentioned — the change of Administration in Washington; the commencement of the Treasury Department's new long-term borrowing program; the steady tightening of money by the Federal Reserve System with some relaxation near the end of June; the change in leaders behind the Iron Curtain, and the approach of a truce in Korea. All of these were factors in the Tax-exempt Bond Market—factors that help make up the total picture at mid-year and make it no less of a jig-saw puzzle picture than it has been right along. The one constant in the puzzle is tax exemption. Its value has not decreased any and it appears that any change that the year may bring will be small.

Prices

"The Government bond market and Administration policy concerning it have been much discussed in connection with interest rates during the past 20 years. The close connection between the Tax-exempt Bond Market and Government bond prices is most evident in a period when prices of Government bonds are tending to change. It was true when long-term U. S. Treasury 2½% bonds were selling at a premium, it was the case when those same 2½s first sold below par, and it was true again when the Treasury Department offered a long-term bond carrying a 3¼% coupon. There is no assurance that the 3¼% rate was the proper one, because in this recent attempt to lengthen the maturity of the public debt not many hurried to assist at 3¼%. While this has been going on, the Federal Reserve System, as an anti-inflationary measure, has resisted the expansion of bank credit. As a consequence, and with a continuing demand for funds, 90-day bills, worth 1.682% a year ago, sold early in June of this year at 2.416% and near the end of June at 2.107%. One-year government notes were recently marketed at 2⅝%.

"These changes came slowly for a while, but with a rush in recent months. A recognized average of tax-exempt bond prices has declined 0.82% in yield since mid-1952, and 0.62% since the year-end. There is of course some ralation between this price decline and the large volume of new offerings. Municipal finance officers have been hurrying to market authorized issues. This in turn does the price structure no good, and brings on days when bargains are plentiful but not too readily recognized.

"Political developments at home and across the seas have their effect on the market, but it is as yet very difficult to see what that effect may be because of the more obvious—and extensive—reaction to the changes in the 'money' market. More time will be needed to assess the impact of a truce in Korea and stability in Europe upon the Tax-exempt Bond Market."

With H. P. Nichols

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Howard P. Chandler has joined the staff of H. P. Nichols, Inc., 53 State Street.

The Impact of Wasteful Military Procurement

By ROGER M. KYES*
Deputy Secretary of Defense

Defense official, asserting military strength and economic strength are inseparable, warns we must maintain sufficient military posture to deter our potential enemies, despite our yearning for peace. States, however, military preparedness should take into consideration its economic consequences and should not siphon away our economic vitality. Cites vast stores and other assets of the military, and calls for getting most for defense dollar by using low-cost producers.

There can be no doubt but that the primary objective of the United States in the world today is the establishment of an atmosphere of peace among all nations in order that men may divert their efforts and their thinking toward the achievement of rising standards of living for all people.


Hon. Roger M. Kyes

Experience, however, has taught us that peace and war are separated only by the thin tissue of human faith and understanding.

No matter how strong our yearning, we must not become so fascinated by the Dove of Peace that we overlook the circling hawk awaiting the opportunity to strike its prey. We must be ever-ready to counter any predatory force which casts its shadow upon free people.

However, in our efforts to obtain peace and security, we should be ever conscious of the delicate balance we must maintain between our desire for security for the free peoples of the world and our economic capabilities.

Military strength and economic strength are inseparable. The sustained striking power of the military is no greater than the economic body from which it derives its vitality.

If we do not maintain sufficient military posture to deter our potential enemies, we shall have lost the peace.

If we do not maintain our economic capabilities, we shall have lost our way of life.

If we pursue an inefficient approach to national security, we shall have lost both.

Because we are a democratic people and love our peaceful pursuit, we are not military minded. When forced into conflict, however, we support our fighting men with all the knowledge and energy at our command, for together we have a grim determination to win.

The pages of history indicate that once victory is won, we turn our backs on thoughts of war, and give our full attention to the peaceful pursuits which have made America great.

You will remember that at the end of the second World War, we engaged in a process of rapid demobilization. Thereafter and before Korea, our military posture was permitted to deteriorate.

Then came Korea in June of 1950. On Dec. 19, 1950, a state of national emergency was proclaimed. Mobilization target dates were set. Huge sums of money were appropriated. The military services attempted to commit these funds as rapidly as possible. The long and tedious processes of placing our military contracts absorbed precious time. Industry proceeded with dispatch once it received the authorization upon which it could start into action.

Men of industry remember well the exaggerated figures for requirements and the unrealistic schedules with which they were confronted by the military. Planning, tools, equipment and facilities were to be based upon those theoretical programs.

With this onrush of orders came the drive for an industrial mobilization base founded upon the same theoretical calculations.

Industry turned to the task of doing its best to meet the production targets set by the military.

Then came the period of so-called cut backs, "stretch outs," and program changes, which had the effect of bringing unrealistic planning closer to the possibility of realistic accomplishment. Fantastic paper targets crumbled before the realities of the situation. Even today there are still huge sums of money obligated to be spent for items which have not yet been fabricated, nor will they be for some time.

Unrealistic requirements, poor planning and inefficient execution all combined with the short span of time to cause waste of money, poor utilization of manpower, unnecessary drain of materials from the civilian economy, and the inefficient use of tools, equipment and facilities.

Then, too, when dollars became abundant, the military, after slim years, refilled its storehouses and installations with many items more easily procured but not of vital importance to national security. For example, most of us would question the combat capabilities of a year's surplus supply of calculating machines.

With the passing of each day, our money tended to lose its value. The goods and services sharply increased in cost. We could not buy as much security with our dollars when inflation began taking its toll. Even more regrettable is the fact that such an approach to national security has left us with many imbalances in our program.

We have been and we are paying dearly for two mistaken conceptions with respect to national security. First: unsound and unrealistic calculations of requirements for materials, equipment and supplies on the part of the military. Second: a neglect of the needs of a minimum military posture in time of peace.

The soldier is trained from the time he enters the service to be certain of an ample supply of the materials and equipment required for his assigned missions. If you were in his position and had his training, you might take the same view.

So this conception finds its way into the tables of requirements used by the military. As these pass from one echelon to another, through the maze, each working level appears to add safety margins, pipelines, and attrition factors, until the inflation of figures is inevitable. One mobilization plan resulted in requirements over and above assets on hand which would cost $530 billion for hard goods alone. This plan, based on a hard goods production in 1952 of $78 billion, would have taken all of American industry more than six years to produce if it had to the proper tools, manpower and facilities.

You may be surprised to learn that American industry produced, and this country shipped to Europe, twice as much materiel as was used in the European theatre in World War II.

On the other hand, we as civilians, must take our share of the blame for the conditions that resulted in part from the neglect of our military posture. Such a process repeated too often can result in consequences which make one shudder to ponder.

Therefore, as civilians, we must cease to cut the military to the bone in time of peace, while on the other hand, we permit them to utilize our resources unnecessarily in time of war as a result of inflated requirements.

If we insist that the military abandon their present attitude as claimants for absolute requirements without responsiblity for economic consequences we should also insist that the civilian attitude of irresponsibility between wars should be abandoned.

Siphoning Away Economic Vitality

Too few of us have a real conception of the substantial portion of our economic vitality that is siphoned away as a result of our past approach to military programs.

A few facts will give you some order of magnitude.

For example, the Army alone now has on hand and on order for distribution through the depot system, goods having a value substantially greater than the total value of all inventories in the hands of all manufacturers of all things within the United States.

The expenditures of the Army and the Air Force during the current fiscal year are each expected to equal or exceed the total net income of all farm operators in the United States during 1952, while Navy expenditures are equivalent to more than three-fourths of the total farm income.

The current replacement value of the capital assets of the Department of Defense, including land and buildings of military installations, and inventories of supplies and equipment of the services, is more than 38 times the total assets of the largest corporation in the United States.

Total expenditures for the Department of Defense, including military assistance programs, will amount during the current fiscal year to a total equal to the combined dollar sales of the 22 largest industrial manufacturing corporations in the United States—this means all corporations with individual sales of one billion or more in 1952.

The armed forces now include over 4,800,000 people — 3,500,000 military personnel and 1,300,000 civilian employees. This is equal to the combined populations of the cities of Boston, Massachusetts; Chicago, Illinois, and Dallas, Texas.

The civilian employment alone is almost one and one-half times the employment of the entire automobile manufacturing industry.

Today, the research and development being carried on by the military substantially exceed the total being carried on in the United States by private industry with its own funds. Our research and development program is estimated to cost us about the equivalent of the total income for the year 1950-51 for all colleges and universities, public and private, used for educational and general purposes in the United States.

Everyone will agree that until lasting peace is an established fact throughout the world, we must be prepared with adequate military strength to cope successfully with any threat to our national security.

It does not follow, however, that we cannot maintain such a position without continuing the drain on our resources that we have experienced in the past.

Most people familiar with the Defense Department are conscious of the duplication and inefficiency that exists. There has been much oral and written discussion; there have been a host of investigations. It is said that surveys and reports discussing the various problems of the military services have cost millions of dollars, and would fill a wing of the Pentagon. The list of committees and panels in printed form would take on the proportions of the telephone book of a large city.

But with all these, we have failed to solve our problem and have perhaps added to the confusion.

By what process, then, can we find a successful solution?

We must first put our problem into proper perspective. This country is fortunate to have some of the greatest military leaders in the world. Fine and sincere people, both military and civilian, who love their country as you do, are in substantial majority throughout the military establishment. They are just as much the victims of the system as you, the taxpayers, may consider yourselves.

They need your help not your criticism.

One of the difficult problems for the services is that of procurement. While there are definite weaknesses in the armed services procurement system, the military has received much criticism to which they are not entitled. They are forced to contend with a complexity of laws and regulations, some of which were passed in the depression of 1930-32 furthering certain objectives not entirely or directly related to the needs of military procurement. These have not only caused procurement delays, but in many cases, have forced the procurement officers to award contracts to marginal and substandard sources, in whose ability they had little confidence.

Getting the Most Out of the Defense Dollar

If we expect the military to do an effective job of procurement comparable to that of American industry, we must give them the same opportunity to do so. If we are to have efficient policies and methods of stock control and distribution, we must assist them in instituting these modern practices familiar to American industry and commerce.

They, in turn, must cooperate by utilizing commercial items wherever practical for non-military services. Specifications and requirements for both tactical and non-tactical items must be derived from intelligent thinking and sound judgment.

They must also fully cooperate in driving out wasteful practices throughout the military establishment.

Also, we must remedy the greatest shortcoming of the military establishment if we are to get the most of our defense dollars.

Sound planning and efficient execution not only require clear lines of authority and responsibility, proper relations between line and staff in an organization, but most important, sound and adequate management. Though your Department of Defense is the largest organization in the world, it has only a handful of men whose abilities, knowledge and experience approach the requirements of such a task. No organization has ever been strong, successful and efficient without the creative leadership that comes from a management group sufficient in number in relation to the size of the organization, and well-balanced as to qualifications to meet the complex problems that must be solved.

Once the Secretary of Defense is provided with adequate management support to handle the task, more rapid progress can be made toward creating a hard-hitting, effective and economical organization for national security.

The Industrial Mobilization Base

Now let us turn to a subject which is of vital interest to every one of the communities which you represent throughout the United States—that of the industrial mobilization base. When we think about American industry, we must remember that the United States is primarily a nation of small businesses—we must also remember that the quantity and complexity of the weapons and equipment required for national defense make it fortunate that we also have some big businesses. Therefore, to marshal our industrial capacity, we must utilize a proper blend of both.

An effective base for industrial

*An address by Mr. Kyes at the 41st Annual Meeting of the U. S. Chamber of Commerce, Washington, D. C.

mobilization is essential, as well as a minimum stockpile of material. We must maintain a careful balance between weapons that are immediately required if war occurs, and the lead times necessary to produce in quantity weapons of proven design from existing or readily available capacity.

Technological progress with respect to new weapons and equipment makes this a desirable policy, rather than risk the stockpiling of end items that deteriorate, or quickly become outmoded and obsolete.

When choosing organizations large or small which will comprise the mobilization base, there are six principles that should be kept in mind.

First, it is essential that the organizations have the management and technical knowledge required to efficiently and successfully accomplish the production task to be assigned.

Second, it must have available facilities and equipment, or by reasonable addition to existing facilities have the capacity required both as to quality and adequacy.

Third, it should be sufficiently well financed so that it will need only to supplement its capital and not expect to rely completely on the various forms of government assistance.

Fourth, there must be a sufficient reservoir of manpower with the ability and skill required for efficient production.

Fifth, based on the nature of the equipment to be produced, no facility should be established which falls below the requirements of a minimum economic production unit.

Sixth, an organization should not be given more defense business than it can efficiently handle. It is a generally accepted principle, depending upon the type of business, that a company cannot assimilate more than three or four times its civilian dollar volume in military production.

In addition, there are other considerations. Under conditions of potential atomic warfare, a reasonable dispersal of facilities is desired, but in no case should this be carried to the extreme of unnecessary dissipation of our productive capacity.

A well-considered mobilization base must, of necessity, have the elements of quantity and quality in proper proportion. To accomplish this effectively, it is necessary to consider this on an item-to-item basis. Since approximately 700 items constitute 75% of the major production problems, a selective approach is within the realm of practical accomplishment.

With respect to the mobilization base, it is necessary to make a complete review of our present position to determine the effectiveness of past planning, the results obtained, and its true quality in the light of industrial experience. Thus, we can validate our industrial mobilization base.

Undoubtedly, such a review will bring to light facilities which do not meet the principle requirements of a sound base. Also, certain gaps may appear which should be sealed. In many intances we shall be able to obtain greater capacity through balancing tools and machinery, better cycling of manpower, and more effective phasing of supply with respect to materials and subcontracted parts or components.

Now that peak production for military requirements will be reached within the lead times of the respective items, it becomes highly important that we take into account the preservation, through continued operation, of basic pilot lines insofar as practical. It is equally important that we give careful consideration to maintaining, insofar as it can be practically achieved, the health of industries particularly vital to national defense which do not have full opportunity to share in civilian production. The aircraft industry is an example of this type. We must avoid for them, and for the good of the nation, insofar as possible, a shut-down such as they experienced after World War II. A careful projection of requirements over a period of time, and close cooperation between industry and the Defense Department, will be necessary to achieve this result.

Because in some instances the mobilization base is too widely diffused, there will be situations where a sufficient quantity of the item manufactured is not required to maintain a minimum economic production flow in all facilities. In these cases, certain of the facilities will be forced to stop production, and where necessary for the maintenance of the mobilization base, arrangements will be made for standby, while in others, the tools will be handled in such a manner as to assure their availability. The general policy will be that of retaining the low cost producer of desired goods, as against the high cost producer.

Careful attention will also be given to the problem of long lead time tools and other factors necessary to an effective mobilization base, within the funds available for such purposes.

In the days that lie ahead, many decisions will be made by those charged with the responsibilities of national defense. You may be certain that they will be carefully weighed when they affect material things. When they affect people, human understanding will also play its part.

The greatness of the American people has been demonstrated through the pages of history by their ability to produce a great leader with the qualities necessary to best determine the proper course to be taken at times of vital decision.

In President Eisenhower we have not only a great statesman, but a great military leader of demonstrated capacity. He more than any other person in the United States is fitted to truly assess the world situation and the requirements of a second military program.

We have today a powerful striking force capable of dealing devastating blows to any nation that may challenge our freedom. What better testimony can there be to our military strength than the fact that we can openly discuss our weaknesses.

We never need fear any nation in the world so long as we cherish the fundamental principles upon which our nation was founded.

It is from our love of freedom that we derive our vitality. Freedom, in terms of American history, has meant the effective and successful course of an activity undertaken by a group of people who, with a clear ambition in view, combined for the task, fitted themselves for action, and acheived the desired goal. Freedom is a dynamic action whether it be material or of the spirit. Its roots are in life itself, and its fruits are born of human activity.

We Americans have created a great country. We have created a standard of living matched by no other nation. We have created a way of life which has bound us one to another as no other people have ever been bound together. We have gained so much over the years, let us keep what we have. Let us go forward with the ingenuity for which our people are noted, that we may leave our children a nation that is safe to live in, a way of life that will bring them deep satisfaction, and a memory of our deeds of which they can be justly proud.

Eldredge, Tallman Add Migely & Colvett

CHICAGO, Ill.—Eldredge, Tallman & Co., 231 South La Salle Street, have announced the addition to its staff of William A. Migely and Joseph Colvett as registered representatives.

Mr. Migely for the past seven years has been associated with Talcott, Potter & Co., members New York Stock Exchange. He entered the investment business in Chicago in 1925 with Logan, Bryan & Co.

Mr. Colvett is returning to the investment securities business after an absence of 10 years.

Milton Yokeman Joins Frank C. Masterson Co.

Milton S. Yokeman has become associated with Frank C. Masterson & Co., 64 Wall Street, New York City, members of the American Stock Exchange, as manager of the mutual fund department. Mr. Yokeman was formerly manager of the mutual funds department for Nielsen & Company and Nielsen, Gordon & Co.

Joins Foster & Marshall

(Special to THE FINANCIAL CHRONICLE)

PORTLAND, Oreg. — Lawrence S. Black is now with Foster & Marshall, U. S. National Bank Building.

We Must Work Toward New Long-Term Tariff Policy

By CHARLES R. SLIGH, JR.*
President, National Association of Manufacturers
President, Charles R. Sligh Co., Holland, Mich.

Asserting real new challenge to industry is to get a better individual understanding of national and world problems, NAM executive reviews current international problems, particularly "the problem of peace." Decries fear of depression after truce in Korea, and urges "keeping up our optimism." Calls for gradual reduction of trade barriers of all kinds, including American tariffs.

I think that the main challenge to the home furnishings industry specifically is to get a bigger share of that consumer dollar that we are all fighting for in this country. That is going to be a real problem in the years to come. It is today with the automotive industry. It is more than merely producing. The challenge to get a bigger share of that dollar means we've got to do it through better advertising or better merchandising, through an intensified sales effort and through better equipment, better plants and better methods which will help us to produce more goods and better goods at less money.


Charles R. Sligh, Jr.

I know that that is very trite. It has been said many times but it is still basic and I think it is still true. We also have a much greater challenge today, and this applies not only to the home furnishings industry—largest durable goods industry in the nation—but to all of our industries. That real new challenge is to get a better individual understanding of national and world problems. We cannot finally solve specific industry problems without first building a really sound nation. This cannot be done in today's very small world without solving at least some of the major problems that are facing us internationally. I feel strongly about that particular point. I think we are fanning the breeze if we don't do something individually to get a better understanding of what is facing us world-wide and what we as individuals can do about it and should do about it.

Since accepting the invitation to talk here today I have traveled about 45,000 miles. That traveling has taken me from Florida to Montreal, to Seattle, to San Diego and to Hawaii and to European countries.

In all that travel I find that many of the same problems have been mentioned, whether I was in Hawaii, whether the United States, north, south, east or west, or whether I was in Europe.

The Russian Problem

Usually, number one, is the Russian problem. That is usually approached in this way: Has Russia's policy changed basically since Malenkov took Stalin's place? Then in trying to find the answer myself, in talking to the people with whom I visited during these 45,000 miles, I find that none of them in this country or abroad really feel that the plans and ambitions of the Russian leaders have changed one iota since the change in leadership has been made. They believe, and I agree, that Russia's objectives for world domination, at whatever cost and by whatever means, is still their primary objective and they are not going to be swayed from it.

Let's not be deceived. They are trying very actively today to split us up into individual countries and individual groups so that it will be easier for them to then pick us off one by one, and more easily and more cheaply attain the end which they have been working for all these years.

We have some good points in our favor. We have a tremendous productive capacity in the free world. Western Europe and the United States together produce vastly more steel, coal and power than does Russia and its satellites. But when we take Europe alone we find that that is not as glaring a difference. In other words, the difference then shrinks very materially and our job today is to try to build up a desire on the part of the European countries to maintain the present gap between their production and that of Russia, and, if possible, to increase that gap because Russia is afraid of our tremendous productive power and we've got to keep them living in that fear constantly or we will be in danger of very dire consequences.

The Problem of Peace

There is another problem that is always brought up wherever I go, whether it is teachers that I am talking to or students, newspaper people, businessmen, in the United States or Europe without exception they ask, "What is going to happen to business in the United States if there is a peace, or if there is a truce in Korea?" "Are we going head-on into a depression in the United States?" The Europeans fear that tremendously because any slight depression in our country is going to be multiplied and magnified many times on their own economies.

I would like to point out that I don't see any basic reason for any such recession, deep recession or depression in case of a truce in Korea. We have today in this country about a $361 billion gross national product. Of that, we are spending about 15% on defense; and of that 15% a small part is being spent in Korea. So that if a truce does come, and some of those Korean expenses can be cut, it is going to be a very small portion of the $361 billion gross national product which is now our annual figure.

Secondly, I still believe in the ingenuity and inventiveness of the American businessman, and in the desire of the American people for more and better things so that they can have a higher standard of living.

I think that when we do cut expenses, and we are enabled to reduce taxes, that the money that will then be in the pockets of the people is quickly going to be translated into additional civilian production and that will certainly help to take up that slack.

Then I anticipate that new products will come into the picture, some that we don't even dream of today; others that we are hearing about will be snowballed into tremendous industries in the future.

Television

As an example of what I am talking about in the home furnishings field, let's think of television just a moment. Perhaps you read this, but let's go back six years and try to picture somebody asking us six years ago where the television industry would find itself in 1953? How many of you people can honestly say today that at that time, six years ago, you would have dared to predict that in 1953 there would be more television sets in Chicago than there are either telephones or bathtubs. And yet, ladies and gentlemen, that is the case according to the U. S. Census figures. It is also true of Boston. And it is true that three or four major cities have more television sets than they have telephones. Six years ago that would have been fantastic, but it just gives a slight indication of what is ahead of us with American ingenuity and inventiveness, American salesmanship and merchandising ability and productive capacity at our beck and call.

We are having good times now. The electric power output for the U. S. in the first quarter of this year is about 14% ahead of last year. General Electric has made the statement publicly that it expects its business to be about 20% ahead this year of what it was last year. The Admiral Radio and Television Company say that their business is going to be way ahead. They expect the best year they've ever had.

What Prophets of Doom Are Saying

We also have some prophets of doom. There is always the fellow who says, "I know things are good now but you wait, about six months from now you are going to see a slump." They have been saying that since 1944 when it was predicted that immediately after the war we would have the greatest unemployment in this country's history. They are still predicting it, and some day they will probably be right. But let's not believe it every time we hear it. Let's study the facts and then draw our own conclusions.

I have had the privilege of meeting four times a year with 12 of the top industrialists and business economists in the United States. And if there is anything that would lead me to believe that we can't believe everything the economists say it is those meetings. Because here you will have one of the foremost economists saying that business is going to drop off tomorrow, and another one saying that there is no end in sight. Those are the two poles of thought. You can have anything in between. In December one of them said the boom we are now in will turn out to be a Christmas boom. At the last meeting he had to revise that a little bit. Now it is going to be, "maybe next Christmas." That is the way it goes.

Let's not be brow beaten into a depressed state. Let's keep our optimism.

Another problem is foreign trade and aid. This is a very popular subject of discussion. I took a poll of all the people to whom I spoke over a period of several months, and then I took the results to President Eisenhower before I left for Europe. It was strange to me that among the four or five most important things in the list was foreign trade, even in the Midwest. That is quite a change from the old days when only the Coast thought of foreign trade. I find in Europe that Foreign trade is a very important subject. We can all understand that. We have been doing a lot of talking in this country about trade, not aid. We've got to realize if we mean trade, not aid, that when the foreign countries become proficient enough to compete in our market and smart enough to merchandise their products in a way that will sell them in our country, we can't then immediately set up some quota against them that will block the sale of those goods in our country.

A Long-Term Tariff Policy

We've got to work at a long-term tariff policy that will encourage the foreign producer to study his productivity problems, his merchandising and sales problems, and then compete intelligently in our markets over here. I don't mean that as of Jan. 1, 1954 all our tariffs should be taken off. Nothing could be more disastrous, not only to us but to Europe, because without any doubt it would throw many of our industries into a tailspin and Europe would follow very quickly. But I do firmly believe that a long-term program should be thought out and that program should consider the gradual reduction of tariff barriers of all kinds. That goes for tariffs, it goes for quotas, it goes for the very greatly misunderstood tariff regulation which we have, and the custom procedures which cause so much trouble in Europe. All those things should be restudied very carefully.

The people in Europe have been shocked by the "Cheese Amendment." Perhaps most of you don't know what that is. It was an amendment to the Defense Production Act which stopped the importation of bleu cheese into the United States just after Denmark had developed the means of merchandising it in this country and was really selling some in the United States. So somebody put an amendment on to the Defense Production Act and cut it out. That action affected the Europeans beyond any real importance of the "Cheese Amendment." It gave them an indication that we were going to be again a very high tariff country and it has scared them. I tried to point out to our friends abroad that although that was one bad thing we had done—a step in the wrong direction I believe—nevertheless there are many good points that they should know about, such as Henry Ford's statement that all tariffs should be taken off on imported automobiles. No major automobile company contradicted Ford's statement. That would have been impossible ten years ago. Then, too, John Coleman of the Burroughs Adding Machine has asked for a reduction of tariff, and so have others. Even one watch company, which at first had been very seriously hurt by the reduction of tariffs on watch works finally, through ingenuity, developed a wrist watch band which they could manufacture as well as costume jewelry, and then began to import the watch works from Europe to put in those watches. The company is doing better business today than before and the president of that company said that although his company was hurt initially, nevertheless he thinks from a statesman-like attitude or point of view it was a good thing and that tariffs should be further reduced.

Those are good points in connection with our tariff attitude in this country.

One other thing about tariffs that I tried to stress during my trip abroad is that the elimination of tariffs is not the only answer to the problem. As an example, I cited the fact that in 1951 Canada imported about $191 million worth of drugs and chemicals. There was a 15% duty ordinarily on the drugs and chemicals imported from the United States. There was no duty on those imported from Great Britain, and in spite of that fact the goods from the United States amounted to $165 million, and the goods from Great Britain amounted to $16 million. This clearly indicates that even if the tariff was wiped out, it would not solve the European export problem. They've got to do a better job of producing and of selling.

Europe's boundaries are a tremendous barrier to their own economic well-being. For example, in traveling from Cologne to Copenhagen, although I crossed only one border, I had to show my passport five times. I say the European boundaries are one of the greatest trade barriers. They must be able to trade within their own area. Remember, we have 160 million people; they have 225 million people, but they are not making the most of that market. They need selling, they need advertising, merchandising, design, engineering and market research, if they are going to develop their markets and if they are going to compete here.

Europe Needs International Competition

In my opinion, the most important thing they need in Europe is true competition. Now, the businessmen of Europe will talk about standing side by side with American industrialists, fighting for free enterprise. But, very frankly, in talking with many of them I would say that more than half certainly have as their idea of free enterprise an enterprise which is free from government control and government restrictions. They don't think of free enterprise as being free competitively, competitive enterprise—one company in an industry fighting another for that consumer's dollar. Until they get that idea of free enterprise I am afraid we are going to have trouble finding enough business for European people.

For instance, in Norway, they just passed a new price control bill. They have had them since 1920 and it just gets progressively worse. Consequently, one government official tells a company what

*An address by Mr. Sligh at the Home Fashions League Luncheon, Chicago, Ill., June 24, 1953.

they can make, how much of it they can make, what they can price it for, how much dividend they can pay, how much profit they can make, and if the tax revenue to the country isn't enough they can at any time step in and assess the company an additional amount during the year. How can anybody be in business under conditions of that kind? If the company doesn't make enough, or doesn't make a high enough quality to suit this one man in the government, then the man can take over the plant or build a plant with government funds to compete with that company. Who is going in business in Norway under those conditions?

On the other hand, we have the Norway businessman. He has his price pegged on the top by the government, and the association of manufacturers says "You can't sell it for less because that would be unfair to your competitor in your industry. You can't pay the man more than this fellow over here, more than this company pays, because that would be unfair competition. You can't give your man Saturday morning off in the summer unless we say so because that would be unfair competition for labor against the other manufacturer in that industry."

It is restrictions such as these that, in my opinion, are retarding the growth of Europe's economy.

Sweden has a law which prevents anybody from receiving more than $1,000 a year from invested capital. If you have capital that would bring you more than $1,000 a year, then the tax is more than 100%. So that it eats into the $1,000 and if you have enough money it eventually can eat up all your earned income too. Nobody has any incentive to produce or invest in new plants and equipment under those conditions.

In closing, I would like to mention one experience I had over there that I will never forget, and that was the day I got up at 4:30 in the morning in Cologne and drove to Dusseldorf and then from Dusseldorf to Berlin. In the first place, never before had I really had a true picture of what happened to us over there. We were sold down the river, but right. Here we are, just a little island right out in the center of Russian controlled territory. The only possible way we can get to it is by air. And in view of the fact that Russia controls 125 miles of land from that little island to free Europe, they could put anti-aircraft guns and fighter plane bases all through that corridor. If they decided to fight we would have an impossible situation in trying to get to that little island, which is Berlin.

We were fortunate in getting three State Department cars to take us over into East Berlin, the Communist-Controlled part of Berlin. As we entered that section, I immediately noticed that the people looked dejected; they were beaten: their clothing was poor, and it didn't fit them well. It wasn't well designed, it wasn't of good quality. I saw one person smile in 2½ hours in East Berlin.

Stalin Alley, the part of Berlin that too many magazines and newspapers in my opinion have played up as being the great job that Communist Russia is doing in Berlin, it looks like a Hollywood set. There is nothing behind it except piles of rubble. Here are two rows of apartment houses, supposedly built for the workers of Berlin. Who are in them? The government workers that can afford to be in them. The factory workers aren't in them.

That is the picture of East Berlin, with store windows, with nothing in them but posters; once in a while, a pile of canned goods. Then you come back into West Berlin, the free part of Berlin, and suddenly you notice hundreds of people busily walking around, well dressed people, happy people; the windows full of merchandise, American cars, foreign cars traveling all over the streets. You try to figure it out—one side dejected, beaten, and the other side happy and prosperous. There is just one answer. One side is free. The other side is state controlled.

Whether in England, France, Sweden, Norway or East Germany, few of the people in those countries 20 years ago thought that the things that have happened to them could happen. Few of them realized that state control would ever get to the point it has now reached in those countries. Let's not forget that there are a great many ways to insidiously work toward state control.

My own humble opinion is Elizabeth Gordon's "One of those ways," and I will say in all honesty I agree with her wholeheartedly. Now, it did happen there. If we don't accept individual responsibility, and if we don't take up this new challenge and if we don't help our present Administration to revitalize the free economy in this country, then it can happen here.

Listing of Non-Voting Shs. on NYSE Studied

Special Committee of New York Stock Exchange to report on desirability of listing these shares, banned since 1926, as means of expanding volume of transactions.

It is reported that a committee of the Board of Governors of the New York Stock Exchange has under consideration the proposal to lift the ban against listing on the Exchange of shares of non-voting stock. The ban was instituted in 1926 as the result of public clamor against the abuses resulting from the issue of business corporations of this class of shares. The objective in the proposed removal of the ban is stated as need for broadening and expanding the volume of Stock Exchange transactions and thus make the New York Exchange an international market for all classes of equity securities.

Among American companies not eligible for listing on the New York Stock Exchange because of limited voting rights are Mark A. Hanna Steel Company, Thomas Edison Company, Inc., Allan B. Du Mont Laboratories and Kaiser Steel Company. Likewise, the following, which are, however, listed on the American Stock Exchange: Great Atlantic and Pacific Tea Company, Parker Pen Company, Talon, Inc., Humble Oil and Refining Company and Imperial Oil, Ltd.

Foreign companies ineligible for listing because of restricted voting rights are mostly Dutch enterprises such as Royal Dutch Petroleum Company, Philips Lamp Company, United Rayon Manufacturing Corporation (A. K. U.), Unilever, N. V., and Amsterdam Trading Corporation. The accepted practice in Dutch corporate setups ever since the passage of certain reform legislation in 1929 is to limit the voting right of any one stockholder to 12 votes —six in person and six by proxy —no matter how many shares he holds. This regulation on corporation control was instituted to make it difficult for a small group of speculative operators to seize control.

One reason given for lifting of the ban on shares having limited voting rights is the continuing reported interest of Royal Dutch Petroleum Company in having its shares listed here, and more recently that of United Rayon Manufacturing Corporation, which is now issuing American shares to correspond with those of Dutch issue.

With the exception of Canadian enterprises, there are less than a half-dozen foreign corporations with common stock listed on the New York Stock Exchange. On the other hand, the shares of leading American companies are traded in frequently on the leading Dutch and Swiss stock exchanges. There are several major foreign companies whose common shares are traded on the American Stock Exchange through its unlisted trading privileges, but even here there is little activity in them.

Curtiss, House Adds

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio—Clyde E. Bartter has become connected with Curtiss, House & Co., Union Commerce Building, members of the New York and Midwest Stock Exchanges.

NSTA Notes

SECURITY TRADERS ASSOCIATION OF LOS ANGELES

Photographs in today's issue of the "Chronicle" of the annual outing of the Security Traders Association of Los Angeles were taken by Robert Diehl, Paine, Webber, Jackson & Curtis.

Heads Hogle Branch

SAN DIEGO, Calif.—J. A. Hogle & Co., members of the New York Stock Exchange, have announced the appointment of Mr. Donald Cole as Manager of the firm's San Diego office, 1030 Sixth Avenue.

Mr. Cole, well known in financial circles, has been associated with J. A. Hogle since 1934.

Joins A. G. Edwards Sons

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo. — Eugene G. Schweigler has become associated with A. G. Edwards & Sons, 409 North Eighth Street, members of the New York and Midwest Stock Exchanges. He was formerly with Fusz-Schmelzle & Co.

From Washington Ahead of the News

By CARLISLE BARGERON

It is a settled policy in this country that the military must always be subordinate to civilian authority. But it is something the military brass has never accepted in the matter of the civilian heads who are placed directly over them. The naming of civilians as secretaries of the various arms and of the Department of Defense as a whole is part of the policy of keeping the military under civilian control but more often than not the secretaries have soon found themselves doing the bidding of the Generals; in fact, they have almost invariably come to be advocates of the particular branch over which they are presiding. If they didn't they found life hardly worth living, they operated in a hostile atmosphere among the very fellows they were supposed to be most closely associated with.

Carlisle Bargeron

Having the civilians in these places, however, served as sort of a symbol of the policy of keeping the military under foot, and it sufficed in the days before World War II when the very size of armed forces made it impossible for them to get out of hand. With the tremendous establishment that has now been built up the actual exercise of authority on the part of duly appointed civilian heads becomes important.

Thus the struggle that is now taking place for power in the Pentagon is not without its significance. Secretary of Defense Wilson and his deputy, Roger M. Kyes, are determined that that is what they intend to be in reality as well as in name. They are making the sparks fly and high brass dignities are falling all over the place. Neither happens to have been appointed as political patronage. Wilson was selected because he was one of the country's foremost industrialists and he, in turn, selected a former co-worker upon whom he could depend as his right hand man. Paradoxically enough, in view of the way military toes are being stepped upon and military tempers worked up to the apoplectic stage, it was a military man, General Lucius Clay, who suggested Wilson, and a military man, General Eisenhower, who accepted him. In the Pentagon grumbling they are being referred to as Roosevelt II used to be described in certain circles: "He's a traitor to his class."

The stories are legend on the Washington cocktail circuit of the way Wilson and Kyes are putting the Generals in their place and letting them know who is boss. A typical one about Kyes is that when a General continued to argue with him after he had made a decision, Kyes arose from his chair, walked up to the General, flicked his hand across the General's insignia of rank and said: "I came here to flick stars not to be flicked."

You have to take most of these stories with a grain of salt because a favorite game in Washington when you are trying to get somebody is to circulate poisonous stories about him and the military is just as adept as any other segment of our population in doing this. By and large, however, the stories are designed to represent both Wilson and Kyes as bull-headed and riding rough-shod over men who have spent their lives in the military.

I have never met Kyes but I have met Wilson. You do get the impression that he is pugnacious but pleasantly so. He seems to enjoy a fight; he likes the give and take of an argument. I have found him a very likable fellow, a pleasing personality. But he is used to giving orders and having them carried out, just as are those Generals who are opposing him and who have always considered the Defense Secretary to be a figurehead to serve as a front for them.

Nevertheless, Wilson and Kyes are in what you might call political hot water in Washington. If they ever slip, if any serious mistakes can ever be fastened upon them, their goose will be cooked. They are embarked upon a courageous undertaking from which many able but less stout-hearted men before them have shrunk.

Certainly, Congressmen shrink before the high brass when they show up on the hill with their foliage of medals on full display. You would think that the appearance of a General, or an Admiral, before a House or Senate committee would be a simple thing with the man simply picking up his brief case, summoning his automobile and with an aide or two, striking out for the Capitol. That is not the case at all. A military ceremonial is involved; the Capitol corridors are cluttered up with epaulettes, uniforms and those gold-braided shoulder ropes which denote staff service. In some instances, when five-star Generals are involved, a regiment of soldiers is hurried over from Fort Meyer to present arms when the General enters the Capitol and when he comes out. You can imagine what such a show as this does to a plainly-dressed Senator or member of the House.

Although I would have never thought it possible, it looks now as though Wilson may win his fight in Congress to cut $5 billion from the Air Force funds. The President backed him up and saved the day in the House. But in the Senate the Democrats think they have a first-rate issue out of the Republicans' alleged wrecking of the country's air defense and almost to a man intend to fight for a restoration of something under $2 billion. It will be interesting to see how it comes out. On the serious question of whether our tremendous military establishment is not getting out of hand, it will be important.

Sherman Fowler With First of Iowa Corp.

DES MOINES, Ia. — Announcement is made by First of Iowa Corporation, Equitable Building, that Sherman W. Fowler has become associated with them as Vice-President and Manager of their United States Government Bond Department and Iowa Municipal Bond Department. Effective July 6, Mr. Fowler's affiliation with First of Iowa follows his retirement from Iowa-Des Moines National Bank, where he was Assistant Vice-President in the bond department.

For the past 30 years Mr. Fowler has been in the Bond Department at the Iowa-Des Moines National Bank, where he has worked continuously since Dec. 2, 1904. Mr. Fowler is President of the Iowa Investment Bankers Association, and previously he has served as Secretary-Treasurer of that organization from 1944 through 1952.

Vincent Fitzgerald Aids Kenny Campaign

Vincent Fitzgerald, President of the investment firm, Fitzgerald & Co., Inc., 40 Wall Street, New York, will serve for the second consecutive year as Chairman of the Investment Bankers Division in the Sister Elizabeth Kenny Foundation annual drive for funds. His division is part of the Commerce and Industry Committee. Announcement was made today by the Eastern Area Campaign Office, 507 Fifth Avenue.

"The Kenny Treatment is given free of charge to polio victims at the New York Out-Patient Treatment Center, 71 Park Avenue, and the Eastern Area Sister Kenny Institute in the Jersey City Medical Center," Mr. Fitzgerald said.

"The cost of this treatment averages $3,000 per patient. This is met by the public contributions made each year during the polio season, when the Foundation holds its campaign to raise funds. Here is opportunity for all of us to help prevent polio crippling."

Lee Higginson Adds

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — William Courtney is with Lee Higginson Corporation, 50 Federal Street.

Emil Pikich Joins A. G. Becker & Co.

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Emil J. Pikich has become associated with A. G. Becker & Co., Incorporated, 465 California Street. Mr. Pikich was formerly Manager of the Trading Department for the San Francisco office of William R. Staats & Co. and prior thereto he was with Francis I. du Pont & Co.

Edw. Bredenbeck Now With Gross, Rogers

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Edward W. Bredenbeck has become affiliated with Gross, Rogers, Barbour, Smith & Co., 559 South Figueroa Street, members of the Los Angeles Stock Exchange. Mr. Bredenbeck was previously an officer of Floyd A. Allen & Co., Inc.

O. Victor Wykoff With Marache, Dofflemyre

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — O. Victor Wykoff has become associated with Marache, Dofflemyre & Co., 634 South Spring Street, members of the Los Angeles Stock Exchange. Mr. Wykoff was formerly President of Edgerton, Wykoff & Co.

Newburger, Loeb & Co. Adds to Staff

Newburger, Loeb & Co., members of the New York Stock Exchange and other Exchanges, announce that Mrs. Marion Baldis, Registered Representative, has joined their organization at the branch office at 931 Madison Avenue (74th Street) New York City. Mrs. Baldis had previously been with Shields & Co.

New R. L. Day Branch

MANCHESTER, N. H. — R. L. Day & Co., members of the New York and Boston Stock Exchanges, have opened a branch office in the Amoskeag Bank Building, under the direction of Fred A. Hoyt, Jr.

Socialism in Conservative Britain

By PAUL EINZIG

Dr. Einzig observes that after 20 months in power, the Conservative Party in Britain has done very little to reverse trend toward the "welfare state" as set up by the Labor Government. Cites housing drive and heavier educational outlays, and concludes, "it seems that in Britain the Welfare State has come to stay."

LONDON, Eng. — The first 20 months of Conservative regime in Britain has been characterized by a remarkable contradiction between two trends of policy. On the one hand, Mr. Churchill is doing his utmost to carry out his Election pledges to remove economic controls. On the other hand, the Conservative Government, so far from reversing the Socialist policy of the Welfare State, is in many respects endeavoring to outbid it. This in spite of the realization that, given the present level of production and the state of the British balance of payments, the progress of the Welfare State under the Labor Government had been beyond the country's immediate means.

Dr. Paul Einzig

The Government is taking its time about the removal of various controls. It is proceeding with what is regarded by many Conservatives as excessive caution, taking one step at a time. Over a period of 20 months, however, the list of controls which have been scrapped make very impressive reading. Improvement of world supply positions in 1952 and the declining trend of commodity prices have of course greatly facilitated the task of derationing and removing price controls and subsidies. This process is expected to continue in the near future, even though the final step of restoring the convertibility of sterling may have to be deferred indefinitely. In many directions free competition and unfettered private enterprise has taken the place of Socialist planning and control.

On the other hand the Conservative Government has done relatively little towards modifying other Socialist economic and social policies such as full employment and the Welfare State. Although unemployment is slightly higher than it was two years ago, it has been on the decline for the last year or so. The policy of credit restrictions which tended to create a certain amount of unemployment was only pursued in so far as it was necessary to check the drain on the gold reserve. It was not carried sufficiently far to enable Britain to reconstitute an adequate gold reserve. To do so might have entailed an increase of unemployment to an extent that appeared to be politically inexpedient. Before that stage was reached the monetary policy was softened in the interests of full employment.

As far as the Welfare State is concerned those Right Wing Conservatives who grumble that their Government is pursuing a Socialist policy are not very far from the truth. It is true the Conservative Government imposed some nominal charges on National Health Services. It also materially reduced food subsidies. On the other hand it increased various social service benefits, so that the poorer sections of the community are today no worse off than they were at the time of the change of Government. Indeed, since the rise in the cost of living has been checked for the time being, they are in some ways actually better off. Nor have the millions of wage earners any cause to complain. Their wages have kept in pace with the cost of living. Should even part of the wages demands which are at present under consideration be satisfied the working classes would be actually better off than they were under the Socialist Government — at any rate until the increases of their wages will have produced their inevitable effect on the cost of living.

The Conservative Government has contributed considerably to the development of the Welfare State through the success of its housing drive. The target of 300,000 houses a year is expected to be reached this year. The houses built by the local authorities continue to be heavily subsidized and, for the time being at any rate, rent controls are being maintained. This means that the greater part of Britain's population pays rents which are far below economic levels. There is a possibility of legislation being introduced in the next Parliamentary Session to bring the level of controlled rents more in accordance with present-day conditions. It remains to be seen, however, to what extent the Government will dare to risk unpopularity by enacting a really substantial rise.

The cost of education accounts for a very large proportion of social expenditure. The Labor Government increased this burden considerably through raising the school-leaving age, as a result of which facilities had to be found for 400,000 additional children. This, together with the higher birth rate after the war, resulted in an almost intolerable strain on the existing educational facilities. At the time of the change of Government it was widely expected that as part of the economy drive the school-leaving age might be reduced or the school-entering age raised. This was not done, however. In order to cope with the situation the Government had to increase school building at the time when it felt compelled to cut down productive capital investment.

It seems that in Britain the Welfare State has come to stay, irrespective of the political party which is in office. Two years ago it was widely hoped or feared that with the advent of a Conservative Government social expenditure would be confined to within the limits of what the country could reasonably afford without having to maintain prohibitive taxation. After two Conservative Budgets it has become evident that the extent to which taxation could be reduced through cuts in social expenditure is negligible. The Welfare State has come to stay and the taxpayer has to finance it, whether he likes it or not. It remains to be seen how free enterprise will function under such heavy taxation. So long as prices were rising it received adequate stimulus to expand in spite of the taxation burden. It remains to be seen how things will work out if the present interruption in the upward trend of prices should prove to be of a lasting character.

Hornblower & Weeks, Paul H. Davis & Co. To Consolidate

Arrangements for the consolidation of Hornblower & Weeks and Paul H. Davis & Co., Chicago, to form one of the largest midwestern offices in the securities business is announced.

William R. Rovinsky, senior resident partner in the New York office of Hornblower & Weeks, said the consolidation is expected to become effective about Oct. 1. It is being arranged by Paul B. Skinner, senior resident partner in Hornblower's Chicago office, Paul H. Davis, senior partner of the Chicago firm bearing his name, and Howard E. Buhse, Hornblower managing partner in the negotiations.

Although formed as a successor to the businesses of both firms, the new company will operate under the name of Hornblower & Weeks, which goes back to 1888 when that firm was founded in Boston. Mr. Davis will continue active in the business, and with Mr. Buhse will represent the Chicago group on the executive committee of the overall Hornblower & Weeks organization, of which Joseph T. Walker, Jr. of Boston is Chairman.

The principals said they anticipate that all Davis partners will become partners in the new firm unless they themselves choose otherwise. The consolidation plan was announced to all employees of the two firms.

Both firms will continue to occupy their present quarters in Chicago until arrangements for combined space can be made at a later date.

The action, the principals said, would be the culmination of an exceptionally close relationship between the two companies and their principals through the 37 years since Paul H. Davis & Co. was founded in 1916. Hornblower & Weeks has been the Davis firm's principal New York correspondent through those years, and Mr. Skinner was Mr. Davis's personal sponsor in 1920 when he joined the Chicago Stock Exchange.

Marcus Bros. Admit

CHICAGO, Ill. — Marcus Bros., Board of Trade Building, members of the New York Stock Exchange, will admit Arthur R. Marcus to partnership on July 16.

American Exchange Makes Appointments

The board of governors of the American Stock Exchange, at its regular meeting approved the appointment of Ralph F. Lafferty, R. F. Lafferty & Co., as a member of the board to fill a vacancy and to serve until the next annual election. Mr. Lafferty was also appointed to the exchange's committee on admissions.

The board also approved the transfer of Thomas H. Hockstader, L. F. Rothschild & Co., from the committee on admissions to the committee on finance; the transfer of Alexander R. Piper, Jr., Paine, Webber, Jackson & Curtis, from alternate to full membership on the committee on business conduct and the appointment of Milton E. Reiner, Milton E. Reiner & Co., to alternate membership on the committee on business conduct.

Now Colvin & Stine

SAN FRANCISCO, Calif.—The firm name of Colvin, Mendenhall & Stine, 310 Sansome Street, has been changed to Colvin & Stine.

The Reduction in Bank Cash Reserve Requirements

By ROGER W. BABSON

Mr. Babson, in commenting on Federal Reserve's recent reduction in bank cash reserve requirements and the tightening of money markets, hold an honest attempt is being made by new Administration to prevent inflation. Sees "a businesslike program" in government and points out "Eisenhower does not want a depression." Defends higher interest rates, and says he "is still cautious on general business outlook."

Readers have already seen in the newspapers that the Federal Reserve Board has reduced the reserve requirements which banks must carry. This, directly or indirectly, should help every reader of this column. I wish to explain what it means.

Roger W. Babson

For the past few years every member bank has been required to keep on hand a reserve of various percentages, up to 24%. In other words, when you deposited $100 the bank heretofore has been able to loan only about $80 of this money. This amount varies with different banks and I merely use this figure as a variable illustration. The large city banks have one percentage for reserves; those of the smaller cities have another percentage; but every member of the Federal Reserve System has a required percentage.

During the Eisenhower Administration, when so much less Government money has been freely passed out by Government Bureaucrats, there has been a tightening up all along the line. Farmers have found it more difficult to borrow on crops; builders have found it harder to get mortgages; and every loan by local banks has been scrutinized more carefully. This is all a part of an honest attempt by the new Administration to prevent inflation. In most cases, it has not been due to any change of laws, but to a more careful handling of the Government funds.

Eisenhower Does Not Want a Depression

The above more businesslike program has caused Congressmen to get thousands of letters from readers complaining that applications for loans were being turned down. For fear that this, combined with the droughts from which some sections are suffering and the unsettled foreign situation, might bring about a depression, these Congressmen have been pestering the White House. Probably your Congressman was one of those. Ike in effect replies to them that he will not resort to former carelessness and will continue to handle the Government's money as if it were his own; but if they want to change the rules in a fair and honest manner he will abide by them.

As a result, the Federal Reserve Board, by changing the Reserve requirements, has made it possible for banks to loan more money. Congress has also changed the law enabling veterans to buy more expensive homes with a down payment which could be as low as 5%. Congress is in the process of also loosening up restrictions along other lines. As a result, any farmer, builder or businessman who now has an honest need for funds can—with reasonable security—get a loan. There, however, must be no politics connected with the loan.

What About Money Rates?

Some months ago, I forecast in this column that interest rates would be higher. All the large city banks have since then raised their rate of interest. So have banks of many smaller cities. Whether your own local bank has raised its interest rate since President Eisenhower was inaugurated, I do not know. If, however, it has not already done so, it should "count ten" before it does so now. One thing it certain, when you now attempt to borrow money from your local bank and are refused, the bank can no longer blame it onto the new Administration. I hear this is a popular excuse for turning down loans or raising interest rates by banks in Democratic communities!

When the new Administration came into power you were obliged to put up a margin of 75% when you bought listed stocks, in case you did not pay in full. Soon this percentage was reduced to 50%, which should have made stocks go up in price, but they did not rise. This is a good illustration of how prices are really controlled by fundamental conditions and not by legislation. The old Law of Action and Reaction still continues. "You can lead the horse to water, but you can't make him drink." As to the general business outlook, I am still cautious; but if your local bank doesn't now loan money more freely to good citizens it cannot blame the Federal Reserve or Bureaucrats. The reason will be that businessmen have decided to depend more on honest work, intensive selling and more advertising rather than on borrowing money.

First Boston Group Offer Commonwealth Edison Co. Bonds

Public offering of $40,000,000 first mortgage 3⅝% bonds, series P, of Commonwealth Edison Co., large midwest utility, was made yesterday (July 8) by a nationwide investment banking group headed by The First Boston Corp. The group won the issue at competitive sale Tuesday on a bid of 99.149. The bonds have been repriced at 100 and accrued interest.

The new bonds will be redeemable at the option of the company at prices ranging from 103 in the 12 months ended May 31, 1954 to 100 after May 31, 1982.

Proceeds from the financing will be used in connection with the utility's half-billion dollar construction program for the four-year period, 1953-56. Of these gross additions, $200,000,000 will be for electric generating facilities, $230,000,000 for electric transmission and distribution facilities, $60,000,000 for gas distribution facilities and $10,000,000 for general plant. Completion of the program will result in the addition of approximately 850,000 kilowatts of electric generating capacity to the company's system which has a present net capacity of 3,062,000 kilowatts.

The company, which had gross operating revenues of $304,000,000 in the year 1952, supplies electric service in and around the city of Chicago, Ill., and natural gas service outside Chicago. Approximately 86% of 1952 revenues was derived from electric service and the balance from the company's gas business.

Merrill Lynch Adds

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif. — Robert C. Boaz is with Merrill Lynch, Pierce, Fenner & Beane, 301 Montgomery Street.

Central Republic Adds

(Special to THE FINANCIAL CHRONICLE)

MINNEAPOLIS, Minn. — Marione Y. Arndt has joined the staff of Central Republic Co., Rand Tower.

With Hamilton Manage't

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Robert O. Johnson and Scott A. Wise have joined the staff of Hamilton Management Corp., 445 Grant Street.

With Inv. Service Corp.

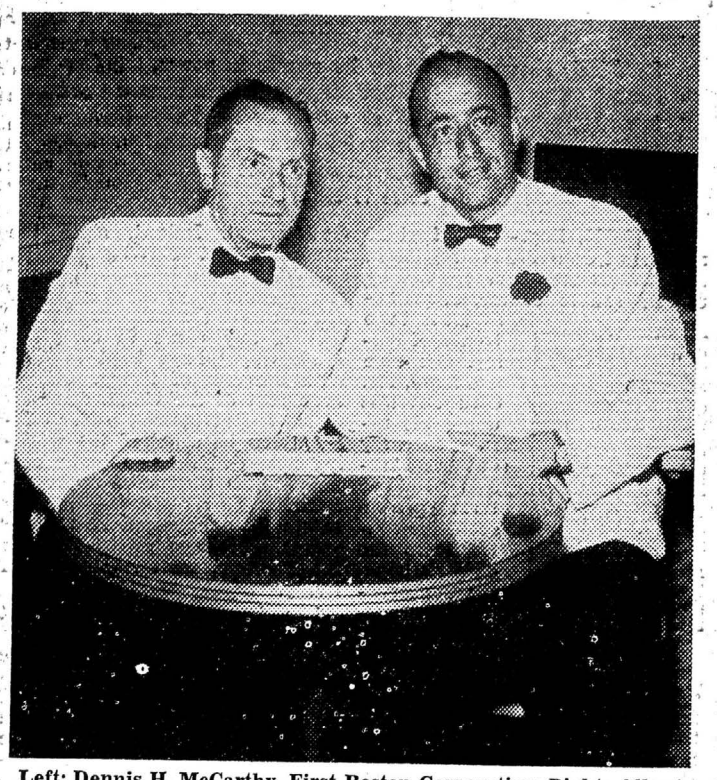
(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—Ralph O. Cottingham has been added to the staff of Investment Service Corporation, 444 Sherman Street.

Alexander Eisemann

Alexander Eisemann, senior partner in Alexander Eisemann & Co., passed away at the age of 67 following a heart attack.

McCarthy to Head San Francisco Bond Club



Left: Dennis H. McCarthy, First Boston Corporation; Right: Albert Schwabacher, Jr., Schwabacher & Co.

SAN FRANCISCO, Calif.—Dennis H. McCarthy, Vice-President of the First Boston Corporation was elected President of the San Francisco Bond Club for the 1953-54 term beginning July 1.

Albert Schwabacher, Jr., of Schwabacher & Company has been elected Vice-President and Frederick L. Morrison of J. R. Williston, Bruce & Company is the club's new Secretary-Treasurer.

Committee Chairmen are A. K. Browne, Vice-President of Bank of America NT&SA, membership; George M. Lowry, Sutro & Company, program; and James L. Sharp, Shuman, Agnew & Company, entertainment.

Capital Markets Active in First Half of 1953

Federal Reserve Bank of New York, in its "Monthly Review," points out capital markets in first half of year provided larger volume of new money than in any similar period since the war.

In a review of the capital markets in the first half of the current year, the July issue of the "Monthly Review of Credit and Business Conditions," published by the Federal Reserve Bank of New York, finds the capital markets provided a larger volume of new money financing in the first half of 1953 than in any half-year period since the war. All told, aggregate intermediate and long-term capital raised by various seekers for funds—business corporations, State and local governments, real estate mortgagors, and the Federal Government—amounted to approximately $11 billion this year through June (net of retirements), about $1½ billion more than in the comparable period last year. The public's savings in liquid form also continued to expand considerably, as indicated by the rate of accumulation in major savings institutions which, in the first half of 1953, was about three-quarters of a billion dollars greater than in the same period a year ago.

Commenting on the impact of rising interest rates on the capital markets, the "Monthly Review" states:

"Despite the expansion in savings, the near record volume of flotations and placements contributed to a marked acceleration of the upward movement of longer-term interest rates which began in 1950. Prices of all types of investment instruments, bonds, stocks, and mortgages, declined substantially, particularly in the second quarter of 1953, and the markets at times encountered difficulties in digesting the enlarged volume of offerings. The Treasury's offering dated May 1 of a $1 billion long-term bond issue, at an interest rate competitive with other bond yields, placed added strain on the long-term capital market. Expectations concerning the size of future demands for funds by the Treasury also contributed to the rise in interest rates. Well before midyear it had become apparent that the Treasury would require from $9 to $12 billion over the last half of the calendar year to cover net government expenditures and net redemptions of outstanding securities, and the uncertain impact of this demand upon the capital market led to anticipatory upward pressure on interest yields.

"Where the added funds would come from in an already tight market became a matter of concern to investors and issuers. Doubts concerning the role that the nation's banks might be called upon to assume in the satisfaction of the aggregate borrowing demand, as augmented by the Treasury's needs, were a further tightening element. These doubts were fostered, in some measure, by the fact that the banking system had already reduced its holdings of short-term government issues considerably over the first four months of the year (while the Federal Reserve Banks were also reducing their government security holdings to offset the seasonal decline in currency circulation and other factors affecting bank reserves). The market was uncertain as to whether adequate bank reserves would become available for seasonal credit needs and whatever demands Treasury financing might make on the banking system. Some of these uncertainties, with their implications of stronger pressures on the markets in the second half of the year, were relieved when the Federal Reserve System began the purchase of Treasury bills in mid-May. The announcement on June 25 of a reduction in the required reserves of member banks, effec-

tive early in July, gave further confidence to the market.

"Rising financing costs as a general reflection of tight capital market conditions created difficulties in marketing long-term debt instruments and led to some cancellations and postponements of corporate and State and local government issues and to further tightness in some segments of the mortgage market. Uncertainties concerning the business outlook, as well as the general improvement in bond yields relative to stock yields, exerted a similar restraining influence upon new equity financing.

New Issue Marketing Difficulties

"The rise in bond and stock yields had significant consequences for investment bankers and investment banking practices and for mortgage originators. The marketing difficulties encountered by investment underwriters of publicly offered corporate security issues were compounded from time to time as one new issue after another fell below the initial offering price to the public. Thus market conditions placed a premium on speed in the distribution of new security flotations, and the period under review provided a test for the registration procedures of the Securities and Exchange Commission and for the practice of competitive bidding. In order to avoid substantial losses, investment banking groups adopted a policy of minimum price support of new issues, early breakups of syndicates, and quick sellouts by individual syndicate members of the unsold portion of underwritten issues at prices usually below initial offering quotations. These conditions widened the spread in yield between the new and the outstanding (or 'seasoned') issues during 1953 as compared with that prevailing during 1952. Over a large part of the first half of the year, investors were able to obtain rates of return on new corporate bond issues ranging from 25 to as much as 50 basis-points higher than on outstanding bond issues of comparable grades.

"The difficulties of marketing new issues led investment bankers in some instances to refrain from bidding for new issues or to advise potential issuers to postpone their proposed offerings until a more opportune time. More frequently, corporate issuers, dissatisfied with the rates of interest required voluntarily withdrew their issues. One compilation of new, publicly offered corporate bond issues that were either reduced, postponed, or canceled altogether during the first half of 1953 totaled approximately $250 million. The proposed sale of several large stock issues was also canceled. The combined total of bond and stock issues that were virtually 'ready to go,' and were then delayed or dropped, may have equaled as much as 7% of gross new corporate security flotations. Refundings, of course, were at a minimum."

With Renyx, Field

(Special to THE FINANCIAL CHRONICLE)

AURORA, Colo. — Chester E. Brannan is now affiliated with Renyx, Field & Co., Inc.

With Courts & Co.

(Special to THE FINANCIAL CHRONICLE)

CHARLOTTE, N. C. — Herbert B. Henry is now with Courts & Co., Liberty Life Building.

W. H. Schroeder Opens

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Walter H. Schroeder is engaging in a securities business from offices at 1302 South Figueroa Street.

William W. Stahl

William W. Stahl, partner in J. H. Brooks & Co., passed away June 30.

Financial Group Forms Canadian Concern

Kuhn, Loeb & Co. and Lehman Brothers in New York join with London and Canadian investment banking firms in organization of Triarch Corp., Ltd. of Toronto to provide financial and advisory services.

A group comprising two leading New York City investment banking firms, London merchant and commercial banking houses, and prominent Canadian businessmen have announced formation in Toronto, Canada, of a new company under the corporate name "Triarch Corporation Limited." The company will have an authorized capital of $10,000,000.

A chief function of the new company will be to provide financial and advisory services to Canadian industrial and commercial enterprises, especially in regard to management problems and the expansion of the Dominion's international trade. In the latter connection, an important activity of the company will be to make arrangements for the provision of capital and management required in the further development of Canada's natural resources and the expanding industry and trade of the Dominion. The services will be provided in close cooperation with Canadian investment banking firms engaged in the underwriting of security issues. Subsidiary activities of the new company will be to advise the clients of its shareholders on Canadian investments and to develop an arbitrage business in international securities.

The two New York investment banking firms participating in the company are Kuhn, Loeb & Co. and Lehman Brothers, which will be represented on the company's Board of Directors by Sir William Wiseman and Harold J. Szold, partners in the respective firms. The London group owns a majority of the capital stock of the company and is headed by S. G. Warburg & Co. Ltd. and Helbert, Wagg & Co. Ltd. Other participants in the London group are Glyn Mills & Co. (bankers, acting on behalf of themselves and their two associated banks, Royal Bank of Scotland and Williams Deacon's Bank Ltd.) and a number of institutional investors.

T. D'Arcy Leonard, President of Canada Permanent Trust Co., Toronto, has been elected Chairman of the Board of Directors and President of the new company; S. G. Warburg, of S. G. Warburg & Co., Ltd., and W. Lionel Fraser, of Helbert, Wagg & Co., Ltd., both of London, have been made Vice-Chairmen of the Board; and A. G. S. Griffin, Toronto, has been designated Managing Director.

Other members of the Board of Directors are A. Russell, of Helbert, Wagg & Co., Ltd., and E. G. Thalmann, of S. G. Warburg & Co., Ltd.; Sir William Wiseman, of Kuhn, Loeb & Co., and Harold J. Szold, of Lehman Brothers; R. C. Berkinshaw, of Goodyear Tire & Rubber Co. of Canada Ltd., and A. W. R. Sinclair, both of Toronto; Wilfrid Gagnon, associated with Canadian finance companies and breweries, A. L. Lawes, of Montreal Shipping Co., Ltd., Noah Timmins, of The N. A. Timmins Corp., and A. E. Walford, of Morgan Department Stores, Ltd., all of Montreal; D. K. MacTavish, of Ottawa; and E. L. MacDonald, prominent in the coal and shipping industries, Halifax.

With Merrill Lynch Co.

(Special to THE FINANCIAL CHRONICLE)

MONROE, La. — William K. Crow has become affiliated with Merrill Lynch, Pierce, Fenner & Beane, Hotel Frances Building.

Mutual Funds

By ROBERT R. RICH

BUSINESS ACTIVITY is expected to continue at a high level during the last half of 1953, according to an economic forecast released by National Securities & Research Corporation, sponsors and managers of a group of mutual funds.

In a "Mid-Year Forecast" prepared by the firm's research staff, net earnings of all U. S. corporations for the full year 1953 are projected at $19 billion compared with $17.9 billion in 1952. Dividends are expected to set a new high of $9.4 billion as compared with $9.1 billion in 1952.

Relative stability of corporate earnings is looked for over the long-term as well, according to an accompanying "Five Year Forecast" (1953-1958) prepared by Frank D. Newbury, the firm's consulting economist.

Mr. Newbury suggests that tax cuts in 1954 and in subsequent years will enable corporations to continue dividend payments at recent high levels, despite some declines in business volume and earnings before taxes.

As to short-term outlook for security prices, National Securities & Research Corporation feels that, "a further moderate decline in Government and high grade corporate bond prices is expected, while municipal bond prices should be better maintained for the balance of the year."

The forecast adds that "while recognizing that the stock market is subject to intermediate reversals of trend and that prices of common stocks may vary widely on an individual basis, we are of the opinion that during the remainder of the year high corporate earnings and dividends will sustain most common stock prices above current levels."

Disposable income this year is expected to total close to $245 billion as compared with $234.3 billion for the year 1952. It is estimated that retail trade will total $172 billion for the full year, as compared with the 1952 record of $164 billion.

As to industrial production, the Federal Reserve Board Index is expected to average 234 for the year 1953 as against 219 last year.

In conclusion, the "Mid-Year Forecast" says that, "during a business cycle industrial earnings and stock market price trends do not always coincide—there is a tendency to rotate between industries, some attaining their peaks while others may be in a declining phase.

"Although a reasonable backlog of bonds and preferred stocks seems prudent," the forecast adds, "adequate investment representation in carefully selected common stocks also appears to be advisable in order to secure the relatively high income available and to participate in the long-term secular growth of successful American corporations."

While Mr. Newbury in his "Five Year Forecast" starts by saying that such a forecast is hazardous at this time of unsettled international and domestic conditions, he adds that it "can be useful in spite of all the uncertainty involved, for testing the most probable course of business in the light of new policies announced by the Washington Administration."

Based on personal, business and government budgets of receipts and expenditures, Mr. Newbury predicts that while gross national product figures will drop from $358.3 billion in 1953 to $330 billion in 1955, they will then ascend on a graduated scale to a high of $390 billion in 1958.

Mr. Newbury concludes that "one of the interesting and highly significant results of this study is the expected stability of corporation profits after taxes and dividend payments despite the expected reduced sales volumes in 1954 and 1955. The relative stability of profits is the result of suggested tax reductions." He adds that, "the stability of corporate dividends and retained earnings is a highly favorable factor that may prevent any considerable decline in stock market averages" over the next five years.

GROUP SECURITIES, Inc., which manages five general mutual funds and 17 single industry funds, reports net assets of $56,233,098 on May 31, end of its fiscal half year, compared with $58,544,045 six months earlier and $56,338,000 on May 31, 1952.

The Common Stock Fund reports assets of $5,749,429, compared with $5,023,730 on Nov. 30 last. Net asset value per share was $8.74 compared with $8.89 at the fiscal year end, a decline of less than half as much as a standard market index, the report states, "by reason of your management's selection of good quality common stocks for The Common Stock Fund."

The Fully Administered Fund, which is managed as though it represented the entire investible funds of each shareholder, reports assets of $6,536,133, compared with $6,699,273 six months earlier. Net asset value per share was $7.70 compared with $7.91 at the fiscal year end.

During the recent months of market decline this fund's holdings of selected common stocks were increased to a present position of about 61% of total assets, compared with 42% six months earlier.

The report states that the market performance of the individual industry funds varied quite widely in conformance with market movements, the outstanding performance being registered by Tobacco Shares, Inc., which advanced in price by 6% during the six months period of general market decline.

Commenting on the market weakness coincident with the Korean truce talks the report states, "Our expenditures for the Korean war amount to only about $5 billion annually—about 1½% of our national production. Consumer spending, at $226 billion, is more than 40 times greater and the current high level of employment, together with some slight decline in the cost-of-living figures, indicates that this year may see a new high in the disposable income of consumers.

"One needs only to recall the sharp market decline in June, 1950, when the Korean war broke out, to refute any claim that war is bullish. It isn't. America not only does not want war—it does not need war to maintain its economy. Its greatest prosperity has always come with peace."

The report reviews the "very substantial adjustments" which have taken place within both the economy and the stock market. Mention is made of the return to sound money and more normal interest rates, the decline in basic commodity prices and lower stock prices. "During the 20 months ended on May 15, 1953," the report states, "while a well-known market index indicated no change in the level of stock prices, only 27 common stocks of the more than 1,000 listed on the New York Stock Exchange, performed like the market (were unchanged in price during this period). Some 501 listed stocks declined by an average of 16.8% and many appear currently to be available on an attractive basis."

Additions to the portfolio of The Common Stock Fund during the period included Blaw Knox, Bucyrus Erie, Combustion Engineering, Fairbanks Morse, Niagara Mohawk and Republic Steel. Prior holdings increased included American Tobacco, Armco Steel, Bethlehem Steel, Consolidated Edison, Corn Products, Inland Steel, Philip Morris, Safeway Stores, Southern Pacific and U. S. Steel Holdings of Johns Manville and American Gas & Electric were eliminated.

BULLOCK FUND, Ltd., a mutual fund under Calvin Bullock management, reports net assets on May 31, 1953 of $14,728,907, or $23.66 per share. This compares with $14,699,797, or $24.30 per share on Nov. 30, 1952, the fiscal year-end, and $13,638,379 or $23.62 per share on May 31, 1952.

With long-term growth as its primary objective, Bullock Fund holdings include shares of companies prominent in the development of atomic energy, gas turbines, plastics, electronics, television, diesel engines, pharmaceuticals, synthetic fibres, jet propulsion and titanium.

Attributing the spring market decline to fears of cutbacks in spending, the report comments: "These are admittedly matters of legitimate concern; but they are largely conjectures as opposed to prevailing economic facts which continue to provide a favorable background for equity investment. Well protected common stock yields continue to be well in line with prevailing interest rates."

A purchaser of stocks on balance during the half year, the Fund's additions to portfolio included 3,000 Admiral, 800 Amerada, 4,000 American Cyanamid, 5,000 du Pont, 2,000 Firestone, 4,000 Portland General Electric, 4,000 Puget Sound Power & Light and 4,000 United States Steel.

Substantial increases to previous holdings included 3,000 Aluminium Ltd., 1,000 Bethlehem Steel, 2,700 Johnson & Johnson, 6,300 Marathon and 1,000 Radio Corp.

American Power & Light, American Radiator, Hazeltine, New York Air Brake, Sinclair, Studebaker, Technicolor and Washington Gas Light were eliminated from the Fund's portfolio.

MID-YEAR report of Diversified Growth Stock Fund — Mutual Fund—shows assets of $9,500,000 and net asset value per share of $7.18, compared with $7.30 on inception of the Fund, Nov. 30, 1952.

Investing in growth stocks, Diversified Growth Stock Fund on May 31, 1953, held 55 issues of common stocks in the following industry categories:

Oil and Gas	22.9%
Electronics and Instrumentation	22.2
Chemical, Drug	20.1
Canadian	7.0
Financial	5.0
Public Utility	4.7
Other Industries	16.5

To illustrate the importance of retained earnings for companies in the growth category, the shareholder report notes that companies in which the Fund invests retained in their business an average of about 55 cents out of every dollar of 1952 earnings. The report lists the consultants from the fields of petroleum exploration, chemistry, electronics, physical optics and metallurgy retained to assist in selecting and supervising the Fund's investments.

LOOMIS-SAYLES Mutual Fund assets are currently $30,000,000. Shares outstanding now total 824,500 shares, an increase of more than 6% since Dec. 31, 1952.

For some time, common stocks have represented approximately 50% of the Loomis-Sayles Mutual Fund portfolio, and over half of the bond portion of the Fund has been invested in short-term issues maturing in less than five years. As a result, the net asset value of the shares has shown only a slight decline during the recent period of market weakness.

INVESTORS purchased more shares of The George Putnam Fund of Boston during the first six months of 1953 than in any previous six-month period, it has been announced by George Putnam, Chairman of the Trustees.

The net amount of new money received from investors during the half year reached a new high of $5,166,000, an increase of 51% over the same period last year.

Total net assets of The Putnam Fund amounted to $62,200,000 as of June 30, 1953, compared with $61,500,000 at the year-end and $57,100,000 12 months ago.

TOTAL NET assets of Investors Selective Fund, Inc., sponsored and managed by Investors Diversified Services, were $13,041,301 as of May 31, a gain of $1,301,805 in six months, the fund's semi-annual report reveals.

Total number of shares outstanding increased from 1,183,989 on Nov. 30, 1952 to 1,334,315 and number of shareholders increased from 4,500 to 5,100 during the period, the report said. The fund's net assets value per share was $9.70, as of May 31, compared with $9.91 Nov. 30.

Reporting on investment management, Investors Diversified Services, Inc., stated that yield of the fund's preferred stocks and bonds has been improved without sacrifice of quality, as a result of higher return available from bonds and preferreds in recent months.

Johnson Asst. V.-P. of Eaton & Howard, Inc.

BOSTON, Mass.—Thomas Johnson of Marblehead has been elected Assistant Vice-President of Eaton & Howard, Incorporated, 24 Federal Street, Boston investment counsel and Managers of the Eaton & Howard Mutual Funds.

Mr. Johnson graduated from Harvard College in 1939 and Harvard Graduate School of Business Administration in 1942. He served for four years in the U. S. Army Air Force and has been associated with Eaton & Howard since March, 1946.

Bank and Insurance Stocks

By H. E. JOHNSON

This Week — Bank Stocks

Operating earnings of the New York City banks for the second quarter of the current year were generally favorable and in line with previous expectations.

Of the 16 major institutions, 14 showed a gain in earnings over the corresponding period of a year ago. Only two showed declines and these in most instances were relatively minor. Comparisons with the first quarter of the year were similarly favorable so that results for the first half of 1953 for most banks were of record proportions and substantially higher than in earlier periods.

In the tabulation below the net operating earnings, exclusive of security profits, for the first and second quarters and the half year of 1953 are compared with those for the corresponding period of 1952. Where the net operating earnings are not available, indicated earnings have been calculated by changes in book values. Also, adjustments have been made for stock dividends, such as National City, but not for the issuance of additional shares as in the case of Bank of Manhattan and Bankers Trust.

	First Quarter 1953	First Quarter 1952	Second Quarter 1953	Second Quarter 1952	Six Months 1953	Six Months 1952
Bank of Manhattan	*$0.63	*$0.46	*$0.66	*$0.51	$1.32	$1.20
Bank of New York	7.04	6.41	7.46	6.18	14.50	12.59
Bankers Trust	0.96	0.98	0.83	0.98	1.79	1.94
Chase National	0.84	0.82	0.87	0.82	1.71	1.64
Chemical Bank	1.02	0.96	1.01	1.00	2.03	1.96
Corn Exchange	1.32	1.23	1.33	1.21	2.65	2.44
First National	*5.40	*5.53	*6.23	*6.87	*11.63	*12.40
Guaranty Trust	0.98	1.04	1.21	0.98	2.19	2.02
Hanover Bank	*1.42	*1.40	*1.42	*1.40	*2.84	*2.80
Irving Trust	0.39	0.39	0.42	0.40	0.81	0.79
Manufacturers Trust	1.37	1.28	1.44	1.30	2.81	2.58
Morgan, J. P.	4.37	4.86	5.19	4.97	9.56	9.83
†National City	1.03	0.91	1.01	0.94	2.04	1.85
New York Trust	2.14	2.11	2.22	2.17	4.36	4.28
Public National	0.93	0.88	1.03	0.83	1.96	1.71
U. S. Trust	5.23	4.49	5.29	4.93	10.52	9.42

*Indicated earnings. †Includes City Bank Farmers Trust Company.

The operating statements of the different banks reflect the trends which have been dominant in bank operations over the past several years—higher loan volume and rising interest rates. The combination of these factors has enabled banks to increase the rate of return on earning assets and show a substantial expansion in gross and net income despite higher operating expenses and increased tax requirements.

This has been the general pattern for the past several years and was an important influence in the operations of the quarter just ended. Another important factor in this period has been losses on securities and tax adjustments. The amount of such transactions and the method of accounting had an important bearing on the amount of earnings reported. For example, a bank which realized sizable losses on security holdings effected a tax saving which reduced taxes for the period. When the tax loss was not charged against earnings, the banks in most cases were able to report an increase in net operating earnings, although total earnings may have actually been lower.

In reviewing the reports for the period it is important that such considerations be kept in mind.

The composition of assets showed only minor changes from the totals of the previous quarter or the figures reported at the end of 1952. The volume of loans outstanding was slightly below the level of March 31, 1953 but considerably above the totals shown at the end of June, 1952. There was some decline in deposits at the New York banks and this combined with the increase in loans necessitated a reduction in holdings of Government securities.

Totals of the two principal items in earning assets, as of June 30, 1952, and June 30, 1953, follow (000's omitted):

	Loans June 30 1953	Loans June 30 1952	U. S. Government June 30 1953	U. S. Government June 30 1952
Bank of Manhattan	$557,850	$507,208	$271,156	$320,624
Bank of New York	188,547	161,675	93,899	148,061
Bankers Trust	959,080	938,497	373,850	460,795
Chase National	2,232,753	2,196,947	1,010,167	1,232,757
Chemical Bank	751,411	720,131	333,984	457,248
Corn Exchange	188,867	144,425	313,353	383,367
First National	255,346	236,504	154,647	227,076
Guaranty Trust	1,332,892	1,397,599	595,180	755,134
Hanover Bank	631,003	609,239	456,625	535,388
Irving Trust	592,324	575,135	250,206	382,368
Manufacturers Trust	927,546	814,092	736,911	822,718
Morgan, J. P.	310,929	284,801	163,502	248,022
*National City	2,283,778	2,184,121	1,408,783	1,628,330
New York Trust	340,974	329,352	183,761	250,376
Public National	288,951	241,264	61,591	107,314
U. S. Trust	58,340	63,674	71,602	72,155

*Includes City Bank Farmers Trust Company.

Secy. Humphrey Explains Budget Deficit

Says Treasury in last fiscal year operated under plans and programs of preceding Administration, under which government expenditures were highest since peak war years. Points out figures on government outlays and revenues "emphasize need for continued strenuous efforts to get our fiscal house in order."

Following the release on July 1 of figures representing the receipts and expenditures of the Federal Government, which showed for the fiscal year ended June 30, 1953 a deficit of $9,389 million, the largest recorded since the peak war years, Secretary of the Treasury George M. Humphrey issued the following statement:

George Humphrey

"The budget deficit for the fiscal year 1953 amounting to $9,389,000,000 was the highest in history except for the two World War periods. This was more than double last year's deficit, and was $3,493,000,000 higher than estimated in the January Budget.

"Budget expenditures of $74,607,000,000 during the fiscal year 1953 reflected the continued rising tide of defense and other spending under plans and programs of the preceding administration. These expenditures were the highest on record except for the peak war years, and exceeded the January Budget estimate by $14,000,000. Although budget receipts fell $3,479,000,000 below the January Budget estimate, the total of $65,218,000,000 set an all-time record —$3,090,000,000 higher than in fiscal 1952, the previous high year.

"These figures emphasize the need for continued strenuous efforts to get our fiscal house in order.

"Difficulties of this size cannot be cured overnight. To bring this situation under control will take many months of vigorous cooperative effort on the part of the Administration, the Congress and the people. Only then can we reach our goal of security, both economic and military."

The budget deficit announced Wednesday night was $3,493,000,000 higher than estimated in the January Budget and compares with a deficit of $4,017,000,000 in the fiscal year 1952.

Budget receipts of the government for the fiscal year ended June 30, 1953 were $65,218,000,000 as against $62,129,000,000 in the previous fiscal year. Expenditures amounted to $74,607,000,000 in the fiscal year just closed as compared with $66,145,000,000 in fiscal 1952.

A comparison of budget results for the fiscal years 1953 and 1952 is shown below (in millions):

	Fiscal Year 1953	Fiscal Year 1952
Receipts	$65,218	$62,129
Expenditures	74,607	66,145
Deficit	$9,389	$4,017

The gross public debt on June 30, 1953, amounted to $266,071,000,000, an increase of $6,966,000,000 during the year. A comparison of the changes in the various classes of the public debt is shown on an attached table.

The financing of the budget dificit during the fiscal year is set forth in the table below:

	(In millions)
Increase in public debt	$6,966
Reduction in general fund balance	2,299
Excess of receipts in trust fund accounts, etc.	125
Budget deficit	$9,389

The Treasury closed the fiscal year with a general fund balance of $4,670,000,000, or $2,299,000,000 less than the balance a year ago.

Driscoll-Hanson Opens

RAPID CITY, S. Dak.—Driscoll-Hanson, Inc. is engaging in the securities business from offices at 508 Eighth Street.

NEW ISSUE

Interest Exempt, in the opinion of bond counsel, from present Federal Income Taxes under existing statutes and court decisions
Exempt, in the opinion of bond counsel, from direct taxation in the State of New Jersey

$150,000,000

New Jersey Highway Authority

(Garden State Parkway)

State-Guaranteed Parkway Bonds
(Series A)

PRINCIPAL AND INTEREST UNCONDITIONALLY GUARANTEED BY THE STATE OF NEW JERSEY, EVIDENCED BY ENDORSEMENT ON EACH BOND

Dated July 1, 1953

Due January 1, as shown below

Principal and semi-annual interest (January 1 and July 1) payable at principal offices of The National City Bank of New York and The National State Bank of Newark, as Paying Agents. Coupon Bonds in $1,000 denomination, registerable as to principal only, exchangeable for fully registered bonds, in denominations of $1,000, $5,000, $10,000 or any whole multiple of $50,000. Coupon and registered bonds interchangeable.

The Series A Bonds maturing on or before January 1, 1963 will not be redeemable prior to maturity. All other Series A Bonds will be redeemable at certain dates, prices and conditions as described in the Official Statement.

Legal investments for Savings Banks and Trust Funds in New York, New Jersey and certain other states

Proceeds of these Bonds are to be applied by the Authority toward financing its costs of construction of the Garden State Parkway project, including redemption of notes issued therefor.

AMOUNTS, MATURITIES, RATES AND YIELDS OR PRICES

700,000	3	1961	2.10	4,000,000	3	1971	2.65	7,400,000	3	1980	100
1,050,000	3	1962	2.20	4,350,000	3	1972	2.70	7,750,000	3	1981	100
1,300,000	3	1963	2.25	4,750,000	3	1973	2.75	8,050,000	3	1982	100
1,600,000	3	1964	2.30	5,150,000	3	1974	2.80	8,400,000	3	1983	3.05%
1,900,000	3	1965	2.35	5,550,000	3	1975	2.85	8,750,000	3	1984	3.05
2,250,000	3	1966	2.40	5,950,000	3	1976	2.90	9,050,000	3	1985	3.05
2,550,000	3	1967	2.45	6,350,000	3	1977	2.95	9,400,000	2¾	1986	3.05
2,900,000	3	1968	2.50	6,800,000	3	1978	2.95	9,700,000	2¾	1987	3.05
3,250,000	3	1969	2.55	(and accrued interest)				10,000,000	2¾	1988	3.05

These Bonds are offered, subject to prior sale before or after appearance of this advertisement, for delivery when, as and if issued and received by us and subject to approval of legality by Hawkins, Delafield & Wood, Bond Counsel to the Authority and by the Attorney General as to the legality of the guaranty by the State. Such offering is not made hereby, but only by means of the offering circular, copies of which may be obtained from such of the undersigned and other underwriters as are registered dealers in this State.

The National City Bank of New York — Lehman Brothers — The Chase National Bank — Bankers Trust Company — First National Bank — The First National Bank of Chicago

Chemical Bank & Trust Company — Halsey, Stuart & Co. Inc. — Harriman Ripley & Co. Incorporated — Smith, Barney & Co. — The First Boston Corporation — Blyth & Co., Inc.

Harris Trust and Savings Bank — The Northern Trust Company — Continental Illinois National Bank & Trust Company of Chicago — C. J. Devine & Co. — Drexel & Co. — Goldman, Sachs & Co.

Kidder, Peabody & Co. — Phelps, Fenn & Co. — The Philadelphia National Bank — Salomon Bros. & Hutzler — Union Securities Corporation — B. J. Van Ingen & Co. Inc.

Bear, Stearns & Co. — Blair, Rollins & Co. Incorporated — Eastman, Dillon & Co. — Equitable Securities Corporation — Glore, Forgan & Co. — Ladenburg, Thalmann & Co.

Merrill Lynch, Pierce, Fenner & Beane — National State Bank Newark — R. W. Pressprich & Co. — Shields & Company — Stone & Webster Securities Corporation — White, Weld & Co.

A. C. Allyn and Company Incorporated — Barr Brothers & Co. — American Trust Company San Francisco — The First National Bank of Portland, Ore. — Ira Haupt & Co. — The Marine Trust Company of Western New York — Mercantile Trust Company St. Louis

F. S. Moseley & Co. — Paine, Webber, Jackson & Curtis — Alex. Brown & Sons — Estabrook & Co. — Hemphill, Noyes & Co. — Hornblower & Weeks — Kean, Taylor & Co.

Reynolds & Co. — Van Alstyne, Noel & Co. — American Securities Corporation — Bache & Co. — Bacon, Stevenson & Co. — The Boatmen's National Bank of St. Louis — Braun, Bosworth & Co. Incorporated

Camden Trust Company — Dick & Merle-Smith — Dominick & Dominick — The First-Mechanics National Bank of Trenton — First of Michigan Corporation — Geo. B. Gibbons & Company Incorporated

Hallgarten & Co. — Hayden, Stone & Co. — A. M. Kidder & Co. — Laidlaw & Co. — Aubrey G. Lanston & Co. Incorporated — Lee Higginson Corporation — Carl M. Loeb, Rhoades & Co.

W. H. Morton & Co. Incorporated — R. H. Moulton & Company — Roosevelt & Cross Incorporated — L. F. Rothschild & Co. — Schoellkopf, Hutton & Pomeroy, Inc. — Seattle-First National Bank

F. S. Smithers & Co. — Trenton Trust Company — Weeden & Co. Incorporated — Wertheim & Co. — Robert Winthrop & Co. — Wood, Struthers & Co. — Adams, McEntee & Co., Inc.

Andrews & Wells, Inc. — A. G. Becker & Co. Incorporated — William Blair & Company — Boland, Saffin & Co. — J. C. Bradford & Co. — Brown Brothers Harriman & Co.

Butcher & Sherrerd — California Bank Los Angeles — Central Republic Company (Incorporated) — Coffin & Burr Incorporated — R. S. Dickson & Company Incorporated — Francis I. duPont & Co. — Eldredge & Co., Inc.

J. B. Hanauer & Co. — Hannahs, Ballin & Lee — Harris, Hall & Company (Incorporated) — Hirsch & Co. — W. E. Hutton & Co. — The Illinois Company — King, Quirk & Co. Incorporated

Laurence M. Marks & Co. — Wm. E. Pollock & Co., Inc. — Julius A. Rippel, Inc. — Schaffer, Necker & Co. — Schmidt, Poole, Roberts & Parke — Shearson, Hammill & Co.

Stern Brothers & Co. — Stroud & Company Incorporated — Trust Company of Georgia — Van Deventer Brothers, Inc. — G. H. Walker & Co. — Chas. E. Weigold & Co., Inc. — Dean Witter & Co.

July 9, 1953

"Syndicats" Outing at Breezy Point Surf Club

(seated) Lillian Neylon, Pauline Lederman, Helen Campbell; (standing) Claire Borick, Marguerite Aimone, Agnes Kimpel, Claire Happener, Ginny Smithers, Mary O'Rourke

(seated) Mary O'Rourke, Winnie Lees, Elayne Whelen, Joan Leonard, Lucy Boyajiaan, Thelma Daley, Claire Happener, Ginny Smithers; (standing) June Blackmore, Lorraine Werner, Eva Tarpinian

'Syndicats' Hold Annual Outing

The "Syndicats," an organization of the secretaries of the Syn-

D. D. Boardman Peggy Cronin

dicate Managers of Wall Street investment houses, held its annual outing at the Breezy Point Surf Club; Claire Borick Friend, Blyth & Co., Inc., was hostess at her cabana at the club.

Officers of the "Syndicats" are Dorothy Dean Boardman, Union Securities Corporation, President, and Margaret Cronin, Lehman Brothers, Treasurer.

Other members are:

Marguerite Aimone, W. C. Langley & Co.; Ruth Ainsworth, Halsey, Stuart & Co.; June Blackmore, White, Weld & Co.; Claire Borick, Blyth & Co., Inc.; Helen Campbell, Lee Higginson Corp.; Edith Canavan, Investment Dealers' Digest; Ruth Curtayne, White, Weld & Co.; Thelma Daley, Blyth & Co., Inc.; Marguerite DeLong, Riter & Co.; Kathleen Gartland, Morgan Stanley & Co.; Jane Hand, First Boston Corporation; Claire Happener, Goldman, Sachs & Co.; Gertrude Harrington, Smith, Barney & Co.; Pauline Lederman, Reynolds & Co.; Winifred Lees, Kidder, Peabody & Co.; Claire Marshall, Shields & Company; Mildred Mathes, Laurence M. Marks & Co.; Mae MacDonald, Blyth & Co., Inc.; Kathryn McCarthy, G. H. Walker & Co.; Jessie Munro, Hornblower & Weeks; Lillian Neylon, Harriman Ripley & Co.; Ruth Ogg, Morgan Stanley & Co.; Margaret Rentelman, Blyth & Co.; Virginia Smithers, Merrill Lynch; Mildred Stevens, Smith, Barney & Co.; Eva Tarpinian, Glore, Forgan & Co.; Lorraine Werner, Stone & Webster Securities Corp.; Lois West, Blyth & Co., Inc.; Elayne Whalen, Blair, Rollins & Co., Inc.; Mary O'Rourke, Reynolds & Co.

Pictures were taken by Marguerite Aimone.

Continued from page 2

The Security I Like Best

its corporate existence (1926 to date).

(3) The company has an unbroken dividend record since 1933.

(4) The company has added a new product, a central cooling unit in combination with its heating equipment for all-year-round temperature control.

The name "Iron Fireman" was coined more than a quarter of a century ago to describe a machine which for the first time made coal an automatic fuel for the home.

The same company that built up Iron Fireman as a dominant name in stokers has now for several years been creating an excellent reputation in oil and gas equipment for homes and industries, and now ranks among the largest in the industry.

In May of 1952, the Iron Fireman Manufacturing Company took over manufacture, sale, and distribution of Petro oil firing equipment from the Petroleum Heat and Power Company, a pioneer in the oil burner field since 1903.

The company has three types of equipment for residential, commercial and industrial use of gas, oil and coal. About half of the homes of America are equipped with central heating units, yet of those only about 50% have automatic heat. Many millions of homes are therefore prospects for stokers, oil and gas burners, which convert existing plants into automatic heating systems. There also remains a large field for conversion of commercial and industrial boilers from hand firing to automatic operating. With Iron Fireman commercial-industrial equipment, you can burn any fuel you wish interchangeably — gas - oil, gas-coal, oil-coal or all three.

Requirements for the new construction market have been variable. Canada and the United States together have a normal need for at least one million new homes a year. Iron Fireman is eminently qualified to bid for this new home market.

A significant product development which should contribute substantially to the company's future is the "package" boiler-burner unit jointly announced by Iron Fireman and the Newanee-Ross Corporation, subsidiary of American Radiator and SS. Corp.

The American public has become more and more interested in complete home comfort through full heat control and air-conditioning. The Iron Fireman management has recognized this fact for some time, and is now bringing out a new central cooling unit in its Cleveland, Ohio plant which can be tied right in with warm air winter air-conditioning units. These new units are now coming off the assembly line. With the current enthusiasm for air-conditioning equipment this could be a material source of new revenue for the company.

According to announcement just released the Iron Fireman Manufacturing Co. has just acquired the business of Swenson Thermal Research, Inc., manufacturers of automatic heating equipment. Included in the transfer, are the production facilities of Swenson Thermal Research, Inc., their management and engineering personnel.

The diversification the company is achieving through these various developments has two important advantages, (1) added stability, and (2) greatly expanded growth possibilities.

The company's contribution to the war effort is effected through the production facilities of the Portland No. 1 Plant, which are devoted to contract work for Boeing Airplane Company, and through the Electronics Division in Portland, where development and production of component parts and finished units are handled under several classified air force contracts.

The company has an unbroken record of profitable earnings in every year since its founding in 1926. Since 1929 dividends have been paid every year except 1933, and in 1934 a 50% stock dividend was paid in addition to cash dividends. Since 1933 the company has paid 76 consecutive quarterly dividends, and three special dividends.

For 15 years prior to 1951 the company paid uninterrupted quarterly dividends of 30c per share. In the fourth quarter of 1951 this was reduced to 25c per share and subsequently to 15c a share which remains the current quarterly rate. The purchase of Petro adversely affected 1952 operations because of the many expenses required to move a sizable manufacturing operation, but should contribute materially in larger gross and net earnings for 1953. Current operating results for the first months are the best since 1946.

At its current price of 14 the stock is selling for about its net working capital of $14.08 per share (as of Dec. 31, 1952). The prospects are for improved earnings as indicated by estimates of operations for the first five months of this year. These facts, plus a management that is able and aggressive, and has demonstrated its ability to cope with changing conditions in our economy, should in my opinion, make these shares attractive at this current level.

Income Statistics (Million $) and Per Share ($) Data

	Net Sales	Inventory	Earnings per Sh.	Dividends per Sh.	Price Range
1952	20.31	5.23	1.05	0.75	14⅝-10¼
1951	17.46	6.42	1.60	1.15	18 -13¼
1950	16.85	4.80	2.74	1.20	18¼-13¼
1949	11.98	4.35	0.85	1.20	17 -13¾
1948	13.23	4.00	1.95	1.20	20¼ 15
1947	12.81	4.21	2.62	1.20	22⅝-16½
1946	11.52	3.80	2.14	1.20	32 -19
1945	17.26	2.37	2.16	1.20	29 -19
1944	18.66	1.94	1.86	1.20	20⅝-17⅝
1943	37.03	4.67	2.50	1.20	21 -14¾

Pertinent Balance Sheet Statistics

	Net Working Capital (Millions)	Book Value per Share	Current Assets to Curr. Liab
1952	$7.27	$20.64	4.0-1
1951	7.55	20.29	4.1-1
1950	5.96	19.73	3.3-1
1949	5.43	18.20	3.5-1
1948	5.59	18.54	4.0-1
1947	4.07	17.79	2.5-1
1946	4.05	16.37	2.4-1
1945	4.83	15.43	2.6-1
1944	3.92	14.47	2.1-1
1943	3.22	13.82	1.4-1

With Wilson, Johnson

(Special to THE FINANCIAL CHRONICLE)

RENO, Nev.—E. Thayer Bigelow is connected with Wilson, Johnson & Higgins of San Francisco.

SEC New Appointments

President Eisenhower names A. Jack Goodwin of Anniston, Ala., and J. Sinclair Armstrong of Chicago, to fill vacancies caused by resignations of Donald C. Cook and Richard B. McEntire.

President Eisenhower on July 2 sent to the Senate the nominations of A. Jack Goodwin of Anniston, Ala., and J. Sinclair Armstrong, a Chicago attorney, as members of the Securities and Exchange Commission.

Mr. Goodwin, who succeeds Donald C. Cook, the Commission's former Chairman, who recently resigned both as Chairman and a member of the Commission, is a 40-year-old banker who supported Mr. Eisenhower in the Presidential campaign. He did not have the endorsement of Alabama's two Democratic Senators, but was recommended by Claude Vardaman, Alabama Republican State Chairman.

Mr. Armstrong, a 37-year-old attorney, succeeds Richard B. McEntire, who resigned last month before his term expired.

Both nominations are expected to get speedy approval from the Senate. This will fill all the vacancies on the Commission, which will be composed of three Republican members and two Democrats. Under the law, one political party can't have more than three members on the agency.

Mr. Armstrong is a partner in the Chicago law firm of Isham, Lincoln & Beale. His SEC term will expire June 5, 1958.

Mr. Goodwin is Vice-President and director of the Anniston National Bank, Anniston, Ala. He is also director of the Birmingham branch of the Federal Reserve Bank of Atlanta. He will serve out Mr. Cook's unexpired term which ends June 5, 1954.

King Merritt Adds

(Special to THE FINANCIAL CHRONICLE)

SPRINGFIELD, Mo. — Louis Boeger is now affiliated with King Merritt & Co., Inc., Woodruff Building.

Randolph Scott Co. Opens

Randolph W. Scott has formed Randolph Scott & Company, Incorporated with offices at 115 Broadway, New York City, to engage in the securities business.

Joins R. A. Harrison

(Special to THE FINANCIAL CHRONICLE)

SACRAMENTO, Calif.—Albert E. Foster has become associated with Richard A. Harrison, 2200 Sixteenth Street.

Securities Salesman's Corner

By JOHN DUTTON

"A New Advertising Idea"

A group of municipal bond dealers in Philadelphia banded together and placed a full-page advertisement offering Pennsylvania School Authority bonds on June 22 in the Philadelphia "Evening Bulletin." Albert Frank - Guenther Law, Packard Building, Philadelphia 2, Pa., handled the job for them. If you are interested in seeing what can be done when it comes to a cooperative advertising effort that might be used in your community, you should send to the agency for a copy of this ad.

Some of the Ideas Presented

The headline took up about a third of the space. Superimposed on the outline of the State of Pennsylvania, the headline stated: "It's Your Income After Taxes That Really Counts!" Then such copy as this: "If your savings or investments are earning a mere 1½%, 2% or even 3%, this message is of utmost importance to you. If your income is over $8,000 a year you cannot overlook these basic facts! If you now own securities, this message will show you how to keep your principal safer and your income more secure."

Analyze this last line again. Isn't that the way to sell securities? But imagine saying that (you can keep your principal safer) about any other securities you may offer that are subject to SEC regulations, the statement of policy, or current NASD restrictions. You probably couldn't do it. But you can when you offer municipals. But let's go on with the ad.

How's This for Copy That Sells?

Here are some of the facts that make them so attractive at this time (referring to Pennsylvania School Authority Bonds): **No Income Tax to Pay on the Income You Receive**—Unlike dividends on stocks or income from mortgages, savings associations, savings banks or all corporate and many other bonds, the interest payments you receive from Pennsylvania School Authority bonds are totally exempt from all present Federal Income Taxes. Every dollar interest you receive is yours to do with as you wish." (Isn't that telling it straight and putting it on the line?)

Or how about this—**"School Authority Bonds Are a Quality Investment."** (Wonder what the statement-of-policy fellows would do if you said that about a Mutual Fund?) Some more straight from the shoulder selling:

"In the first place, you know how much your income payments will be every six months. You are not dependent upon dividend declarations. You know the exact date the bonds will mature and the exact number of dollars the Authority promises to pay you at maturity. . . . . Trust Companies, Trustees of Estates and other similar groups buy them because of their high intrinsic value, liberal income and tax-free features." Shades of the SEC and the NASD! Isn't that just something — using such phrases as high intrinsic value, liberal income, and language like that?

And We Even Have Romance

Nor was romance omitted from the copy as will be seen in the following quotation: **"Remember the one room school house? Perhaps you attended one. Potbelly stove, poor lighting, few 'basic' conveniences, and at least a two-mile walk each way. They did their job remarkably well. But today's vastly increased population, demands for vocational training, a far broader scope of teaching, call for modern educational facilities. Your investments in Pennsylvania School Authority Bonds help finance facilities for your children and for our children's children for years ahead. Yes Pennsylvania School Authority Bonds are for everyone. Be sure to find out about specific issues currently available. The best way to do that is to mail the coupon today."**

* * *

If you are interested in municipals a copy of this ad should give you ideas for at least five single advertisements. If you would like to see what an agency can do with financial advertising when they are not hamstrung by SEC regulations, you should read this ad just to get yourself straight on the way the Securities and Exchange Commission is hampering constructive sales efforts in the retailing of corporate securities. You couldn't begin to write copy like this—that flows, that tells and that sells—with present regulations chopping you down after every word.

When you see a picture of a smiling father, his wife and their baby holding a School Authority Bond and you read the caption "Best of all, you don't have to be a millionaire to enjoy all of the advantages this high grade investment offers," you can say to yourself—what if I could advertise like his about Mutual Funds, local securities, or other corporate investments? **And May I Ask, What Is Wrong With It?**

Bache Adds to Staff

Bache & Co. announce that George M. Joyce, Guilo P. Ghiron and William Needle have become associated with the firm as registered representatives in the main office, 36 Wall Street, New York City. Paul Sarnoff has joined the firm as a registered representative in the Chrysler Building office.

L. F. Rothschild Adds

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—Robert J. Kaufmann is now associated with L. F. Rothschild & Co., 30 State Street.

With Gibbs & Co.

(Special to THE FINANCIAL CHRONICLE)

WORCESTER, Mass.—Aniela M. Kernozek has been added to the staff of Gibbs & Co., 407 Main Street.

With Harris, Upham

(Special to THE FINANCIAL CHRONICLE)

MINNEAPOLIS, Minn.—Robert A. Harvey has become associated with Harris, Upham & Co., Northwestern Bank Building.

Reserve Requirements Reduced

In a supplement to "Regulation D" the Board of Governors of the Federal Reserve System on June 25 reduced reserve requirements on demand deposits of member banks. Following is the text of the Board's statement on the reduction:

"To all member Banks in the Second Federal Reserve District:

"The Board of Governors has reduced reserve requirements on net *demand* deposits of all member banks, as follows:

"Effective July 1—from 14% to 13% at country banks.

"Effective July 9—from 20% to 19% at reserve city banks, and from 24% to 22% at central reserve city banks.

"The present and the new requirements on demand deposits are as follows:

	All member banks	Central reserve city banks	Reserve city banks	Country banks
	(In millions of dollars)			
Present requirements:				
Percentage	--	24	20	14
Amount*	17,229	5,981	6,886	4,362
New requirements:				
Percentage	--	22	19	13
Amount*	16,073	5,482	6,541	4,050

*Estimates are based on net demand deposits as of the last half of May, and do not include requirements against time deposits.

"This step was taken in pursuance of Federal Reserve policy, designed to make available the reserve funds necessary to meet the essential needs of the economy and to help maintain stability of the dollar. The reduction, releasing an estimated $1,156,000,000 of reserves, was made in anticipation of the exceptionally heavy demands on bank reserves which will develop in the near future when seasonal requirements of the economy will expand and Treasury financing in large volume is inescapable. The action is intended to provide assurance that these needs will be met without undue strain on the economy and is in conformity with System policy of contributing to the objective of sustaining economic equilibrium at high levels of production and employment."

Manley, Bennett Co. Admits Partners

DETROIT, Mich.—John O. MacFarlane and Robert A. Benton, Jr. have been admitted as general partners in Manley, Bennett & Co., members of the New York, American and Detroit Stock Exchanges.

Both men have been on Griswold Street for some time. Mr. MacFarlane, formerly Executive Vice-President of the Detroit Stock Exchange who came with the firm last year, is a graduate of Olivet College and has a broad background in banking, sales and finance. Mr. Benton entered the investment field in 1946 following three years duty with the U. S. Marine Corps where he attained the rank of Captain. A University of Missouri graduate, his former investment associations have been with Cray, McFawn & Co. and S. R. Livingstone Co.

Recently enlarged offices of the Detroit investment banking and brokerage firm are at 1100 Buhl Building.

Mills, Spence & Co., Inc. In New York City

Mills, Spence & Co., Inc. has been formed with ofices at 115 Broadway, New York City, as an affiliate of Mills, Spence & Co., Limited of Toronto.

Our Reporter on Governments

By JOHN T. CHIPPENDALE, JR.

The new deficit financing by the Treasury in the form of tax anticipation certificates fits fairly well into the current pattern of the money market and as such was in line with what had been looked for by followers of the government market. There had been considerable talk about the new issue and its term well in advance of the official announcement so there was no air of mystery about what was finally offered by the Treasury. The 2½% obligation has been well received with the commercial banks, the principal buyers, although it is expected that corporations will eventually be among the important owners of the tax anticipation certificates.

Activity in the government market still centers around the short-term issues in spite of the enlargement of the supply of these securities by the Treasury. On the other hand, the longer-term obligations have had a bit more volume and this has been accounted for mainly by tax switches, state fund purchases, and professional operations.

No Surprise

The offering of $5,500,000,000 of 2½% tax anticipation certificates by the Treasury was in line with expectations. To be more specific, these certificates which are dated July 15, 1953 and mature on March 22, 1954, and can be used in the payment of Federal income taxes, were pretty well touted around the financial district before the announcement was made officially by Secretary of the Treasury Humphrey. It seems as though it is the policy of the present monetary authorities to let the financial community have some fairly definite ideas about what will be done in the way of financing ahead of the official pronouncement. To be sure, this follows the old line of "open mouth operations" but the record so far has shown these rumors and reports to be just about in line wth what has eventually been undertaken by the Treasury.

First Issue 1934

The present financing of the deficit through the use of tax anticipation certificates is the first time this type of security has been used since January, 1934. This difference between the tax anticipation certificates and tax anticipation bills is that the Treasury sets the interest rate on the certificates and they are sold at par whereas the bills are sold at a discount on a competitive basis. It is expected that the commercial banks will be the principal takers of the tax anticipation certificates, with corporations buyers of them from the deposit institutions as they accumulate tax reserves. The commercial banks will pay for these certificates by crediting the government "tax and loan account" and until these funds are withdrawn by the Treasury the deposit banks will not have to put up the full amount of cash needed to meet the subscription price.

Tailored to Fit

It is indicated that the Treasury is hopeful that a sizable amount of the tax anticipation certificates will eventually be bought by corporations as they build up funds that will be used to make payments on income taxes. In the last half of the calendar year the corporations pile up tax reserves which are used to meet the large March income taxes. Nonetheless, the Treasury in this borrowing as in others that are done in this way in anticipation of taxes or in the financing of the deficit through the deposit banks will be adding to the money supply and to that extent there will be more inflationary pressure put upon the economy. However, it seems as though the monetary authorities had only "Hobson's Choice" and that was short-term obligations that would be bought by the commercial banks.

Highest Rate Since 1933

There will no doubt be considerable buying of the tax anticipation certificates by institutions that are in the ultimate investors classification, such as pension funds, charitable organizations and others of this type because the rate is high enough to attract funds of these organizations. They point out that the interest rate of 2½% for eight months (which incidently is the highest short-term rate the Treasury has borrowed at since March, 1933) is satisfactory to them and since they have money that can be put to work in such a security they are going to make commitments in the new certificates. In addition, by next March there may be considerable changes in the money markets and it might be an opportune time in which to have funds available for investment.

Liquidity Main Factor

Activity in the government market has been helped by the reduction in reserve requirements even though this increase in volume has been mainly in the near-term obligations. The additions to the supply of short-term securities by the Treasury in financing the deficit by the use of this type of issue has not to any great extent dulled the appetite for this kind of obligation. There still seems to be a very strong liquidity preference around and this results in purchases of the most stable and marketable issues which are the short-term Treasury securities. No immediate change in this attitude is indicated.

Factors Making for Bond Stability

National City Bank of New York, in the July issue of its "Monthly Bank Letter," finds Federal Reserve authorities prepared to use its facilities to prevent severe money market strain

In the July issue of the National City Bank of New York's publication, the "Monthly Bank Letter," note is taken of the improved sentiment during June in the U. S. government bond market. This is taken as a move by the Federal Reserve authorities to ease their policy of restraint and to use their facilities to prevent an undue strain on the capital markets. According to the "Monthly Bank Letter":

"June brought a halt to the previous five months' accelerating decline in bond prices. Improved sentiment was most conspicuous in the market for U. S. government obligations but it also permeated into corporate bonds. State and municipal obligations remained under pressure of continued heavy offerings though even here sentiment seemed a little less gloomy toward the close of the month. One factor in the turn was some feeling—reflected also in the stock market—that business volumes might ease off in the months ahead, relieving the strain of private demands on the money and capital markets and leading the Federal Reserve authorities to ease their policy. Other influences were a withdrawal of some projected bond flotations combined with a broadening demand for top grade corporate issues.

"Still another factor, and one of most critical importance, was steady buying of Treasury bills for the account of the Federal Reserve Banks. These purchases, which totaled $735 million from May 6 to June 24, were interpreted as an indication that the authorities were mindful of the dangers inherent in the excesses of pessimism which had afflicted the market as well as willing to supply additional funds required to finance seasonal credit requirements in the months ahead. On June 25 the Federal Reserve Board confirmed these impressions by easing member bank cash reserve requirements, effective July 1 and 9, thus releasing $1.1 billion funds previously required to be held uninvested. In announcing this action, the following explanatory statement was issued:

"'This step was taken in pursuance of Federal Reserve policy, designed to make available the reserve funds necessary to meet the essential needs of the economy and to help maintain stability of the dollar. The reduction, releasing an estimated $1,156,000,000 of reserves, was made in anticipation of the exceptionally heavy demands on bank reserves which will develop in the near future when seasonal requirements of the economy will expand and Treasury financing in large volume is inescapable. The action is intended to provide assurance that these needs will be met without undue strain on the economy and is in conformity with System policy of contributing to the objective of sustaining economic equilibrium at high levels of production and employment.'

"Treasury Secretary Humphrey, in answer to inquiries, issued the following statement:

"'The Federal Reserve Board acted on its own responsibility but after full consultation with the Treasury. Its action is an orderly continuation of the standing policy of providing the reserves needed for seasonal demands of business and finance and for necessary Treasury financing. The action is entirely consistent with the policy of restraint of inflation without too drastic credit restrictions.'

"The Treasury helped the bond market regain its bearings by allowing its cash balances to decline, limiting its borrowings in the market to Treasury bills, and tiding itself over the strain of semi-annual interest payments due June 15 to a larger extent than usual by direct borrowing from the Federal Reserve. At the close of the month the direct borrowings, which reached $1,172 million June 16, were extinguished and the Treasury was developing plans to return to the market with a short-term offering."

New Sutro Branch

ALBANY, N. Y.—Sutro Bros. & Co., members of the New York Stock Exchange, have opened a branch office at 17 Elk Street under the management of J. Erwin Hyney.

R. B. A'Hearn Opens

BUTLER, Pa.—R. B. A'Hearn has opened offices in the Mellon Bank Building, to conduct a securities business. Mr. A'Hearn was formerly associated with Reed, Lear & Co. in Butler.

W. G. Cowell Co. Opens

TRAVERS CITY, Mich.—Wayne G. Cowell is engaging in the securities business from offices in the State Bank Building, under the firm name of Wayne G. Cowell & Co.

NEWS ABOUT BANKS AND BANKERS

CONSOLIDATIONS
NEW BRANCHES
NEW OFFICERS, ETC.
REVISED CAPITALIZATIONS

Eugene Tucci, with **Union Dime Savings Bank,** New York, for 41 years, retired from the bank on July 1. Mr. Tucci joined the staff in 1912 as an interpreter in the New Account Department. He has held various positions in the bank throughout his career.

* * *

Frank A. Sherer, Senior Vice-President of the **Corn Exchange Bank Trust Company, of New York,** has been elected a director of the bank.

CORN EXCHANGE BANK TRUST CO., NEW YORK

	June 30,'53	Mar. 31,'53
	$	$
Total resources	782,580,876	791,155,311
Deposits	729,046,841	737,466,036
Cash and due from banks	235,966,664	230,883,477
U. S. Government security holdings	313,353,017	332,282,795
Loans & discounts	188,867,090	179,459,158
Undivided profits	5,862,793	5,458,767

* * *

At a meeting of the Board of Directors of **The National City Bank of New York,** held on July 7, Hollingsworth Bell and Herbert F. Schelhorn were appointed Assistant Cashiers. Assigned to the Domestic Branch. Administration of the Bank, Mr. Bell and Mr. Schelhorn were formerly Assistant Managers.

THE NATIONAL CITY BANK, NEW YORK

	June 30, '53	Mar. 31, '53
	$	$
Total resources	5,762,668,401	5,823,569,978
Deposits	5,267,520,007	5,315,875,701
Cash and due from banks	1,496,745,018	1,525,570,859
U. S. Govt. securities	1,335,996,807	1,294,061,070
Loans & discts.	2,276,555,200	2,278,586,052
Undiv. profits	69,773,277	68,288,977

* * *

At a meeting of the Board of Directors of **City Bank Farmers Trust Company,** held on July 7, Charles E. Clark was appointed an Assistant Trust Officer and Edward A. Hartnett was appointed Assistant Secretary.

* * *

CITY BANK FARMERS TRUST CO., NEW YORK

	June 30,'53	Mar. 31,'53
	$	$
Total resources	128,198,180	133,673,264
Deposits	92,270,402	97,868,810
Cash and due from banks	21,811,887	20,331,252
U. S. Government securities	72,785,965	75,845,231
Loans & discounts	7,223,452	10,814,049
Undivided profits	11,638,507	11,554,356

* * *

THE CHASE NATIONAL BANK OF THE CITY OF NEW YORK

	June 30, '53	Mar. 31, '53
	$	$
Total resources	5,431,112,862	5,437,494,347
Deposits	4,947,735,457	4,954,659,825
Cash and due from banks	1,422,425,616	1,366,472,305
U. S. Govt. secur. holdings	1,010,167,079	920,663,748
Loans and bills discounted	2,362,752,559	2,463,009,141
Undiv. pdofits	50,373,403	47,723,098

* * *

GUARANTY TRUST CO. OF NEW YORK

	June 30, '53	Mar. 31, '53
	$	$
Total resources	2,862,855,622	2,899,021,670
Deposits	2,433,966,762	2,458,141,987
Cash and due from banks	796,080,119	743,936,607
U. S. Govt. secur. holdings	595,179,891	560,267,893
Loans & discts.	1,332,892,467	1,412,594,356
Undiv. profits	88,468,697	87,080,240

* * *

MANUFACTURERS TRUST COMPANY, NEW YORK

	June 30, '53	Mar. 31, '53
	$	$
Total resources	2,700,243,933	2,691,583,352
Deposits	2,474,464,789	2,467,462,046
Cash and due from banks	764,421,608	773,130,290
U. S. Govt. secur. holdings	736,910,957	763,515,295
Loans & discts.	927,546,020	864,060,190
Undiv. profits	24,784,011	22,597,290

BANKERS TRUST CO., NEW YORK

	June 30, '53	Mar. 31, '53
	$	$
Total resources	1,999,329,808	1,993,656,049
Deposits	1,775,610,081	1,771,093,432
Cash and due from banks	560,911,275	536,340,177
U. S. Govt. secur. holdings	373,850,379	322,909,044
Loans and bills discounted	959,079,948	1,015,234,997
Undiv. profits	40,460,394	40,201,432

* * *

CHEMICAL BANK & TRUST COMPANY, NEW YORK

	June 30, '53	Mar. 31, '53
	$	$
Total resources	1,835,951,490	1,824,896,373
Deposits	1,656,555,479	1,649,048,037
Cash and due from banks	557,727,274	491,720,706
U. S. Govt. secur. holdings	333,983,883	353,243,836
Loans & discts.	751,411,282	777,398,221
Undiv. profits	17,380,634	16,070,884

* * *

THE HANOVER BANK, NEW YORK

	June 30, '53	Mar. 31, '53
	$	$
Total resources	1,656,764,805	1,657,263,935
Deposits	1,481,890,711	1,486,563,267
Cash and due from banks	490,514,211	476,814,131
U. S. Govt. secur. holdings	456,625,565	451,667,042
Loans & discts.	631,002,897	643,009,513
Undiv. profits	19,114,867	18,614,330

* * *

IRVING TRUST COMPANY, NEW YORK

	June 30, '53	Mar. 31, '53
	$	$
Total resources	1,307,391,726	1,308,216,840
Deposits	1,156,451,856	1,153,348,614
Cash and due from banks	370,771,936	350,961,639
U. S. Govt. secur. holdings	250,206,095	251,951,528
Loans & discts.	592,324,493	601,183,260
Undiv. profits	17,568,994	16,903,858

* * *

BANK OF MANHATTAN CO., NEW YORK

	June 30, '53	Mar. 31, '53
	$	$
Total resources	1,303,330,778	1,289,054,451
Deposits	1,179,351,277	1,143,110,832
Cash and due from banks	395,656,024	367,567,257
U. S. Govt. secur. holdings	271,156,679	272,545,373
Loans & discts.	557,850,666	571,367,621
Undiv. profits	15,947,300	15,221,561

* * *

J. P. MORGAN & CO. INCORPORATED NEW YORK

	June 30,'53	Mar. 31,'53
	$	$
Total resources	787,602,124	788,017,012
Deposits	706,215,503	706,098,966
Cash and due from banks	239,540,595	214,677,664
U. S. Government security holdings	163,502,432	171,478,740
Loans & bills discounted	310,929,466	321,163,463
Undivided profits	11,981,517	11,587,264

* * *

THE NEW YORK TRUST COMPANY, NEW YORK, N. Y.

	June 30,'53	Mar. 31,'53
	$	$
Total resources	765,318,911	737,053,832
Deposits	677,141,580	644,553,215
Cash and due from banks	212,208,813	182,397,356
U. S. Government security holdings	183,761,398	173,359,812
Loans & discounts	340,974,102	344,173,326
Undivided profits	13,362,015	12,779,637

* * *

THE PUBLIC NATIONAL BANK AND TRUST COMPANY OF NEW YORK

	June 30,'53	Mar. 31,'53
	$	$
Total resources	517,860,718	526,934,598
Deposits	462,089,160	474,038,119
Cash and due from banks	120,883,782	128,359,538
U. S. Government security holdings	61,590,915	78,146,986
Loans & bills discounted	288,950,910	273,663,253
Undivided profits	11,812,847	11,406,032

* * *

THE MARINE MIDLAND TRUST CO. OF NEW YORK

	June 30,'53	Mar. 31,'53
	$	$
Total resources	453,823,581	457,718,903
Deposits	414,442,654	410,256,921
Cash and due from banks	143,290,149	132,380,864
U. S. Government security holdings	100,953,618	114,594,022
Loans & discounts	195,715,993	196,010,201
Undivided profits	5,830,163	5,483,443

* * *

Lincoln Savings Bank of Brooklyn, has declared the 233rd consecutive dividend paid to its depositors since the bank was founded. The Lincoln is celebrating, this year, its 87th anniversary and is stressing the fact that "Four-score and Seven Years" of service has been rendered since the bank started operations in 1866. The theme is taken from the opening words of Lincoln's Gettysburg Address.

* * *

BROWN BROTHERS, HARRIMAN & CO., NEW YORK

	June 30,'53	Mar. 31,'53
	$	$
Total resources	216,565,359	209,100,388
Deposits	182,144,784	175,228,298
Cash and due from banks	47,283,757	49,514,347
U. S. Government security holdings	49,247,099	45,632,314
Loans & discounts	52,034,486	51,325,879
Capital and surplus	14,285,284	14,265,284

* * *

THE STERLING NATIONAL BANK & TRUST COMPANY OF NEW YORK

	June 30,'53	Mar. 31,'53
	$	$
Total resources	137,473,959	137,949,823
Deposits	127,780,299	128,334,757
Cash and due from banks	30,015,113	34,990,293
U. S. Government security holdings	47,468,960	46,534,235
Loans & discounts	53,959,718	51,334,633
Undivided profits	1,344,906	1,314,326

* * *

J. HENRY SCHRODER BANKING CORP., NEW YORK

	June 30,'53	Mar. 31,'53
Total resources	$98,263,247	$98,937,859
Deposits	69,932,689	70,336,497
Cash and due from banks	10,930,771	12,115,356
U. S. Government security holdings	50,354,568	42,268,827
Loans & bills discounted	14,250,955	19,994,647
Surplus and undivided profits	4,250,885	4,153,738

* * *

SCHRODER TRUST CO., NEW YORK

	June 30,'53	Mar. 31,'53
Total resources	$47,682,910	$45,612,119
Deposits	41,553,233	39,563,641
Cash and due from banks	10,704,900	12,196,109
U. S. Government security holdings	27,591,797	22,873,350
Loans & discounts	8,559,195	9,710,721
Surplus and undivided profits	3,252,234	3,134,051

* * *

CLINTON TRUST COMPANY, NEW YORK

	June 30,'53	Mar. 31,'53
Total resources	$31,447,978	$31,440,364
Deposits	29,061,943	29,026,899
Cash and due from banks	7,818,582	7,911,416
U. S. Government security holdings	10,816,398	11,465,155
Loans & discounts	10,171,862	9,409,109
Surplus and undivided profits	1,021,321	996,439

* * *

KINGS COUNTY TRUST COMPANY, BROOKLYN, N. Y.

	June 30,'53	Dec. 31,'52
Total resources	$53,343,733	$56,147,886
Deposits	43,809,591	46,585,775
Cash and due from banks	8,471,087	11,487,933
U. S. Government security holdings	13,647,206	19,262,006
Loans & discounts	11,169,585	4,910,164
Undivided profits	885,714	834,260

* * *

The County Trust Co. in White Plains, N. Y., marked its 50th anniversary on July 1 as officials of the $220 million bank recalled that the end of the first day's business on July 1, 1903, showed exactly $100 in deposits. In 1905 County Trust's total assets reached $1 million—a figure that had swelled to $3½ million at the time of the bank's first merger in 1920. At the end of its first half-century, The County Trust Co. has deposits of more than $220 million, capital funds in excess of $15 million and operates 23 offices in various Westchester communities.

* * *

FIRST NATIONAL BANK AND TRUST CO. OF PATERSON, N. J.

	June 30,'53	Jan. 5,'53
	$	$
Total resources	205,978,032	210,859,431
Deposits	190,248,188	195,387,389
Cash and due from banks	30,904,729	36,358,339
U. S. Government security holdings	52,492,737	55,546,082
Loans & discounts	32,922,007	30,019,545
Undivided profits	4,126,951	3,917,277

* * *

At a special meeting on June 25 the stockholders of the **Bank of Commerce of Newark, N. J.,** approved a proposal to split the bank's stock 10-for-1 by reducing the present par value of the 2,000 outstanding shares from $100 to $10. The Newark "Evening News" of June 26 reporting this, further said in part:

"Also approved was a declaration of a 50% stock dividend giving stockholders of record June 9 one share for each share held. Stockholders voted also to approve an issue of 30,000 new shares, with holders receiving rights to subscribe to one share at $15 for each share held. The capital changes would bring the total number of shares to 60,000; 20,000 as a result of the stock split; 10,000 from the stock dividend, and 30,000 additional new shares. Of the proceeds of $450,000 from the sale of new stock, $300,000 would be added to capital, bringing the total to $600,000, and $150,000 to surplus. New stock not taken up by shareholders will be offered publicly."

An item bearing on the above proposals which have been approved, appeared in our issue of June 18, page 2653.

* * *

The Prospect National Bank of Trenton, N. J., increased its capital, as of June 16, from $200,000 to $220,000 by a stock dividend of $20,000.

* *

F. Lewis Barroll has retired after a career of 47 years at **Girard Trust Corn Exchange Bank, Philadelphia.** Since 1942 he had been in charge of the bank's investment portfolio. Mr. Barroll started as a clerk and messenger boy for the bank in January, 1906. He worked his way up to become an officer in 1917 and, after a series of promotions, was made Vice-President in charge of the Banking Department in 1942.

* * *

FIDELITY-PHILADELPHIA TRUST CO., PHILADELPHIA, PA.

	June 30,'53	Mar. 31,'53
	$	$
Total resources	250,932,273	249,070,246
Deposits	219,583,997	218,033,623
Cash and due from banks	56,663,512	55,856,844
U. S. Government security holdings	52,932,716	49,704,478
Loans	114,420,298	115,292,568
Undivided profits	4,850,901	4,719,093

* * *

The National City Bank of Cleveland, Ohio, and the Directors of the **Equity Savings Association of Cleveland,** have entered into an agreement by which the National City Bank will purchase the assets and assume the deposit liabilities of the Equity Savings Association. This agreement is subject to the approval of the stockholders of Equity who will vote on the matter at a special meeting on Aug. 6. This statement was made jointly on July 1 by Sidney B. Congdon, President of the Bank, and David W. Frackelton, President of the Savings Association. The savings depositors of Equity will continue ot receive 2% interest per annum on their savings accounts, this being the same rate to be paid to the bank's savings depositors beginning July 1. The two present

Continued on page 31

Railroad Securities

Denver & Rio Grande Western

All sections of the stock market continue in the doldrums. Volume is light and while the tone has been steady, and the rails are still out-performing the other groups, price changes for the most part have been fractional. The apathy of investors and speculators alike stems more from uncertainty than from concrete fears or any other influence. It is generally felt that the overall business outlook over the visible future is highly favorable and that heavy armament expenditures will be with us indefinitely. On the other hand, there is concern over the trend of farm commodity prices, obvious anti-inflationary influences in the Administration, and the unsatisfactory progress in the Korean truce negotiations. Eventually these problems will be resolved but in the meantime potential security purchasers are obviously content to continue sitting on the sidelines.

Psychologically it may not be too difficult to justify the lack of interest in securities. Statistically it is impossible to support this investment apathy, particularly in the case of a number of individual railroad stocks. A good example may be cited in Denver & Rio Grande Western common. The stock is selling at little more than four times reported 1952 earnings of $19.46, before sinking funds, and there appears to be little question but that results this year will top those of last year by a substantial margin. Moreover, with these earnings there is considerable optimism in financial circles as to the possibility of an increase in the present $4 dividend rate, although such action may be postponed because of the still heavy program of expenditures for additions and betterments.

Under any circumstances 1952 earnings of $19.46 a share would look impressive. They are even more so when it is recalled that Denver & Rio Grande Western last year was up against a number of unusual developments that adversely affected its revenues and earnings. At the outset the road had to contend with unusually heavy snow and severe cold weather. Then, there were floods in the late spring. Finally, there was the steel strike that lasted through most of June and July and a number of coal mine and other strikes along the line during the year. This year the road has been far more fortunate with respect to weather conditions, and serious strikes have been held to a minimum throughout the country.

One thing that has impressed railroad analysts in connection with Denver & Rio Grande Western is the complete change in the character of its operations during the past 20 years. In the old days Rio Grande was largely a local carrier dependent mostly on traffic generated in its own territory which, in turn, was largely agricultural. Now Rio Grande is an integral segment of an important transcontinental freight route. This change was made possible by the extensive program of property rehabilitation not only of the company's own lines, but also, the lines of the connecting Western Pacific and Chicago, Rock Island & Pacific. The nature of Rio Grande's business has also been affected by the establishment of a major iron and steel industry in the Provo-Geneva area of Utah. This has given the company a major stake in the heavy goods industries. The improvement in the company's basic traffic status is accepted by rail analysts as being of a permanent nature.

Added to the improvement in the company's traffic position, and probably even more important, has been the increased operating efficiency stemming from the large sums spent on the property and for new equipment, particularly diesels. This increased operating efficiency has been reflected in a sharp reduction in the transportation ratio which represents the cost of actually handling and moving the traffic. This improving trend in operating efficiency has continued unabated in the current year. For the five months through May the transportation ratio was down to 29.3%, a phenomenal record for a mountainous carrier, compared with 33.5% in the like interval a year earlier. With revenues also higher than in the preceding year, net income jumped nearly 65%, to $3,942,000 in the first five months of 1953. There was a gain in net income of $1,540,892, equivalent to $4.38 a share on the common stock. Without any further year-to-year betterment from here on this would indicate earnings of $23.84 a share for the full year 1953. Actually there is little question but that there will be further relative gains in June and July and prospects over the final months are favorable. On this basis it is not inconceivable that the highly leveraged Rio Grande common could report earnings of as high as $30 this year.

Joins Schirmer, Atherton

(Special to THE FINANCIAL CHRONICLE)

HARTFORD, Conn. — Frank O. Moses has become associated with Schirmer, Atherton & Co., 49 Pearl Street. He was formerly with Shearson, Hammill & Co., and Tifft Brothers.

With Gordon Graves

(Special to THE FINANCIAL CHRONICLE)

MIAMI, Fla.—David C. Eldredge has become associated with Gordon Graves & Co., Pan American Bank Building.

With King Merritt

(Special to THE FINANCIAL CHRONICLE)

DAVENPORT, Iowa—George E. Scott is now with King Merritt & Co., Inc.

F. I. du Pont Adds

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Katherine Lane has been added to the staff of Francis I. du Pont & Co., 677 South Figueroa Street.

With Edgerton Lofgren

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Roscoe C. Williams, Jr. has become affiliated with Edgerton, Lofgren & Co., 609 South Grand Avenue. Mr. Williams was previously with Floyd A. Allen & Co., Inc., and Marache, Sims & Co.

Continued from page 4

Last of Picketing Comments

make the practice illegal. I believe that if a person wants to join a union they have that right, and anyone who does not want to associate himself with the union should not be required to join in order to earn a living. I believe that if an employee wants to work he should be allowed to do so and should not be intimidated by a picket line. In our business of supplying natural gas, certainly our thousands of customers depending upon the service should not have their health and safety interfered with by a strike that might only be caused by a handfull of people, and if other employees were willing to continue the operation in the interest of hundreds of cities and towns and thousands of citizens, they should be allowed to do so without being intimidated by a picket line.

L. E. LEVERONE
President,
Nationwide Food Service, Inc.,
Chicago, Ill.

For the first time in many years, there seems to be some measure of agreement between business men and leaders of organized labor that there should be some amendment to present Federal labor legislation, including the Taft-Hartley Act and possibly the National Labor Relations Act.


L. E. Leverone

It struck me, from time to time, that many of the phases of these statutes are clumsy and unworkable; yet, at the same time, I am inclined to agree with the feeling of a large segment of industry, that the principal fault is not with the law itself, but rather with the manner of administration. It must be agreed that there have been many cases where the laws were stretched to socialistic extremes because of a strong pro-labor bias in past administrations. The rules of fairness were cast aside, and even in some cases the courts themselves refused to intervene in what appeared to be weird interpretations of the law.

It is my personal conviction that the new Administration, under President Eisenhower, should be given an opportunity to determine the flaws and inefficiencies now prevailing in labor legislation through actual administration of these Acts. If, after a period of a year or two, it still appears that revisions or amendments are necessary, then such changes should be made at that time.

I feel very strongly that it would be unwise to inject what might be termed "pro-business bias" at this time. It would be preferable to search for a good middle ground after due and sufficient deliberation.

W. ROSS McCAIN
Chairman of the Board,
Aetna Insurance Group,
Hartford 15, Conn.

In writing on the subject of picketing, I do so purely as an individual. I retired some two years ago from active duty in the Aetna Insurance Co. and do not have the right to express an opinion which could be considered as an official opinion of the Aetna Insurance Co.

My own opinion is that peaceful picketing should be permitted. I do not believe that mass picketing should be allowed under any circumstances as it is *prima facie* evidence of a desire to coerce whenever there is mass picketing.

I do not believe that any picketing should be allowed that in any way interferes with the egress or ingress of the premises, either on the part of the employees or of the public. Any interference with this right of egress or ingress should be protected by the laws and those in charge of the enforcement of the laws.

Unfortunately there is a feeling on the part of many that the labor unions are above the law and are not subject to its provisions. This is a dangerous sentiment and one that should be corrected by the acts of those charged with the enforcement of the law.

It seems to me that the union should have the right to have pickets to furnish the information that the concern is on strike but these pickets should not in any way molest customers or employees.

E. R. MELLEN
President, Weston Electrical Instrument Corporation,
Newark, N. J.

Dating back to a period of almost 50 years ago, it does not seem to me that the general policy followed in picketing has changed materially. Recalling experiences as a boy in a mill town in New England in the days of the I. W. W., it seems to me that as you consider picketing nowadays, it still carries substantially the same arrangements as it did then with, however, perhaps some improved organization through the use of automobiles, loud-speakers, etc.

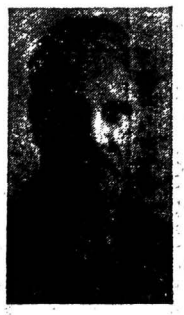

Earl R. Mellen

With few exceptions, there is no question but what it is an infringement of property rights and civil liberties, as it is generally used as a weapon for enforcement of demands by the unions. Invariably, when a strike is called, the union and its representatives endeavor to keep all employees from entering a plant, whether or not they are employees of the union. Apparently the only way to curb such rough-house tactics is to obtain an injunction restricting the number of pickets and the space between each picket, thereby permitting non-union employees, customers and others to enter a struck plant. Unless, therefore, there is full support from the local authorities, it may be advisable on the part of some managements to close a plant completely, rather than run the risk of loss of life or injury to persons on their property, as a result of the strike procedure.

When management has attempted to offset mass picketing, then, of course, a real battle ensues and it is a question of which human rights are being protected. In this country where rules of law should govern and objectives obtained through negotiation, the use of force and violence, as so frequently happens under picketing procedure, should not be permitted. Whether it is possible to have so-called peaceful picketing, where employees, customers and others are not intimated as they attempt to enter a plant where a strike exists, is rather doubtful based on experience.

E. J. RIES
President, Ritter Company, Inc.,
Rochester, New York

Under the Constitution all of our people are entitled to perform work of their own choice and we believe to be denied this privilege by picketing is an infringement of property rights and civil liberties. We, therefore, strongly feel that the Act should be amended to make this practice illegal.


E. J. Ries

HON. GEORGE N. CRAIG
Governor, State of Indiana

Relative to my opinion on picketing, I have the following to suggest: It is my belief that peaceful picketing, that does not destroy property, is proper demonstration on the part of labor that a disagreement exists between employees and employer.

Employees have the right to bargain collectively the same as employers. It is my belief that any rules or regulations applying to employers should apply to employees when same can be made applicable.

FREDERICK McDONALD
President,
State Bank of Albany, N. Y.

I do not see how any good American citizen could think of putting in any labor act any reference to picketing against an entrance to a building in which an American citizen worked. I think that picketing infringes on property rights and civil liberties, and if I had a decision to make I would certainly advocate that the Act be amended to make the practice illegal, although in my opinion the Courts should declare it illegal at the present time.

JOHN J. RYBARSYK
Director of Personnel and Labor Relations,
Hayes Manufacturing Corp.,
Grand Rapids 2, Mich.

As to the legality of picketing, permit me to say that it is my understanding that the Taft-Hartley Law was designed to put unions and employers on an equal footing in regard to bargaining strength.

Picketing, in my opinion, tends to weaken that footing inasmuch as it violates property rights, civil and individual liberties and therefore, should be outlawed.

FROM AN UP-STATE NEW YORK READER

When working for a large corporation from the latter part of the last century to the coming of the New Deal, I was as big a union bigot and dupe as any other union member. My belief then was that the stockholders and management were a bunch of parasites who did nothing but rob the workers of a large part of what the workers alone produced. At long last, after voting four times for Roosevelt, came the understanding that our high production and high standard of living were due to more and better tools provided by the savings of thrifty stockholders and to the skill of management in organizing their use in production. More than two thousands years ago a Greek engineer said that if he had a fulcrum strong enough and a lever long enough he could lift the world with his own weight. Tools are our economic fulcrum and management the lever, by means of which the union worker, with less and less exertion, gets the credit by union leaders for raising production higher and higher.

What the dearth of more and

better tools means in production can be seen in the case of bricklayers, who, with the same tools they used a hundred years ago, can lay no more bricks than they could lay a hundred years ago. They can lay as many no doubt but don't, not by 50 or 60%, with a corresponding reduction in exertion. There are grounds for thinking this same reduction in exertion applies to most other union members. It may be said here that any union worker who claims a special skill was well paid while acquiring this skill—entirely different from the custom a hundred years ago, when apprentices had to work four or five years at low wages before they became journeymen.

Labor leaders are diligent in trying to make union members think their gains come out of the corporation, instead of out of the corporation's customers. In fact the corporation's position these days between the union monopolists and the consumer body is like that of the monkey between the organ-grinder and the householder. The gains of union members must come, not out of the corporation money, but out of the consumers. Naturally, it is good policy for the union leaders to try to keep the consumers from realizing that they lose what the unions gain.

It is a question whether the arming of the unions with the Wagner Act or the Taft-Hartley Act and the pre-New Deal labor laws, the corollary strife, strikes, picketing, slowdowns, featherbedding, restictions on union output, kind of work, place of work, use of power tools, etc., has brought any exceptional gains to even the union worker. In the pre-New Deal days, when the unions were more a gesture than a menace, the standard of living of the union workers and all the rest of the people was advancing as fast as the savings of the thrifty, the discoveries of research workers, the skill of management, could increase production. Now the union leaders try to get more than production justifies, by taking it out of the unorganized. If this involved no sabotage of production, the unorganized would lose no more than the union gain. This is not the case, however, for each dollar gained by the unions means the loss of several dollars by the unorganized through the decrease in production due to strikes, picketing, sabotage, etc. The unions are like the wreckers of ancient days, who destroyed $100 of ship and cargo to get $1 of salvage drifting ashore.

In the old competitive, free enterprise days—the pre-New Deal days—every worker, by and large, got what he was worth, due to his freedom to quit and go elsewhere. Now, by the threat of union monopoly, some of the workers are able to get, not what they are worth, but what they want, at the expense of the unorganized. To permit union members, a fraction of all workers, to rob the unorganized indirectly through inflation due to monopoly wage increases, is little better than giving union members letters of marque to rob the unorganized directly by taking money out of their pockets.

One many may have the right to walk down the middle of the street, but not a thousand men for the purpose of blocking traffic. One man may have the right to walk across a bridge at any gait he chooses, but not a thousand men in step for the purpose of shaking the bridge loose from its moorings. One man may have the right to stare in a store window as long as he pleases, but not a thousand men for the purpose of blocking entrance to the store. It is my belief that one man has the right to quit work, but not a thousand men at the same time for the purpose of sabotaging production.

It is claimed that strikes are the only way to rectify wrongs. There is no proof that such workers are worse off than many of the unorganized consumers, who pay for strike-gained wage increases. Quite likely the union member has a larger income than many consumers. The New Deal and pre-New Deal labor laws are ways of stacking the economic cards for the union pressure groups. If we must continue to favor union pressure groups for the sake of their votes, a simpler way would be do away with all economic card stacking and provide a special consolation prize for union members in the form of a poll tax on all unorganized workers for division among union members. This would be practically the equivalent of what now is being done, but the loss in production due to strikes would be avoided.

As far as recollection goes, Stalin favored for this country only policies that he thought were harmful to it. Stalin was enthusiastic for labor unions—in this country. Therefore labor unions must be harmful to this country, or at least Stalin thought they were. If there is any flaw in this logic, it is not evident at this moment.

It is sometimes said that if there is no picketing there can be no collective bargaining. This is the same as saying that there would be plenty of workers to man the factory machines if they were not prevented from entering the factory. This proves that the wages are not unfair in the view of new workers. As to doing away with collective bargaining, there is no such thing to do away with. What is called "collective bargaining" is just a collective stick-up; the union always gets an increase of some kind and the consumer a decrease. If there were any desire for justice at the so-called collective bargaining table, a group of the fixed income people should be there, together with some of the average stockholders, to tell their sides of the stock.

Peaceful picketing—if there is any such thing—may be as intimidating for the long run as the threat of an immediate beating at the factory gate. Recognition of the entering worker does the damage. After the strike is over, the "scab" may find his tools strangely missing. He doesn't dare leave his machine running while he goes for a drink, or something may happen to it. He may find his lunch defiled. He may have to wait hours for crane service. He may get threats to his children, stones through his windows with attached messages like this:

"Join up or we will cut little Mike's ears off and send them to you in a box."

"Mrs. Swift, your husband is a rat and a scab and a traitor to the working people. If you value the lives of your children heed this warning."

His mates may refuse to talk to him. In mental turmoil about his wrongs he may make errors in his work. Such things are enough to drive a man half crazy. All this can be avoided by making strikes and picketing illegal.

It is said that there must be pickets to provide would-be workers with strike information. It is more than likely that such workers are thoroughly informed on the situation and need no facts from pickets. All information available from pickets could be provided by newspaper advertisements, bill-boards, notices at the factory gate, etc.

It is claimed that no one has a property right to not have "truthful statements" made about him.

Ten of these "truthful statements" were quoted by the Westinghouse Co. in the New York "Herald Tribune," Feb. 13, 1946. One of these was:

"Here's part of the plot against YOU; both GE and Westinghouse for months have withheld radios, refrigerators, washing machines, electric irons and other needed electrical appliances from the market."

Westinghouse thought otherwise about such "truthful statements" in these words:

"This charge, too, is completely false. Getting our products on the market as quickly as possible is a matter of business life-or-death to Westinghouse, as it is to each of our competitors."

Communist papers in Russia are filled with lies designed to make the Russian people hate their best friends, the American people, with the hope apparently of making Communist power more secure.

Union papers are filled with lies designed to make the workers hate their best friends, their employers, with the hope apparently of making the union leader's power more secure.

It seems hardly likely that printed lies in union papers will be discarded for true statements on the picket line, for it is generally the custom to use oral lies with greater abandon than printed lies.

It has been suggested that the States be allowed to make their own laws in regard to strikes, picketing, etc. This looks like a fine idea, with a good chance that in at least some of the States the consumer will finally have an inning against the organized pressure groups.

The unions of engineers, chemists, scientists, etc., to produce more and better things at less and less cost, have been a large factor in raising the standard of living in this country.

On the contrary, the labor unions are designed, not to produce more but to get more, often by producing less; while the standard of living has risen, not because of them but in spite of them.

If an army commander had to limit his plans to those the individual soldiers approved as best for themselves at the moment, it would bring disaster to the army and therefore to the individual soldiers themselves.

When an industrial commander has to trim his plans to those approved by union members at the moment, it stymies production and therefore limits the rise in the standards of living, not only for the unorganized but for the union members themselves. Therefore I believe that union despotism is harmful, not only to the unorganized in the short run, but to the union members themselves in the long run.

Am still working among union men and sign, not constant reader, but "Now-and-then Reader."

A. F. Pike Joins Kidder, Peabody

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Alan F. Pike has become affiliated with Kidder, Peabody & Co., Russ Building. Mr. Pike was formerly with John Nuveen & Co. in Connecticut and prior thereto was with Merirll Lynch, Pierce, Fenner & Beane.

Irving Lundborg Adds

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Wm. F. Tumelty has become connected with Irving Lundborg & Co., 310 Sansome Street, members of the New York and San Francisco Stock Exchanges.

With Managed Inv.

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Richard O. Atkinson has become affiliated with Managed Investment Programs, 41 Sutter Street. He was previously with Davies & Co. and James Ebert Co.

With Mutual Fund Assoc.

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Theodore M. Mann is with Mutual Fund Associates, 444 Montgomery Street.

Public Utility Securities

By OWEN ELY

United Gas Improvement Company

United Gas Improvement Company was formerly a very large holding company, but it was one of the few which had been capitalized on a sound basis, and hence has been able to pay dividends on common stock in each year since 1885. From time to time it has disposed of various holdings either by exchange for its own shares, by distribution to stockholders, or by sale. The latest distribution was made on April 17 when 1/10 share of Niagara Mohawk Power and 1/20 share of Consumers Power were distributed for each share of its own stock outstanding, the market value at time of distribution being $4.62 a share.

Recently the company has been selling its remaining investment holdings, which have an estimated market value in the neighborhood of $3.5 million. At the end of 1952 the company had a strong current position, and liquidation of the remaining portfolio should give the company about $5-$6 million cash available for additions or betterments. It appears likely that much of this cash will be used to convert customers' gas appliances over a substantial part of the System from 520 BTU to 800 BTU per cubic foot, which cost will then be amortized over a 10-year period. Total expenditures for expansion and improvements for 1953 are estimated at $8.7 million but part of this can be obtained from surplus income and depreciation charges. No public financing would, therefore, seem necessary in 1953.

The company retained operating subsidiaries with annual revenues of about $21 million, and these were merged with the parent company at the end of 1952. Of the total revenues, about 70% reflected gas sales, 24% electric and 6% miscellaneous operations. The company receives $800,000 a year for managing the municipally-owned Philadelphia Gas Works, with revenues of some $41 million.

Gas operations benefited in 1951 by partial use of natural gas and late in 1952 substantially larger quantities of natural gas became available. Last year the company's catalytic plants, using natural gas to enrich manufactured gas, supplied 72.5 million cf. per day while water gas plants supplied 28.7 million cf. and liquefied petroleum gas plants 9.2 million. Presumably the catalytic plants will now be used to turn out 800 BTU gas.

Probably due to economies from natural gas, as well as a rate increase, earnings for the 12 months ended March 31 showed an increase to $2.42 compared with $1.96 in the previous period. For the March quarter 85c was reported compared with 65c last year. The rate increase of about $1,050,000 received last year was not fully reflected in the latest earnings. On the other hand, the company's dividend income from its utility portfolio, now about disposed of by distribution and sale, will reduce miscellaneous income which last year approximated $1,127,000. Loss of this income may more than offset the remaining improvement due to the rate increase, but there should be further economies due to the increased use of natural gas. With the increase to 800 BTU for a substantial part of the System, future gains might accrue from an increase in the house-heating load.

The company now has an extremely conservative capital set-up, approximately as follows:

Funded Debt	$16,600,000	24%
4¼% Preferred Stock	2,500,000	4
Common Stock Equity (1,343,034 shs.)	50,400,000	72
	$69,500,000	100%

It appears likely that the company can easily finance further expansion, or perhaps the acquisition of other gas companies, by increasing its senior securities, since an equity ratio of 50% would appear ample. It may be conjectured that any such move has been deferred until the company completed its program to comply with the Public Utility Holding Company Act, which is now almost effected.

It is difficult without careful study to properly estimate future share earning-power, but it seems possible that this might be in a range of about $2.50-$3.00, the latter figure allowing for the leverage benefits of possible future financing through sale of senior securities.

The present cash dividend rate is 43c quarterly or $1.72 per annum which returns a yield of 5.18% on the stock at the recent price of 33¼. Based on the latest earnings for the 12 months ended March, the price-earnings ratio approximates 13.8. The stock has had an approximate range in 1952-53 of 38-30, and after adjustment for the stock distribution in April, would currently be selling close to its former high.

Pledger Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Joseph Sattler has become associated with Pledger & Company, Inc., 210 West Seventh Street, members of the Los Angeles Stock Exchange. Mr. Sattler was formerly with Floyd A. Allen & Co. and prior thereto was with Standard Investment Co. of California and Gross, Rogers & Co.

With Davies & Co.

(Special to THE FINANCIAL CHRONICLE)

SAN MATEO, Calif.—David Elliott, Jr., is now with Davies & Co., 100 Benjamin Franklin Court.

Joins Merrill Lynch Staff

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Jas. W. Murphy is now connected with Merrill Lynch, Pierce, Fenner & Beane, 301 Montgomery Street.

Joins Paul Rudolph Co.

(Special to THE FINANCIAL CHRONICLE)

SAN JOSE, Calif.—Murray Ross has been added to the staff of Paul C. Rudolph & Company, Bank of America Building.

With J. W. Hicks Co.

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—Robert R. Seamon has become affiliated with J. W. Hicks & Co., Inc., Colorado Building. He was previously with E. I. Shelley & Co.

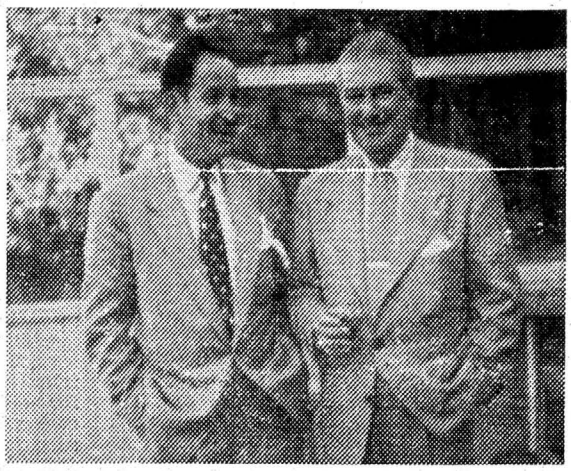
Joins Lester, Ryons

(Special to THE FINANCIAL CHRONICLE)

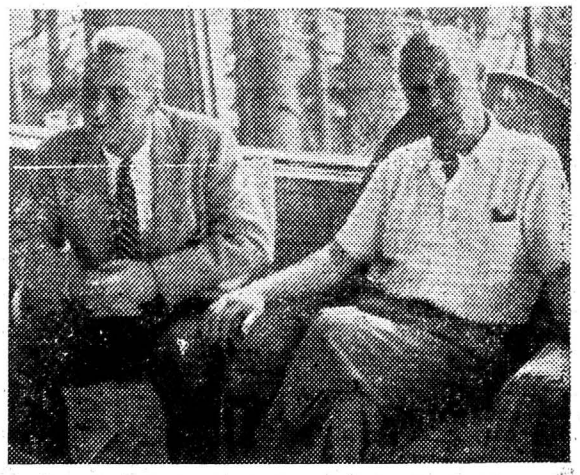
SANTA MONICA, Calif.—Edward M. Furlong is now with Lester, Ryons & Co., Bay Cities Building. He was formerly with Crowell, Weedon & Co.

Security Traders Association of Los Angeles

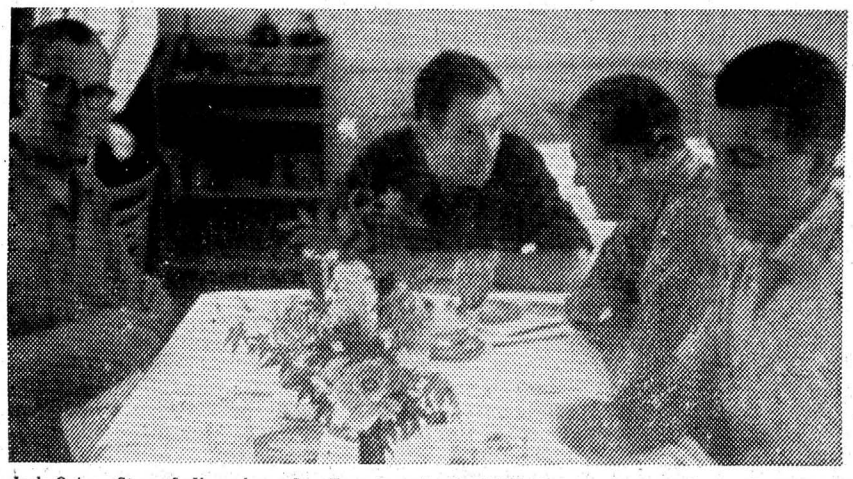
Bob Bates, *Marache, Dofflemyre & Co.;* Bud Tuttle, *Gross, Rogers, Barbour, Smith & Co.*



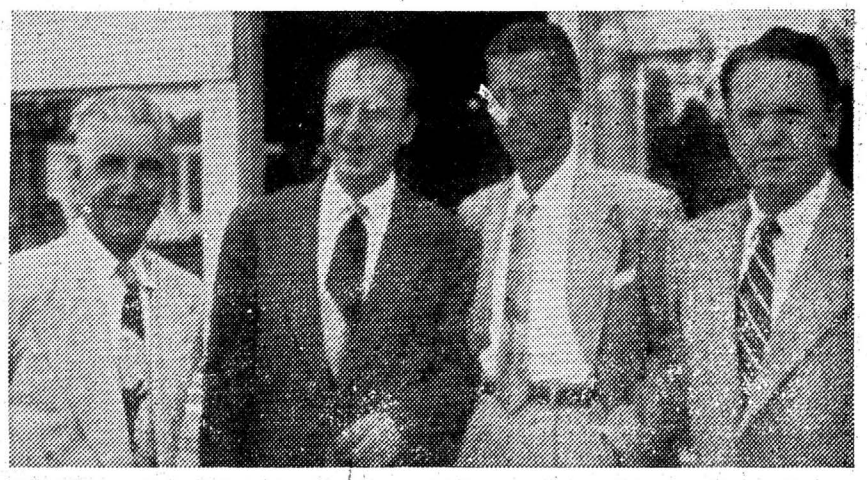
Richard R. O'Neil, *Fairman & Co.;* Chick Harkins, *Blyth & Co., Inc.,* San Francisco



John C. Hecht Jr., *Brush, Slocumb & Co.,* San Francisco; John C. Hecht, Sr., *Dempsey-Tegeler & Co.*

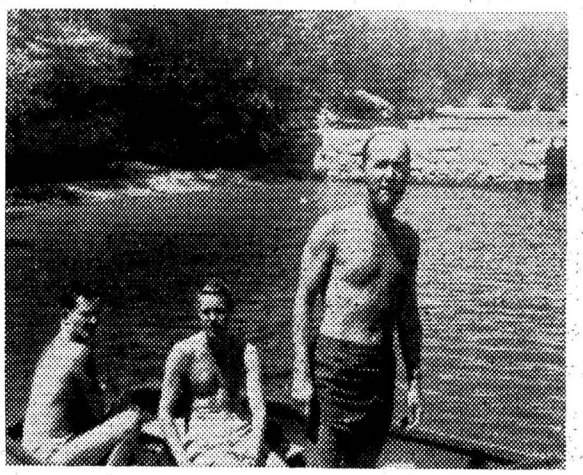


Jack Quinn, *Stone & Youngberg,* San Francisco; R. R. O'Neil, *Fairman & Co.;* Charles B. Harkins, *Blyth & Co., Inc.,* San Francisco; Walter Vicino, *Blyth & Co., Inc.,* San Francisco

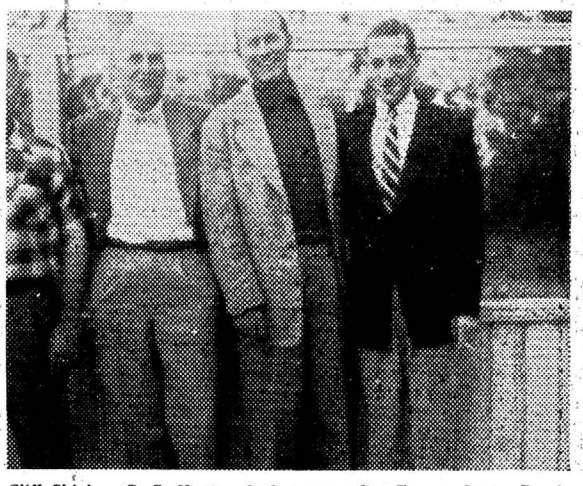


Norm Hudson, *R. L. Colburn Co.;* Bud Dorroh, *William R. Staats & Co.;* Roy Warnes, *Shearson Hammill & Co.;* George Earnest, *Fewel & Co.*

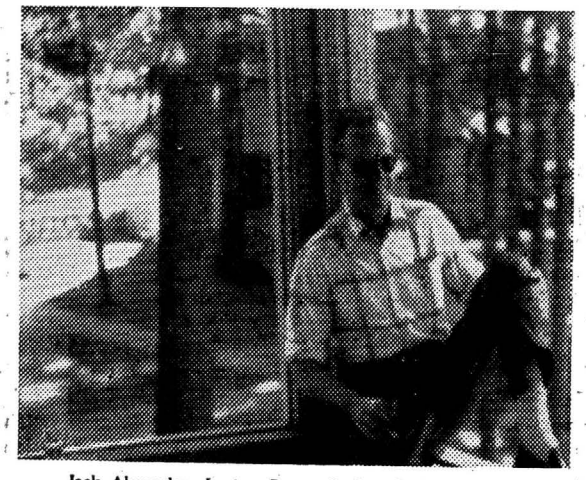
John C. Hecht, Jr., *Brush, Slocumb & Co., Inc.,* San Francisco; Chester Glass, *William R. Staats & Co.;* Chuck Livingstone, *Crowell, Weedon & Co.*



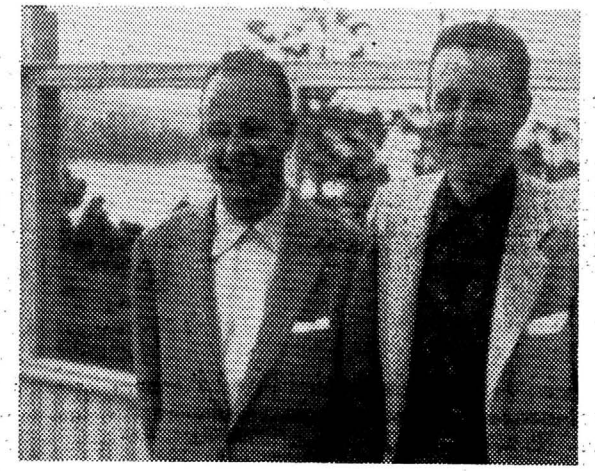
Thomas D. O'Neil, *J. Barth & Co.;* Earl Berry, *First California Company, Inc.;* Max Hall, *Dean Witter & Co.*



Cliff Shipley, *E. F. Hutton & Company;* Jim Fraser, *Stern, Frank, Meyer & Fox;* A. W. McCready, Jr., *Walter C. Gorey & Co.;* Jim Zink, *Walston & Co.*



Jack Alexander, *Lester, Ryons & Co.;* Graham Walker, *Joseph McManus & Co.,* New York

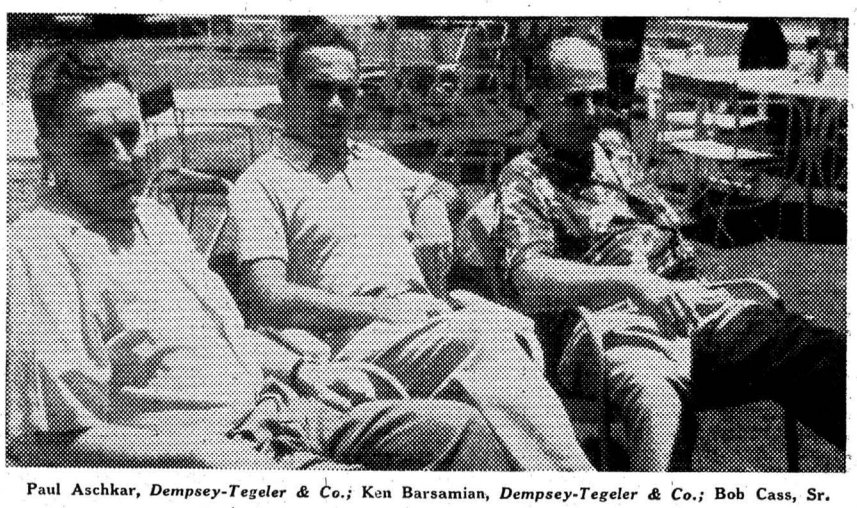


Homer Wessendorf, Jr., *William R. Staats & Co.;* Bob Cass, Jr., *Dempsey-Tegeler & Co.*

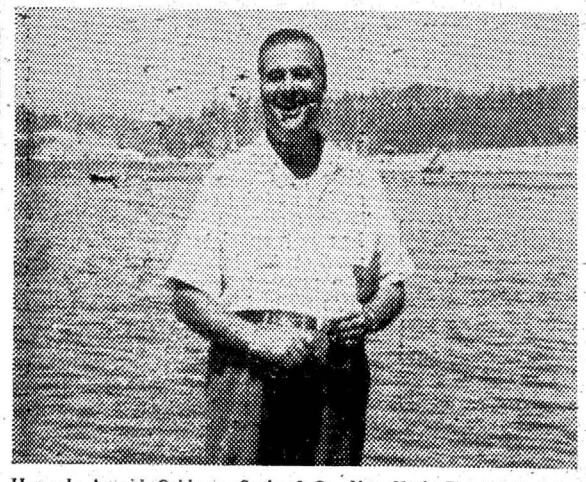
Guest: Ralph Brown, *Stone & Youngberg,* San Francisco; Larry Pulliam, *Weeden & Co.*

Annual Spring Outing at Lake Arrowhead

Bud Dorroh, *William R. Staats & Co.;* Chuck Livingstone, *Crowell, Weedon & Co.;* Roy Warnes, *Shearson, Hammill & Co.;* Bill Zimmerman, *Bingham, Walter & Hurry, Inc.;* Bob Green, *Pledger & Company, Inc.;* Bill Pike, *Morgan & Co.;* Tom Euper, *Akin-Lambert Co., Inc.;* Frank White, *National Quotation Bureau*

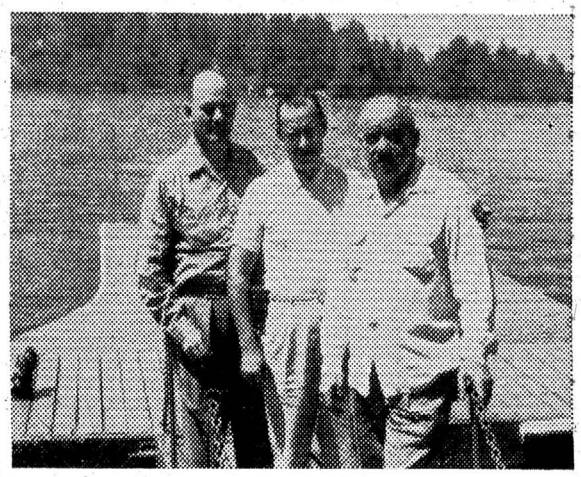


Paul Aschkar, *Dempsey-Tegeler & Co.;* Ken Barsamian, *Dempsey-Tegeler & Co.;* Bob Cass, Sr.



Harry L. Arnold, *Goldman, Sachs & Co.,* New York, President of the National Security Traders Association

Joe Writer, *Walston & Co.;* Dick Owen, *Crowell, Weedon & Co.*



Larry Pulliam, *Weeden & Co.;* Bob Diehl, *Paine, Webber, Jackson & Curtis;* Bill Wright, *Lester, Ryons & Co.*

Continued from page 27

News About Banks And Bankers

offices of Equity at 12800 Shaker Boulevard, and 5701 Euclid Ave. will be continued as branch offices of the bank. All the full time officers and employees will be retained by the bank. The Equity Savings Association began its career in 1898. The National City Bank celebrated its 108th anniversary last May, having been founded in 1845. It has capital funds of more than $40 million and resources of over $600 million.

* * *

THE FIFTH THIRD UNION TRUST CO., CINCINNATI, OHIO

	June 30, '53	Dec. 31, '53
	$	$
Total resources	282,991,228	302,422,426
Deposits	258,575,916	277,854,978
Cash and due from banks	71,397,884	81,852,171
U. S. government security holdings	96,375,590	107,103,657
Loans & discounts	96,067,763	95,141,581
Undivided profits	3,099,619	3,066,720

* * *

On July 1, at the **Harris Trust and Savings Bank in Chicago,** Guy E. Reed, Executive Vice-President, celebrated his 30th anniversary with the bank, and was feted at the Chicago Club in the evening with a reception in his honor by the directors and officers of the bank. Mr. Reed joined the Harris Bank in 1923 after having been with the First National Bank of Lincoln, Neb., since 1917. He was made a Harris vice-president in 1928, elected to the board of directors in 1948 and named Executive Vice-President in 1950. He serves on the boards of American Steel Foundries, Northern Natural Gas Co., Kawneer Company, Science Research Associates, etc.

NATIONAL BANK OF DETROIT, DETROIT, MICH.

	June 30, '53	Dec. 31, '52
	$	$
Total resources	1,762,490,772	1,729,611,974
Deposits	1,672,060,497	1,638,913,640
Cash and due from banks	463,212,795	452,048,365
U. S. Govt. security hold'gs	705,517,929	722,148,023
Loans & discts.	442,457,009	401,433,402
Undiv. profits	16,147,958	14,043,471

Harland Allen Adds

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Leon G. Grinnell has become affiliated with Harland Allen Associates, 28 East Jackson Boulevard.

Chauncey Miller Opens

(Special to THE FINANCIAL CHRONICLE)

NEW LENOX, Ill. — Chauncey R. Miller is engaging in a securities business from offices in New Lenox.

Joins M. N. Hogan Staff

(Special to THE FINANCIAL CHRONICLE)

MEDFORD, Oreg. — James P. Rowan has become associated with M. N. Hogan & Co., 38 South Central Avenue. He was formerly with Walston & Co.

With Peters, Writer

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Rolland D. Standish has joined the staff of Peters, Writer & Christensen, Inc., 724 Seventeenth Street, members of the Midwest Stock Exchange.

Norman Dacey Adds

(Special to THE FINANCIAL CHRONICLE)

BRIDGEPORT, Conn. — Paul C. Streeter is now with Norman F. Dacey & Associates, 114 State St.

H. Hentz Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

MIAMI BEACH, Fla. — Irving Wolf is now with H. Hentz & Co., 414 Seventy-first Street.

Sane Administration of Employment Act Forecast

"The Guaranty Survey," monthly publication of the Guaranty Trust Company of New York, expresses view Dr. Arthur F. Burns, new Chairman of Council of Economic Advisers, will hold to principle that government can take only modest role in counteracting business cycle.

According to "The Guaranty Survey," monthly publication of the Guaranty Trust Company of New York, the outlook favors as sane an administration of the Federal Employment Act as statutory requirements and political necessities permit, now that Dr. Arthur F. Burns is Chairman of the Council of Economic Advisers to the President of the United States. This view was expressed in an editorial, entitled, "A New Start in Employment Policy," which features the July issue of "The Guaranty Survey."

The editorial notes that this year's report of the National Bureau of Economic Research has attracted more than the usual attention because its author, Dr. Arthur F. Burns, has become chairman of the Council of Economic Advisers and thus a key figure in the administration of the Employment Act. Moreover, the report deals with "Business Cycle Research and the Needs of Our Times," a subject directly related to the duties which Dr. Burns will be called upon to perform as the President's chief economic adviser. Presumably the report contains important clues to the philosophy that will guide the Administration in observing the statutory mandate to "promote maximum employment, production, and purchasing power."

"It is reassuring to note that Dr. Burns takes a modest view of the role which government can effectively play in what he calls 'contracyclical' action. His report opens with a candid acknowledgment that 'the gift of prophecy has never loomed large in the endowment of economists, whether lay or professional.'"

The views expressed in the report of the National Bureau of Economic Research reflect a healthy skepticism and an awareness of economic realities that should work against a repetition of the fiscal profligacy and misguided experimentation of the 1930s, in the opinion of "The Guaranty Survey."

"Those who opposed the Full Employment Bill did so on two main grounds: They feared that it would be inflationary and that it would tend to destroy the free-enterprise system. They recognized that the only really potent instrument by which a government of limited powers can endeavor to maintain continuing full employment is a highly inflationary instrument, namely, the expenditure of unlimited amounts of borrowed money. They had no faith in the 'compensatory' principle by which borrowings in dull times were to be matched by repayments in good times, so that the budget would be balanced 'over the cycle.'

"The opponents recognized also that employment opportunities in a system of private enterprise are created by private employers, and the number of such opportunities existing at any time depends upon a large and complex set of conditions over which no one in a free society has control.

"The outstanding need at the moment is to allow free markets to exert their normal restraining influence on business expansion. At present this policy is, for the most part, being followed, despite the strong criticism that has been leveled against it in some quarters. Business stability implies moderation in the upswing as well as in the downswing. Excessive booms beget excessive reactions.

"Another continuing need, and the most important one of all, is a political climate in which business is given the strongest possible incentives to maintain and create employment opportunities. This is the heart of any effective employment policy. Private enterprise, not government, makes jobs."

Ralph T. Ryan Joins Anderson Cook Co.

(Special to THE FINANCIAL CHRONICLE)

PALM BEACH, Fla.—Ralph T. Ryan has become associated with Anderson Cook Company, Inc., First National Bank Building. Mr. Ryan has recently been with Harris, Upham & Co. In the past he was in the investment business in New York City.

With Francis I. du Pont

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — William B. Henderson has become associated with Francis I. du Pont & Co., 208 South La Salle Street. He was previously with Faroll & Company.

Joins Kentucky Co.

(Special to THE FINANCIAL CHRONICLE)

LOUISVILLE, Ky. — J. Gordon Yates has been added to the staff of the Kentucky Company, Louisville Trust Building, members of the Midwest Stock Exchange.

Continued from first page

The Decline in Long Treasuries Is Over

net expansion of $18 billion in assets and, of course, deposits.

The Change in Banking Assets and Economic Stability

The change in the ratio of loans to investments is significant with reference to stability. The shift that has occurred and which is continuing is heartening and healthy, at least to those who dislike statism and government domination of economic life. A banking system loaded with nothing but government bonds is little more than a division of the Treasury offering some incidental services to bank depositors and perhaps a means of preserving the form but not the substance of private banking.

But the relative increase in bank loans does introduce an element of instability. When bank assets are largely made up of loans there is greater possibility of an accelerating deflationary movement. Deflation means simply that bank deposits are extinguished by the repayment of bank loans. The impetus for repayment may come either from the necessities of the banks (unwillingness to extend loans) or from the impaired expectations of businessmen. It seems unlikely that banks will be placed in a position where they must force liquidation of existing loans although reserves may not be adequate to support an expanding loan volume. But if, for any reason, a liquidating movement starts it could be difficult to stop. Federal Reserve pressure on reserves can, if carried out, stop an expansion of credit. But Federal Reserve easing of reserve positions does not necessarily insure that business will expand its borrowings. It does perhaps insure that those who do borrow will do so at low rates.

The accelerating effect in private credit deflation is a product of the individual decisions of businessmen (or bankers) to liquidate loans. Given an initial impetus, each increment of deflation so reduces activity or prices or expectations that further deflation is induced. Indeed it is not easy to explain why deflation stops short of complete liquidation. As a matter of fact, the remarkable thing is that the most severe deflations have gone less than one-third of the way toward complete liquidation. Perhaps the explanation of Leonard Ayres is as good as any.[1] He believed that at some point in the deflation "bold men" appear who are willing to invest and even to borrow and invest.

But it is not the purpose of this discussion to deal with business cycle theory or to offer a hypothesis as to what it is that stops a deflation short of complete liquidation. The purpose is to call attention to the fact that the great expansion in bank loans in the past seven years has introduced an element of potential instability into the economy. If, for any reason, a downturn starts the relatively large volume of bank loans makes it more likely that the downturn will accelerate.

Mortgage Debt

The great expansion in bank lending has been matched by a great expansion in lending by other savings institutions and private lenders. Surprisingly, farm mortgage debt has expanded very little since 1939, but non-farm mortgage debt has expanded in about the same proportion as bank loans. The total non-farm mortgage debt for selected years is shown below. It should be noted that these data include commercial bank holdings of mortgages:

	Total	Held By Commercial Banks
	(Billions of Dollars)	
1939	$28.9	$3.7
1943	29.9	4.0
1945	30.8	4.2
1946	36.9	6.5
1947	43.9	8.6
1948	50.9	10.0
1949	57.1	10.7
1950	66.7	12.7
1951	75.6	13.7
1952	83.8	14.5

In the absolute sense the greater bulk of non-farm mortgages are held outside the commercial banking system. But the commercial banks have expanded their holdings more rapidly than non-bank holders.

Where Did the Reserves Come From?

A banking expansion of the magnitude of that of 1945-1952 never "just happens." Banking expansion uses up reserves or, perhaps more strictly, it uses up excess reserves. The expansion process does not in itself reduce aggregate reserves but it does expand deposits so that required reserves are increased. The Federal Reserve is, of course, the principal source of reserves, and its influence on reserves can be observed in the following data on Federal Reserve credit outstanding:

End of Year	Amount
(Billions of Dollars)	
1929	$1.4
1933	2.2
1941	2.3
1945	25.0
1947	23.1
1948	24.1
1949	19.5
1950	22.2
1951	25.0
1952	25.8
1953 (May 20)	25.2

At the latest date, $23.8 billion of the total was in the form of bond holdings and the balance in rediscount and miscellaneous items.

It is easy to see how the banking system was able to expand its bond holdings by some $68 billion during the war years 1941-1945. Federal Reserve credit outstanding was increased by $22.7 billion and this provided the necessary reserves. As a matter of fact, the reserves created by this Federal Reserve expansion would have supported a much greater bank expansion than occurred. But the basis of the postwar expansion is not so easily explained. Contrary to what appears to be public impression, the Federal Reserve did not supply the basis for this expansion. Perhaps a more restrictive policy should have been followed, but the evidence is clear that the over-all policy was not one of expansion. From the end of 1945 to the end of 1952, Reserve credit expanded only from $25.0 billion to $25.8 billion. Indeed, in the pre-Korean period there was a substantial decline in Reserve credit outstanding.

How the Federal managed to keep the bond market "pegged" during most of this 1945-52 period is an interesting question. To be sure, the Federal bought bonds, but it is easily forgotten that at the same time they were allowing maturing issues to "run off." To some extent the Federal was able to hold the price line on the long bonds by being willing to retreat on the shorts. The evidence here is that short-term rates did increase and the Federal's holdings of long issues were increased in the period. Perhaps also the widely known "par bids" of the Federal made unnecessary any great volume of buying. As long as the market felt that the par price was almost assured, not very much buying was necessary to maintain the par price.

But it is now a little more clear where the reserves that supported the bank expansion of 1945-52 came from. Contrary to what appears to be the general impression, they were not provided by the Federal Reserve. The worst that can be said of the Federal is that during this inflationary period it was neutral. It largely stood aside and permitted the boom to use up the excess reserves that remained in 1945.

Changes in the gold stock (except gold held at the Reserve Banks for foreign account) are an important factor in member bank reserves.[2] Treasury gold holdings increased $3,121 million from the end of 1945 to the end of 1952.

In summary, then, the principal sources of member bank reserves that supported the bank expansion of some $18 billion were:

	Millions of Dollars
Use of excess reserves already in existence at the end of 1945 (Member banks only)	$1,458
Increase in Treasury gold stock	3,121
	$4,579

The bank expansion of 1945-1952 did not use up reserves as rapidly as it might have because the resulting increase in deposits was disproportionately in time rather than demand deposits. It will be remembered that this was a phenomenon of the bank expansion of the 1920's. During this 1945-52 period, the time deposits of commercial banks increased about a third as compared with an increase of only 10% in demand deposits.

Changes in the Composition of Reserve Credit

There have been rather modest changes in the composition of Reserve credit since 1945. Recently rediscounts and advances have been running a little under $1.5 billion as compared with $249 million at the end of 1945. Bankers are understandably reluctant to be in debt (except to depositors), and a banker whose reserves were borrowed is not likely to "reach" for loans. Nevertheless, it appears that the change in composition of Reserve credit is in the aggregate a matter of little importance. Reserves are not borrowed unless needed, and for the banking system this means that loans and investments are first expanded and the resultant deficiency in reserves is covered by borrowing. Moreover, it should be remembered that the loan expansion by the borrowing bank can only approximate the borrowed reserves but that the resultant flow of funds into other banks constitute reserves that are in no way identified as borrowed.

Some Basic Elements of Strength In the Government Bond Market

While there is certainly no denying that the Federal Reserve has been and will continue to be a factor in the bond market, the above analysis leads to the belief that in the postwar period the Federal did not play as significant a role as is sometimes supposed. In short, the market for governments was a closer approach to a free market than many believe. The Federal Reserve subservience to Treasury dictates was in some measure a fiction. Since the new Administration has even more confidence in the free market, perhaps it is in order to examine some of the fundamental supply-demand factors in the bond market.

This is not to say that political considerations can be ignored but only to suggest that we give greater attention to these basic factors now that we seem to have recovered our faith in the collective judgment that we call the free market.

Postwar Changes in Ownership Of U. S. Bonds

Whether bonds have moved to "strong" or "weak" hands is an important consideration. An ownership is strong if it is unlikely to be dislodged; it is weak if it is held with borrowed funds or likely to be pressed to market under foreseeable circumstances.

The table below summarizes the changes in ownership of U. S. Government bonds between June 30, 1946, and Dec. 31, 1951. The first date was selected because the total debt at that time was nearly the same as at the end of 1952. It should be noted that in early 1946 the Treasury retired a substantial amount of bonds from excess funds.

Summary of Changes in Ownership of U. S. Govt. Securities June 30, 1946-Dec. 31, 1952

(Millions of Dollars)

Decreases	
Commercial banks	$21,100
Mutual savings banks	2,000
Insurance companies	8,900
Total	$32,000
Increases	
U. S. agencies	$16,763
Federal Reserve Banks	914
Other corporations	3,600
State and local governments	4,500
*Individuals	600
†Miscellaneous	3,100
Total	$29,477
Decrease in debt	2,453
Statistical discrepancy	70
	$32,000

*Individuals decreased holdings of negotiable bonds but sharply increased holdings of savings bonds. †Largely savings and loan associations, pension funds, and non-profit institutions.

In general, bonds moved out of the banks and insurance companies and into the hands of agencies of savers. With the exception of the Federal Reserve and other corporations, the increases were savings or pension funds of one sort or another. Clearly the debt is in somewhat stronger hands than in 1946.

The Federal Reserve and Long Treasuries

Our analysis indicates that the Federal Reserve was able to maintain the 2½% long-term rate in the 1945-1951 period without increasing aggregate Reserve credit only because they were willing to allow a sharp increase in the short-term rate. The buying incident to support of the long-term rate resulted in a rapid increase in Reserve holdings of the longer bonds, especially in 1948. The table below shows Federal Reserve holdings of U. S. Government bonds maturing in more than five years. Data is for approximately the year-ends.

End of	Amount
(Millions of Dollars)	
1945	$690
1946	580
1947	1,323
1948	8,953
1949	5,125
1950	3,458
1951	3,641
1952	2,428

It is a little surprising to note that the Federal began selling long bonds after 1948. Evidently the bond market during 1949 and 1950 at least was maintained by fundamental supply-demand factors and not by Federal Reserve action. In this connection it should be remembered that total Reserve credit outstanding in 1949 and 1950 was less than in 1948.

It is true, of course, that an expansion of Reserve holdings of short-term securities exerts an influence on the prices and yields not only of short-term but of the long-terms as well. The additional reserves made available to the member banks may be used in part at least to bid up the prices of longer issues. But such action by the Federal Reserve would undoubtedly exert a considerable influence on the pattern of rates, i.e., the relationship of short-term rates to long-term rates.

Contrary to what seems to be general impression, the Federal Reserve in the 1945-52 period exerted more influence on the pattern of rates than it did on the level of rates. So far as the level of rates is concerned, the influence appears to have been largely psychological. The bond market during the postwar years has been much more a free market than we had supposed. It was strong up to 1950-1951 not so much because of Reserve intervention as because of more fundamental supply-demand factors. The subsequent decline was due not so much to the widely advertised "unpegging" as to the operation of natural market forces. The business boom and expansion of bank loans simply used up credit, and bond prices responded in the usual way.

While the Federal in a quantitative way was relatively neutral so far as total credit is concerned, it does appear that since 1948 it has put special pressure on the market for long-term issues. At the present time holdings of issues maturing in more than five years have been reduced below $2.5 billion, while holdings of issues maturing in more than ten years are less than $1.5 billion. Clearly, this special pressure cannot last much longer.

What's Ahead for Reserves?

If we knew whether excess reserves would grow or diminish, we would know a great deal about the future direction of bond prices. There are a great many forces that operate on bank reserves, but it would appear that the following are the most important factors in analysis of probable changes in reserve positions over the immediate future.

(1) Prospects for expansion or contraction of bank lending.

(2) Probable changes in stock of monetary gold.

(3) Probable changes in currency in circulation.

(4) Probable action of Federal Reserve in expanding or contracting credit.

The prospect for continuation of the boom in bank lending is an important consideration for two reasons. First, the continued expansion in lending uses up excess reserves through expansion of deposits. Second, the continued expansion in bank lending would without doubt lead the Federal Reserve authorities toward a more restrictive policy. Continued expansion would mean that inflation rather than deflation was the problem confronting the monetary authorities and a more restrictive policy might be anticipated.

From Dec. 31, 1947, to Dec. 31, 1952, there was an expansion of $26.9 billion in loans of all commercial banks. The increase in the various loan categories is shown below, together with the percentage increase since 1947.

	Increase (in billions)	%
Commercial, incl. open market paper	$9.7	53.5
Agricultural	2.2	129.4
Loans for carrying securities:		
Brokers and dealers 1.2		
Others —0.1		
	1.1	55.0
Real estate loans	6.3	67.0
Other loans to individuals	6.9	121.0
Other loans	0.7	66.0
Total	$26.9	70.7

The expansion clearly includes all loan categories. Perhaps the

1 *Turning Points in Business Cycles*, Macmillan, 1939.

2 Treasury payment, whether to foreigners or U. S. residents, must increase member bank deposits at the Federal Reserve provided the Treasury payment is in the form of a draft or check on its Federal Reserve balance.

most notable increase was in "other loans to individuals," which probably reflects largely consumer credit.

The data from the weekly reporting member banks indicate that the expansion has continued through the first four months of 1953.

Increases in Loans—Weekly Reporting Banks, Jan. 7, 1953-April 29, 1953
(In Billions of Dollars)

Commercial, industrial, and agricultural	$153
Carrying securities	—187
Real estate loans	209
Loans to banks	163
Other loans	626
Total	$964

The large and continuing expansion would appear to be related to the following principal factors: (1) the boom in housing construction; (2) the great expansion in inventories; (3) the postwar expansion in consumer borrowing.

While the expansion has continued during the first four months of 1953, there are some reasons for expecting some leveling off. Business inventories, while high, have expanded very little in 1953. Current uncertainties may even lead to a reduction. Housing starts turned down in May, and while the decline was modest a trend may be indicated. The expansion in consumer credit has brought such credit to or above its prewar relation to income. It seems unlikely that automobile sales in the second half of 1953 can maintain the pace of the first half. Moreover, the available data indicate a slight drop in business borrowing from the end of April to the middle of June. The change in corporation tax payment dates was probably an unusual factor in business borrowing. Altogether, it appears probable that the peak has been passed in bank lending.

Changes in the Stock of Monetary Gold

Bank reserves are increased when the Treasury acquires monetary gold, whether from domestic or foreign sources.[3] If the gold is from abroad, the increased deposit credit of foreigners may be the basis for a later withdrawal of gold. But the acquisition of monetary gold when paid for by drafts on Treasury balances at the Federal Reserve increases bank reserves, and this is so whether gold certificates are issued and deposited in the Federal Reserve or not.

There has been relatively little change in U. S. monetary gold since 1945. This is shown in the following end-of-year data.

End of	Amount
(Millions of Dollars)	
1945	$20,065
1947	22,754
1949	24,427
1950	22,706
1951	22,695
1952	23,186
1953 (June 10)	22,537

There seems to be little basis for expecting any considerable outflow of gold. Foreign aid payments are not likely to increase under foreseeable circumstances, and large import balances seem equally unlikely. Short-term liabilities to foreigners have increased substantially since 1947, but there is no clear reason to expect these to be used as a basis for gold withdrawal. Such liabilities were reported as follows:

End of	Amount
(Millions of Dollars)	
1945	$4,854
1947	5,853
1949	5,960
1950	6,922
1951	7,594
1952	8,775

3 But this would not be true if the gold were paid for by drawing on Treasury balances in the commercial banks.

These data include not only foreign deposits in U. S. banks but also foreign ownership of short-term U. S. Government obligations and such holdings of U. S. citizens domiciled abroad and foreign subsidiaries of U. S. corporations. Actually, there has been little change in foreign ownership of bank deposits in the United States.

The Growth in Currency in Circulation

An increase in currency in circulation is a drain on bank reserves, and a decrease serves to increase such reserves. Money in circulation of around $30 billion is at an all-time high, but the expansion of about $1.5 billion since 1945 is modest in relation to the increase in prices since that time. From the end of 1941 to the end of 1945 consumer prices increased 22%, but money in circulation increased 155%. But from the end of 1945 to the end of 1952, consumer prices increased 47% but money in circulation increased only 6.7%. During the war period money in circulation increased some $14.8 billion more than the increase that would have resulted from price changes alone. But in the postwar period the expansion in money in circulation would have been $11.6 billion greater if it had equaled the price change.

There seems to be no basis for expecting any substantial change in money in circulation unless other circumstances change substantially. If the boom continues, and especially if prices resume the upward trend, money in circulation would be expected to increase. If a recession occurs, a decline in money in circulation is likely.

The Intentions of Money Managers

Up to this point we have been concerned largely with the basic demand-supply factors that might be expected to govern if we had a completely free bond market. It has been the argument here that the postwar bond market was much more of a free market than is sometimes supposed. Nevertheless, the market has not been and cannot be really a free market. A world that permitted completely free money markets would without doubt be a stable world. Interference with the money mechanism is a particularly subtle and vicious form of interference with freedom. It can be reasonably argued that the political state can manage money only by depreciating its value. If the political state could wisely manage money, its decisions would have to approximate those of the free market.

But the task we have set is not that of drawing the blueprint for a more perfect world but rather to assess the probabilities—to estimate the future under the prevailing arrangements.

We are engaged in a cold war of indefinite length. It may be supposed that the Federal Reserve quite properly takes account of money management as a weapon of war. In the event of war, expansion would be inevitable. It may be supposed then that the Federal would not look with favor upon a continuing boom that uses up reserves that would be useful in reducing the impact of possible war financing. This doesn't mean that anyone has a desire for sustained deflation. But a policy of keeping our financial powder dry does appear sensible, and we may suppose that the international situation is a factor making for a cautious Federal Reserve policy.

The postwar behavior of the Federal Reserve indicates a "leaning against the wind" policy which seems likely to continue unless a hot war breaks out. Credit was withdrawn from the market until 1949 and the amount outstanding was not markedly increased until after the outbreak of fighting in Korea.

Another factor that must be taken into account in appraising the probable future behavior of the money managers is the continued failure to balance the budget. It appears likely that in the current fiscal year it will be necessary to expand the debt by from $5 to $10 billion. While current savings are large and there has been an encouraging improvement in savings bond sales, it appears unlikely that such an addition to the debt can all be placed with individual or institutional savers. It seems at least possible that the banking system will have to absorb some part of this increase, and if this turns out to be true the Federal may feel compelled to do something to facilitate the financing. At least the prospective deficit is a restraining influence against a tight money policy. Moreover, the Board of Governors may feel some responsibility to assist in rearranging the unbalanced debt maturity schedule, although it is clear that this must be a long-range rather than an immediate objective.

A factor that bears on probable behavior of the money managers has to do with the practical limits of available credit. How much ammunition is in reserve? It should not be forgotten that when the war began in December, 1941, the Federal Reserve combined ratio was in excess of 90%. At the latest report it is slightly less than half of this. In one sense, perhaps there is no limit to the expansibility of credit provided Congress is willing to adjust or remove minimum reserve requirements. But there is undoubtedly a "flash point" in credit expansion, beyond which deterioration in confidence in money rapidly develops. No one can be sure whether that point would be reached at a 25% Federal Reserve ratio or some lower figure. But whatever it is, we are much closer than at the beginning of World War II. This means a much more cautious policy than might otherwise be reasonably possible.

But there is no basis for supposing that the Federal Reserve wishes to *impose* a tight money policy. Our analysis indicates that Federal Reserve policy has been more consistent in the postwar years than sometimes supposed. Tighter money has resulted from the developing boom and not from specific restrictive action by the Federal. If it appears that tight money is beginning to reduce employment and production, it is not unreasonable to expect some expansion of Reserve credit.

The Reduction in Reserve Requirements

The June 24 reduction in reserve requirements is a confirmation that the Federal Reserve is and must be concerned with the melancholy task of facilitating the financing of the budgetary deficit. It also confirms that the Federal Reserve has not become converted to deflation. But neither does it mean that the Federal is committed to inflationary easy money. It is apparently a calculated risk; and if the enlargement of reserves results in a revival of the boom in bank lending, it seems likely that the Federal will take appropriate action to withdraw credit from the market. If reserves must be enlarged, the reduction of reserve requirements would seem to be preferable to open market operation. Business prudence is a factor in bank lending and investing, and consequently excess reserves created by reduction of reserve requirements are less potent than reserves that have their origin in an expansion of aggregate Federal Reserve credit.

Conclusions

It is not easy to distill out of these conflicting influences and forces any solidly based and easily defensible conclusion concerning the immediate direction of bond prices. One thing that does emerge is the importance of what happens to bank loans. If the boom in bank lending continues, it is difficult to see how bond prices can be maintained. If the boom in lending subsides there may be a significant easing of the money market and rebound in bond prices. The reduction of bank lending in itself would ease credit and, in addition, would establish a climate in which Federal Reserve expansion would be possible.

While prediction is risky business, the opinion is ventured that the boom in bank lending is approaching an end. This view is advanced largely because the increase in 1953 has been so modest in the face of several powerful stimulants to lending expansion, particularly the speeding up of corporation tax payments, the bulge in automobile sales, and the continued expansion in inventories.

It is clear that bond prices are not the simple mathematical expression of the supply of and demand for riskless capital. Expectations play a very significant role. In the 1945-1950 period Federal Reserve credit in the market was reduced, but the long-term 2½% rate was maintained with relatively little actual buying of long-term bonds by the Federal. Indeed, after 1948 there was substantial liquidation of the long Treasuries. In view of recent sharp increases in long-term rates and resulting changes in expectation, it is unlikely that even a substantial increase in available credit would be sufficient to restore the long 2½% rate.

If the boom in bank lending subsides the bond market could have a significant rebound, but since expectations have been modified by bond price declines, it seems most unlikely that the long-term 2½% rate could be attained even if reserves were substantially enlarged.

In order to be somewhat more specific and definite, it seems reasonable to anticipate:

(1) That the decline in long-term Treasuries is substantially over, but there is no reasonable expectation that the long-term bank eligible 2½% of 1967-72 will return to par in the foreseeable future. The rebound is likely to be limited to 4 or 5 points to bring these bonds to a range of perhaps 95-97.

(2) Short-term rates are unlikely to fall as much as long-term rates. Short-term and long-term rates are likely to be closer together than for some years.

Eloquent, But—

"I am speaking from Korea, where your sons, brothers and husbands have fallen and are falling with my own countrymen in the fierce struggle against this enemy of free man and all he cherishes.

"The future of human civilization largely hangs upon how well and bravely you, the present American generation, take up this Communist challenge and acquit yourselves in a manner worthy of the generations of your forebears.

"I pledge you American friends that the Korean people will never swerve from the original objective of our common cause. We will never abandon the struggle half way. We will do our bit. I doubt not you will do yours."—Syngman Rhee in an Independence Day message to the American people.

If "human civilization" is at stake, then, this is a world struggle and must be conducted as such—not as if any world issue could really be settled on the Korean peninsula.

Dr. Rhee is making use of a familiar weapon in appealing to the American people "over the head" of the American Government—and is evidently not an amateur in the art of the demagog.

With Harris, Upham

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — William H. Emery is with Harris, Upham & Co., 136 Federal Street.

Keller Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Fred Kaufman has joined the staff of Keller & Co., 50 State Street.

With Real Property Inv.

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Cal.—Harry A. Parks has been added to the staff of Real Property Investments, Inc., 233 South Beverly Drive.

With Dean Witter Co.

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif.—Malcolm McMaghten, Jr., is now with Dean Witter & Co., 9474 Santa Monica Boulevard.

Wilson, Johnson Adds

(Special to THE FINANCIAL CHRONICLE)

OAKLAND, Calif. — Lynndale Engstrom is now connected with Wilson, Johnson & Higgins, Central Bank Building.

Joins Walston Staff

(Special to THE FINANCIAL CHRONICLE)

PASADENA, Calif.—Marcus B. Eilers is now connected with Walston & Co., First Trust Building.

A. K. Williams Opens

(Special to THE FINANCIAL CHRONICLE)

NORTH CANTON, Ohio—Arthur K. Williams is engaging in a securities business from offices on Grove Road.

Continued from first page

The Sound Dollar and Debt Management

dollar and preventing inflation if we are to preserve the free economy upon which our military strength rests.

Let me recall with you, two passages from the President's Report to the American people last month.

He told us that the Soviet leaders, by their military threat, have hoped "to force upon America and the Free World, an unbearable security burden leading to economic disaster. They have believed—and, in fact, plainly said—that free people cannot preserve their way of life, and, at the same time, provide enormous military establishments. Communist guns, in this sense, have been aiming at an economic target no less than a military target."

He said also: "Prolonged inflation could be as destructive of a truly free economy as could a chemical attack against an army in the field."

The President is determined to protect the American family against any severe deflation, but that danger is remote. Inflationary forces remain strong in the economy, and present a continuing danger.

What has all this to do with management of the public debt? Isn't that a dull, technical subject, of interest only to economics professors, bankers and dealers in government bonds? The answer is that a wise and sound policy for managing the public debt is essential to prevent inflation from getting started again. And it should be of importance to all taxpayers and consumers in America who suffered severely from a highly inflationary policy of debt management which was inflicted upon them by the past Administration.

Inherited Fiscal Problems

Before we discuss in more detail, the past and present debt management policies, we might sketch, in bare outline, the fiscal problems which the Eisenhower Administration inherited when it took office last January.

In the first place, the Federal Budget was badly out of balance, despite the fact that taxes were at an all-time high. The previous Democratic Administrations had consistently resorted to deficit financing, except during the 80th Congress.

The public debt increased from approximately $19.5 billion in 1932, to $255 billion by 1951, and now stands at about $267 billion. Part of this huge increase, of course, resulted from emergency measures to combat the depression of the 30's, and a larger part to the financing of World War II. But a substantial part, I charge, resulted from a deliberate policy of inflation followed by the former Administrations, particularly the Truman Administration in the postwar years when a return to sound financing was possible.

We have not time today to explore the problem of the budget, which, of course, has an important bearing on the subject of the sound dollar and debt management. I will simply say that the Eisenhower Administration and the Congress already have demonstrated their determination to get the budget under control, and have made progress toward that goal.

Considering the management of the debt, let's look again at the inherited problem. When President Eisenhower took office, two-thirds of the Federal debt was potentially payable within two years. Roughly, 40% was redeemable at any time on demand. Today, we find that there are $80 billion in marketable government securities maturing during the next 12 months.

Now, I ask you, how would you like to handle a business whose affairs were in that order? You would, of course, be faced with the immediate prospect of bankruptcy. The only thing that has saved the Federal Government from bankruptcy is the fact that it could print its money, if it had to do so to survive.

The former Administration lacked the political courage to face the problem presented by the staggering public debt. It sought an easy way out—the easy way of borrowing at artificially low interest rates and with short-term note issues. To keep interest rates low, it forced the Federal Reserve System to guarantee to all investors that it would purchase all government bonds at par. Large purchases of bonds by the Federal Reserve, to prop up the market, swelled bank reserves, which made possible an enormous expansion of private credit. Government bonds became virtually the equivalent of cash. In technical terms, the Treasury was "monetizing the debt," which, in blunt fact, means that the United States Government was just one short step from issuing printing-press money. The result, inevitably, was inflation, for money was being pumped into the economy faster than new goods could be produced.

One more thing had to follow. The former Administration attempted to strait-jacket the economy with direct controls on prices and wages, because it failed to employ sufficiently the indirect controls which could have been used to attack the root causes of the inflation.

What were the consequences of this short-sighted policy?

It is true that the long-term interest rate on government bonds was artificially suppressed, and remained at 2½%. But the savings of a low interest rate were dissipated by the inflation, and a heavy "inflation tax," totaling billions upon billions of dollars, was levied upon the American consumer and taxpayer.

In 1951, the cost of interest on the public debt was, roughly $5.8 billion. It would have been somewhat higher if interest rates were allowed to reach a realistic level. But figures assembled by the Banking and Currency Committee of the United States Senate demonstrated that in 1951, inflation added $7 billion to the costs of the Defense Department alone. And, in that one year, it added $18 to $20 billion to the costs of all American consumers.

Consider, also, the effect of inflation on the millions of patriotic Americans who responded to the government's appeal to invest in War Savings Bonds. A man who bought a savings bond in 1942, not only didn't get his money back, but he got far less than his money back in purchasing power, when he cashed his bond in 1952. He invested $75. He was supposed to get back $100—his original investment plus interest for the ten years. But, the hidden "inflation tax"—the rise in the cost of living over the ten years—amounted to $36.43. So, instead of getting his money back, with interest, he actually lost $11.43 in real value.

Now, who gets hurt by an inflation of this kind? It's not the speculators. They make out all right in periods of inflation. I think that sometimes they make out too well, and that's the reason why some members of the business community don't join us in fighting inflation as hard as they should. It's not the propertied class that gets hurt, because their property goes up in value with the inflation. And it's not those people with big earned incomes who feel the pinch, because they usually get an adjustment in connection with inflation, and the increased cost of food, clothing and ordinary household expenses represents only a small part of their overall spending.

No, the real victims of inflation are those who can least afford it—the families with small or medium incomes. A family with a $4,000 income, for example, has to spend most of the husband's paycheck on food, clothing and shelter. A 10% increase in the cost of living means an added $400 to the expense of that family. And that means that the wife has to take a job, or the family must keep dipping into its savings, if it has any. Why do you suppose there has been such an increase, over the past ten years, in the number of working wives and mothers? In many, many cases, it represents an attempt to meet the constantly increasing cost of living which took place over that period.

Among those cruelly caught in the pinch of inflation with fixed incomes, or incomes which rise only slowly, if at all, are the school teachers and Government employees of all kinds, the pensioners, the recipients of Social Security benefits, the widows struggling to make ends meet on the proceeds of life insurance policies made inadequate by spiraling prices.

The inevitable result of inflation, then, is that the rich get richer, and the poor get poorer. The Eisenhower Administration is determined not to let that happen again.

Aim of New Administration Is a Sound Dollar

This Administration intends to establish a sound dollar around which prices — including interest rates—can fluctuate up and down, a dollar which will be a true standard of value, instead of a rubber yardstick constantly being stretched and stretched.

To implement the sound dollar policy, one necessary step is to gradually shift a substantial portion of the debt into the hands of long-term investors. Seventy-five per cent of our $267 billion public debt now falls due in the next five years. I think you will agree that this is a very unstable situation. Just as any debtor is in a more secure position if his maturities are extended over the long future, so is a Government. And that is particularly true when a Government has accumulated such a terrifying debt as ours.

To make possible a shift of part of the public debt to long-term investors, the Government must compete in the money market with other borrowers — private corporations, public utilities, State and Municipal Governments and the like.

Unless we are to return to the discredited policy of forcing the Federal Reserve to put artificial props under the bond market, the Government must pay the going rate of interest, subject, of course, to the special advantages it has as a Government.

At this point, I would like to remind you that this phase of the policy is not new. It has been in effect since March, 1951, when the Congress forced the Truman Administration to abandon its dictation to the Federal Reserve System. Interest rates began rising slowly at that time, as they have continued to rise slowly since the present Administration took office. What we are witnessing now is the continuation of a trend which was inevitable once the dangerously inflationary practice of "pegging" the Government bond market was abandoned under the Treasury-Federal Reserve Accord of 1951.

And, in historical perspective, interest rates are still low. I have confidence that the Federal Reserve Board, while influencing interest rates so as to prevent undue credit expansion while inflation is still a threat, will not permit them to suddenly jump to levels that will endanger normal growth of the economy. The Board's recent action in reducing reserve requirements for member banks is proof of that. It represents no change in basic policy; it simply recognizes that the Treasury must do a great deal of refinancing at a time when there is a seasonal demand for credit from business and finance. As Secretary of the Treasury Humphrey has said, the action is "entirely consistent with the policy of restraint of inflation without too drastic credit restrictions."

The Eisenhower Administration is determined to permit the Federal Reserve to perform, without interference, its function which the Board has summarized as follows: "To regulate the supply, availability and cost of money with a view to contributing to the maintenance of a high level of employment, stable values and a rising standard of living."

In view of the burdensome legacy of deficit financing and an unstable public debt structure, the accomplishment of that task presents great difficulties. It will not be done overnight. It demands wisdom and patience on the part of the Administration, the Federal Reserve and the entire business and financial community.

There has been some criticism. Some of it, particularly in the financial community, is concerned with questions of timing and degree.

But, criticism comes from other sources. I suppose it was inevitable that some people should actually fear a return to freedom. For 20 years, they had become accustomed to dictation from Washington. Return to the free competition of the market place presents problems which they are now afraid to face. And the left-wingers, whose philosophy is that the Federal Government should control everything, naturally are up in arms. They don't like free enterprise. They don't like free markets. They don't believe in the law of supply and demand. They really want the Federal Government to control everything.

The New Treasury 3¼% Bonds Not a Failure

The Treasury's recent issue of long-term 3¼s has been called a failure by some critics. It's a "failure," they say, because the issue has been selling at a small discount below par. They fail to recognize that one of the reasons that the issue is selling at a discount is that speculators tried to take a free ride on it.

And, I might say right here, parenthetically, that I wish the financial community all over the United States would stop trading against the Government of the United States in the Government bond market.

There is an apparent attempt by a small, but highly vocal, group of left-wing Democrats in the Congress to distort this whole situation for political purposes. They are attempting to paint the current situation in the bond market as the result of a deliberate Wall Street-Washington plot to raise interest rates, drive down bond prices and squeeze the little man.

For example, the Treasury has been criticized because, while it was considering the issue of 3¼s, it consulted with representatives of investment groups. These Democrats either do not remember, or care to admit, that in so doing, the Treasury was following a long-established practice. In proof, let me quote Mr. John W. Snyder, Secretary of the Treasury under Mr. Truman, in a statement to a Congressional Committee in 1951: "Over a period of years, I have developed a group of Advisory Committees who confer with me from time to time on major Treasury financing and debt management problems. These Committees include representatives of commercial banking, Mutual Savings banking, investment banking, and the insurance segments of the financial community."

Wall Street, in the eyes of these Democrats, apparently was all right when it was advising a Democrat Secretary of the Treasury, but suddenly becomes sinister when it continues that advice to his Republican successor.

This sort of partisan attack could be dismissed as the usual demagoguery to which the public has become accustomed — and largely takes with a grain of salt—in political discussions of monetary matters. But it has a more serious aspect. To me it appears to be a part of a slogan campaign which has as its purpose the destruction of public confidence in the Eisenhower Administration at whatever cost. You hear the constant drumbeat of slogans — the Administration is being accused of a "give-away program," a "take-away program" and now a "high interest rate program." It reminds one of the old Charley Michaelson "smear" technique.

Of course, these left-wing Democrats have not dared to attack the President by name. They are too well aware of the great affection and respect the American people have for him. But while always protesting that they are supporting the President they seek to undermine him by criticism of the policies he has advocated. Their real objective, I believe, is to create a distrust—a fear psychology—in the hope that they can gain control of the Congress in the 1954 election. If that is accomplished, they hope to wreck the President's program in order to bring about his defeat in 1956.

I believe the American people will repudiate such tactics once they recognize them for what they are.

Democrats Should Support Federal Reserve

In debate about this debt management problem, some of these Democrats refuse to be pinned down into stating a policy of their own. But the desires of others are revealed by the so-called Murray-Patman Resolution which openly advocates that the Federal Reserve resume pegging the long-term Government bond market at par. As past history has demonstrated, this could only lead to a new and unlimited inflation. None of them will admit in so many words that they would again inflict continual inflation on the American people, but of course that would be the inevitable result.

My good friends, it is my feeling that this business of management of the public debt should be divorced from partisan policies. The Federal Reserve System should be sheltered from the stormy blasts of political controversy and left free to perform its function of wise management of the money market in the interests of all the people.

Fortunately, there are many in Congress—many good Democrats and most Republicans—who agree.

After all, the Federal Reserve System deserves the support of the Democrats. It was created under a Democratic President, Woodrow Wilson, and the sponsor of the Act was Carter Glass, a former Democratic Secretary of the Treasury and later a distinguished Democratic Senator.

And it should be noted that the entire membership of the present

Federal Reserve Board are men appointed by Democrats. Not one Eisenhower appointee sits on the Federal Reserve Board today. Nor is there any intention that I know of to bring about any changes in the Federal Reserve Board. Nor should there be, in my opinion. It's a good Board.

And it must be frankly stated that the Treasury-Federal Reserve Accord of March, 1951, was effected more by Democrats than by Republicans. The distinguished Senior Senator from Illinois, Paul Douglas, had more than anyone else in Congress to do with bringing about that Accord and in checking the inflationary fiscal policies of the Truman Administration. And this to his everlasting credit!

My friends, inflation is a destroyer of democracy. Let me read to you what Paul Douglas said on that subject back in 1951:

"Every historian knows that inflation has been a great destroyer of the vast middle classes, and of Governments. It has paved the way for dictatorships and the overthrow of democratic institutions. By wiping out the middle classes and separating society into the two classes of the propertyless on the one hand, and the rich speculators on the other, it paved the way for Fascism and Communism on the Continent of Europe. It is a destroyer almost as evil as war itself. In the eyes of those who want to destroy democracy and capitalistic institutions, it is a cheap way of achieving their collapse. It costs the enemy nothing in lives or treasure. It is really a supreme folly for a nation which is arming itself against the threat of invasion from without to let this invader, inflation, bring ruin from within."

That statement is as true today as it was two years ago.

The Eisenhower Administration, let me say in summary, recognizes the danger and is determined to protect the American people from another attack by the internal enemy, inflation. It is dedicated to preserving the national security and strengthening our whole economy. It recognizes that a sound dollar and the prevention of inflation are absolutely essential if we are to achieve those goals.

With First California

(Special to THE FINANCIAL CHRONICLE)

LAS VEGAS, Nev.—Vernon B. Willis is with First California Company Incorporated, 320 Carson Avenue.

With Livingston, Williams

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio—Mrs. Ruth B. Niss has joined the staff of Livingston, Williams & Co., Inc., Hanna Building.

Now Statewide Inv. Co.

ROANOKE, Va.—The name of Commonwealth Investment Company, State & City Building, has been changed to Statewide Investment Company.

Continued from page 5

The State of Trade and Industry

town district where Sharon Steel Corp. suspended operations on a wide scale.

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 94.6% of capacity for week beginning July 6, 1953, equivalent to 2,132,000 tons of ingots and steel for castings as against 91.8% (revised), or 2,069,000 tons a week ago. For the like week a month ago the rate was 97.9% and production 2,208,000 tons. A year ago when the capacity was smaller actual output was placed at 295,000 tons, or 14.2% of capacity, due to a general steel strike.

Business Men Optimistic on 4th Quarter Outlook

Of outstanding interest to industrial management are the results of a national mid-June survey which Dun & Bradstreet made during which 1,281 business men were interviewed to ascertain whether they thought sales and earnings in the 1953 fourth quarter would be as good or better than the like 1952 period. The results proved 62% of the executives expect sales to show an increase for the quarter while 24% do not expect any change and only 14% look for declines. Volume of new orders in the fourth quarter are expected to exceed those received in the like 1952 period according to 56% of all manufacturers interviewed while 31% expect no change and 13% look for a reduction in new orders. Retailers and wholesalers appeared nearly as optimistic as manufacturers, Dun & Bradstreet observes.

Car Loadings Show Slight Gain in Latest Week

Loading of revenue freight for the week ended June 27, 1953, totaled 818,450 cars, according to the Association of American Railroads, representing an increase of 5,872 cars, or 0.7% above the preceding week.

The week's total represented an increase of 171,970 cars, or 26.6% above the corresponding week a year ago when loadings were affected by a strike in the steel industry, but a decrease of 3,165 cars, or 0.4% below the corresponding week in 1951.

Electric Output Under New All-Time Record High For Week Ended June 27

The estimated kwh record for week ending July 4 was 7,970,000,000 or 6,478,451,000 for the comparable week in 1952 and 6,077,077,000 in 1951.

The current total was 476,193,000 kwh. below that of the previous week.

U. S. Auto Output Drops 21% Last Week But Sets Half-Year Record of 3,255,600 New Cars

According to "Ward's Automotive Reports" passenger car production in the United States fell 21% last week ended July 2, due to auto plants closing over the July 4 week-end.

The industry turned out 114,266 cars compared with 144,610 cars (revised) in the previous week, and 78% higher than the 64,129 cars in the like 1952 week when auto plants shut off production because of the steel strike.

Total output for the past week was made up of 130,046 cars and trucks built in the United States, against 162,924 cars and trucks in the previous week.

The industry turned out a record number of new cars in the first six months of this year totaling 3,255,600 or 114,000 more cars than in the previous first half-year record of 3,109,134 in 1951. It succeeded in doing this regardless of the loss of 175,000 autos due to strikes in the first six months of this year.

Starting July 6, "Ward's" reports that Nash will close down for two weeks. Nash is doing this to build up stocks of overdrive transmissions, because supply was reduced by 10-week Borg-Warner strike settled a week ago at Muncie, Ind. It is stated that 40% of the cars Nash manufactures are equipped with overdrives. The company does not plan to resume full production until after the annual August vacations.

Truck Production This Year Not Doing So Well

Truck production is not faring as well as a year ago when the industry was under Federal output controls. Last week U. S. plants made 15,780 trucks, 14% fewer than the 18,314 the week before but about the same as the 15,857 in the year earlier week. In the year to date 643,272 trucks have been made, 1% under the 651,659 in the corresponding 1952 period.

The relatively poor truck showing has been due to market conditions plus the Borg-Warner strike.

Studebaker, Willys and International Harvester truck production was practically shut off for a full five weeks because of the Borg-Warner strike, while Ford's truck output was reduced.

But "Ward's" said that the industry plans to make 116,000 trucks this month, compared with about 74,000 last month. Ford will be the "main cog in this geared-up program," planning to exceed its first half year truck production of 128,416 units. Resumption of output by International Harvester, Willys and Studebaker will also lift the overall total.

Business Failures Decline in Week Ended July 2

Business failures turned down to 169 in the week ended July 2 from 195 in the preceding week, according to Dun & Bradstreet, Inc. Despite this increase, casualties remained considerably above the 131 and 129 which occurred in the comparable weeks of 1952 and 1951. Continuing below the prewar level, failures were down 19% from the 208 in the similar 1939 week.

All industry and trade groups except wholesaling had lower mortality during the week. Retail casualties dipped to 94 from 105, manufacturing to 33 from 36, construction to 15 from 26 and commercial service to 9 from 13. Contrary to this downward turn failures in wholesale trade rose a little to 18 from 15. More businesses failed than last year in all lines except service; the most notable increases from the 1952 level appeared in retailing and construction.

Casualties with $5,000 or more liabilities declined to 146 from 161 last week, exceeding the 111 of this size a year ago. A dip also occurred among small failures involving liabilities under $5,000 decreasing to 23 from 34 in the previous week comparing with 20 in the corresponding 1952 week. Nineteen concerns failed with liabilities in excess of $100,000. Canadian failures fell to 10 from 23 in the preceding week but remained above the 5 reported a year ago, reports this nationally known credit agency.

Wholesale Food Price Index Declines Moderately in Week

The wholesale food price index, compiled by Dun & Bradstreet, Inc., turned downward last week to stand at $6.54 on June 30. This compared with $6.57 a week earlier when it reached the highest point since early last September. It was 1.4% above the year-ago figure of $6.45.

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 Shows Irregular Trend

The daily wholesale commodity price index, compiled by Dun & Bradstreet, Inc., finished slightly lower following irregular movements during the week. The index closed at 275.81 on June 30, as against 276.58 a week previous, and 290.21 on the comparable date last year.

Grain markets, with the exception of corn, showed further marked weakness the past week.

Despite the efforts of the government to relieve the acute storage situation, pressure of new crop supplies as the wheat harvest began to roll in full swing was a very depressing influence on that grain.

Reports of additional moisture in Spring wheat areas and slow domestic flour business also tended to restrict demand for the bread cereal. Some export sales of wheat to Germany, Yugoslavia and Israel were reported during the week.

The cash corn market was firm and prices rose moderately, reflecting a gradual tightening of supplies coupled with good demand from industrial users. Rains in parts of the corn belt were beneficial to the new crop. Oats prices weakened as prospects for new crop improved as the result of good moisture. Rye closed moderately lower than a week ago. Trading on the Chicago Board of Trade was considerably slower last week. Daily average sales of all grain and soybean futures totaled 59,300,000 bushels, against 76,900,000 the previous week, and 44,600,000 a year ago.

Following the moderate activity of two weeks ago, domestic bookings of hard wheat bakery flours were very slow last week. Prices trended downward as further declines in wheat values encouraged resistance among all classes of buyers. Actual cocoa prices continued to move higher, aided by scanty offerings and a tightening spot situation. Warehouse stocks of cocoa rose rather sharply to 167,439 bags, from 156,965 a week earlier, and compared with 123,076 a year ago. Coffee was steady to slightly firmer in moderate trading. Refined sugar continued in good demand aided by the hot weather. Lard moved upward the past week as demand improved, although hog values turned weak following early strength. Sheep and lambs were firm but steers declined under large receipts.

Cotton price movements were narrow with final quotations slightly higher than a week ago.

Contributing to the steadiness were reports of drought damage in the Southwest and fears that the 1953 crop might be seriously damaged if rain did not come soon.

Easiness at mid-week reflected a slackening of demand for cotton goods. Mill demand for old crop cotton was slow; inquiries for new crop cotton were more numerous and a moderate volume of forward sales to domestic mills were reported. Reported sales of the staple in the ten spot markets last week totaled 43,800 bales, compared with 57,000 the previous week, and 70,500 in the corresponding week a year ago. Loan repossessions of 1952-crop cotton during the week ended June 19 totaled 27,016 bales, leaving loans outstanding at 1,898,100 bales.

"Shopping Up" Says Dun & Bradstreet

Dun & Bradstreet's trade review for the week ended July 2, summarizes that:

"Shoppers increased their spending slightly in most parts of the nation in the week ended Wednesday of last week as warm weather and the arrival of the vacation season spurred their interest. However, in some cities, particularly in the Southwest, sweltering heat was blamed for a decline in retail trade. Most merchants managed to chalk up slightly larger sales figures than in the comparable week in 1952." Suburban stores continued to score more pronounced year-to-year gains than did large city department stores.

The total dollar volume of retail trade in the week ended this Wednesday was estimated by Dun & Bradstreet, credit agency, to be from 2% to 6% higher than the level of a year ago.

Apparel stores noted a perceptible quickening of consumer interest this week. Some retailers were caught with inadequate stocks to meet the demand for lightweight clothing. The total spent for apparel continued to exceed that of a year ago.

Department Store Sales Throughout Nation Show 3% Increase Over Corresponding 1952 Week

According to the Federal Reserve Board's Index department store sales in New York City for the weekly period ended June 27, 1953, registered an advance of 9% above the like period of last year. In the preceding week an increase of 11% (revised) was reported from that of the similar week of 1952, while for the four weeks ended June 27, 1953, an increase of 2% was reported. For the period Jan. 1 to June 27, 1953, volume registered no change from that of 1952.

Department store sales on a country-wide basis, as taken from the Federal Reserve Board's index, for the week ended June 27, 1953, rose 3% from the level of the preceding week. In the previous week a gain of 13% was reported from that of the similar week of 1952. For the four weeks ended June 27, 1953, an increase of 5% was recorded. For the period Jan. 1 to June 27, 1953, department stores' sales registered an increase of 5% above 1952.

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)	July 12	§94.6	*91.8	97.9	14.2
Equivalent to—					
Steel ingots and castings (net tons)	July 12	§2,132,000	*2,069,000	2,208,000	295,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	June 27	6,484,250	6,470,300	6,356,150	6,153,050
Crude runs to stills—daily average (bbls.)	June 27	¶7,047,000	7,063,000	7,047,000	6,949,000
Gasoline output (bbls.)	June 27	24,571,000	23,542,000	23,614,000	22,772,000
Kerosene output (bbls.)	June 27	2,470,000	2,371,000	2,518,000	2,409,000
Distillate fuel oil output (bbls.)	June 27	10,326,000	10,102,000	9,868,000	10,066,000
Residual fuel oil output (bbls.)	June 27	8,834,000	8,701,000	8,564,000	8,987,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished and unfinished gasoline (bbls.) at	June 27	146,965,000	149,535,000	152,435,000	120,902,000
Kerosene (bbls.) at	June 27	26,956,000	*26,586,000	23,527,000	22,338,000
Distillate fuel oil (bbls.) at	June 27	82,985,000	82,701,000	70,842,000	64,143,000
Residual fuel oil (bbls.) at	June 27	43,771,000	43,937,000	41,425,000	44,972,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	June 27	818,450	812,578	786,755	646,480
Revenue freight received from connections (no. of cars)	June 27	671,203	664,996	664,223	571,361
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	July 2	$256,188,000	$484,411,000	$215,247,000	$223,205,000
Private construction	July 2	135,627,000	272,118,000	86,799,000	83,968,000
Public construction	July 2	120,561,000	212,293,000	128,448,000	139,237,000
State and municipal	July 2	89,941,000	158,928,000	82,787,000	96,127,000
Federal	July 2	30,620,000	53,365,000	45,661,000	43,110,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	June 27	10,050,000	*9,820,000	8,850,000	8,396,000
Pennsylvania anthracite (tons)	June 27	804,000	689,000	757,000	907,000
Beehive coke (tons)	June 27	123,100	*112,000	132,400	20,400
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	June 27	94	111	97	91
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	July 4	‡7,970,000	8,446,193	8,096,330	6,478,451
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	July 2	169	195	217	131
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	June 30	4.632c	4.632c	4.417c	4.131c
Pig iron (per gross ton)	June 30	$56.01	$55.26	$55.26	$52.77
Scrap steel (per gross ton)	June 30	$43.50	$42.17	$38.83	$39.17
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	July 1	29.700c	29.700c	29.700c	24.200c
Export refinery at	July 1	29.650c	29.625c	29.750c	36.075c
Straits tin (New York) at	July 1	89.500c	93.500c	95.000c	121.500c
Lead (New York) at	July 1	13.500c	13.500c	13.250c	16.000c
Lead (St. Louis) at	July 1	13.300c	13.300c	13.050c	15.800c
Zinc (East St. Louis) at	July 1	11.000c	11.000c	11.000c	15.000c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	July 7	93.18	92.89	90.65	98.23
Average corporate	July 7	102.80	102.63	102.96	109.97
Aaa	July 7	107.09	106.56	106.39	114.08
Aa	July 7	105.17	104.66	105.17	112.56
A	July 7	101.47	101.47	101.80	109.60
Baa	July 7	98.09	97.94	98.88	104.14
Railroad Group	July 7	100.65	100.49	101.31	107.27
Public Utilities Group	July 7	102.80	102.30	102.46	109.60
Industrials Group	July 7	105.17	104.83	105.17	113.50
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	July 7	3.00	3.02	3.19	2.62
Average corporate	July 7	3.58	3.59	3.57	3.17
Aaa	July 7	3.33	3.36	3.37	2.95
Aa	July 7	3.44	3.47	3.44	3.03
A	July 7	3.66	3.66	3.64	3.19
Baa	July 7	3.87	3.88	3.62	3.50
Railroad Group	July 7	3.71	3.72	3.67	3.32
Public Utilities Group	July 7	3.58	3.61	3.60	3.19
Industrials Group	July 7	3.44	3.46	3.44	2.98
MOODY'S COMMODITY INDEX	July 7	423.7	418.4	416.5	434.9
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	June 27	206,661	210,031	226,810	180,413
Production (tons)	June 27	254,212	258,844	247,581	200,421
Percentage of activity	June 27	97	98	97	82
Unfilled orders (tons) at end of period	June 27	457,599	509,322	459,811	352,864
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE = 100	July 3	106.35	106.22	106.18	110.57
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 20	23.112	29.863	24.058	22.041
Number of shares	June 20	621,383	812,955	705,238	642,683
Dollar value	June 30	$27,152,238	$35,232,660	$31,857,987	$30,043,027
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	June 20	19,740	23,995	22,406	20,045
Customers' short sales	June 20	195	193	135	85
Customers' other sales	June 20	19,545	23,802	22,271	19,960
Number of shares—Total sales	June 20	536,561	681,345	626,354	556,715
Customers' short sales	June 30	7,446	7,105	4,988	3,259
Customers' other sales	June 30	529,115	674,243	621,366	553,456
Dollar value	June 20	$21,096,412	$26,710,431	$24,900,347	$23,403,151
Round-lot sales by dealers—					
Number of shares—Total sales	June 20	154,800	178,930	194,390	157,230
Short sales	June 20	------	------	------	------
Other sales	June 20	154,800	178,930	194,390	157,230
Round-lot purchases by dealers—					
Number of shares	June 20	256,020	303,410	292,910	238,520
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	June 13	320,000	264,820	233,790	198,080
Other sales	June 13	7,378,350	6,879,460	5,734,780	6,714,090
Total sales	June 13	7,698,350	7,144,280	5,968,570	6,912,170
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS:					
Transactions of specialists in stocks in which registered—					
Total purchases	June 13	784,220	719,960	581,730	615,180
Short sales	June 13	129,840	107,630	97,900	109,120
Other sales	June 13	679,820	674,110	437,550	506,460
Total sales	June 13	809,660	781,740	535,450	615,580
Other transactions initiated on the floor—					
Total purchases	June 13	188,250	157,330	176,710	126,100
Short sales	June 13	27,600	22,800	10,300	3,400
Other sales	June 13	209,230	192,480	173,800	195,750
Total sales	June 13	236,830	215,280	184,100	199,150
Other transactions initiated off the floor—					
Total purchases	June 13	308,265	255,915	219,730	260,698
Short sales	June 13	65,990	56,070	60,690	32,060
Other sales	June 13	294,170	296,294	240,405	366,866
Total sales	June 13	360,160	352,364	301,095	398,926
Total round-lot transactions for account of members—					
Total purchases	June 13	1,280,735	1,133,205	978,170	1,001,978
Short sales	June 13	223,430	186,500	168,890	144,580
Other sales	June 13	1,183,220	1,162,884	851,755	1,069,076
Total sales	June 13	1,406,650	1,349,384	1,020,645	1,213,656
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100):					
Commodity Group—					
All commodities	June 30	109.4	*109.6	109.7	110.7
Farm products	June 30	93.4	95.2	96.6	107.7
Processed foods	June 30	102.9	*103.2	104.9	108.0
Meats	June 30	90.1	90.8	96.0	110.1
All commodities other than farm and foods	June 30	114.4	*114.0	113.5	111.9

*Revised figure. ¶Includes 709,000 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. ‡Estimated figure.

	Latest Month	Previous Month	Year Ago
CONSUMER CREDIT OUTSTANDING—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM REVISED SERIES—Estimated short and intermediate term Credit in millions as of May 29:			
Total consumer credit	$26,716	$26,172	$21,705
Instalment credit	20,085	19,656	15,303
Automobile	9,380	9,074	6,539
Other consumer goods	5,235	5,185	4,169
Repair and modernization loans	1,428	1,401	1,138
Personal loans	4,042	3,996	3,462
Noninstalment credit	6,631	6,516	6,397
Single payment loans	2,162	2,147	2,055
Charge accounts	2,758	2,677	2,659
Service credit	1,711	1,692	1,683
CONSUMER PRICE INDEX—1947-49 = 100— Month of May:			
All items	114.0	113.7	113.0
Food	112.1	111.5	114.3
Food at home	111.7	111.1	114.3
Cereals and bakery products	118.4	118.0	117.2
Meats, poultry and fish	109.2	106.8	114.5
Dairy products	107.8	109.0	109.3
Fruits and vegetables	115.2	115.0	124.3
Other foods at home	110.3	110.4	104.4
Housing	117.1	117.0	114.0
Rent	123.0	122.1	117.4
Gas and electricity	106.6	106.5	104.1
Solid fuels and fuel oil	121.8	123.6	115.6
Housefurnishings	107.6	107.8	108.3
Household operation	114.7	114.3	111.2
Apparel	104.7	104.6	105.8
Transportation	129.4	129.4	125.1
Medical care	120.7	120.2	116.1
Personal care	112.8	112.5	111.6
Reading and recreation	108.0	107.9	106.2
Other goods and services	118.0	117.9	115.8
COTTON SEED AND COTTON SEED PRODUCTS—DEPT. OF COMMERCE—Month of May:			
Cotton Seed—			
Received at mills (tons)	18,803	*27,705	14,373
Crushed (tons)	266,426	*376,581	217,667
Stocks (tons) May 31	361,167	*613,790	315,186
Crude Oil—			
Stocks (pounds) May 31	84,671,000	*115,605,000	96,556,000
Produced (pounds)	95,387,000	*133,124,000	72,082,000
Shipped (pounds)	129,004,000	170,533,000	106,787,000
Refined Oil—			
Stocks (pounds) May 31	916,453,000	881,275,000	417,885,000
Produced (pounds)	119,424,000	159,289,000	99,118,000
Consumption (pounds)	79,258,000	92,053,000	109,369,000
Cake and Meal—			
Stocks (tons) May 31	140,897	*178,690	57,870
Produced (tons)	129,515	*181,730	101,133
Shipped (tons)	167,308	*213,552	89,659
Hulls—			
Stocks (tons) May 31	82,177	*93,139	29,148
Produced (tons)	57,412	*80,855	48,234
Shipped (tons)	68,374	*71,640	47,906
Linters (running bales)—			
Stocks May 31	107,453	*147,673	200,387
Produced	82,743	*118,630	69,847
Shipped	122,963	*169,451	103,142
Hull Fiber (1,000-lb. bales)—			
Stocks May 31	615	573	984
Produced	699	1,172	138
Shipped	657	2,211	250
Motes, Grabbots, etc. (1,000 pounds)—			
Stock May 31	10,069	*11,904	6,803
Produced	1,254	*2,372	1,526
Shipped	3,089	*3,934	2,273
FACTORY EARNINGS AND HOURS—WEEKLY AVERAGE ESTIMATE—U. S. DEPT. OF LABOR—Month of May:			
Weekly earnings—			
All manufacturing	$71.05	$71.40	$66.35
Durable goods	76.41	*76.96	71.57
Nondurable goods	63.20	*62.81	59.52
Hours—			
All manufacturing	40.6	40.8	40.2
Durable goods	41.3	*41.6	41.1
Nondurable goods	39.5	*39.5	38.9
Hourly earnings—			
All manufacturing	$1.75	$1.75	$1.65
Durable goods	1.85	*1.85	1.74
Nondurable goods	1.60	1.59	1.53
INDUSTRIAL PRODUCTION—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM—1935-39 = 100 — Month of May:			
Seasonally adjusted	241	*241	211
Unadjusted	241	240	211
NON-FARM REAL ESTATE FORECLOSURES—FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION—			
Month of March	1,771	1,577	1,562
PERSONAL INCOME IN THE UNITED STATES (DEPARTMENT OF COMMERCE)—Month of April (in billions):			
Total personal income	$283.1	*$282.8	$262.5
Wage and salary receipts, total	194.6	*193.5	176.7
Total employer disbursement	190.9	*189.9	173.4
Commodity producing industries	87.8	87.1	76.9
Distributing industries	50.6	*50.5	47.0
Service industries	22.7	22.5	21.0
Government	33.5	*33.4	31.8
Less employee contributions for social insurance	3.9	3.9	3.6
Other labor income	4.8	4.7	4.4
Proprietors and rental income	52.2	53.0	51.2
Personal interest income and dividends	21.9	21.7	21.5
Total transfer payments	13.8	13.8	12.3
Total nonagricultural income	264.2	*263.2	242.9
PRICES RECEIVED BY FARMERS — INDEX NUMBER — U. S. DEPT. OF AGRICULTURE — August, 1909-July, 1941 = 100 — As of April 15:			
Unadjusted—			
All farm products	259	264	290
Crops	247	253	272
Food grain	244	246	250
Feed grain and hay	206	208	229
Tobacco	424	424	435
Cotton	266	266	313
Fruit	226	215	179
Truck crops	204	248	308
Oil-bearing crops	280	291	279
Livestock and products	270	274	306
Meat animals	299	301	372
Dairy products	264	277	291
Poultry and eggs	218	216	180

Securities Now in Registration

★ INDICATES ADDITIONS SINCE PREVIOUS ISSUE
● ITEMS REVISED

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.

★ **Allied Van Lines, Inc., Broadview, Ill.**
July 6 (letter of notification) $295,000 of 3% subordinated debentures due 1978. **Price**—At par. **Proceeds**—For working capital for non-profit organization of truckers. **Underwriter**—None.

★ **Alpar Mfg. Corp., Redwood City, Calif.**
July 7 (letter of notification) 3,985 shares of common stock. **Price**—At par ($10 per share). **Proceeds**—For working capital. **Business**—Manufacture of aluminum towers for electrical and electronic equipment. **Office**—2910 Spring St., Redwood City, Calif. **Underwriter**—None.

● **American Pipe & Construction Co., South Gate, Calif. (7/20)**
June 30 filed 100,000 shares of common stock (par $1), of which 50,000 will be offered by the company and 50,000 by certain stockholders. **Price**—To be supplied by amendment. **Proceeds**—For working capital. **Underwriter**—Dean Witter & Co., San Francisco, Calif.

★ **Ampex Corp., Redwood City, Calif. (7/27)**
July 7 filed 160,000 shares of common stock (par 50 cents). **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans and for working capital. **Business** — Manufacturer of magnetic recording equipment. **Underwriters**—Blyth & Co., Inc. and Irving Lundborg & Co., both of San Francisco, Calif.

● **Amurex Oil Development Co.**
June 10 filed 250,000 shares of class A common stock (par $5) being offered for subscription by stockholders of record June 30, 1953, at the rate of one new share for each two shares held; rights to expire on July 14. **Price**—$11 per share. **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 (7/13-14)**
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.

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.

★ **Arrowhead Petroleum Corp.**
July 1 (letter of notification) 100,000 shares of common stock (par $1). **Price** — $3 per share. **Proceeds** — To acquire fractional working interests in producing lease properties and for general corporate purposes. **Office**—745 Fifth Ave., New York 22, N. Y. **Underwriter**—None.

Boston Edison Co. (7/17)
June 26 filed 246,866 shares of capital stock (par $25) to be offered for subscription by stockholders of record on or about July 16, 1953, on a 1-for-10 basis (with an oversubscription privilege); rights to expire about Aug. 3. **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans and for new construction. **Underwriter**—The First Boston Corp., New York.

★ **Budget Charge Accounts, Inc., Yonkers, N. Y.**
July 1 filed $1,000,000 of seven-year capital notes due Aug. 1, 1960, of which $225,000 principal amount may be offered in exchange for a like amount of five-year 10% subordinated debentures due Aug. 1, 1956. **Price**—At par (in denominations of $100, $500 and $1,000). **Proceeds**—For additional working capital, but may be used to reduce bank loans. **Underwriter**—None.

★ **Butane-Propane Service, Inc., Holyoke, Colo.**
July 6 (letter of notification) 500 shares of preferred stock. **Price**—At par ($100 per share). **Proceeds**—To liquidate equipment notes and for farm storage tanks and working capital. **Underwriter**—None.

NEW ISSUE CALENDAR

July 13 (Monday)
Applied Science Corp. ____ **Notes & Stock**
(C. K. Pistell & Co., Inc.) $787,500
Mackey Airlines, Inc. ____ **Common**
(Atwill & Co.) $299,500

July 14 (Tuesday)
Mechanical Handling Systems, Inc. ____ **Common**
(Kidder, Peabody & Co.) 120,000 shares

July 15 (Wednesday)
American Fidelity & Casualty Co. ____ **Preferred**
(Geyer & Co.) $750,000
Northlands Oils Ltd. ____ **Common**
(M. S. Gerber, Inc.) $750,000
Saint Anne's Oil Production Co. ____ **Common**
(Sills, Fairman & Harris and H. M. Byllesby & Co. Inc.) $1,350,000

July 16 (Thursday)
Consumers Power Co. ____ **Bonds**
(Morgan Stanley & Co.) $25,000,000
El Paso Natural Gas Co. ____ **Preferred**
(White, Weld & Co.) $20,000,000

July 17 (Friday)
Boston Edison Co. ____ **Common**
(Offering to stockholders—underwritten by The First Boston Corp.) 246,866 shares
International Telephone & Telegraph Co. ____ **Debs.**
(Offering to stockholders—underwritten by Blyth & Co., Inc.) $35,883,300

July 20 (Monday)
American Pipe & Construction Co. ____ **Common**
(Dean Witter & Co.) 100,000 shares
Ionics, Inc. ____ **Common**
(Lee Higginson Corp.) 131,784 shares
Miller Manufacturing Co. ____ **Debentures**
(Lee Higginson Corp. and P. W. Brooks & Co., Inc.) $1,750,000
Pecos Exploration Co. ____ **Common**
(Offering to stockholders of Leon Land & Cattle Co.—Beer & Co. to solicit subscriptions) $379,500
Williston Basin Oil Exploration Co. ____ **Common**
(J. A. Hogle & Co.) $300,000

July 21 (Tuesday)
Chicago & North Western Ry. ____ **Equip. Trust Ctfs.**
(Bids noon CDT) $4,185,000
Petaca Mining Corp. ____ **Pfd. & Common**
(McGrath Securities Corp.) $299,400
Western Light & Telephone Co., Inc. ____ **Bonds**
(Harris, Hall & Co., Inc.) $3,000,000
Western-Nebraska Oil Co., Inc. ____ **Common**
(Israel & Co.) $299,950

July 22 (Wednesday)
Corpus Christi Refining Co. ____ **Common**
(Vickers Brothers) $1,230,000

July 27 (Monday)
Ampex Corp. ____ **Common**
(Blyth & Co., Inc. and Irving Lundborg & Co.) 160,000 shares

July 28 (Tuesday)
Jones (B. F.) Oil Co. ____ **Class A Common**
(McLaughin, Reuss & Co.) $299,600

August 10 (Monday)
Texas International Sulphur Co. ____ **Common**
(Vickers Brothers) 400,000 shares

September 15 (Tuesday)
Louisiana Power & Light Co. ____ **Bonds**
(Bids to be invited) $12,000,000

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.

★ **Canterbury House Theatre, Phoenix, Ariz.**
July 7 (letter of notification) $183,000 of first leasehold mortgage accumulative bonds (6% after default) and 18,300 shares of common stock (par $1) to be sold to bond purchasers. **Price**—Of bonds to be determined by number of years from issue date to maturity (in denominations of $500 each); of stock, at par. **Proceeds**—For expenses of art theater construction. **Office**—4747 No. 7th St., Phoenix, Ariz. **Underwriter**—None.

Carolina Casualty Insurance Co., Burlington, N.C.
April 29 (letter of notification) 103,506 shares of class B non-voting common stock (par $1) being offered to stockholders of record April 17 at rate of one new share for each five shares held; rights to expire July 17. **Price**—$2 per share. **Proceeds**—To increase capital and surplus. **Office**—262 Morehead St., Burlington, N. C. **Underwriter**—None.

Cascade Natural Gas Corp., Seattle, Wash.
March 30 (letter of notification) 60,720 shares of common stock (no par) to be offered in exchange for 11,400 shares of 8% cumulative convertible preferred stock (par $5) and common stock (par $5) of Northwest Cities Gas Co. on a 1-for-5½ basis, plus 25 cents in cash. **Price**—$25 per share. **Proceeds**—To acquire aforementioned stocks. **Underwriter**—Sheridan Bogan Paul & Co., Philadelphia, Pa.

Central City Milling & Mining Corp.
March 4 (letter of notification) 1,800,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For mining operations. **Underwriter**—R. L. Hughes & Co., Denver, Colo.

Central Fibre Products Co., Inc., Quincy, Ill.
March 23 (letter of notification) 2,400 shares of common stock (par $5). **Price**—At market (approximately $39.50 per share). **Proceeds**—To E. Carey, Jr., and W. D. P. Carey, the two selling stockholders. **Underwriters**—Bosworth, Sullivan & Co., Denver, Colo.

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.

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, 5,000 shares to be sold to stockholders and employees and 25,000 shares will be sold publicly. **Price**—$5.25 to stockholders and employees and $5.62½ per share to public. **Proceeds**—To repay debt and for working capital. **Office**—6040 West Jefferson Blvd., Los Angeles, Calif. **Underwriter**—Lester, Ryons & Co., Los Angeles, Calif.

★ **Colo-Kan Fuel Corp., Denver, Colo.**
June 29 (letter of notification) 940,000 shares of class A common stock (par five cents). **Price** — 9½ cents per share. **Proceeds**—For drilling expenses and equipment. **Office**—711 E & C Bldg., Denver, Colo. **Underwriter**—E. I. Shelley & Co., Denver, Colo.

★ **Columbia & Rensselaer Telephone Corp.**
June 29 (letter of notification) 2,400 shares of common stock (no par). **Price**—$50 per share. **Proceeds**—To repay $41,500 promissory notes and for new construction. **Office**—19 Railroad Ave., Chatham, N. Y. **Underwriter**—None.

Connohio, Inc. (Ohio), Hartford, Conn.
June 12 (letter of notification) 1,000 shares of convertible preferred stock (par $10). **Price** — $8 per share. **Proceeds**—To selling stockholder. **Underwriter**—S. C. Parker & Co., Inc., Buffalo, N. Y.

Consumers Power Co. (Mich.) (7/16)
June 26 filed $25,000,000 of first mortgage bonds due 1983. **Price**—To be supplied by amendment. **Proceeds** — For property additions and improvements. **Underwriter**—Morgan Stanley & Co., New York.

Continental Sulphur & Phosphate Corp.
June 4 (letter of notification) $37,400 of 5% three-year promissory notes (convertible into common stock) being offered to stockholders up to July 10. **Proceeds**—For operating capital. **Office** — 2010 Tower Bldg., Dallas, Texas. **Underwriter**—None.

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.

● **Corpus Christi Refining Co. (Texas) (7/22)**
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.

DeKalb & Ogle Telephone Co., Sycamore, Ill.
June 24 (letter of notification) 25,695 shares of common stock, to be offered for subscription by stockholders at the rate of one new share for each four shares held. **Price**—At par ($10 per share). **Proceeds**—To construct telephone exchange. **Office**—112 West Elm St., Sycamore, Ill. **Underwriter**—None.

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★ Duggan's Distillers Products Corp., Newark, N. J.
June 8 (letter of notification) $250,000 of 6% convertible income debentures due 1963 and 50,000 shares of common stock (par 10 cents) to be offered in units of a $100 debenture and 20 shares of stock. **Price**—$100 per unit. **Proceeds** — To pay outstanding debt and for working capital. **Underwriter**—Eaton & Co., Inc., New York. **Offering**—Now being made.

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.

● El Paso Natural Gas Co. (7/16-20)
June 26 filed 200,000 shares of cumulative preferred stock (par $100). **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans. **Underwriter**—White, Weld & Co., New York.

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.

Fallon Gas Corp., Denver, Colo.
June 25 (letter of notification) 3,616,000 shares of Class A common stock. **Price**—At par (five cents per share). **Proceeds**—For drilling wells. **Office**—528 E and C Bldg., Denver, Colo. **Underwriter**—E. I. Shelley Co., Denver, Colo.

★ Farrington Manufacturing Co., Boston, Mass.
July 6 (letter of notification) 1,600 shares of class A common stock (par $10). **Price**—At market (estimated at $11.25 per share. **Proceeds**—For working capital. **Underwriter**—Chace, Whiteside, West & Winslow, Inc., Boston, Mass. No general offering planned.

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.

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. See also First Railroad & Banking Co. of Georgia under "Prospective Offerings" below.

★ Glamorgan Pipe & Foundry Co.
July 2 (letter of notification) 6,414 shares of common stock (par $10) to be offered for subscription by present stockholders. **Price**—$40 per share. **Proceeds**—To repay outstanding loan. **Office**—Upper Basin, Lynchburg, Va. **Underwriter**—None.

Grand Bahama Co., Ltd., Nassau
Feb. 3 filed $1,350,000 20-year 6% first mortgage convertible debentures due March, 1973, and 1,565,000 shares of class A stock (par 10 cents). **Price**—Par for debentures and $1 per share for stock. **Proceeds** — For new construction. **Business** — Hotel and land development **Underwriter**—Gearhart & Otis, Inc., New York.

Grand River Mutual Telephone Corp.
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.

Gray Manufacturing Co., Hartford, Conn.
May 1 filed 55,313 shares of capital stock (par $5) to be offered for subscription by stockholders on the basis of one new share for each four shares held. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Underwriter** — None. **Offering** — No definite plan adopted as of June 23.

★ Great Western Oil & Gas Co., Corpus Christi, Tex.
July 6 (letter of notification) 748,000 shares of common stock (par 10 cents). **Price**—40 cents per share. **Proceeds**—To retire loans payable and to develop leaseholds. **Office**—Wilson Tower Bldg., Corpus Christi, Tex. **Underwriter**—Hunter Securities Corp., New York.

● Great Western Petroleum Co.
June 22 (letter of notification) 45,000 shares of common stock (par $1) and warrants entitling holders to subscribe for 90,000 shares at $1.25 per share. **Proceeds**—For operating capital. **Office**—332 Empire Bldg., Denver, Colo. **Underwriter**—Steele & Co., New York. **Offering**—Now being made.

★ Green Vale Memorial Park, Inc., Silver Spring, Md.
July 2 (letter of notification) $350,000 principal amount of 10-year notes and 70,000 shares of common stock (par one cent). **Price**—For notes, 62½% of par ($625 per $1,000 note); and for common, at par. **Proceeds**—To purchase and develop land for cemetery. **Office**—500 Deerfield Ave., Silver Spring, Md. **Underwriter**—None.

Gulf Interstate Gas Co.
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) being offered in units of $20 principal amount of notes and five shares of stock. Rights entitle holders 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 14. Stockholders of Panhandle Eastern Pipe Line Co. (except Missouri-Kansas Pipe Line Co.) are being 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.

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.

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.

Hunter Creek Mining Co., Wallace, Idaho
June 2 (letter of notification) 160,000 shares of common stock. **Price**—25 cents per share. **Proceeds**—For operating capital. **Office** — 509 Bank St., Wallace, Idaho. **Underwriter**—Mine Financing, Inc., Spokane, Wash.

★ Inland Western Loan & Finance Corp., Phoenix, Ariz.
July 2 filed 2,500,000 shares of class A non-voting common stock (par $1) to be offered to present and future holders of Special Participating Life Insurance Contracts issued by Commercial Life Insurance Co. of Phoenix. **Price**—$1.50 per share. **Proceeds** — To develop and expand company's loan and finance business. **Underwriter**—None. An additional 300,000 shares have been and are being offered for sale in Arizona at $1 per share to holders of Commercial's special participating contracts, the proceeds of which are to be used to activate the company in the loan and finance business.

International Telephone & Telegraph Co. (7/17)
June 26 filed $35,883,300 of 20-year convertible debentures due Aug. 1, 1973, to be offered for subscription by stockholders at rate of $100 of debentures for each 20 shares of capital stock held. Subscription warrants are expected to be mailed on or about July 17, and rights will expire on or about July 31. **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans and for other corporate purposes. **Underwriter** — Blyth & Co., Inc., New York.

● Ionics, Inc., Cambridge, Mass. (7/20)
June 30 filed 131,784 shares of common stock (par $1). **Price**—To be supplied by amendment (between $8 and $9 per share). **Proceeds**—To pay mortgage debt and for equipment. **Business** — Research and development and subsequent commercial exploitation in the field of ion exchange chemistry. **Underwriter**—Lee Higginson Corp., New York and Boston (Mass.).

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.

★ Leeds & Northrup Co., Philadelphia, Pa.
July 3 filed 1,500 stock Trust shares, together with 552 shares of preferred stock and 450 shares of common stock to be offered by the company joined with the trustees of the corporation's Stock Trust.

● Lincoln Telephone & Telegraph Co.
June 19 (letter of notification) 9,446 shares of common stock (par $16.66⅔ per share) being offered for subscription by common stockholders of record June 1 on a 1-for-18 basis; rights to expire July 28. **Price**—$26 per share. **Proceeds** — For improvements and additions to property. **Office**—Lincoln, Neb. **Underwriter**—None.

★ Liquor Register, Inc., Roslindale, Mass.
July 3 (letter of notification) 2,100 shares of common stock (par $5). **Price**—$16.50 per share. **Proceeds**—For working capital for device to dispense and record drinks. **Office**—596 Poplar St., Roslindale, Mass. **Underwriter**—Coburn & Middlebrook, Inc., Boston, Mass.

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.

M J M & M Oil Co., San Francisco, Calif.
June 23 (letter of notification) up to an aggregate value of $300,000 capital stock (par 10 cents) to be offered for subscription by stockholders of record July 7 (this offering may total about 9% (or 262,248 shares) of the 2,917,558 shares outstanding). **Price**—To be supplied later. **Proceeds**—For working capital. **Office**—155 Sansome St., San Francisco, Calif. **Underwriter**—None.

● Mackey Airlines, Inc., Fort Lauderdale, Fla. (7/13)
June 26 (letter of notification) 299,500 shares of common stock (par 33⅓ cents). **Price**—$1 per share. **Proceeds**—For working capital, etc. **Underwriters**—Atwill & Co., Miami Beach, Fla.; and Emco, Inc., Palm Beach, Fla.

● Mars Metal Corp., San Francisco, Calif.
June 26 (letter of notification) 199,999 shares of class A stock (par 10 cents). **Price**—$1.50 per share. **Proceeds**—For working capital. **Office**—Foot of Tunnel Ave., San Francisco, Calif. **Underwriter** — F. W. Stephens Co., New York. **Offering**—New being made.

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. (7/14)
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.

● Mex-American Minerals Corp., Granite City, Ill.
May 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. Statement to be withdrawn.

● 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 245,000 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%. July 6 company sought SEC authority to borrow $20,000,000 from banks on 3¼% notes pending permanent financing.

Miles Laboratories, Inc., Elkhart, Ind.
June 16 (letter of notification) 5,400 shares of capital stock (par $2). **Price**—$18.50 per share. **Proceeds**—To Cathryn Collins Keller, the selling stockholder. **Underwriter**—Albert McGann Securities Co., Inc., South Bend, Indiana.

Miller Manufacturing Co., Detroit, Mich. (7/20)
June 29 filed $1,500,000 of 6% sinking fund debentures due 1973 and $250,000 of 4½% serial debentures due 1954-1958, inclusive. **Price**—To be supplied by amendment. **Proceeds** — To redeem debentures and to repay bank loan. **Business**—Manufacturer of ball bearing faucet washers, steel castings, hand tools, etc. **Underwriters**—Lee Higginson Corp. and P. W. Brooks & Co., Inc., both of New York.

Mobile Gas Service Corp.
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**—$14.25 per share. **Proceeds**—To repay bank loans and for construction purposes. **Underwriters**—The First Boston Corp., New York; and the Robinson-Humphrey Co., Inc., Atlanta, Ga.

★ Model Finance Service, Inc., Jackson, Mich.
June 29 (letter of notification) 60,000 shares of class A convertible common stock (par $1)—convertible share-for-share into common stock (par $1). **Price** — $5 per share. **Proceeds**—For working capital. **Office**—1203 National Bank Bldg., Jackson, Mich. **Underwriter**—Paul C. Kimball & Co., Chicago, Ill.

● Monterey Oil Co., Los Angeles, Calif.
May 21 filed 339,733 shares of common stock (par $1), of which 135,000 shares are for account of company and 204,733 for account of selling stockholders. **Price**—$24 per share. **Proceeds** — To reduce bank loans. **Underwriter**—Lehman Brothers, New York. **Offering**—Now being made.

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.

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 Gypsum Co., Buffalo, N. Y.**
July 3 filed 128,427 shares of common stock to be offered for sale pursuant to the Employees' Common Stock Purchase Plan of the company and its subsidiaries.

National Rubber Machinery Co.
June 16 (letter of notification) 19,556 shares of common stock (par $10) being 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. **Price**—$13 per share. **Proceeds**—For general corporate purposes. **Office**—West Exchange Street, Akron, Ohio. **Underwriter**—None.

Natural Gas & Oil Corp., Shreveport (La.)
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.

★ **Naval Officers Realty Corp., San Fran., Calif.**
July 3 (letter of notification) 5,138 shares of common stock (no par). **Price**—$25 per share. **Proceeds**—For purchase and operation of income producing properties. **Office**—223 Pacific Bldg., 821 Market St., San Francisco 3, Calif. **Underwriter**—None.

★ **Nemaha Oil Co., Dallas, Tex.**
June 29 (letter of notification) 260,000 shares of common stock (par $1). **Price**—$1.15 per share. **Proceeds**—For drilling costs. **Office**—2206 Mercantile Bank Bldg., Dallas, Tex. **Underwriter**—Carothers & Co., Inc., Dallas, Tex.

● **North American Peat Moss Co., Inc.**
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. **Offering**—Now being made.

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.

Overland Oil, Inc., Denver, Colo.
June 10 filed 600,000 shares of common stock (par 10¢) to be offered for subscription by stockholders (except the original incorporators) at rate of one new share for each two shares held. **Price**—40 cents per share. **Proceeds**—For working capital. **Underwriter**—None.

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.

★ **Paramount Pictures Corp.**
June 30 filed 36,500 shares of common stock (par $1) to be offered from time to time on the New York Stock Exchange. **Price**—At the market. **Proceeds**—To Barney Balaban, President, and Tillie Balaban, his wife, who are the selling stockholders. **Underwriter**—None.

● **Pecos Exploration Co., Dallas, Tex. (7/20)**
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 575,000 shares are to be distributed as a property dividend on the basis of one-half share of Pecos stock for each Leon share held on or about July 20. **Price**—33 cents per share. **Proceeds**—For drilling, expenses, etc. **Underwriter** — None, but Beer & Co., of Atlanta (Ga.), New Orleans (La.) and Dallas (Tex.) will solicit the exercise of warrants.

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.

★ **Petaca Mining Corp., Santa Fe, N. M. (7/21)**
June 30 (letter of notification) 99,800 shares of preferred stock (par 50 cents) and 199,600 shares of common stock (par 10 cents) to be offered in units of one preferred and two common stocks. **Price**—$3 per unit. **Proceeds**—For mining equipment and construction costs. **Office**—3000 Cerrillos Road, Santa Fe, N. M. **Underwriter**—McGrath Securities Corp., New York.

★ **Philadelphia Electric Co.**
July 7 filed 5,148 shares of common stock for offering under company's 1953 employee stock purchase plan.

● **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. It is contemplated plan will be placed in effect on or about Aug. 1, 1953.

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.

★ **Providence Park, Inc., New Orleans, La.**
July 7 (letter of notification) 33,333 shares of common stock (par $1). **Price**—$3 per share. **Proceeds**—To develop and improve property for cemetery. **Office**—516 Carondelet Bldg., New Orleans, La. **Underwriter**—Woolfolk & Shober, New Orleans, La.

● **Saint Anne's Oil Production Co. (7/15-16)**
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.

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.

★ **Schuster (Ed.) & Co., Inc., Milwaukee, Wis.**
June 29 (letter of notification) 3,000 shares of common stock (par $10). **Price**—At market (estimated at about $15 per share). **Proceeds**—To Ralph T. Friedmann, the selling stockholder. **Office**—2153 North Third St., Milwaukee 1, Wis. **Underwriter**—None.

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.

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.

Southeastern Fund, Columbia, S. C.
June 26 (letter of notification) 116,016 shares of common stock (par $1) to be offered to stockholders through transferable warrants; unsubscribed shares to be offered to public. **Price** — To stockholders, $2.15 per share; to public, $2.37½ per share. **Proceeds**—For working capital. **Office**—Palmetto State Life Bldg., Columbia, S. C. **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.

Technograph Printed Electronics Inc.
June 26 (letter of notification) 99,906.2 shares of common stock (par 40 cents) to be offered to common stockholders of record July 13, 1953 on a basis of one new share for each two shares held; rights to expire March 3, 1955. **Price**—$3 per share. **Proceeds**—For licensing activities and improving patent position and for working capital. **Office** — 191 Main St., Tarrytown, N. Y. **Underwriter**—None.

★ **Templeton & Liddell Fund, Inc., Englewood, N. J.**
July 3 filed 5,000 shares of common capital stock. **Price**—At market. **Proceeds**—For investment. **Underwriter**—None.

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.

Texas International Sulphur Co. (8/10)
June 29 filed 400,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—To finance cost of drilling test wells of sulphur reserves. **Office**—Houston, Tex. **Underwriter**—Vickers Brothers, New York.

Texota Oil Co., Fort Worth, Tex.
June 24 filed 250,000 shares of common stock (par 1¢). **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans and for general corporate purposes. **Underwriter**—Piper, Jaffray & Hopwood, Minneapolis, Minn.

Textron Incorporated, Providence, R. I.
June 25 filed 4,930 shares of 4% preferred stock, series A (par $100) to be offered in exchange for the 19,719 shares of 5% cumulative preferred stock, series A (par $25) of Textron Puerto Rico, a subsidiary, on a one-for-four basis. Offer to expire Sept. 30, 1953.

★ **Thatcher Glass Manufacturing Co., Inc.**
June 30 (letter of notification) 2,000 shares of common stock (par $5) to be offered to employees. **Price**—At market (around $13.75 per share). **Proceeds**—For working capital. **Office**—Elmira, N. Y. **Underwriter**—None.

★ **Torgeson Oils, Inc., Cheyenne, Wyo.**
July 3 (letter of notification) 39,000 shares of common stock. **Price** — At par ($1 per share). **Proceeds** — For working capital. **Office**—228 Majestic Bldg., Cheyenne, Wyo. **Underwriter**—None.

★ **Treford Corp. (N. Y.)**
July 3 (letter of notification) 5,810 shares of common stock (no par) to be offered to employees of Walter B. Cooke, Inc. and Hygrade Casket Corp. **Price**—$50 per share. **Proceeds**—To the extent of $198,329 to pay for the initial purchase of 178 shares of Cooke stock and to exercise option to acquire additional Cooke shares and for working capital. **Address**—In care of Clinton Trust Co., 857 Tenth Ave., New York 19, N. Y. **Underwriter**—None.

★ **United Board & Carton Corp.**
June 30 (letter of notification) 430 shares of common stock (par $10). **Price**—$13 per share. **Proceeds**—For working capital. **Office**—2 Park Ave., New York, N. Y. **Underwriter**—None.

United Gas Corp., Shreveport, La.
June 26 filed 1,171,863 shares of common stock (par $10) to be offered for subscription by common stockholders at the rate of one new share for each 10 shares held. **Price**—To be supplied by amendment. **Proceeds**—For repayment of bank loans and for new construction. **Underwriter**—None.

● **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. No general public offer is planned.

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.

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.

Walburt Oils Ltd., Toronto, Canada
April 24 filed 660,000 shares of common stock (par $1) of which 550,000 shares will be offered in the United States and 110,000 shares in Canada. **Price** — $1.02 per share in U. S. and $1 per share in Canada. **Proceeds**—For general corporate purposes. **Underwriier**—Sidney S. Walcott, President of company, Buffalo, N. Y.

Washington Water Power Co.
May 7 filed 1,088,940 shares of $1.28 cumulative convertible preferred stock (par $25) and 1,088,939 shares of common stock (no par) to be issued in connection with the proposed merger into company of Puget Sound Power & Light Co. on the basis of one-half share of preferred and one-half share of common for each Puget Sound common share to holders who do not elect to receive cash at the rate of $27 per share. **Underwriter**—None.

Webb & Knapp, Inc., New York
June 29 filed 3,000,000 shares of common stock (par 10 cents), of which 100,000 shares are to be offered after effective date; the remaining 2,900,000 shares will be offered from time to time prior to July 15, 1954. **Price**—At market. **Proceeds**—To William Zeckendorf, President and selling stockholder who owns 11,567,804.7 shares. **Business**—Real estate and other interests. **Underwriter**—None.

West Coast Pipe Line Co., Dallas, Tex.
Nov. 20 filed $[illegible]000,000 12-year 6% debentures due Dec. 15, 1964, and [illegible]0,000 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.

Western Light & Telephone Co., Inc. (7/21)
June 29 filed $3,000,000 of first mortgage bonds, series G, due July 1, 1983. **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans and for new construction. Underwriter—Harris, Hall & Co. (Inc.), Chicago, Ill. **Offering**—Expected on or about July 21.

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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-Nebraska Oil Co., Inc., Albuquerque, N. M. (7/21)**
June 29 (letter of notification) 299,950 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For drilling expenses and equipment. **Office**—2929 Monte Vista Blvd., Albuquerque, N. M. **Underwriter**—Israel & Co., New York.

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.

★ **William Penn Finance Co. (Calif.)**
July 6 (letter of notification) 5,000 shares of common stock. **Price**—At par ($10 per share). **Proceeds**—To make loans and for purchase of conditional sales contracts. **Underwriter**—None.

● **Williston Basin Oil Exploration Co. (7/20)**
June 17 (letter of notification) 1,000,000 shares of common stock (par 10 cents). **Price**—Expected at around 30 cents per share. **Proceeds**—For working capital. **Office**—209 Atlas Bldg., Salt Lake City, Utah. **Underwriter**—J. A. Hogle & Co., Salt Lake City.

★ **Wollensak Optical Co., Rochester, N. Y.**
June 29 (letter of notification) 60,000 share of common stock to be offered to selected key employees. **Price**—At par ($5 per share). **Proceeds**—For expansion and working capital. **Office**—850 Hudson Ave., Rochester, N. Y. **Underwriter**—None.

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.

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.

Bates Manufacturing Co.
June 25 it was reported company planned to offer and sell 750,000 additional shares of common stock. **Proceeds**—To purchase properties in the South. **Underwriters**—Probably Coffin & Burr, Inc., Boston, Mass., and The First Boston Corp., New York. **Plan Opposed**—Consolidated Textile Co., Inc., is opposing the proposed financing.

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.

Brunner Manufacturing Co., Utica, N. Y.
June 23 it was reported company plans public offering of $1,500,000 15-year subordinated sinking fund convertible debentures and 100,000 shares of common stock. **Proceeds**—To build new plant in Georgia, to retire about $250,000 of preferred stock presently held by Prudential Insurance Co. of America, and for working capital. Preferred shares may be exchanged for part of debentures. **Underwriters**—Allen & Co., New York, and Mohawk Valley Investing Co., Utica, N. Y. **Offering**—Expected in August.

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.

★ **Chicago & North Western Ry. (7/21)**
Bids will be received by the company at 400 West Madison St., Chicago, Ill., up to noon (CDT) on July 21 for the purchase from it of $4,185,000 equipment trust certificates to be dated Aug. 15, 1953 and to mature in 15 equal annual instalments. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

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.

★ **Community Public Service Co.**
June 23 the FPC authorized the company to issue up to $2,500,000 short-term promissory notes to banks (this includes $1,600,000 already outstanding). These will be paid off by permanent financing with mortgage bonds to be undertaken during the latter part of February or early part of March, 1954. Previous bond financing was done privately.

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.

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 publicy $25,000,000 debentures in addition to 200,000 shares of preferred stock registered June 26 with SEC. **Underwriter**—White, Weld & Co., New York.

★ **Fidelity Trust Co. of Baltimore**
July 8 stockholders were to vote on approving a plan to increase the authorized capital stock by 24,350 shares (par $25) which are to be offered stockholders of record July 10 on the basis of one new share for each three shares held; rights to expire on July 28. **Underwriter**—Alex. Brown & Sons, Baltimore, Md.

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.

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.

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. (7/28)
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 re-

pay $800,000 bank loans and for new construction. **Underwriter**—Central Republic Co., Inc., Chicago, Ill.

LaSalle National Bank, Chicago, Ill.
June 25 stockholders of record June 24, 1953 were given 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.

Lincoln National Bank & Trust Co. of Syracuse (N. Y.)
June 30 company offered to its stockholders of record June 25 the right to subscribe on or before July 16 for 30,000 additional shares of capital stock (par $10) at the rate of one new share for each four shares held. **Price**—$23 per share. **Proceeds**—To increase capital and surplus. **Underwriter**—Salomon Bros. & Hutzler, New York.

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. (9/15)**
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. **Bids**—Expected to be received on Sept. 15. **Registration**—Planned for Aug. 11.

Maier Brewing Co., Los Angeles, Calif.
April 18 it was announced company will offer 400,000 additional shares of common stock to its stockholders at rate of four new shares for each share held. **Price**—$5 per share. **Proceeds** — To help finance a new bottling plant. **Underwriter**—None.

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.

★ **Otter Tail Power Co.**
June 25 FPC authorized company to issue a maximum of $4,000,000 unsecured promissory notes to banks, the proceeds to provide funds to temporarily finance the company's 1953 and 1954 construction programs prior to arranging for long-term financing. **Underwriters**—May be Glore, Forgan & Co. and Kalman & Co.

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.**
July 2 it was announced company plans to issue and sell $50,000,000 of 31-year debentures due Sept. 15, 1984 and 1,004,603 shares of common stock at $100 per share in the ratio of one new share for each seven shares held. **Proceeds** — To repay bank loans. **Underwriter**—For bonds to be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; White, Weld & Co.; Lehman Brothers and Union Securities Corp. (jointly). Stock would be offered to stockholders, without underwriting. American Telephone & Telegraph Co., parent, owns 91.25% of Pacific common shares. **Bids**—Expected in September.

● **Peoples Trust Co. of Bergen County (N. J.)**
June 25 stockholders approved 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; rights to expire Aug. 14. 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.

Raytheon Manufacturing Co.
June 10 C. F. Adams, Jr., President, was reported as stating that company was contemplating offering about 434,988 additional shares of common stock to stockholders on the basis of one new share for each five shares held. **Proceeds**—For expansion program. **Underwriters**—May be Hornblower & Weeks and Paine, Webber, Jackson & Curtis. **Offering**—Expected in August.

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 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. Rehearing granted by FPC on June 29.

● **Southern California Edison Co.**
July 2 it was announced company plans to issue and sell $30,000,000 bonds late in August. **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).

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 indebtedness that the company may create, without consent of majority of the preferred stockholders shall be 20% (instead of 10%) of the aggregate of company's secured indebtedness and capital and surplus. Charles E. Ide, President, stated that the management has no present plans to issue new common shares. The First Boston Corp. and Collin, Norton & Co. handled latest common stock financing. Probable bidders on any bonds: Halsey, Stuart & Co. Inc.; The First Boston Corp. and Glore, Forgan & Co. (jointly); Equitable Securities Corp.; Kidder, Peabody & Co., White, Weld & Co. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Union Securities Corp.; Smith, Barney & Co.

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 (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.

★ **Western Massachusetts Companies**
June 30, H. J. Caldwell, President, stated trustees are studying plan to issue and sell additional common stock which would provide the company's electric subsidiary with sufficient funds to retire not exceeding one-half of an $8,000,000 bank loan. A total of 978,527 no par common shares are presently outstanding. **Offering** — Expected before end of 1953, subject to market conditions. **Underwriters** — May be The First Boston Corp., New York.

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As We See It

that man is by his very nature averse to tyranny, that in this respect there is no great difference between human beings today and those of a half century or a century or two ago, but that the development of modern arms, the gains by tyrants in organizing skill, the perfection of techniques of "thought control," and all the rest of it have made it impossible for the downtrodden to stage any effective resistence. "One can not riot or rebel against machine guns when all of them are in the hands of the tyrant," it has been said over and over again of late years.

There is, of course, truth in such statements. Yet, one begins to wonder if the Kremlin feels quite so sure of it today as it once did. Of course, it is obviously true if all the machine guns are and remain in the hands of the tyrants. But thieves fall out among themselves upon occasion, and, moreover, tyrants themselves and their immediate cliques can not man innumerable machine guns. Defections among those who must be entrusted to man them are certainly within the domain of possibility. With the possible exception of the regime of Adolph Hitler, modern history has not known greater absolute power as that enjoyed by the Kremlin, or such carefully and on the whole ably organized tyranny—including thought control. Yet without the aid of outside power to destroy it, as Hitler was destroyed, it begins to show signs of weakness.

Free World Has Troubles, Too

All this would, of course, be much more encouraging to those who have so greatly feared Russian designs and Russian might if it were not for the fact that centrifugal social forces appear likewise to be threatening a good deal of the handiwork of the free world. Directly in the spotlight at the moment is, of course, the situation in Korea. There the United Nations, or to speak with greater accuracy, perhaps, the United States, finds itself in a really difficult situation by reason not only of its bungling in the past but because it has had to or has chosen to build up a regime already in office and presumably representing the will of the Korean people themselves—or at least those of them who live in the southern part of that long suffering peninsula.

It is, of course, very easy to denounce Syngman Rhee as a stubborn old fool, and all the rest of it. The fact is, though, that he is the chosen representative of the people of South Korea, and we were under the necessity of working with and through him or else of copying the Soviets by selecting a stooge and placing him in power by sheer force—or else of entering the picture without consulting the people we were intent upon liberating. We had broadly similar experience with another stubborn, high handed man in the same part of the world—Chiang Kai-shek. We had not the desire, and probably not even the ability, to conquer the country in the sense and through use of the technique employed by the Russians. We avoided seizing the bear's tail in that instance as we, unfortunately, did not in Korea, but, otherwise, the outcome was not too different at bottom.

One source of difficulty in these cases was, without doubt, that we were and are too far separated from the Koreans, the Chinese and probably most of the other people of that part of the world—too far from them both geographically and in outlook, in custom, in tradition and in historical experience. It may be that we are foredoomed to failure in much that we are trying to do on the Continent of Asia by reason of our close association with most of the western nations which in centuries past have been most active in exploiting all the peoples east of Suez. It certainly appears that we have only a modicum of support from most of these peoples in our struggle against Communism. If in South Korea, the shoe seems to be on the other foot so far as desire to fight it out with the Communists is concerned, this is an exception to the general rule—and at the same time illustrates the difficulty of finding a basis for cooperative action even among those who are willing and ready to engage in such a military struggle.

World Leadership!

These are but some of the problems and vexations, patience trying and costly, of what is now commonly termed "world leadership." They are by no means confined to the Far East. We are having plenty of troubles in trying to persuade Europeans to follow our lead. Latin America certainly is not fond of taking her cues from us. It is commonly said that it is encumbent upon us to replace Great Britain and the British Empire in guiding world affairs. It is as often said that the skill, wisdom and power of the British kept the world more or less at peace for a century. Yet it is a fact that during that century the British were exerting this dominant influence, they were declining in power and prestige — victims of just such forces as we have just been describing. They failed in 1914 and again in 1939. Today were it not for their strategic geographical location and for the tradition that is a gift of history, they would be accorded no position in the world higher than that of a second rate power.

At any rate the problems and tasks of any power or people undertaking to play the role of world leadership today are basically different from those of a century ago, and the conditions under which such leadership can be effected are vastly different. Whether it is possible for any power or people to play any such role as the British Empire played during the 19th century may well be doubted, and the risks entailed in any effort to play it are large. Whether any group of nations by joining hands is likely to succeed where any one of them must fail is likewise an open question — as current events should warn us.

The time has come for some careful rethinking of world problems.

Continued from page 7

Raising Gold Price Not Inflationary

1949 from $4.00 to $2.80, which resulted in a higher gold price as expressed in South African pounds. However, experience has again proved that the benefits derived from currency depreciation are only temporary. The reduced purchasing power of the depreciated currency results in higher working costs which, sooner or later, wipe out the advantage of the higher gold price. This is precisely what has been happening in South Africa, where gold mining costs have risen from an average of 26 s. 6 d. per ton in 1949 to 35 s. 9 d. in April 1953. The higher grade mines are still able to absorb the higher costs; but the general pattern has been a gradual decline in profits, which in many cases are rapidly approaching vanishing point. A recent survey of 37 mines on the Witwatersrand showed that during the last two years nearly half of them have fallen into the "marginal" category. According to the latest available figures published in The South African Mining Review, the February profits of 12 of these mines averaged just over 2 s. (28 cents) per ton. A further increase of only 6% in present working costs will convert the slender profits of these mines into losses. Their closing down could probably be deferred somewhat by using up what higher grade ores they may have left; but this policy could not be continued very long.

U. S. Chief Holder

It has been argued that the present problem is not the shortage of gold but its maldistribution, as evidenced by the fact that the United States holds most of the world's monetary gold. Nobody has suggested an easy way of remedying this situation, which was brought about by a number of causes, including the economic dislocation caused by the first world war and accentuated by the second; our greatly expanded exports and our refusal to accept payment for exports in goods and services, which has compelled our foreign customers to pay us in gold. That this condition need not be permanent is proved by the fact that foreign countries during 1952 bought back from us gold to the value of $751 millions, in addition to which they presumably absorbed the new gold produced during the same period, amounting to some $800 millions.

Since the United States now holds the bulk of the world's gold, and since there is no easy or quick way to effect a redistribution of any substantial portion of this gold (except by giving it away), it is all the more necessary to maintain and, if possible, to step up the production of new gold. If we allow the mining of new gold to be brought to a virtual standstill by our refusal to raise the price to offset increased working costs, then we shall have to abandon forever any hope of getting back on the gold standard.

Inflation Theory Discounted

Those who subscribe to the inflation theory point out that an increase in the gold price would come as a heavy blow to the many people with fixed incomes, including pensioners and people living on the proceeds of life insurance, annuities, etc. This would, indeed, be a calamity which should be avoided at all cost. But the history of the last two decades lends no support to this theory. Between 1933-34, when the gold price was increased, and the outbreak of the second world war in 1939, there was a moderate increase in the price index. This moderate increase was due, in large part, to the higher commodity prices which were brought about by the readjustment of the exchange value of our dollar in relation to the pound sterling, in which the higher gold price played an incidental part. The inflation of the last 14 years, which cut the purchasing power, of the dollar in half, is in no way related to the price of gold, which during this period has remained unchanged at $35 an ounce.

In order to avoid a repetition, in reverse, of what happened in 1931, when Britain went off the gold standard, it would be necessary to arrange with Britain and other members of the sterling bloc and possibly other countries that the prevailing exchange rates be left undisturbed. If this obvious precaution is taken, there is no reason to anticipate that a higher gold price will have any effect on the general price level.

No Overproduction

Is there any possibility of an overproduction of gold? Such a possibility is extremely remote. The search for gold has been going on for centuries, and wherever it has been found it has been present in minute quantities. As already pointed out, the gold content of the Witwatersrand mines, the world's major producers, averages less than one-fifth of an ounce per ton of ore. It is too early to estimate the gold content of the new mines that are now being opened up in the Orange Free State; but, judging from development results so far available, it will average less than half an ounce to the ton.

A higher gold price would prolong, by a few years, the life of mines whose payable ore reserves are nearing exhaustion, which would result in an overall increase in production. But this would be all to the good, because it would increase international liquidity, at a time when it is most needed, and hasten the day when the leading trading nations may safely return to the gold standard.

Continued from page 3

The Stock Market Today

sells below 30 cents late in the year or in 1954, we cannot become too gloomy about the industry in the near future.

Improvement in department store and retail sales is being predicted. The textile industry in most respects seems to have hit bottom and come back a little bit in the right direction. The shoe business is good. As far as capital expenditures are concerned, most of the dire predictions made earlier this year have not materialized. Certainly the heavy expansion in the electric power industry is to continue into the indefinite future. We could cite other examples along these lines, but there is no point in presenting a complete, detailed bill of particulars. There has been too much fear and hysteria and too little cold reasoning in many instances. Pessimistic talk in some quarters has reached the stage where some people are even talking of "bread lines."

* * *

Individual Issues

Of course, as always, one must be discriminating about security purchases and sales. The recent offering of 472,301 shares of **Public Service of Indiana** to stockholders at 31½ resulted in almost 300,000 unsubscribed shares. As a result quotations sank to 29½ with many transactions being recorded at 29¾ at which the yield was 6.05% on the $1.80 dividend. This stock sold as high as 36½ earlier this year and is considered a conservative equity in its field. The company has excellent management, in our opinion, and we feel there is a good chance for a dividend increase next year to $2.00. The company's growth and character of its territory as set forth in the prospectus was impressive. When the stock broke to 29¾ it eventually found many buyers among the institutions. It is still attractive now at 31.

A recent offering of 375,000 shares of **Texas Utilities** common stock at 40¼ was felt to be attractive as earlier this year the stock sold at 47⅝. When the offering terminated quotations sank further to 37¼ but have since recovered to 41¾ on a substantial volume of transactions. As the prospectus indicates, the company which serves a very rapidly growing section in Texas, including Dallas and Fort Worth, has enjoyed increasing earnings per share of common stock in every year since 1948. The stock has quality, yet its speculative potentialities are among the best in the industry. The current dividend of $1.88 represents a moderate payout but we expect higher earnings and dividends.

Other similar instances could be cited, including the case of **American Gas & Electric**, a block of which was offered by bankers at 29. The general result was very depressing to the utility group as a whole. We feel, however, that this type of indigestion will disappear rather rapidly due to the willingness of institutions and individual investors to absorb the new issues at current discounts where they afford tempting yields. Perhaps we have seen the low for the utilities for the time being.

Vanadium Corp. currently quoted around 38% is continuing to enjoy

excellent earnings. Second quarter results should be not far from $1.50, and the year might show $5.50.

Quotations for **General Telephone** demonstrated far better than average resistance undoubtedly because of the rising trend in earnings and the prospects for a dividend increase next year. The stock has been making new highs recently and is now above 40.

Anheuser-Busch, is one of the few issues to show an improvement in price. It is currently quoted 28¼ bid offered at 28⅝.

Our Reporter's Report

The investment world finds itself in pretty much the reverse of the position it occupied a month or six weeks ago. At that time underwriters and dealers were finding it difficult to move new offerings to investors.

They had the material then, but buyers were more than cautious. They just weren't particularly interested at prices fixed for such issues.

Right now, in part at least, the situation is the other way around. New material is scarce, and the roster of potential offerings is anemic to say the least that is, from the standpoint of corporate prospects.

Meanwhile the action of the Federal Reserve in easing the level of required reserves of member banks, though its importance may have been overstressed, has been helpful to sentiment.

It has brought about decided strengthening of the secondary market and to that extent has been helpful in creating a more formidable "backdrop" for flotation of new issues. Prices have hardened and yields slipped off proportionately.

For the moment, it appears, sellers are in command though things have not returned to the point where it could be termed completely a "sellers' market." There has not been any concerted rush to buy, yet the emphasis has been more on that side.

Back on the Beam

It will be recalled that in several instances syndicates which had undertaken new flotations a month or two back, found it advisable to wind up their groups and turn the issues loose.

Several dipped momentarily to sizable discounts from their offering prices. But these declines since have been replaced by fair premiums.

In the case of a number of other recent substantial undertakings these are now ruling one to more than three points above their offering prices. This is notably so in the instance of New York Telephone's offering, also that of Consolidated Gas, Electric Light & Power Co., of Baltimore, General Motors Acceptance Corp., and C. I. T. Financial Corp.

Commonwealth Edison

The only corporate undertaking of consequence this week, Commonwealth Edison Co.'s $40,000,000 of 30-year bonds, appeared to meet good reception.

The successful group paid the company a price of 99.149 for a 3⅝% coupon rate and proceeded with reoffering at 100 to yield 3.625%. None of the "Big Five" was reported to have come into the market for this one in the early stages.

But it is understood that a number of pension funds, chiefly from outside New York, took down good blocks. This buying is said to have originated from California, Ohio, Minnesota and New Jersey.

Consumers Power Next

Consumers Power Co.'s $25,000,000 of new 30-year first mortgage bonds, is the next and only substantial piece of corporate business in sight at the moment. This issue, despite reported protests from some sources, will be brought out via the negotiated route.

It is expected to reach market the middle of next week, probably on Thursday, unless there is a change in tentative plans. There are a number of equity deals in the works, but these are in abeyance awaiting proper market setting.

Meantime, Michigan Consolidated Gas Co. which turned down bids for $20,000,000 of 25-year bonds three weeks ago, apparently is not coming into the market immediately.

It is seeking to arrange for temporary funds from a group of banks to take care of its near-term needs. It seeks to sell the same amount of 3¼% notes, due July 30, 1954 to the banks.

Banking Group Awarded $150,000,000 New Jersey State Guaranteed Pky. Bonds

Reoffered to the public at prices scaled to yield from 2% to 3.05%. Sale of bonds marks initial public financing for construction of Garden State Parkway.

A nationwide banking group numbering about 300 members and headed jointly by The National City Bank of New York, Lehman Brothers, The Chase National Bank, Bankers Trust Company, First National Bank of New York, and The First National Bank of Chicago was awarded on July 8 an issue of $150,000,000 New Jersey Highway Authority State-guaranteed Parkway bonds, series A. The award was made on the syndicate's bid of 98.323 for $120,900,000 bonds due 1960 to 1985 bearing an interest rate of 3% and $29,100,000 bonds due 1986 to 1988 carrying a 2¾% coupon, representing a net interest cost to the borrower of 2.9997%. The bonds, which mature serially Jan. 1, 1960 to 1988 are being reoffered to the public at prices scaled to yield from 2% for the 1960 maturity to 3.05% for bonds due in 1988.

The sale of the bonds marks the initial public financing for the projected $285,000,000 Garden State Parkway which will extend from Paramus and Paterson to Cape May. About 19 miles of the Parkway have been constructed by the New Jersey Highway Department. The entire 165-mile Parkway will be completed and in operation in late 1954. The Authority has financed its cash requirements so far through $28,000,000 of bank borrowings which will be repaid out of the proceeds of the series A bonds.

The bonds carry the unconditional guaranty of the State of New Jersey as to principal and interest, and in addition, Highway Authority officials and independent engineers estimate that tolls will provide an ample margin of coverage for the bonds. The Parkway will also earn a substantial revenue from concessions.

The Parkway, is expected to relieve congested traffic conditions through Essex, Bergen and Union Counties; will traverse the State's shore resort area and serve the rapidly developing sections of southern New Jersey. The Parkway will embody the most modern engineering features for safe and comfortable travel. Two roadways, each having two or three 12-foot wide lanes will be separated by a broad center island, varying from 16 to 500 feet in width. Practically all grades will be held to a maximum of 3% and there will be about 100 entrances and 100 exits.

Bonds due between 1964 and 1986 are subject to redemption at 104% plus accrued interest on July 1, 1963, and thereafter at decreasing premiums. Bonds due in 1987 and 1988 are subject to redemption at 104% on July 1, 1958 and thereafter at decreasing premiums.

Other members of the syndicate include:

Chemical Bank & Trust Company; Halsey, Stuart & Co. Inc; Harriman Ripley & Co. Incorporated; Smith, Barney & Co; The First Boston Corporation; Blyth & Co., Inc.; Harris Trust and Savings Bank; The Northern Trust Company; Continental Illinois National Bank & Trust Company of Chicago; C. J. Devine & Co.; Drexel & Co.; Goldman Sachs & Co.; Kidder, Peabody & Co.; Phelps, Fenn & Co.

The Philadelphia National Bank; Salomon Bros. & Hutzler; Union Securities Corporation; B. J. Van Ingen & Co. Inc.; Bear, Stearns & Co.; Blair Rollins & Co. Incorporated; Eastman, Dillon & Co.; Equitable Securities Corporation; Glore, Forgan & Co.; Ladenburg, Thalmann & Co.; Merrill Lynch, Pierce, Fenner & Beane; National State Bank, Newark; R. W. Pressprich & Co.; Shields & Company; Stone & Webster Securities Corporation, and White, Weld & Co.

KLB Oil Stock Offered

Aetna Securities Corp., New York City, are publicly offering "as a speculation" an issue of 104,000 shares of common stock of KLB Oil Corp., Wichita Falls, Tex., at $2.50 per share.

The net proceeds will be used to drill several offsets to existing wells in further development of the producing properties in which the company has interests, and for working capital, as required. The corporation may also use part of the proceeds to acquire primary production or semi-proven acreage.

The corporation was organized on Oct. 14, 1952, in Delaware to engage in the business of drilling and developing oil properties. It owns all of the stock of KLB Drilling Corp., a Texas corporation, organized on Nov. 22, 1951, which owns a drilling rig and is engaged in the business of drilling oil wells on the properties of its parent and of others. The corporation's principal office is in the Wichita National Bank Building, Wichita Falls, Tex.

The corporation owns the entire or partial working interests in six oil wells and one gas well located in Eastland and Wichita Counties, Tex., most of which are surrounded by substantial acreage which is as yet undrilled. The corporation also owns unproven acreage which it is proposed to develop.

Since Dec. 31, 1952, the KLB corporation is reported to have successfully completed, in rapid succession, four producing oil wells and one gas well on five separate blocks of acreage in Eastland and Wichita Counties, Texas.

Aetna Securities Corp. Offer Plastic Shares

Aetna Securities Corp., New York City, are publicly offering an issue of 50,000 shares of 30-cent cumulative convertible preferred stock (par $1) of Russell Reinforced Plastics Corp. at $5 per share.

Each preferred share is initially convertible into two shares of class A stock and is redeemable at $5.25 per share.

The Russell corporation is a New York corporation engaged in the manufacture and distribution of reinforced fiberglas. The corporation not only produces the laminated plastic flat sheet, but also forms simple and intricate shapes in matched metal molds. The corporation's principal offices are in Lindenhurst, L. I., N. Y., where it owns a well-equipped plant. It also has a smaller plant where a stock of sheet material is maintained for sales distribution at Boca Raton, Fla.

United Production Co. Stk. at $1 Per Share

Edward D. Walsh Co., New York, are offering "as a speculation" an issue of 294,999 shares of common stock (par 10 cents) of United Production Co., Inc., at $1 per share.

The net proceeds from the sale of these securities are to be used to pay for drilling costs of five wells, completion costs of two wells and for working capital.

The corporation was organized in Delaware for the purpose of engaging generally in the business of crude oil production, primarily in the assembly of favorably located lease blocks, and in the drilling of such leases, located in West Texas, and in Arkansas.

Washington . . . And You

Behind-the-Scene Interpretations from the Nation's Capital

WASHINGTON, D. C.—If you tried to read it you probably never would believe it, but there are a few simple propositions emerging from the maze of abstruse, unintelligible bureaucratic lingo on the subject of "mobilization readiness."

This was what was in the morning papers of last Tuesday, and in the product of many Ph doctors, lawyers, and division chiefs, but is officially the statement of Arthur S. Flemming, Director of Defense Mobilization.

"Mobilization readiness" also means "mobilization base." Freely translated, that means the industrial and material capacity of the United States that officials will some day decide is the "minimum necessary" to produce so the United States can fight an all-out war with Russia, just in case the United States cannot appease the Reds fast enough to prevent total war.

It means how much of a capacity to produce steel, copper, zinc, lead, tin, and aluminum, how much of a capacity will be needed in the opinion of officials to produce aircraft, artillery, atomic bombs, electronic equipment, and so on.

Here are the simple propositions it is believed Mr. Flemming was trying to get across:

(1) Foremost of the propositions Mr. Flemming seems to be saying is that any decision about how much of a mobilization base the United States should have for all-out war, whether we will have to have more of steel capacity or more of steel fabricating capacity, etc., is a decision which is a long way off.

That is because the new Joint Chiefs of Staff will be a long time yet coming forward with a new "strategic plan." A "strategic plan" is how many of what millions of items the United States will need, in the opinion of the best military brains, in case total war with Russia comes.

It is the job of the Office of Defense Mobilization to cut down the goal the military sets as to the ideal amount of military hardware needed to lick the Russkies. The philosophy in cutting down is to bring the production down in line with realistic possibilities of the United States to produce, still allowing the American people a currency of some value, shelter, food, transportation, and probably some drink.

If the ODM decides that a minimum necessary amount of production capacity for both peace and war requires building up some more industrial and raw material capacity beyond what is in place today — and ODM will so decide to some degree — then the mobilization base will be expanded.

That is what the discussion is all about. Some day ODM will decide how much U. S. capacity to produce for a war should be expanded, and it is that decision which is a long way away—some months anyway—even though many committees with many imposing statistics are now studying the problem and writing many ponderous and unintelligible memoranda.

Cautious on Expansion

(2) The second proposition emerging from Mr. Flemming's statement is that it is going to be a cautious program of expansion. It is going to reflect the Eisenhower Administration philosophy that the United States should try to reach a balanced budget, and that no mobilization base is worth a hoot if it means continually running into the budgetary red ink.

(3) Thus, Mr. Flemming indicates that rather than seek expansion of both raw material and industrial production capacity across the board, the emphasis will be upon only that kind of expansion which would take a long time to install in case of total war.

Early in the Eisenhower Administration there was supposed to have been an argument over the idea that the United States should either (a) build up a large inventory of finished military weapons and thereafter shrink the scope of industry producing military goods, or (b) hold down the inventory of military hardware but dribble out the orders to as many secondary as well as primary producers as possible, so as to keep the mobilization base broad and all production lines going.

(4) Mr. Flemming seems to reject both ideas. He says that the inventory should be the minimum necessary and in effect that the expansion should be the minimum necessary.

In other words, Mr. Flemming's thinking seems to reflect trends which are less negative than concepts prevailing previously with respect to the possibility of cutting down somewhat on the cost of defense.

FR Quiets Critics

One effect of the Federal Reserve Board action in opening its figurative purse and doling out a point to two points of lower reserve requirements is that it has quieted the critics of the "Administration hard money policy," as those critics call it.

Seasoned monetary students and money market experts may be debating whether the FR action is a serious reversal of the free money market policy. Among Congressional critics of the Federal Reserve policy, which also is the Administration policy, there are no doubts. "The Eisenhower Administration has completely reversed itself on the tight money policy," said one of the Senators who has been most vocal in criticism.

For weeks these critics have arisen in the Senate, day after day, to make as much political hay as they could out of the rise in interest rates which followed the final cutting off of easy, Reserve-manufactured credit. The attack upon the FR-Administration monetary policy has been definitely blessed by the official Democratic leadership of the House, and has also been blessed by the Senate leadership —but not officially.

Even though the Federal Reserve Board and the Treasury see no fundamental reversal in the "honest money" policy but only an inevitable adjustment of it to meet the seasonal business and Treasury money needs without stripping business of credit, the critics have resolved that they have won the battle and forced a change in policy.

As a result, they have stopped their daily campaign of criticism. Only Rep. Wright Patman of Texas, long a believer in shifting the Treasury debt to the Reserve System, is still criticizing.

Left Saves Title IX

Credit for saving Title IX of the Defense Housing Act is given to "liberal" elements.

It was reported in this column June 25, that the Administration had dumped FHA Title IX in submitting its then relatively unimportant housing legislation. Title IX is a twin brother to the inflationary Title VI of war and postwar housing finance. It was under Title VI, particularly as to multi-family housing, that the building industry was allowed to go virtually free rein and hang the costs. There was so little pressure on costs that organized labor as well as many contractors, were happy over this easy route.

When the Administration proposed that no further Title IX FHA insurance should be written except on defense housing "programmed" or officially planned prior to June 30 of this year, it was thought that this step would stick in Congress. Neither the home builders nor conservatives were anxious to continue this easy financing and raise the threat that it might be extended indefinitely, on a year to year basis like Title VI, for a good many years.

However, it is reported, union labor together with the National Housing Conference, strongly backed Title IX, and the Senate committee wrote this into the housing bill. The best clue to the nature of the National Housing Conference, is that it changed its name from "National Public Housing Conference," but did not change its ideological moorings at the same time.

In conference the "liberal" Senators who backed labor and the public housing boys, managed to make Title IX stick for a one-year extension in the final bill.

Administration officials, while opposing lower down payments and longer terms for Title II FHA loans at present, don't feel particularly bad to have standby powers to ease FHA terms. Should there later appear a genuine business slump along with a decline in housing construction volume, the Administration would probably be glad to order easier housing mortgage terms. And the private housing industry will sleep better at nights if it knows these easier terms are possible in case of a slump. The new law gives the President power to order minimum down-payments not below 5% and/or repayment terms of up to 30 years on Title II loans amounting to $12,000 or less per mortgage.

Consumer Credit Rises

From May, 1952, to May, 1953 —a year of no regulation of consumer instalment credit—instalment loans rose by $4,777 million, the Federal Reserve Board reported. During the last year of Regulation W, the increase was $670 million.

For the drop of more than $3 billion in Treasury revenues for the fiscal year just passed, below the estimates made by the Truman Administration, there were two explanations, officials disclosed.

Primary cause of the drop was the prolonged steel strike of 1952 which cut heavily into corporation earnings.

A lesser cause of the revenue "shortcall" was the acceleration by $850 million in payment of tax refunds.

(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

"You're not trying to rush me, are you, Sir?"

Business Man's Bookshelf

Business Executive's Handbook —Brown and Doris—Fourth Edition—Prentic-Hall, Inc., 70 Fifth Avenue, New York 11, N. Y. —$7.50.

Equity Investing by Mutual Savings Banks—August Ihlefeld—Savings Banks Trusts Company, 14 Wall Street, New York 5, N. Y. —cloth.

Special Days, Weeks and Months —listing about 400 leading business promotion events, legal holidays, religious days, and other special occasions observed in the United States, 1954 issue ready in November — Chamber of Commerce of the United States, Washington, D. C.

Step Mothers Can Be Nice!—Helen Steers Burgess—Public Affairs Committee, Inc., 22 East 38th Street, New York 16, N. Y. —paper—25¢.

C. R. MacGregor With American Securities

William Rosenwald, Chairman of the Board, and E. F. Connely, President of American Securities Corporation, 25 Broad Street, New York City, announce that C. Russell MacGregor has become associated with the organization. Mr. MacGregor was formerly New York Manager for Singer, Deane & Scribner.